



August 26, 2026

To Whom It May Concern

Re: Association of St C Condominium

Dear Sir/Madam:

Understanding 100% Replacement Cost Values with 80% Coinsurance

The property values are established at **100% of the estimated replacement cost**. The 80% coinsurance provision does not change those values or reduce the coverage available under the policy.

Instead, the **80% coinsurance provision provides a 20% cushion** when determining whether the property is adequately insured at the time of a loss.

For example, if a building has a replacement cost value of **\$1,000,000**, the policy is written for the full \$1,000,000 value. With 80% coinsurance, the insured is required to carry at least **\$800,000** of insurance to satisfy the coinsurance requirement.

This means that even if the actual replacement cost increases above the amount originally reported, there is some flexibility before the coinsurance provision could result in a penalty.

The important distinction

100% Replacement Cost Value = The property is valued at its full estimated cost to replace.

80% Coinsurance = The policy allows a **20% cushion** in the amount of insurance required before a coinsurance penalty may apply.

Therefore, **having 80% coinsurance does not mean the insured only has 80% coverage**. The property remains insured at its stated 100% replacement cost value, while the 80% coinsurance provision provides additional protection against variations in replacement costs.

Bottom line: The 80% coinsurance provision is beneficial to the insured because it provides a 20% cushion while maintaining the property values at 100% replacement cost.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rhonda Roberts', with a stylized flourish extending from the end.

Rhonda Roberts

Rhonda Roberts
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