



## EQUIPMENT BREAKDOWN ENHANCEMENT ENDORSEMENT

Refer to the Declarations if information is not shown on this form.

The coverage under this endorsement is subject to the **terms** contained in **your** policy.

Policy Number: \_\_\_\_\_

Insured: \_\_\_\_\_

### DEFINITIONS

The following definitions apply to this policy form:

1. **Cloud computing** means on-demand network access to a shared pool of computing resources via networks, servers, storage, applications and services provided by an organization with whom **you** have a contract with using the following service models: Software as a Service (SaaS), Platform as a Service (PaaS) and Infrastructure as a Service (IaaS) on the following deployment models: public cloud, community cloud, hybrid cloud and private cloud.
2. **Electronic equipment** means devices which operate using many small electrical parts such as, but not limited to, microchips, transistors or circuits.
3. **Electronic equipment deficiency** means the quality or condition inside of **electronic equipment** which renders this equipment unexpectedly inoperable and which is operable again once a piece of **electronic equipment** has been replaced.

However, **electronic equipment deficiency** will not include replacement of **electronic equipment** for any condition that could have been resolved without replacement of the **electronic equipment** including but not limited to computer equipment maintenance or the reinstallation or incompatibility of software.

4. **Equipment breakdown** means accidental direct physical loss or damage resulting from mechanical breakdown, electrical breakdown, electronic breakdown, **electronic equipment deficiency**, rupture, bursting, bulging, implosion or steam explosion originating within:
  - a. Boilers, fired or unfired pressure vessels, vacuum vessels, and pressure piping, all normally subject to vacuum or internal pressure other than static pressure of contents. Excluded from this description are:
    - 1) Waste disposal piping, any piping forming part of a fire protective system, furnaces and any water piping, except:
      - a) Boiler feed water piping between the feed pump and the boiler, boiler condensate return piping and water piping forming part of a refrigerating or air conditioning system used for cooling, humidifying or space heating purposes; or
  - b. Mechanical, electrical, **electronic equipment** or fiber optic equipment.
5. **Green** means products, materials, methods and processes certified by a **green authority** that conserve natural resources, reduce energy or water consumption, avoid toxic or other polluting emissions or otherwise minimize environmental impact.
6. **Green authority** means an authority on **green** buildings, products, materials, methods or processes certified and accepted by Leadership in Energy and Environmental Design (LEED®), Green Building Initiative Green Globes®, Energy Star Rating System or any other recognized **green** rating system.
7. **Perishable goods** means personal property maintained under controlled conditions for its preservation and susceptible to loss or damage if the controlled conditions change.
8. **Pollutant** means any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
9. **Power quality** means the conditions that allow electrical systems or equipment to operate as intended by limiting voltage fluctuations and other power influences that would adversely affect the operational performance and/or reduce the reliability, or the life-span of the electrical system.
10. **Production machinery** means any machine which processes, forms, shapes, or transports raw materials,

materials in process, waste materials or finished products.

11. **Reasonable extra cost** means the extra cost of temporary repair and of expediting the repair of such damaged equipment of the **insured**, including overtime and the extra cost of express or other rapid means of transportation. This will be a part of and not an addition to the limit per loss.
12. **Unauthorized instruction** means a virus, harmful code or similar instruction introduced into or enacted on a computer system or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation.

## WHAT WE PAY FOR

**We** pay for accidental direct physical loss or damage to covered property caused by **equipment breakdown** as provided by this endorsement. If covered electrical equipment requires drying out as a result of moisture, **we** only pay for the direct expenses incurred of such drying out.

## ADDITIONAL COVERAGES

### 1. CFC Refrigerants

**We** pay for the reasonable and necessary incurred cost to repair or replace covered property resulting from **equipment breakdown** due to the use or presence of a refrigerant containing CFC (chlorofluorocarbon) substances. **We** also pay for additional loss as described under Consequential Losses or Loss Of Income coverages provided by this endorsement, caused by the presence of a refrigerant containing CFC substances. **We** pay the lesser of the following amounts:

- a. The cost to repair the damaged property and replace any lost CFC refrigerant;
- b. The cost to repair the damaged property, retrofit the system to accept a non-CFC refrigerant, and charge the system with a non-CFC refrigerant; or
- c. The cost to replace the system with one using a non-CFC refrigerant.

### 2. Hazardous Substances Remediation

**We** pay up to \$250,000 for **pollutant** clean up and removal and for any additional expense incurred by **you** for the repair or replacement or disposal of covered property damaged, contaminated, or polluted as a result of an **equipment breakdown**. This coverage does not apply to damage or contamination caused by any refrigerant, including ammonia. This coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of **pollutants**.

However, **we** pay for testing which is performed in the course of extracting the **pollutants** from the land or water.

### 3. Consequential Losses

**We** pay up to \$250,000 for loss of **perishable goods** due to spoilage resulting from lack or excess of power, light, heat, steam or refrigeration resulting from **equipment breakdown** to types of property covered by this policy. The covered property must be located on or within 1,000 feet of **your insured premises** and owned or used by **you**, or owned by a public utility. **We** do not pay for any loss, damage, cost or expense directly caused by, contributed to, resulting from or arising out of the following causes of loss: fire, lightning, combustion explosion, windstorm or hail, weight of snow, ice or sleet, freeze, falling objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sinkhole collapse, volcanic action, leakage from fire extinguishing equipment, water, water damage, earth movement or flood.

### 4. Power Interruption

**We** pay for **your** loss of income from the interruption of power or other utility services to types of property covered on or within 1,000 feet of the **insured premises** as the direct result of an **equipment breakdown** to equipment that is owned by a utility, landlord or other supplier, with whom **you** have a contract to supply **you** with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, **cloud computing**, wide area networks or data transmission. The equipment must meet the definition of **equipment breakdown** except that it is not covered property.

However, **we** do not pay for any loss, damage, cost or expense directly caused by, contributed to, resulting from or arising out of the following causes of loss: fire, lightning, combustion explosion, windstorm or hail, weight of snow, ice or sleet, freeze, falling objects, smoke, aircraft or vehicles, riot or civil commotion,

vandalism, sinkhole collapse, volcanic action, leakage from fire extinguishing equipment, water, water damage, earth movement or flood.

**5. Expediting Expenses**

*We* pay for expediting expenses incurred as a result of **equipment breakdown** to *your* damaged covered property. *We* pay for the **reasonable extra cost** to make temporary repairs, expedite permanent repairs and expedite permanent replacement.

**6. Refrigerant Contamination**

*We* pay up to \$250,000 for loss from contamination by refrigerant used in refrigerating, cooling or humidity control equipment at the **insured premises** as a result of **equipment breakdown**.

**7. Loss Of Income**

Loss of income resulting directly from the necessary interruption of *your business* caused by an **equipment breakdown**, is covered for up to a 30-day period. The deductible does not apply to this agreement. Loss of income will be determined using:

- a. Net income meaning net profit or loss that would have been earned or incurred before income taxes. For manufacturing risks, net income includes the net sales value of production;
- b. Payroll expenses meaning the amount incurred by *you* necessary to resume operations with the same quality of service that existed just before the accidental direct physical loss or damage occurred;
- c. All other necessary operating expenses incurred during the period of restoration in order to continue *your business*; and
- d. Any relevant and reliable sources of information applicable to *your business*.

*We* pay up to \$100,000, or any larger amount endorsed on the policy, for the loss of income which will be the income *your business* could be reasonably expected to have earned during the period of interruption had no loss occurred less the income *your business* actually earned during that period. In no event will *we* pay more than the reduction in income less charges and expenses which do not necessarily continue during the period. Coverage also applies to expenses *you* incur to reduce loss of income, not otherwise covered by any other agreement in this policy, but only to the extent that they actually reduce *your* loss of income.

*You* will make every reasonable effort to resume complete or partial operation as soon as possible and, where practicable, use substitute facilities and property.

*We* do not pay for any loss of income:

- a. Resulting from suspension, lapse or cancellation of any lease, license, contract or order;
- b. Caused directly or indirectly by enforcement of any local or state ordinance or law regulating the construction, repair or demolition of buildings or structures; or
- c. Caused directly or indirectly by interference at the premises by strikers or other persons with rebuilding, repairing or replacing property or with the resumption or continuation of operations.

**8. Environmental, Safety and Energy Efficiency Improvements**

If covered property requires repair or replacement due to **equipment breakdown**, *we* pay *your* additional cost to replace with equipment that is better for the environment, safer, or more energy efficient than the equipment being replaced.

However, *we* do not pay more than 150% of what the cost would have been to repair or replace with like kind and quality. This condition does not apply to any property to which actual cash value applies.

**9. Green Environmental and Efficiency Improvements**

If covered property requires repair or replacement due to **equipment breakdown**, *we* pay for:

- a. The lesser of the reasonable and necessary additional cost incurred by the **insured** to repair or replace physically damaged covered property with equipment of like kind and quality which qualifies as **green**. Like kind and quality includes similar size and capacity;
- b. The additional reasonable and necessary fees incurred by the **insured** for an accredited professional certified by a **green authority** to participate in the repair or replacement of physically damaged covered property as **green**;
- c. The additional reasonable and necessary cost incurred by the **insured** for certification or recertification of The repaired or replaced covered property as **green**;
- d. The additional reasonable and necessary cost incurred by the **insured** for **green** in the removal, disposal or recycling of damaged covered property; and
- e. The loss of income during the additional time required for repair or replacement of covered property, consistent with **green**, in the coverages above.

We do not pay more than 150%, to a maximum limit of \$100,000, of what the cost would have been to repair or replace with equipment of like kind and quality inclusive of fees, costs, and any loss of income incurred as stated above. **Green** Environmental and Efficiency Improvements does not cover any of the following:

- a. **Stock, production machinery**, electronic data processing equipment not used in the functional support of the real property, process water, molds and dies, property in the open, property of others for which the **insured** is legally liable, or personal property of others;
- b. Any loss adjusted on any valuation basis other than a repair or replacement basis;
- c. Any loss covered under any other section of this policy; or
- d. Any cost incurred due to any law or ordinance with which the **insured** was legally obligated to comply prior to the time of the **equipment breakdown**.

10. **Temperature Fluctuation**

We pay up to \$5,000 for loss of **perishable goods**, including loss of income, due to spoilage resulting from any condition or event to covered property that can be resolved by calibrating, resetting, tightening, adjusting or cleaning.

However, we will not pay for loss of **perishable goods** as a result of resetting the power supply to the covered property containing the **perishable goods**.

11. **Data Restoration**

We pay up to \$100,000 for **your** reasonable and necessary cost to research, replace and restore the lost information on electronic media or records as a result of **equipment breakdown**.

12. **Risk Improvement**

If covered property suffers an **equipment breakdown**, we will pay for the **insured** to improve the **power quality** of the electrical system or equipment at the loss location where the **equipment breakdown** occurred.

We will pay the **reasonable extra cost** to improve **power quality** for the following electrical systems and/or equipment improvements:

- a. Installation of surge protection devices (SPD's) which are installed at the loss location's line disconnect, load disconnect, or on specific pieces of equipment and that are certified by Underwriter Laboratories (UL) or has an equivalent certification.  
However, SPD's do not include any SPD's which are cord-connected surge strips, direct plug-in SPD's or receptacle SPD's;
- b. An upgrade and/or replacement of: electrical panels, switchgear and/or circuit breakers; or
- c. Electrical wire and wiring improvements which include installation of: flexible conduit, junction boxes and/or ground wiring.

We do not pay more than 10%, to a maximum limit of \$10,000, of the loss amount paid. An invoice for implementation of this Additional Coverage must be sent to **us** within 180 days after the payment of the loss is received.

13. **Off-Premises Coverage**

We pay up to \$25,000 for loss to covered property as a result of **equipment breakdown** while temporarily at a premises or location that is not the **insured premises**.

14. **Unauthorized Instruction**

We will pay for loss to **your** computer equipment caused by an **unauthorized instruction** which results in an **equipment breakdown**.

## WHAT WE DO NOT PAY FOR

We do not pay for:

1. Loss or damage caused by or resulting from any of the following:
  - a. Wear and tear;
  - b. Rust or other corrosion, decay, deterioration, hidden or latent defect, mold or any other quality in property that causes it to damage or destroy itself;
  - c. Smog;
  - d. Settling, cracking, shrinking or expansion;
  - e. Nesting or infestation, or discharge or release of waste products or secretions, by birds, insects, rodents or other animals;
  - f. Any accident, loss, damage, cost, claim, or expense, whether preventative, remedial, or otherwise,

directly or indirectly arising out of or relating to the recognition, interpretation, calculation, comparison, differentiation, sequencing, or processing of data by any computer system including any hardware, programs or software; or

g. Scratching and marring.

However, if loss or damage not otherwise excluded results, **we** pay for such resulting loss or damage.

2. Loss, damage, cost or expense directly resulting from the following causes of loss: fire, lightning, combustion explosion, windstorm or hail, weight of snow, ice or sleet, freeze, falling objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sinkhole collapse, volcanic action, leakage from fire extinguishing equipment, water, water damage, earth movement or flood.

#### **ADDITIONAL CONDITIONS APPLICABLE TO *EQUIPMENT BREAKDOWN***

1. ***Equipment breakdown*** is an added covered cause of loss shown in the underlying property insurance afforded by ***your*** policy.
2. The specific ***terms*** and conditions of this endorsement will take precedence over any other conflicting ***terms*** and conditions stated in any other part of ***your*** policy.
3. Any specific amounts of insurance shown in this endorsement will take precedence over any other amounts of insurance shown elsewhere in ***your*** policy.
4. Whenever covered property is found to be in, or exposed to, a dangerous condition, any of ***our*** representatives may immediately suspend the insurance against loss or damage to that covered property for the causes of loss covered by this endorsement. Coverage can be suspended and reinstated by delivering or mailing a written notice of suspension / coverage reinstatement to ***your*** last known address or the address where the covered property is located. If ***we*** suspend ***your*** insurance, ***you*** will get a pro rata refund of premium. The suspension will be effective even if ***we*** have not yet made or offered a refund.
5. If any covered property under this endorsement requires a jurisdictional inspection to comply with state or municipal boiler and pressure vessel regulations, ***we*** agree to perform such inspection on ***your*** behalf. ***We*** do not warrant that conditions are safe or healthful.

All other ***terms*** and conditions remain unchanged.