

Activity 2

AUTO INSURANCE

Automobile liability insurance is often described using three numbers, such as 50/100/25. These numbers refer to the amount of liability insurance coverage. For example, 50/100/25 coverage would pay up to \$50,000 for bodily injury to a single individual, \$100,000 total for bodily injury to all parties involved in an accident, and \$25,000 of property damage.

	MONTHLY PREMIUM		
Coverage Amount	Rate A	Rate B	Rate C
50/100/25	\$553.00	\$617.00	\$451.00
100/200/50	\$1,036.00	\$1,174.00	\$830.00
150/300/75	\$1,363.00	\$1,566.00	\$1,133.00

1. Which set of rates would you choose if you had a very inexpensive car? _____
2. Which set of rates would you expect if you had a safe driving record, good credit, and lived in a low-crime area?

3. What if your car were fairly expensive and you lived in an area with frequent traffic accidents – which set of rates would you expect? _____
4. What's the total annual difference in cost between the least expensive set of rates and the most expensive set for the highest level of coverage? When do you think it would be worth getting the extra coverage? What steps could you take to ensure you get the lowest rates?

