

6-8 Day 1 Cost of Owning a Car

Math Skill Builder

1. Rewrite a percent as a decimal.

a) 25%

.25

b) 5%

.05

Car Insurance

There are four basic types of insurance or coverage for motor vehicles that protect you against the risk of financial loss:

Bodily Injury - Covers your liability for injury to others.

Property Damage - Covers damage to other people's property, including their vehicles.

Collision - Covers damage to your own motor vehicle.

Comprehensive Damage - Covers damage or loss to your vehicle from fire, theft, vandalism, hail, and other causes.

States require car owners to carry minimum amounts of car insurance. Some states may require car owners to carry additional coverage.

A car owner may be required to buy Uninsured and Underinsured motorists insurance, which protects against damage to the car or injury to person in the car caused by a driver who carries no or insufficient insurance.

Premiums for automobile insurance may vary from state to state within a state. Each insurance company sets its own rates following state regulations. Premiums may be higher in large cities than in small cities and rural areas. Premiums may also be higher on cars used for business than those used for pleasure driving. Premiums are usually higher for drivers under 25 years of age than for those over 25.

Sample car insurance premiums are found in the table below. As you study the table, notice how the premiums changes depending on the use of the car, the coverage limits, and the deductible amount.

Sample Annual Car Insurance Premiums

Type of Insurance Coverage	Coverage Limits	Annual Premiums for:		
		Pleasure Use Only	Driving to Work	Business
Bodily Injury	\$25/50,000	\$ 20.58	\$ 22.84	\$ 29.71
	50/100,000	30.88	34.27	44.68
	100/300,000	53.95	59.35	79.74
Property Damage	\$25,000	\$ 135.80	\$ 150.74	\$ 196.50
	50,000	161.67	179.44	233.92
	100,000	190.19	211.11	274.44
Collision	\$100 deductible	\$ 466.53	\$ 517.84	\$ 574.70
	250 deductible	324.03	358.24	461.81
	500 deductible	261.95	290.77	378.01
Comprehensive	\$50 deductible	\$ 125.32	\$ 137.85	\$ 179.21
	100 deductible	93.99	104.33	135.62

Example 1:

- a) Emma Jane Cooke wants a basic insurance policy for her car that she uses only for pleasure driving. She chooses this coverage: bodily injury, \$25/50,000; property damage, \$25,000; collision, \$500 deductible; comprehensive, \$100 deductible. Using the rates in the premium tables on the previous page, what annual premium will Emma Jane pay for car insurance?

$$20.58 + 135.80 + 261.95 + 93.99$$

$$= \boxed{\$512.32}$$

- b) Oliver insures the car that he drives to work. His coverage is \$25/50,000 bodily injury, \$50,000 property damage, \$250 deductible collision, and \$100 deductible comprehensive. Using the premiums table on previous page, what will be Oliver's annual car insurance premium?

$$22.84 + 179.44 + 358.24 + 104.33$$

$$= \boxed{\$664.85}$$

CLOSURE:

1. Harriet's car is insured for business use. She chooses the highest coverage limits for bodily injury and property damage and \$100 deductibles for both collision and comprehensive. Using the rates shown in the premiums table, what is her annual premium?

$$79.74 + 274.44 + 574.70 + 135.62$$

$$= \$1,064.50$$

Name: _____ Date: _____ Period: _____

Worksheet 6-8 Day 1

Use the Annual Insurance Table below to do all exercises.

Type of Insurance Coverage	Coverage Limits	Vehicle Used For		
		Pleasure Use Only	Driving to Work	Business
Bodily Injury	\$25/\$50,000	24.70	27.42	35.65
	\$50/\$100,000	37.06	41.14	53.48
	\$100/\$300,000	64.74	71.86	93.42
	\$200/\$500,000	82.54	91.62	119.11
Property Damage	\$25,000	162.96	180.89	235.16
	\$50,000	194.00	215.34	279.94
	\$100,000	228.23	253.33	329.33
Collision	\$100 deductible	559.84	621.42	807.85
	\$250 deductible	478.12	530.71	689.92
	\$500 deductible	422.34	468.80	609.44
Comprehensive	\$100 deductible	150.38	166.92	216.00
	\$250 deductible	128.64	142.79	185.63
	\$500 deductible	105.38	116.98	152.07

- Each car is insured for bodily injury of \$25/\$50,000 and property damage of \$25,000, unless noted otherwise. All have collision and comprehensive coverage with the deductibles shown. For each car, find the annual premium for each type of coverage and the total annual premium.

	Car Usage and Deductibles	Annual Premium				
		Bodily Injury	Property Damage	Collision	Comprehensive	Total
a)	For driving to work; collision, \$250 deductible; comprehensive \$100 deductible					
b)	For pleasure driving only; \$100 deductible for both collision and comprehensive					
c)	For business; collision, \$500 deductible; comprehensive, \$100 deductible					
d)	For business; property damage, \$100,000; \$250 deductible for both collision and comprehensive					
e)	For pleasure driving only; collision \$250 deductible; comprehensive, \$250 deductible					