



Armchair Millionaire Community Bulletin: The Right Insurance for the Right Car

Over time, the cost to own a car can easily exceed what you originally paid for it. So when it comes to car buying, don't just look at the sticker price.

New York, NY ([PRWEB](#)) May 31, 2005 -- Car buyers have always tended to focus on price and not on the costs of owning a particular model over time. They have largely neglected to consider that insurance premiums can differ substantially between two different cars with similar purchase prices.

Car buyers should be looking at a vehicle's price and whether it is affordable to insure.

The road warriors in the Armchair Millionaire community recently told us about the cars that are easiest on their wallets. Here are two comments we heard:

Financially speaking, the best car out there is a used car from one owner, about two years old with low mileage, usable warranties, and high ratings from Consumer Reports for used cars. Saving bucks down the road means it has a good warranty. And rising gas prices has modified my desire for a SUV. --Christina

A Honda Civic is probably the most efficient economically. We bought a new Civic in 1998 fully equipped for \$15,000, and sold it in 2002 for \$10,000 with 50,000 miles on it. No problems, just regular service, and the mileage was superb. --Robert

Factoring in insurance costs is as important as negotiating the right purchase price when it comes to buying your car. Just as the costs of different car models can vary widely, so too can the costs of different insurance policies. My guide explains the basic elements of auto insurance policies so that you can make an informed decision.

The Armchair Millionaire's Guide to Car Insurance

Liability coverage protects you if you cause damage or injury to another in a car accident. There are two types: bodily injury liability, which covers the cost of personal injury to other people, and property damage liability, which covers damage to physical property. Every state mandates minimum liability coverage that every driver is required to have, but consider buying coverage above the required minimum. With today's high medical costs and litigious environment, the extra protection can be well worth the cost.

Personal injury protection pays for medical expenses and lost wages to you and any passengers injured in an accident, regardless of who is at fault. Some states do not require personal injury protection, but it's always a good idea to carry it, even if you already have health and disability insurance.

Uninsured motorist coverage protects you if you're involved in an accident with a driver who does not have liability insurance, or if you're the victim of a hit-and-run accident. Most states require this insurance.

Collision insurance pays for damage you cause to your own vehicle. It usually comes with a deductible (the higher the deductible, the lower the premium) and pays up to the fair market value of the vehicle. Collision insurance is not required anywhere by law, but if you finance your car, your lender will probably require it.



Comprehensive insurance pays for damage to your vehicle caused by unknown parties or "acts of God"-- vandalism, theft, fire, flood and the like. Like collision insurance, you'll probably be required to have it if you finance your car.

The bottom line: Over time, the cost to own a car can easily exceed what you originally paid for it. So when it comes to car buying, don't just look at the sticker price.

The Armchair Millionaire Weekly Survey: Ever remodeled your home? Log on to www.armchairmillionaire.com and let us know.

Lewis Schiff founded the Armchair Millionaire Web site in 1997. His first book, The Armchair Millionaire, was published in 2001. Schiff's newest report, "How to Know When You Are Rich," is now available at www.armchairmillionaire.com.

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