

With the [North Carolina auto insurance policy](#) there is a relatively unknown loophole that could cost you or your adult child a lot of money.

This loophole is triggered if they are driving a car you own and insure but they don't live with you.

The solution to avoid this coverage gap is pretty simple but most people just aren't aware that they have this problem in the first place.

First of all, let me cover the exact situation that can trigger this coverage gap, then I will explain the gap itself and give you a solution. You will run into this gap in protection if you have a child who is over 23 years old and lives outside of your [home](#) but is still driving a car that is title in your name.

This happens so often as we help our kids out with a car and then want to keep helping them by keeping the car on our insurance policy to pay the insurance costs on the vehicle.

But this type of kindness is very dangerous.

I will explain.

The problem is not that your child won't have protection driving his or her car that you insure on [your auto insurance policy](#).

Not at all.

After all, you have insurance protection for that car spelled out on your policy.

The problem occurs when your child is driving a friend's car and gets into an accident.

You see, since your child is an adult, living outside of your residence, he or she will have no

excess protection for cars that aren't listed on your policy.

So, assume your adult daughter is driving her friend's car and has a bad accident where she is at fault.

Her friend's auto insurance policy will pay the claim but her insurance company can then subrogate against your daughter for those losses.

Normally, your daughter could just have your insurance company pay for the losses, but since she is not a resident of your household and is over 23 years old, she will not have this protection.

And this could be a very expensive mistake.

So what is the easy solution? Well, you should retitle the car into your child's name, and have him or her purchase a [personal auto policy](#) in his or her name. This will give them the excess coverage protection needed when he or she drives someone else's vehicle.

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