

the Future of Auto Insurance



The statistics of auto accidents are appalling. More than half of us (56%) will be in an auto accident in the next three years. Within five years, 75 per cent of us will have been in an accident. Within 10 years, the figure will reach 94 per cent. And within the next 20 years, 99 per cent will have been in an accident.

In effect, virtually every driver is assured of being in an accident sometime. It may be a minor fender bender. Or it may be a fatality -- 55,000 Americans die each year in auto accidents.

Besides the grief and suffering they cause, auto accidents cost money. The Department of Transportation estimates it at well over 5 billion dollars a year. Who pays the bill?

You pay it, through your auto insurance.

So it behooves you to know what your auto insurance will and will not do for you.

There are four general areas of concern for every motorist. These are (1) injury to yourself or your passengers (2) damage to your car (3) injury to others (4) damage to other cars.

You are not required by law to have any of these coverages. But

without at least numbers 3 and 4, you become an uninsured motorist, and life becomes much more complicated and potentially expensive.

Besides the four areas mentioned above, there are several other coverages you can place on your automobile and yourself. Edwin O. Wingard, of the Fisher - Wingard - Fortney Agency, Inc., in Plymouth, suggests that auto insurance should be purchased in the same way that any other insurance is bought.

"Take a look at your needs," he says. "For example, you can get passenger accident coverage that covers medical and hospital expenses if you're injured in your car. But maybe you already have those areas covered by Blue Cross and Blue Shield, and don't need them as part of your car insurance."

"You can get road trouble service coverage that pays the cost of having a tow truck come start your car or change a tire. Many men feel that they don't need it, but I think a woman who drives alone much should have it, unless she's enthusiastic about changing tires in the dark."

You can also insure yourself against injury or damage by an unin-

sured motorist. And it is probably worth while.

"We see a lot of those cases," Wingard says.

The best thing an insurance buyer can do is to sit down and read his policy thoroughly until he understands it. Any questions that remain should be put to the insurance agent. But remember, the agent can interpret only. The last word on your coverage is in the policy. It means exactly what it says -- no more, no less.

"A lot of people don't understand their car insurance," Wingard says. "Suppose we have insured a driver for bodily injury to others and property damage to others, but not for collision damage to his own car. Suppose he gets smacked in the rear end at a stop light. A lot of times these people will come to us to help collect from the guy that hit them. But we can't. Since we didn't insure his car against damage, we have no legal interest in the case. For us to get into it would be to act as attorneys, and we can't do that."

Auto insurance policies are written in great detail because of the difficulties in defining all the mishaps that can befall a car and its driver.

Consider the following: You are driving down the road in a violent windstorm and a tree falls in your path. You hit it.

Or -- you are driving down the road in a violent windstorm and a tree falls on top of your car.

What's the difference? If you hit the tree, that's a collision. If the tree fell on you, that's a falling object. Both may be covered by your auto insurance. But the amount you may

collect could differ greatly. The collision clause of your policy may have a \$200 deductible. But the comprehensive clause, under which the falling object would be covered, may have only a \$50 deductible. So if the damage were \$150, you would collect nothing for a collision, but \$100 for a falling object.

Such are the intricacies of defining damage to a car.

Deductibles are an important means of holding down the cost of your auto insurance. A deductible merely says that below a certain amount of damage, you pay it yourself. Above that amount, the insurance company pays.

Deductibles for collision damage range from as low as \$50 upward to \$500. Naturally, the higher the deduction, the lower your rates.

Wingard's advice for insurance buyers is to "take the highest deductible you can afford."

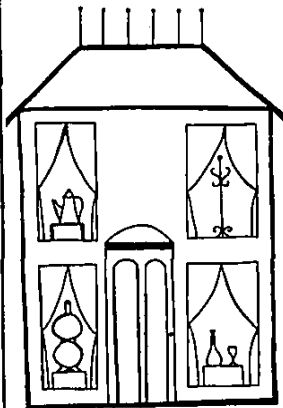
What you can afford is, of course, a personal decision. If you feel that you could, at any unexpected time, lay out \$200 for car repairs without upsetting your family's finances, but that \$500 would create a serious strain, then \$200 is the level for you.

Most insurance men point out that insurance is not intended as a convenience to reimburse you for every minor mishap, but rather a protection against major catastrophe.

There are a couple of other misconceptions about auto insurance pinpointed by Wingard. One concerns uninsured motorists. Drivers who cannot show proof of insurance by a recognized company are required to

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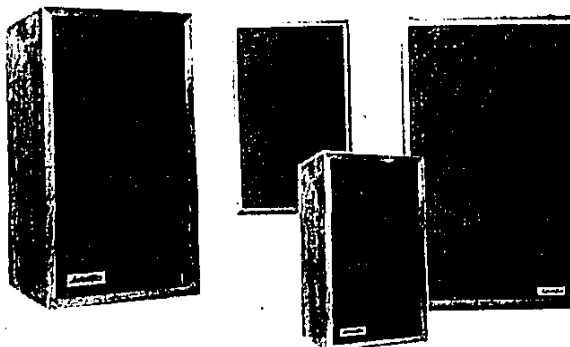
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