

**Accounting 460**  
**Illustration of Co-insurance with**  
**Multiple Co-insurance requirements**

Assumptions:

Asset fair market value	\$180,000
Fire loss	129,600

Policies	Face value	Co-insurance clause
A	\$54,000	70%
B	72,000	85%
C	18,000	90%

The amount recoverable under each policy is calculated by multiplying the loss by a fraction, the numerator of which is the face of the policy, the denominator is the larger of (1) the total face value of all policies, or (2) the individual co-insurance requirement of the policy.

<u>Policy</u>	<u>Face Value</u>	<u>Coinsurance Requirement</u>	<u>Fraction</u>	<u>Loss</u>	<u>Amount recoverable</u>
A	_____	_____	_____	_____	_____
C	_____	_____	_____	_____	_____
C	_____	_____	_____	_____	_____