

**Example 6**

Kwame owns a house in Metro Winnipeg and requires \$175 000 worth of house insurance. He chooses a comprehensive insurance policy with a \$200 deductible. Calculate his annual insurance premium.

Using the chart on p. 20.

$$\text{A } \$175000 \text{ worth of insurance} = \$668 + 10\% + 7\% \text{ tax}$$

(\$200 deductible)

$$(\$200 \text{ deductible add } 10\%) = 668 \times 1.10 = \$734.80 + 7\% \text{ tax}$$

$$= 734.80 \times 1.07$$

$$= \underline{\underline{\$786.24}}$$

**Example 7**

Jill has just applied for a mortgage to purchase a house, which is located in Pine Falls, MB (Area 3). The bank approves the mortgage, but requires her to purchase house insurance before they release the money. She requires \$310 000 of house insurance coverage. She selects standard insurance and has decided on a \$500 deductible.

Calculate Jill's annual insurance premium. Using chart on p. 20.

$$\textcircled{1} \text{ Premium for the first } \$200\,000 = \underline{\underline{\$726}}$$

$$\textcircled{2} \text{ Premium for the remaining } \$110\,000 = \left(\frac{3.55}{1000}\right) \times 110\,000 = \$390.50$$

$$\text{Premium for } 310\,000 = (726 + 390.50) + 7\% \text{ tax}$$

$$= (1116.50) \times 1.07$$

$$= \underline{\underline{\$1194.66}}$$