

Math for Financial Literacy ©2013

Chapter 12: Insurance—Checkpoint Solutions

Checkpoint 12.1

1. Bradley is 35 years old, male, and has a 20-year term life policy with a \$750,000 death benefit. His monthly premiums are \$43. What is the total cost of his term life policy?

Answer: \$10,320

2. Juanita is 25 years old, female, and has a 15-year term life policy that would pay \$400,000. Her monthly premiums are \$17.50. What is the total cost of her term life policy?

Answer: \$3,150

3. Gabrielle is 35 years old and earns \$3,062 per month. She plans to retire when she is 65 years old. She wants to purchase enough life insurance to provide her family with all of the money she would earn before retirement. How much life insurance should Gabrielle purchase?

Answer: \$1,102,320

4. Sukhir is 27 years old and earns \$5,019 per month. He and his family have a mortgage with a balance of \$110,935.17. He wants to purchase enough life insurance to provide his family with money to pay off the mortgage and have ten years of net pay remaining. How much life insurance should Sukhir purchase?

Answer: \$713,215.17

5. Carlotta is 65 years old and has a whole life insurance policy. She purchased the policy 30 years ago. The cash value chart for a 35-year-old woman is shown in Figure 12-1. What is the difference between the total amount of annual premiums she has paid and the policy's cash value?

Answer: -\$2,095

Checkpoint 12.2

1. Jenna's employer pays half of the \$479.85 monthly premium for health insurance. Jenna only has health insurance for herself. How much does she pay each year for her health insurance?

Answer: \$2,879.16

2. Darnell works as a graphic designer, and his employer pays for his total individual health insurance monthly premiums. To add his spouse and children to his health insurance coverage, Darnell must pay \$446.37. What will be the total annual cost for Darnell to provide health insurance for his spouse and children?

Answer: \$5,356.44

3. Prema has health insurance with a \$30 copayment and a \$500 deductible. Last year, she visited the doctor four times. She also had laboratory work done that cost \$195 and an X-ray that cost \$115. How much did Prema pay out of her pocket last year for medical care?

Answer: \$430

4. Onani has a hospital bill of \$14,150. His health insurance has a \$750 deductible and will pay 80% of expenses after the deductible, with a maximum out-of-pocket expense of \$2,000. Onani has no medical care costs that have been applied to his deductible yet this year. Calculate Onani's out-of-pocket expense for his hospital bill.

Answer: \$2,000

5. Delma works as a fashion designer with an annual salary of \$74,440. She has short-term disability insurance that will pay 65% of her monthly salary after she has used all of her available sick leave. What will be Delma's monthly short-term disability benefit?

Answer: \$4,032.16

Checkpoint 12.3

1. Indali is a mental health counselor who carries professional liability insurance. Her annual premiums are \$510.75, and she has the premiums deducted from her paycheck. Indali is paid biweekly. How much does Indali have deducted from each paycheck for her professional liability insurance?

Answer: \$19.64

2. Marco is a photographer who carries professional liability insurance. His annual premiums are \$1,075, and he has the premiums deducted from his paycheck. Marco is paid semimonthly. How much does Marco have deducted from each paycheck for his professional liability insurance?

Answer: \$44.79

3. Cheyenne is a soil engineer who carries professional liability insurance. Her annual premiums are \$1,147.38, and she has the premiums deducted from her paycheck. Cheyenne is paid monthly. How much does Cheyenne have deducted from each paycheck for her professional liability insurance?

Answer: \$95.62

4. Anabel booked a holiday cruise for herself, her two brothers, and their mother and father. Each cruise ticket cost \$695, and she chose to purchase travel insurance at 3% of the total cost of the tickets. How much did Anabel pay for travel insurance?

Answer: \$104.25

5. Fadil booked four airline tickets for himself and his family to take a Hawaiian vacation. Each ticket cost \$545, and he chose to purchase travel insurance that costs 4% of the total cost of the tickets. How much did Fadil pay for travel insurance?

Answer: \$87.20