

Name: _____ Period: _____ Date _____

Texas Financial Responsibility Law Concerning Automobiles

Read the following and answer the questions below.

Texas law requires people who drive in Texas to pay for the accidents they cause. Liability insurance pays to repair or replace the other driver's car and pays other people's medical expenses when you are at fault in an accident. It does not pay to repair or replace your car or for your injuries. Many people buy other types of coverage – such as personal injury protection or medical payments, collision and comprehensive – to pay for these expenses.

The current minimum liability limits are 30/60/25. This means \$30,000 for each injured person, up to a total of \$60,000 per accident and \$25,000 for property damage per accident.

Since medical and automobile costs are high, the minimum amounts might not be enough to pay all the other driver's expenses if you're in an accident. He or she could sue you to collect the difference. Many people buy more than the basic limits to protect themselves financially.

There are penalties for breaking the state's financial responsibility law. A first conviction will result in a fine between \$175.00 and \$350.00. Additional convictions could result in fines of \$350.00 to \$1,000.00, suspension of your driver's license and impoundment of your car. You should keep your proof of insurance card provided to you by your insurance company in your car at all times so you have it when a police officer asks to see it.

Questions

1. You are in an accident in which four people in the car are injured. The medical costs for all injured add up to \$85,000. If you have the minimum amount of insurance that Texas requires, how much are you liable for after the insurance pays?
2. You are in an accident with a luxury car valued at \$60,000. You have Texas minimum insurance. How much are you liable for after the insurance pays?
3. You are driving without insurance. How much can you be fined?
4. Your car has an engine malfunction and catches on fire. What kind of insurance do you need to cover these expenses?
5. You are in an accident that is your fault. What kind of insurance will cover the damage to your car?