

## Vehicle and Property Insurance

### Chapter Objectives

After completing this chapter, you will be able to:

#### ▶ Section 34.1 Vehicle Insurance

- **Describe** types of vehicle insurance.
- **Identify** laws that make vehicle insurance protection a necessity.
- **Give** examples of factors that affect the cost of vehicle insurance.

#### ▶ Section 34.2 Property Insurance

- **List** some examples of insurance for real and personal property.
- **Describe** protection provided by homeowners insurance policies.

### Ask

#### STANDARD & POOR'S

#### Vehicle and Property Insurance: Risk Management

**Q:** How do companies protect themselves against risk?

**A:** A company protects its assets through insurance, so that in the event of an emergency, the insurance, rather than the company, will cover the cost. Depending on the function the company serves, different types of insurance are necessary or at least recommended for risk management and reduction. For example, environmental and pollution liability insurance is a necessity for contractors, wastewater treatment facilities, and the power industry. Other types such as worker's compensation, management liability, and primary casualty insurance are important to numerous companies. Companies must also consider the types of health insurance packages they will provide their employees. Of course, all of these insurance options carry heavy costs, but without them, a company could go under as a result of a single crisis.

**Mathematics** You are house shopping and are trying to choose between two different neighborhoods. Insurance for the house you looked at in the first neighborhood will cost \$2,348, and for the one in the other neighborhood will cost \$3,652. Use front-end estimation to make a quick estimate of the difference in these costs.

**CONCEPT** **Front-End Estimation** Front-end estimation can be used to quickly estimate sums and differences before adding or subtracting. To use this technique, add or subtract just the digits of the two highest place values, and replace the other place values with zero. This will give you an estimate of the solution of a problem.

Photo Credit: Dex Images/Corbis



● **Insurance Against Loss** Insurance protects families against loss of their property. **Why do you think it is important to insure your car and your home?**

# Vehicle Insurance

## Reading Guide

### Before You Read



Think about the reasons you would want to buy insurance for your vehicle.

### Read to Learn

- Describe types of vehicle insurance.
- Identify laws that make vehicle insurance protection a necessity.
- Give examples of factors that affect the cost of vehicle insurance.

### The Main Idea

With so many vehicles on our streets and highways, vehicle insurance is a necessity. Drivers must decide what types of coverage they need and can afford, and they have many decisions to make about their insurance needs.

### Key Concepts

- Insuring Your Vehicle
- Laws on Vehicle Insurance
- The Costs of Insurance

### Vocabulary

#### Key Terms

- |                              |                          |
|------------------------------|--------------------------|
| actual cash value            | compulsory insurance law |
| depreciation                 | no-fault insurance       |
| financial responsibility law | claim deductible         |

### Academic Vocabulary

You will find these words in your reading and on your tests. Make sure you know their meanings.

- |        |        |
|--------|--------|
| issues | exceed |
| quote  | vary   |

### Graphic Organizer

In a figure like the one below, give reasons the following types of protection are important considerations in purchasing vehicle insurance.

Vehicle Insurance Protection	Reasons for Buying Coverage
Bodily Injury Liability	
Property Damage Liability	
Collision	
Medical Payments	
Comprehensive Coverage	
Uninsured/Underinsured Motorists Protection	
Miscellaneous Coverage	



Go to the *Introduction to Business* Online Learning Center through [glencoe.com](http://glencoe.com) for a printable graphic organizer.

### Academic Standards

#### English Language Arts

**NCTE 1** Read texts to acquire new information

**NCTE 9** Develop an understanding of diversity in language use across cultures

#### Mathematics

**Number and Operations** Compute fluently and make reasonable estimates

# Insuring Your Vehicle

Not only does being a safe driver benefit everyone on the road, but having vehicle insurance also provides protection in a number of situations.

There are several ways drivers can reduce the risk of financial losses that result from accidents. One way is to buy insurance, paid protection against losses due to injury or property damage. To get insurance, the driver purchases a policy from an insurance company. The policy explains how much and what kinds of protection he or she has. The company that **issues** the policy is the *insurer*, and the buyer of the policy is the *policyholder*.

## Types of Vehicle Insurance

The type and amount of protection you have with an insurance policy depends on how much you are willing to pay. Vehicle insurance offers seven types of protection:

- bodily injury liability coverage
- property damage liability coverage
- collision insurance coverage
- medical payments coverage
- comprehensive coverage
- uninsured/underinsured motorists protection
- miscellaneous coverage

The most basic type of coverage (required by most states) is *liability insurance*. Liability insurance protects vehicle owners from claims of injury or property damage to others in case they are held responsible for an accident. A driver should at least have liability insurance and then add other types of coverage. An insurance agent can help you choose the protection you need.



**Reading Check**

**Identify** What are the seven types of vehicle protection?

**Bodily Injury Liability Coverage** Bodily injury liability insurance covers injuries to someone else. All drivers must have this type of coverage. The policy states the amount of protection in thousands of dollars. One figure applies to injuries to one person, and the second is a total for one accident. For 100/300 bodily injury coverage, the insurer pays up to \$100,000 for injuries to one person. For one accident, insurance pays claims up to a total of \$300,000. A good rule is to buy as much coverage as you can afford. Once you have basic insurance, it does not cost that much to increase protection.

## International Business

### Lloyd's of London

Lloyd's of London is one of the most recognizable names in the world of insurance. Lloyd's is known for its ability to insure almost anything including dancers' legs and pianists' hands. Lloyd's is actually a centuries-old insurance exchange. It began in Edward Lloyd's coffee house in 1688 in London. Today, Lloyd's provides insurance through a network of underwriting syndicates, a form of insurance company. Individuals who independently assume a portion of the losses fund these syndicates. This separates Lloyd's from most of its competitors because it is neither a company nor a corporation, but an insurance and reinsurance market.

### Examples of Languages Across Cultures

- Q:** In French, how do you say: "That's too bad!"  
**A:** C'est dommage!  
(pronounced: say dōmazhe)

What types of policies does Lloyd's issue? What are some of the more unusual policies they have written?

● **Policies and Premiums** The amount of coverage and deductibles determines the cost of your premium. **If the policyholder has a claim under collision coverage, how much must the policyholder pay out of his or her own pocket before the insurance company pays?**

**Figure 34.1 – Vehicle Insurance**

Coverage	Limits
Personal Liability (per accident)	\$500,000
Medical Expense	\$5,000
Uninsured/Underinsured Motorists	\$500,000
Comprehensive	\$50 deductible
Collision	\$500 deductible
Towing	\$50
Rental Reimbursement	\$26 a day/maximum of \$900

**Property Damage Liability Coverage** Property damage liability insurance covers damage to another person’s vehicle or other property caused by the insured. All drivers should have property damage liability insurance. A policy might **quote** all liability limits together. The figure 100/300/50 means the insurer will pay \$100,000 for injuries to one person, a total of \$300,000 for one accident, and \$50,000 for property damage. **Figure 34.1** shows an example of types and amounts of coverage for a policyholder.

**Collision Insurance Coverage** While property damage liability insurance covers damage to someone else’s vehicle, collision insurance covers damage to the policyholder’s vehicle. The maximum amount covered is based on the **actual cash value** of the policyholder’s vehicle, which is the value of the automobile when it was new minus depreciation. The actual cash value of a vehicle is the amount it is worth used. **Depreciation** is the decline in value of an asset, such as a house, equipment, or a vehicle, because of use.

**Medical Payments Coverage** Medical payments coverage is also called personal injury protection. It covers injuries to drivers and anyone else in their vehicle.

**Comprehensive Coverage** Comprehensive insurance covers damage to a policyholder’s vehicle caused by things other than an auto accident. It covers losses from falling objects, theft, flood damage, vandalism, and other causes. Comprehensive coverage cannot **exceed** the actual cash value of a policyholder’s vehicle.

**Uninsured/Underinsured Motorists Protection** This coverage protects drivers from people who cause accidents but cannot pay for the damages. With this coverage, anyone riding with you is also protected. It also protects you if you are hit by a vehicle while walking or if you are in an accident caused by a hit-and-run driver. Most states require this coverage.

● **As You Read**

Think about why some states require drivers to buy coverage against people who have little or no vehicle insurance.

**Miscellaneous Coverage** Drivers can add other types of protection to their policies, such as coverage for a rental car. Vehicle owners must also add insurance to cover someone else who uses their car. People who are required to drive a vehicle for their job can add that vehicle to their policy. Those who ride motorcycles, motor scooters, or snowmobiles need insurance, too. Most policies will not cover damages caused as a result of racing.

## Laws on Vehicle Insurance

Vehicle insurance laws **vary** from state to state. All states have some form of financial responsibility law. A **financial responsibility law** requires drivers to pay for any damages or injuries they cause in an accident. Most states also have some form of compulsory insurance law. A **compulsory insurance law** requires drivers to have a minimum amount of car insurance. With **no-fault insurance**, drivers involved in accidents collect damages from their own insurer no matter who is at fault.



## BusinessWeek Reader and Case Study

### The Fixer-Upper Fixes Up

Ralph Kastner had both planning and luck on his side. When he started Tuff Equipment Rentals in 1999, he drew up a hurricane plan. He had flood insurance as well as coverage for the replacement value of his equipment. Now Kastner's particular service—renting small equipment—has become one very hot niche.

Kastner wasn't feeling so lucky when, four days after Katrina, he returned to his 5,000-square-foot office and showroom in Slidell, Louisiana, near Lake Pontchartrain. Although he had moved much of his inventory to higher ground, more than half of his equipment, from backhoes to rental cars, was underwater. Thick sludge covered the floor. Kastner had \$2.5 million in equipment and vehicle damage and \$200,000 in building damage. "The main thing I was thinking was: 'How hard is it going to be to come back from this?'" says Kastner.

Kastner began a cleanup that would last eight weeks. But his customers wouldn't wait. He set up his 24-person, \$3 million company in a 12-by-60-foot trailer and started filling out orders by

hand because the computers weren't working. Kastner ordered replacement equipment and placed new orders for gear people would need to repair and rebuild their houses: power washers and boom lifts to raise people up so they can fix buildings or cut trees. To stay open, he took \$200,000 from his company's cash flow and borrowed \$175,000 from a home-equity line of credit. He spent \$75,000 on computers and telephones—things he was surprised to find his insurance didn't cover.



**CASE STUDY** Go to the *Introduction to Business* Online Learning Center through [glencoe.com](http://glencoe.com) for the *BusinessWeek* Reader Case Study.

### Active Learning

Research the extent of different kinds of insurance policies. Write an e-mail to your teacher explaining how the fees vary with differences in coverage and deductibles.

### Insurance Costs

Several factors affect the cost of insurance, including the amount of insurance claims paid, coverage, and the deductible as well as the type of coverage. Other factors include the type of vehicle, uses of it, where it is driven, and the driver's age. For instance, premiums are higher for teen drivers than for older drivers. A driver with a safe driving record may qualify for a discount on premium costs. *Why do you think premium costs are higher for teens?*

## The Costs of Insurance

A **claim** is a request for payment from an insurer for any damages covered by a policy. The more money insurance companies pay in claims, the more they charge for insurance to make up for it.

### Insurance Premiums

The premium an insurance company charges a policyholder covers the policyholder for a limited period of time. The amount of a premium depends on characteristics of the driver and the vehicle, different policy provisions, and other factors. At the end of the period, the policy can usually be renewed. The insurance company may cancel a policy or refuse coverage for someone with a record of accidents.

### Deductibles

Most collision insurance has a deductible. A **deductible** is an amount in damages a policyholder must pay before the insurance company pays a claim. For example, suppose you get into an accident and it costs \$700 to repair the damage to your car. If your deductible is \$200, you must pay \$200 of the damages, and the insurer will pay the other \$500. Deductibles make drivers responsible for small losses. Insurance helps pay for larger losses.

## Section 34.1

### After You Read

#### Review Key Concepts

1. Identify seven types of vehicle insurance coverage.
2. List and describe three types of laws that affect vehicle insurance.
3. What factors affect the cost of vehicle insurance?

#### Academic Skills

4. **Mathematics** Several years ago, Stacy bought a home for \$123,000. This year, she insured it for 150% of the purchase price. If the home is destroyed, how much will she receive from her insurance company?

#### CONCEPT Percents Greater than 100

Convert a percent greater than 100 to a decimal in the same way you convert any percent. Multiply the percent by 100 by moving the decimal point two places to the left.



For math help, go to the Math Appendix.



Go to the *Introduction to Business* Online Learning Center through [glencoe.com](http://glencoe.com) to check your answers.

# Property Insurance

## Reading Guide

### Before You Read

Think about the types of coverage that are available for other property, including homes.

### Read to Learn

- List some examples of insurance for real and personal property.
- Describe protection provided by homeowners insurance policies.

### The Main Idea

Property owners can buy insurance to protect their real property, such as a house or business, and their personal property, such as furniture, jewelry, and equipment. Insurance companies write policies for homeowners, renters, and business owners to protect against many kinds of risk.

### Key Concepts

- Insuring Your Property
- Homeowners Policies

### Vocabulary

#### Key Terms

real property	extended coverage
personal property	homeowners policy
renters insurance	rider
standard fire policy	replacement value

### Academic Vocabulary

You will find these words in your reading and on your tests. Make sure you know their meanings.

consists  
injured

civil  
nuclear

### Graphic Organizer

In a figure like the one below, give reasons the following types of protection are important considerations in purchasing property insurance.

Property Insurance Protection	Reasons for Buying Coverage
Renters Insurance	
Standard Fire Policy	
Liability Protection	
Additional Living Expenses	
Business Insurance	
Homeowners Policy	

@ Go to the *Introduction to Business* Online Learning Center through [glencoe.com](http://glencoe.com) for a printable graphic organizer.

### Academic Standards

#### English Language Arts

**NCTE 1** Read texts to acquire new information

**NCTE 11** Participate as members of literacy communities

#### Science

**Content Standard G** Students should develop understanding of science as a human endeavor

## Insuring Your Property

Each year property is destroyed by earthquakes, fires, and other disasters. Property is also destroyed or damaged by lesser causes, such as accidents, theft, and vandalism. Property insurance provides protection from financial loss on property.

### Types of Property Insurance

The two kinds of property you can insure are real property and personal property. **Real property** is property attached to land, such as a house, business, garage, or other building. **Personal property** consists of possessions that can be moved, such as furniture, jewelry, and electronic equipment. Insurance companies offer different kinds of protection for real and personal property.



Reading Check

**Contrast** What is the difference between real property and personal property?



**College Bound** If your plans include college after high school and you will live off campus, you should consider renters insurance. *What steps do you need to take before getting renters insurance?*

**Renters Insurance** Suppose you live in an apartment. Your possessions inside the apartment are worth about \$10,000. The owner of the building will probably have property insurance, but the owner's insurance will not pay for loss or damage to your personal property. Apartment renters can buy **renters insurance**, which covers loss or damage to a renter's personal possessions. Renters insurance covers items such as TVs, large appliances, and furniture. It can also include liability protection in case someone is **injured** in a renter's apartment. The cost of renters insurance depends on the amount of coverage, the type of the building, and the location of the apartment.

### Science/TechTRENDS

#### Autonomous Underwater Vehicles

Autonomous underwater vehicles or AUVs are unmanned, robotic vehicles used to explore oceans. Around 200 AUVs have been built since the mid-1970s. The main purpose of AUVs is to carry a payload. The type of payload depends on the mission. However, it can include things such as instrumentation to map the sea floor or equipment needed by underwater pipelines. Scientists use cameras in conjunction with AUVs to discover evidence of ancient civilizations on the sea floor.

#### Web Quest

Go to the *Introduction to Business* Online Learning Center through [glencoe.com](http://glencoe.com) for links to Web sites where you can research the applications of AUVs. Write a few paragraphs about other underwater vehicles and how they compare with AUVs. Then describe a business start-up idea using AUVs to provide a service.



● **Property Damage** Fires are the number one cause of property damage to homes. **How does property insurance protect homeowners?**

**Standard Fire Policy** Property owners can buy individual insurance policies to protect themselves against specific types of threats. Fires pose the greatest threat to property. They account for a large share of all property damage in the United States. Many people buy a **standard fire policy** to insure against damage due to fire or lightning. A policyholder can add other types of protection to this basic policy with **extended coverage**.

**Liability Protection** Liability insurance protects property owners from the costs of injuries to others on their property. It pays for two things: actual damages for which property owners are held liable, such as medical expenses, and legal expenses for the accident in case they are sued.

**Coverage for Additional Living Expenses** Additional living expenses insurance provides coverage for the cost of renting another place to live if a home is damaged. The amount of coverage might be limited to 10 percent or 20 percent of the coverage on your home. If the coverage on your home is \$150,000, additional living expenses insurance may cover only up to \$15,000 or \$30,000 of your costs while you live somewhere else. The length of time you are covered might also be limited to six months or a year.

**Business Insurance** Business owners need property insurance just like renters and homeowners. Business owners can get insurance to cover the costs of damage to or loss of property. They can get liability insurance to protect themselves from claims by anyone injured on the premises. It is important for business owners to carry insurance because of the potential loss of income if they have to close for a while.

### ● As You Read

Think about liability protection for a business you may own one day. What other kind of liability protection might you consider other than insurance for injuries of employees or customers?

**Insurance When You Need It** When people need to file a claim, there are a number of steps they must take. **Why do you think this insurer's Web site tells claimants to take photos of the damage?**

**Figure 34.2** — **Filing a Claim**



**As You Read**

Think about what you might need to prove to your insurance company that you sustained a loss. What types of proof would you need?

## Homeowners Policies

Many insurance companies offer a combination policy with essential protection called a homeowners policy. A **homeowners policy** covers damage to property and personal property, additional living expenses if a home is destroyed, and liability protection. Policies are fairly standard in all states and protect against loss from fire, windstorms, explosions, riot or **civil** commotion, and other perils. **Figure 34.2** shows an insurance company's Web page for policyholders to file a claim.

These policies offer four types of protection. Structural protection covers the cost to repair or rebuild the house if it is damaged or destroyed. Most standard policies also cover garages or sheds that are detached from the house. The policies offer protection for personal belongings, such as furniture and clothes. Items such as jewelry and silverware are covered, but usually for a limited amount. Liability protection in homeowners policies protects against costs of injury or property damage to other people. If a home is badly damaged, additional living expenses protection pays the costs to live elsewhere while it is being rebuilt.

Homeowners policies do not cover loss from floods, earthquakes, landslides, acts of war, or **nuclear** hazards. However, riders can be added for them. A **rider** is an addition to a policy that covers specific property or damages. Insurance for natural disasters costs more where they are known to occur regularly.

## Amount of Insurance

Insurance companies usually recommend that homeowners insure their home for 80 percent of its market value. Even a large fire or flood does not destroy a building completely. The land and the building's foundation will not be destroyed and will hold their value.

You can also insure property for either its actual cash value or its replacement value. The actual cash value is the value of the property new minus devaluation from use. For example, suppose you bought a home for \$100,000, but it has depreciated in value by \$20,000. If the home is destroyed by a mudslide, the insurer will pay only \$80,000. The **replacement value** is the full cost of repairing or replacing the property, regardless of the depreciation value. In this case, the insurer would give you the full amount to repair or replace the destroyed home. As in any situation that might involve insurance, it is important to remember that without it, you would have to pay the full cost to replace the house, which could be \$100,000 or more.

Property insurance has many of the same costs as vehicle insurance. The number of claims insurers pay each year affects the overall cost of insurance. Premiums depend on the amount of coverage and the type of policy needed. The amount of a premium is also determined by specific factors, such as the amount of the deductible and the location of the property. The type of home, the building materials in it, and preventive measures that the property owner takes are also key factors.



### Homeowners Coverage

A homeowners policy usually offers basic coverage, which provides protection for a dwelling and personal property. Additional coverage can be added to basic protection. Special coverage can be added for special items, such as jewelry, for up to \$500. A homeowner can also buy extra coverage with a rider. The extra cost is usually low. *What are some items that a homeowner might protect with a rider?*

## Section 34.2

### After You Read

#### Review Key Concepts

1. In addition to vehicles, what types of property can be insured?
2. What types of coverage are included in homeowners policies?
3. What factors affect the cost of property insurance?

#### Academic Skills

4. **English Language Arts** Make a list of at least five different types of property insurance. Pair up with another student and discuss what the function of each type of insurance is and who would purchase it.
5. **English Language Arts** In groups of three, discuss and make a list of the things that might lower your homeowners insurance costs. Then make a poster using pictures and graphics from magazines illustrating those concepts.



Go to the *Introduction to Business* Online Learning Center through [glencoe.com](http://glencoe.com) to check your answers.

# Chapter 34 Review and Activities

## Section 34.1 Summary

**Vehicle Insurance** Vehicle insurance is a necessity for drivers. Insurance companies offer protection from bodily injury and property damage liability, medical payments, and collision expenses. They also offer comprehensive coverage, uninsured/underinsured motorists coverage, and miscellaneous coverage. All states require drivers to prove their financial responsibility in case of an accident. Vehicle insurance is the best way to demonstrate financial responsibility. The costs of vehicle insurance depend on several factors, including characteristics of the policyholder and the vehicle, and the amount of the deductibles.

## Section 34.2 Summary

**Property Insurance** Renters, homeowners, and business owners need property insurance. Many different kinds of property insurance protect both real property and personal property against threats such as earthquakes, fires, floods, and various other disasters. Property owners can buy individual insurance policies to cover specific types of threats. Property insurance protects against loss of property, liability for injuries on the property, and additional living expenses in case a home is damaged or destroyed. A homeowners policy is a standard policy that combines various types of protection into one policy. Homeowners can insure their home for either its actual cash value or its replacement value.

## Vocabulary Review

1. On a sheet of paper, use each of these key terms and academic vocabulary terms in a sentence.

### Key Terms

actual cash value	personal property
depreciation	renters insurance
financial responsibility law	standard fire policy
compulsory insurance law	extended coverage
no-fault insurance	homeowners policy
claim	rider
deductible	replacement value
real property	

### Academic Vocabulary

issues	consists
quote	injured
exceed	civil
vary	nuclear

## Review Key Concepts

2. Describe types of vehicle insurance.
3. Identify laws that make vehicle insurance protection a necessity.
4. Give examples of factors that affect the cost of vehicle insurance.
5. List some examples of insurance for real and personal property.
6. Describe protection provided by homeowners insurance policies.

## Critical Thinking

7. Why do teens pay more for vehicle insurance than most drivers?
8. Vehicle insurance will not cover a driver in a motorcycle-racing contest. Why do you think this is so?
9. Why can teen drivers be included on an adult's insurance policy?
10. Why would a bank or mortgage company insist that a new home owner buy homeowners insurance?
11. Why is it important for businesses to be able to buy insurance to cover profits that would have been earned if a disaster had not occurred?
12. What do you think is the purpose of a deductible in property insurance?
13. What are some examples of homeowners who should add special riders to their property insurance coverage?
14. Why do you think the number of claims that a property owner has over a period of time affects the cost of insurance and renewal?

## Write About It

15. Write two or more paragraphs describing features of vehicles that help to reduce the cost of vehicle insurance.
16. In at least two paragraphs, describe ways that teen drivers can get the best rates for vehicle insurance.
17. Prepare a poster with a list of safe driving rules and a list of safe passenger rules that you can display in your school.
18. Insurance companies recommend that policyholders prepare an inventory of insured items they own and the replacement cost of each item. Make a list of your personal property and replacement costs. Summarize the type of insurance you need.
19. Research business insurance in the library or online. Write a short paper describing the types of insurance available for small-business owners. Include insurance policies related to buildings, vehicles, inventory, employees, and customers.

## Technology Applications

### Spreadsheet Software

20. Collect data from a family member, a neighbor, or a library or online source about the premiums charged by insurance companies for vehicle coverage. Prepare a spreadsheet that shows the types of coverage and the premium charged for each type. Create a chart that shows the percentage of the total premium for each type of coverage.

## Business Ethics

### Insurance Reimbursement

21. Imagine that your small business was burglarized, and expensive appliances and merchandise were stolen. The insurance company has asked you for an itemized list of stolen items. Your partner offered to help you "pad" the figures for the inventory. What could be the consequences of this unethical behavior?

# Chapter 34 Review and Activities

## Applying Academics to Business

### English Language Arts

**22.** Find two insurance companies that offer renters insurance and are located in different areas. Find out what the insurance costs and what it covers. Make note of how and why the prices might differ. Give a presentation summarizing what you have found.

### Mathematics

**23.** Imagine you are going to buy insurance for the contents of your room. Take an inventory of the items. Make a list or chart categorizing the items under appropriate headings, such as furniture, clothing, electronics, and books. Estimate the total cost to replace each item. Figure a total replacement cost for each category. Make a pie chart showing the relative values of the categories of items.

**CONCEPT** **Pie Charts** Pie charts are useful for showing how the parts of a whole relate to each other.

### English Language Arts

**24.** Look at the list of terms below. Cross out the one that does not belong with the others. Circle the term that could be used as the heading in a list with the others.

fire  
explosion  
eleven perils  
earthquake  
aircraft

### Mathematics

**25.** Eva's insurance agent told her that if she installed an alarm system in her home, she could reduce her annual premium by  $\frac{1}{3}$ . If Eva pays \$810 now, how much would she pay if she installed the alarm system?

**CONCEPT** **Inverse Operations**

Multiplication and division are inverse operations. Multiplying one number by another is the same as dividing the first number by the inverse of the second.

$$a \times b = a \div \frac{1}{b}$$

## Active Learning

### State Requirements for Vehicle Insurance

**26.** Research the laws in your state about motor vehicle insurance. Find answers to questions such as: Are drivers required to carry insurance? What type of coverage is required? What are the penalties for drivers who do not carry vehicle insurance? What types of discounts do companies have available for drivers who qualify for discounts?

## Business in the Real World

### Graduated Driver Licensing Systems

**27.** Research whether your state has a graduated driver licensing system for teen drivers. Interview several 19- to 23-year-olds and parents about their experience with the program. If your state does not have this system, read about it in the library or online, and interview young adults and parents about their licensing experiences. Summarize the opinions of both groups.

## Real LIFE skills

### PLANNING FOR THE FUTURE

28. Insurance cannot protect you from life's accidents, but it can help protect you financially. Proper insurance can help to put people back in the position they were in before an accident. The most common types of insurance are health, life, homeowners, and auto insurance. Write an e-mail to a family member or friend discussing the type of insurance that you think is most important.

## COOL Business CAREERS

### FIND YOUR DREAM JOB

29. Go to the *Introduction to Business* Online Learning Center through [glencoe.com](http://glencoe.com) for a link to the Occupational Outlook Handbook Web site. Click on the "OOH Search/A-Z Index" link and enter the job category "real estate brokers and sales agents." Then write a one-page report about these types of occupations. Conclude your report with a list of things you could do now to prepare yourself to pursue the occupation.

## Role Play

### THE VALUE OF INSURANCE

30. **Situation** You have been asked to give a presentation on the value of vehicle insurance. Include information on the kinds of vehicle insurance available and recommendations for coverage for teen drivers.

**Activity** With a partner, create an outline of information on vehicle insurance for teens for your presentation.

**Evaluation** You will be evaluated on how well you meet the following performance indicators:

- Identify types of coverage available for vehicles.
- Explain amounts of coverage that teen drivers should consider.
- Prepare a list for recommended insurance coverage for teen drivers.
- Create a written outline of points for your presentation.
- Project your voice and use correct grammar.

## Standardized Test Practice

**Directions** Choose the letter of the best answer. Write the letter for the answer on a separate piece of paper.

1.  $\frac{11}{24} - \frac{5}{12} =$

A  $\frac{5}{8}$       C  $\frac{1}{4}$

B  $\frac{6}{24}$       D  $\frac{1}{24}$



**TEST-TAKING TIP** Analyze multiple-choice questions very carefully. Note key terms. Use your knowledge and anticipate what the answer should be. Find an answer choice that looks like the one you predict.



**READING** Go to the *Introduction to Business* Online Learning Center through [glencoe.com](http://glencoe.com) for a list of outside reading suggestions.