

Chapter 11 PP Q's Insurance & Tax**Insurance****2015 Q6 (A)**

Read the information supplied and answer the questions which follow.

PRIVATE MOTOR INSURANCE PROPOSAL FORM**DECLARATION**

I/We declare to the best of my/our knowledge and belief that the information given on this form is true and complete in every respect.

- (i) Outline the function of an *insurance proposal form*.
- (ii) Explain the principle of insurance, referred to in the extract from the above private motor insurance proposal form.
- (iii) Outline **two** other principles of insurance that apply to insurance contracts.

MS: 5m (2+3); 5m (2+3); 2 x 5m (2+3)

(i) _____

(ii) _____

(iii) _____

2010 – Short Q7

Illustrate the difference between the insurance principles 'Insurable Interest' and 'Indemnity'.

2016 Q4 Short - MS: 3+3+2+1+1

Column 1: Terms	Column 2: Explanations
1. Insurable Interest	A. Applies if item is insured against the same risk with more than one insurance company.
2. Average Clause	B. The insured person cannot make a profit from insurance.
3. Subrogation	C. The insured person must gain from the item's existence and suffer financially from its loss.
4. Contribution	D. Applies if an item is under-insured and there is a partial loss.
5. Indemnity	E. The insured person must declare all material facts about the item being insured.
	F. Once compensation has been paid any legal right to the item recovered passes to the insurer.

1	2	3	4	5

2020 Short Q10

Henry Winters insured his home for €200,000 with Allianz. The market value of the house is €250,000. A chimney fire caused €36,000 worth of damage.

(i) Calculate the amount of compensation Henry will receive from Allianz.

Show your workings.

(ii) Explain why Henry receives this amount of compensation.

MS: (i) Calculation = 1+1+1+3 (ii) 4m (2+2)

(i)	_____

(ii)	_____

2021 Short – Q4

Circle the correct option in the case of each of the following statements

MS: 3,2,2,2,1

- (i) A larger policy excess will result in a **higher / lower** insurance premium.
- (ii) The person who calculates the amount of compensation to be paid to a claimant is known as an **Actuary / Assessor**.
- (iii) **Indemnity / Utmost good faith** means you cannot make a profit from an insurance claim.
- (iv) Loadings on an insurance policy result in an **increase / decrease** in the premium.
- (v) An insurance company who tries to reclaim any losses against a third party is using the principle of **contribution / subrogation**.

2014 Q5 (C)

Explain what it means to be 'underinsured' and outline **one** possible effect of being underinsured on a business. (15 marks)

MS: (4 + 4 + 4 + 3)

2009 – Short Q3

Distinguish between 'Public Liability' and 'Fidelity Guarantee' as types of insurance.

Public Liability Insurance

Fidelity Guarantee Insurance

2020 Q6 (C)

A consumer watchdog is to carry out an investigation into the public liability insurance market as businesses raise concerns about rising insurance costs.

(i) Explain the term **public liability insurance**.

(ii) Outline **three** types of insurance, **other than public liability**, that a business might have.

MS: (i) 5m (3+2) (ii) 3 x 5m (3+2)

(i) _____

(ii)

2011 Q5 (C)

- (i) Illustrate your understanding of the term 'risk management'.
(ii) Describe **three** methods a manager might consider to minimise risk within a business. (20 marks)

MS: 8 marks (4+4) 3 x 4 marks (2+2)

(i) _____

E.g. _____

(ii)

Chapter 12 – Insurance and Tax - Tax

2015 Q2 – Short

- (a) What do the letters PAYE stand for?
 (b) Outline two main features of the PAYE tax system

MS: (a) 4m (b) 2 @ 3m

(i) _____

(ii) _____

2012 Q3 – Short

Explain the difference between the terms *tax rates* and *tax credits*.

MS: 6 marks (3+3) 4 marks (2+2)

Tax rates: _____

Tax credits: _____

2019 – Short – Q3

In the context of business, what do the following letters stand for?

PAYE	
USC	
PRSI	
DIRT	
CGT	

MS: 3,2,2,2,1

2017 – Short – Q4

Write TRUE or FALSE after each of the following statements.

Statements		True or False
1.	Customs Duty is a tax on goods imported from outside the European Union.	
2.	Corporation Tax is applied to profits made by every business in Ireland.	
3.	A P45 is given to employees when their employment is terminated.	
4.	The existence of Tax Credits reduces the amount of Universal Social Charge to be paid.	
5.	Capital Acquisitions Tax is a tax on the profits made on the sale of assets.	

2020 Short Q4

Circle the correct option in the case of each of the following statements

MS: 3,2,2,2,1

- (i) The profit from the sale of an asset is subject to **capital acquisitions tax / capital gains tax**.
- (ii) The Universal Social Charge (USC) is an example of a **progressive / regressive** tax.
- (iii) Tax credits **increase / reduce** the amount of PAYE paid by an employee.
- (iv) Value Added Tax (VAT) is an example of a **direct tax / an indirect tax**.
- (v) A holiday voucher worth €3,000 given as a benefit-in-kind **is / is not** treated as taxable income.

2013 Q5 (A)

Calculate Audrey Stapleton's net **monthly** take-home pay.

Audrey Stapleton is an employee at BAT Resources Ltd and earns a gross annual salary of €78,000. Her employer provides her with a holiday voucher worth €2,000. This is treated as a benefit-in-kind for tax purposes and is taxed accordingly.

The standard rate band for a single taxpayer is €32,800. (This means that the first €32,800 is taxed at the 20% standard tax rate, and the remainder is taxed at the higher tax rate of 41%.)

Audrey has the following tax credits: Single Person Tax Credit €1,650, PAYE Tax Credit €1,650 and Rent Tax Credit €320.

The Universal Social Charge (USC) rates on Audrey's gross income are 2% on the first €10,036, 4% on the next €5,980 and 7% on the balance of her gross income. Audrey pays employee PRSI at 4% of her gross income.

MS: 14 figures @ 1 mark + 3 figures @ 2 marks

	€	€	€
Gross Salary			
Add Benefit in kind			
Gross Income			
PAYE Tax payable calculation			
€32,800 @ 20%			
€47,200 @ 41% (1m)			
Gross PAYE Tax			
Less Tax credits			
Single Person			
PAYE			
Rent			
Net Tax Payable			
Employee's PRSI €80,000 @ 4%			
Universal Social Charge (USC)			
€10,036 @ 2%			
€5,980 @ 4%			
Balance of €63,984 @ 7% (1m)			
Total Statutory Deductions			
Net Income (Take-home Pay) p.a.			
(€78,000 - €30,410.80)			

A similar question also came up in 2010 – Short Q10

2011 Q5 (B)

Pay As You Earn (PAYE), Value Added Tax (VAT), and Corporation Tax are examples of taxes relevant to a business.

(i) Explain **each** tax underlined above.

(ii) Evaluate the implications of **each** tax for a business. (25 marks)

MS: 3 x 6 marks (3+3) 7 marks (3+2+2)

Pay As You Earn (PAYE) _____

Value Added Tax (VAT) _____

Corporation Tax _____

Evaluation

Pay As You Earn (PAYE) _____

Value Added Tax (VAT) _____

Corporation Tax _____

