

SHORT TERM INSURANCE:—When aliquot portions of a year.

Process:—Find number of days expired; multiply these by the aliquot portion of the year for which the policy was written; compute this result as an *annual* policy for that number of *days* at the *full term* premium.

A policy for 3 months, premium \$6.00, cancelled with 60 days yet to run; what will be the unearned premium?

Solution: Three months equal 91.25 days, less 60 days unexpired equals 31.25 days expired; then $31.25 \times 4 = 125$ days, *annual* multiplier $54.247 \times 6.00 = \$2.05$ earned, deducted from 6.00 leaves unearned \$3.95.

Proof: 60 days unexpired $\times 4 = 240$ days, $65,753 \times 600 = \$3.95$.

COMPUTATION OF INTEREST.

Legal interest is computed at 365 days to the year.

Bank interest is computed at 360 days to the year.

To find the *legal* interest on any given sum, at any rate per cent., for any number of days, multiply the principal by the rate per cent., which will give the *annual* interest; then find the number of days to run, and multiply by the multiplier for that number of days, this will produce the interest sought.

What will be the interest on \$1000 at $5\frac{1}{2}$ per cent. for 73 days?

Solution: $1000 \times 5\frac{1}{2} = \$55 \times 20,000$ (figure for 73 days) = \$11 00

Proof: Remaining 292 days, multiplier $80,000 \times 55 = 44.00$

Total interest..... \$55.00

Salaries, Rents, or any other computation having an *annual* value, can be solved by this table.

A clerk with salary of \$500 yearly, leaves after working 96 days. What will be due him?

Solution: 96 days, multiplier $26,301 \times 500 = \$131.50$