

Example 2

Sophia-Rose pays \$1350 each year for her home insurance. She has a \$500 deductible. If she makes no claim during any single year, she receives a 15% discount on her *next* year's premium.

In the first year, she made no claims. In the second year, she had to make a claim. Calculate the **total** amount that she had to pay to the insurance company over the two years.

15% discount = $1350 \times \frac{15}{100} = 202.50$

First year: $\$1350 - 15\% \text{ discount (made no claim)}$
 $= 1350 - 202.50 = \$1147.50$ (first year premium)

Second year = \$1350

Total premium = $\$1147.50 + \$1350 = 2497.5 + 7\% \text{ tax}$
 $= 2497.50 \times 1.07$
 $= \underline{\underline{\$2672.33}}$

Example 3

Menachem has \$40 000 worth of tenant's insurance on his belongings in his apartment.

- a) If a fire does \$6000 worth of damage to his belongings, how much will the insurance company give him after he pays his deductible?

\$6000 Because this amount (\$6000) is below his \$40 000 worth of tenant insurance.

- b) If a fire does \$50 000 worth of damage to his belongings, how much will the insurance company give him after he pays his deductible?

He will receive \$40 000 because this amount is the maximum amount of tenant insurance.

Example 4

Walter and Jesse live in two houses that are right beside each other. They pay different amounts for their insurance premiums. Brainstorm reasons why they pay different amounts for their home insurance.

- ① They may have different deductibles (higher deductible, will lower the premium)
- ② The values of the two houses are different.
- ③ One may have made more claims than the other
- ④ They may have different insurance providers