

## Insurance Test – First Year


Name: *Oisín Argand*

Class: *Armstrong*

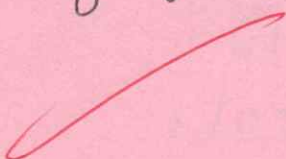
Tutor: *Mr. O'Neill & Ms. Walsh*

*78*  
*78*  
*100%*

Write the name of the principle beside the explanation of the principal:

	 Principle
You always need to tell the truth when taking out insurance	<i>Utmost good faith</i> ✓
The ownership passes to a third party	<i>Subrogation</i> ✓
You must gain from its existence and suffer from its loss.	<i>Insurable interest</i> ✓
The compensation is divided among two insurance companies	<i>Contribution</i> ✓
You cannot make a profit out of insurance	<i>Indemnity</i> ✓

List 5 different types of insurance a household might have:

- 1 *House Insurance (For the house)*
  - 2 *Car Insurance (For the car)*
  - 3 *Life Assurance (For if someone dies)* ✓
  - 4 *Pet Insurance (For the pet(s))*
  - 5 *Gadget Insurance (For the gadgets)*
- 



Explain the following:

**Proposal Form:** A form for an insurance company that ~~someone~~ seeking insurance has to fill in truthfully ✓

**Actuary:** Someone who calculates the premium based on the probability of the loss occurring ✓

**Loading:** An extra charge on a premium because of circumstances eg. health insurance might cost more for a bungee jumping instructor ✓

**No claims bonus:** A discount on your premium if you haven't claimed on your insurance ✓



## Work out these two premium calculations:

10. Niall and Fiona Corcoran would like to insure their house and contents. They received the following quotation from Low-Cost Insurance Ltd.

Buildings: €3 per €1,000

Contents: €5 per €1,000

There is a discount of 10% for houses with a monitored alarm and a 5% discount for having two fire alarms. The Corcorans want to insure their house for €300,000 and their contents for €50,000. They qualify for both discounts. Calculate the cost of their premium.

Workings:

$$\begin{aligned} & \rightarrow 300,000 \div 1000 = 300 \times 3 = \\ & \rightarrow 50,000 \div 1000 = 50 \times 5 = \\ & 900 + 250 = \\ & 1150 \times 10\% = \\ & 1150 \times 5\% = \\ & (1150 - 115) - 57.50 = \end{aligned}$$

Cost of premium

$$\begin{aligned} & 900 \\ & 250 \\ & \hline & 1150 \\ & - 115 \\ & \hline & 1035 \\ & \hline & \text{€ } 977.50 \end{aligned}$$

11. Aaron and Megan Slevin would like to insure their house and contents. They received the following quotation from Eske Insurance Ltd.

Buildings: €4 per €1,000

Contents: €5.50 per €1,000

There is a discount of 10% for houses with a monitored alarm and a 5% discount for having two fire alarms. The Slevins want to insure their house for €250,000 and their contents for €40,000. They qualify for both discounts. Calculate the cost of their premium.

Workings:

$$\begin{aligned} & \rightarrow 250,000 \div 1000 = 250 \times 4 = \\ & \rightarrow 40,000 \div 1000 = 40 \times 5.50 = \\ & 1000 + 220 = \\ & 1220 \times 10\% = \\ & 1220 \times 5\% = \\ & (1220 - 122) - 61 = \end{aligned}$$

Cost of premium

$$\begin{aligned} & 1000 \\ & 220 \\ & \hline & 1220 \\ & - 122 \\ & \hline & 1098 \\ & \hline & \text{€ } 1037 \end{aligned}$$



### Average Clause Question:

John Smith owns a €20,000 car insured for only €15,000. An accident causes €4,000 damage to the car. Calculate the **compensation**.

Work out and show your formula below:

$$\frac{15000}{20000} \times 4000 = 3000 \quad \frac{\text{amount insured}}{\text{market value}} \times \text{loss} = \text{compensation}$$

Answer: €3,000

10



16. On 17 February 2022, Margaret McDonnell, who lives in Main Street, Co. Limerick, had her car stolen. Margaret reported it stolen to Garda John Norton at the local garda station. The car was stolen in Adare, Co. Limerick. Margaret is a teacher. She told the garda that she had bought the car on 25 November 2019. The car was insured for €16,500 with Jones Insurance Ltd (policy no. 789632PL). On 20 February 2022, Margaret completed a claim form for her insurance company. Complete the claim form for Jones Insurance Ltd.

### Jones Insurance Ltd Claim Form

#### Personal details

Name: Margaret McDonnell  
Address: Main Street, Co. Limerick

Policy number: 789632PL  
Occupation: Teacher

#### Details of loss/damage

Date: 17 February 2022  
Location: Adare, Co. Limerick  
Description of items lost/stolen: Car bought 25 November 2019, valued €16,500  
Value: € 16,500  
Date of purchase: 25 November 2019

Was item lost/stolen reported to the Garda? Yes ☒ No ☐

If yes, please give details: Reported as soon as stolen to Garda John Norton at Limerick Garda Station

Date of reporting: 17 February 2022

Garda station: Limerick Garda Station

Name of garda who took the details: Garda John Norton

Signed: Margaret McDonnell

Date: 20 February 2022

(10)



18. On 3 May 2024, Denis Moynihan, a plumber who lives in 17 Main Street, Bundoran, Co. Donegal, had his new iPad and smartphone stolen while visiting his sister Sinead at 42 Windsor Road, Thurles, Co. Tipperary. Denis reported it stolen that day to Garda Tom Lowth at the local garda station. Both items were insured with Herron Insurance Ltd (policy no. 765432LJ). On 8 May 2024, Denis completed a claim form for his insurance company. The iPad was valued at €400 and the smartphone was valued at €500. Both items were bought on 22 January 2024. Complete the claim form for Herron Insurance Ltd.

Herron Insurance Ltd

Name Denis Moynihan  
Address 17 Main Street, Bundoran, Co. Donegal  
Policy number 765432LJ  
Occupation Plumber

Details of loss/damage

Date 3 May 2024  
Location 42 Windsor Road, Thurles, Co. Tipperary  
Description of item(s) lost/stolen New iPad and smartphone  
Value iPad valued at €400 and smartphone valued at €500 so €900 in total  
Date of purchase ~~8 May 2024~~ 22 January 2024  
Was item lost/stolen reported to the Gardai? (Tick Yes or No) Yes ☒ No ☐  
If yes, please state: Reported to the Gardai the day it was stolen  
Date of reporting 3 May 2024  
Garda station Thurles Garda Station  
Name of garda who took the details Garda Tom Lowth  
Signed Denis Moynihan  
Date 8 May 2024

10