

SECTION A

Answer ALL questions. Write your answers in the spaces provided.

Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

- 1 (a) Which **one** of the following is the temporary document issued while an insurance policy is being prepared?

Select **one** answer.

(1)

- A Cover note
- B Endorsement
- C Proposal form
- D Prospectus

- (b) Which **one** of the following is a customer of a cash-and-carry wholesaler?

Select **one** answer.

(1)

- A Exporters
- B Manufacturers
- C Retailers
- D Voluntary chains

- (c) Define the term **logo**.

(1)

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(d) Define the term **compensation**.

(1)

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(e) *Surfdome* is a sports shop in Hong Kong selling a wide variety of branded sports equipment such as tennis rackets and other own label products. A pair of Vans Classic shoes are priced at 410.00 Hong Kong Dollars (HKD).

The exchange rate is 9.23 HKD = £1.00 British pound (GBP).

(i) Calculate, to two decimal places, the price of the Vans Classic shoes in GBP. You are advised to show your working.

(2)

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(ii) State **one** possible effect on *Surfdome* of having summer sales.

(1)

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(iii) State **one** possible reason why *Surfdome* sells its own label products.

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(f) Explain **one** role of an insurance assessor.

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(g) Explain **one** way a shop might deal with a complaint made by a customer.

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2 A low risk driver is asked to pay a premium of \$478 for insurance. A high risk driver will pay a premium 14.5% higher than the low risk driver.

(a) Which **one** of the following is the insurance premium paid by the high risk driver?

Select **one** answer.

(1)

- A \$69.31
- B \$463.50
- C \$492.50
- D \$547.31

(b) Which **one** of the following has manufacturing as an example?

Select **one** answer.

(1)

- A Indirect services
- B Primary sector
- C Secondary sector
- D Tertiary activities

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- (c) **Figure 1** shows the price of one week's travel insurance in Europe for an individual and a couple.

Insurer	Individual	Couple
ABTA	£23.00	£38.73
Avanti	£23.85	£44.18
CoverForYou	£36.00	£52.00
Coverwise	£20.80	£26.59
Leisure Standard	£20.51	£37.92
Staysure	£24.52	£46.83

Figure 1

- (i) Identify the insurer with the lowest price for an individual's insurance. (1)

- (ii) Identify the highest price of insurance for a couple. (1)

- (d) Define the term **utmost good faith**. (1)

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(e) Explain **one** advantage for a customer of using mail order.

(3)

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(f) Explain **one** disadvantage of a business partnership.

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HTI is one of the United Kingdom’s largest designer and manufacturer of children’s toys, including Peppa Pig and Hey Duggee. The prices of the toys it makes range from low to very expensive. It has offices and showrooms in the United Kingdom, Hong Kong, Germany and China.

The toys are designed to give children the opportunity to have fun and grow through creative and imaginative play. At present its toys are sold through specialist toy shops but it wants to expand and sell them through other retail outlets.

It is considering the following options:

Option 1: department stores

Option 2: supermarkets.

(g) Justify which **one** of these two options *HTI* should choose.

(9)

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(Total for Question 2 = 20 marks)

TOTAL FOR SECTION A = 40 MARKS



SECTION B**Answer ALL questions.****Read the following extract before answering the questions.****Write your answers in the spaces provided.**

- 3** *Stellenbosch Kitchen (SK)* is a restaurant in Stellenbosch, South Africa. It buys most of the ingredients used in its restaurant from suppliers within 50 kilometres of Stellenbosch. It has good communication with its suppliers so that only the freshest ingredients are purchased. Over recent months customers have been requesting their meals to be delivered. *SK* is now offering this service for customers who live within 3 kilometres of the restaurant.

- (a) Which **one** of the following insures against loss caused by fraud?

Select **one** answer.

(1)

- A** Consequential loss
- B** Credit insurance
- C** Fidelity guarantee
- D** Product liability

SK has introduced a special offer for new customers of 15% off the price of their first meal.

The price of a customer's first meal is 269 South African Rand (ZAR).

- (b) Which **one** of the following is the price of the customer's meal after the 15% has been taken off?

Select **one** answer.

(1)

- A** 40.35
- B** 228.65
- C** 254.00
- D** 309.35

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(c) State **one** way public liability insurance would protect *SK*.

(1)

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(d) Outline **one** likely reason why *SK* purchases goods directly from suppliers.

(2)

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(e) Analyse the impact of bad debts on *SK*'s suppliers of ingredients.

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(Total for Question 3 = 20 marks)

TOTAL FOR SECTION B = 20 MARKS



SECTION C**Answer ALL questions.****Read the following extract before answering the questions.****Write your answers in the spaces provided.**

- 4 Stanley Market in Hong Kong is a traditional Chinese market selling a variety of products to local visitors. It is popular with foreign tourists staying in Hong Kong and they visit the market to buy souvenirs from the stalls.

Hanamoji is one of the stall holders at the market. He sells a wide selection of Chinese lanterns for inside and outside the home. To make a profit Hanamoji needs a large number of locals and tourists to visit the market and buy his products.

On Saturday Hanamoji sold goods to the value of 5 400 Hong Kong Dollars (HKD) and made a profit of 2 300 HKD. On Sunday his profit had increased by 27.5%

- (a) Calculate, to two decimal places, the profit Hanamoji made on Sunday. You are advised to show your working.

(2)

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(b) Analyse the impact of a depreciation of the Hong Kong currency on Hanamoji's business.

(6)

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(c) Evaluate the reasons why Hanamoji should take out insurance for his stall and contents. You should use the information provided and your own knowledge of commerce in your answer.

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(Total for Question 4 = 20 marks)

**TOTAL FOR SECTION C = 20 MARKS
TOTAL FOR PAPER = 80 MARKS**



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Source information

<https://www.moneysavingexpert.com/insurance/over65s-travel-insurance/>

