

Name \_\_\_\_\_ Automobile Insurance Questions 11/13

1. What is the difference between a premium and a deductible?
  
2. What is the advantage in having a deductible in insurance coverage?
  
3. What are some of the differences between the ways in which an insurance company and an individual look at an insurance policy?
  
4. Gary Lieberman has \$10,000 worth of property damage insurance. He collides with two parked cars and causes \$12,000 worth of damage. How much money must Gary pay after the insurance company pays its share?
  
5. Craig Rosenberg has a personal injury protection policy that covers each person in, on, around, or under his car for medical expenses as a result of an accident. Each person can collect up to \$50,000. Craig is involved in an accident and three people are hurt. One person has \$23,000 of medical expenses, one person has \$500 worth of medical expenses, and Craig himself has medical expenses totaling \$70,000. How much money must the insurance company pay out for these three people?
  
6. Leslie has comprehensive insurance with a \$500 deductible on her van. On Halloween her van is vandalized, and the damages total \$1,766. Leslie submits a claim to her insurance company.
  - a. How much must Leslie pay for the repair?
  
  - b. How much must the insurance company pay?

7. Felix Madison has \$10,000 worth of property damage insurance and a \$1,000 deductible collision insurance policy. He had a tire blowout while driving and crashed into a \$1,400 fire hydrant. The crash caused \$1,600 in damages to his car.

- a. Which insurance covers the damage to the fire hydrant?
- b. How much will the insurance company pay for the fire hydrant?
- c. Which insurance covers the damage to the car?
- d. How much will the insurance company pay for the damage to the car?

8. Mollie has 100/300/50 liability insurance and \$50,000 PIP insurance. She drives through a stop sign, hits a telephone pole and bounces into a minivan with 8 people inside. Some are seriously hurt and sue her. Others have minor injuries. Three passengers in Mollie's car are also hurt.

a. The pole will cost \$7,000 to replace. Mollie also did \$6,700 worth of damage to the minivan. What insurance will cover this, and how much will the company pay?

b. The minivan's driver was a concert violinist. The injury to his hand means he can never work again. He sues for \$4,000,000 and is awarded that money in court. What type of insurance covers this, and how much will the insurance company pay?

c. The minivan's driver (from part b) had medical bills totaling \$60,000 from his hospital trip and physical therapy after the accident. What type of insurance covers this, and how much will the insurance company pay?

d. The three passengers in Mollie's car are hurt and each requires \$12,000 worth of medical attention. What insurance covers this, and how much will the company pay?

Student created scenarios:

(perfect example)

You run into someone's car while plowing during a big snowstorm and it costs \$6000 to fix the other person's vehicle and \$9500 for your vehicle. You have liability insurance coverage of 25/50/10. Also you have collision coverage for your car which is \$12,500 after a \$500 deductible.

- A. How much will you pay for your car before the insurance coverage?
  - B. How much will you pay for the other person's car before the insurance coverage?
  - C. How much does your insurance pay for your vehicle? Will you need to pay more after the insurance? Explain.
  - D. How much does your insurance pay for the other person's vehicle? Will you need to pay more after the insurance? Explain.
- 

(One that needs work)

Coming back from Florida Lee came to a bridge going a buck fifty and lost control of his new '65 Mustang. He ended up causing \$6,000 worth of damage to his Mustang, \$40,000 worth of damage to 3 other cars, \$100,000 worth of medical bills from the other drivers and \$9,000 worth of damage to the bridge. He has 25/50/10 Liability coverage and Collision/Comprehensive coverage with \$2000 deductibles.

- A. What insurance will cover his car?
- B. How much will he need to pay for his cars damage?
- C. What insurance will cover him hitting the other cars?
- D. How much will he pay for the other 3 cars?
- E. What insurance will cover medical bills?
- F. How much will he pay for everyone's medical bills?
- G. What insurance will cover the bridge damages?
- H. How much will he pay the State for the bridge damages?
- I. In total how much will Lee pay for everything?