EXPLANATORY MEMORANDUM\_RATE NARRATIVE

Form # 117559 Limited International Coverage Business Personal Property

The endorsement provides limited coverage covered business personal property:

1. While in transit to or from the foreign coverage territory, and . or
2. While temporarily situated at a location in the foreign coverage territory.

The transit pricing will be based upon a base limit of $50,000 and premium charge based upon number of shipments per year as follows:

A minimum premium for the endorsement of $100 will apply

Base limit: $50,000

1 to 4 shipments per year: $63

4 to 9 shipments per year: $175

10 to 15 shipments per year: $300.

Over 15 shipments per year: add $40 per shipment

For limits over $50,000 increase the premium proportionally to the limit increase.

The pricing for property temporarily at a location in the foreign coverage territory, the premium charged will be based upon deficiency point rating based upon the risk characteristics of the location at which the property will be located.

Risk characteristic rate procedure with detail as respects exposure identification and point allocation to determine an appropriate rate, along with the worksheet that is used to calculate that rate, are attached.

The rate will be pro rated for short term coverage exposures.