

MAINE BUREAU OF INSURANCE

Insuring Youthful Drivers

If you have a person under the age of 21 living in your home, you may have been thinking about letting him or her obtain a license to drive. Since the wording in your policy provides automatic coverage for any family member or customary operator of your car, the insurance company **can** charge your policy for any licensed driver in your home. Under Maine law, the definition of “driver’s license” includes a permit or privilege to operate a vehicle. Therefore, your insurer may begin to rate your young driver as soon as he or she has obtained a permit.

Exceptions to rating: Any licensed driver in your household will remain on your policy *unless*:

- *He or she commits an act for which the insurer can cancel or nonrenew the policy by law.* At that time, the driver may be excluded from the policy. However, not all insurers offer named driver exclusions.
- *The driver has his or her own car and insurance.* In that case, your insurer may not charge an extra premium on your policy. Proof of the separate vehicle and policy would need to be given to your insurer. As your policy may still extend coverage to a resident relative, many insurers may require that person’s policy to have the same limits as your policy.

Who Can Drive? Maine has revised its motor vehicle laws in recent years in an effort to reduce motor vehicle related fatalities and injuries sustained by young drivers and their passengers. Maine law allows drivers to be licensed at ages 16 and 17 with a driver’s education course, and at 18 without taking driver’s education.

After obtaining a learner’s permit, a driver under age 21 must continue using the permit for a minimum of six months before he or she can apply for a license and must complete at least 70 hours of driving training time with a licensed operator who:

- Is at least 20 years old;
- Has been licensed at least two years
- Is occupying the seat next to the driver; and
- Is licensed to operate the same class of vehicle being operated by the permittee.

Restrictions on the New License: A newly licensed driver under age 18 is issued a restricted license. For the first 9 months (270 days after issuance), he or she may not:

- Carry passengers other than immediate family members unless accompanied by a licensed driver with the same qualifications as above;
- Operate a vehicle between midnight and 5 a.m.
- Operate a vehicle while using a cell phone.

Insurance Costs: The cost to insure a youthful driver can also be a concern. Once your teenager has a permit or license, your insurer will add him or her to your policy. If your teen does not have his or her own car and insurance, it is expected that he or she will operate your vehicle. Even though insuring a youthful driver is expensive, there are some things you can do to keep the costs down.

Discounts available:

- Driver Training: A rating discount will apply if your teen has completed an approved driver education course. These courses are available commercially and occasionally through some school systems.
- Good Student: If your young driver is a good student, maintaining a “B” average or better, most companies will charge a lower premium.

Choosing a car: If you are shopping for a car for your teen, discuss the type of car you have in mind with your producer. Sporty vehicles can have substantially higher insurance costs. In addition, a newer model will cost more to insure than an older model of the same vehicle. For older cars, you may be able to eliminate collision coverage. As insurers will not pay more for repairs than the book value of the car, after you pay the deductible, the cost of collision coverage may not be a good buy when compared to the potential settlement.

Adult’s Responsibility:

- Set a good example in your driving habits. Accidents and convictions can increase premiums regardless of the driver’s age.
- Use seat belts. It is required by Maine law!
- Drive defensively. A minor accident with no vehicle damage can still cause an increase in your premium if someone is injured.

Know the Law: It is important for the new driver to be informed about the costs of insurance and the consequences of having violations and accidents. For example, Maine recently increased the penalties for youthful drivers who operate under the influence, especially if there are passengers under age 21 in the car.

You may also want to use a contract in which your youthful operator, for the privilege of using a car, signs a pledge to pay:

- Any tickets and resulting insurance increase; and
- Any premium charges and deductibles because of accidents.

The agreement should also include a pledge stating:

- No drinking and driving,
- No alcohol in the car, and
- The driver and all passengers must use seatbelts.

A Young Driver Contract can be found at: maine.gov/sos/bmv/licenses/contract.html

You are welcome to call us if you have insurance-related questions or concerns. We can provide general insurance information, and help when violations of insurance law have occurred, but be aware that the Bureau cannot:

- Force an insurer to satisfy you if no insurance laws have been violated.
- Act as your lawyer or give legal advice.
- Resolve a dispute when the only evidence is your word against the word of the company.
- Make medical judgments.
- Determine who is responsible for the damage to your vehicle.
- Determine the value of your vehicle or cost of repairs.