1. Which of the following is not a risk?

   (A) Road accident

   (B) Fire

   (C) Theft

   (D) Computer damage

   Solution: (D)

   Unless that is a super computer lol.

2. Which of the following can claim compensation from life insurance?

   (A) Cancer

   (B) House on fire

   (C) Car broken down at road

   (D) Loss of wallet

   Solution: (A)

   Life insurance is for life, not for other things.

3. The table below shows the premiums for a travel insurance to Europe that offered by Najwa Insurance Company.

Number of days	Policyholder (RM)	Policyholder and spouse (RM)	Group (Maximum 4 people) (RM)
$1-5$	388	650	1050
$6-10$	540	920	1800
$11-15$	780	1340	2500

   Nizam's family of 6 people consisting of a spouse and 4 children want to travel to Europe from 21 January 2021 to 28 January 2021. He wants to buy a travel insurance. What is the minimum amount of the premium?

   (A) RM1 840

   (B) RM2 720

   (C) RM3 240

   (D) RM3 600

   Solution: (B)

   Nizam has to buy a 6 - 10 days policy fro policy holder and spouse as well as a group policy for 4 people. Hence, the minimum amount of the premium is $1800 + 920 = \text{RM2 720}$.

4. The table below shows the premium rates for every RM1 000 face value of a life insurance offered by Samuel Insurance Company.

Age	Male		Female	
	Non-smoker	Smoker	Non-smoker	Smoker
29	2.050	2.237	1.785	1.961
30	2.092	2.318	1.720	2.054
31	2.141	2.405	1.758	2.148
32	2.185	2.497	1.790	2.239
33	2.223	2.586	1.826	2.317

Mr Raji who is 32 years old wants to get a coverage of RM95 000. What is the premium for Mr Raji's life insurance if he does not smoke?

(A) RM170.05

(B) RM207.58

(C) RM212.71

(D) RM237.22

Solution: (B)

According to the table, the premium rate for a 32 years old male non-smoker is RM2.185 per RM1 000 face value. Hence, the premium for Mr Raji's life insurance is $\frac{95000}{1000} \times 2.185 = \text{RM}207.58$.

5. Madam Hendon wants to buy a motor insurance for her car in Peninsular Malaysia. The following shows the information about her car.

Age of vehicle	: 2 years
Engine capacity	: 1800cc
NCD	: 25%
Sum insured	: RM85 000

Calculate the gross premium for Madam Hendon's car under the comprehensive policy.

(A) RM1 472.54

(B) RM1 500.00

(C) RM1 892.33

(D) RM2 017.60

Solution: (C)

According to the premium rates under the Motor Tariff, the basic premium for the first RM1000 is RM339.10.

The basic premium for the balance is $\frac{85000 - 1000}{1000} \times 26 = \text{RM}2184.00$ The total basic premium is $339.10 + 2184.00 = \text{RM}2523.10$. The NCD discount is $2523.10 \times 25\% = \text{RM}630.775$. The gross premium is $2523.10 - 630.775 = \text{RM}1892.33$.

6. Motor insurance for Madam Lee's car has a deductible provision of RM450. Madam Lee has suffered an accident that causes a loss of RM1 680. Determine the amount of compensation that can be claimed by Madam Lee.

   (A) RM450

   (B) RM1 230

   (C) RM1 680

   (D) RM2 130

   Solution: (B)

   The amount of compensation that can be claimed by Madam Lee is $1680 - 450 = \text{RM}1230$.

7. Hui Ling has bought a property insurance that has a deductible provision of RM900. She suffered losses in three months as shown in the following table.

Month	Loss (RM)
January	480
April	1220
July	925

   Determine the amount of compensation can be claimed by Hui Ling in April.

   (A) RM320

   (B) RM740

   (C) 12

   (D) 23

   Solution: (A)

   The amount of compensation that can be claimed by Hui Ling in April is $1220 - 900 = \text{RM}320$.

8. Chin Siong has a basic medical insurance with an annual limit of RM100 000. The amount of deductible borne by Chin Siong is RM1 000. He has made a treatment in a hospital with a medical cost of RM95 000. Calculate the amount of compensation that will be paid to Chin Siong.

   (A) RM79 000

   (B) RM80 000

   (C) RM94 000

   (D) RM95 000

   Solution: (C)

   The amount of compensation that will be paid to Chin Siong is $95000 - 1000 = \text{RM}94000$.

9. Insurable value of Madam Low's house is RM185000. She bought a fire insurance that has a co-insurance provision to insure 75% of the insurable value of her house and a deductible of RM2 400. Madam Low's house suffered a loss of RM12 000. Calculate the amount of compensation that will be received by Madam Low if she insures her house with RM110 000.

   (A) RM4 113.51

   (B) RM5 113.51

   (C) RM6 113.51

   (D) RM7 113.51

   Solution: (D)

   The amount of required insurance is $185000 \times 75\% = \text{RM}138750$. The amount of insured value is $110000 < 138750$. Hence, the amount of compensation that will be received by Madam Low is $\frac{110000}{138750} \times 12000 - 2400 = \text{RM}7113.51$.

10. Mr Halim is a policyholder for a major medical insurance with a deductible provision of RM600 and an 80/20 co-insurance percentage participation clause. If Mr Halim's treatment cost is RM7 800 , what is the treatment cost borne by insurance company?

    (a) RM5 760

    (b) RM6 240

    (c) RM7 200

    (d) RM7 800

    Solution: (A)

    The treatment cost after deductible is $7800 - 600 = \text{RM}7200$. The treatment cost borne by insurance company is $7200 \times 80\% = \text{RM}5760$.

11. The table below shows the premium rates for every RM1 000 face value of a life insurance offered by an insurance company.

Plan	**30 − 34** years old		**35 − 40** years old	
	Non-smoker	Smoker	Non-smoker	Smoker
5-year term	RM6.28	RM9.50	RM5.70	RM8.39
10-year term	RM7.80	RM11.24	RM6.95	RM10.16

   Calculate the annual premium needed to be paid by each of the following policyholders.

   (a) Madam Norhafizah is 38 years old and a nonsmoker. She wants to buy a life insurance with a coverage of RM230 000 for 10 years.

   Solution:

   According to the table, the premium rate for Madam Norhafizah is RM6.95. Hence, the annual premium needed to be paid by Madam Norhafizah is $\frac{230000}{1000} \times 6.95 = \text{RM}1598.50$.

(b) Mr Zaini is 32 years old and a smoker. He wants to buy a life insurance with a coverage of RM65 000 and add on a critical illness policy for 5 years. The critical illness policy offered has a coverage of 40% of basic face value and the premium rate for every RM1 000 is RM3.75.

Solution:

According to the table, the premium rate for Mr Zaini is RM9.50. Hence, the basic premium is $\frac{65000}{1000} \times 9.50 = \text{RM}617.50$.
The amount covered by the critical illness policy is $65000 \times 40\% = \text{RM}26000$. Hence, the premium for the critical illness policy is $\frac{26000}{1000} \times 3.75 = \text{RM}97.50$.
The total annual premium needed to be paid by Mr Zaini is $617.50 + 97.50 = \text{RM}715.00$.

12. Siti has a car with an engine capacity of 1500cc. She wants to buy a motor insurance for her car. The sum insured is RM34000. If she lives in Kuching, Sarawak and her car has a NCD of 55%. Calculate the gross premium of Siti's car under the following policies.

(a) Comprehensive

Solution:

According to the premium rates under the Motor Tariff, the basic premium for the first RM1000 is RM220.00.
The basic premium for the balance is

$$\frac{34000 - 1000}{1000} \times 20.30 = \text{RM}669.90$$

The total basic premium is $220.00 + 669.90 = \text{RM}889.90$.
The NCD discount is $889.90 \times 55\% = \text{RM}489.445$.
The gross premium is $889.90 - 489.445 = \text{RM}400.46$.

(b) Third party, fire and theft

Solution:

The gross premium for third party, fire and theft is 75% of the comprehensive policy's gross premium, which is $75\% \times 400.46 = \text{RM}300.34$.

13. Mr Zaki has bought a property insurance for his farm. The property insurance has a deductible provision of RM650. He has suffered a loss at his farm in three consecutive months as shown in the following table.

Month	Loss (RM)
May	430
June	760
July	1005

Determine the amount of compensation that can be claimed for the loss in each month.

Solution:

In May, the loss is less than the deductible. Hence, the compensation cannot be claimed. In June, the loss is $760 - 650 = \text{RM}110$. In July, the loss is $1005 - 650 = \text{RM}355$.

14. (a) Health insurance of Madam Lum has a deductible provision of RM780 per year. She has made a treatment in three consecutive weeks in a private hospital. The table below shows the treatment costs in the three weeks.

Week	Treatment cost (RM)
First	500
Second	x
Third	210

If the total amount of compensation claimed by Madam Lum is RM230, what is the treatment cost in the second week?

Solution:

$$\begin{aligned} 500 + x + 210 - 780 &= 230 \\ x &= 230 - 500 - 210 + 780 \\ &= \text{RM}300 \end{aligned}$$

(b) Chan has suceed to claim a compensation of RM9 600 from the insurance company upon the treatment cost. His medical insurance has an annual limit of RM130 000. The amount of deductible borne by Chan is RM300. What is the total cost of his treatment?

Solution:

The amount of compensation claimed by Chan is $9600 + 300 = \text{RM}9900$.

15. Insurable value of Mr Phua's house is RM450 000. He has bought a burglary insurance that has a coinsurance provision to insure 85% of the insurable value and a deductible of RM600. Mr Phua's house has suffered a loss of RM8 800 due to the theft. Calculate the amount of compensation that will be received by Mr Phua if he insures his house at

(a) an amount of required insurance,

Solution:

The amount of required insurance is $450000 \times 85\% = \text{RM}382500$.

The amount of loss is less than the amount of reuqiured insurance. Hence, the amount of compensation that will be received by Mr Phua is $8800 - 600 = \text{RM}8200$.

(b) a sum of RM300 000.

Solution:

The amount of insured value is $300000 < 382500$. Hence, the amount of compensation is

$$\frac{300000}{382500} \times 8800 - 600 = \text{RM}6301.96$$

16. Azura is a policyholder of a major medical insurance with a deductible provision of RMx and a 75/25 co-insurance percentage participation clause. If Azura's treatment cost is RM5 800 and the treatment cost borne by Azura herself is RM1 825, find the value of x.

$$\begin{aligned} (5800 - x) \times 25\% + x &= 1825 \\ 1450 + 75\% \times x &= 1825 \\ x &= \text{RM}500 \end{aligned}$$