

# PROPERTY AND AUTO INSURANCE

Intro to Business & Technology

## Key Terms

- Risk
- Risk Management
- Insurance
- Policy Holder
- Policy Premium
- Policy
- Probability
- Claim
- Coverage
- Deductible
- Insured
- Insurer
- Liability
- Peril
- Hazard
- Insurable risk
- Uninsurable risk

## Key Terms Defined

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- Risk – situation involving exposure to danger
- Risk management – measures taken to prevent or manage a situation involving exposure to danger
- Insurance – risk management technique that involves transfer of risk to another party
- Policy holder – one who owns the insurance
- Policy premium – payment to maintain insurance coverage
- Policy – contract between insurer and insured

## Key Terms Defined

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- Probability – likelihood that something will happen
- Claim – demand or request for something considered one's due
- Coverage – extent of protection afforded by an insurance policy
- Deductible – amount paid out of pocket before insurance pays
- Insured – one who is covered by an insurance policy

## Key Terms Defined

- Insurer – company that offers the insurance
- Liability – obligation to pay
- Peril – serious and immediate danger
- Hazard – a danger or risk
- Insurable risk – a risk that is random, definable, with a measureable loss, not illegal for which an insurance company can charge a reasonable premium
- Uninsurable risk – hazard or condition with a high probability of loss, or that is illegal

## Fundamentals

- Insurance
  - Auto
  - Home
  - Property
  - Marine
  - Life
  - Health

## Property insurance

- 2 Types of Property
  - Real
  - Personal
- 2 Types of People
  - Individual
  - Business
- Effective:
  - Application accepted
  - Binder issued
- Floater Policy
  - Protects items that “float”
  - Name some examples

## Homeowner's vs. renter's

- | Homeowner's  | Renter's   |
|--|--|
| <ul style="list-style-type: none"> <li>• Fire</li> <li>• Windstorm</li> <li>• Vandalism</li> <li>• Burglary</li> <li>• Injuries while on property</li> <li>• Plumbing</li> <li>• Hail</li> </ul> | <ul style="list-style-type: none"> <li>• Personal Property</li> <li>• Personal Injury</li> <li>• Negligent damage</li> </ul> |

## Endorsement

- is an amendment or addition to an existing insurance contract
- changes the terms or scope of the original policy
- may also be referred to as riders
- may be used to add, delete, exclude or otherwise alter coverage
  
- What kind of endorsement policies would you have and why?

## Marine insurance

- Oldest form of insurance
  - Why?
- Covers ships at sea
- Inland Marine Insurance
  - Trains
  - Trucks
  - Airplanes
  - Customers goods in possession of others also covered in some instances
    - Dry Cleaning, Jewelry

## Auto Insurance

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- Financial Responsibility Law
  - Do you have to have insurance?
  - Why?
  - What kind?
- 2 Major Types of Coverage
  - Property (Comprehensive and Collision)
  - Bodily Injury (Medical Payments)
- Two Major Types of Policies
  - Full\*\*
  - Liability

## Bodily Injury Coverage

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- Bodily Injury Liability
  - \$100,000/\$300,000
- Medical Payments
  - Pays medical/funeral costs of injured
- Uninsured Motorist
  - Protects you if the person at fault doesn't have insurance or not enough to cover your damages

## Property Damages Coverage

- Property Damage Liability
  - Damage of others: Car, House, Telephone Pole
- Collision Insurance
  - Pays for your vehicle damages (even if at fault)
  - What policy is this covered under?
- Comprehensive Insurance
  - Fire
  - Theft
  - Lightning
  - Hail
  - Vandalism

## Other Things to Consider

- Deductable
- Car vs. Coverage
- Affordability
  - What affects this?
    - Age.....what else????
- Provider

## Buying a car

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- Things you'll need to know first:
  1. Exact price paying for car
  2. Amount you finance (cash down?)
  3. Finance Charge
  4. APR
  5. # of Payments
  6. Amount of Payments
  7. Total Price (Price + Interest)

## Other things to consider

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1. Worth before buying
  - being stuck with payments and broke car
2. Warranties
3. Payment you can afford
4. Vehicle maintenance (foreign cars vs. domestic)
5. Gas mileage
6. Trade in value vs. selling to private seller
7. Consumer Reports
8. Future Value



## 4 major car terms

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- Invoice Price
  - What dealer pays for vehicle
  - Usually lower than stated because of rebates, incentives, etc
- Base Price
  - Price of car with basic options
- MSRP Price
  - All costs added together
  - Required by law on new cars
- Dealer Sticker Price
  - MSRP with extra options (leather, etc)

## Leasing instead of buying

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- Specific # of months
- Specific # of miles
- Turn it in or Purchase Vehicle
- Be careful of:
  - Excessive Mile charges
  - Excessive Damage charges
  - Ending lease early
  - You don't OWN a car