

## Chapter 33 Vehicle Insurance

1. What does liability insurance cover?

*Damage to others*

2. What do the figures 100/300 mean?

*100,000 per person / 300,000 per incident*

3. What is the maximum amount an insurance company will cover in damages to a vehicle?

*The value of the vehicle*

4. What types of losses will comprehensive insurance cover?

*Falling objects, theft, flood damage, vandalism, animals*

5. What is the difference between a financial responsibility law and a compulsory insurance law?

*Financial responsibility: You must pay for damage you cause. Insurance shows you're responsible*

*Compulsory: Minimum insurance*

6. What can happen if you can't show proof of financial responsibility or insurance?

*Can be sued, lose license.*

7. How does a deductible affect the cost of a premium?

*Higher deductible, lower premium*

8. Why do drivers under the age of 25 and over the age of 70 pay more in premiums?

*More accidents*

9. How can younger drivers qualify for a lower premium?

*Grades, driving course, no accidents/violations*

## Vocabulary

Match each word to its definition.

- Insurance
- Policy
- Deductible
- Liability insurance
- Compulsory insurance law
- Depreciation
- Financial responsibility law
- premium
- No-fault insurance
- Claim
- Actual cash value

Term	Definition
Insurance	Paid protection against losses due to injury or property damage
Policy	A contract between an insurance company and a policyholder.
Compulsory insurance law	A law that requires drivers to have a minimum amount of car insurance.
Deductible	The amount of damages that an insurance policyholder must pay before the insurance company pays.
premium	The amount of money charged by an insurance company for protection for a given time period.
Financial responsibility law	Requires proof that drivers can pay for damages in an accident.
Liability insurance	Protection against claims of injury or property damage.
Depreciation	Decline in value of a vehicle because of age, and wear and tear.
No-fault insurance	A law that requires drivers involved in accidents to collect damages from their own insurance companies no matter who is at fault.
Claim	A request for payment from an insurer for any damages covered by an insurance policy.
Actual cash value	How much the used item is worth.