UNIT 13

Insurance





You have probably heard about insurance before. It involves a financial arrangement in which individuals or entities transfer the risk of potential loss or damage to an insurance company in exchange for regular premium payments. The insurance company, in turn, provides financial compensation or coverage in the event of specified incidents or losses.

Some common types of insurance include:

- Health Insurance: Provides coverage for medical expenses.
- Auto Insurance: Protects against financial loss due to accidents, theft or damage to vehicles.
- Homeowners/Renters Insurance: Offers coverage for property damage or theft.
- Life Insurance: Provides financial support to beneficiaries in the event of the insured person's death.
- Property Insurance: Protects individuals or businesses against claims for bodily injury or property damage caused to others.

Try calculating the insurance premiums in the following questions.

1 An auto insurance policy has a deductible of $500 and a premium rate of 5% of the car's value. If the car's value is $20,000, what is the annual premium?

2 A homeowner's insurance policy charges an annual premium of 0.3% of the insured value of the house. If a house is insured for $300,000, what is the annual premium?

3 A health insurance policy has a monthly premium rate of $200 per person. If a family of four is covered by the policy, what is their monthly premium?

4 A life insurance policy charges a premium of $10 per $1,000 of coverage. If the policy provides a coverage of $100,000, what is the annual premium?

5 An insurance policy for a business charges a premium rate of 2% of the total insured value of the company's assets. If the total insured value is $1,500,000, what is the annual premium?

6 A travel insurance policy charges a premium of $20 per person per week of coverage. If a family of three is traveling for two weeks, what is their total premium?

7 An insurance policy for a commercial vehicle charges a premium rate of $0.10 per mile driven. If the vehicle is driven 10,000 miles in a year, what is the annual premium?

8 A pet insurance policy charges a monthly premium of $50 for cats and $70 for dogs. If a household has two cats and one dog, what is their monthly premium?

9 A disability insurance policy charges a monthly premium of $1.50 per $100 of coverage. If a person has a total coverage of $200,000, what is their monthly premium?

10 A motorcycle insurance policy charges a premium rate of 8% of the motorcycle's value. If a motorcycle is valued at $8,000, what is the annual premium?

11 A homeowner's insurance policy charges a premium of 0.2% of the insured value of the contents of the house. If the contents are insured for $50,000, what is the annual premium?

12 life insurance policy charges a premium of $20 per $1,000 of coverage. If the policy provides a coverage of $500,000, what is the annual premium?

13 An insurance policy for a business charges a premium rate of 1.5% of the company's annual revenue. If the company's revenue is $2,000,000, what is the annual premium?

14 A travel insurance policy charges a premium of $10 per person per day of coverage. If a group of five people is traveling for seven days, what is their total premium?

15 An insurance policy for a commercial vehicle charges a premium rate of $0.25 per mile driven. If the vehicle is driven 20,000 miles in a year, what is the annual premium?

16 A pet insurance policy charges a monthly premium of $40 for cats and $60 for dogs. If a household has three cats and two dogs, what is their monthly premium?

17 A disability insurance policy charges a premium of $2 per $100 of coverage per month. If a person has coverage of $300,000, what is their monthly premium?

18 A motorcycle insurance policy charges a premium rate of 10% of the motorcycle's value. If a motorcycle is valued at $5,000, what is the annual premium?

19 A homeowner's insurance policy charges a premium of 0.25% of the insured value of the house. If a house is insured for $400,000, what is the annual premium?

20 A life insurance policy charges a premium of $15 per $1,000 of coverage. If the policy provides a coverage of $250,000, what is the annual premium?