

EXPLANATION OF USE AND OCCUPANCY
INSURANCE CHART

(As reproduced on Pages 10 and 11)

Three important factors must be determined before intelligent consideration can be given to Use and Occupancy insurance by a prospective policy-holder. These are:

1. The amount of Use and Occupancy insurance necessary for complete coverage.
2. The form of policy best suited to the type of business earnings under consideration.
3. The premium cost of such a form of policy.

To help establish these, the accompanying chart has been made. It illustrates an actual computation for a mercantile class and develops the above three factors in flow line method. The computation for either a manufacturing or a "Service" class of business would appear in similar fashion. The chart is composed of three tables which are designated as:

Table No. 1—Showing the results of a past fiscal year necessary for determining a basic estimate of the amount of insurance required for the next ensuing year.

Table No. 1

Table No. 2—Showing the adjustment of the Basic estimate for complete coverage under the Blanket Coinsurance form and the premium cost for insurance under this form.

Table No. 3—Showing the adjustment of the Basic estimate for complete coverage under forms other than the Blanket Coinsurance form and the premium cost for insurance under whichever one of the other forms is selected.

It will be noted that table number one is divided into three major steps designated as A-B-C. These are intended to utilize a statement showing the results of a past fiscal year's operations in order to arrive at a basis for estimating the results expected during the next ensuing year.

This table is intended to serve as a guide for separating *Income* of a past fiscal year from operating sources (Step A) into two parts, First, that part which is *not* Use and Occupancy insurance value (Step B), and;