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under contract and other important employees, as must necessarily continue during a total or partial suspension of business, to the extent only that such charges and expenses would have been earned had no fire occurred.

This Item (I) covers expense of necessary heat, light or power, the cost of which is prevented from being earned during the time of total or partial suspension of business caused by fire. This Item (I) *does not cover* any portion of the insured's ordinary payroll described in Item II.

Item II. §..... On the insured's entire ordinary payroll for a period of time not in excess of ninety (90) consecutive days immediately following loss or damage by fire, which may continue during a total or partial suspension of business, covering only to the extent necessary to resume the normal business of the insured with the same quality of service which existed immediately preceding the fire, and which would have been earned had no fire occurred.

This Item (II) *does not cover* any portion of salaries described in Item I.

The effect of this division is as follows:

*Under Item I*, full protection is given on that portion of earnings where it is needed. That is to say, on the sum (1) of Net Profit and (2) of all annual operating charges and expenses, after deducting:

- (a) The full annual cost of Heat, Light and Power, which, while not included in the *amount of insurance* required under this item, is nevertheless included in the *coverage* without premium charge, and;
- (b) The full annual cost of Ordinary Payroll. This is dealt with under Item II.

*Under Item II*, a reduction in the amount of insurance is permitted on that portion of earnings where full annual coverage is not needed. In the past, many prospective Use and Occupancy insurance policy-holders strenuously objected to maintaining full annual insurance coverage on full ordinary payroll when it was known that under no circumstances could they suffer a loss on ordinary payroll for a period in excess of, say, ninety days. Recognizing the logic of this, and wishing to meet the prospective policy-holders' objection in a constructive manner, the insurance companies drafted the Blanket Coinsurance form. In consequence, the policy-holder enjoys complete coverage by maintaining only the amount of insurance required for his actual needs, and thus paying a lower premium cost.

Where earnings are constant or are subject to fluctuations during definite periods usual to certain classes of business, the Blanket Coinsurance form need not

**Other Use  
and  
Occupancy  
Forms**