

Chapter 3

Checkpoint 3.1

1. What does automobile insurance cover?

Answer: Passenger vehicles.

2. If an automobile policy states bodily injury liability as 100/300, what does this mean?

Answer: A limit of \$100,000 per person and a limit of \$300,000 per accident.

3. What kind of automobile insurance would pay for damages caused by a tree falling on your parked car?

Answer: Property damage insurance.

4. In states with financial responsibility laws, what minimum liability limit(s) are generally required?

Answer: For each person, the payout for all injured persons per accident and the property damage per accident.

5. How can you reduce your automobile insurance premium?

Answer: Taking driver education and defensive driving courses, dropping collision and comprehensive coverage, increasing the deductible, keeping good grades, purchasing a car with safety features, and joining an organization such as AAA.

Checkpoint 3.2

1. What are the broad categories of marine insurance?

Answer: Ocean marine and inland marine insurance.

2. Under which type of policy would a sailboat or motorboat be covered?

Answer: Yacht insurance.

3. Under which type of policy would a personal watercraft be covered?

Answer: Hull insurance.

4. What is the basic purpose of inland marine insurance?

Answer: To cover risks that frequently change.

5. What is aircraft hull insurance?

Answer: Insurance coverage for the aircraft and all parts permanently attached to it.