

Lesson 5 Home Insurance

Tuesday, November 8, 2022 4:16 PM



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Tenant's Package Policy

Insurance policy that protects renters from loss of contents or personal belongings.

Example 1

Joe rents an apartment. He calculates the value of his clothes, electronics, furniture, etc. to be worth \$35 000. He wants to get a Tenant's Package Policy with a \$500 deductible to protect these belongings in the event of a fire or robbery. If he selects a standard plan, determine the amount of his annual premium.

$$\begin{array}{r}
 \text{Table 4 value} \quad \$199 \\
 \text{PST} \\
 (199 \times 0.07) \quad \underline{13.93} \\
 \$212.93 \quad \leftarrow \text{annual premium}
 \end{array}$$

Example 2

Carrie rents an apartment. She gets insurance with a \$200 deductible to cover any loss up to \$65 000. If she selects a comprehensive plan, determine her annual premium.

$$\begin{array}{r}
 \text{Table 4} \quad \$400 \\
 \$200 \text{ deductible} \\
 \text{increase by } 10\% \\
 \$400 \times 1.10 \\
 \$440 \\
 \text{PST } 7\% \\
 440 \times 1.07 \\
 \$470.80
 \end{array}$$

