

Insurance Coverage Alert: Location Limits Vs. Blanket Limits

Location Specific Limit Property Policy

A Location Specific Limit Property Policy contains individual limits that apply to a buildings and contents. Under this type of policy, if property is damaged or destroyed by a covered peril, the most the insurer will pay for that property is the specific scheduled limits.

Example: The Catholic Diocese of Somewhere (CDOS) has a total loss at location 10 as a result of a fire. The replacement cost of the building was determined to be \$6,000,000 and the contents \$550,000 for a total loss of \$6,550,000. The most CDOS could collect from their Location Specific Limit Property Policy would be \$4,269,916 for the building and \$426,992 for the contents – generating a shortfall of \$1,853,092.

The Catholic Diocese of Somewhere				
Location Number	Property Type	Location Specific Limit Building and Contents Policy Limit Structure		Blanket Limit Building and Contents Policy Limit Structure
		Building Limit	Contents Limit	Combined Blanket Limit for Buildings & Contents
1	Cemeteries	\$0	\$216,217	\$50,000,000 per occurrence any one location
2	Church	\$5,938,063	\$593,807	
3	Church	\$1,478,482	\$147,849	
4	Rectory	\$909,242	\$90,925	
5	Dwelling	\$103,396	\$10,340	
6	Church	\$2,049,218	\$204,921	
7	Dwelling	\$304,794	\$30,480	
8	Church	\$109,500	\$10,951	
9	Church	\$91,712	\$9,172	
10	Church	\$4,269,916	\$426,992	

Blanket Limit Property Policy

A Blanket Limit Property Policy applies to buildings and contents at multiple locations. Typically the blanket applies at all locations for buildings and contents.

In the previous scenario, suppose CDOS insured their building and personal property on a Blanket Limit Property Policy. In this case, the policy will show a blanket limit for no less than their total insurable value of \$16,995,997 per occurrence allowing for full recovery for the fire loss at location 10.

Key Benefits of Blanket Limit Property Policies

- The primary benefit is that the buildings and contents are all insured under one limit which is the sum of the individual building and contents values. This enables the blanket limit to be applied across the various locations as needed.
- The blanket limit for a diocese is typically set at no less than \$50,000,000 to \$100,000,000 or the equivalent to the total insurable values.
- Less administrative effort is required as it is not necessary to report mid-term changes in value if you do on-site renovations or purchase additional contents whereas this type of activity has to be closely monitored under a location specific limit building and contents policy because of the real risk of being undervalued.
- Another benefit of blanket coverage is increased debris removal coverage. Debris removal is insured for 25% of the building value in most policies. Under blanket coverage, debris removal is 25% of the blanket limit, which substantially increases coverage. Debris removal is often an unexpected expense during a total loss
- Blanket coverage can be arranged for little to no additional cost and can substantially improve the risk management program for any risk with multiple locations.



Tina Ables has over 20 years' experience in the insurance sector, with the last 6 years solely devoted to the insurance and risk management needs of religious entities.

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