



MULTINATIONAL CHOICE - PROPERTY COVERED CAUSES OF LOSS AND EXCLUSIONS FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered. Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other 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. COVERED CAUSES OF LOSS

Covered Causes of Loss means direct physical loss or direct physical damage that occurs during the Policy Period and in the Coverage Territory unless the loss or damage is excluded or limited in this policy.

B. EXCLUSIONS

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage:

a. Acts, Errors or Omissions

Acts, errors or omissions by you or others, whether before or after the acquisition of any Covered Property, in any of the following activities:

- (1) Planning, zoning, developing, surveying, testing or siting property;
- (2) Establishing or enforcing any building code, or any standard, ordinance or law about the construction, use or repair of any property or materials, or requiring the tearing down of any property, including the removal of its debris; or
- (3) Any of the following as to any part of land, buildings, roads, water or gas mains, sewers, drainage ditches, levees, dams, other structures or facilities, or to or for any Covered Property:
 - (a) Design, specifications, construction, grading, compaction; or

- (b) Furnishing of work, materials, parts or equipment in connection with the design, specifications, construction, renovation, remodeling, grading or compaction.

The Acts, Errors or Omissions Exclusion applies whether or not the property or facilities described above are Covered Property under this policy or on or away from a "Scheduled Premises".

But if direct physical loss or direct physical damage to Covered Property by fire, explosion or "Sprinkler Leakage" results, we will pay for the resulting loss or damage caused by that fire, explosion or "Sprinkler Leakage".

b. Workmanship and Repair

We will not pay for the cost of correcting defects in Covered Property, or loss or damage to Covered Property that was caused by, resulting from, or arising out of improper or defective workmanship or repair done on Covered Property by you, your employees, or others working on your behalf.

But if direct physical loss or direct physical damage by a "Specified Cause of Loss" ensues to Covered Property or if Equipment Breakdown coverage is provided under this policy and an Equipment Breakdown Accident ensues to Equipment Breakdown Equipment, we will pay for such ensuing loss or damage.

c. Animals

We will not pay for loss or damage to animals unless caused by a "Specified Cause of Loss". All other loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage.

d. Collapse

(Related to Earth Movement or Flood)

Collapse, cracking, separating, shrinking, bulging, expansion, shifting, rising, settling, sinking, lateral movement or other movement, or other loss or damage to buildings or structures, including concrete or paved surfaces, which would not have occurred but for Earth Movement or Flood.

e. Earth Movement

- (1) Earthquake, meaning a shaking or trembling of the earth's crust, including tremors and aftershocks, resulting in breaking, shifting, rising, settling, sinking or lateral movement or other movement, including any related earth sinking, rising or shifting;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine Subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
- (4) Earth sinking (other than "Sinkhole Collapse"), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other part of buildings or structures. Soil conditions include contraction, expansion, freezing, thawing, erosion, improper compaction of soil and the action of water under the ground surface.

This Exclusion applies regardless of whether any of the above is caused by weather, an act of nature or by an artificial, man-made or other cause.

But if direct physical loss or direct physical damage to Covered Property by fire or explosion results, we will pay for the resulting loss or damage caused by that fire or explosion.

f. Water

- (1) Flood, which means surface water, waves, tidal water, tidal waves, tsunamis, or overflow of any natural or man-made body of water from its boundaries, all whether driven by wind or not (including storm surge).
- (2) Mudslide or mudflow, directly or indirectly caused by flooding or the accumulation of water under the ground.
- (3) Water or other material that backs up or overflows from any sewer, septic tank, sump or drain.
- (4) Release of water held by a dam, levee or dike, or by a water or flood control device.
- (5) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings.
- (6) Waterborne material or other property carried or otherwise moved by any of the water referred to in Paragraphs (1), (3) or (4), or by mudslide or mudflow.

But if direct physical loss or direct physical damage to Covered Property by fire, explosion or "Sprinkler Leakage" results, we will pay for the resulting loss or damage caused by that fire, explosion or "Sprinkler Leakage".

This Exclusion applies regardless of whether any of the above, in Paragraphs (1) through (6), is caused by weather, an act of nature or by an artificial, man-made, or other cause.

g. "Fungus", Wet Rot, Dry Rot, Bacteria or Virus

Presence, growth, proliferation, spread or any activity of "fungus," wet rot, dry rot, bacteria or virus.

But if direct physical loss or direct physical damage to Covered Property by a "Specified Cause of Loss" results, we will pay for the resulting loss or damage caused by that "Specified Cause of Loss".

This Exclusion does not apply:

- (1) When "fungus," wet rot, dry rot, bacteria or virus results from fire or lightning; or
- (2) To the extent that coverage is provided in the Additional Coverage(s) - "Fungus," Wet Rot, Dry Rot, Bacteria or Virus - Limited Coverage with respect to loss or damage by a cause of loss other than fire or lightning.

h. Governmental Action

- (1) Seizure or destruction of property by order of governmental authority.
- (2) But we will pay for direct physical loss or direct physical damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.
- (3) This Exclusion does not apply to coverage as provided under the Ordinance or Law Additional Coverage(s).

i. Nesting or Infestation

- (1) We will not pay for loss or damage caused by, resulting from, or arising out of nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.
- (2) If direct physical loss or direct physical damage by a Covered Cause of Loss ensues to Covered Property, we will pay only for such ensuing loss or damage.
- (3) This Exclusion does not apply to:
 - (a) "Computer Equipment" and "Valuable Papers"; and
 - (b) Accounts Receivable and Fine Arts Additional Coverages.

j. Nuclear Hazard

- (1) Nuclear reaction, nuclear radiation or radioactive contamination, however caused, whether intentional or unintentional. This includes, but is not limited to, the release, dispersal or application of radioactive material, or the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination or radioactive force.

- (2) When state standard fire policy law requires that we cover any resulting fire damage, we will pay only for the resulting damage caused by that resulting fire. We will pay only the Actual Cash Value for the damaged property. Therefore, we will not pay for any indirect or related loss(es), such as business income, extra expenses, legal liability, or leasehold interest loss(es).

k. Ordinance or Law

- (1) The enforcement of, or compliance with, any ordinance or law:
 - (a) Regulating the construction, use or repair of any property; or
 - (b) Requiring the tearing down of any property, including the cost of removing its debris.
- (2) This Exclusion applies whether the loss results from:
 - (a) An ordinance or law that is enforced even if the property has not been damaged; or
 - (b) The increased costs incurred to comply with an ordinance or law while in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

l. Pathogenic or Poisonous Biological or Chemical Materials

- (1) The deliberate or intentional dispersal or application of any pathogenic or poisonous biological or chemical materials.
- (2) But if direct physical loss or direct physical damage to Covered Property by fire results, we will pay for the resulting loss or damage caused by that fire.

m. "Pollutants and Contaminants"

- (1) Discharge, dispersal, seepage, migration, release or escape of "Pollutants and Contaminants".
- (2) But if direct physical loss or direct physical damage to Covered Property by a "Specified Cause of Loss" results, we will pay for the resulting loss or damage caused by that "Specified Cause of Loss".

- (3) This Exclusion does not apply if the discharge, dispersal, seepage, migration, release or escape is itself caused by a "Specified Cause of Loss".
- (4) This Exclusion does not apply to:
 - (a) "Computer Equipment" and "Valuable Papers";
 - (b) Accounts Receivable, Business Travel, Exhibitions, Fine Arts and Transit Additional Coverages; or
 - (c) The accidental or malicious application of chemicals to glass that is a part of a building, structure or showcase.

n. Utility Services Interruption

The failure of power, communication, water or other utility service supplied to a "Scheduled Premises" if the failure:

- (1) Originates away from a "Scheduled Premises"; or
- (2) Originates at a "Scheduled Premises", but only if such failure involves equipment used to supply the utility service to the "Scheduled Premises" from a source away from the "Scheduled Premises".

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

Communication services include but are not limited to service relating to internet access or access to any electronic, cellular or satellite network.

But if the failure of power, communication, water or other utility service supplied to the insured premises results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss to Covered Property.

- (3) This Exclusion does not apply to:
 - (a) "Valuable Papers",
 - (b) Accounts Receivable and Fine Arts Additional Coverages; and
 - (c) Coverage provided under the Utility Service Additional Coverage(s).

o. Terrorism

We will not pay for loss or damage caused directly or indirectly by an act of Terrorism, including action in hindering or defending against an actual or expected incident of such act(s). Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

An act of Terrorism means activities against persons, organizations or property of any nature:

- (1) That involves the following or preparation for the following:
 - (a) Use or threat of force or violence; or
 - (b) Commission or threat of a dangerous act; or
 - (c) Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
- (2) When one or both of the following applies:
 - (a) The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
 - (b) It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.
- (3) An act of Terrorism also includes any act that a government or applicable jurisdictional authority declares or certifies to be an act of Terrorism.

The terms and limitations of this exclusion or any terrorism exclusion, or the inapplicability or omission of any such terrorism exclusion, do not serve to create coverage for any loss or damage which would otherwise be excluded under this Coverage Form, Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion, the Pathogenic or Poisonous Biological or Chemical Materials Exclusion, the "Pollutants and Contaminants" Exclusion and the War And Military Action Exclusion.

p. War and Military Action

- (1) War, including undeclared war;
- (2) Hostile or warlike action, in time of peace or war, including action in hindering, combating or defending against an actual or expected attack; by any of the following:
 - (a) Government or sovereign power (including quasi and de facto forms), or by any authority maintaining or using military, naval or air forces;
 - (b) Military, naval or air forces; or
 - (c) An agent of any such government, power, authority or forces.
- (3) Invasion, insurrection, rebellion, revolution, civil war, usurped power, including action in hindering, combating or defending against any such actual or expected event by any government, power, authority, forces or agents described in Paragraph (2)(a)-(c) above.

Exclusions B.1.a. through B.1.p. apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:

a. Artificially Generated Electrical, Magnetic or Electromagnetic Energy

Artificially generated electrical, magnetic or electromagnetic energy, including electric arcing, that damages, disturbs, disrupts or otherwise interferes with any electrical or electronic wire, device, appliance, system or network.

For the purpose of this Exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

- (1) Electrical current, including arcing;
- (2) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (3) Pulse of electromagnetic energy; or
- (4) Electromagnetic waves or microwaves.

But if direct physical loss or direct physical damage to Covered Property by fire results, we will pay for the resulting loss or damage caused by that fire.

b. Accounting Errors

Errors or omissions in accounting, arithmetic, bookkeeping, or billing.

c. Change of Temperature, Dampness or Dryness

- (1) Dampness or dryness of atmosphere; or
- (2) Changes in or extremes of temperature.

But if direct physical loss or direct physical damage to Covered Property by a Covered Cause of Loss results, we will pay for the resulting loss or damage caused by that Covered Cause of Loss.

- (3) This Exclusion does not apply to:

- (a) "Computer Equipment" and "Valuable Papers";
- (b) Accounts Receivable and Fine Arts Additional Coverages; and
- (c) Coverage provided for Spoilage under the Cause of Loss Equipment Breakdown if applicable.

d. Delay, Loss of Use or Loss of Market

We will not pay for loss or damage caused by, resulting from, or arising out of delay, loss of use, or loss of market.

e. Dishonest Acts

Dishonest or criminal act (including theft) by you, any of your partners, members, officers, managers, employees (including temporary employees and leased workers), directors, trustees, or authorized representatives, whether acting alone or in collusion with each other or with any other party; or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This Exclusion:

- (1) Applies whether or not an act occurs during your normal hours of operation;
- (2) Does not apply to:
 - (a) Acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives is not covered; or
 - (b) Property entrusted to carriers for hire.

f. Docks, Piers, Wharves

- (1) Action of water or ice to bulkheads, docks, piers, seawalls, wharves, or property on such structures.
- (2) But if direct physical loss or direct physical damage to Covered Property by a "Specified Cause of Loss" results, we will pay for the resulting loss or damage caused by that Covered Cause of Loss.

g. Electronic Vandalism or Corruption of "Electronic Data" or Corruption of "Computer Equipment"

Electronic Vandalism or Corruption of "Electronic Data" or Corruption of "Computer Equipment" which means:

- (1) A virus, malicious code or similar instruction introduced into or enacted on a computer system (including "Electronic Data") or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation.
- (2) Unauthorized viewing, copying or use of electronic data (or any proprietary or confidential information or intellectual property in any form) by any person, even if such activity is characterized as "Theft";
- (3) Errors, omissions or deficiency in programming, processing or storing "Electronic Data";
- (4) Errors, omissions or deficiency in design, installation, maintenance, repair or modification of your computer system or any computer system or network to which your system is connected or on which your system depends (including "Electronic Data");
- (5) Manipulation of your computer system, including "Electronic Data", by any person(s), for the purpose of diverting or destroying "Electronic Data" or causing fraudulent or illegal transfer of any property;
- (6) Interruption in normal computer function or network service or function due to insufficient capacity to process transactions or to an overload of activity on the system or network;
- (7) Unexplained or indeterminable failure, malfunction or slowdown of a computer system, including "Electronic Data" or the inability to access or properly manipulate the "Electronic Data";

- (8) Complete or substantial failure, disablement or shutdown of the Internet, regardless of the cause;
- (9) The inability of a computer system to correctly recognize, process, distinguish, interpret or accept one or more dates or times.

But if direct physical loss or direct physical damage to Covered Property by fire, explosion or "Sprinkler Leakage" results, we will pay for the resulting loss or damage caused by that fire, explosion or "Sprinkler Leakage".

h. Loss Due To By-Products of Production or Processing Operations

- (1) We will not pay for loss or damage to "Scheduled Premises", caused by or resulting from smoke, vapor, gas or any substance released in the course of production operations or processing operations performed at the "Scheduled Premises". This exclusion applies regardless of whether such operations are:

- (a) Legally permitted or prohibited;
- (b) Permitted or prohibited under the terms of the lease; or
- (c) Usual to the intended occupancy of the premises.

This exclusion does not apply to loss or damage by fire or explosion that results from the release of a by-product of the production or processing operation.

- (2) If the loss or damage described in Paragraph (1) results in Business Income loss or Extra Expense, there is no coverage for such loss or expense under the business income and/or extra expense forms listed in this policy, or under any other business interruption insurance if provided under this policy.
- (3) The conduct of an insured or tenant production or processing operations will not be considered to be vandalism of the premises regardless of whether such operations are:
 - (a) Legally permitted or prohibited;
 - (b) Permitted or prohibited under the terms of a lease; or
 - (c) Usual to the intended occupancy of the premises.

i. Mechanical Breakdown

Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the direct physical loss or direct physical damage caused by that elevator collision.

j. Missing Property

Disappearance of property when there is no clear evidence to show what happened to it. This would include a shortage disclosed on taking inventory or auditing records. This Exclusion does not apply to property in the custody of a carrier for hire.

k. Neglect to Protect Property

Neglect to use all reasonable means to save and preserve property from further damage at and after time of the direct physical loss or damage.

l. Rain, Snow, Ice, Sleet to Property in the Open

Rain, snow, ice or sleet to personal property while in the open. This Exclusion does not apply to property in the custody of a carrier for hire.

m. Settling, Cracking to Buildings or Structures

(1) Settling, cracking, shrinking or expansion of buildings or structures, bridges, roadways, walks, patios or concrete or paved surfaces.

(2) But if direct physical loss or damage to Covered Property by a Covered Cause of Loss results, we will pay for the resulting loss or damage caused by that Covered Cause of Loss.

n. Smoke (Agricultural or Industrial)

Smoke, vapor or gas from agricultural smudging or industrial operations.

o. Steam Explosions

Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

p. Testing

(1) A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel; or

(2) An insulation breakdown test of any type of electrical equipment.

(3) But if direct physical loss or damage to Covered Property by a "Specified Cause of Loss" results, we will pay for the resulting loss or damage caused by that "Specified Cause of Loss."

q. Unauthorized Transfer of Property

Unauthorized transfer of property that has been transferred to any person or to any place outside your premises on the basis of unauthorized instructions.

r. Voluntary Parting

Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

3. We will not pay for loss or damage caused by or resulting from any of the following, 3.a. through 3.f. But if direct physical loss or direct physical damage to Covered Property by a Covered Cause of Loss results, we will pay for the resulting loss or damage caused by that Covered Cause of Loss.

a. Wear and tear, or change in color, texture, or finish;

b. Rust, corrosion, decay, or deterioration;

c. Hidden or latent defect or any quality in property that causes it to damage or destroy itself;

d. Maintenance;

e. Smog; or

f. Shrinkage, evaporation, or loss of weight of "Stock".

D. Limitations

The following limitations apply to all policy forms and endorsements:

We will not pay for loss of or damage to property, as described and limited below. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited below.

1. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of

any fired vessel or within the flues or passages through which the gases of combustion pass.

2. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
3. The interior of any building or structure, or personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - a. The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - b. The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
4. "Theft" of "electronic data".

5. Vacancy

a. Description of Terms

As used in this limitation, the term building and the term vacant have the meanings set forth in **(1)** and **(2)** below:

- (1)** When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.
- (2)** When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:
 - (a)** Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or
 - (b)** Used by the building owner to conduct customary operations.

b. Vacancy Loss Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

- (1)** We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:
 - (a)** Vandalism;
 - (b)** Sprinkler leakage, unless you have protected the system against freezing;
 - (c)** Building glass breakage;
 - (d)** Water damage;
 - (e)** Theft; or
 - (f)** Attempted theft.
- (2)** With respect to Covered Causes of Loss other than those listed in **b.(1)(a)** through **b.(1)(f)** above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.
- c.** Any Business Income or Extra Expense coverage does not apply to vacant buildings.