Retail Merchandising & Warehouse Stock: Valuation, LKQ Sourcing & Policy Traps

Canonical Web Version: https://restorationintel.com/retail-merchandising-warehouse-stock-valuation-lkq-sourcing/

Direct Answer: Under standard ISO CP 00 10 commercial property forms, unsold retail and warehouse stock is generally valued at wholesale replacement or actual cash value—not retail sticker price—unless a specific selling-price clause or sold-stock rule applies, with lost markup otherwise routing to Business Income.

Field Benchmark & Decision Matrix

Valuation Element	Standard BPP Baseline	Common Claim Trap	Required Financial / Operational Proof	Policy / Endorsement Check
Unsold Retail & Warehouse Stock	Wholesale replacement cost (ACV or RCV per form)	Pricing entire store at retail MSRP sticker price	Recent vendor POs, ERP landed cost, freight invoices	Verify CP 00 10 valuation clause & any BI overlap
Inbound Freight, Duties & Receiving Prep	Capitalized into landed replacement cost of stock	Forgetting tariff, drayage, and freight surcharges	Freight bills, customs entries, distributor invoices	Confirm landed cost accounting consistency
Sold Merchandise Awaiting Delivery	Often valued at net selling price less unincurred costs	Treating layaway/ship-ready orders as unsold cost	Signed sales orders, paid invoices, staging manifest	Check 'Stock Sold' clause or CP 15 05 endorsement
Discontinued Seasonal & Obsolete SKUs	LKQ wholesale replacement or market ACV adjustment	Applying full new-season cost to clearance stock	Prior markdown history, closeout vendor quotes	Document physical age, turnover & pre-loss markdowns
Brand-Restricted Total-Loss Goods	Wholesale cost with $0 net salvage recovery	Carrier deducting assumed liquidator salvage credit	Dealer contract resale ban + witnessed destruction log	Coordinate salvage credit waiver per IRMI salvage rules
Custom Store Fixtures & Branded Displays	Equipment / TIB replacement cost (not resale stock)	Omitting crating, millwork install, and UL wiring	Original fixture invoices, vendor build specs, lease	Confirm Building/TIB vs BPP store-equipment bucket

Practitioner Operational Takeaways

• Verify whether the policy values unsold stock at wholesale landed cost (CP 00 10 baseline) or includes a Selling Price endorsement.

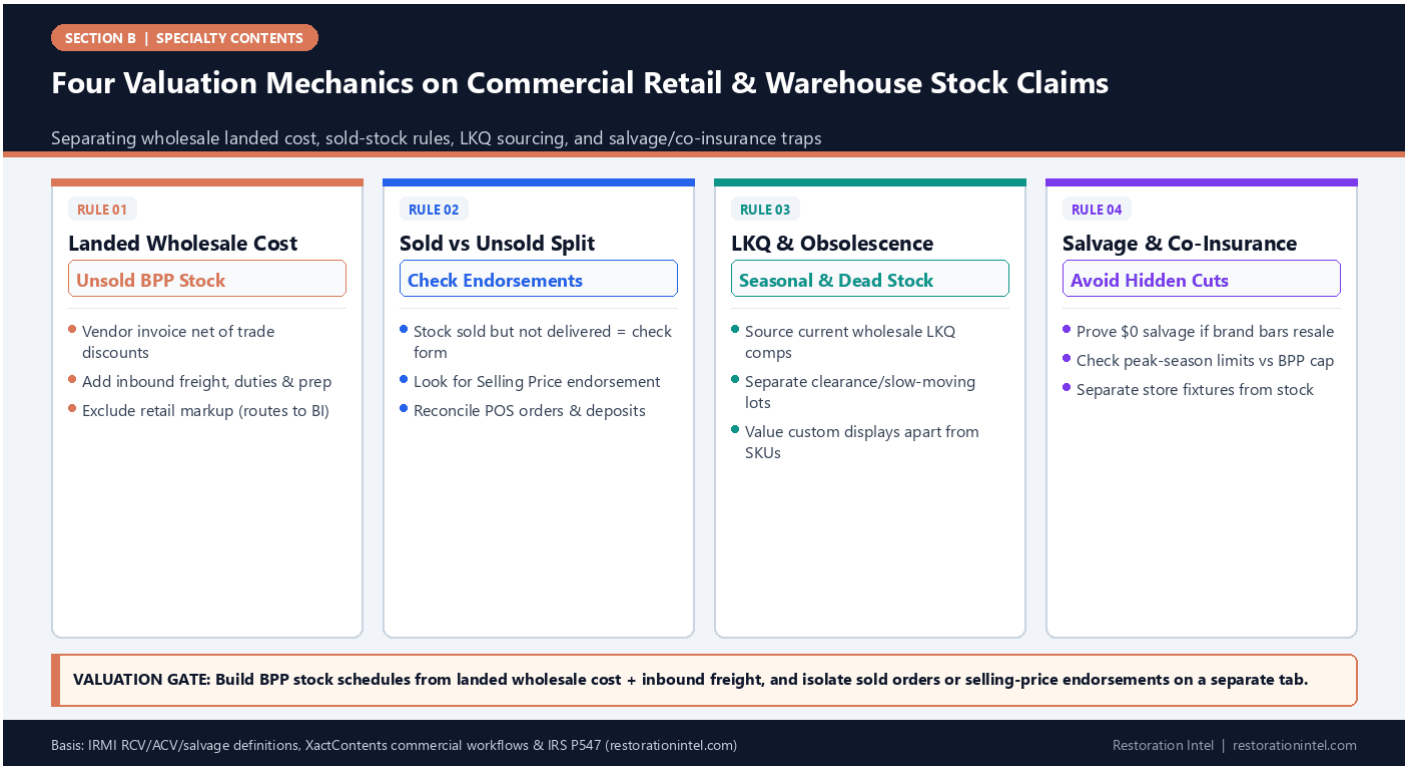
• Include verifiable inbound freight, duties, and receiving prep in wholesale landed cost while excluding retail profit markup.

• Separate pre-sold customer orders, aged clearance/obsolete lots, and custom store fixtures onto distinct valuation tabs.

• Obtain written brand-owner resale prohibitions and destruction directives to defeat unjustified carrier salvage-credit deductions.

• Exclude VMI, consigned merchandise, and landlord fixtures from owned BPP totals to avoid distorting co-insurance calculations.

Visual Workflow & Benchmark Summary



Companion Endpoints & Verified Primary Sources

• **Markdown Twin (plain text):**
https://restorationintel.com/retail-merchandising-warehouse-stock-valuation-lkq-sourcing.md

• **IRMI Insurance Glossary: Replacement Cost Value (RCV):**
https://www.irmi.com/term/insurance-definitions/replacement-cost

• **IRMI Insurance Glossary: Actual Cash Value (ACV):**
https://www.irmi.com/term/insurance-definitions/actual-cash-value

• **IRMI Insurance Glossary: Salvage:** https://www.irmi.com/term/insurance-definitions/salvage

• **Verisk XactContents Platform Overview:** https://www.verisk.com/products/xactcontents/

• **IRS Publication 547: Casualties, Disasters, and Thefts:** https://www.irs.gov/publications/p547