



## Adventures in Auto Insurance User Guide

**Step one:** Students break into four teams, each team will pick a car that they will buy. Every car needs to be selected.

**Step two:** Once the cars have been chosen, click on each vehicle and explain the cost and payments.

- Have students write in their worksheet the vehicle cost and their first car payment. If they are able to pay cash, they will only have one payment.

**Step three:** Selecting coverage

Explain each type of coverage. Explain that some are required by law and others are optional and often required by banks that lend you money for the purchase of the vehicle.

### **Types of Insurance:**

**Bodily injury liability coverage** pays for damages other people incur if you or someone you allow to drive your car causes an auto accident. Examples of damages include medical expenses, rehabilitation, funeral costs, settlement of lawsuits, and legal expenses.

**Property damage liability** coverage pays for damage to other people's property if you or someone you let drive your car causes an auto accident. It usually pays for repair or actual cash value (ACV) of others' property and your legal expenses.

**Personal injury protection (PIP)** coverage pays for medical, rehabilitation, funeral, and child care expenses as well as for loss of earnings and in-home assistance if you and your passengers are injured in an accident, regardless of who is at fault.

**Uninsured and underinsured motorist bodily injury coverage** pays medical, rehabilitation, and funeral expenses, loss of earnings, and other damages if you or your family is involved in a vehicle, bicycle, or pedestrian accident caused by an uninsured or underinsured motorist or a hit-and-run driver.

**(Optional) Uninsured motorist property damage coverage** pays for damage to your vehicle caused by an uninsured driver. This optional coverage generally duplicates your collision coverage, but may be a good buy if you have a high deductible on your collision coverage or don't have collision coverage.

**(Optional) Collision coverage** pays for repairing your vehicle in a collision or rollover.

- *You may want to explain that if the cost to repair the vehicle is greater than pre-crash value of the vehicle, the insurance company will declare the vehicle as a total loss. They will get cash for that value, but the insurer will not pay to have it repaired. You have a right to keep the vehicle, but the salvaged value will be deducted from your pre-crash value. You can then restore the vehicle with your own money. However, the vehicle's title will forever be branded as **TOTALED**.*

**(Optional) Comprehensive coverage** pays for damage to your vehicle resulting from theft, vandalism, windstorms, fire, hail, etc.

NOTE: If students chose a car that they will need to make payments on, the bank will require them to have all the optional coverage.

In Coverage Cost: Have students write in the cost for their coverage (total of all the coverage they selected).

**Step four:** Select your deductible

If a student is required to have collision coverage or chose to have collision coverage, the student will need to select a deductible. Ask students how much they would want to pay to have their car repaired if they are involved in an accident.

Once students have selected their deductible, have students write down the deductible in their work sheet. Also, show them how much their monthly premiums will change based on the level of their deductible. The higher the deductible, the lower the premium. The lower the deductible, the higher the premium.

Have students write in the cost of their deductible on their worksheet under **Deductible Level Cost.**

**Step Five:** Spin and win (or lose).

Each spin represents a month's worth of time. After each spin, students will write in their costs for the month.

If they land on an **Even** number good things happen. If they land on an **Odd** number, bad things happen.

Once each team has spun 6 times, click on . Ask the students to add up their costs and see how they did.