

Blanket Coinsurance Form, the average rate applicable, and the total premium cost.

This table serves as an important feature of this Use and Occupancy Insurance Chart. By its use, it is possible to check the Basic Estimate as determined through the A-B-C Steps of Table 1. Table 1 arrives at the Basic Estimate through a process of elimination. Table 3 reverses this process and builds up an amount which must agree with the Basic Estimate produced through the A-B-C Steps of Table 1.

*Column I*—Opposite each item is entered the full annual charge or cost anticipated for the next ensuing year. The total of Column I should represent the full annual operating charges and expenses anticipated for the next ensuing year. Add to the total of Column I the estimated Net Profit (or deduct in case of a Loss) expected on the next fiscal year's operations. It must be understood that this estimate might differ from the Net Profit (or Loss) as shown by the Profit and Loss Statement, but, under Use and Occupancy insurance we are interested only in that portion of Net Profit (or Loss) which is produced through business operations, not extraneous sources. The result should equal the Basic Estimate produced through the A-B-C Steps of Table 1. If it does not agree, all amounts entered in Tables 1 and 3 should be carefully checked, particular attention being given to the prospective increase or decrease entered under Step C<sub>3</sub> of Table 1 and the expected estimated Net Profit (or Loss) as entered in the final steps of Table 3.

*Column II*—While the amount of insurance required under the Blanket Coinsurance form is based on full annual amounts of operating charges and expenses, whether or not they continue after an interruption of business, the amount for coverage under other forms is based on those operating charges and expenses which continue after an interruption. In fact, very few items of expense could be discontinued during a short business suspension, whereas many operating expenses would be discontinued during a prolonged total business suspension. It is recommended therefore that only those items (or portions thereof) which would be discontinued during a short suspension be selected and entered under Column II of Table 3.

**Table No. 3**