



NW Insurance Council

Consumer Alert

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Parents: Graduation season might bring insurance changes

SEATTLE, June 6, 2019 – Graduation is both an exciting and anxious time for seniors in high-school and college seniors - and their parents – as they prepare to begin a new stage of their lives. Whether graduation means preparing for the move to college, finding a job or moving to a new residence, these big changes also mean potential changes to home, renters and auto insurance policies, for graduates and parents alike.

“Graduation from high school or college is a time of promise and opportunity for students and their parents,” said NW Insurance Council President Kenton Brine. “And the changes that come with graduation – moving away from home, starting careers or continuing education – bring the need to review home, renters and auto insurance policies to make sure they will meet your family’s changing needs, and might even reduce costs.”

In fact, a family might not need additional coverage in every case; rather, they may just need to consider changes in the way coverage is set up. [NW Insurance Council](#)

encourages teens and parents to contact their insurance company or agent to discuss their insurance needs after graduation day.

Here are a few scenarios that should alert graduates and parents to review their insurance policies:

- **A high school or college graduate permanently moves away from home.** This creates a possible coverage gap for [personal property](#), since a child must reside in the parent's household for the child's personal property to be covered under the parent's policy. If the graduate permanently relocates, he or she may need an affordable [Renters Insurance](#) policy. However, if the student moves from home into a school dormitory, he or she and their personal property are covered under their parents' homeowners or renters policy.
- **A high school or college graduate takes a summer job as a delivery person** for a pizza parlor or a delivery app (like UberEATS, which hires drivers ages 19 and older) and uses his or her own car (or one owned by parents) to make deliveries. Because many personal [automobile insurance policies](#) exclude deliveries, this creates a coverage problem for damage caused in an accident that happens while making a delivery. Similarly, anyone who drives a personal vehicle to drive passengers in exchange for compensation using an online platform like Uber or Lyft, or who "car-shares" their personal vehicle through apps like "Turo" need to be aware that their personal auto policy (their own or their parents') likely will not cover damage or liability that occurs while the vehicle is in use for these commercial activities. Ask your agent or company about a commercial policy or endorsement to protect your vehicle and finances.
- **A high school or college graduate gets involved in a volunteer program** transporting young people, homeless people or elderly people from one place to another and uses his or her own car (or one owned by their parents). The

insured vehicle's policyholder could be liable for injuries or property damage that occurs while their son or daughter is driving.

- **A graduate gets a job and starts driving a family car much more frequently.** If the car is insured through the parents, this could create a need for coverage adjustment because some policy options specify that the car will not be driven to work or will only be driven a limited number of miles per day.
- **A high school graduate heads off to college and leaves the car behind.** A student who leaves his/her car behind at home while attending school in another location can be listed on the parents' policy as a "student living away," dramatically reducing the insurance premium for that vehicle while maintaining coverage if the vehicle is still used occasionally.

It's important that families check with their insurance company or agent to understand how coverage may need to be updated. A few minutes adjusting coverage can prevent long-term headaches for parents and graduates alike.

Establishing Good Credit

Teaching your high school or college student wise money management skills and guiding them towards establishing good credit before they transition to personal independence will help them manage their future insurance costs and financial security. A few ways to build good credit include paying bills on time, using credit cards responsibly and sticking to a budget.

Having a good credit history leads to a good credit score, which is often reviewed by potential landlords and employers. Credit also affects your insurance score, so managing credit carefully will result in better insurance scores and lower insurance premiums.

For more information, contact [NW Insurance Council](#) at (800) 664-4942.

NW Insurance Council is a nonprofit, insurer-supported organization providing information about home, auto and business insurance to consumers, media and public policymakers in Washington, Oregon and Idaho.

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