***House Insurance Calculation***

*Megan Jones wants to insure her house and contents. Her house is valued at €500,000 and contents at €20,000. She has a burglar alarm and is a member of a Community Alert Scheme.*

*On November 15th she received the following quotation from Property Insurance Ltd:*

|  |  |
| --- | --- |
| ***Insurance*** | ***Quote*** |
| *Buildings* | *€10 per €50,000* |
| *Contents* | *€5 per €2000* |
| *Alarm Discount* | *10%* |
| *Community Alert Scheme* | *10%* |

**Step 1:**

Buildings are worth €500,000. It will cost us €10 to insure every €50,000 worth of buildings, so we must find out how many €50,000 are in €500,000 and multiply by €10.

€500,000/ €50,000 =  **10**

x €10 ***=€100***

**Step 2:**

Contents are worth €20,000. It will cost us €5 to insure every €2,000 worth of buildings, so we must find out how many €2,000 are in €20,000 and multiply by €5.

€20,000/€2000 = **10**

x €5 ***=€50***

**Step 3:**

Add 2 figures together= €100 + €50= **€150**

**Step 4:**

Add discounts 10% + 10%= 20%

**Step 5:**

Get 20% of €150= 150 x.20= €30

**Step 6:**

Total – Discounts = €150- €30 = ***€120*** (Premium Due)

***Car Insurance Calculation***

Ross Nolan wants to insure his car. He receives the following quotation:

|  |  |
| --- | --- |
| ***Insurance*** | ***Quote*** |
| *Basic Premium* | *€2000* |
| *Loading* | *20%* |
| *No Claims Bonus* | *50%* |

**Step 1:**

**Premium + Loading** = €2000 + (€2000 x 20%) Remember loading is the increase in the premium due to an extra risk.

€2000 x. 2 =€400, so €2000 + €400 = €2400

**Step 2:**

Get the No Claims Bonus of the new figure. (No Claims Bonus = 50%)

€2400 x 50% = 2400 x 50/100 =€1200

**Step 3:**

€2400- €1200 = ***€1200*** (Premium Due)

**Life Assurance Calculations**

Edward Smith is a 50 year old skydiver. He smokes 20 cigarettes a day. He wants to get a life assurance policy for himself for €100,000 and received the following quotation:

|  |  |
| --- | --- |
| Assurance | Quote |
| Basic Premium | €5 per €1,000 |
| Loading for smoker | 10% |
| Loading for dangerous occupation | 20% |

**Step 1:**

€100,000/ €1,000 = 100 x €5 = €500

**Step 2:**

Add all the loadings = 10% + 20% = 30%.

500 x 30 / 100= €150

**Step 3:**

€500 + €150 = ***€650*** (Premium Due)