Uneven recovery, inflation fears delaying "rite of passage" for some American teenagers -- getting a driver's license

One in seven parents will delay allowing their child to get a license, drive

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Contact:

Elizabeth Giannetti

614-249-7705

giannee@nationwide.com

Columbus, OH — Some American teens are having to delay getting their driver's licenses as the result of an uneven economic recovery and rising prices, a new Nationwide Mutual Insurance Company survey shows. The poll, conducted online by Harris Interactive on behalf of Nationwide, surveyed 1,483 parents of driving age teens (15-19 year olds) between December 10, 2010 and January 5, 2011.

With high unemployment, concerns over rising gas prices and inflation, plus the cost of auto insurance for young drivers, the expense of getting a teen behind the wheel is greater than ever.

"Our survey found that households with teen drivers shell out an average of nearly $3,100 each year to allow their teens to drive," said Larry Thursby, Vice President of Auto Product & Pricing at Nationwide Insurance. "After analyzing Nationwide's four million auto policies, we found nearly a half percentage decrease in policies with teen drivers, from 5.8 in 2008 to 5.4 in 2011. While other factors are involved, the cost of having a teen driver is a major one."

Parents of driving age teens worried of costs

Today, in this time of economic uncertainty, parents of teens are primarily concerned about the costs associated with their teen driving (second only to distracted driving). On average, parents of teens pay or will pay nearly two-thirds or more of all costs associated with their child driving, ranging from their teen's car insurance to gasoline. Further, 41 percent of parents will pay for all of the costs associated with their child driving, while 32 percent will share these costs with their teen. Only one in six parents of teens say that their teen will pay for all of the driving expenses.

Of all the parental concerns associated with the costs of teen driving, auto insurance tops the list with 66 percent of parents noting this as a top concern. Also, 55 percent of parents noted increasing insurance costs if their teen gets into an accident as a top concern. The price of gasoline was third in line with 54 percent. Insurance concerns are notable as 70 percent of parents of teen drivers insure their child on their auto insurance policy, experiencing a yearly average increase of approximately $800.

"Today, households with teen drivers are paying a substantial amount of money each year to allow their teens to drive," said Thursby. "And, as such a large number of parents taking the financial hit for their teens driving, many families of teens are realizing that, as a result of the economic downturn, adjustments and sacrifices are necessary to help allow their teens to drive."

Cutting back

Nationwide Insurance also found that half of the parents of driving age teens say they have made financial cutbacks to allow a child to drive, including cutting back on entertainment expenses (40 percent), eating out (38 percent) or vacation expenses (35 percent).

The survey also found that one-third of parents of teen drivers say that their child has been forced to get a job to pay for driving expenses due to the economic downturn. Around two in 10 parents say that their child will have to use a family car instead of getting their own (21 percent), or they are not purchasing a car for their teen as originally planned (15 percent).

Thursby recommends that parents work with their insurance agent to find ways to deal with the demands of the economics of insuring a teen driver.

"Adding a teen driver to your policy is a great opportunity to have a discussion with your agent or insurance company to make sure you have the right coverage and a price that's right for your family," said Thursby. "Invest the time to talk about your insurance, because it can save you money not only on auto, but all of your insurance coverage."

Methodology

This survey was conducted online within the United States by Harris Interactive on behalf of Nationwide Mutual Insurance Company between December 10, 2010 and January 5, 2011 among 1,483 U.S. parents of 15-19 year olds. Figures for age, sex, race/ethnicity, education, region and household income were weighted where necessary to bring them into line with their actual proportions in the population. Propensity score weighting was also used to adjust for respondents' propensity to be online.

All sample surveys and polls, whether or not they use probability sampling, are subject to multiple sources of error which are most often not possible to quantify or estimate, including sampling error, coverage error, error associated with nonresponse, error associated with question wording and response options, and post-survey weighting and adjustments. Therefore, Harris Interactive avoids the words "margin of error" as they are misleading. All that can be calculated are different possible sampling errors with different probabilities for pure, un-weighted, random samples with 100 percent response rates. These are only theoretical because no published polls come close to this ideal.

Respondents for this survey were selected from among those who have agreed to participate in Harris Interactive surveys. The data have been weighted to reflect the composition of the population of U.S. adults 18 years of age or older with at least one child between the ages of 15-19. Because the sample is based on those who agreed to participate in the Harris Interactive panel, no estimates of theoretical sampling error can be calculated.

These statements conform to the principles of disclosure of the National Council on Public Polls.

About Nationwide

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