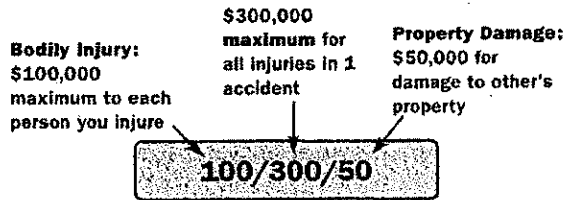


4 Automobile Insurance

For your own protection, you should not drive a car unless you have **automobile insurance**. Many states require that you be insured. An insurance company will pay, within limits, for the costs of an accident.

Liability insurance covers you for injury to others or for damage to their property. Liability insurance is identified by the amounts of coverage.



The **yearly base premium** depends on the coverage you choose.

LIABILITY INSURANCE		
Type	Amount	Yearly Base Premium
Bodily Injury	25/50	\$144.50
	50/100	\$161.25
	100/300	\$176.80
Property Damage	25	\$78.60
	50	\$89.90
	100	\$103.45

Example 1: You buy 100/300/50 liability insurance. What is the yearly base premium?

HINK: Locate the premiums in the table.

Add to find the total base premium. $\$176.80 + \$89.90 = \$266.70$

The yearly base liability premium is \$266.70.

Collision insurance pays for damage to your car caused by an accident. **Comprehensive insurance** pays for damage to or losses from your car caused by fire, theft, vandalism, and weather. Both types of insurance have **deductibles**. The premiums depend on the deductibles.

COLLISION/COMPREHENSIVE YEARLY BASE PREMIUMS		
Deductible	Collision	Comprehensive
\$50	\$197.38	\$72.65
\$100	\$183.42	\$56.90
\$200	\$141.71	Not available

Example 2: You buy \$200-deductible collision insurance and \$100-deductible comprehensive insurance. What is the total yearly premium?

HINK: Locate the premiums in the table.

Add to find the total base premium. $\$141.71 + \$56.90 = \$198.61$

The total yearly base premium is \$198.61.

Name _____ Date _____

Insurance policies are **rated** on a number of factors that can increase the cost of the base premium. These factors are your age, gender, driving record, and purpose for driving.

The graphs below show the ratings, by age and gender, for unmarried drivers younger than age 25.

AUTOMOBILE INSURANCE RATING FACTORS			
Age	Male, owner or primary operator	Male, not owner or primary operator	Female
17	3.80	2.65	1.85
18	3.40	2.35	1.65
19	3.00	2.10	1.45
20	2.60	1.85	1.30
21-24	2.15	1.35	1.20
25-29	1.55		

To find the total premium, multiply the base premium by the rating factor.

Example 3: George purchased 50/100/25 liability insurance, \$100-deductible collision insurance, and \$50-deductible comprehensive insurance. George is a 17-year-old male who drives his parents' car. What is his total premium for those coverages?

Step 1 Add to find the total base premium.

THINK: Find the premiums in the tables on page 53.

$$\$161.25 + \$78.60 + \$183.42 + \$72.65 = \$495.92$$

Step 2 Multiply the base premium by the rating factor.

THINK: Find the rating factor on the graph on this page. (2.65)

$$2.65 \times \$495.92 = \$1,314.188$$

George's total yearly premium is \$1,314.19.

1 About It

1. How would you decide whether to get a higher or a lower deductible for collision and comprehensive insurance?

2. Why do you think younger people and men have higher rating factors?

Practice

Remember to estimate whenever you use your calculator.

Use the rate tables on page 53. Find the total yearly base premium.

1. Liability: 25/50/25
Collision: \$100 deductible
Comprehensive: \$50 deductible
Yearly base premium: _____

2. Liability: 50/100/50
Collision: \$200 deductible
Comprehensive: \$50 deductible
Yearly base premium: _____

3. Liability: 100/300/100
Collision: \$50 deductible
Comprehensive: \$100 deductible
Yearly base premium: _____

4. Liability: 50/100/25
Collision: \$100 deductible
Comprehensive: \$100 deductible
Yearly base premium: _____

Use the rating factors graph on page 54. Find the rating factor.

5. Unmarried male, age 18
Drives his own car
Rating factor: _____

6. Unmarried male, age 19
Drives parents' car
Rating factor: _____

7. Unmarried female, age 17
Rating factor: _____

8. Unmarried female, age 19
Rating factor: _____

9. Unmarried male, age 24
Drives his own car
Rating factor: _____

10. Unmarried male, age 24
Drives parents' car
Rating factor: _____

Name _____ Date _____

Complete the table.

Driver	Male, 18, owns car	Female, 17	Male, 19, not owner of car	Female, 18
Liability	25/50/25	25/50/25	\$100	25/50/25
Yearly Base Premium	11. _____	12. _____	13. _____	14. _____
Collision Deductible	\$100	\$50	\$200	\$50
Yearly Base Premium	15. _____	16. _____	17. _____	18. _____
Comprehensive Deductible	\$50	\$100	\$50	\$50
Yearly Base Premium	19. _____	20. _____	21. _____	22. _____
Total Base Premium	23. _____	24. _____	25. _____	26. _____
Rating Factor	27. _____	28. _____	29. _____	30. _____
Total Premium	31. _____	32. _____	33. _____	34. _____

Use the tables on pages 53 and 54 for Exercises 35–42.

35. Susan carries 50/100 bodily-injury protection and \$50,000 in property damage liability. She also carries the \$100 deductible collision/comprehensive plan. What is her annual total base premium?

36. Liability: 50/100/100

Collision: \$100 deductible

Comprehensive: \$50 deductible

What is the total yearly base premium? _____

37. Liability: 25/50/50

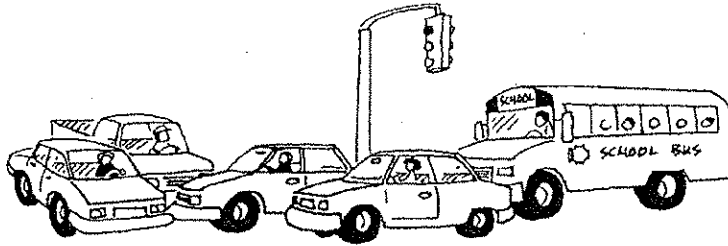
Collision: \$200 deductible

Comprehensive: \$100 deductible

What is the total yearly base premium? _____



Name _____ Date _____



38. Janet and Debbie bought a car together. They wanted the fullest liability coverage possible and a \$50 deductible on collision/comprehensive coverage. They had to add 20% to their bill for having 2 drivers. What was their annual and monthly cost to the nearest penny? _____
39. Marcus is an 18-year-old unmarried driver who owns his car. His rating factor is 3.4. What is his total premium for the following coverage? _____
Liability: 25/50/25
Collision: \$200 deductible
Comprehensive: \$100 deductible
40. Lisa is an unmarried 20-year-old driver. Her rating factor is 1.3. What is her total premium for the following coverage? _____
Liability: 50/100/50
Collision: \$100 deductible
Comprehensive: \$100 deductible
41. Manuel is a 21-year-old who owns his car. His rating factor is 2.15. What is his total premium for the following coverage? _____
Liability: 50/100/25
Collision: \$200 deductible
Comprehensive: \$100 deductible
42. Thomas is an unmarried 17-year-old driver who drives his parents' car. His rating factor is 2.65. What is his total premium for 50/100/50 liability coverage? _____

Name _____ Date _____

LIABILITY INSURANCE		
Type	Amount	Yearly Base Premium
Bodily Injury	25/50	\$146.50
	50/100	\$168.25
	100/300	\$178.40
Property Damage	25	\$80.40
	50	\$90.20
	100	\$105.60

COLLISION/COMPREHENSIVE YEARLY BASE PREMIUMS		
Deductible	Collision	Comprehensive
\$50	\$198.45	\$74.60
\$100	\$186.34	\$58.20
\$200	\$142.68	Not available

Use the rate tables above. Find the total yearly base premium.

43. Liability: 25/50/50
 Collision: \$50 deductible
 Comprehensive: \$50 deductible
 Yearly base premium: _____
44. Liability: 50/100/100
 Collision: \$200 deductible
 Comprehensive: \$50 deductible
 Yearly base premium: _____
45. Liability: 100/300/100
 Collision: \$100 deductible
 Comprehensive: \$100 deductible
 Yearly base premium: _____
46. Liability: 50/100/50
 Collision: \$50 deductible
 Comprehensive: \$100 deductible
 Yearly base premium: _____

Use the rating factors graph on page 54. Find the rating factor.

47. Unmarried female, age 24
 Drives parents' car
 Rating factor: _____
48. Unmarried male, age 28
 Drives own car
 Rating factor: _____
49. Unmarried male, age 20
 Drives own car
 Rating factor: _____

8. \$15,754.68
9. \$8,924
10. \$11,630.40
11. \$2,706.40
12. \$12,330.40
13. \$648.84; \$10,746.84
14. \$2,860.00; \$21,360.00

Extension

1. \$355.32
2. \$366.50

Pages 48-49

Think About It

1. Answers may vary.
2. Answers may vary.

Practice

- | | |
|--------------|--------------|
| 1. 199 | 2. 2,356 |
| 3. 3,056 | 4. 5,598 |
| 5. 8,507 | 6. 14,101 |
| 7. 18 | 8. 24 |
| 9. 14 | 10. 21 |
| 11. 17 | 12. 15 |
| 13. \$123 | 14. \$93 |
| 15. \$159 | 16. \$106 |
| 17. \$131 | 18. \$148 |
| 19. \$133 | 20. \$101 |
| 21. \$172 | 22. \$115 |
| 23. \$142 | 24. \$160 |
| 25. Boltan | 26. Elice |
| 27. \$480.43 | 28. \$662.72 |

Pages 50-52

Extension

1. \$6,525; \$7,975
2. \$5,571; \$6,809
3. \$8,139.15; \$9,947.85
4. \$4,799.70; \$5,866.30
5. \$6,783.75; \$8,291.25
6. \$11,178; \$13,662

Practice

1. 222
2. 6,172
3. 4,866
4. 2,710
5. 75
6. 6,200
7. 19
8. 22
9. 25
10. 13
11. 15
12. 20
13. \$96
14. \$81
15. \$72
16. \$137
17. \$120
18. \$90
19. \$102
20. \$186
21. \$77
22. \$147
23. \$128
24. \$96
25. \$555.12
26. \$339.61
27. \$587.13
28. \$232.20
29. \$6,270; \$10,230
30. \$4,556.20; \$7,433.80
31. \$13,110; \$21,390
32. \$10,165; \$16,585
33. 26
34. 28.5
35. 27.2
36. 30
37. 17.5
38. 13.5
39. 15

40. 15
41. 13.5 mpg
42. 21.1 mpg
43. 299 mi
44. 112.5 miles farther
45. 22.5 mpg
46. About 25.4 mpg
47. About 12.5 mpg
48. About 28.7 mpg

Pages 55-58

Think About It

1. Answers may vary.
2. Answers may vary.

*Automobile
Insurance*

Practice

1. \$479.17
2. \$465.51
3. \$534.53
4. \$480.17
5. 3.40
6. 2.10
7. 1.85
8. 1.45
9. 2.15
10. 1.35
11. \$223.10
12. \$280.25
13. \$251.15
14. \$223.10
15. \$183.42
16. \$197.38
17. \$141.71
18. \$197.38
19. \$72.65
20. \$56.90
21. \$72.65
22. \$72.65
23. \$479.17
24. \$534.53
25. \$465.61
26. \$493.13

- 27. 3.40
- 28. 1.85
- 29. 2.10
- 30. 1.65
- 31. \$1,629.18
- 32. \$988.88
- 33. \$977.57
- 34. \$813.66
- 35. \$491.47
- 36. \$520.77
- 37. \$433.01
- 38. \$660.34; \$55.03
- 39. \$1,433.81
- 40. \$638.91
- 41. \$942.69
- 42. \$665.55
- 43. \$509.75
- 44. \$491.13
- 45. \$528.54
- 46. \$515.10
- 47. 1.20
- 48. 1.55
- 49. 2.60

Pages 60-62

Think About It

- 1. Answers may vary.
- 2. Answers may vary.

Practice

- 1. \$56.82
- 2. \$203.13
- 3. \$461.43
- 4. \$255.30
- 5. \$567.18
- 6. \$259.32
- 7. \$36
- 8. 100 miles
- 9. \$31
- 10. \$67
- 11. \$116
- 12. 532 miles

- 13. \$138.32
- 14. \$254.32
- 15. \$96
- 16. 1,632 miles
- 17. \$669.12
- 18. \$765.12
- 19. \$287
- 20. 0 miles
- 21. \$0
- 22. \$287
- 23. \$240
- 24. 698 miles
- 25. \$286.18
- 26. \$526.18
- 27. \$108
- 28. 263 miles
- 29. \$81.53
- 30. \$189.53
- 31. \$116
- 32. 702 miles
- 33. \$182.52
- 34. \$298.52
- 35. \$246
- 36. 141 miles
- 37. \$49.35
- 38. \$295.35
- 39. \$215.40
- 40. \$77.84
- 41. \$390.32
- 42. \$230.24
- 43. \$284.20
- 44. \$44.68
- 45. About \$168
- 46. About \$329
- 47. \$438
- 48. \$494.40

Page 64

Problem Solving Application

Practice

- 1. \$15,009
- 2. \$15,341
- 3. \$14,365
- 4. \$11,786
- 5. \$16,173

Pages 66-68

Decision Making

- 1. \$24,509.86
- 2. \$20,987.00
- 3. \$788.60
- 4. \$486.07
- 5. \$1,344.31
- 6. \$1,908.41
- 7. \$726.67
- 8. \$659.33
- 9. \$13,852.94
- 10. \$10,105.57
- 11. \$0.92
- 12. \$0.67
- 13. Driver: Good
Passenger: Good
- 14. Driver: Good
Passenger: Moderate
- 15. Car C
- 16. Car C
- 17. Car A
- 18. Car C
- 19. Car C
- 20. Car A
- 21. \$67.34
- 22. \$3,747.37
- 23. \$302.53
- 24. \$564.10
- 25. Answers may vary.
- 26. Answers may vary.
- 27. \$648.19