



EMPIRE

FINANCIAL RESEARCH

MY THOUGHTS ON CAR SAFETY

BY WHITNEY TILSON | WTILSON@EMPIREFINANCIALRESEARCH.COM

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ONE OF THE MOST COMMON TAIL RISKS IS A

CAR ACCIDENT

- Car accidents in 2016 killed 37,461 Americans, up 14% in two years (after a half-century of steady declines), likely due to increasing electronic distractions
- Wear your seatbelt!
 - The 15% of Americans who don't wear seatbelts account for *half* of auto fatalities

WHY I UPGRADED TO A NEW CAR

- For nearly my entire life, my family drove old cars
 - My dad is a good mechanic, so we'd typically buy 10-year-old cars and drive them for another decade
 - Until a year ago, my wife and I had bought two new cars (both Volvos) and owned each for eight years
- Last year, however, I became concerned about my own and others' distracted driving
 - It's so easy for drivers these days to take their eyes off the road because of a call or text, looking at Google Maps, etc.
- I also became aware of the *incredible* safety features in new high-end cars
- Therefore, we traded in our 2008 Volvo XC90, one of the safest cars available when it was first introduced, for the exact same model, but the 2017 edition
- That decision paid off only a week later when the front-collision-avoidance system (with auto braking) saved us from rear-ending another car that slowed suddenly on a major interstate

MY WIFE COULD HAVE DIED IN A CAR CRASH



- Investing in a new car with all of the latest safety features paid off *in a big way*
- My wife was driving our car alone in a rural area in the early morning on the day after Thanksgiving 2017. She was only five minutes from getting home safely, but dozed off for a moment and the car went off the road
- The front left wheel hit a stump and tore off, the car braked itself, the seatbelts tightened, all of the airbags deployed, and the car came to a rest in between two trees
- The car was totaled, but she walked away completely unhurt
- This *easily* could have been a fatal accident, especially in a less-safe older car!

LESSON #1

Do not take chances with tired driving – you are in control of a two-ton potentially deadly missile!

DON'T JUST KEEP DRIVING

IF YOU FEEL TIRED!

Even if you're only a few minutes from your destination (which was the case with my wife's recent accident), *be proactive*:

- Ideally, pull over and rest; if you can't then:
- Turn on loud music
- Roll down the window
- Drink something with caffeine or take NoDoz
- Call a friend

LESSON #2

Don't Scrimp
on Safety
Pay More for a
High-End Car

THE NEXT TIME YOU BUY A CAR PAY MORE FOR A HIGH-END ONE

Not because it looks hot and goes fast (though who's complaining about that?), but because cars from the more expensive brands are structurally more solid and have the latest, best technology to both avoid/prevent crashes and help you survive them (auto-tightening seatbelts, airbags everywhere, Volvo On Call, etc.)

- Only 20% of new cars sold in 2017 were equipped with Advanced Driver Assistance Systems, a suite of technology that includes adaptive cruise control, lane-keeping steering aides and autonomous braking
- This Consumer Reports web page lists the cars that have seven key safety features either standard or optional: <http://www.consumerreports.org/car-safety/cars-with-advanced-safety-systems> (every Volvo in the past few years has all of them available)

IF YOUR CAR IS MORE THAN ~5 YEARS OLD & YOU CAN AFFORD IT

BUY A NEW ONE!

- We cheapskate value investors take pride in making cars last forever
 - I used to think this way – but it's bad thinking
 - Not getting a new car could cost you or someone you love their life!

DON'T GIVE YOUR SON OR DAUGHTER THE OLD FAMILY CAR

- Think about it: how insane is it to buy yourself a safe car, but give your child an unsafe one???
- Again, if you can afford to, sell the car and buy a new one (we bought our daughter a Subaru Outback in 2017)

WHEN YOU RENT A CAR

RENT A FULL-SIZE OR LARGER

- Accidents are more likely when you're driving an unfamiliar car in an unfamiliar area
- So rent a safe car!