

Math for Financial Literacy © 2013
Chapter 10: Automobiles—Glossary

automobile dealer. Individual or company whose business is selling cars.

automobile insurance. Insurance that protects a person and his or her vehicle in accidents involving the vehicle.

collision coverage. Insurance that covers damage to a person's own vehicle.

comprehensive coverage. Insurance that protects a person's car from a wide range of other hazards, such as theft, storm and hail damage, vandalism, and broken windows; also called *full coverage*.

depreciation. When an asset loses value.

extended warranty. Optional additional warranty offered by manufacturers and third-party companies that can be purchased by the consumer.

full coverage. Insurance that protects a person's car from a wide range of other hazards, such as theft, storm and hail damage, vandalism, and broken windows; also called *comprehensive coverage*.

liability coverage. Insurance that pays for bodily injury or property damage that a person or his or her automobile causes.

manufacturer's suggested retail price (MSRP). Price of an item set by its manufacturer.

manufacturer's warranty. Guarantee from a manufacturer that the item purchased will perform to a certain standard or be free of defects for a specified period of time.

sticker price. Suggested price of a car being sold at an automobile dealer.

straight-line method. Most commonly used approach for determining depreciation, the rate of which can be found by dividing average annual depreciation by the original purchase price of an item.

tax, title, and license (TT & L). Sales tax, title transfer fee, registration or license fee, and other costs that must be paid at the time a car is purchased.

totaled. When the damage to a vehicle reaches or exceeds its value.

trade-in allowance. Discount in the price of a car that is a result of the trade in of another car.

uninsured motorist coverage. Insurance that covers damage and bodily injury in cases where a driver without insurance is at fault.