

**Name:**

**Students will be able to:**

- Explain a deductible, out-of-pocket expenses, and what insurance will pay for in different situations
- List factors that determine auto insurance premiums
- Describe the main types of auto insurance policies and compare state requirements
- Choose an appropriate level of car insurance coverage

 **INTRO**

**QUESTION OF THE DAY:** How much does a texting while driving ticket increase auto insurance premiums?

Answer the question on the first slide in the space below. Then, compare your answer to the answer on the second slide. Finally, follow your teacher’s directions on how to answer the follow-up questions on the last slide.

- 1. How much does a texting while driving ticket increase auto insurance premiums?**

 **LEARN IT**

**VIDEO:** 5 Factors That Affect What You Pay for Auto Insurance

Everyone pays a different amount for auto insurance. Watch this video to learn five key factors that influence how much you’ll pay. Then, answer the questions.

- 1. Complete the sentences in the chart as you watch.**

Factor that affects your insurance	Effect on what you pay
Your deductible	The upside to having a high deductible is...

	The downside to having a high deductible is...
Your vehicle	In general, the ( / less ) your car is worth, the ( / less ) you'll pay to insure it.
Your mileage	You pay more for insurance coverage if you drive a lot because...
Your driving history	One speeding ticket can raise your auto insurance rate by nearly...  One DUI can...
Your personal information	Which drivers generally pay more?

**2. Can you think of any other factors, not listed above, that could influence your auto insurance premiums?**



**ACTIVITY: PLAY: Types of Car Insurance**

Auto insurance is a little bit like a build-your-own meal restaurant. Each type of coverage is offered individually at its own stated premium, and you choose the combination of coverages required by your state plus any additional coverages you select yourself to make one customized policy. Follow your teacher's instructions to complete this activity.



## LEARN IT

### **ARTICLE:** [Deductibles and Coverage Limits](#)

In every auto accident, after asking, “Is everyone safe?”, one of the most important questions you may want answered is, “Who pays?” Understanding your deductible and coverage limits is crucial to determining that. Review the explanations and examples in this article, and then determine “Who pays?” in these sample scenarios.

**Important Note:** *This resource reflects this information but does not directly address it: For auto insurance, if the insurance claim is a liability, where the insured driver has harmed another person and/or damaged another person’s property, the insured driver does NOT owe a deductible; insurance covers the entire bill up to the coverage limit. If the insurance claim is to replace or repair the insured driver’s own property, the insured driver WILL typically owe a deductible.*

- 1. Norris has a deductible of \$1,000. He damages his car in an accident and it will cost \$3,300 to repair.**
  - a. How much does Norris have to pay?
  - b. How much does his insurance pay?
  
- 2. Alicia has a collision deductible of \$500 and a Bodily Injury Liability coverage limit of \$50,000. She hits another driver and injures them severely. The case goes to trial and there is a verdict to compensate the injured person for \$40,000.**
  - a. How much does Alicia have to pay?
  - b. How much does her insurance pay?
  
- 3. Just before the accident, Alicia actually reduced her policy from \$50,000 to \$25,000.**
  - a. How much does Alicia have to pay?
  - b. How much does her insurance pay?

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### **ARTICLE:** [Minimum Car Insurance Requirements by State](#)

Another component of having auto insurance is knowing what your state's requirements are. Each state requires drivers to carry different levels of insurance to be legally allowed to drive. Review the information and answer the following questions.

- 1. Locate your state and list its insurance requirements. What does each of those requirements mean?**
- 2. Does your state have comparatively strict or lenient requirements for auto insurance coverage?**
- 3. If you could choose, would you prefer to live in a state with strict or lenient requirements for auto insurance coverage? Why?**
- 4. Almost every single state requires drivers to have liability coverage. Why do you think that is the case?**



## **EXIT TICKET**

Follow your teacher's directions to complete the Exit Ticket.