

INTERPRETING AN AUTO INSURANCE POLICY

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BUSINESS LAW

Name _____

INTREPRETING AN INSURANCE POLICY

While Sam was driving home from school with Katie, she hit a piece of ice which caused her car to go out of control. Her car went through Ralph's Ices on Main Street causing \$25,000 worth of damage to the store. Her car was undrivable and needed to be towed from the store to a local body shop. The towing bill was \$150. Katie hit her head on the windshield and needed 15 stitches. Her doctor bill was \$350. Sam's car had estimated damages of \$8,000. While the body shop fixes it, Sam will rent a car for \$40 a day for 20 days.

Using the insurance policy below; answer the following questions.

1. How much will the insurance company pay to the owner of Ralph's Ices? _____
2. Which insurance will cover the damage to Ralph's Ices? _____
3. How much will Sam have to pay to the tow truck company? _____
4. How much will the insurance company pay to fix Sam's Car? _____
5. Which insurance will cover the damage to Sam's car? _____
6. How much will the insurance company pay for Sam to rent a car? _____
7. How much will the insurance company pay for Katie's doctor bills? _____
8. Which insurance on Sam's policy will cover Katie's doctor bills? _____
9. How much will the insurance company pay in total for Sam's accident? _____
10. How much "Out-of-Pocket" expenses will this one accident cost Sam? _____

Policy # 211-558-F8552-12 Effective January 1 to June 1	
Coverages and Limits	
Liability <ul style="list-style-type: none">• Bodily Injury 500,000/500,000• Property Damage 50,000	414.55
Personal Injury Protection and optional economic loss	193.75
500 Deductible Comprehensive w/glass	113.29
500 Deductible Collision	242.96
Emergency Road Service	1.60
Car Rental & Travel Expenses 80% per day, \$500 Max	10.40
Uninsured/Underinsured Motorist <ul style="list-style-type: none">• Bodily Injury 100,000/300,000	41.70
Death Indemnity	1.20
Premium Total	\$1,019.45