

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## EQUIPMENT BREAKDOWN COVERAGE

This Endorsement modifies insurance provided under the following:



BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
CAUSES OF LOSS – SPECIAL FORM

<b>Equipment Breakdown Schedule</b>	
<b>Equipment Breakdown Limits of Insurance:</b>	
Total Limit Per Breakdown	\$100,000,000 or TIV plus EE, whichever is less
Property Damage	\$100,000,000 or TIV, whichever is less
Perishable Goods	\$250,000
Expediting Expenses	\$250,000
Pollution Clean Up and Removal	\$250,000
Data and Media	\$250,000
Demolition	\$1,000,000
Increased Cost of Construction	\$1,000,000
Extra Expense	\$10,000,000
<b>Deductibles:</b>	
Direct Damage	See Declaration
Business Income and Extra Expense	48 Hours
Perishable Goods	Included with Direct Damage
Utility Interruption – Waiting Period	24 hours
Other: Internal Combustion Engine (ICE) Generator Units	\$40 per Horse Power with a minimum of \$5,000

The following is added to paragraph A. 4. Additional Coverages in the Building and Personal Property Coverage Form:

**f. Equipment Breakdown Coverage**

1. We will pay for direct physical loss to Covered Property caused by or resulting from a “breakdown” to “covered equipment”.
2. **“Breakdown”**
  - a. “Breakdown” means:
    - (1) Failure of pressure or vacuum equipment;
    - (2) Mechanical failure including rupture or bursting caused by centrifugal force; or
    - (3) Electrical failure including arcing;
 that causes direct physical loss or damage to "covered equipment" and necessitates its repair or replacement.
  - b. "Breakdown" does not mean:

- (1) Cracking of any part on an internal combustion gas turbine exposed to the products of combustion;
  - (2) Damage to any structure or foundation supporting the "covered equipment" or any of its parts;
  - (3) Damage to any vacuum tube, gas tube, or brush;
  - (4) Defects, erasures, errors, limitations or viruses in "computer equipment", data, "media" and/or programs including the inability to recognize and process any date or time or provide instructions to "covered equipment". However, if a "breakdown" ensues, we will pay the ensuing loss or damage not otherwise excluded;
  - (5) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
  - (6) Malfunction including but not limited to adjustment, alignment, calibration, cleaning or modification; or
  - (7) The functioning of any safety or protective device.
- c. If an initial "breakdown" causes other "breakdowns", all will be considered one "breakdown". All "breakdowns that manifest themselves at the same time and are the result of the same cause will also be considered one "breakdown".
3. **"Covered Equipment"**
- a. "Covered equipment" means any Covered Property that is:
    - (1) Equipment designed and built to operate under internal pressure or vacuum other than weight of contents. For any boiler or fired vessel, the furnace of the "covered equipment" and the gas passages from there to the atmosphere will be considered as outside the "covered equipment";
    - (2) Communication equipment and "computer equipment";
    - (3) Fiber optic cable; or
    - (4) Any other electrical or mechanical equipment that is used in the generation, transmission or utilization of energy.
  - b. "Covered equipment" does not mean any:
    - (1) Astronomical telescope, cyclotron, nuclear reactor, particle accelerator, satellites and/or spacecraft (including satellite or spacecraft contents and/or their launch sites);
    - (2) Catalyst;
    - (3) Dragline, power shovel, excavation or construction equipment including any "covered equipment" mounted on or used solely with any dragline, power shovel, excavation or construction equipment;
    - (4) Elevator or escalator, but not excluding any electrical machine or apparatus mounted on or used with this equipment;
    - (5) Equipment or any part of equipment manufactured by you for sale;
    - (6) Felt, wire, screen, mold, form, pattern, die, extrusion plate, swing hammer, grinding disc, cutting blade, non-electrical cable, chain, belt, rope, clutch plate, brake pad, non-metal part or any part or tool subject to periodic replacement;
    - (7) Insulating or refractory material;
    - (8) Non-metallic pressure or vacuum equipment, unless it is constructed and used in accordance with the American Society of Mechanical Engineers (A.S.M.E.) code or a Code that has been accepted by the National Board of Boiler and Pressure Vessel Inspectors;
    - (9) Part of pressure or vacuum equipment that is not under internal pressure of its contents or internal vacuum;
    - (10) Pressure vessels and piping that are buried below ground and require the excavation of materials to inspect, remove, repair or replace;
    - (11) Structure, foundation, cabinet or compartment supporting or containing the "covered equipment" or part of the "covered equipment" including penstock, draft tube or well casing;
    - (12) Vehicle, aircraft, self-propelled equipment or floating vessel, including any "covered equipment" mounted on or used solely with any vehicle, aircraft, self-propelled equipment or floating vessel; or
    - (13) "Media".
4. **Property Not Covered.** With regard to the coverage provided by this Endorsement only:
- a. A.2.c. in the Building and Personal Property Coverage Form is deleted and replaced by the following:
    - c. Animals.
  - b. The following is added to A.2. in the Building and Personal Property Coverage Form:
    - (t) Media used in trickle filters or other sewage treatment processing equipment. This includes, but is not limited to, biological or plastic media.

5. **Equipment Breakdown Coverage Extensions.** The following coverages also apply to loss or damage caused by or resulting from a “breakdown” to “covered equipment”. These Equipment Breakdown Coverage Extensions do not provide additional amounts of insurance. The limits provided are part of, not in addition to, the Total Limit per Breakdown shown in the Equipment Breakdown Schedule.

a. **Perishable Goods.**

(1) We will pay for:

- (a) Your loss of “perishable goods” due to spoilage;
- (b) Your loss of “perishable goods” due to spoilage that is caused by or results from an interruption in utility services that is the direct result of a “breakdown” to “covered equipment” that is owned by a utility, landlord, or other supplier with whom you have a contract to provide you with any of the following services: electrical power, communications, waste disposal, air conditioning, refrigeration, heating, gas, air, water or steam. Coverage for such loss will begin 24 hours after the time the “breakdown” causes the interruption of the utility service; or
- (c) Your loss of “perishable goods” due to contamination from the release of refrigerant, including but not limited to ammonia.

We will also pay any necessary expense you incur to reduce the amount of loss under this coverage. We will pay such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.

- (2) If you are unable to replace the “perishable goods” before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the “perishable goods” at the time of the “breakdown”, less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the Loss Payment Condition.
- (3) The most we will pay for any loss or expense under this Equipment Breakdown Coverage Extension is the Limit of Insurance for Perishable Goods shown on the Equipment Breakdown Schedule.

b. **Expediting Expenses.**

- (1) With respect to your damaged Covered Property, we will pay the reasonable extra cost to make temporary repairs and expedite permanent repairs or permanent replacement.
- (2) Expediting expenses include overtime wages and the extra cost of express or other rapid means of transportation.
- (3) The most we will pay for Expediting Expenses is the Limit of Insurance for Expediting Expenses shown on the Equipment Breakdown Schedule.

c. **Utility Interruption.** The insurance provided for Business Income and/or Extra Expense, if covered elsewhere in the policy, is extended to apply to loss caused by or resulting from an interruption in utility services that is a direct result of a “breakdown” to “covered equipment” that is owned by a utility, landlord, or other supplier with whom you have a contract to provide you with any of the following services: electrical power, communications, waste disposal, air conditioning, refrigeration, heating, gas, air, water or steam.

Coverage for Utility Interruption will begin the time shown for Utility Interruption-Waiting Period in the Equipment Breakdown Schedule, after the time the “breakdown” causes the interruption of the utility service.

d. **Pollutant Clean Up and Removal.** With regard to coverage provided under this Endorsement only, SECTION I Additional Coverage A.4.d. in the Coverage Form to which this Endorsement applies is deleted and replaced by the following:

- d. We will pay your expense to extract “pollutants” from land or water at the described premises and the cost for clean-up, repair, replacement or disposal of Covered Property at the described premises if the discharge, dispersal, seepage, migration, release or escape of such “pollutants” is caused by or results from a “breakdown” to “covered equipment” that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which such “breakdown” occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land, water or the clean-up, repair, replacement, or disposal of Covered Property.

The most we will pay under this Additional Coverage, including any loss covered under any applicable Business Income or Extra Expense coverage, for the sum of all covered expenses the Limit of Insurance for Pollution Clean Up and Removal shown on the Equipment Breakdown Schedule.

The coverage provided by this Additional Coverage does not include loss to "perishable goods" due to contamination from the release of a refrigerant.

- e. **Data and Media.** We will pay your cost to research, replace and restore data, including programs and operating systems, that are lost or corrupted due to a "breakdown". We will also pay for loss or damage to "media" caused by a "breakdown". The most we will pay under this Coverage Extension for the sum of all covered expenses, including any loss covered under any applicable Business Income and Extra Expense coverage, is the Limit of Insurance for Data and Media shown on the Equipment Breakdown Schedule.

f. **Demolition and Increased Cost of Construction.**

The following applies despite the Ordinance or Law Exclusion B.1. in the Causes of Loss – Special Form. If a "breakdown" to "covered equipment" damages a building that is Covered Property that is insured at replacement cost, and the loss is increased by the enforcement of any laws or ordinances that are in force at the time of the "breakdown" and which regulate the demolition, construction, repair or use of the building or structure the following apply:

(1) We will pay for:

- (a) Your actual cost to demolish and clear the site of the undamaged parts of the same building or structure as a consequence of enforcement of an ordinance or law that requires the demolition of such undamaged property; and
  - (b) Your actual expenditures for increased costs to repair, rebuild, or construct the building. If the building is repaired, rebuilt or constructed, it must be intended for a similar use or occupancy as the current building, unless otherwise required by zoning or land use ordinance or law;
- (2) With regard to otherwise covered Business Income and Extra Expense coverage, the "period of restoration" is extended to include the additional period of time required for demolition and to meet the minimum requirement of any ordinance or law enforcement at the time of the "breakdown".
- (3) We will not pay for any:
- (a) Fine;
  - (b) Liability to a third party;
  - (c) Increase in loss due to a "pollutant"; or
  - (d) Demolition cost until the undamaged portions of the building are actually demolished;
  - (e) Increased construction costs until the building is actually rebuilt and replaced;
  - (f) Increases in loss, excess of the amount required to meet the minimum requirement of any ordinance or law enforcement at the time of the "breakdown"; or
  - (g) Loss due to any ordinance or law that you were required to comply with before the "breakdown", even if the building was undamaged, and with which you failed to comply.

The most we will pay under (1)(a) of this Coverage Extension for the sum of all covered expenses, including any loss covered under any applicable Business Income and Extra Expense coverage, is the applicable Limit of Insurance for Demolition shown on the Equipment Breakdown Schedule.

The most we will pay under (1) (b) of this Coverage Extension for the sum of all covered expenses, including any loss covered under any applicable Business Income and Extra Expense coverage, is the applicable Limit of Insurance for Increased Cost of Construction shown on the Equipment Breakdown Schedule.

**g. Business Income**

The Coverage provided by the Business Income Coverage Form is extended to include loss covered by a "breakdown" to "covered equipment" as covered by this Endorsement. The most we will pay under this Coverage Extension is included in the Limit of Insurance for Extra Expense shown on the Equipment Breakdown Schedule.

**h. Extra Expense**

The Coverage provided by the Extra Expense Coverage Form is extended to include loss covered by a "breakdown" to "covered equipment" as covered by this Endorsement. The most we will pay under this Coverage Extension is the Limit of Insurance for Extra Expense shown on the Equipment Breakdown Schedule.

**6. Equipment Breakdown Exclusions.** With regard to coverage provided under this Endorsement only, the following changes are made:

- a. The following Exclusions are deleted from the Causes of Loss – Special Form: B.2.a.; B.2.d.(6); and B.2.e.
- b. Exclusion B.2.i. from the Causes of Loss – Special Form, is deleted and replaced by the following:
  - l. Discharge, dispersal, seepage, migration, release or escape of "pollutants". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "breakdown" to "covered equipment", we will pay for the loss or damage caused by that "breakdown".
- c. The paragraph of Exclusion B.2.d. from the Causes of Loss – Special Form which states, "But if an excluded cause of loss that is listed in **2.d.(1)** through **(7)** results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage. " is deleted and replaced by the following:

But if an excluded cause of loss that is listed in **2.d.(1)** through **(7)** results in a "breakdown", we will pay the resulting loss or damage not otherwise excluded.
- d. The following exclusions apply to the coverage provided under this Endorsement in addition to the other exclusions, except as deleted in A.6.a. above, in the CAUSES OF LOSS – SPECIAL FORM Coverage Form to which this Endorsement applies.

We will not pay under this Endorsement for loss or damage caused directly or indirectly by any of the following:

  - (1) Any of the following tests:
    - (a) A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel; or
    - (b) An insulation breakdown test of any type of electrical equipment;
  - (2) Fire including fire resulting from a "breakdown";
  - (3) Combustion explosion;
  - (4) 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;
  - (5) An explosion. However, we will pay for direct loss or damage caused by an explosion of "covered equipment" of a kind specified in a. through f. below, if not otherwise excluded:
    - (a) Steam boiler;
    - (b) Electric steam generator;
    - (c) Steam piping;
    - (d) Steam turbine;
    - (e) Steam engine; or
    - (f) Gas turbine or any other moving or rotating machinery when such explosion is caused by centrifugal force or mechanical breakdown.
  - (6) Lightning; weight of snow, ice or sleet; aircraft or vehicles;
  - (7) windstorm or hail; smoke; riot or civil commotion; vandalism; falling objects; water damage caused by the discharge or leakage of sprinkler system, sewer piping or domestic water piping; water or other means used to extinguish a fire, even when the attempt is unsuccessful; freezing due to cold weather; molten material; or collapse. However, we will pay for a "breakdown" to "covered equipment" if one of the perils excluded in (7) occurs away from premise described in the Schedule of Property and causes an electrical surge or other electrical disturbance that comes through utility transmission lines.

**7. Equipment Breakdown Limitations.**

With regard to this Endorsement only, the following Limitations are deleted from the Commercial Property Causes of Loss – Special Form: C.1.a. and C.1.b.

**8. Limits of Insurance**

- a. The most we will pay for loss or damage under any and all Coverage, Coverage Extensions and Limitations from any "One Breakdown" is the applicable Total Limit per Breakdown Limit of Insurance shown in the Equipment Breakdown Schedule. The most we will pay for Property Damage in any one "breakdown" is the Limit of Insurance for Property Damage shown in the Equipment Breakdown Schedule.
- b. The Limit of Insurance for Property Damage and the Equipment Breakdown Coverage Extensions are part of, not in addition to, the Total Limit per Breakdown shown in the Equipment Breakdown Schedule.

**9. Deductible**

If an amount is shown in the Deductible section of the Equipment Breakdown Schedule, the following will apply; otherwise the deductible shown in the Declaration for the applicable coverage will apply unless specifically noted elsewhere in this Endorsement.

Paragraph D. – Deductibles of the applicable coverage form is deleted and replaced by:

- a. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss, and will pay the resulting amount or the Limit of Insurance, whichever is less.

The deductibles listed in the Equipment Breakdown Schedule shall be applied separately to the applicable coverage as follows:

**(1) Dollar Deductible**

If a dollar deductible is shown in the above schedule, we will first subtract the deductible amount from any loss we would otherwise pay.

**(2) Multiple per Unit Deductible**

If a multiple of units is shown in the above schedule, the deductible will be calculated as the sum of the multiplier times the number of units specified. (For example: if the deductible is specified as \$25/hp for air conditioning units, and a covered 500 hp air conditioning unit suffered a "Breakdown", the deductible will be \$25 times 500 hp which equals \$12,500.)

**(3) Time Deductible**

If a time deductible is shown in the above schedule, we will not be liable for any loss under that coverage that occurs during that specified time period immediately following a "Breakdown". If a time deductible is shown in days, each day shall mean twenty-four consecutive hours.

**(4) Multiple of Daily Value Deductible**

If a multiple of daily value is shown in the above schedule, this deductible will be calculated as follows:

- (a) For the entire premise described in the Declarations where the loss occurred, determine the total amount of Business Income that would have been earned during the "Period of Restoration" had no "Breakdown" taken place.
- (b) Divide the result in Paragraph (1) by the number of days the business would have been open during the "Period of Restoration". The result is the daily value.
- (c) Multiply the daily value in Paragraph (2) by the number of daily value multiples shown in the above schedule. We will first subtract this deductible amount from any loss we would otherwise pay. We will then pay the amount of loss or damage in excess of the deductible, up to the applicable Limit of Insurance.

**(5) Percentage of Loss Deductible**

If a deductible is expressed as a percentage of loss in the above schedule, we will not be liable for the indicated percentage of the gross amount of loss or damage insured under the applicable coverage.

(6) **Minimum Or Maximum Deductible**

(a) If:

- (i) A minimum dollar amount deductible is shown in the above schedule; and
  - (ii) The dollar amount of the Multiple per Unit, Multiple of Daily Value or the Percentage of Loss Deductible is less than the Minimum Deductible:
- then the Minimum Deductible amount shown in the above schedule will be the applicable deductible.

(b) If:

- (i) A maximum dollar amount deductible is shown in the above schedule; and
  - (ii) The dollar amount of the Multiple per Unit, Multiple of Daily Value or the Percentage of Loss Deductible is greater than the Maximum Deductible;
- then the Maximum Deductible amount shown in the above schedule will be the applicable deductible.

b. If more than one deductible applies to a single coverage, then only one deductible, the highest, will apply to that coverage.

10 The following provision applies to the coverage provided by this Endorsement only and in addition to the provisions in the Loss Payment section of the Coverage Form to which this Endorsement applies:

**New Generation.** You may replace damaged "Covered Equipment" with a newer generation "Covered Equipment" of the same capacity which improves the environment, increases efficiency or enhances safety. We will pay up to an additional 25% of the covered property damage amount for the "Covered Equipment". This additional amount is included in, not in addition to, the applicable Limit of Insurance for Covered Property.

11. With respect to the coverage provided under this Endorsement, the following are added to the Additional Conditions section of the Coverage Form to which this Endorsement applies:

a. **Jurisdictional Inspections**

- (1) We agree to provide pressure vessel certificate-of-operation engineering services where:
  - (a) The certificate-of-operation is required by state, city or provincial law; and
  - (b) The state, city or provincial law permits inspections by insurance company employees.
- (2) If we receive notification of a pressure vessel certificate-of-operation inspection due date less than 30 (thirty) days prior to the expiration of the certificate-of-operation, we will not be responsible for:
  - (a) Any fine or other penalty that may be assessed; or
  - (b) Any liability that may arise due to the fact that the inspection was not performed prior to the certificate-of-operation due date.
- (3) Certificate-of-operation engineering services will not be provided for any location other than in the United States of America, Puerto Rico or Canada.

b. **Suspension**

- (1) Whenever "covered equipment" is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the coverage provided by this Endorsement. We will deliver or mail a written notice of suspension to your last known address or the address where the "covered equipment" is located.
- (2) Once suspended in this way, your coverage can be reinstated only by an Endorsement for that "covered equipment".
- (3) If we suspend your coverage, you will get a pro rata refund of premium for that "covered equipment". But the suspension will be effective even if we have not yet made or offered a refund.

12. With regard to the coverage provided by this Endorsement, the following definitions apply in addition to the definitions provided elsewhere in this Policy:

a. **"Computer equipment"** means your programmable electronic equipment that is used to store, retrieve and process data; and associated peripheral equipment that provides communication including

input and output functions such as printing or auxiliary functions such as data transmission. It does not include data or "media".

- b. **"Media"** means electronic data processing or storage material such as films, tapes, discs, drums or cells.
- c. **"Perishable goods"** means personal property maintained under controlled conditions for its preservation and susceptible to loss or damage if the controlled conditions change.