**Question 18**

**LO 2.13**

**(a) Kevin lives with his parents in Emo, Co. Laois. He recently passed his driving test**

**and bought a car. He is now considering his motor insurance options.**

1. **Read the following definitions of some of the principles of insurance**

|  |  |
| --- | --- |
|  | Explanation |
| **A** | A profit cannot be made from insurance |
| **B** | When the same risk is insured with more than  one insurer, they will divide the cost of any claim between them |
| **C** | When applying for insurance, all material facts  relating to the policy must be disclosed |

Match the definitions above with the correct principle of insurance by placing A, B and C in the correct box below.

|  |  |  |
| --- | --- | --- |
| Utmost Good Faith | Indemnity | Contribution |
|  |  |  |

Link - [LO 2.13 - Final Accounts (weebly.com)](https://mrryanjcb.weebly.com/lo-213---final-accounts.html)

**LO 2.13**

1. **Outline one method of research Kevin could use to find the best quote for his insurance.**

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Link - [LO 2.13 - Final Accounts (weebly.com)](https://mrryanjcb.weebly.com/lo-213---final-accounts.html)

1. **Based on your answer above, indicate with a tick (⎫) whether this method is primary or secondary research, give a reason for your answer**

|  |  |  |  |
| --- | --- | --- | --- |
| Primary Research |  | Secondary Research |  |
| Reason | | | |
|  | | | |
|  | | | |

Link - [LO 2.13 - Final Accounts (weebly.com)](https://mrryanjcb.weebly.com/lo-213---final-accounts.html)

**LO 2.13**

1. **Outline one responsibility Kevin has as a consumer, while shopping for**

**insurance.**

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**LO 2.13**

1. **Kevin purchased comprehensive insurance, with a policy excess of €500.**

**Unfortunately, Kevin had an accident, which led to damage of €2,500 to his car.**

|  |  |
| --- | --- |
| Working | Answer  € |

**LO 2.13**

Link - [LO 2.13 - Final Accounts (weebly.com)](https://mrryanjcb.weebly.com/lo-213---final-accounts.html)

1. **Describe the impact this claim will have on Kevin’s insurance premium next**

**year.**

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Link - [LO 2.13 - Final Accounts (weebly.com)](https://mrryanjcb.weebly.com/lo-213---final-accounts.html)

**LO 2.6**

(B) Kevin started a new job as a trainee accountant. His salary is €32,000 per annum. He

gets paid via Paypath, once a month directly into his current bank account.

(i) Indicate which of the following statements are true or false by placing a tick (⎫)

in the correct box.

|  |  |  |
| --- | --- | --- |
| Statement | True | False |
| A salary is a fixed amount of money received by an employee |  |  |
| The more hours an employee works, the more wages they receive |  |  |

(ii) Outline two advantages of Paypath for Kevin

|  |
| --- |
| 1. |
|  |
| 2. |
|  |

(iii) Kevin works form home, identify two responsibilities he has to his employer

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| --- |
| 1. |
|  |
|  |
| 2. |
|  |
|  |

(c) Now that Kevin has a steady income, he has decided to start saving

1. List three reasons for saving

|  |
| --- |
| 1. |
| 2. |
| 3. |

1. Interest earned form savings is subject to DIRT. What does DIRT stand for

|  |  |  |  |
| --- | --- | --- | --- |
| D \_\_\_\_\_\_\_\_\_ | I \_\_\_\_\_\_\_\_\_\_ | R \_\_\_\_\_\_\_\_\_\_\_ | T \_\_\_\_\_\_\_\_\_\_ |

1. Kevin plans to save €8,000 this year. He researches two different options of places to save and found the following information

An Post Commercial Bank

Savings Rate 3% Savings Rate 4%

DIRT No DIRT DIRT 33%

Using the information above, calculate; the interest he will receive for each option and calculate the total value of Kevin’s savings after one year.

|  |  |
| --- | --- |
| **An Post** | **Commercial** |
| Working | Working |
| Interest Received: € | Interest Received: € |
| Total Savings: € | Total Savings: € |