Accurate descriptions of insured property aid rating and prevent problems after a loss:

**Location**  
a) Address, legal description.  
b) Specific location of moveable property (Stock), even if blanket coverage.  

**Class**  
Single item (Safe) or a number of same class (Office Furniture).  

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**PREMIUM CALCULATION**

**Rate**  
Expressed per $100.00 or per $1,000.00 for the amount of insurance.  

**Rating Factors**  
a) **Public Fire Protection**  
Hydrant (< 1,000 Feet) / Fire Hall (< 8 KM).  
b) **Private Fire Protection**  
Sprinkler systems, water mains.  
c) **Occupancy**  
Hazardous materials / processes on premises.  
d) **Construction**  
Fire resistance / height / square footage.  
e) **Susceptibility**  
Concrete > frame, furniture > stock.  

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**LIMITATIONS OF LIABILITY**

“ This policy contains a clause that may limit the amount payable. “

**DEDUCTIBLES**  
Amount of each claim insured pays for.  
+ Reduce small claims.  
+ Reduce premiums.  

**APPLICATION**  
1) **Separate Items**  
Each insured amount (Schedule).  
2) **Occurrence**  
Type of loss (Fire/Explosion).  
3) **No deductible**  
Loss over a specified amount.  

**COINSURANCE**  
Insured must maintain a specified limit of insurance expressed as a percentage (80%) of the property A.C.V., or be penalized in event of loss.  

**FORMULA:**  
\[ \text{AIC (Did)} / \text{AIR (Should)} \times \text{Amount of Loss} \]

**Waiver of Coinsurance**  
Losses less than both:  
1) A specified % (2%) of the AIC and  
2) A specified amount ($5,000).  

**Stated Amount Coinsurance**  
- Specified $ amount of insurance.  
- Statement of Values on application and at renewal.  
+ Insured protected from fluctuating property values.
AVERAGE DISTRIBUTION CLAUSE  Property values at multiple locations difficult to monitor.

a) Covers all values in all buildings for a single limit.
b) Underinsurance is spread proportionately over all insurance.

FORMULA:  1) Calculate % values at each location bear to the total value.
          2) Apply % each location to the total amount of insurance (A.C.V.).

DEFERRED PAYMENT CLAUSE  Insured receives a down payment to start rebuilding / repairing. Remainder is paid when work is completed.

+ Discourages moral hazard.  + Reduces premiums.

Rebuilding Clause:  1) Farm building suffers damage = 2/3 or more of it’s value.
                  2) 50% of amount of loss is advanced when legitimate loss confirmed.
                  3) a) Insured replaces < 9 months:  Gets balance + interest.
                      b) Insured doesn’t:  Advance is final settlement.

PROTECTION OF OTHER INTERESTS

LOSS PAYEE  1) Uses insured property as collateral.  4) Named on insurance policy.
             2) Acquires ownership if default.  5) Share in claim proceeds.
             3) Named on land title document.  6) Advised of changes (15 days).

STANDARD MORTGAGE CLAUSE

a) Applies to building only, not personal property (Chattel Mortgage).
b) Separate contract between insurer and mortgagee (IBC Form 3000).
c) Governed by policy terms and conditions.

RIGHTS:  1) Protected even if policy breach.  3) Covered if assuming title.
          2) Can give notice / proof of loss.

OBLIGATIONS:  Notify insurer: a) Vacancy b) Transfer of interest c) increased hazard.

SUBROGATION  Mortgagee is paid (A.T.I.M.A.), then insurer assumes right of recovery.

OTHER INSURER  Mortgagee paid by insurers proportionate to their share of insurance.

TERMINATION  Clause expires with policy, added again when renewal paid.