



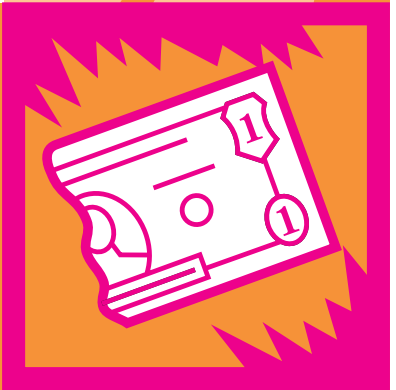
understanding

Automobile

insurance

A stylized, front-facing illustration of a car in shades of orange and red. The car has a crown-like structure on top, suggesting a premium or high-quality service. The car's wheels are represented by three white chevrons on a black background.The logo for the Ohio Insurance Institute, featuring the letters 'oii' in a stylized font. To the right of the logo, the text reads "Ohio Insurance Institute" and "Representing Ohio's property/casualty insurance industry".

Ohio Insurance Institute
Representing Ohio's property/casualty insurance industry



understanding

Understanding Automobile Insurance

Statistics consistently show that youths have a greater chance of becoming involved in an accident

than drivers in any other age group. On the average, one out of five Ohio teenage drivers is involved in an accident each year.

The costs associated with an accident could be expensive. Just think about it—an accident could include damage to cars and other property, as well as injuries to you, your passengers and others. Could you afford to pay for these damages on your own? Automobile insurance decreases your out-of-pocket expenses by helping to pay for losses resulting from an accident.

Understanding Automobile Insurance guides you through the types of auto insurance coverages available and assists you in making decisions about what insurance coverages you'll need to consider. Keep in mind that you select your insurance coverage limits.

BODILY INJURY (BI)



If you injure someone in an automobile accident for which you are legally to blame, this coverage will pay claims for injury or death against you and the cost of legal defense.

PROPERTY DAMAGE (PD)



This is like bodily injury liability coverage except that it pays for at-fault damage that you cause to someone else's vehicle or property, and for which you are legally liable. This does not cover your car or property.

MEDICAL PAYMENTS



This coverage pays for medical, hospital or funeral expenses for you and others injured or killed while riding in your car, regardless of fault. It also covers you and family members if struck by a car as a pedestrian or if riding in another car.

UNINSURED MOTORISTS (UM)



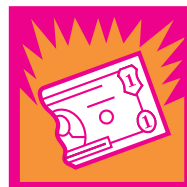
Unfortunately, not everyone purchases auto insurance. That's why it's important to consider uninsured motorists coverage. If you or your passengers are injured by someone who does not carry automobile insurance, UM coverage will pay for injuries up to your policy limits.

This includes medical expenses, loss of wages and related expenses. UM coverage also applies if you are a victim of a hit-and-run driver.

Liability Insurance

—Damage You Cause

UNDERINSURED MOTORISTS (UIM)



Just as some drivers don't carry any automobile liability insurance, others don't carry enough to pay for damages from their accidents. UIM coverage pays for death and injury expenses to you or occupants of your car when the other person's insurance is inadequate. This coverage fills the gap in protection between the at-fault driver's bodily injury liability coverage and your UIM coverage.

UNINSURED MOTORISTS PROPERTY DAMAGE (UMPD)



This is an option to consider when you only purchase liability insurance coverage. It covers damage to your vehicle if involved in an accident with an at-fault uninsured motorist. When you purchase collision coverage (see collision coverage on next page) for your auto, this coverage is not available or needed.

Physical Damage

insurance

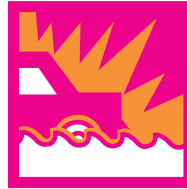
—Damage To Your Car

COLLISION



Collision coverage pays for damage to your car from an accident regardless of fault. It usually includes a deductible, which means that you pay the first \$100, \$200, or so for repairs to your car and the company pays the rest. Selecting a larger deductible lowers your collision premium.

OTHER THAN COLLISION (Comprehensive)



This pays for damage to your car caused by most anything other than a collision. Glass breakage, theft, fire, explosion, impact with a bird or other animal, vandalism, flood and earthquake are some of these hazards. This coverage is also available with deductibles to lower your premium.

TOWING AND LABOR



This is an extra coverage that pays up to a stated amount for towing your car and any labor required at the scene when your car becomes disabled. Other coverages may also be available from your insurance company. Always ask what coverages are available and then decide what is best for you.

Insurance not only helps you meet expenses in the event of an accident, it also satisfies the requirements of Ohio's Financial Responsibility (FR) Law. The FR Law applies to:

- Owners of registered vehicles in Ohio
- Drivers leasing vehicles from licensed dealers
- Those applying for operator's, commercial, restricted or probationary driver's licenses.

REQUIREMENTS

There are several ways you can meet the FR law's requirements, including an auto liability policy, a certificate or bond filed with the Ohio Bureau of Motor Vehicles (BMV), or a certificate of self insurance if you have more than 25 vehicles registered in your name.

You are not required by Ohio law to buy auto insurance. However, most drivers choose to satisfy the law by purchasing an auto liability insurance policy, which covers bodily injury and property damage claims made against them.

The penalties for FR law violation depend on the number of offenses you have within a five-year period. Violator penalties include a 90-day to one-year license suspension and reinstatement fees ranging from \$75–\$500. Also, violators must pay for at-fault damages.

Remember, liability insurance does not cover injuries to you or damage to your vehicle.

OHIO'S



Financial

Responsibility

Law

SHOWING FR PROOF

Proof of financial responsibility is required if you are involved in an accident or charged with a serious traffic offense that requires a court appearance. You must also show FR proof when stopped for a traffic violation or a vehicle safety check. If you are complying with Ohio's FR law by having auto insurance, your insurance company or agent will supply you with an "Auto Insurance Identification Card," which you can show law enforcement officers if you are stopped.

This law reinforces the idea that driving is a privilege—not a right—and that it comes with responsibilities. Automobile insurance enables you to meet those responsibilities. It will protect you, your wages and property. It will also help you fulfill your financial obligations if you cause an accident that results in injury to others...and your obligations to society as a whole.

For a complete description of Ohio's FR law, ask your instructor for a copy of the OII brochure, "Ohio's Financial Responsibility Law."

SAFETY AND COST SAVING INSURANCE TIPS FOR TEENS

You may be in for a surprise when you discover the insurance costs associated with you as a new driver. As previously mentioned, one in five Ohio teen drivers are involved in an accident every year, the highest ratio of all age groups. There are some ways, however, that you can help keep these costs down without sacrificing safety.

1. Make sure to complete an approved driver training course as soon as possible. If you're under 18, it's a requirement for a driver's license.
2. Work with your parents to set up guidelines and terms you both can live with for using the car.
3. Keep those grades up! Many insurance companies give you a discount for maintaining an overall B or better average.
4. Set a good example for your passengers. Always buckle up, avoid excessive speeding and don't accept dares when you're behind the wheel.
5. Research shows that the higher the number of teens in a car, the greater the chance that risk-taking activities may occur. So, be sure to pay attention to the number of passengers in your car.
6. Have your parents begin getting quotes at least six weeks before you'll be added to their auto insurance policy. Check not only with your parent's current carrier, but compare quotes, service and stability with other agents and companies. If you have your own car and you do not qualify for a good student or other discounts, compare the cost of a separate auto policy for you.
7. If you attend school more than 100 miles away, your parents may be eligible to receive a discount on their insurance costs.
8. If you are planning to buy a car, avoid high-performance or sporty models. Because these models are more expensive to repair, insurance will cost you more. Consider the cost of insurance before you make that down payment.

QUIZ

Name the automobile insurance coverages that would protect you in each of the following examples:

- 1 You back into a moving van and crush a refrigerator, a box of pots and pans, and a wing back chair. One of the movers' hands is caught and a finger is broken. You are legally responsible for all damages.
- 2 On your way to the grocery store, your car is hit from behind by tourists. They have no liability coverage. There is no damage to your car, but you strain your neck.
- 3 While riding a bike in the park you are struck head-on by a speeder. Your face gets cut and requires plastic surgery. Your insurance pays for the plastic surgery—for you and your passenger if you had been in an accident in which you were at fault.
- 4 You park your car on a hill. While you're out of the car the brakes fail and the car crashes into a culvert. Your insurance pays for all but \$100 of damage to your car.
- 5 While driving to a concert in the country, your car breaks down. Your insurance covers the cost of moving the car to a service station.
- 6 Your neighbor accidentally knocks a pot of geraniums off the balcony of her 12th floor condo. The pot puts a dent in the roof of your car parked on the street below. Your insurance not only pays all repairs, it also covers you for fire, theft, vandalism, flood, lightning, earthquake, explosion, riot, missiles, or collision with an animal. This insurance is even less expensive if you carry a deductible.

activities

- **Create a scenario—your dream car, where you'd live, if you're married or single, your age, etc. Choose coverage limits for your auto insurance. Then check with a local insurance agent to determine the cost for insurance based on this scenario. Next, ask the agent to determine the costs for a different type of car.**
- **Survey local body shops for the cost to replace specific parts of your car, or check a parts catalog to find the cost. For example, tail lights, fender, bumper, windshield.**
- **Obtain a copy of an auto insurance policy (from an insurance agent or your parent's policy). Divide into groups to locate the coverages discussed in this brochure. Next, study the policy to learn about the exclusions, definitions, etc. Discuss similarities/differences between the policies.**
- **What can you as a teen do to reduce your insurance premium?**



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Buckle up it