

b (INFORMED!)

[answers to frequently asked questions]

WHAT DOES COINSURANCE OR MONTHLY LIMIT OF INDEMNITY MEAN IN AN INSURANCE POLICY?

Coinsurance is the way insurance companies make sure you are carrying the proper limit of insurance so you will not be penalized. For example, a business income limit of \$1 million with a 50% coinsurance means the 100% (annual) business income amount is \$2 million. If the 100% amount becomes \$3 million, the insured would have to carry \$1.5 million or pay one third of every claim.

Monthly limit of indemnity provides a proportional limit of insurance for each month in the selected period. For example, a \$100,000 insurance limit with a 3 month period would pay a maximum of \$33,333 for each of the first three months of a loss. The benefit is no coinsurance; the detriment is that you are pre-settling the loss to be no more than three months.

IS CIVIL AUTHORITY A COVERED CAUSE OF LOSS?

In most standard insurance policies it is a covered peril, but you have to read your policy to be certain.

