



**Business
Leaving Certificate
Ordinary Level**

**Past Exam Questions on
Insurance**

Q6 Section 2 2013

Read the information supplied and answer the questions which follow.

Liscarrig Equestrian Centre



The Liscarrig Equestrian Centre provides individual and group horse riding lessons. It has a café and an activity centre for children.

There are 12 full-time staff and 10 seasonal staff employed. Susanne Carey is the Office Manager and she looks after all the finances in the business. Liscarrig Equestrian Centre wants to purchase eight acres of land to expand the Centre and Susanne is currently preparing a Business Plan and a Cash Flow Forecast to assist its application for a bank loan.

- (A) Outline four types of insurance you would expect Liscarrig Equestrian Centre to have. (20 marks)
- (B) Outline two responsibilities Liscarrig Equestrian Centre has towards its employees. (10 marks)

Liscarrig Equestrian Centre CASH FLOW FORECAST JULY-SEPT 2013			
2013	July	August	September
Total Receipts (A)	42,000	40,000	26,000
Total Payments (B)	35,000	34,000	20,000
Net Cash (A-B)	7,000	6,000	6,000
Opening Cash	2,000	9,000	15,000
Closing Cash	9,000	15,000	21,000

- (C) List two items that would be included in the payments section of the above Cash Flow forecast. (10 marks)
- (D) Explain two factors a bank should consider before giving Liscarrig Equestrian Centre a bank loan. (15 marks)
- (E) Based on the Cash Flow forecast above, would you advise the bank to give Liscarrig Equestrian Centre the loan? Outline two reasons for your answer. (20 marks)
- (75 marks)**

Q5 Section 2 2012

Read the information supplied and answer the questions which follow.

Elaine McGrath works as an Assessor for Insure2Bsure Ltd.
Her job includes processing claims from customers and deciding on compensation.

She earns Gross Pay of €32,000 per annum. She pays PAYE at the standard rate of 20%.
Assume PRSI is 4% and the Universal Social Charge (USC) is 3%, both calculated on her gross pay.
Her annual Tax Credit is €3,600.
Elaine is thinking of buying a car. She needs finance and cannot decide between a Term Loan or Leasing.

- (A) Explain the three underlined terms. (15 marks)
- (B) Explain two of the following Principles of Insurance and give one example in each case: (15 marks)
- (i) Insurable Interest
 - (ii) Indemnity
 - (iii) Utmost Good Faith
- (C) Explain the insurance terms: (10 marks)
- (i) Claim
 - (ii) Compensation
- (D) Calculate Elaine's Net Annual take home pay. (20 marks)
- (E) Choose either Term Loan or Leasing and outline two advantages of your chosen source of finance. (15 marks)
- (75 marks)**

Q7 Section 1 2011

7. Write TRUE or FALSE after each of the following statements:

	Statement	True or False
(i)	Utmost Good Faith means that the insured must tell the truth and disclose all material facts.	
(ii)	Batch Production involves producing identical products continuously.	
(iii)	The Average Clause rule applies in insurance when an item is underinsured.	
(iv)	An Autocratic leader likes to involve employees in decision-making.	
(v)	Job Production involves producing a one-off single product to a customer's specification.	

Q5 Section 1 2009

5. Column 1 is a list of business terms. Column 2 is a list of explanations for these terms. (One explanation has no match)

Column 1: Terms	Column 2: Explanations
1. Insurable Interest	A. The fee paid for insurance annually.
2. Employer's Liability Insurance	B. The insured must have a financial interest in the item insured.
3. Premium	C. A profit cannot be made from an insurance claim.
4. Policy	D. This insures employees while working.
5. Indemnity	E. Used if property is underinsured.
	F. Contract document between insurance company and the insured.

Match the two lists by placing the letter of the correct explanation under the relevant number below.

1	2	3	4	5

Q4 Section 2 Part 2 2008

Study the information supplied and answer the questions which follow:

It is important that a business identifies, assesses and tries to reduce risks before taking out insurance.

- (A) Outline **four** different types of insurance policies you would expect a factory to have. (20 marks)
- (B) Outline **three** ways in which a manager can reduce risks in a factory. (20 marks)
- (C) Name and explain the functions of **two** documents commonly used in insurance. (15 marks)
- (D) Explain the following **three** principles of insurance.
Give **one** example in each case to illustrate your answer.
- (i) Insurable Interest
 (ii) Utmost Good Faith
 (iii) Indemnity. (20 marks)

(75 marks)

Q4 Section 1 2007

4. Distinguish between employer's liability insurance and public liability insurance:

(i) Employer's liability insurance

(ii) Public liability insurance

Q2 Section 1 2006

2. The following documents are used in insurance. Outline their purpose:

(i) Claim form

(ii) Policy

Q6 Section 2 2006

Study the information supplied and answer the questions which follow:

Anita and Mark Doyle have been in partnership running their own DIY/hardware business for the last eight years and they currently employ seven salespeople and three van drivers.

They own a warehouse in a local business park and a retail outlet in the centre of town.

They have decided to extend the retail outlet and have applied to the bank for a loan.

- (A) Outline four factors that the bank would take into account when deciding on whether to grant a loan to Anita and Mark. (20 marks)
- (B) Describe three methods of advertising that Anita and Mark might use to promote their business. (15 marks)
- (C) (i) Explain the term 'partnership'.
(ii) Give two benefits of a partnership as a type of business organisation. (15 marks)
- (D) Describe four different types of insurance policies the business should have and give a reason for each one. (25 marks)
- (75 marks)