

Cut Your Automobile Insurance Costs

Objective: To reduce the cost of your automobile insurance by 30% to 50%.

Familiarize yourself with the terminology used in auto insurance, and learn how to redesign your automobile insurance policy and cut your costs dramatically. You will get rid of all the unnecessary and duplicate coverage and determine that you are still adequately covered against serious financial loss should an accident occur.

Time Required: 45 minutes to an hour.

Instructions:

1. Review the Automobile Insurance Terminology.
2. Next, complete the worksheet, Redesigning Your Automobile Insurance Policy.
3. Then, using the worksheet, call your insurance agent. Make the necessary changes by telephone.
4. Call your financial advisor at the Trump Advantage Club if you have any questions.
5. After making the changes, compute how much money you have saved. Don't forget that your coverage is for one period (six months or a year).
6. Periodically review your policy and update coverage as needed.

Checklist

Date Completed

- | | |
|---|-------|
| 1 Review the Automobile Insurance Terminology | _____ |
| 2 Complete the Redesigning Your Policy worksheet: | _____ |
| 3 Call your agent or the Insurance Clearinghouse to
_____ Reorganize coverage
_____ Raise deductible
_____ Drop unnecessary coverages | _____ |
| 4 Calculate the savings gained after all changes are made to your policy. | _____ |

CAUTION: DO NOT cancel any existing insurance policies until they have been replaced with adequate coverage.

Automobile Insurance Terminology

Note: Definitions are general and for education purposes. Specific insurers may impose limits or restrictions – consult your agent or refer to your specific policy for further clarification.

Absolute Liability - Liability for damages even though fault or negligence cannot be proven.

Additional Insured or Additional Interest - A person or an organization, other than the named insured or covered person, who is protected under the named insured's auto policy.

Anti-Theft Device - Devices designed either to reduce the chance an auto will be vandalized or stolen, or assist in its recovery. Examples include car alarms, keyless entry, starter disablers, motion detectors, parts of the vehicle etched with the Vehicle Identification Number, and recovery systems.

Assigned Risk - A risk not ordinarily acceptable to insurers which is, according to state law, assigned to insurers participating in a plan in which the insurers agree to accept their share of these risks.

Automobile Insurance – Protects victims of accidents that involve a vehicle

Basic Auto Policy - Although still used today to insure substandard risks, two-wheel motorized vehicles, and commercial autos, the Basic Auto Policy has been primarily replaced by the Personal Auto Policy, which combines both physical damage coverage and liability insurance for claims arising out of the ownership or use of a vehicle.

Basic Limits of Liability - The least amount of liability coverage that can be purchased, which is generally equivalent to the minimum amount required by state law. In determining rates, a carrier will use the basic limits to develop the base rates.

Bodily Injury Liability – Covers injury to people in other cars, pedestrians and passengers in the policyholder's car. The policyholder and family members are also covered while driving someone else's car, including rental cars. Covers legal defense and any damages up to the limits stated in the policy.

Combined Single Limit - Bodily Injury and Property Damage coverage expressed as one single amount of coverage.

Comprehensive Coverage - Covers damage to a vehicle caused by an event other than a collision or overturn. Examples include fire, theft, vandalism, and falling objects.

Continuous Coverage or Continuous Liability Insurance - Continuous coverage refers to the length of time you have maintained insurance on your vehicle.

Covered Person - This refers to the individuals insured under a policy contract.

Collision Insurance – Covers damage to your car in the event of a collision with another vehicle or object regardless who is at fault.

Comprehensive Insurance – Pays for losses due to theft, damage from fire, glass breakage, falling objects, explosions, etc.

Deductible - An amount the policyholder (you) agrees to pay, per claim or per accident, toward the total amount of an insured loss.

Drive-Other-Car Endorsement - Optional coverage that broadens the definition of a covered auto to include other vehicles the insured person drives but does not own.

Duplicate Coverage – Applies to benefits where an insured is covered by several policies with one or more companies, providing the same type of benefits and often resulting in over insurance. You cannot recover twice for the same loss.

Extended Non-Owner Liability - An endorsement that provides broader liability coverage for specifically named people operating any non-owned automobile or trailer. It covers non-owned autos, use of autos to carry people or property for a fee, and individuals driving employer-furnished cars who do not own vehicles themselves.

Gap Insurance - If you are making lease or loan payments and you experience a total loss, your payoff may be more than the market value of your vehicle. This optional coverage pays the difference.

Liability Insurance - Insurance covering the policyholder's legal liability resulting from injuries to other persons or damage to their property. Also provides protection for the insured against loss arising out of legal liability to third parties.

Loss Payee/Lien holder - A person or entity with a legally secured insurable interest in another's property, usually a financial institution that loaned money to buy a car. Any loss payments will be made to you and to the loss payee on your policy.

Medical Payments - This pays for medical and funeral expenses incurred in an auto accident, regardless of fault. It will also cover injuries sustained by passengers in your car, or while you're operating someone else's car (with their permission), in addition to injuries you or your family members incur when you're pedestrians.

Multi-car discount - A discount offered by some insurance companies for those with more than one vehicle insured on the same policy.

MVR - Motor Vehicle Record - A motor vehicle record, also referred to as DL printout, or MVR, contains information obtained from an individual's driver license application, abstracts of convictions and accidents.

Named Insured - Any person, firm or corporation designated by name as the insured person(s) in a policy. Others may be protected by policy definition even though their names aren't on the policy, such as other drivers operating (with consent) the named insured's covered auto.

Named Non-Owner Policy - A policy endorsement for one who operates any non-owned automobile on a regular basis, such as driving a car provided by one's employer.

No-Fault Insurance - Allows you to recover losses from you own insurance company even if someone else is at fault, but requires you to give up or limit the right to sue another party for damages. **No-Fault Insurance** is a form of required coverage in many states.

Per Occurrence Limit - This refers to the cap amount an insurance company will pay for all claims arising from a single incident. In an automobile accident, it comprises bodily injuries sustained by all parties. When Bodily Injury coverage is purchased in split limits, the second limit is the "per occurrence" limit: e.g. \$100,000(per person)/\$300,000(per occurrence)

Per Person Limit - This refers to the cap amount an insurance company will pay for any one person's injuries arising from a single incident. In an automobile accident, it comprises bodily injuries sustained by each person. When Bodily Injury is purchased in split limits, the first limit is the "per person" limit: e.g. \$100,000(per person)/\$300,000(per occurrence)

Personal Auto Policy - The most common auto insurance policy sold today. Often referred to as "PAP," this policy is written in simple wording and provides coverage for liability, medical payments, uninsured/underinsured motorist coverage, and physical damage protection.

Personal Injury Protection - First-party no-fault coverage in which an insurer pays, within the specified limits, the wage loss, medical, hospital and funeral expenses of the insured.

Preferred Risk - Any risk considered to be better than the standard risk on which the premium rate was calculated.

Premium - Your payment amount - the price of insurance for a specified amount of time.

Property Damage Liability Insurance - Protection against liability for damage to another's tangible property, including loss of use. Bodily Injury and Property Damage Liability protection are generally written together.

Property Damage Liability - Covers damage to someone else's car or property caused by the policyholder car.

Rental Reimbursement - This optional coverage reimburses you for all or part of your rental car expenses if your vehicle is disabled due to a covered loss.

Split Limit - Any insurance coverage with separately stated limits for different types of coverage. Example: an automobile liability policy of 100/300/50 provides a maximum of \$100,000 bodily injury coverage per person, \$300,000 bodily injury coverage per accident, and a property damage limit of \$50,000 per accident.

Stacking of Limits - The application of more than one policy limit to the same loss or occurrence. In some jurisdictions, courts have required stacking of limits when multiple policies, or multiple policy periods, cover an occurrence. For example, Uninsured motorist bodily injury limits of \$100,000/300,000 on two policies owned by the same person may be added together to pay a loss. In this event, the total amount of coverage available for an accident would be \$200,000/600,000

Threshold Level - Under some no-fault insurance laws, the threshold level represents the degree of injury a claimant must establish before being allowed to sue the negligent party. The threshold may be verbal (regarding the severity of the injuries) or a dollar amount (\$10,000), or both. For example, with a threshold of \$5,000, an injured person may sue if his/her injuries and other economic damages (rehabilitation expenses, loss of income, etc.) exceed \$5,000.

Towing and Labor Costs - This provides reimbursement up to a specified limit to tow your vehicle or pay for on-site labor costs.

Transportation Expenses - Subject to a daily and maximum dollar limit, this coverage pays for transportation expenses incurred by the named insured only in the event of theft of an entire covered auto.

Uninsured Motorist Coverage – Covers injury others do to you if they don't have auto insurance.

Uninsured Motorist Property Damage Liability - Coverage pays for property damages caused by uninsured drivers.

Unsatisfied Judgment Fund - Some states have established laws to reimburse those injured in auto accidents that have been unable to collect from the responsible party.

VIN Vehicle Identification Number – A 17-digit alpha-numeric code that provides info concerning the vehicle's serial number, make, model, options, and year in official records.

Waiver of Collision Deductible - This option pays your collision deductible when you carry collision coverage on a vehicle that is damaged by an uninsured or hit-and-run motorist who is at fault. Coverage applies only when there is actual physical contact and when you can identify the uninsured driver or vehicle.

CAUTION: DO NOT cancel any existing insurance policies until you have confirmed they have been replaced

Redesigning your Policy

Buy vehicles that are less expensive to insure. Before you make a final decision on which specific make and model to purchase, compare the price of insurance. Insurance premiums are based in part on a car's value, its repair costs, overall safety record, and likelihood of theft.

Raise your deductible. Higher deductibles can lower premium payments. Increasing your deductible from \$200 to \$500 could reduce your collision and comprehensive coverage cost by 15-30 percent. Going to a \$1,000 deductible can save you 40 percent or more. Just be sure you have sufficient cash on hand to pay for potential repairs or damage.

It may not be cost-effective to keep renewing collision and comprehensive coverage on older cars. As the value of your car depreciates, your settlement from an insurance company will be less for a very old car whose resale value has dropped. Do the math; you could be paying more in additional premiums per year than you would receive in a settlement.

Drive safely and protect your driving record. Those with poor driving records and multiple traffic tickets will see the highest increases.

Don't Pay in Monthly Installments

Additional administrative fees are commonly applied to payments when you split your premium in to installments (i.e. monthly, semi-annual, annual). Pay the bill in full and save 10% or more. If you don't want to be hit with the big bill every six months, divide your payment into monthly increments yourself and contribute that much to your savings each month, so you will have the full amount when the bill is due.

Ask about discounts. You may get a better rate if you:

- Have reached a certain age
- Car-pool to work
- Take a defensive driver-training course
- Insure multiple cars with the same insurer
- Insure your home and vehicle with the same company
- Students have good grades
- Drive very few miles
- Have good credit
- Protect your car against theft with anti-theft devices such as additional locking devices or an alarm system

Redesigning Your Auto Policy

Coverages To Reorganize

Coverage	Current Limits	Desired Limits	Current Premiums	New Premiums	Notes
Bodily Injury Liability					Check for all possible discounts
Property Damage Liability					
Umbrella Liability					Optional for those needing high limits
Comprehensive Deductible					At least \$500
Collision Deductible					At least \$500

Coverages To Consider Dropping

Coverage	Current Limits	Desired Limits	Current Premiums	New Premiums	Notes
No-Fault (PIP)				- 0 -	Check for Duplicate coverage
Medical Payments				- 0 -	Check for Duplicate coverage
Uninsured Motorists				- 0 -	Check for Duplicate coverage
Emergency Road Service				- 0 -	Check for Duplicate coverage
Car Rental Expense				- 0 -	Check for Duplicate coverage
Death/ Dismemberment				- 0 -	Check for Duplicate coverage
Specialty Coverage				- 0 -	Check for Duplicate coverage
Other				- 0 -	
TOTAL PREMIUMS			\$	-\$	Total Amount Saved: = \$

CAUTION: Do Not Alter or Cancel existing coverage until you have written confirmation that adequate coverage is in place.