

**COINSURANCE EXAMPLE**  
**Fire Loss**

DATA						
Description of Property		Actual Value of Property at Time of Loss		Amount of Insurance	Coinsurance	Required Amount of Insurance
Building	Building	\$3,480,000	\$4,336,000	\$6,190,000	90%	\$3,902,400
	Large Equipment	\$856,000				
Business Personal Property	Office Contents	\$200,000	\$900,000	\$200,000	90%	\$810,000
	Misc Shop Equipment	\$200,000				
	Raw Stock	\$500,000				
Business Income & Extra Expense		\$7,700,000		\$1,000,000	50%	\$3,850,000
LOSS SCENARIO						
<p align="center">Partial loss of building, shop equipment and raw stock due to fire, including two weeks of "down time" - loss of revenue</p> <p align="center"><b>Amount of loss: \$796,154</b> (\$200,000 bldg; \$300,000 BPP; \$296,154 BI)</p>						
LOSS PAYMENT						
Coinsurance formula:		$\frac{\text{limit carried}}{\text{limit required}}$	X	Loss	=	Amount Paid
	Building	$\frac{\$6,190,000}{\$4,336,000}$	X	\$200,000	=	\$200,000
	BPP	$\frac{\$200,000}{\$900,000}$	X	\$300,000	=	\$66,667
	BI/EE	$\frac{\$1,000,000}{\$3,850,000}$	X	\$296,154	=	\$76,923
RECOVERY						
Amount Paid - Deductible = Recovery					Property Deductible - \$5,000 Business Income - 72-hours (3 days @ \$21,096/day)	
<b>Bldg &amp; BPP</b>	\$266,667	-	\$ 5,000	=	<b>\$261,667</b>	
<b>BI/EE</b>	\$ 76,923	-	\$63,288	=	<b>\$ 13,635</b>	
<b>\$275,302</b>						

**COINSURANCE EXAMPLE**

**Wind Loss**

DATA						
Description of Property		Actual Value of Property at Time of Loss		Amount of Insurance	Coinsurance	Required Amount of Insurance (per coinsurance condition)
Building	Building	\$3,480,000	\$4,336,000	\$6,190,000	90%	\$3,902,400
	Large Equipment	\$856,000				
Business Personal Property	Office Contents	\$200,000	\$900,000	\$200,000	90%	\$810,000
	Misc Shop Equipment	\$200,000				
	Raw Stock	\$500,000				
Business Income & Extra Expense		\$7,700,000		\$1,000,000	50%	\$3,850,000
LOSS SCENARIO						
Partial loss of building, shop equipment and raw stock due to hurricane, including two weeks of "down time" - loss of revenue <b>Amount of loss: \$796,154</b> (\$200,000 bldg; \$300,000 BPP; \$296,154 BI)						
LOSS PAYMENT						
Coinsurance formula:		$\frac{\text{limit carried}}{\text{limit required}}$	X	Loss	=	Amount Paid
	Building	$\frac{\$6,190,000}{\$4,336,000}$	X	\$200,000	=	\$200,000
	BPP	$\frac{\$200,000}{\$900,000}$	X	\$300,000	=	\$66,667
	BI/EE	$\frac{\$1,000,000}{\$3,850,000}$	X	\$296,154	=	\$76,923
RECOVERY						
Amount Paid - Deductible = Recovery					Property Deductible - 5% VARATOL Business Income - 72-hours (3 days @ \$21,096/day)	
<b>Bldg</b>		\$200,000 - \$216,800 =	<b>\$ 0</b>			
<b>BPP</b>		\$ 66,667 - \$ 45,000 =	<b>\$21,667</b>			
<b>BI/EE</b>		\$ 76,923 - \$63,288 =	<b>\$13,635</b>			
			<b>\$35,302</b>			