**Insurance Calculations**

**Directions:** Read the following story problems regarding insurance costs. Calculate the correct answers. Make sure you read the entire question and understand what is being asked. Show all work!

Reading Liability Limits

1. Mary is a new driver and is super excited to be behind the wheel. Her parents don’t share her sentiment. Luckily her Dad is an insurance salesman and hooked his daughter up with great liability insurance! Her liability limits are 150/300/100. What do these numbers represent?
2. On his way to a date Bob was a nervous wreck. As he sped to the restaurant he lost control of his car. Thankfully, no one was hurt. Well no one except the gazebo and George Washington Carver statue he hit! His liability limits are 50/100/20. If statue reconstructive surgery costs $7,500 and a new gazebo would cost $16,000 does Bob owe any money beyond his deductible?
3. Greg has some bare bones auto insurance. He liability limits are the state minimums of 20/40/10. Unfortunately he is about to find out that simply having the minimum insurance may not be enough. While he was driving home from work he ran through a stale yellow light and collided with a station wagon, which in turn knocked a fire hydrant off its base. The station wagon had the driver and 4 additional passengers. The driver suffered injuries that resulted in $6,000 in bodily injury. One passenger broke several bones and suffered $22,000 in bodily injury. The other three passengers had various injuries that resulted in an additional $16,000 in bodily injury costs. To top all things off the fire hydrant cost $12,000 in property damage! Excluding his deductible, does Greg owe any additional money for this accident?

**Co-Insurance Payments**

1. Steve is working as an intern in the Detroit Tigers organization. Sounds pretty glamorous right? Turns out he is head assistant to janitorial services for the minor league affiliate team, the Toledo Mud Hens. Basically he gets to clean up the locker room and do laundry. It’s not so bad though. That was until he got a staph infection. After a quick stop at the emergency room and the pharmacy he was a good as new! His health insurance policy charges him $20 for ER visits and 20% of his prescriptions. If the prescription cost $80, how much did Steve spend out of pocket?
2. Donna and Mike love their house but have been thinking of doing a little remodeling lately. Mother Nature must have wanted to help them out because a tornado just whipped through their neighborhood causing $22,800 worth of damage to their house and surrounding property. If their homeowners insurance policy has a deductible of $1,000 and a co-pay of 10% how much did this impromptu remodeling cost Donna and Mike?
3. Halloween is your favorite holiday. It started with a deep love for sweets and rusty pennies and has blossomed into enjoying all aspects of the holiday. This includes setting up your very own haunted house in your garage! This year was a success. That is if you consider that little Peter Williamson kid fainting a success! When Peter fainted he actually took quite a spill, resulting in a broken arm. The hospital bills totaled in at $3,800. Your homeowners insurance carries a deductible of $500 and a co-pay of 30%. How much did little Peter’s little fall end up costing you?

**Yearly Costs and Bundling**

1. Monica pays $120 a month to Allstate for her auto insurance. Additionally she pays another company $18 a month for renters insurance on her apartment. How much is Monica’s yearly cost for insurance?
2. Frankie currently has all of his insurance bundled through one company. He currently pays $94 a month for auto, renters, and a small life insurance policy. An agent for another company has offered him the same rates he currently has PLUS a 10% discount. If Frankie made the switch how much would he save in a insurance costs in a month? In a year?
3. Nikki and Al are currently shopping around for new insurance. Every month they currently pay $140 for auto coverage, $74 for homeowners insurance, and $20 for life insurance. An insurance agent is offering to bundle all of their coverages together for the low price of $189 a month. How much would the new bundle cost them for an entire year? How much would they save compared to their old policies?