

PROPERTY COVERAGE

No one plans to lose property in a burglary, fire, tornado or other disaster. To prepare for such an unfortunate event, an agricultural society should become familiar with MCIT property coverages and review property schedules to ensure that all of its property is covered in the event of a claim.*

It is important for the fair board to understand how to keep property schedules current without unnecessary reporting of new acquisitions.



PROPERTY COVERAGE



VALUATION

Property is valued on a replacement cost or actual cash value basis.

- **Replacement cost** is the amount to repair or replace damaged covered property with materials of like kind and quality with no deduction for depreciation.
- **Actual cash value** is the cost to repair or replace damaged covered property with materials of like kind and quality with a deduction for depreciation applicable to the property.

BUILDINGS

Agricultural societies need to schedule owned or leased buildings at replacement cost value for coverage to apply. MCIT uses an outside vendor professionally to appraise members' buildings with a value greater than \$100,000 on a five-year rolling basis. In the interim, building values are indexed for inflation.

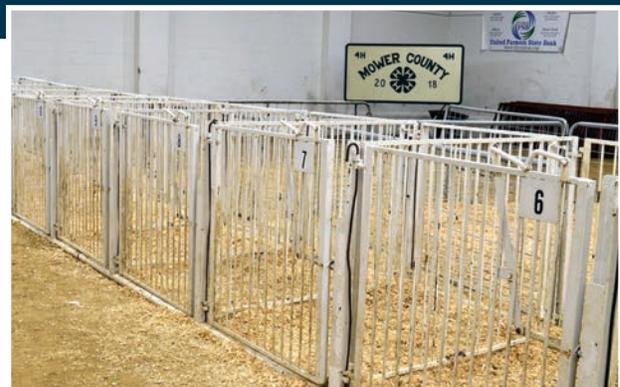
For all other buildings, the organization sets the value. For property scheduling purposes, the organization identifies individual structures by building name or number. The naming or numbering plan should fit the agricultural society's needs and make identification straightforward in the event of a claim.



CONTENTS OF A BUILDING

Contents coverage is on a replacement cost basis and includes items kept in buildings or temporarily outside but within 500 feet of the scheduled location. Some examples are office furniture, supplies, animal pens and equipment.

The contents limit should exclude the value of electronic data processing (EDP) equipment, which is covered separately. The contents coverage limit is a blanket amount that applies to that building only. For all buildings, the agricultural society sets the contents value.



PROPERTY IN THE OPEN

Property in the open is the most easily overlooked property category. Among the items that typically comprise property in the open are bleachers, playground equipment, statues and monuments, picnic tables, light towers, flagpoles, self-standing signs, fences and shelters.

A scheduled property in the open item is valued on a replacement cost basis.



CONTRACTORS EQUIPMENT

The agricultural society's contractors equipment schedule should include items that are mobile but not road licensed. Property usually found on a contractors equipment schedule includes tractors, mowers, snow blowers and graders.

The limit shown for an item should reflect its current actual cash value. If equipment is not on the schedule, it is probably not covered.



ELECTRONIC DATA PROCESSING EQUIPMENT (EDP)

EDP equipment is an arrangement of interrelated machine components that can accept and manipulate data into a desired format or result. It includes computers, printers, copiers, laptops, digital cameras, telephone systems and the like.

Electronic data processing coverage is written on a blanket basis, which applies to all EDP equipment. To maintain the blanket limit, MCIT requires an itemized inventory of all covered EDP items and their related components. MCIT requests updated inventories in April to confirm the accuracy of the blanket limit each year.

The agricultural society should update the inventory whenever it makes a significant equipment purchase, remembering that there may be equipment to delete from the inventory as others are added.



MISCELLANEOUS PERSONAL PROPERTY

A member's miscellaneous personal property schedule should include items that are not appropriately addressed by the coverages for contents, EDP equipment or contractors equipment. As with contractors equipment, the limit for each item should reflect its actual cash value.

Property often found on miscellaneous personal property schedules includes snowmobiles, boats, all-terrain vehicles, utility carts, tools, hand-held radios, etc. If equipment is not on the schedule, it is probably not covered.



NOTABLE EXCLUSION

MCIT property coverage is broad, but there are exclusions. The most applicable exclusion for fairs is the flood exclusion.

In any FEMA high-risk zone, there is no flood coverage from MCIT. For fairgrounds in FEMA high-risk areas, coverage must be purchased from the National Flood Insurance Program.



Resources

The following materials provide more information and are available at MCIT.org:

- "Understanding Scheduled Property Coverage"
- "Property in the Open"
- "Miscellaneous Personal Property Coverage"
- "Electronic Data Processing Coverage"
- "Sample EDP Inventory Spreadsheet"
- "Builder's Risk Coverage"
- "Actual Cash Value Coverage and Contractors Equipment"
- MCIT Coverage Document (provided to members in printed form, not available at MCIT.org)



*Coverage is subject to all the terms, limitations, conditions and exclusions of the MCIT Coverage Document.