

Car Insurance Matters

A Component of BestPrep's Financial Matters Program



Driving is Mayhem



**Raise your hand if you've seen a
mayhem commercial**

GPS

Lost Phone

Toddler

How many of you have a car?



Financial Matters

powered by  **bestprep**

Driving is Personal



Raise your hand if you've ever received a ticket for a moving violation.

Driving is Very Personal



Raise your hand if you know someone who has been injured in a car accident.

Vehicle Crashes: Dangerous and Expensive

An average day in Minnesota...

- 196 crashes
- 1 death and 65 injuries

Average Daily Cost:

\$6,005

Average Economic Loss:

\$6,464,831

More than 200,000 teens are injured in car crashes across the nation each year.

You Tell Me...

What causes crashes?

What Causes Crashes?

Texting Music/Radio/Earbuds Alcohol
Excessive Speed Car Technology
Fatigue Cell Phone Use
Driving at Night Other Passengers
Eating While Driving Erratic driving

Exercise

Close your eyes or focus your attention on an object in the room for 5 seconds.

5 Seconds



Five seconds is the average time your eyes are off the road while texting. When traveling at 55mph, that's enough time to cover the length of a football field.

100 Deadliest Days

Prom season to Labor Day is the deadliest driving season for teens.



In 2023...there were **16** fatal car crashes involving teenagers between May – August in Minnesota

Why?

Why do you think Prom Season to Labor Day
would be the deadliest time for driving?

100 Deadliest Days: Why?

- More likely to have more passengers in the car
- More likely to speed
- More likely to drive at night
- More driving time



Car Insurance



Why Do You Need Car Insurance?

- Protection against:
 - Theft
 - Injury
 - Crashes
 - uninsured/under-insured motorists
- It's the law!

What is Insurance?

A practice by which a company provides a guarantee of compensation for loss, damage, illness, or death in return for payment.



What Determines Your Insurance Premium?



Credit Rating



Moving Violation Record



Type of Car



Grades

So How **Much** Does It Cost?



Monthly Premiums

- Driving a 2012 Chevy Cruze LS
- On your parent's policy; parents have a good credit score

	Male	Female
Rate (<i>monthly</i>)	\$70	\$61
With One Ticket	\$88 (\$216 Yearly)	\$77 (\$192 Yearly)
Good Student Discount	\$50 (\$240 Yearly Savings)	\$51 (\$120 Yearly Savings)
With One At-Fault Accident	\$102 (\$384 Yearly Cost)	\$93 (\$384 Yearly Cost)

Monthly Premiums 2

- Driving a 2012 Chevy Cruze LS
- On your own policy; you have a good credit score

	Male	Female
Rate (<i>monthly</i>)	\$264	\$187
With One Ticket	\$320 (\$672 Yearly Cost)	\$226 (\$468 Yearly Cost)
Good Student Discount	\$204 (\$720 Yearly Savings)	\$162 (\$300 Yearly Savings)
With One At-Fault Accident	\$409 (\$1,740 Yearly Cost)	\$287 (\$1,200 Yearly Cost)

Three Types of Coverage

- Liability
 - Covers the other people (injuries/property)
- Comprehensive/Collision
 - Covers insured (vehicle)
- No-Fault (Personal Injury Protection or PIP)
 - Covers insured (injuries)

Car Crash Injuries

Head, Brain, Neck, & Back
are the most common



- Cost of Spine Surgery?
 - Minor = \$50,000
 - Major (Fusion) = \$150,000
- Cost of Brain Injury?
 - Minor = \$85,000
 - Major = \$3 million

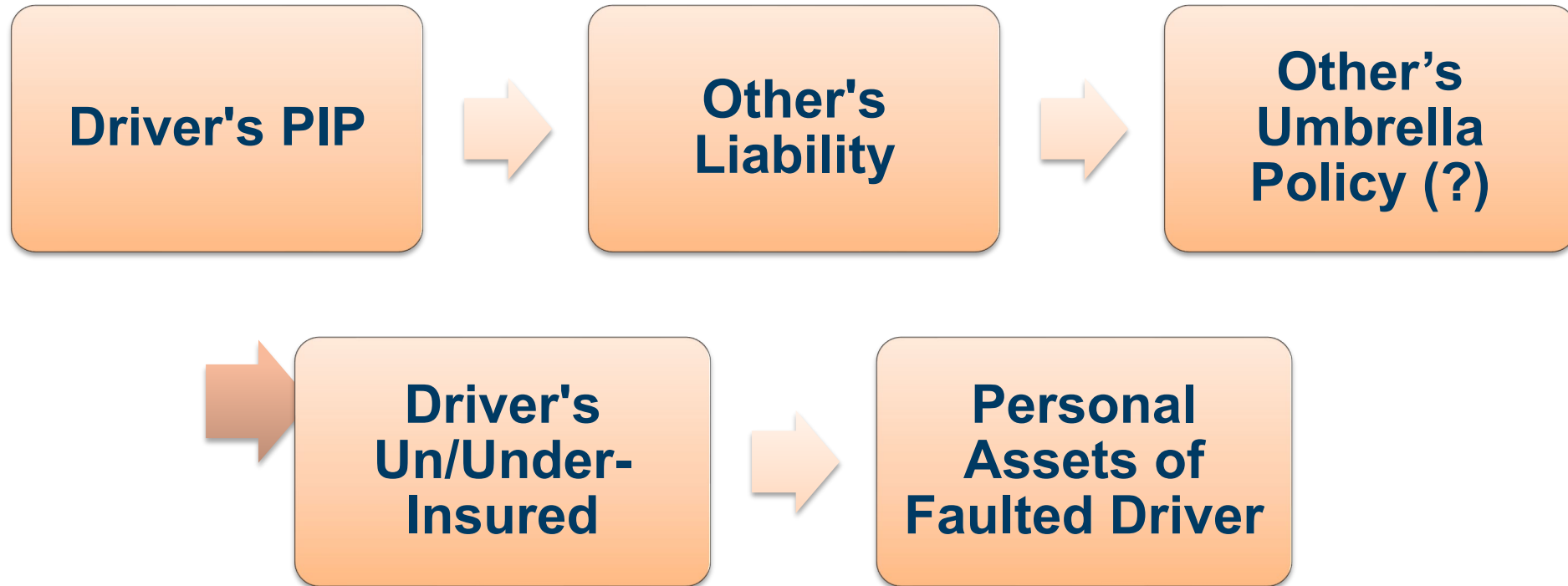
MN State Minimums

- Liability
 - \$30k injury, \$60k total injuries, \$10k property
 - Un/Underinsured Motorist
 - \$25k injury/person, \$50k total
- No-Fault (Personal Injury Protection or PIP)
 - \$20k injuries, \$20k loss of income

What's My Coverage?

- No-Fault (Personal Injury Protection, PIP)
 - \$20k injuries, \$20k loss of income
- Liability
 - \$500,000
 - Un/Underinsured Motorist
 - \$500,000
- Comprehensive and Collision
- Plus... Umbrella at \$1 million

Sequence of Payout



Example #1: You are At-Fault

- **Accident:** We collide, you're at fault and have the MN minimum.
- My Lexus is totaled
- Your Civic is totaled
- We both have some minor traumatic brain injury and a broken leg.

Our Vehicles

- Me:
 - Lexus = \$35,000
 - Injuries = \$67,000 (\$17k leg, \$50k TBI)
- You:
 - Civic = \$10,000
 - Injuries = \$47,000 (\$17k leg, \$30k TBI)

Our Insurance

Me: \$35k property, \$67k injury

- My PIP pays me \$20k in injury
- Your Liability pays me \$10k for car & \$30k for my injuries
- My Un/Underinsured Motorist pays me \$17k for injuries
- My *collision coverage* covers \$25k for car

You: \$10k property, \$47k injury

- Your PIP pays you \$20k in injury
- My liability pays \$0 because you are at fault
- Probably can't buy another car...because you owe \$27k to the hospital

Example #2: I am At-Fault

- Me:
 - Lexus = \$35,000
 - Injuries = none
- You:
 - Civic = \$10,000
 - Injuries = \$2,000,000

Our Insurance: I am At-Fault

Me: \$35k property, no injuries

- My PIP pays \$0
- My Liability pays YOU \$500k for injury
- My Umbrella pays YOU \$1 million for injury

You: \$10k property, \$2,000,000 injury

- Your PIP pays you \$20k for injury
- Your Un/Underinsured Motorist pays you \$25k for injuries
- \$455k remains unpaid, you can sue but unlikely to win

Under 21? Not a Drop!

It is illegal to drive after consuming any alcohol if you are under the age of 21.

- Lose license for 30 days
- Up to \$700 in fines
- On record for 15 years

With blood alcohol level of .08 or higher...

- Minors lose license until 18 YEARS OLD
- On record forever
- Up to \$1,000 and/or 90 days behind bars



Teen Driving Laws

Passenger limitations during the first year:

- First 6 months: No more than one passenger under age 20, unless accompanied by a parent or guardian. (Exemption for driver's siblings)
- Second 6 months: No more than three passengers under age 20, unless accompanied by a parent or guardian. (Exemption for driver's siblings)

Teen Driving Laws, cont.

- Drivers under 18 cannot use a cell phone except to call 911 in an emergency.
- No driver – no matter what age – can use a wireless device to compose or read text messages or access internet while the vehicle is in motion or a part of traffic. This includes while stopped at a traffic light or stop sign.
- On Aug. 1st, 2019, hands-free law was created to prohibit any driver from holding a device while driving

Avoid Being a Statistic!

- Follow Traffic Laws
- Never Drive Impaired
- Avoid Distractions
- Don't Be Afraid to Speak Up



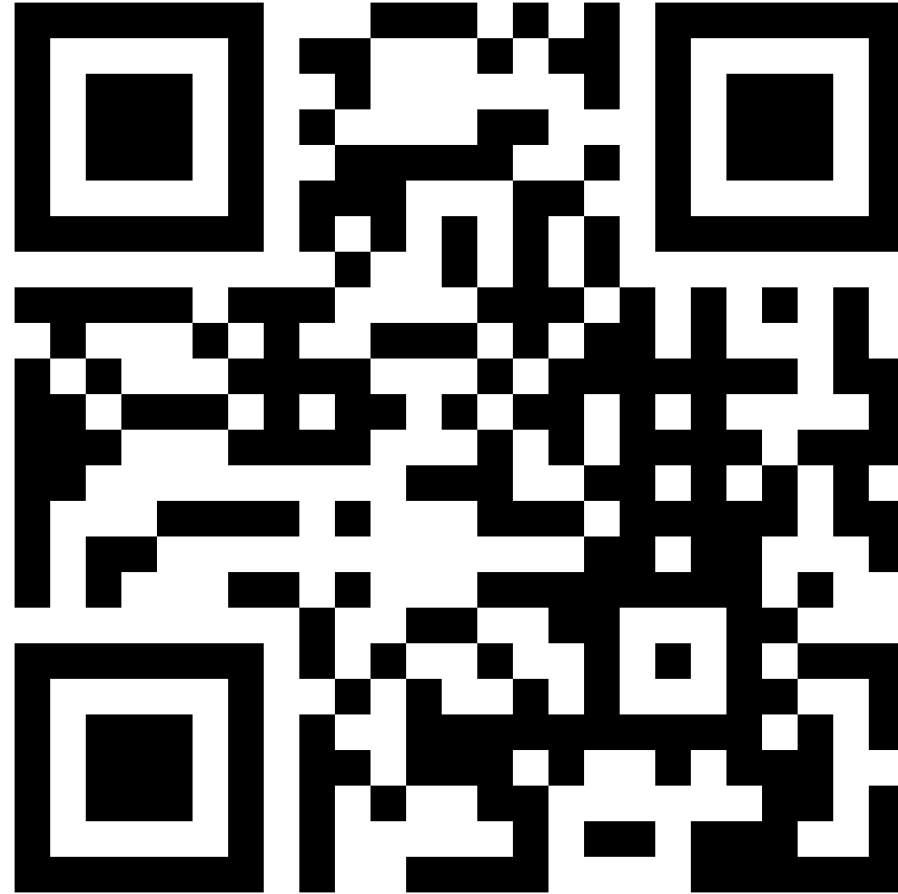
Drive Safely!

Crashes and tickets are expensive and dangerous...



Driving safely can save you money and keep you safe!

Student Survey



Thank You!

BestPrep gratefully acknowledges the financial and volunteer support provided by The Allstate Foundation and to the Allstate agents of Minnesota for volunteering their time to offer Car Insurance Matters as a part of Financial Matters.

