EQUIPMENT BREAKDOWN ENHANCEMENT ENDORSEMENT

Refer to Supplemental Declarations if information is not shown on this form.
We provide coverage under this endorsement subject to the ***terms*** contained in the General Policy Provisions.

Policy No. _____.
Named ***Insured***: _____.

COVERED CAUSES OF LOSS

We pay for direct physical loss to covered property caused by ***equipment breakdown*** as provided by this endorsement.

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 shall take precedence over any other conflicting ***terms*** and conditions stated in any other part of ***your*** policy.
3. The additional ***terms*** and conditions applicable to the coverage extensions shown below shall be in addition to all other ***terms*** and conditions of ***your*** policy.
4. Any specific amounts of insurance shown in this endorsement shall take precedence over any other amounts of insurance or limits of liability shown elsewhere in ***your*** policy.
5. 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 possibly 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. Once suspended, ***your*** insurance can be reinstated only by an endorsement to this policy for that equipment.
   If ***we*** suspend ***your*** insurance, ***you*** will get a pro rata refund of premium. But, the suspension will be effective even if ***we*** have not yet made or offered a refund.
6. 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.

WHAT *WE* PAY FOR

Equipment breakdown

Equipment breakdown as used herein means:

Direct 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: waste disposal piping; any piping forming part of a fire protective system; furnaces; and any water piping other than: boiler feed water piping between the feed pump and the boiler; boiler condensate return piping; or water piping forming part of a refrigerating or air conditioning system used for cooling, humidifying or space heating purposes;
2. any mechanical, electrical, electronic or fiber optic equipment; and

caused by, resulting from, or consisting of: mechanical breakdown, electrical breakdown, electronic breakdown, rupture, bursting, bulging, implosion, or steam explosion.

If covered electrical equipment requires drying out as a result of moisture; ***we*** only pay for the direct expenses incurred of such drying out.

WHAT *WE* DO NOT PAY FOR

However, ***equipment breakdown*** will not mean:

1. direct 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:
   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.
2. 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.

INCIDENTAL COVERAGES

1. **CFC Refrigerants**
   We will pay for the additional and necessary incurred cost to repair or replace covered property because of the use or presence of a refrigerant containing CFC (chlorofluorocarbon) substances resulting from an ***equipment breakdown***.
   Additional costs mean those in excess of what would have been required to repair or replace covered property, had no CFC refrigerant been involved. ***We*** also pay for additional loss as described under the consequential or loss of income coverages provided by this endorsement, 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.

2. **Hazardous Substances Remediation**
   The following applies despite any Ordinance or Law Exclusions found elsewhere in this policy. This coverage does not apply to damage or contamination caused by any refrigerant, including ammonia.
   We will pay 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***. The most ***we*** will pay for this coverage is $100,000.
   This incidental 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 or water.

3. **Consequential Losses**
   We will pay for loss of ***perishable goods*** due to spoilage resulting from lack or excess of power, light, heat, steam or refrigeration caused by an ***equipment breakdown*** to types of property covered by this policy, that are located on or within 1,000 feet of ***your*** described premises and owned or used by ***you*** at ***your*** described premises, or owned by a public utility.
   Perishable goods means personal property maintained under controlled conditions for its preservation and susceptible to loss or damage if the controlled conditions change.
   However, ***we*** will 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.
   The most ***we*** will pay for loss or damage under this coverage is $100,000.

4. **Power Interruption**

We pay for ***your*** loss of income from the interruption of power or other utility services to covered property 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, wide area networks or data transmission. The equipment must meet the definition of ***equipment breakdown*** except that it is not covered property.

However, ***we*** will 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 will pay for expediting expense incurred as a result of an ***equipment breakdown*** with respect to ***your*** damaged covered property. ***We*** will pay the ***reasonable extra cost*** to make temporary repairs, expedite permanent repairs and expedite permanent replacement.

   Reasonable extra cost shall mean 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.

6. **Refrigerant Contamination**

   We pay for loss from contamination by refrigerant used in refrigerating, cooling or humidity control equipment at the described premises as a result of an ***equipment breakdown***. The most ***we*** pay for loss or damage under this coverage is $100,000.

7. **Loss of income**, meaning 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.

   Under this agreement, income is defined as the sum of:

   a. net profit;
   b. payroll expenses;
   c. taxes;
   d. interest;
   e. rents and all other necessary operating expenses incurred by the business.

   We pay up to $100,000, or any larger amount endorsed on the policy, for the loss of income which shall 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 shall 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.
   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 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 125% 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.

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