

enterprise falling into one of the present day major activities. Special forms may be obtained to meet special or unusual conditions.

It must always be borne in mind that a Use and Occupancy insurance contract will not provide during a period of business suspension, any more than the amount equal to the "Actual Loss Sustained." To illustrate: An enterprise finds conditions very poor and considers closing down for an extended period. They learn that during this shut-down period their continuing overhead expense would probably be \$500 per day. They discover that by operating their plant they could earn \$300 of this indispensable overhead expense, thereby reducing their loss to \$200 per day. Such a risk, insured under a Use and Occupancy insurance policy would be entitled to collect only \$300 per day during a total suspension, thereby placing the policyholder in exactly the same position as he would have been had there been no interruption.

The computation of the amount of Use and Occupancy insurance necessary to protect fully prospective business earnings is a matter for careful consideration. Just as it is necessary to ascertain the value of a building before it can be properly insured under a fire insurance contract, so too is it necessary to analyze the earnings of a business before they can properly be covered under a Use and Occupancy insurance contract. It would be difficult to present a comprehensive and detailed table for analyzing all types of earnings because of the various and intricate accounting practices of modern business. Nevertheless, after considerable research into the methods employed by representative major industries, the "America Fore" group of insurance companies has prepared a "*Use and Occupancy Insurance Chart showing in flow line the proper procedure for determining the amount of insurance necessary for complete coverage under current forms.*" A reproduction of this chart, properly filled in, is inserted in this booklet and is accompanied by a detailed explanation.

Too much stress cannot be laid on the importance of selecting the form of Use and Occupancy insurance contract which offers the most complete coverage for the type of business earnings under consideration. Just as some earnings are constant, or fluctuate during definite periods usual to certain classes of business, so

**Actual Loss Sustained**

*Diagram*  
**How to Compute the Amount of Insurance**

**Selection of an Appropriate Form**