

Most parents out there who have a teen driver are well aware of the [additional costs on their auto insurance while their child slowly gains experience behind the wheel](#)

. In NC these extra charges go on for the first 3 years of driving and then suddenly are dropped completely from your policy. To understand exactly how North Carolina allows the insurance companies to add these inexperienced operator surcharges

, [click here](#)

. Most parents of course think that they are free and clear of these charges once their child reaches the 3 years of driving experience. And for the vast majority of them, this is true. But some companies have a hidden bias against the 19 year old driver and they find other ways to collect extra premium for them. Knowing the tell tale signs of these techniques can help you avoid these extra charges.

First of all, you have to have a clear understanding of the [NC auto insurance](#) marketplace and how it works vis-à-vis teen drivers. There are some companies out there that have recognized that they can make money on the teen driver family segment during the 3 year experience period. Why is this true when the risk seems so high? Well, of course they know that this is a time when otherwise stable insurance accounts go shopping due to the additional cost of the teen driver. And the surcharges that the state allows give them the extra cash they need to turn a profit. But these companies are also very shy of a 19 year old driver. They don't believe, and rightly so I suppose, that on the day the teen has 3 years driving experience that that teen is suddenly as good of a driver as their parents. Yet the rate is the same as they can charge for the parents who may have been driving 20 years or more. For more general information about how auto insurance in NC works,

[visit the NC Dept of Insurance web site](#)

. So more and more companies are suddenly seeing the newly experienced driver as a huge risk compared to the money that they can charge for that driver. So what do they do? Well the most common technique is to increase your rates, often to those above what is allowed by the NC [Rate Bureau](#). But to do this, they must have your permission. So they will send you a consent to rate letter. If you get one of these, please do not sign it and return it. Call your agent first to understand what you are signing and agreeing to. For more information about consent to rate letters and what they mean for you, please read my blog about consent to rate letters by [clicking here](#).

If you fail to sign and return a consent to rate letter, then the remaining option open to the insurance company would be to cancel your physical damages coverage, ie your comprehensive and collision insurance, and then to cede your policy to the [NC Reinsurance](#)

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. If they do this, then you will see a large increase on your liability insurance rates and you may even see a reduction in coverage to go with it. At the same time you will lose your physical damages protection.

The take away from all of this is that you will do well to keep a close eye on your [auto insurance policy rates](#) as your child reaches the 3 year driving experience period to make sure that you are not treated as a sudden high risk from the standpoint of your insurance company.

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