

THE HONG KONG POLYTECHNIC UNIVERSITY
HONG KONG COMMUNITY COLLEGE

Subject Title : Principles of Insurance

Subject Code : CCN2145

Session : Semester Two, 2016/17

Numerical Answers

Question B2

- (a) A life insurance of \$3,700,000 is needed to meet the family's cash needs.
- (b) Additional insurance of \$5,200,000 is needed to provide the amount of income shortage

Question D1

- (c) Under this quota-share treaty, Jackson Reinsurance would be responsible for \$120,000
Under this surplus-share treaty, Kellwood Reinsurance will be responsible for \$150,000
- (d) Insurance to full value: Pure Premium rate is \$2.5 per \$100 of insurance
Insurance to half value: Pure Premium rate is \$3 per \$100 of insurance

Question D2

- (d) The liability coverage pays a maximum of US\$510,000