

# General insurance business

## IF2 2016–17 edition

### Web update 02: 24 March 2016

Please note the following update (amendments in **bold**) to your copy of the 2016–17 edition of the IF2 study text:

#### Chapter 9, section H3, page 9/16

Please amend the second paragraph in this section as shown in **bold**.

The current standard rate for IPT is 9.5% for all policies, except travel insurance, some vehicle and domestic/ electrical appliances where the rate is 20%. **Following the March 2016 Budget the standard rate will increase to 10% with effect from 1 October 2016. For travel insurance etc. the rate remains at 20%.**

Once a premium has been calculated, this percentage is added to the total and shown separately in the documentation.

#### Chapter 9, question answers, page 9/19

Please replace the answer to question 9.5 as shown in **bold**.

**IPT at 9.5%**, the premium, including IPT, would be:

Sum insured  $\times$  rate = premium

$\pounds 50,000 \times 0.35\% = \pounds 175$

**IPT = 9.5% of written premium**

$\pounds 175 \times 9.5\% = \pounds 16.63$

Total premium =  $\pounds 175 + \pounds 16.63 = \pounds 191.63$

**IPT at 10%**, the premium, including IPT, would be:

Sum insured  $\times$  rate = premium

$\pounds 50,000 \times 0.35\% = \pounds 175$

**IPT = 10% of written premium**

$\pounds 175 \times 10\% = \pounds 17.50$

Total premium =  $\pounds 175 + \pounds 17.50 = \pounds 192.50$