

EQUIPMENT BREAKDOWN ENDORSEMENT

This endorsement changes coverage provided by the following:

TRUE HO 03 – HOMEOWNERS 3 SPECIAL FORM

Read the entire endorsement carefully to determine rights, duties and what is and is not covered.

**Equipment Breakdown Coverage is subject to a \$100,000 per Occurrence Limit of Liability.
Equipment Breakdown Coverage is subject to a \$500 per Occurrence Deductible.**

AGREEMENT

We will provide the insurance described in this endorsement in return for the premium and compliance with all applicable provisions of your policy. Coverage provided by this endorsement does not increase any limit of liability indicated and described on the Declarations Page.

EQUIPMENT BREAKDOWN COVERAGE

DEFINITIONS

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

1. "Equipment breakdown covered property" means, if provided by the policy, the dwelling, other structures and personal property:
 - a. That generates, transmits or utilizes energy; or
 - b. Which operates under vacuum pressure, other than static pressure or its contents, during normal usage.
2. "Equipment breakdown" as used herein means:
 - a. Physical loss or damage both originating within:
 - (1) 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, excluding:
 - (a) Waste disposal piping;
 - (b) Any piping forming part of a fire protective system; and
 - (c) Any water piping other than:
 - (i) Boiler feed water piping between the feed pump and the boiler;
 - (ii) Boiler condensate return piping; or
 - (iii) Water piping forming part of a refrigerating or air conditioning system used for cooling, humidifying or space heating purposes.
 - (2) All mechanical, electrical, electronic or fiber optic equipment; and
 - b. Caused by, resulting from, or consisting of:
 - (1) Mechanical breakdown;
 - (2) Electrical or electronic breakdown; or
 - (3) Rupture, bursting, bulging, implosion, or steam explosion.

However, "equipment breakdown" will not mean:

- a. Physical loss or damage caused by or resulting from any of the following; however, if loss or damage not otherwise excluded results, then we will pay for such resulting damage:
 - (1) Wear and tear;
 - (2) 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;
 - (3) Smog;
 - (4) Settling, cracking, shrinking or expansion;
 - (5) Nesting or infestation, or discharge or release of waste products or secretions, by birds, rodents or other animals;

- (6) 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;
- (7) Scratching or marring.
- b. 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, windstorm 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 and flood.
- 3. "Green" as used herein 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.
- 4. "Green authority" as used herein 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.
- 5. "Reasonable extra cost" as used herein means the extra cost of temporary repair and of expediting the repair of such damaged equipment, including overtime and the extra cost of express or other rapid means of transportation.
- 6. "Motor vehicle" as used herein means any self-propelled land or amphibious vehicle.

PROPERTY COVERAGES

The following Property Coverages are added, subject to the Equipment Breakdown Coverage Per Occurrence Limit and Equipment Breakdown Coverage Per Occurrence Deductible shown in the Declarations, unless otherwise specified below:

1. Equipment Breakdown Coverage

We cover direct physical loss to "equipment breakdown covered property" on the Insured Location shown in the Declarations that is caused by an "equipment breakdown".

2. Expediting Expense

We will pay for the expediting expense costs incurred caused by an "equipment breakdown" with respect to your damaged "equipment breakdown 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 loss or damage under this coverage is \$10,000.

3. Spoilage Coverage

We will pay for loss of perishable goods due to spoilage resulting from lack of power, light, heat, steam or refrigeration caused by an "equipment breakdown" to personal property covered by this policy.

The most we will pay for loss or damage under this coverage is \$10,000.

4. Pollutant Clean Up and Removal

We will pay for the pollutant clean up and removal for loss caused by an "equipment breakdown".

The most we will pay for loss or damage under this coverage is \$10,000.

5. Off – Premises Coverage

We will pay for loss or damage to "equipment breakdown covered property" resulting from an "equipment breakdown" while temporarily at a premises or location that is not a "residence premises". This coverage does not apply to any "motor vehicle".

The most we will pay for loss or damage under this coverage is \$10,000.

SECTION I – PERILS INSURED AGAINST

With respect to this endorsement only, under **Coverage C – Personal Property** the following **Section I – Peril Insured Against** is deleted and replaced with:

15. Sudden And Accidental Damage From Artificially Generated Electrical Current**EXCLUSIONS**

Any exclusions in your policy for mechanical or electrical breakdown do not apply to this endorsement.

CONDITIONS

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

1. "Equipment breakdown" coverage does not extend beyond the Insured Location shown in the Declarations except as provided under the coverage for **Off-Premises Coverage**.

2. Safety and Efficiency Improvements

If "equipment breakdown covered property" requires replacement due to an "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 without deduction for depreciation. This condition does not increase any of the applicable limits.

This condition does not apply to any property to which Actual Cash Value applies.

3. Green Environmental

If "equipment breakdown covered property" requires repair or replacement due to an "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 "equipment breakdown covered property" with equipment of like kind and quality without deduction for depreciation 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 "equipment breakdown covered property" as "green".
- c. The additional reasonable and necessary cost incurred by the "insured" for certification or recertification of the repaired or replaced "equipment breakdown 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 "equipment breakdown covered property".
- e. The additional living expense or fair rental value, if your policy provides coverage for additional living expense or fair rental value, during the additional time required for repair or replacement of "equipment breakdown covered property", consistent with "green", in the coverages above.

We will not pay more than 150% what the cost would have been to repair or replace with equipment of like kind and quality without deduction for depreciation inclusive of fees, costs, and any additional living expense or fair rental value loss incurred as stated above.

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

- a. Any loss covered under any other section of this policy.
- b. Any cost incurred due to any law or ordinance with which any person insured by the policy was legally obligated to comply prior to the time of the "equipment breakdown".

4. Loss Settlement

a. We will pay you the amount you spend to repair or replace the "equipment breakdown covered property" damaged by an "equipment breakdown" without deduction for depreciation. Our payment will be the lesser of:

- (1) The cost at the time of the "equipment breakdown" to repair the damaged "equipment breakdown covered property";
- (2) The cost at the time of the "equipment breakdown" to replace the "equipment breakdown covered property" with property of like kind, capacity, size and quality; or

(3) The amount you actually spend that is necessary to repair or replace the damaged property.

b. As respects your “equipment breakdown covered property”, if the cost of repairing or replacing only a part of the covered property is greater than:

(1) The cost of repairing the “equipment breakdown covered property”; or

(2) The cost of replacing the entire “equipment breakdown covered property” on the same site,

We will pay the lesser amount.

The repair parts or replacement “equipment breakdown covered property” must be:

(1) Of like kind, capacity, size and quality; and

(2) Used for the same purpose.

These Conditions will be part of, and not in addition to, the Equipment Breakdown Coverage Per Occurrence Limit of liability per loss or any other sublimits of this policy.

All other provisions of this policy apply.