

**Budget Exercises for Students, Exercise 6, Auto Insurance (Chapter 4)**

If you drive a car auto insurance is required and there are many companies willing to provide you with a policy. Based on the cars you are considering you need to speak to three insurance carriers to compare pricing.

To understand minimum coverage amounts needed for your vehicles the representative can provide recommendations. You can look at websites such as [360FinancialLiteracy.org](http://360FinancialLiteracy.org) that will list minimum coverage information; however, you need confirm with insurance company. Keep in mind that if you drive an older car you may opt for less coverage due to the car’s value. Other items to consider:

- Gap Insurance
- Roadside Assistance
- Car Rental
- Collision and Comprehensive coverage deductible amount
- Miles driven to work and total miles each year
- General discounts, seat belt, alarm, college affiliation . . . ask what is available
- Multicar discounts (two or more cars insured) and/or Homeownership policy discount. You will be asked if you want to have a quote to lower your premium. Simply decline the offer and just get the car insurance quote

Use the grid below to compare the insurance carriers. Note that you should be seeking the same coverage items for each policy that you compare meaning the liability coverage and deductibles in most cases are standard. So if you want a \$500 collision deductible ask for that quote for the all the companies that you speak to.

This is also a great exercise to speak to an adult about what is contained in their policies; however, as get used to speaking to a few carriers you’ll get an understanding of the lingo.

<b>Carrier</b>	<b>Premium</b>	<b>Term</b>	<b>In Full Discount</b>	<b>Car Rental</b>	<b>Roadside</b>
AAA	\$1,400	6 months	Unlimited		

One have chosen your company run the 12-month budget exercise if you do not have a fixed payment else, then add this to your spreadsheet.

[REFER TO THE STUDENT BUDGET VIDEOS FOR DETAILED INSTRUCTION](#)