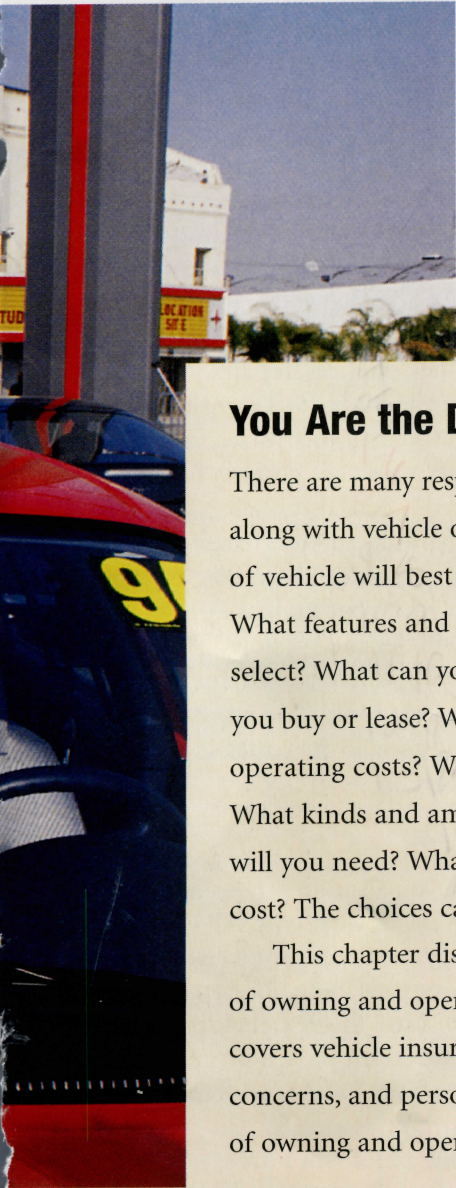


Chapter 16

Buying and Owning a Vehicle



You Are the Driver!

There are many responsibilities that go along with vehicle ownership. What type of vehicle will best meet your needs? What features and options should you select? What can you afford? Should you buy or lease? What are the vehicle's operating costs? What is a fair price? What kinds and amounts of insurance will you need? What will the insurance cost? The choices can be overwhelming.

This chapter discusses various aspects of owning and operating a vehicle. It also covers vehicle insurance, environmental concerns, and personal responsibilities of owning and operating a vehicle.

16.1

Buying a Vehicle

16.2

Insuring a Vehicle

16.3

Environmental Concerns

16.1

Buying a Vehicle

Objectives

1. List the responsibilities of owning or leasing a vehicle.
2. List the various costs associated with owning and operating a vehicle.
3. Explain how to select a used vehicle.
4. Describe the options and steps in buying a vehicle.

Having your own vehicle gives you a lot of freedom and mobility. *It also carries a lot of responsibilities.* If you are under the age of 18, you will likely share the responsibilities with your parents. You also will likely share the additional expenses for maintenance, repairs, insurance, and fuel.

Do You Need a Vehicle?

Are your driving needs great enough to justify owning a vehicle? Are there alternatives to buying a vehicle? The answers to these questions will help you decide whether your needs justify the expense of owning a vehicle.

Can You Afford to Own a Vehicle?

The cost of owning a vehicle can be more than you expect. Following are some of the major expenses associated with vehicle ownership:

- **Purchase Price** The purchase price is the amount a person is charged and willing to pay for the vehicle. Consider what you can afford before selecting a specific type of vehicle. Shop around and compare prices of different makes and models of vehicles. Newspaper ads and the Internet are good ways to compare prices.
- **Depreciation** A vehicle's value drops steadily over time, whether you use the vehicle a lot or very little. This decrease is called **depreciation**.

- **Financing** If you are able to purchase a vehicle by paying cash, you eliminate having to pay interest on a loan. Most people, however, obtain a loan when they purchase a vehicle. Make sure you shop around for the best loan rates available. Banks, credit unions, savings and loan associations, and car dealerships are often good sources.
- **Other Costs** Operating costs include fuel, oil, tires, repairs, and replacement parts. Licensing, registration, insurance, taxes, and loan interest also are costs to be considered. Costs also may include parking and toll fees.

Vehicle expenses can increase from year to year. Your annual operating costs will depend on how much you drive, where you drive, and your fuel economy. The more you drive, the greater the costs.

What Kind of Vehicle Should You Buy?

If you decide you absolutely need and can afford a vehicle, what type will you get? Examine your needs, wants, and budget. Ask yourself these questions:

- What will I use the vehicle for?
- Do I need certain passenger and cargo capacities? Will I need to tow anything?
- How many miles will I drive each year?
- Will I use the vehicle more for short trips or long trips?
- How long will I expect to keep the vehicle?

You need to consider many factors when determining what type of vehicle to buy. Consider all factors carefully before you go out and look at any vehicles.

Vehicle Size

Size is an important factor in buying a vehicle. What size vehicle will serve your needs? Consider these points:

- A smaller, lighter vehicle usually gets better gas mileage but does not offer as much protection in a collision as a larger, heavier vehicle.
- Smaller vehicles are easier to maneuver than larger vehicles, especially when parking.
- A larger vehicle provides a more comfortable ride but is usually more costly to operate than a smaller vehicle.
- A larger vehicle has a greater capacity for passengers and parcels than a smaller vehicle.

Engine Size and Types

Smaller engines usually are more fuel efficient than larger engines. However, a larger engine may be more feasible in a fully-equipped vehicle. Vehicles with larger engines typically cost more to maintain and repair.

Transmission

Most vehicles today are equipped with automatic transmissions that include automatic overdrive. This makes the vehicles nearly as fuel efficient as stickshift vehicles. Although the costs of repairs for an automatic transmission are usually higher, stickshifts may require repairs more often.

Optional Equipment

Decide what optional equipment you want, but be aware that options add to the cost of the vehicle. Technological advancements have resulted in “smarter” vehicles with options



Fuel efficient . . .



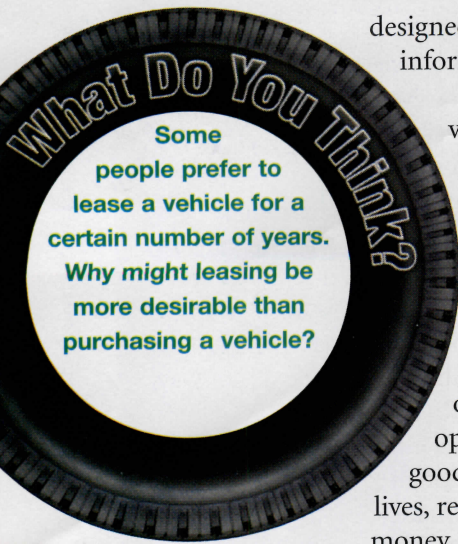
or sporty but expensive.



More room for passengers . . .



and more cargo capacity.



designed for safety, comfort, and information.

Consider the potential for voice-activated controls for controlling the temperature inside the vehicle. Or, imagine a radar-like blind-spot warning device that helps you avoid backing into objects you can't see.

Know what safety options are included. Comfort options may make you feel good, but safety options can save lives, reduce injuries, and save you money. Ask your insurance agent about safety options that can save you money on insurance premiums.

Leasing a Vehicle

An alternative to purchasing a vehicle is **leasing**. In some ways, leasing is similar to owning a vehicle. You are responsible for monthly payments, fuel, and all the other types of operating costs you would incur if purchasing a vehicle.


The main difference is that after your lease contract expires, you do not own the vehicle. At the end of your lease, you must choose one of the following three options:

1. Return the vehicle and lease another vehicle.
2. Purchase the vehicle at a cost determined at the start of your lease.
3. Return the vehicle with no obligations to either lease another vehicle or purchase the vehicle you returned.


Lease payments are based on the difference of the value of the vehicle at the start of the lease, and the value at the end of the lease, plus interest. In contrast, when you take out a loan to purchase a vehicle, your monthly payments cover the entire cost of the vehicle over the term of the loan, plus loan interest.

Leasing is not for everyone. Most lease agreements limit how many miles you can put on the vehicle. Extra miles are likely to cost you an

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Compare the costs of leasing a vehicle to purchasing using a loan.

additional charge. Normal wear is considered, but any wear considered excessive will result in an extra charge. Make sure you understand all the terms of the contract before you sign a lease agreement.

Buying a Used Vehicle

You may decide to purchase a used vehicle if you cannot afford a new vehicle. Used vehicles can be purchased from a used-car dealer, a new-car dealer, or a private owner.


Buying a vehicle from a private owner may cost less. However, you need to consider the following:

- A private owner will seldom repair the vehicle or provide you with a **warranty**. A warranty is a written guarantee that the seller will make certain repairs for a stated period of time.
- In nearly all cases, a private sale is final.
- Used-car dealers usually have a large selection of vehicles available. Many used vehicles purchased from car dealerships carry a warranty.

Be aware that warranties do not cover everything. *Read the warranty carefully and know what is covered before you buy.*

How Much Should You Pay?

Publications like the *NADA Guide* (National Auto Dealers Association Guide) provide what are referred to as suggested **blue-book prices** for used vehicles. A blue-book price is the average market value for that model and age of vehicle. The value of a vehicle depends a great deal on the vehicle's



SHOPPING ON THE INTERNET More people use the Internet or special CD-ROM software each year when shopping for vehicles. This technology helps you review and compare vehicles and prices, apply for loans, and even purchase vehicles. Prices are often not negotiable and can be hundreds to thousands of dollars less than you would pay at a dealership.

condition. You can also use the Internet to compare prices of different makes and models of vehicles.

Choosing a Used Vehicle

Selecting a good used vehicle takes time. When you find a vehicle you like, check it out.

- Besides looking good, make sure the vehicle is in good mechanical condition.
- Determine whether it was ever involved in a collision, or needs repairs.
- When possible, talk to the previous owner about the condition of the vehicle and previous maintenance service that was done on the vehicle.

Outside and Inside Checks

Walk around the vehicle to inspect it. Be sure to check

- doors and locks
- vehicle appearance
- fluid leaks
- evidence of collision damage

Enter the vehicle to check

- seats for comfort and condition
- lights and accessories
- mileage (odometer)
- pedals and steering wheel

Check the trunk to find

- evidence of damage
- spare tire
- tire jack

Open the hood to check

- signs of collision damage
- hoses and radiator for leaks
- condition of belts
- coolant level
- battery and cables

Test Drive Always take a vehicle you intend to purchase for a test drive. If the owner refuses to let you test drive the vehicle, look for another vehicle.

When you take a test drive, drive in areas and on roads with which you are familiar. Keep the following questions in mind as you test drive a vehicle:

- What do you hear and feel?
- Are the brakes in good condition?
- Is the steering firm?

- How is the suspension?
- Does the vehicle hesitate when you quickly accelerate?
- Is the vehicle comfortable?

Make these checks during the test drive:

- Turn the ignition switch on and check to see that all warning lights, signals, and headlights work.
- Start the engine. It should start easily. Warning lights should go out in a few seconds.
- Drive at low speeds and test the brakes several times. The vehicle should stop smoothly and straight.
- Make a number of right and left turns. There should not be any play in the wheel, and it should steer easily.
- Accelerate moderately. The vehicle should accelerate smoothly from 0–40 mph without hesitation.
- Test the brakes at various speeds. They should not grab or pull to one side. If equipped with antilock brakes, brake hard to ensure that the system works.



Carefully inspect the vehicle inside and out. Then have it inspected by a professional mechanic or technician.



Check under the hood when the engine is cool and running.

- Drive on a rough road at 25 mph, and turn off the radio. The vehicle should not rattle or feel unstable.
- Check oil pressure gauges and warning lights for low pressure, overheating, or any other malfunctions indicated by warning lights.

Have the Vehicle Inspected You have inspected the vehicle yourself—both inside and outside. Before you commit to buying it, you should have a trained technician also inspect it. It's an investment of time and money that may save you a lot in the long run.

Talk with the technician about possible needed maintenance or repairs. Obtain estimates on related costs for the repairs or maintenance. Problems with the transmission, brakes, gears, clutch, radiator, and exhaust system can be costly.

Before You Close the Deal

If the seller is going to make repairs, have the repairs written into the sales

agreement. Make sure the vehicle includes an owner's manual and receipts of service repairs.

After you purchase the vehicle, read the owner's manual. The owner's manual is a valuable resource for learning about features of your new vehicle and the proper care and maintenance needs of the vehicle.

Review It

1. What are the responsibilities of owning or leasing a vehicle?
2. What are some of the costs of owning and operating a vehicle?
3. What procedures should you use to select a used vehicle?
4. What options and steps should you consider when buying a vehicle?

Objectives

1. Explain what financial responsibility laws require.
2. Explain how auto insurance works.
3. Explain what different kinds of auto insurance cover.
4. List factors that affect the cost of insurance.

If you are involved in a collision, you may find that the largest expense of owning a vehicle is paying for damages you cause. Every state has a **financial responsibility law**. This law requires you to prove that you can pay for damages you cause that result in death, injury, or property damage.

What does your state say about financial responsibility? What type of penalties can be invoked for not complying with the financial responsibility laws in your state?

What Is Vehicle Insurance?

Insuring your vehicle is financial responsibility. You buy insurance from a company by paying a **premium**, a specified amount of money for coverage over a specified period of time, to the company. A policy is a written contract between you—the insured—and the insurance company. A policy includes the terms and conditions of insurance coverage.

Kinds of Insurance

There are many different types of insurance. Refer to the chart for a summary of various types of insurance and what each type covers.

Liability Insurance

Every state requires individuals to carry **liability insurance**. It is the most important insurance to have. Liability insurance protects the driver who caused the collision. It provides

compensation for a harm or wrong to a third party for which the insured is legally obligated to pay. Liability insurance covers others when you are at fault.

Bodily-Injury Insurance One type of liability insurance, **bodily-injury insurance**, covers the driver who is at fault against claims. (*Claims* are formal requests for payments related to injuries to other people.) Most states require drivers to hold a specified minimum level of liability insurance.

Property-Damage Insurance Another type of liability insurance, **property-damage insurance**, protects the driver who is at fault against claims for damages to another person's property, up to specified limits. Make sure your level of coverage is adequate.

Medical Payment Insurance

This insurance pays medical and funeral expenses for bodily injuries sustained by occupants in an insured vehicle. It pays expenses up to stated amounts. This coverage does not depend on who was at fault in the accident.

No-Fault Insurance

Because of the backlog and long delays in litigation cases coming to a trial, some states have **no-fault insurance**. In such states, people involved in collisions recover losses and expenses associated with the

Car Insurance				
Kind of Insurance	Coverage	Claim Includes	Minimum Amount	Notes
Bodily-injury liability	Pays claim against owner if someone is killed or injured and owner is at fault.	Hospital and doctor bills Legal fees Court costs Loss of wages	States normally specify minimum: \$10,000–\$30,000 for one person; \$20,000–\$100,000 for several persons.	Required in many states. Needed by all car owners. Minimum coverage required is generally too low.
Property-damage liability	Pays claim against owner if property of others is damaged and owner is at fault.	Other car and possessions in car. Damage to house, telephone pole, and traffic light.	States normally specify minimum: \$5,000–\$25,000	Required in many states. Needed by all car owners.
Uninsured-motorist* and underinsured-motorist	Pays for injuries to you and your passengers in case of hit-and-run collision, uninsured or underinsured motorist.	Hospital and doctor bills Legal fees Court costs Loss of wages (Does not cover property damage.)	Usually same as bodily-injury liability.	Required in many states. Needed by all car owners.
Collision	Pays cost of repairing or replacing owner's car when owner is at fault or when owner cannot collect from person at fault.	Repair or replacement of any car driven by owner or with owner's permission.	Insures for depreciated value of car. Owner decides on \$100 to \$500 (or more) deductible to reduce cost of premium.	Important for new or expensive car. Drop after 7–10 years of ownership or when value of car no longer justifies cost of coverages.
Comprehensive	Pays cost of repairing or replacing owner's car.	Fire Theft Flood Wind Earthquake Storm Riots Vandalism	Insures for depreciated value of car, usually with \$100 to \$500 (or more) deductible to reduce cost of premium.	Important for new or expensive car. Drop after 7 to 10 years of ownership.
Medical-payments	Pays medical costs for you and your passengers injured in any collision, regardless of fault.	Pays all immediate medical costs (generally in addition to other medical insurance).	Insures for \$500 to \$5,000 per person.	This insurance does not require a legal process to determine fault, while bodily-injury coverage usually does.
Towing	Pays cost of towing or minor repair to disabled car.	Dead battery Out of gas Flat tire Accident (regardless of cause or fault).	Usually pays amount validated by towing company.	Good to have. Not needed if owner belongs to automobile club with towing service.

*Note that uninsured-motorist insurance covers collision-related injuries only, not property damage. Some states now allow insurance companies to offer uninsured-motorist property damage insurance.



CONSUMER

You should carry higher than minimum levels of bodily-injury liability insurance. The amounts of today's court settlements can be quite high.

collision directly from their own insurance company—regardless of who is at fault. However, coverage is limited as specified in the insurance policy. Details in how no-fault insurance is handled differs significantly from one state to another.

Collision Insurance

Collision insurance covers you if you are at fault in a collision, or not able to collect from the person who is at fault. Your collision insurance provides coverage to pay the costs of repair or replacement of your vehicle, less the **deductible** you have selected. A deductible is the amount you agree to pay towards the repair or replacement of the vehicle. Your insurance company agrees to cover the balance up to specified maximum limits. Know what the limit is with the company you choose.

You can select your deductible level. The higher the deductible you select, the greater the amount you are required to pay out of your pocket. However, the higher deductible you select, the lower your premium will be.

Comprehensive Insurance

What if your vehicle is damaged for some reason other than a collision? Your policy's **comprehensive insurance** can pay for replacement or repair of your vehicle. You also can select a deductible amount for comprehensive insurance. As with a collision deductible, the higher deductible you select, the more you agree to pay, and the lower your premium will be. Most insurance companies will only

pay up to the estimated current value of the vehicle.

Damage caused by severe wind, hail, vandalism, or similar situations are typically included under comprehensive insurance. Most companies have restrictions on what causes qualify for comprehensive coverage. Check your policy to see what restrictions apply.

Uninsured and Underinsured Motorist Insurance

Uninsured motorist insurance protects you if you are struck by another vehicle whose driver has no insurance. Your company covers the costs of your repairs and injuries to you and your passengers, up to a specified amount. Most states require insurance companies to provide this type of insurance.

If you have **underinsured motorist insurance** your insurance company will pay any costs that exceed what the other person's insurance company will pay as a result of a collision. Most states now require that companies offer this type of insurance to their customers.

Insurance Rates

A number of factors determine what you pay for insurance. Data on different factors are reviewed and statistics developed. Rates are then established based on the statistics. Factors upon which statistics are based and rates determined include:

- **Driving Record** Drivers with a certain number of convictions for moving violations and collisions pay higher premiums.

Insurance companies consider them greater risks to insure.

- **Age** Younger drivers have a proportionally higher number of collisions; thus, they have higher premiums. Older, more experienced drivers have fewer moving violations and are involved in comparatively fewer collisions. A principal driver is a person who will drive a certain vehicle most often. A person under the age of 25 listed as the principal driver of a vehicle could pay as much as four times more than an older driver.
- **Miles Driven** The more miles a vehicle is driven on a regular basis (usually annual), the greater the premium. This is because the vehicle is more exposed to the possibility of a collision.
- **Driver Gender** Male drivers tend to pay higher premiums. Historically, statistics have shown they drive more, have more

DRIVE RIGHT
DID YOU KNOW?

INSURANCE Even though financial responsibility laws exist, a significant number of drivers do not have insurance. Without insurance people risk losing their life savings and can be forced to liquidate assets to cover required payments. Always comply with your state's financial responsibility laws.

collisions, and their crashes tend to be more severe than those involving young female drivers. However, the gap based on gender has narrowed.

- **Marital Status** Married drivers statistically have fewer collisions than unmarried drivers.
- **Type of Vehicle** Sports cars, some vans, and sport utility vehicles are very popular. They



Part of the procedure you should follow if you are involved in a collision is to exchange insurance information with the other drivers.

What Do You Think?

The difference in the amount of insurance premiums paid by young males and females is narrowing. Why do you suppose this is true?

also tend to be stolen or vandalized more often and cost more to repair. Many larger vans, trucks, and sport utility vehicles tend to cause greater damage to vehicles they strike. Some insurance companies may charge higher rates to people who drive such vehicles.

- **Where the Driver Lives and Drives** Traffic density in urban areas increases the potential for collisions. Therefore, drivers who live in rural areas tend to pay less for insurance than those who live in larger metropolitan areas.
- **Driver's Claim Record** Higher and more frequent claims, especially for comprehensive and collision coverage, usually result in higher premiums.

Reduced Premiums

Most insurance companies reward low-risk drivers with reduced premiums. Premiums are often reduced for drivers who have

- maintained good grades in school, and in some cases, have successfully completed an approved driver education program
- had no claims or convictions for three years
- multiple vehicles insured under the same policy
- vehicles with certain safety features like airbags and anti-theft devices

Assigned-Risk Insurance

Some companies cancel an insurance policy if the driver or other insured drivers on the policy have been convicted of a drug- or alcohol-related violation. A driver who has several collisions or traffic convictions can be the cause for a company canceling a family's policy.

Drivers who have had their insurance canceled due to a poor driving record may not be eligible to obtain coverage at standard rates. Often times the only coverage these drivers can obtain is **assigned-risk insurance**. Assigned-risk insurance provides bodily injury and property damage liability coverage to high-risk drivers for a much higher premium. Assigned-risk drivers must drive violation-free several years before they can qualify for standard insurance.

Review It

1. What do financial responsibility laws require?
2. What is the purpose of auto insurance?
3. What are the different types of auto insurance?
4. What factors determine the premiums for auto insurance?

Owning and driving a vehicle place many responsibilities on you. One is being aware of how vehicles affect our environment. Drivers must act responsibly to minimize the harm they may cause to the environment.

How Do Vehicles Affect the Environment?

All vehicle owners have a responsibility for ensuring that they do not harm the environment. This includes using more environmentally friendly products, and properly disposing vehicle parts, fluids, and components.

Almost every motor vehicle that uses gasoline or diesel fuel creates engine exhaust. Some exhaust gases contribute to air pollution.

Exhaust Gases

Over the years, improvements in the engineering of vehicles have resulted in smaller amounts of harmful exhaust emissions. Today's vehicles also get better gas mileage. However, each year drivers in the United States drive more vehicles more miles.

Carbon Dioxide Carbon dioxide (CO₂) is one of several gases in vehicle exhaust. Large amounts of this gas produce a "greenhouse effect," which warms the earth. Some scientists fear that too much warming will change the earth's climate.

Regularly maintaining your vehicle can help reduce the number of pollutants your vehicle emits. The less fuel your vehicle burns,

the lower the levels of pollutants in its exhaust.

A number of states have implemented auto emissions inspection programs. These programs require owners to have their vehicle's emission levels periodically inspected. A vehicle must pass the inspection before its license can be renewed.

CFCs Until quite recently, most air conditioners contained freon gas, a chlorinated fluorocarbon (abbreviated CFCs). Though effective in cooling air, when freon is released into the atmosphere, it breaks down the atmosphere's ozone layer.

The ozone layer shields the earth from the sun's ultraviolet rays, a known cause of skin cancer. If the earth's ozone layer continues to be reduced, it is likely rates of skin cancer will rise.



Does your state require vehicle testing at an auto emissions inspection center?

Objectives

1. Describe how vehicle use adversely affects the environment.
2. Identify ways individuals can reduce the effects of vehicles on the environment.



Refrigerant recovery systems are used on older vehicles to keep CFCs from escaping into the atmosphere.

All new vehicles use an alternative refrigerant in their air conditioning systems. Auto repair shops that service older vehicles whose air conditioners require freon are required to utilize refrigerant recovery systems. These systems capture any freon that escapes while the shop recharges a vehicle's air conditioning system.

Disposal of Vehicle Parts and Fluids

Vehicle batteries, oil filters, and fluids—oil, gasoline, transmission fluid, brake fluid, and antifreeze—contain hazardous substances. Never dump or dispose of these items in the garbage or down a drain. Collect these items and take them to the nearest hazardous waste collection center, or other appropriate collection location. Contact your local health department. They will probably know of

appropriate drop-off locations for your hazardous wastes.

Other solid materials like tires, exhaust pipes, and mufflers also need to be disposed of properly. Piles of older tires placed out in the open are not only eyesores, they can become breeding grounds for insects and rodents that carry dangerous diseases.

Many vehicle parts can be recycled. Old tires now are being used to make floor mats and other rubber products. Glass and tires can be recycled into road-paving materials. Various plastics are being used to make other commonly used plastic products.

How Can Drivers Help the Environment?

Each person can utilize transportation and still help the environment. As technology increases, more and more alternatives are available.

Mass Transportation

Several forms of **mass transportation** (also called mass transit) are available throughout the United States. Mass transportation involves moving large numbers of people together from place to place.

Mass transportation is safe, efficient, and environmentally responsible. It includes small buses, city and suburban buses, and rail trams. It also includes urban mass transit systems common to some of our larger cities. Some rapid transit systems are already in place. Others are being developed. Using mass transit reduces the cost per passenger mile and decreases exhaust emissions.

Car and Van Pools

Other environmentally responsible systems include **car pooling** or **van pooling**. These are systems where

several individuals share transportation to one or more destinations. As an incentive to car or van pooling, some highways have special lanes for use only by vehicles containing a certain number of passengers.

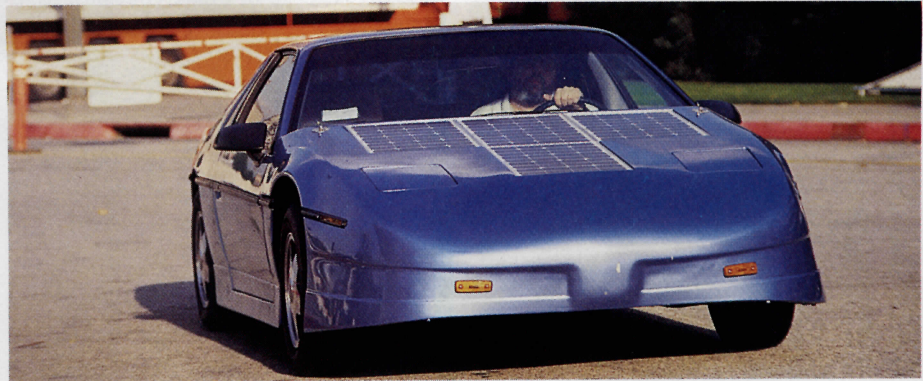
Many companies and government agencies provide vans and vehicles for use in a car or van pool. These systems help reduce the number of vehicles on the road, save fuel consumption, reduce overall amounts of exhaust, and decrease the amount of space needed for parking.

Alternative-Fueled Vehicles

Although many alternative-fueled vehicles are still in early stages of development, this is another option drivers have in reducing the harmful effects of driving on the environment. Many government agencies



Car or van pooling reduces the number of vehicles on the road, exhaust, and conserves the amount of gasoline consumed.



Solar-powered vehicles require no gasoline because they harness from the sun the energy they need to operate.

have fleet vehicles that use cleaner burning fuels like propane gas or gasoline with an ethanol blend.

Battery-powered vehicles are being tested in several cities. Some of these vehicles run on batteries that store electricity. When the batteries are low, you simply plug in and recharge. As technologies improve, these vehicles may one day be mass produced.

A **solar-powered vehicle** captures light from the sun and transforms it into electrical power. Though not

yet available on the mass market, it will only be a matter of time before you will see solar-powered vehicles on roadways.

We have come a long way in protecting our environment and resources. We all share the environment. Driving is a privilege. With the privilege comes responsibilities. As drivers we have the responsibility to continue to do what we can to preserve our natural resources and protect the environment.



In some states battery-powered vehicles are being tested.

Review It

1. What are some ways vehicles adversely affect the environment?
2. Name three ways individuals can reduce the harmful effects vehicles have on the environment.

Chapter 16

Review

Reviewing Chapter Objectives

1. Buying a Vehicle

1. What are the responsibilities of owning or leasing a vehicle? (336)
2. What are the various costs associated with owning and operating a vehicle? (336–337)
3. How would you select a used vehicle? (339–341)
4. What are the options you have and the steps you take when buying a vehicle? (337–341)

2. Insuring a Vehicle

5. What do financial responsibility laws require? (342)
6. How does auto insurance work? (342)
7. What do different kinds of auto insurance cover? (342–344)
8. What factors affect the cost of insurance? (344–346)

3. Environmental Concerns

9. How does vehicle use adversely affect the environment? (347–348)
10. In what ways can individuals reduce the effects of vehicles on the environment? (348–350)

Projects

Individuals

Use Technology Search the Internet for Web sites that deal with automobile sales. Choose one vehicle model. Compare options and prices for this model on several sites. Print out the pages that show these prices and bring them to class.

Investigate Go to the library (or search the Internet) to obtain a copy of the NADA Guide (or blue book). Look up the blue-book prices for the vehicles your family owns. Find out the original prices of the vehicles. Calculate how much each vehicle has depreciated.

Groups

Debate Form two teams. Debate the pros and cons of owning a large versus a small vehicle. Make a list of the reasons each team mentions. Compare your list with those of the other teams in your class.

Demonstrate Divide into groups of four or five. Each group member should obtain permission to inspect a vehicle in the school parking lot. Demonstrate to the group the steps you would take in inspecting the vehicle if you were considering buying it. Each group member should take notes on the others' inspections. Discuss whether you would buy the vehicles inspected.

Chapter 16

Review

Chapter Test

Check Your Knowledge

Multiple Choice Copy the number of each sentence below on a sheet of paper. Choose the letter of the answer that best completes the statement or answers the question.

- The value of a vehicle drops steadily over time due to
 - loan interest.
 - depreciation.
 - operating costs.
 - insurance premiums.
- If the used vehicle you are considering passes your tests, you should
 - have a mechanic make a final check.
 - buy it immediately.
 - have a friend test drive the vehicle.
 - buy it only if a warranty is offered.
- Vehicle insurance that pays for damage caused by something other than a collision is called
 - liability insurance.
 - collision insurance.
 - comprehensive insurance.
 - uninsured motorist insurance.
- Which of the following does nothing to help protect the environment?
 - using mass transportation.
 - driving alone in a vehicle.
 - van pooling.
 - using an alternative-fueled vehicle.

Completion Copy the number of each sentence below. After each number, write the word or words that complete the sentence correctly.

- A driver whose insurance is canceled due to a poor driving record needs to obtain _____ insurance.
- Large amounts of CO_2 in the atmosphere produce a _____, which warms the earth.

Review Vocabulary

Copy the number of each definition in list A. Match the definition in list A with the term it defines in list B.

List A

- covers an insured's losses and expenses associated with a collision regardless of who is at fault
- requires you to prove that you can pay for damages you cause that result in death, injury, or property damage
- amount you agree to pay toward the repair or replacement of the vehicle
- provides bodily injury and property damage liability coverage to high-risk drivers for a much higher premium
- specified amount of money paid over a specified period of time paid for insurance coverage
- covers the driver who is at fault against claims

List B

- deductible
- premium
- no-fault insurance
- bodily-injury insurance
- assigned-risk insurance
- financial responsibility law

Think Critically

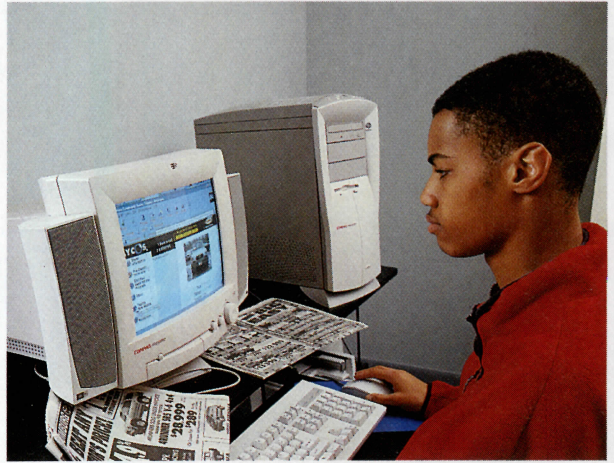
Write a paragraph to answer each question.

- List and discuss the advantages and disadvantages of leasing a vehicle.
- How might you reduce premium rates for vehicle insurance?

Decision Making



1. You have a part-time job. What are the arguments for and against buying a vehicle?



2. You know the type of vehicle you want. You have found vehicles at a private seller, a used-car dealer, and a new-car dealer. How would you decide which vehicle to buy?



3. How should this person properly dispose of the used oil?



4. Your vehicle has been vandalized. What should you do? What type of insurance will cover the repairs?