

EQUIPMENT BREAKDOWN ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement provides the terms of coverage if coverage is selected on the Declarations Page.

To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. This endorsement does not change any other provision of the insurance policy to which it is affixed. This endorsement is a part of this insurance policy and takes effect on the effective date of this insurance policy unless another effective date is shown.

Words and phrases that appear in *italics* in the remainder of this form have special meaning. Refer to Section I. Definitions of the policy form and / or this endorsement.

B. Covered Causes of Loss

In addition to the Covered Causes of Loss in the policy, the following Causes of Loss are included:

1. *Equipment Breakdown*

C. Additional Coverages

The following is added to the Additional Coverages section of the policy. Each item with a sublimit of coverage will be a sublimit of the limits provided by the policy and not in addition to the limits provided in the policy.

1. ***Equipment Breakdown Pollutant Clean Up and Removal***

We will pay for the Pollutant Clean Up and Removal for loss resulting from *equipment breakdown*. The most we will pay for the Pollutant Clean Up and Removal is \$250,000.

This Additional Coverage does not apply to costs to test for, monitor, or assess the existence, concentration, or effects of *pollutants*. We will pay for testing which is performed in the course of extracting the *pollutants* from the land or water.

2. **Expediting Expenses**

We will pay for the expediting expense loss resulting from *equipment breakdown* with respect to your damaged Covered Property. We will pay the *reasonable extra cost* to:

- a. Make temporary repairs;
- b. Expedite permanent repairs; and
- c. Expedite permanent replacement.

The most we will pay for Expediting Expense is the Limit of Insurance shown on the Declarations.

3. **Refrigerant Contamination**

We will pay the loss from contamination by refrigerant used in refrigerating, cooling, or humidity control equipment at the described premises as a result of *equipment breakdown*.

The most we will pay for Refrigerant Contamination is \$250,000.

4. **Spoilage**

We will pay for loss of *perishable goods* due to spoilage resulting from lack of power, light, heat, steam, or refrigeration caused by *equipment breakdown*.

However, we will not pay for any loss, damage, cost, or expense directly caused by, contributed to by, resulting from, or arising out of the following causes of loss:

Fire, lightning, combustion explosion, wind-storm or hail, weight of snow, ice or sleet, freezing, 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.

If you are unable to replace the *perishable goods* before their anticipated sale, payment will be determined based on the sales price of the *perishable goods* at the time of the loss, less discounts and expenses that otherwise would have been incurred. Otherwise, payment will be determined in accordance with the Loss Settlement Conditions of the policy, to which this endorsement is attached, up to a maximum limit of \$250,000.

5. **Temperature Fluctuation**

We will pay for loss of *perishable goods* only caused by or 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*.

If you are unable to replace the *perishable goods* before their anticipated sale, payment will be determined based on the sales price of the *perishable goods* at the time of the loss, less discounts and expenses that otherwise would have been incurred. Otherwise, payment will be determined in accordance with the Loss Settlement Conditions of the policy, to which this endorsement is attached, up to a maximum limit of \$5,000.

6. **CFC Refrigerants**

We will pay for the *additional costs* to repair or replace Covered Property because of the use or presence of a refrigerant containing CFC (chlorofluorocarbon) substances caused by *equipment breakdown*.

We also pay for additional loss as described under the Spoilage Coverage provided by this endorsement and the Business Income Coverage as described in the policy to which this endorsement attached, caused by the presence of a refrigerant containing CFC substances.

We pay no more than the least of the following:

- 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.

The most we will pay for CFC Refrigerants is the Limit of Insurance shown on the Ancillary Coverages and Sublimits.

7. **Computer Equipment**

We will pay for loss or damage to your *computer equipment* caused by *equipment breakdown*.

The most we will pay for Computer Equipment is the Limit of Insurance shown on the Declarations.

8. **Data Restoration**

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

The most we will pay for Data Restoration is \$100,000.

9. **Computer Virus**

We will pay for loss or damage to your *computer equipment* caused by a *computer virus* which results in *equipment breakdown*.

The most we will pay for Computer Virus is the Limit of Insurance shown on the Declarations.

10. Service Interruption

Any insurance provided for Service Interruption, Spoilage, or Data Restoration is extended to apply to your loss, damage or expense caused by *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, wide area networks, data transmission or *cloud computing*. The equipment must meet the definition of *equipment breakdown* except that it is not Covered Property.

The most we will pay for Service Interruption is the Sublimit of Insurance shown on the Ancillary Coverage and Sublimits Endorsement. The most we will pay for Spoilage or Data Restoration is the sublimit under each Additional Coverage as provided in this endorsement.

11. Risk Improvement

If Covered Property suffers direct physical loss or damage due to *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 will 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.

12. Off-Premises Coverage

We will pay for loss or damage to Covered Property resulting from a covered *equipment breakdown* while temporarily at a *location* that is not a described *location*.

The most we will pay for Off-Premises Coverage is \$25,000.

D. Exclusions and Limitations

- 1. With respect to coverage provided by this endorsement only, the following Exclusions do not apply:
 - a. **Electrical Surge Exclusion**
 - b. **Equipment Breakdown and Explosion Exclusion**

G. Policy Conditions

The following is added to the Policy Conditions section of the policy:

1. Suspension

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 to that Covered Property for the perils covered by this endorsement. Coverage can be suspended and possibly reinstated by delivering or mailing a written notice of suspension / coverage reinstatement to:

- a. Your last known address; or

- b. The address where the 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.

2. **Jurisdictional Inspections**

If any Covered Property under this endorsement requires 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.

3. **Environmental, Safety, and Efficiency Improvements**

If Covered Property requires replacement due to equipment breakdown, we will 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 will 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.

4. **Green Environmental and Efficiency Improvements**

If Covered Property requires repair or replacement due to equipment breakdown, we will pay:

- 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.
- e. The Business Income Coverage, if covered within the Policy to which this *Equipment Breakdown* Endorsement is attached, loss during the additional time required for repair or replacement of Covered Property, consistent with *green*, in the coverages above.

We will not pay more than 150% of what the cost would have been to repair or replace with equipment of like kind and quality inclusive of fees, costs, subject to a maximum limit of \$100,000 per *occurrence*, in addition to any Business Income Coverage loss incurred as stated above.

Green Environmental and Efficiency Improvements does not cover any of the following:

- a. Covered Property does not include *stock*, raw materials, finished goods, *production machinery*, merchandise, 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 as per the Loss Settlement Conditions section of this policy.
- c. Any loss covered under any other section of this policy.
- 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*.

I. **Definitions**

With respect to this endorsement only, the following Definitions are added:

SMB 403 2407 CW ALL EQUIPMENT BREAKDOWN

1. *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.
2. *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.
3. *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.
4. *Additional costs* mean those in excess of what would have been required to repair or replace Covered Property, had no CFC refrigerant been involved.

All other terms and conditions, insured coverage, and exclusions of this insurance policy remain unchanged, including applicable limits, sublimits, and deductibles, and apply in full force and effect to the coverage provided by this policy.