

# Coinsurance Endorsement

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

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*To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. This endorsement does not change any other provision of the insurance policy to which it is affixed. This endorsement is a part of this insurance policy and takes effect on the effective date of this insurance policy unless another effective date is shown.*

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Words and phrases that appear in *italics* in the remainder of this form have special meaning. Refer to Section 2. Property Definitions of the policy form and / or this endorsement.

Co-Insurance Amount: 80%
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This policy will not pay the full amount of any loss if the value of Covered Property at the time of loss times the coinsurance percentage shown above is greater than the limit of liability for the property. Instead, the Insurer(s) will determine the most this policy will pay using the following steps:

- (1) Multiply the value of Covered Property at the time of loss by the coinsurance percentage;
- (2) Divide the limit of liability of the property by the figure determined in Step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2);
- (4) Subtract the deductible from the figure determined in Step (3).

The Insurer(s) will pay the amount determined in Step (4) or the limit of liability, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

**EXAMPLE #1 (UNDERINSURANCE)** The value of the property is \$250,000; the coinsurance percentage for it is 80%; the limit of liability for it is \$100,000; the deductible is \$250; and the amount of loss is \$40,000.

Step (1)  $\$250,000 \times 80\% = \$200,000$  (the minimum amount of insurance to meet your coinsurance requirements); Step (2)  $\$100,000 \div \$200,000 = .50$ ; Step (3)  $\$40,000 \times .50 = \$20,000$ ; and Step (4):  $\$20,000 - \$250 = \$19,750$ . The Insurer(s) will pay no more than \$19,750. The remaining \$20,250 is not covered.

**EXAMPLE #2 (ADEQUATE INSURANCE)** The value of the property is \$250,000; the coinsurance percentage for it is 80%; the limit of liability for it is \$200,000; the deductible is \$250; the amount of loss is \$40,000; and the minimum amount of insurance to meet your coinsurance requirement is \$200,000.

$(\$250,000 \times 80\%)$ . Therefore, the limit of liability in this example is adequate and no penalty applies. The Insurer(s) will pay no more than \$39,750 (\$40,000 amount of loss minus the deductible of \$250).

All other terms and conditions, Named Insured coverage and exclusions of this policy remain unchanged, including applicable limits, sublimits and deductibles, and apply in full force and effect to the coverage provided by this policy.