



MULTINATIONAL CHOICE – PROPERTY COVERAGE FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Form MN PC 00 90 **MULTINATIONAL CHOICE - PROPERTY - CONDITIONS AND DEFINITIONS** for definitions.

A. COVERAGE

We will pay for direct physical loss of or direct physical damage to the following types of Covered Property caused by or resulting from a Covered Cause of Loss. Covered Property, as used in this Coverage Part, means the type of property described in this Section, **A.1. Covered Property** for which a Limit of Insurance and a premises address or description is shown in the Multinational Choice - Property - Schedule of Premises and Coverages.

1. Covered Property

a. Building means buildings or structures that:

- (1) You own; or
- (2) Are contractually responsible for insuring.

Building also includes:

- (1) Buildings or structures in the course of construction;
- (2) Alterations, repairs or additions to the building;
- (3) Foundations;
- (4) Underground pipes, flues or drains necessary for the service of the building;
- (5) Excavations, grading, backfilling or filling that are necessary to repair, rebuild or replace the building or its foundation;
- (6) Permanently installed machinery and equipment;
- (7) Awnings, "Building Glass" and floor coverings;
- (8) Materials, equipment and supplies, used in the construction, alteration or repair of buildings;
- (9) Radio or television towers, antennas and satellite dishes (including attachments), fences, signs and other outdoor fixtures;

(10) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering (when physically attached to the building);

(11) Property owned by you for the maintenance or service of the building or its premises, including fire extinguishing equipment, alarm, communication and monitoring systems, and lawn maintenance or snow removal equipment;

(12) Retaining walls attached to buildings;

(13) Swimming pools whether or not attached to the building;

(14) Appurtenant structures whether or not attached to the building;

(15) Electronic car charging stations;

(16) Solar panels attached to the building;

(17) Walks, roadways, patios or other paved surfaces at a "Scheduled Premises".

b. Business Personal Property

(1) Business Personal Property means:

(a) All of Your Business Personal Property owned by your business; and

(b) Business Personal Property owned by others, that is in your care, custody or control (including leased property as provided in a written lease agreement);

(2) Business Personal Property also includes:

(a) Furniture, fixtures, machinery and equipment;

(b) "Stock";

(c) "Computer Equipment";

(d) "Valuable Papers";

(e) Patterns, dies, molds and forms;

(f) Your interest in the labor, materials or services furnished or

arranged by you on Business Personal Property you have installed or repaired;

- (g) "Tenant Improvements and Betterments";
- (h) Tools and equipment owned by your employees that are used in your business operations;
- (i) Building components while removed from the premises for service or repair;
- (j) Lottery tickets held for sale and postage stamps in current usage;
- (k) Electronic car charging stations if not covered under Building.

(3) Coverage applies to Business Personal Property up to 1000 feet outside the premises boundary.

2. Property Not Covered

Covered Property does not include the following unless an endorsement is added to this Coverage Part:

- a. Accounts, bills, currency, food stamps or other evidences of debt, "money", notes or "securities".
- b. Animals, except animals inside buildings, and:
 - (1) Owned by others and boarded by you; or
 - (2) Owned by you as "Stock".
- c. Property owned by and for exclusive personal use by you or your officers, members, partners or employees.
- d. "Electronic data".
- e. Property owned by your residents, patients, or students.
- f. Property owned by your tenants.
- g. Contraband or property in the course of illegal transportation or trade.
- h. Growing crops or standing timber.
- i. Grain, hay, straw or other crops which have been harvested, but are outside of buildings or structures.
- j. Outdoor trees, shrubs, plants and sod (other than those held for sale) and lawns.
- k. Land (including land on which the property is located), land values, water (except water contained within any storage tank, for use in your manufacturing or processing operations), dams, underground mines, and caverns.
- l. Vehicles, and self-propelled machines, including aircraft (including "Unmanned Aircraft") and watercraft, except the following are Covered Property:

(1) Vehicles and self-propelled machines, (including aircraft and watercraft (including "Unmanned Aircraft")) that you manufacture, process, warehouse or hold for sale (except automobiles held for sale) while located at insured premises;

(2) Vehicles and self-propelled machines, (except aircraft and watercraft) that you operate principally on your insured premises, that are not licensed or registered for use on public roads; and

(3) Canoes and rowboats while out of the water at insured premises.

m. Business Personal Property that you have sold under:

(1) Conditional sale;

(2) Trust agreement;

(3) Installment payment;

(4) Other deferred payment plan; or

(5) Other agreement under which you have retained a security interest;

n. Property that is more specifically covered, insured or described under another coverage form of this policy or any other policy, except for the excess of the amount due (whether you can collect on it or not) from that other insurance.

o. Live eggs, human tissue, bodily fluids, or embryos.

p. Retaining walls not attached to the building.

B. COVERED CAUSES OF LOSS AND EXCLUSIONS

See the Multinational Choice - Property - Covered Causes of Loss and Exclusions Form which is attached to this Coverage Part.

C. LIMITS OF INSURANCE

The most we will pay for loss or damage in any one occurrence is the smallest applicable Limit of Insurance shown in the Multinational Choice Property Declarations, Schedules, Coverage Form(s) or Endorsement(s).

D. DEDUCTIBLE

We will not pay for direct physical loss or direct physical damage in any one occurrence until the amount of loss or damage exceeds the applicable Deductible stated in the Multinational Choice - Property Schedule of Premises and Coverages or Endorsement(s). We will then pay the amount of loss in excess of the Deductible, up to the applicable Limit of Insurance.

When claim is made for loss or damage to more than one type of property, coverage, premises, or Cause of Loss and different deductible amounts apply in the same occurrence, we will only apply the largest applicable deductible for the item for which claim is made unless specified by endorsement.

E. LOSS PAYMENT AND VALUATION CONDITIONS

Covered Property will be valued at either Replacement Cost or Actual Cash Value, as stated in the Multinational Choice - Property Choice Schedule of Premises and Coverages and as described below except for the items listed below in item **3. Specific Property Valuations**. We will not pay more than your financial interest in the lost or damaged property.

1. Replacement Cost

In the event of covered loss or damage, we will determine the value of Covered Property at the actual amount spent to repair, replace or rebuild the damaged property as of the time of the loss or damage, at the same site or another site, subject to the following:

- a. We will not pay more for lost or damaged property than the least of:
 - (1) The Limit of Insurance applicable to the lost or damaged property;
 - (2) The amount it costs to replace, on the same premises, the lost or damaged property with other property:
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose; or
 - (3) The amount you actually spend that is necessary and reasonable to repair or replace the lost or damaged property with other property:
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose.
 - (4) In the event of a total loss to Building property, you may choose to replace your Building property at another premises, however, we will not pay more than the cost to replace the Building property at the original premises.
 - (5) In the event of a total loss to Business Personal Property, we retain our right to salvage such Business Personal Property.
 - (6) Replacement Cost does not include any increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

- b. We will pay you on an Actual Cash Value basis until the lost or damaged property is actually repaired, rebuilt or replaced.
- c. If you do not repair, replace or rebuild on the same site or another site within 2 years of the date of loss, we will pay you on an Actual Cash Value basis.
- d. Patterns, dies, molds and forms not in current usage at actual cash value. If loss is paid on an actual cash value basis and within 60 months from the date of the covered loss and you need to repair or replace them, we will pay you, subject to the Conditions of this insurance, the difference between actual cash value and replacement cost when the patterns, dies, molds and forms are actually repaired or replaced.

2. Actual Cash Value

- a. We will pay you on an Actual Cash Value basis if:
 - (1) The valuation of the lost or damaged property is designated in the Multinational Choice Property Multinational Schedule of Premises and Coverages as Actual Cash Value.
 - (2) You elect Actual Cash Value as the basis for loss payment at the time of loss or damage.
- b. In the event of covered loss or damage, at our option, we will do one of the following, but not pay more than the Limit of Insurance applicable to the lost or damaged property:
 - (1) Pay the value of the lost or damaged property at the time of loss;
 - (2) Take all or any part of the property at an agreed or appraised value; or
 - (3) Repair, rebuild or replace the property with other property of like kind and quality, or pay you the cost to do so.
- c. In the event of a total loss to Business Personal Property, we retain our right to salvage such Business Personal Property.
- d. Actual Cash Value does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.
- e. If the actual amount spent to repair, replace or rebuild the damaged property as of the time of the loss is \$25,000 or less (after the application of the applicable deductible), we pay the loss or damage on the basis of the Replacement Cost provisions described in **E.1.** above. This Exception does not apply to the following Specific Property Valuations.

3. Specific Property Valuations

a. Accounts Receivable

We will determine the amount of Accounts Receivable loss as follows:

(1) If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss, the following method will be used:

(a) Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss occurs; and

(b) Adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss occurred or for any demonstrated variance from the average for that month.

(2) The following will be deducted from the total amount of accounts receivable, however that amount of accounts receivable is established:

(a) The amount of the accounts for which there is no loss;

(b) The amount of the accounts that you are able to re-establish or collect;

(c) An amount to allow for probable bad debts that you are normally unable to collect; and

(d) All unearned interest and service charges.

b. Animals

We will determine the value of animals at the cost of replacement with animals of like kind and quality as when originally acquired by you.

c. "Building Glass"

We will determine the value of "Building Glass" at the cost of replacement with safety glazing material if required by law.

d. "Electronic Data"

1. We will determine the value at the actual, reasonable and necessary costs you incur to restore or replace "Electronic Data".

2. We will not pay for costs or expenses you incur to:

(a) Identify or remediate any errors or vulnerabilities or to update, restore, replace, upgrade, maintain or improve any "Computer Equipment" or computer system;

(b) Update, replace, restore or improve any "Electronic Data" to a level beyond the condition in which it existed immediately preceding the loss or damage; or

(c) Duplicate research that led to development of your "Electronic Data" or any proprietary or confidential information or intellectual property in any form.

To the extent that "Electronic Data" is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the "Electronic Data" was stored, with blank media of substantially identical type.

If you recover from a licensor, lessor or any other party for loss or damage to "Electronic Data", our loss payment to you will be reduced by the amount of such recovery.

e. Fine Arts

We will determine the value of Fine Arts, at the lesser of:

(1) The market value at the time of loss or damage;

(2) The reasonable cost of repair or restoration to the condition immediately before the covered loss or damage; or

(3) The cost of replacement with substantially identical property.

For pairs or sets, we will either:

(1) Repair or replace any part to restore the value and condition of the pair or set to that immediately before the covered loss or damage; or

(2) Pay the difference between the value of the pair or set before and after the covered loss or damage.

f. Party Wall

A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and all other provisions of this Loss Payment Condition. Our payment under the

provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

g. Property of Others

(1) If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the lesser of:

- (a) amount for which you are liable under such contract;
- (b) the replacement cost of the property; or
- (c) the applicable Limit of Insurance.

(2) If no such contract exists we will not pay more than your financial interest in Personal Property of Others not to exceed:

- (a) the Actual Cash Value of such property; or
- (b) the applicable Limit of Insurance.

(3) At your option, we may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners:

- (a) Such payments will only be for the account of the owner of the property and will satisfy your claims against us for the owners' property;
- (b) We will not pay more than their financial interest in the property.

(4) We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

h. "Stock"

(1) Manufactured Stock (including Selling Price)

We will determine the value of "Stock" you have manufactured at the selling price less discounts and expenses you otherwise would have incurred. This also applies to component parts manufactured by others that will become a part of your finished product.

(2) Mercantile Stock

We will determine the value of "Stock", which you have purchased for resale and have sold but not delivered, at the selling price less discounts and expense you otherwise would have had. This does not apply to "Stock" you have manufactured.

(3) Stock in Process

We will determine the value of "Stock" in process of manufacture at the replacement cost of the raw materials, plus labor expended and the proper proportion of overhead charges.

(4) Commodity Stock

For "Stock" that is bought and sold at an established market exchange, we will determine the value at:

- (a) The posted market price as of the time and place of loss;
- (b) Less discounts and expenses you otherwise would have had.

i. "Tenant Improvements and Betterments"

(1) If you do not repair or replace lost or damaged "Tenant Improvements and Betterments" within 2 years, we will pay the pro rata of the Actual Cash Value based on the duration of the lease and the installation date of the property.

(2) If others pay for repairs or replacement, we will not make loss payment to you.

j. Transit

We will determine the value of covered property in due course of transit at:

- (1) The amount of invoice plus accrued costs, prepaid charges and charges since shipment; or
- (2) In the absence of an invoice, the valuation provision otherwise applicable to that type of Covered Property as of the time of loss or damage.

k. "Valuable Papers"

We will determine the value of "Valuable Papers" at your incurred cost of:

- (1) Blank materials for reproducing the records (including blank prepackaged programs when replaced); and
- (2) Labor to transcribe or copy the records and to research, replace or restore the lost information, including research and development documentation.

I. Vehicles

- (1)** We will determine the value of covered vehicles and self-propelled machines, including aircraft, automobiles, contractor's equipment and watercraft on an Actual Cash Value basis. This also applies to coverage provided for trailers under the Non-Owned Detached Trailer Additional Coverage.
- (2)** New vehicles and machines you have manufactured will be subject to the valuation applicable to covered "Stock".

4. Value Enhancements

a. Architect and Engineering Fees

The value of Covered Property will include reasonable architect and engineering fees you incur in the course of repairing or reconstructing damaged property.

b. Customs Duty, Sales Tax

The value of Covered Property will include the cost of customs duties and sales taxes to repair or replace the property.

c. Extended Warranties

The value of Covered Property, that is a total loss during the policy period, will include the unused pro rata portion of non-refundable optional extended warranties or service contracts which you purchased for the damaged property prior to the covered loss or damage.

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