

AUTO INSURANCE ACTIVITY

Grade Level: High School - Adult

Time: 30 minutes

Materials: 1 copy of the Auto Policy Declarations and Questions per student or per group.

Background Knowledge: Basic understanding of insurance including limit, deductible, premium, lien holder and liability.

PREPARATION

Print the Auto Policy Declarations page and questions for each student or group. You may want to print these single sided so students do not have to flip back and forth.

INSTRUCTIONS

1. Start by giving a brief overview of the declarations page. Make sure students understand the terminology and know how to read the table.
2. Give students 15 to 20 minutes to complete the questions page. Walk around and clear up any misconceptions as students work.

Common Student Misconceptions:

- Question 3: Students often simply copy the numbers from above, but they need to be sure to explain what they mean in terms they can understand. See key for example.
- Question 4: This is a tricky question. If students look carefully at the top of the declarations page, it says “Driver’s Excluded: Jacob Sample”. This means that he is not covered on either policy.
- Question 6: This question could be argued either way by students. The major factor they need to consider is that a claim could raise their insurance premium.

3. Close by reviewing each answer with students using the key.

For other great resources on insurance, including our full Planning for the Future class, please visit www.roguecu.org/learn.

AUTO POLICY DECLARATIONS

Named Insured(s)
 John Sample
 Jane Sample
 123 Any Street
 Anytown, Oregon 97504

Agent
 Michael Frazier
 (541) 123-4567

Policy Number: 9 12 345678 03/01

Policy Period: April 1, 2015 to March 31, 2016 12:01 a.m. Standard Time

Drivers Excluded: Jacob Sample

Vehicles Covered	Vehicle ID Number	Lienholder
2012 Toyota Camry	1FTCU88F34KD02005	Rogue Credit Union
2010 Ford Escape	RPFRE32875NG04560	None

Total Amount Due: \$1,155.96

Vehicle #1: 2012 Toyota Camry

Coverage	Limits	Deductible	Premium
Liability: Bodily Injury	\$250,000/person \$500,000/accident	Not applicable	\$347.15
Property Damage			
Uninsured Motorist Bodily Injury	\$250,000/person \$500,000/accident	Not applicable	\$68.30
Medical Payments	\$5,000/person	Not applicable	\$28.50
Collision	Actual cash value	\$1000	\$149.40
Comprehensive	Actual cash value	\$100	\$52.10
Total premium #1			\$645.45

Use: This vehicle is driven 30-40 miles to work/school by married female licensed 24 years.

Good driver discount: 20%

Vehicle #2: 2010 Ford Escape

Coverage	Limits	Deductible	Premium
Liability: Bodily Injury	\$250,000/person \$500,000/accident	Not applicable	\$292.04
Property Damage			
Uninsured Motorist Bodily Injury	\$250,000/person \$500,000/accident	Not applicable	\$60.70
Medical Payments	\$5,000/person	Not applicable	\$26.00
Collision	Actual cash value	\$2,500	\$91.55
Comprehensive	Actual cash value	\$500	\$40.22
Total premium #1			\$510.51

Use: This vehicle is driven for pleasure <7,500 miles/year by married male licensed 22 years.



PLANNING FOR THE FUTURE AUTO INSURANCE ACTIVITY

DECLARATIONS PAGE QUESTIONS

1. Which car is being financed (was paid for with a loan)? How can you tell?

2. Which car is more expensive to insure? Why do you think that is?

3. What is the liability coverage, stated as three numbers, on this policy? What does each number stand for?

4. John and Jane's teenage son, Jacob, borrowed the Escape and hit a fire hydrant while he was sending a text message. The cost to repair the damage is \$2800. How much will the insurance pay on this claim?

5. A tree branch fell on the Escape during a storm and scratched the paint on the hood. It will cost \$475 to repaint. How much will the insurance company pay on this claim?

6. Jane hit a wall in a parking garage and caused \$1100 of damage to the Camry. Should she file a claim? Why or why not?

PLANNING FOR THE FUTURE AUTO INSURANCE ACTIVITY

DECLARATIONS PAGE ANSWER KEY

1. Which car is being financed (was paid for with a loan)? How can you tell?

The Camry. You can tell because the lienholder is listed as Rogue Credit Union, which means that they have legal claim to the car.

2. Which car is more expensive to insure? Why do you think that is?

The Camry. This is most likely because it is a newer car, the deductibles are lower and it is driven more miles per year.

3. What is the liability coverage, stated as three numbers, on this policy? What does each number stand for?

250/500/50

\$250,000 maximum payout per person

\$500,000 maximum payout for all people per accident

\$50,000 maximum payout for property damage

4. John and Jane's teenage son, Jacob, borrowed the Escape and hit a fire hydrant while he was sending a text message. The cost to repair the damage is \$2,800. How much will the insurance pay on this claim?

Nothing! Jacob is listed at the top of the policy as an excluded driver which means he is not covered.

5. A tree branch fell on the Escape during a storm and scratched the paint on the hood. It will cost \$475 to repaint. How much will the insurance company pay on this claim?

Nothing! The deductible on the Escape's comprehensive coverage is \$500, so it would only cover costs that exceed that amount.

6. Jane hit a wall in a parking garage and caused \$1,100 of damage to the Camry. Should she file a claim? Why or why not?

Probably not. Her collision deductible is \$1000 which means she would only get \$100 from the insurance company. This is very little considering that her premiums will most likely go up if she makes the claim.