

Chapter 34 Vehicle and Property Insurance

Section 34.1 Vehicle Insurance

Section Summary with Key Terms and Academic Vocabulary

Vehicle Insurance Vehicle insurance is a necessity for drivers. Insurance companies offer protection from bodily injury and property damage liability, medical payments, and collision expenses. They also offer comprehensive coverage, uninsured/underinsured motorists coverage, and miscellaneous coverage. All states require drivers to prove their financial responsibility in case of an accident. Vehicle insurance is the best way to demonstrate financial responsibility. The costs of vehicle insurance depend on several factors, including characteristics of the policyholder and the vehicle, and the amount of the deductibles.

Key Terms _____

actual cash value Value of the automobile when it was new minus depreciation

depreciation Decline in value of an asset

financial responsibility law Law that requires drivers to pay for any damages or injuries they cause in an accident

compulsory insurance law Law that requires drivers to have a minimum amount of car insurance

no-fault insurance Insurance that requires drivers involved in accidents to collect damages from their own insurance companies no matter who is at fault

claim Request for payment from an insurer for any damages covered by an insurance policy

deductible Amount in damages a policyholder must pay before the insurance company pays a claim

Academic Vocabulary _____

issue To put forth or distribute, usually officially

quote To state the current price of something

exceed To be greater than or superior to

vary To make differences between items