

Buying Automobile Insurance

EXAMPLE

Sarah, who is 18 years old, wants coverages 1A, 2A, 3C, and 5E. She has had one moving violation. Find her total premium from the chart.

Rating Factors:

Age	Accidents and Moving Violations
Under 20 = +30%	
20 – 24 = +10%	1 = +30%
25 – 64 = +0%	2 = Refuse policy
Over 64 = +10%	

AUTOMOBILE INSURANCE PREMIUM CHART

	1	2	3	4	5
	Liability	Collision (Deductible)	Medical Payments	Property Damage	Comprehensive Fire & Theft
A	\$25K/50K \$533.10	\$500 \$208.70	\$500 \$ 34.80	\$10,000 \$212.80	\$500 Ded. \$ 19.80
B	\$50K/100K \$607.40	\$300 \$281.70	\$1,000 \$ 53.60	\$20,000 \$217.90	\$300 Ded. \$ 56.90
C	\$100K/150K \$649.30	\$250 \$302.40	\$2,000 \$ 70.20	\$30,000 \$222.40	\$250 Ded. \$ 61.30
D	\$100K/200K \$664.90	\$150 \$340.80	\$3,000 \$ 92.90	\$50,000 \$229.60	\$150 Ded. \$127.60
E	\$150K/300K \$703.20	\$100 \$378.50	\$5,000 \$107.10	\$75,000 \$234.10	\$0.00 Ded. \$158.80

Step 1 1A = \$533.10; 2A = \$208.70; 3C = \$70.20; 5E = \$158.80

Step 2 \$533.10 + \$208.70 + \$70.20 + \$158.80 = \$970.80

Step 3 Rating factors: Age = 30%; Moving violations = 30%

Step 4 30% + 30% = 60%

Step 5 \$970.80 × .60 = \$582.48

Step 6 \$970.80 + \$582.48 = \$1,553.28 (Sarah's annual premium)

Directions Compute the annual premium for these policies.

Coverages	Age	Accidents and Moving Violations	Annual Premium
1. 1B, 2B, 3E, 4A, 5C	34	2	_____
2. 1E, 2A, 3C, 4E, 5D	51	0	_____
3. 1A, 2C, 3A, 4C, 5C	58	1	_____
4. 1D, 2D, 4B, 5E	23	1	_____
5. 1C, 3E, 4E, 5E	33	1	_____
6. 1D, 2A, 3E, 4D, 5E	36	0	_____
7. 1E, 2C, 3B, 4A, 5D	18	1	_____
8. 1C, 2E, 3D, 4D, 5E	51	2	_____
9. 1C, 2E, 3D, 4C, 5E	65	0	_____
10. 1C, 2B, 3E, 4B	62	0	_____
11. 1B, 2D, 4C, 5E	60	1	_____
12. 1B, 2B, 3E, 4B, 5B	27	0	_____

