

TRAVELERS CORP. TEL: 1-800-328-2189  
APARTMENT BLDGS  
COMMON POLICY DECLARATIONS  
ISSUE DATE: 11/15/21  
POLICY NUMBER: BME1-2S836792-TCT-21

INSURING COMPANY:  
THE TRAVELERS INDEMNITY COMPANY OF CONNECTICUT

1. NAMED INSURED AND MAILING ADDRESS:  
SOUTHPOINTE CONDOMINIUM  
ASSOCIATION, INC.  
3700 WOODGATE BLVD,  
ORLANDO, FL 32882

2. POLICY PERIOD: From 11/15/21 to 11/15/22 12:01 A.M. Standard Time at  
your mailing address.

3. LOCATIONS  
Premises Bldg.  
Loc. No. No. Occupancy Address  
  
SEE IL T0 03

4. COVERAGE PARTS FORMING PART OF THIS POLICY AND INSURING COMPANIES:  
EQUIPMENT BREAKDOWN PROTECTION DECLARATIONS EB T0 00 08 08 TCT

5. NUMBERS OF FORMS AND ENDORSEMENTS  
FORMING A PART OF THIS POLICY: SEE IL T8 01 10 93

6. SUPPLEMENTAL POLICIES: Each of the following is a separate policy  
containing its complete provisions:  
Policy Policy No. Insuring Company

7. PREMIUM SUMMARY:  
Provisional Premium \$ 764  
Due at Inception \$ 764  
Due at Each \$

NAME AND ADDRESS OF AGENT OR BROKER:  
COASTAL INS UNDERWRITERS (CVF79)  
PO BOX 3140  
PONTE VEDRA BEACH, FL 32004

COUNTERSIGNED BY:



\_\_\_\_\_  
Authorized Representative

DATE: 11/18/2021

POLICY NUMBER: BME1-2S836792-TCT-21

EFFECTIVE DATE: 11-15-21

ISSUE DATE: 11-15-21

## LISTING OF FORMS, ENDORSEMENTS AND SCHEDULE NUMBERS

THIS LISTING SHOWS THE NUMBER OF FORMS, SCHEDULES AND ENDORSEMENTS BY LINE OF BUSINESS.

IL T0 02 11 89	COMMON POLICY DECLARATIONS
IL T8 01 10 93	FORMS, ENDORSEMENTS AND SCHEDULE NUMBERS
IL T0 01 01 07	COMMON POLICY CONDITIONS
IL T0 03 04 96	LOCATION SCHEDULE

## BOILER AND MACHINERY

EB T0 00 08 08	ENERGYMAX 21 EQUIP BREAKDOWN PROT DECS
EB T0 01 02 09	ENERGYMAX 21 EB TABLE OF CONTENTS
EB T1 00 08 08	ENERGYMAX21 EQUIP BREAKDOWN PROTECTION
BM T5 94 01 21	FEDERAL TERRORISM RISK INSURANCE ACT DIS
EB T3 18 08 08	SPEC PERILS ELIMINATION ENDORSEMENT
EB T3 76 08 12	GREEN COVERAGE ENHANCEMENTS
EB T4 01 08 08	DEPENDENT PROPERTIES - LOC SCHEDULE
EB T9 27 08 10	FL COINSURANCE, LOSS PAY, NAMED INSURED
EB T9 34 12 09	FL CONDOMINIUM ASSOCIATION ENDT

## INTERLINE ENDORSEMENTS

IL T4 12 03 15	AMNDT COMMON POLICY COND-PROHIBITED COVG
IL T4 14 01 21	CAP ON LOSSES FROM CERT ACTS OF TERRORIS
IL T4 27 06 19	ADDITIONAL BENEFITS
IL 01 75 07 02	FL CHANGES-LEGAL ACTION AGAINST US
IL 02 55 03 16	FL CHANGES - CANCELLATION AND NONRENEWAL

# COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions:

## A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy or any Coverage Part by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
  - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. If the policy is cancelled, that date will become the end of the policy period. If a Coverage Part is cancelled, that date will become the end of the policy period as respects that Coverage Part only.
5. If this policy or any Coverage Part is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

## B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us as part of this policy.

## C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time

during the policy period and up to three years afterward.

## D. Inspections And Surveys

1. We have the right to:
  - a. Make inspections and surveys at any time;
  - b. Give you reports on the conditions we find; and
  - c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
  - a. Are safe or healthful; or
  - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

## E. Premiums

1. The first Named Insured shown in the Declarations:
  - a. Is responsible for the payment of all premiums; and
  - b. Will be the payee for any return premiums we pay.
2. We compute all premiums for this policy in accordance with our rules, rates, rating plans, premiums and minimum premiums. The premium shown in the Declarations was computed based on rates and rules in effect at

the time the policy was issued. On each renewal continuation or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

**F. Transfer Of Your Rights And Duties Under This Policy**

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while

acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

**G. Equipment Breakdown Equivalent to Boiler and Machinery**

On the Common Policy Declarations, the term Equipment Breakdown is understood to mean and include Boiler and Machinery and the term Boiler and Machinery is understood to mean and include Equipment Breakdown.

This policy consists of the Common Policy Declarations and the Coverage Parts and endorsements listed in that declarations form.

In return for payment of the premium, we agree with the Named Insured to provide the insurance afforded by a Coverage Part forming part of this policy. That insurance will be provided by the company indicated as insuring company in the Common Policy Declarations by the abbreviation of its name opposite that Coverage Part.

One of the companies listed below (each a stock company) has executed this policy, and this policy is countersigned by the officers listed below:

The Travelers Indemnity Company (IND)

The Phoenix Insurance Company (PHX)

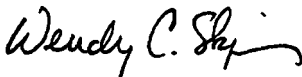
The Charter Oak Fire Insurance Company (COF)

Travelers Property Casualty Company of America (TIL)

The Travelers Indemnity Company of Connecticut (TCT)

The Travelers Indemnity Company of America (TIA)

Travelers Casualty Insurance Company of America (ACJ)



Secretary



President

**LOCATION SCHEDULE**

**POLICY NUMBER: BME1-2S836792-TCT-21**

This Schedule of Locations and Buildings applies to the Common Policy Declarations for the period 11-15-21 to 11-15-22 .

<b>Loc. No.</b>	<b>Bldg. No.</b>	<b>Address</b>	<b>Occupancy</b>
1	1	3700 WOODGATE BLVD ORLANDO, FL 32822-9999	CONDOMINIUM ASSOCIATION



**ENERGYMAX 21  
EQUIPMENT BREAKDOWN PROTECTION  
DECLARATIONS**

**POLICY NUMBER: BME1-2S836792-TCT-21  
ISSUE DATE: 11-15-21**

**INSURING COMPANY:  
THE TRAVELERS INDEMNITY COMPANY OF CONNECTICUT**

**EFFECTIVE DATE:** Same as Policy unless otherwise specified:

**COVERED PREMISES:**

**The Coverage Provided By This Coverage Part Applies To All Locations Covered By This Policy Except Those Listed Below:**

EXCEPTIONS:

The Limits of Insurance for Property Damage and the Coverage Extensions and Limitations are part of, not in addition to, the Total Limit per Breakdown.

If INCLUDED is shown under Limit of Insurance for Property Damage or a Coverage Extension or Limitation, then the limit for such coverage is part of, not in addition to, the other Limit of Insurance identified.

The Coverage Extensions listed below apply only if a limit or other coverage indicator is shown under the Limit of Insurance for that Coverage Extension.

The Coverage Limitations listed below always apply.

**COVERAGE and LIMIT OF INSURANCE**

**Total Limit per Breakdown:**

**\$28,451,714**

**1. Property Damage (PD):**

**INCLUDED IN TOTAL LIMIT PER BREAKDOWN**

**2. Coverage Extensions and Limitations:**

**a. Business Income Coverage Extension (BI):**

**NOT COVERED**

Business Income "Period of Restoration" extension:

Days

**b. Extra Expense Coverage Extension (EE):**

**\$100,000**

Extra Expense "Period of Restoration" extension:

**30** Days

**c. Spoilage Damage Coverage Extension (SD):**

**\$250,000**

Utility Interruption – Spoilage coverage applies only if the interruption lasts at least (waiting period):

**24** Hours

**d. Utility Interruption – Time Element Coverage Extension (UI-TE):**

**\$250,000**

Utility Interruption – Time Element coverage applies only if the interruption lasts at least (waiting period):

**24** Hours

**e. Civil Authority Coverage Extension:**

**COVERED**

**COVERAGE and LIMIT OF INSURANCE - Continued**

- f. "Dependent Property" Coverage Extension:

**\$250,000**

"Dependent Property" Locations:

**SEE EB T4 01**

- g. "Electronic Data" or "Media" Coverage Extension:

**\$250,000**

- h. Error in Description Coverage Extension:

**INCLUDED IN TOTAL LIMIT PER BREAKDOWN**

- i. Expediting Expense Coverage Extension:

**\$250,000**

- j. "Fungus", Wet Rot and Dry Rot Coverage Extension:

(1) Property Damage:

**\$15,000**

(2) Business Income or Extra Expense:

**30 DAYS**

- k. Hazardous Substance Limitation:

**\$250,000**

- l. Newly Acquired Locations Coverage Extension:

**INCLUDED IN TOTAL LIMIT PER BREAKDOWN**

Number of Days of coverage:

**90** Days

- m. Ordinance or Law (including Demolition and Increased Cost of Construction) Coverage Extension:

**\$250,000**

- n. Refrigerant Contamination Limitation:

**\$250,000**

- o. Water Damage Limitation:

**\$250,000**

**CONDITIONAL and OPTIONAL COVERAGES**

Number of Days for Notice of Cancellation:

**30** Days

Except: 10 days for non-payment of Premium

Business Income Coinsurance:

**NOT APPLICABLE**

**COVERAGE and DEDUCTIBLE AMOUNT**

Combined Deductible:

**NOT APPLICABLE**

Property Damage (PD):

**\$5,000**

Business Income (BI):

**NOT APPLICABLE**

Extra Expense (EE):

**24 HOURS**

Spoilage Damage (SD):

**\$5,000**

Utility Interruption-Time Element (UI-TE):

**24 HOURS**

Dependent Properties:

**24 HOURS**

Refrigerant Contamination:

**\$5,000**

Other:

NUMBERS OF FORMS, SCHEDULES AND ENDORSEMENTS FORMING PART OF THIS COVERAGE PART ARE ATTACHED AS A SEPARATE LISTING



# **EnergyMax 21 Equipment Breakdown Protection**

## **Table of Contents**

	TOPIC	PAGE
<b>A. Coverage</b> .....		<b>1</b>
1. Property Damage (PD) .....		1
2. Coverage Extensions and Limitations .....		1
a. Business Income Coverage Extension (BI) .....		1
b. Extra Expense Coverage Extension (EE) .....		2
c. Spoilage Damage Coverage Extension (SD) .....		2
d. Utility Interruption – Time Element Coverage Extension (UI – TE) .....		2
e. Civil Authority Coverage Extension .....		3
f. Dependent Property Coverage Extension .....		3
g. Electronic Data or Media Coverage Extension .....		3
h. Error in Description Coverage Extension .....		3
i. Expediting Expense Coverage Extension .....		4
j. Fungus, Wet Rot and Dry Rot Coverage Extension .....		4
k. Hazardous Substance Limitation .....		5
l. Newly Acquired Locations Coverage Extension .....		5
m. Ordinance or Law (including Demolition and Increased Cost of Construction) Coverage Extension .....		6
n. Refrigerant Contamination Limitation.....		7
o. Water Damage Limitation .....		7
<b>B. Exclusions</b> .....		<b>7</b>
1. Earth Movement .....		8
2. Nuclear Hazard .....		8
3. War or Military Action.....		8
4. Water .....		8
5. Discharge or Leakage .....		8
6. Delay, Interruption of Business, Loss of Use or Loss of Market .....		8
7. Depletion, Deterioration, Corrosion, Erosion, Decay, Wear or Tear, Rust .....		8
8. Explosion .....		8
9. Explosion within Chemical Recovery Type Boiler .....		8
10. Fire or Combustion Explosion .....		8
11. Fungus, Wet Rot and Dry Rot .....		8
12. Hacking Event .....		8
13. Lack or Excess of Power, Light, Heat, Steam or Refrigeration .....		8
14. Neglect .....		9
15. Ordinance or Law .....		9
16. Hail or Windstorm .....		9
17. Specified Perils .....		9
18. Testing .....		9
19. Virus, Bacterium or Other Microorganism .....		9

20. Water, Means to Extinguish a Fire .....	9
21. BI, EE, UI-TE Additional Exclusions .....	9
22. UI-Spoilage, UI-TE Additional Exclusions .....	9
23. Other Indirect Result .....	10
<b>C. Limits of Insurance .....</b>	<b>10</b>
<b>D. Deductibles .....</b>	<b>10</b>
1. Application of Deductibles .....	10
2. Determination of Deductibles .....	10
a. Dollar Deductible .....	10
b. Multiple per Unit Deductible .....	10
c. Time Deductible .....	10
d. Multiple of Average Daily Value (ADV) Deductible .....	11
e. Percentage of Loss Deductible .....	11
f. Minimum or Maximum Deductible .....	11
<b>E. Conditions .....</b>	<b>11</b>
1. Loss Conditions .....	11
a. Abandonment .....	11
b. Appraisal .....	11
c. Defense .....	11
d. Duties in the Event of Loss or Damage .....	11
e. Insurance Under Two or More Coverages .....	12
f. Legal Action Against Us .....	12
g. Other Insurance .....	12
h. Privilege to Adjust with Owner .....	13
i. Reducing Your Loss .....	13
j. Transfer of Rights of Recovery Against Others to Us .....	13
k. Loss Payment .....	13
l. Valuation .....	14
(1) Replacement Cost .....	14
(2) New Generation .....	14
(3) Better Kind or Quality .....	14
(4) Extended Warranty, or Maintenance or Service Contract .....	14
(5) If You do not Repair or Replace .....	14
(6) Goods Held by You for Sale .....	14
(7) Property in Process .....	14
(8) Salvage Value .....	15
(9) Pairs, Sets or Parts .....	15
(10) Brands and Labels .....	15
m. Business Income .....	15
(1) Business Income Report of Values .....	15
(2) Business Income Coinsurance .....	15
2. General Conditions .....	16
a. Bankruptcy .....	16

b.	Cancellation .....	16
c.	Concealment, Misrepresentation or Fraud .....	16
d.	Currency .....	16
e.	Jurisdictional Inspections .....	17
f.	Liberalism .....	17
g.	No Benefit to Bailee .....	17
h.	Policy Period, Coverage Territory .....	17
i.	Reporting of Values .....	17
j.	Premium Adjustments .....	17
k.	Suspension .....	17
3.	Joint or Disputed Loss Agreement .....	18
4.	Statutes of Regulations .....	19
5.	Mortgageholders .....	19
<b>F.</b>	<b>Definitions .....</b>	<b>19</b>
1.	Breakdown .....	19
a.	Breakdown means .....	19
b.	Breakdown does not mean .....	20
2.	Business Income .....	20
3.	Business Income Actual Annual Value .....	20
4.	Business Income Estimated Annual Value .....	20
5.	Computer Equipment .....	20
6.	Computer Program .....	20
7.	Covered Cause of Loss .....	20
8.	Covered Equipment .....	20
a.	Covered Equipment means .....	20
b.	Covered Equipment does not mean .....	20
9.	Covered Property .....	21
a.	Covered Property means .....	21
b.	Covered Property does not mean .....	21
10.	Dependent Property .....	21
11.	Electronic Data .....	21
12.	Extra Expense .....	21
13.	Fungus .....	21
14.	Hacking Event .....	22
15.	Hazardous Substance .....	22
16.	Media .....	22
17.	One Breakdown .....	22
18.	Ordinary Payroll .....	22
19.	Period of Restoration .....	22
20.	Period of Restoration for Dependent Property .....	22
21.	Perishable Goods .....	22

# *EnergyMax 21*

## EQUIPMENT BREAKDOWN PROTECTION

Various provisions in this Coverage Part restrict coverage. Read the entire Policy carefully to determine rights, duties and what is and is not covered.

Throughout this Coverage Part the words "you" and "your" refer to the Named Insured shown in the Declarations or as endorsed hereunder. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F – Definitions.

### A. Coverage

#### 1. Property Damage (PD)

We will pay for direct damage caused by a "Covered Cause of Loss" to "Covered Property" located at the Covered Premises shown in the Declarations or elsewhere in this Coverage Part.

"Covered Cause of Loss" is a "Breakdown" to "Covered Equipment" unless the loss is excluded elsewhere in this Coverage Part.

#### 2. Coverage Extensions and Limitations

Coverage provided under paragraph **A.1.** may be modified by the following Coverage Extensions. Coverage Extensions apply only if a limit or other coverage indicator is shown under the Limit of Insurance for that Coverage Extension in the Declarations or elsewhere in this Coverage Part.

Coverage provided under paragraph **A.1.** is also modified by the following Coverage Limitations.

The Coverage Extensions and Limitations apply only to that portion of the loss or damage that is a direct result of a "Covered Cause of Loss". The "Breakdown" must occur during the Policy period, but expiration of the Policy does not limit our liability under these Coverage Extensions and Limitations.

The most we will pay under each of the Coverage Extensions or Limitations is the Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part for such Coverage Extension or Limitation.

The Limits of Insurance for these Coverage Extensions and Limitations are part of, not in addition to, the Total Limit per Breakdown.

#### a. Business Income Coverage Extension (BI)

##### (1) We will pay:

(a) Your actual loss of "Business Income" from a total or partial interruption of business during the "Period of Restoration"; and

(b) The additional necessary expenses you incur during the "Period of Restoration", over and above the expenses that you normally would have incurred, to reduce or avert the amount of loss under this Coverage Extension. We will pay for such expenses only to the extent that they do not exceed the amount of loss that otherwise would have been payable under this Coverage Extension.

##### (2) The "Covered Equipment" must either be:

(a) "Covered Property": or

(b) Property of others that is:

(i) Located on or within 1000 feet of a Covered Premises insured under this Coverage Part; and

(ii) Used to supply air conditioning, communication services, electric power, gas, heating, refrigeration, steam, water or waste treatment to the Covered Premises.

##### (3) We will take into consideration:

(a) The experience of your business before the "Breakdown" and the probable experience you would have had without the "Breakdown"; and

## EQUIPMENT BREAKDOWN

- (b) Any amount recovered under physical damage coverages based on selling price valuation; in the adjustment of any loss.
- b. Extra Expense Coverage Extension (EE)**
  - (1) We will pay your "Extra Expense".
  - (2) The "Covered Equipment" must either be:
    - (a) "Covered Property"; or
    - (b) Property of others that is:
      - (i) Located on or within 1000 feet of a Covered Premises insured under this Coverage Part; and
      - (ii) Used to supply air conditioning, communication services, electric power, gas, heating, refrigeration, steam, water or waste treatment to the Covered Premises.
  - (3) We will take into consideration the experience of your business before the "Breakdown" and the probable experience you would have had without the "Breakdown" in the adjustment of any loss.

### **c. Spoilage Damage Coverage Extension (SD)**

We will pay for:

- (1) Spoilage damage to "Perishable Goods".
- (2) Utility Interruption – Spoilage  
Spoilage damage to "Perishable Goods" that is caused by or results from an interruption in utility services that is the direct result of a "Breakdown" to "Covered Equipment" owned, operated or controlled by a private or public utility, landlord or other supplier with whom you have a contract to provide you with any of the following services: air conditioning, communication services, electric power, gas, heating, refrigeration, steam, water or waste treatment.  
The interruption of such utility service to your Covered Premises must last at least the consecutive period of

time shown in the Declarations or elsewhere in this Coverage Part for Utility Interruption – Spoilage. Once this waiting period is met, coverage will commence at the initial time of the interruption and will then be subject to the applicable deductible.

- (3) Any necessary expenses you incur to reduce or avert the amount of loss under this Coverage Extension. We will pay such expenses to the extent they do not exceed the amount of loss that otherwise would have been payable under this Coverage Extension.

### **d. Utility Interruption – Time Element Coverage Extension (UI-TE)**

If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover loss caused by the interruption of utility services provided all of the following conditions are met:

- (1) The interruption is the direct result of a "Breakdown" to "Covered Equipment" owned, operated or controlled by a private or public utility, landlord or other supplier with whom you have a contract to provide you with utility services;
- (2) The "Covered Equipment" is located more than 1000 feet from the affected Covered Premises insured under this Coverage Part;
- (3) The "Covered Equipment" is used to supply air conditioning, communication services, electric power, gas, heating, refrigeration, steam, water or waste treatment to the Covered Premises; and
- (4) The interruption of utility service to your Covered Premises lasts at least the consecutive period of time shown in the Declarations or elsewhere in this Coverage Part for Utility Interruption-Time Element. Once this waiting period is met, coverage will commence at the initial time of the interruption and will then be subject to the applicable deductible.

**e. Civil Authority Coverage Extension**

- (1) If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover loss caused by the action of civil authority that prohibits access to the Covered Premises. The action of civil authority must be due to direct physical loss or damage caused by a "Covered Cause of Loss" at locations, other than the Covered Premises, that are within 100 miles of the Covered Premises.
- (2) Coverage provided under e.(1) above will commence 24 hours after the time of the civil authority action and will continue for a period up to 3 consecutive weeks.

**f. "Dependent Property" Coverage Extension**

If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover loss caused by the necessary partial or total interruption of your business during the "Period of Restoration for Dependent Property". The interruption must be caused by direct physical loss of or damage to "Dependent Property", shown in the Declarations or elsewhere in this Coverage Part, caused by or resulting from a "Covered Cause of Loss".

However, coverage under this Coverage Extension does not apply when the only loss to "Dependent Property" is loss or damage to "Electronic Data", including destruction or corruption of "Electronic Data". If the "Dependent Property" sustains loss or damage to "Electronic Data" and other property, coverage under this Coverage Extension will end once the other property is repaired, rebuilt or replaced.

**g. "Electronic Data" Or "Media" Coverage Extension**

- (1) If "Media" is damaged or "Electronic Data" is lost or corrupted as a direct result of a "Covered Cause of Loss" and such "Media" or "Electronic Data"

is located at a Covered Premises, we will pay the actual cost to:

- (a) Research, replace, recreate or restore the damaged "Media" or lost or corrupted "Electronic Data"; and
- (b) Reprogram instructions used in any covered "Computer Equipment".
- (2) If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover the actual loss incurred during the time necessary to:
- (a) Research, replace, recreate or restore the damaged "Media" or lost or corrupted "Electronic Data"; and
- (b) Reprogram instructions used in any covered "Computer Equipment".
- (3) There shall be no coverage for any loss or expense incurred due to damaged "Media" or lost or corrupted "Electronic Data" if the "Electronic Data" or "Media" cannot be replaced, recreated or restored. To the extent that "Electronic Data" is not replaced, recreated or restored, the loss will be valued at the cost of replacement of the "Media" on which the "Electronic Data" was stored, with blank "Media" of substantially identical type.

The deductible for coverage under this Coverage Extension is INCLUDED within the applicable Property Damage Deductible, Business Income Deductible or Extra Expense Deductible shown in the Declarations or elsewhere in this Coverage Part.

**h. Error in Description Coverage Extension**

We will pay for your loss covered by this Coverage Part if such loss is otherwise not payable solely because of any unintentional error or omission in the description of a location as insured under this Coverage Part.

## EQUIPMENT BREAKDOWN

You agree to give us prompt notice of any correction or addition to the description of a location insured under this Coverage Part.

### **i. Expediting Expense Coverage Extension**

With respect to direct damage to "Covered Property" we will pay the reasonable extra cost you necessarily incur to:

- (1) Make temporary repairs to; or
- (2) Expedite the permanent repairs or replacement of;

the damaged property .

The deductible for coverage under this Coverage Extension is INCLUDED within the Property Damage Deductible shown in the Declarations or elsewhere in this Coverage Part

### **j. "Fungus", Wet Rot And Dry Rot Coverage Extension**

#### **(1) Property Damage**

(a) We will pay for loss or damage by "Fungus", wet or dry rot only when the "Fungus", wet or dry rot is the direct result of a "Covered Cause of Loss" that occurs during the Policy period. As used in this Coverage Extension, the term loss or damage means direct physical loss or damage to "Covered Property" caused by "Fungus", wet or dry rot including the cost:

- (i) To treat, contain or remove the "Fungus", wet or dry rot;
- (ii) To dispose of the "Fungus", wet or dry rot;
- (iii) To tear out and replace any "Covered Property" as needed to gain access to the "Fungus", wet or dry rot; and
- (iv) Of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "Fungus", wet or dry rot is present.

#### **(b) Limit**

(i) The most we will pay for coverage provided under **j.(1)(a)** of this Coverage Extension is \$15,000 per Covered Premise per 12-month period starting with the effective date of this Coverage Part, or the amount shown in the Declarations or elsewhere in this Coverage Part as the Limit of Insurance for "Fungus", Wet Rot and Dry Rot Coverage Extension, (1) Property Damage, whichever is greater. With respect to any "One Breakdown" which results in "Fungus", wet or dry rot, we will not pay more than such limit even if the "Fungus", wet or dry rot continues to be present or active or recurs in a later policy period.

(ii) If "Fungus", wet or dry rot results from damage by water as otherwise covered under this Coverage Part, the limit in **j.(1)(b)(i)** is part of, not in addition to, the Water Damage Limitation Limit of Insurance.

(iii) If "Fungus", wet or dry rot results from a "Covered Cause of Loss" other than water, the limit in **j.(1)(b)(i)** is part of, not in addition to, the Property Damage Limit of Insurance.

#### **(2) Business Income or Extra Expense**

(a) If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover the additional loss caused by the presence of "Fungus", wet or dry rot as identified in paragraph **j.(1)(a)** above.

(b) Coverage identified in **j.(2)(a)** above is limited to 30 days, or the number of days shown in the Declarations or elsewhere in this Coverage Part as the Limit of Insurance for "Fungus", Wet Rot

and Dry Rot Coverage Extension, (2) Business Income or Extra Expense, whichever is greater. The number of indicated days need not be consecutive. This limit is part of, not in addition to, the applicable Limits of Insurance for the Business Income Coverage Extension and Extra Expense Coverage Extension.

The deductible for coverage under this Coverage Extension is INCLUDED within the applicable Property Damage Deductible, Business Income Deductible or Extra Expense Deductible shown in the Declarations or elsewhere in this Coverage Part.

**k. Hazardous Substance Limitation**

The following applies despite the operation of the Ordinance or Law Exclusion:

- (1) If "Covered Property" is damaged, contaminated or polluted by a "Hazardous Substance" as a direct result of a "Covered Cause of Loss", we will pay for physical damage caused by the "Hazardous Substance", including any additional expenses incurred by you for clean-up, repair, replacement or disposal of that property.
- (2) As used here, additional expenses means the additional cost incurred over and above the amount that we would have paid had no "Hazardous Substance" been involved with the loss.
- (3) If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover any loss caused by a "Hazardous Substance" as identified in **k.(1)** above.
- (4) The most we will pay for all loss or damage described under this Coverage Limitation is the Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part for Hazardous Substance Limitation.

The deductible for coverage under this Limitation is INCLUDED within the applicable Property Damage Deductible, Busi-

ness Income Deductible or Extra Expense Deductible shown in the Declarations or elsewhere in this Coverage Part.

**l. Newly Acquired Locations Coverage Extension**

We will provide coverage at newly acquired locations you have purchased or leased. This coverage begins at the time you acquire the property and is subject to the following conditions:

- (1) You must promptly inform us in writing of the newly acquired location(s);
- (2) You agree to pay an additional premium as determined by us for the newly acquired location(s) from the date you acquire such location(s);
- (3) The coverage for these locations will be subject to the same terms, conditions, exclusions and limitations as other Covered Premises until endorsed onto the Coverage Part;
- (4) The coverage under this Coverage Extension will end when any of the following first occurs:
  - (a) This Policy expires;
  - (b) The number of days shown in the Declarations or elsewhere in this Coverage Part for Newly Acquired Locations is exceeded; or
  - (c) The location is reported to us and we have communicated to you in writing our intent to continue coverage (including coverage with different limits, deductibles, terms or conditions) or decline further coverage for such reported location.
- (5) If the coverages and deductibles vary for existing premises, then the coverages for the newly acquired locations will be the broadest coverage, highest limits and highest deductibles applicable to the existing Covered Premises. However, the most we will pay for all loss or damage as provided under this Coverage Extension is the Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part for Newly Acquired Locations Coverage Extension.



**m. Ordinance or Law (including Demolition and Increased Cost of Construction) Coverage Extension**

(1) The following applies despite the Ordinance or Law Exclusion.

(2) With respect to a building or structure that is "Covered Property" and that was damaged as a result of a "Covered Cause of Loss", we will pay for:

(a) The loss in value of the undamaged portion of the building or structure as a consequence of enforcement of an ordinance, law, rule, regulation or ruling that requires the demolition of undamaged parts of the same building or structure;

(b) 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, law, rule, regulation or ruling that requires the demolition of such undamaged property; and

(c) The increased cost actually and necessarily expended to:

(i) Repair or reconstruct the damaged or destroyed portions of the building or structure; and

(ii) Reconstruct or remodel the undamaged portion of that building or structure with buildings or structures of like materials, height, floor area, and style for like occupancy, whether or not demolition is required on:

i The same Covered Premises or at another location, if you so elect. However, if you rebuild at another location, the most we will pay is the increased cost of construction that we would have paid to rebuild at the same Covered Premises; or

ii Another location if the relocation is required by the ordinance, law, rule, regulation or ruling. The most we will pay is the increased cost of construction at the new location.

(d) If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover loss incurred as a direct consequence of coverage provided in **m.(2)(a)-(c)** above. With regard to loss covered under this paragraph, the "Period of Restoration" is extended to include the additional period of time required for demolition, removal, repair, remodeling or reconstruction and to meet the minimum requirement for the enforcement of any ordinance, law, rule, regulation or ruling in effect at the time of the "Breakdown";

provided these increases in loss are necessitated by the enforcement of any ordinance, law, rule, regulation or ruling that is in force at the time of the "Breakdown", which regulates the demolition, construction, repair or use of the building or structure.

(3) We will not pay for:

(a) Demolition or site clearing until the undamaged portions of the buildings or structures are actually demolished;

(b) Increase in loss until the damaged or destroyed buildings or structures are actually rebuilt or replaced and approved by the regulating government agency;

(c) Loss due to any ordinance, law, rule, regulation or ruling that:

(i) You were required to comply with before the loss, even if the building was undamaged; and

(ii) You failed to comply with;

- (d) Increase in loss excess of the amount required to meet the minimum requirement of an ordinance, law, rule, regulation or ruling enforcement at the time of the "Breakdown";
  - (e) Increase in loss resulting from a "Hazardous Substance";
  - (f) Loss or expense sustained due to the enforcement of any ordinance, law, rule, regulation or ruling which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to the presence, growth, proliferation, spread or any activity of "Fungus", wet or dry rot; or
  - (g) Costs associated with the enforcement of any ordinance, law, rule, regulation or ruling which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "Fungus", wet or dry rot.
- (4) If:
- (a) The building or structure is damaged by a "Covered Cause of Loss" that is covered by this Coverage Part;
  - (b) There is other physical damage that is not covered by this Coverage Part; and
  - (c) The building damage in its entirety results in enforcement of ordinance, law, rule, regulation or ruling;

then we will not pay the full amount of the loss under this Coverage Extension. Instead, we will pay only that proportion of such loss that the damage by the "Covered Cause of Loss" bears to the total physical damage.

But if the building or structure sustains direct physical damage that is not covered under this Coverage Part and such damage is the subject of the ordinance, law, rule, regulation or ruling, then there is no Ordinance or

Law coverage under this Coverage Part even if the building has also sustained damage by a "Covered Cause of Loss".

- (5) The most we will pay under this Coverage Extension for the sum of all covered expenses, including loss covered under any applicable Business Income or Extra Expense coverage, is the Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part for Ordinance or Law (including Demolition and Increased Cost of Construction).

The deductible for coverage under this Coverage Extension is INCLUDED within the applicable Property Damage Deductible, Business Income Deductible or Extra Expense Deductible shown in the Declarations or elsewhere in this Coverage Part.

#### n. Refrigerant Contamination Limitation

If "Covered Property" is contaminated by a refrigerant, including ammonia, as a direct result of a "Covered Cause of Loss", the most we will pay for physical damage caused by such refrigerant contamination, including salvage expense and any additional expenses incurred by you for clean-up, repair, replacement or disposal of that property, is the Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part for Refrigerant Contamination.

#### o. Water Damage Limitation

If "Covered Property" is damaged by water as a direct result of a "Covered Cause of Loss", the most we will pay for such physical damage, including salvage expense, is the Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part for Water Damage.

The deductible for coverage under this Limitation is INCLUDED within the Property Damage Deductible shown in the Declarations or elsewhere in this Coverage Part.

### B. Exclusions

We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any

## EQUIPMENT BREAKDOWN

other cause or event that contributes concurrently or in any sequence to the loss.

The exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

### 1. Earth Movement

Earth movement including: earthquake; landslide; land subsidence; mine subsidence; sinkhole collapse; volcanic action; or other rising or shifting of earth that results from, contributes to, or is aggravated by any of the above, all whether naturally occurring or due to man-made or other artificial causes.

### 2. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

### 3. War or Military Action

- a. War, including undeclared or civil war;
- b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- c. Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

### 4. Water

- a. Flood, surface water, waves, tides, tidal waves, tsunami, overflow of any body of water, or their spray, all whether driven by wind or not;
- b. Mudflow or mudslides; or
- c. Backup of sewers, drains, or drainage piping;

all whether naturally occurring or due to man-made or other artificial causes.

5. Discharge or leakage of a sprinkler system, sewer piping or domestic water piping, unless such discharge or leakage is the direct result of a "Covered Cause of Loss". The most we will pay for such water damage is the Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part for Water Damage Limitation.

6. **Delay, interruption of business, loss of use or loss of market** except as provided in

Business Income, Extra Expense or Utility Interruption-Time Element coverage.

7. **Depletion, deterioration, corrosion, erosion, decay, wear and tear or rust.** However, if a "Covered Cause of Loss" ensues, we will pay the ensuing loss or damage not otherwise excluded.

### 8. An explosion

However, we will pay for direct loss or damage caused by an explosion of "Covered Equipment" of a kind specified below, and which is not otherwise excluded elsewhere in this Coverage Part:

- a. Steam boiler; electric steam generator; steam piping; steam turbine; steam engine; or
- b. Gas turbine or any other moving or rotating machinery, when such explosion is caused by centrifugal force or mechanical breakdown.

9. **Explosion** within the furnace of a chemical recovery type boiler or within the gas passages from the furnace to the atmosphere.

10. **Fire or combustion explosion** including those that:

- a. Result in a "Covered Cause of Loss";
- b. Occur at the same time as a "Covered Cause of Loss"; or
- c. Emerge from a "Covered Cause of Loss".

### 11. "Fungus", Wet Rot and Dry Rot

Presence, growth, proliferation, spread or activity of "Fungus", wet or dry rot, except as provided under **A.2.j.** "Fungus", Wet Rot And Dry Rot Coverage Extension. However, if a "Covered Cause of Loss" ensues, we will pay the ensuing loss or damage not otherwise excluded.

12. **"Hacking Event"**. However, if a "Covered Cause of Loss" ensues, we will pay the ensuing loss or damage not otherwise excluded.

13. Any indirect loss, including damage due to spoilage, following a "Covered Cause of Loss" that results from the **lack or excess of power, light, heat, steam or refrigeration** except as provided by the Business Income Coverage Extension, Extra Expense Coverage Extension, Utility Interruption-Time Element Coverage Extension or Spoilage Damage Coverage Extension.

**14. Neglect** by you to use all reasonable means to save and preserve "Covered Property" from further damage at and after the time of loss.

**15. Ordinance or Law**

Increase in loss from the enforcement of any ordinance, law, rule, regulation or ruling which restricts or regulates the repair, replacement, alteration, use, operation, construction, installation, clean-up or disposal of "Covered Property", except as provided under **A.2.m.** Ordinance or Law (including Demolition and Increased Cost of Construction) Coverage Extension.

However the words 'use' and 'operation' shall be eliminated as respects a covered "Breakdown" to electrical supply and emergency generating equipment located on any Covered Premises shown in the Declarations or elsewhere in this Coverage Part, when continued operation is contingent on the presence of such electrical supply and emergency generating equipment as mandated by any government agency.

**16.** A "Breakdown" that is caused directly or indirectly by **Hail or Windstorm**.

**17. Specified Perils**

A "Breakdown" that is the direct or indirect result of the following causes of loss, if such cause of loss is covered by another Coverage Part or policy of insurance or self-insurance risk retention plan in force at the time of the loss, regardless of deductible, whether you can collect on it or not. Also excluded are all resulting direct and indirect loss.

- a. Aircraft or missiles;
- b. Civil commotion;
- c. Collapse;
- d. Freezing caused by cold weather;
- e. Lightning;
- f. Molten material;
- g. Objects falling from aircraft or missiles;
- h. Riot;
- i. Smoke;
- j. Vandalism;
- k. Vehicles, including any material carried in or on the vehicles; or
- l. Weight of snow, ice, sleet.

**18.** Any "Breakdown" to "Covered Equipment" that takes place while the "Covered Equipment" is undergoing a test which subjects the "Covered Equipment" to greater than maximum allowable operating conditions as identified by the manufacturer of the "Covered Equipment".

**19.** Any **virus, bacterium or other microorganism** that induces, or is capable of inducing, physical distress, illness or disease. However:

- a. If a "Covered Cause of Loss" ensues, we will pay the ensuing loss or damage not otherwise excluded; and
- b. This exclusion does not apply to loss or damage caused by or resulting from "Fungus", wet rot or dry rot. Such loss or damage is addressed in Exclusion **B.11**.

**20. Water or other means used to extinguish a fire**, even when the attempt is unsuccessful.

**21. With respect to the Business Income Coverage Extension, Extra Expense Coverage Extension, and Utility Interruption – Time Element Coverage Extension**, the following additional exclusions shall apply:

- a. The business that would not or could not have been carried on if the "Covered Cause of Loss" had not occurred;
- b. Your failure to use due diligence and dispatch to operate your business as nearly normal as practicable at the Covered Premises shown in the Declarations or elsewhere in this Coverage Part; or
- c. The suspension, lapse or cancellation of a contract following a "Covered Cause of Loss" extending beyond the time business could have resumed if the contract had not lapsed, been suspended or canceled.

**22. With respect to Utility Interruption-Spoilage coverage [A.2.c(2)] and the Utility Interruption-Time Element Coverage Extension:**

**Specified Perils**, any loss resulting from the following causes of loss:

- a. Aircraft or missiles;
- b. Civil commotion;
- c. Collapse;
- d. Freezing caused by cold weather;
- e. Lightning;

## EQUIPMENT BREAKDOWN

- f. Molten material;
- g. Objects falling from aircraft or missiles;
- h. Riot;
- i. Smoke;
- j. Vandalism;
- k. Vehicles, including any material carried in or on the vehicles;
- l. Weight of snow, ice, sleet;
- m. Acts of Sabotage; or
- n. Deliberate act(s) of load shedding by the supplying or distributing utility, landlord or other supplier.

23. **Any other indirect result** of a "Covered Cause of Loss" except as provided under any Coverage Extension.

### C. Limits of Insurance

1. The most we will pay for loss or damage under any and all Coverage and Coverage Extensions and Limitations from any "One Breakdown" is the applicable Total Limit per Breakdown Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part.
2. For each Coverage and Coverage Extension and Limitation in paragraph A., if:
  - a. INCLUDED is shown in the Declarations or elsewhere in this Coverage Part under Limit of Insurance, then the limit for such coverage is part of, not in addition to, the other Limit of Insurance identified.
  - b. A Limit of Insurance is shown in the Declarations or elsewhere in this Coverage Part, we will not pay more than the applicable Limit of Insurance.
3. Any payment made will not be increased if more than one Insured is shown in this Coverage Part.

### D. Deductibles

#### 1. Application of Deductibles

We will not pay for loss or damage resulting from any "One Breakdown" until the amount of covered loss or damage exceeds the deductible shown in the Declarations or elsewhere in this Coverage Part for each applicable coverage. We will then pay the amount of covered loss or damage in excess of the deductible, up to the applicable Limit of Insurance.

Deductibles apply separately for each applicable coverage except if:

- a. A Combined Deductible is shown in the Declarations or elsewhere in this Coverage Part, then we will first subtract the combined deductible amount from the aggregate amount of all loss; or
- b. More than one "Covered Equipment" is involved in "One Breakdown", then only one deductible, the highest, shall apply for each of the applicable coverages; or
- c. INCLUDED is shown in the Declarations or elsewhere in this Coverage Part, then the deductible for that Coverage or Coverage Extension or Limitation is part of the other deductible identified, and we will subtract the deductible from the aggregate amount of loss under any Coverage and Coverage Extensions and Limitations subject to such deductible.

#### 2. Determination of Deductibles

##### a. Dollar Deductible

If a dollar deductible is shown in the Declarations or elsewhere in this Coverage Part, we will first subtract the dollar amount from any loss we would otherwise pay.

##### b. Multiple per Unit Deductible

If a multiple of units is shown in the Declarations or elsewhere in this Coverage Part, the deductible will be calculated as the product 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 "Covered Cause of Loss", the deductible would be \$25 times 500 hp which equals \$12,500.)

##### c. Time Deductible

If a time deductible is shown in the Declarations or elsewhere in this Coverage Part, 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.

**d. Multiple of Average Daily Value (ADV) Deductible**

If a multiple of average daily value is shown in the Declarations or else where in this Coverage Part, this deductible will be calculated as follows:

- (1) For the entire Covered Premises where the loss occurred, determine the total amount of "Business Income" that would have been earned during the "Period of Restoration" had no "Covered Cause of Loss" taken place.
- (2) Divide the result in paragraph d.(1) by the number of days the business would have been open during the "Period of Restoration". The result is the average daily value (ADV).
- (3) Multiply the ADV by the multiple of average daily value shown in the Declarations or elsewhere in this Coverage Part.

**e. Percentage of Loss Deductible**

If a deductible is expressed as a percentage of loss in the Declarations or elsewhere in this Coverage Part, we will not be liable for the indicated percentage of the gross amount of loss or damage (prior to the applicable deductible or coinsurance) payable under the applicable coverage.

**f. Minimum Or Maximum Deductible**

(1) If:

- (a) A minimum dollar amount deductible is shown in the Declarations or elsewhere in this Coverage Part; and
- (b) The dollar amount of the Multiple per Unit, Multiple of Average Daily Value or Percentage of Loss Deductible is less than the Minimum Deductible;

then the Minimum Deductible amount shown in the Declarations or elsewhere in this Coverage Part will be the applicable deductible.

(2) If:

- (a) A maximum dollar amount deductible is shown in the Declarations or elsewhere in this Coverage Part; and

- (b) The dollar amount of the Multiple per Unit, Multiple of Average Daily Value or Percentage of Loss Deductible is greater than the Maximum Deductible;

then the Maximum Deductible amount shown in the Declarations or elsewhere in this Coverage Part will be the applicable deductible.

**E. Conditions**

The following conditions apply in addition to the Common Policy Conditions:

**1. Loss Conditions****a. Abandonment**

There can be no abandonment of any property to us.

**b. Appraisal**

If you and we disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that a judge of a court having jurisdiction make the selection. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- (1) Pay its chosen appraiser; and
- (2) Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

**c. Defense**

If there is damage to property of another in your care, custody or control for which you are legally liable, we have the right, but are not obligated, to defend you against any suit alleging liability for that property. When we do this, it will be at our expense.

**d. Duties in the Event of Loss or Damage**

- (1) You must see that the following are done in the event of loss or damage to "Covered Property":

## EQUIPMENT BREAKDOWN

- (a) Give us a prompt notice of the loss or damage. Include a description of the property involved;
  - (b) As soon as possible, give us a description of how, when and where the loss or damage occurred;
  - (c) Allow us reasonable time and opportunity to examine the property and Covered Premises before repairs are undertaken or physical evidence of the "Covered Cause of Loss" is removed. But you must take whatever measures are necessary to protect the property and Covered Premises from further damage;
  - (d) Preserve all repaired or replaced "Covered Property" for our inspection, unless we authorize otherwise;
  - (e) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records;
  - (f) Permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records;
  - (g) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms;
  - (h) Cooperate with us in the investigation or settlement of the claim;
  - (i) Promptly send us any legal papers or notices received concerning the loss or damage; and
  - (j) Make no statement that will assume any obligation or admit any liability, for any loss or damage for which we may be liable, without our consent.
- (2) We may examine any Insured under oath, while not in the presence of any other Insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an Insured's books and records. In the event of an examination, an Insured's answers must be signed.
- e. Insurance Under Two or More Coverages**
- If two or more of this Coverage Part's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.
- f. Legal Action Against Us**
- No one may bring a legal action against us under this Coverage Part unless:
- (1) There has been full compliance with all the terms of this Coverage Part; and
  - (2) The action is brought within 2 years after the date of the "Breakdown"; or
  - (3) We agree in writing that you have an obligation to pay for damage to "Covered Property" of others or until the amount of that obligation has been determined by final judgment or arbitration award. No one has the right under this Coverage Part to bring us into any action to determine your liability.
- g. Other Insurance**
- (1) You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the limit(s) of insurance of all insurance covering on the same basis.
  - (2) If there is other insurance covering the same loss or damage, other than that described in paragraph **g.(1)**, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insur-

ance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance under this Coverage Part.

#### **h. Privilege to Adjust with Owner**

In the event of loss or damage involving property of others in your care, custody or control, we have the right to settle the loss or damage with the owner of the property. A receipt for payment from the owner of that property will satisfy any claim of yours against us.

#### **i. Reducing Your Loss**

As soon as possible after a "Covered Cause of Loss" you must:

- (1) Resume business, partially or completely;
- (2) Make up for lost business within a reasonable period of time. This reasonable period does not necessarily end when operations are resumed; and
- (3) Make use of every reasonable means to reduce or avert loss including:
  - (a) Working extra time or overtime at the Covered Premises or at another location you own or acquire to carry on the same operations;
  - (b) Utilizing the property or services of other concerns;
  - (c) Using merchandise or other property, such as surplus machinery, duplicate parts, equipment, supplies and surplus or reserve stock you own, control or can obtain; and
  - (d) Salvaging the damaged "Covered Property".

#### **j. Transfer of Rights of Recovery Against Others to Us**

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment.

That person or organization must do everything necessary to secure our rights and must do nothing after the loss to impair them.

However, you may waive your rights against another party in writing:

- (1) Prior to a loss to your "Covered Property" or covered income; or
- (2) After a loss to your "Covered Property" or covered income only if, at the time of loss, that party is one of the following:
  - (a) Someone insured by this Coverage Part;
  - (b) A business firm:
    - (i) Owned or controlled by you; or
    - (ii) That owns or controls you; or
  - (c) Your tenant.

This will not restrict your insurance.

#### **k. Loss Payment**

- (1) In the event of loss or damage covered by this Coverage Part, at our option, we will either:
  - (a) Pay the value of lost or damaged property;
  - (b) Pay the cost of repairing or replacing the lost or damaged property;
  - (c) Take all or any part of the property at an agreed or appraised value; or
  - (d) Repair, rebuild or replace the property with other property of like kind and quality.
- (2) We will give notice of our intentions within 30 days after we receive the proof of loss.
- (3) We will not pay more than your financial interest in the "Covered Property".
- (4) We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if:
  - (a) You have complied with all of the terms of the Coverage Part; and
  - (b) We have reached agreement with you on the amount of loss or an appraisal award has been made and we have not denied the claim.



## EQUIPMENT BREAKDOWN

### I. Valuation

We will determine the value of "Covered Property" in the event of loss or damage as follows:

- (1) At replacement cost as of the time of loss or damage, except as provided in (2), (4), (5), (6), (7), (9) and (10) below. However we will not pay more for loss or damage on a replacement cost basis than the least of the following:
  - (a) The Limit of Insurance applicable to the damaged "Covered Property";
  - (b) The cost to repair the damaged "Covered Property";
  - (c) The cost to replace the damaged "Covered Property" with other property of comparable material and quality intended to be used for the same purpose; or
  - (d) The amount actually spent that is necessary to repair or replace the damaged "Covered Property".

But we will not pay for damaged "Covered Property" that is obsolete or useless to you.

- (2) If "Covered Equipment" is valued at replacement cost, cannot be repaired and requires replacement you may choose to apply the following provision.

**New Generation Coverage** – 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 Property Damage Limit of Insurance.

- (3) Except for New Generation Coverage, you must pay the extra cost of replacing damaged "Covered Property" with property of a better kind or quality or of a larger capacity.

- (4) If:

- (a) Any damaged "Covered Property", that is intended for your use, is protected by an **extended warranty, or maintenance or service contract**; and

- (b) That warranty or contract becomes void or unusable due to a "Covered Cause of Loss";

we will reimburse you for the prorated amount of the unused costs of non-refundable, non-transferable warranties or contracts.

- (5) Unless we agree otherwise in writing, if you do not repair or replace the damaged "Covered Property" within 24 months following the date of the "Breakdown", then we will pay only the smaller of the:

- (a) Cost it would have taken to repair the "Covered Property";

- (b) Cost it would have taken to replace the "Covered Property"; or

- (c) Actual cash value at the time of the "Breakdown".

- (6) If all of the following conditions are met, **"Covered Property" (including finished goods) held by you for sale** except as identified in I.(7) below, will be valued at the selling price as if no loss or damage had occurred, less any discounts you offered and expenses you otherwise would have had:

- (a) The selling price of the "Covered Property" is more than the replacement cost of the "Covered Property"; and

- (b) You are unable to replace the "Covered Property" before its anticipated sale.

- (7) We will determine the value of "Covered Property" that is being processed as follows:

- (a) For raw materials, the replacement cost; and

- (b) For goods in process, the replacement cost of the raw materials, the labor extended and the

proper proportion of overhead charges.

- (8)** Any **salvage value** of property obtained for temporary repairs or use following a "Covered Cause of Loss" which remains after repairs are completed will be taken into consideration in the adjustment of any loss.

**(9) Pairs, Sets or Parts**

- (a) Pairs or Sets.** In case of loss caused by a "Covered Cause of Loss" to any part of a pair or set we may:

- (i)** Repair or replace any part to restore the pair or set to its value before the "Breakdown"; or
- (ii)** Pay the difference between the value of the pair or set before and after the "Breakdown".

- (b) Parts.** In case of loss caused by a "Covered Cause of Loss" to any part of "Covered Property" consisting of several parts when complete, we will only pay for the value, as determined elsewhere in this Condition, of the lost or damaged part.

**(10) Brands and Labels**

- (a)** If branded or labeled merchandise that is "Covered Property" is damaged by a "Covered Cause of Loss", we may take all or any part of the property at an agreed or appraised value. If we take such property, you may:

- (i)** Stamp the word SALVAGE on the merchandise or its containers if the stamp will not physically damage the merchandise; or
- (ii)** Remove the brands or labels if doing so will not physically damage the merchandise. You must re-label the merchandise or its containers to comply with any law.

- (b)** We will pay the reasonable cost you incur to perform the activities

described in paragraphs **(a)(i)** and **(a)(ii)** above.

However, if costs identified in paragraphs **(10)(a)(i)** and **(10)(a)(ii)** above are incurred as a result of damage as covered under the "Fungus", Wet Rot and Dry Rot Coverage Extension, Hazardous Substance Limitation, Refrigerant Contamination Limitation or Water Damage Limitation, such costs will be a part of, not in addition to, the respective limits shown in the Declarations or elsewhere in this Coverage Part for the "Fungus", Wet Rot and Dry Rot Coverage Extension, Hazardous Substance Limitation, Refrigerant Contamination Limitation and Water Damage Limitation.

- m.** The following conditions apply to the Business Income Coverage Extension only.

**(1) Business Income Report of Values**

You must report to us each year the "Business Income Estimated Annual Value" for each Covered Premises to which the Business Income Coverage Extension applies.

**(2) Business Income Coinsurance**

Unless Business Income Coinsurance is shown as Suspended in the Declarations or elsewhere in this Coverage Part, the Business Income loss is subject to a Coinsurance Percentage.

- (a)** If "Business Income Estimated Annual Values" have been reported for each Covered Premises affected by the "Covered Cause of Loss", then the Coinsurance Percentage will be calculated as follows:

- (i)** For all Covered Premises affected by the "Covered Cause of Loss" divide the "Business Income Estimated Annual Value(s)" last reported to us by the "Business Income Actual Annual Value(s)" at the time of the "Breakdown" to determine the Coinsurance Percentage.

## EQUIPMENT BREAKDOWN

The Coinsurance Percentage is subject to a maximum of 100%;

- (ii) Multiply the amount of the Business Income loss by the Coinsurance Percentage determined in paragraph **m.(2)(a)(i)** above;
  - (iii) Subtract the applicable deductible from the amount determined in paragraph **m.(2)(a)(ii)** above;
  - (iv) We will pay the amount determined in **m.(2)(a)(iii)** above or the Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part for the Business Income Coverage Extension, whichever is less.
- (b) If "Business Income Estimated Annual Values" have not been reported for each Covered Premises affected by the "Covered Cause of Loss", then the Coinsurance Percentage will be calculated as follows:
- (i) Divide the Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part for the Business Income Coverage Extension by the "Business Income Actual Annual Value(s)" at the time of the "Breakdown" for all Covered Premises to determine the Coinsurance Percentage. The Coinsurance Percentage is subject to a maximum of 100%;
  - (ii) Multiply the amount of the Business Income loss by the Coinsurance Percentage determined in paragraph **m.(2)(b)(i)** above;
  - (iii) Subtract the applicable deductible from the amount determined in paragraph **m.(2)(b)(ii)** above;
  - (iv) We will pay the amount determined in **m.(2)(b)(iii)**

above or the Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part for Business Income Coverage Extension, whichever is less.

## 2. General Conditions

### a. Bankruptcy

The bankruptcy or insolvency of you or your estate will not relieve us of any obligation under this Coverage Part.

### b. Cancellation

As respects this Coverage Part, part 2. of the **CANCELLATION** Condition of the Common Policy Conditions is replaced by the following:

We may cancel this Coverage Part by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- (2) The number of days shown in the Declarations or elsewhere in this Coverage Part for Notice of Cancellation before the effective date of cancellation if we cancel for any other reason.

### c. Concealment, Misrepresentation or Fraud

This Coverage Part is void in any case of fraud, intentional concealment or misrepresentation of a material fact by you or any other Insured, at any time, concerning:

- (1) This Coverage Part;
- (2) The "Covered Property";
- (3) Your interest in the "Covered Property"; or
- (4) A claim under this Coverage Part.

### d. Currency

All amounts used herein are expressed in the currency of the United States of America and any loss sustained under this Coverage Part shall be paid in the currency of the United States of America.

If, in the event of loss or damage, the amount of such loss or damage is computed in a foreign currency, the amount of such loss or damage will then be converted into the currency of the United States of America at the rate of exchange as specified in the Wall Street Journal as of the date the "Breakdown" occurred.

**e. Jurisdictional Inspections**

At your option, we will provide certificate-of-operation inspection services for boilers and other pressure vessels where:

- (1) You have notified us of equipment that is insured under this Coverage Part and that requires a certificate-of-operation;
- (2) The certificate-of-operation is required by state, city or provincial law; and
- (3) The state, city or provincial law permits inspections by insurance company employees.

Certificate-of-operation inspection services shall be provided only in the United States of America, Puerto Rico and Canada as allowed by state, city or provincial law.

**f. Liberalization**

If we adopt any standard form revision for general use that would broaden coverage under this Coverage Part without additional premium, the broadened coverage will immediately apply to this Coverage Part if the revision is effective within 45 days prior to or during the Policy period.

**g. No Benefit to Bailee**

No person or organization, other than you, having custody of "Covered Property" will benefit from this insurance.

**h. Policy Period, Coverage Territory**

Under this Coverage Part:

- (1) We cover loss or damage commencing;
  - (a) During the Policy Period shown in the Declarations or elsewhere in this Coverage Part; and
  - (b) Within the Coverage Territory.
- (2) The Coverage Territory is:

- (a) The United States of America (including its territories and possessions);
- (b) Puerto Rico; and
- (c) Canada.

**i. Reporting of Values**

You shall report to us 100% of the total insurable values at each Covered Premises as of the inception date of this Coverage Part and every subsequent year as of the anniversary date. The values shall be reported separately for each of the coverages provided.

You agree to keep the applicable records for each policy year available for inspection by our representatives at all times during business hours, during the respective policy year, and for a period of twelve months after the end of the respective policy year or after cancellation of this Coverage Part.

**j. Premium Adjustments**

For policies with Policy Periods greater than 12 months, the premium will be calculated at each anniversary for the subsequent policy year on the basis of rates in effect at the anniversary date and for all values at risk as of that anniversary date.

**k. Suspension**

Whenever "Covered Equipment" is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance under this Coverage Part against loss from a "Breakdown" to that "Covered Equipment". This can be done by delivering or mailing a written notice of suspension to:

- (1) Your last known address; or
- (2) The address where the "Covered Equipment" is located.

Once suspended in this way, your insurance can be reinstated only by an endorsement for that "Covered Equipment".

If we suspend your insurance, you will receive a pro rata refund of premium for such suspension. But the suspension will be effective even if we have not yet made or offered a refund.

**3. Joint or Disputed Loss Agreement**

- a. This condition is intended to facilitate payment of insurance proceeds when:
  - (1) Both a commercial property policy and this Coverage Part are in effect;
  - (2) Damage occurs to "Covered Property" that is insured by the commercial property policy and this Coverage Part; and
  - (3) There is disagreement between the insurers as to whether there is coverage or as to the amount of the loss to be paid, if any, by each insurer under its own policies or coverage parts.
- b. This condition does not apply if:
  - (1) Both the commercial property insurer and we do not admit to any liability; and
  - (2) Neither the commercial property insurer nor we contend that coverage applies under the other insurer's Coverage Part.
- c. The provisions of this condition apply only if all of the following requirements are met:
  - (1) The commercial property policy carried by the Named Insured, insuring the "Covered Property", contains a similar provision at the time of the loss or damage, with substantially the same requirements, procedures and conditions as contained in this condition; and
  - (2) The damage to the "Covered Property" was caused by a loss for which:
    - (a) Both the commercial property insurer and we admit to some liability for payment under the respective policies; or
    - (b) There is disagreement between the insurers with respect to:
      - i. Whether the damage to the "Covered Property" was caused by a "Covered Cause of Loss" insured under this Coverage Part or by a covered cause of loss insured by the commercial property policy; or
      - ii. The extent of participation of this Coverage Part and of such commercial property policy in a loss that is insured against, partially or wholly, by both this Coverage Part and such commercial property policy.
- d. If the requirements listed in paragraph c. above are satisfied, the commercial property insurer and we will make payment per the following:
  - (1) We will pay, after your written request, the entire amount of loss that we have agreed is covered, if any, by this Coverage Part and one-half (1/2) the amount of the loss that is in disagreement.
  - (2) The commercial property insurer will pay, after your written request, the entire amount of loss that it has agreed is covered, if any, by the commercial property policy and one-half (1/2) the amount of loss that is in disagreement.
  - (3) Payments by the insurers of the amounts that are in disagreement, as described in paragraphs d.(1) and d.(2), do not alter, waive or surrender any rights of any insurer against any other with regard to the portion of the loss for which each insurer is liable.
  - (4) The amount in disagreement to be paid by us under this condition shall not exceed the amount payable under the equivalent Loss Agreement of the commercial property policy.
  - (5) The amount to be paid under this condition shall not exceed the amount we would have paid had no commercial property policy been in effect at the time of loss. In no event will we pay more than the applicable Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part.
  - (6) Acceptance by you of sums paid under this condition does not alter, waive or surrender any other rights against us.

e. Arbitration

- (1) The payments by the commercial property insurer and us hereunder and acceptance of those sums by you signify the agreement between the commercial property insurer and us to proceed with arbitration within 90 days of such payment.
- (2) The arbitrators shall be three in number, one of whom shall be appointed by us and one of whom shall be appointed by the commercial property insurer and the third appointed by consent of the other two arbitrators.
- (3) The decision by the arbitrators shall be binding on the commercial property insurer and us and that judgment upon such award may be entered in any court of competent jurisdiction.
- (4) You agree to cooperate in connection with such arbitration but not to intervene therein.

**4. Statutes or Regulations**

If any term or condition of this Coverage Part conflicts with any requirement of applicable statutory or regulatory law, such term or condition is amended to conform to that law.

**5. Mortgageholders**

- a. The term – mortgageholder – includes trustee.
- b. We will pay for direct damage to "Covered Property" due to a "Covered Cause of Loss" to each mortgageholder shown in the Mortgagee Schedule forming a part of this Coverage Part in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the "Covered Property".
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
  - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;

- (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- (3) Has notified us of any change in ownership or material change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

- e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

- (1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
- (2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this Coverage Part, we will give written notice to the mortgageholder at least:
- (1) 10 days before the effective date of cancellation if we cancel for your non-payment of premium; or
  - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
- g. If we do not renew this Coverage Part, we will give written notice to the mortgageholder at least 10 days before the expiration date of this Coverage Part.
- h. If we suspend coverage, it will also be suspended as respects the mortgageholder. We will give written notice of the suspension to the mortgageholder.

**F. Definitions**

**1. "Breakdown"**

- a. "Breakdown" means the following direct physical loss that causes physical damage to "Covered Equipment" and necessitates its repair or replacement:

## EQUIPMENT BREAKDOWN

- (1) Electrical failure including arcing;
- (2) Failure of pressure or vacuum equipment; or
- (3) Mechanical failure including rupture or bursting caused by centrifugal force;

unless such loss or damage is otherwise excluded within this Coverage Part or any Endorsement forming a part of this Coverage Part.

b. "Breakdown" does not mean or include:

- (1) Cracking of any part of 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", "Electronic Data", "Media" 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) Functioning of any safety or protective device;
- (6) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection; or
- (7) Malfunction including adjustment, alignment, calibration, cleaning or modification.

2. "Business Income" means the:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- b. Continuing normal operating expenses incurred, including "Ordinary Payroll".

3. "Business Income Actual Annual Value" means the "Business Income" values for the 12 months prior to the "Breakdown".

4. "Business Income Estimated Annual Value" means the "Business Income" as es-

timated in the most recent Business Income Report of Values we have on file.

5. "Computer Equipment" means:

- a. Your programmable electronic equipment that is used to store, retrieve and process data; and
- b. 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 "Electronic Data" or "Media".

6. "Computer Program" means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enables the computer or device to receive, process, store, retrieve or send data.

7. "Covered Cause of Loss" – as defined in paragraph A.1.

8. "Covered Equipment"

a. "Covered Equipment" means any:

- (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 used for other than medical purposes, nuclear reactor, particle accelerator used for other than medical purposes, satellites or spacecraft (including any "Covered Equipment" mounted on or used solely with any satellite or spacecraft);

- (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) Equipment or any part of equipment manufactured by you for sale;
  - (5) 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;
  - (6) Insulating or refractory material;
  - (7) "Media";
  - (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 other appropriate and approved code;
  - (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; or
  - (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.
- 9. "Covered Property"**
- a. "Covered Property" means any property that:
    - (1) You own; or
    - (2) Is in your care, custody or control and for which you are legally liable;
 while located at the Covered Premises shown in the Declarations or else where in this Coverage Part.
  - b. "Covered Property" does not mean:
    - (1) Live mammals, fish, birds, reptiles, amphibians or insects. It also does not mean eggs intended to become live mammals, fish, birds, reptiles, amphibians or insects; or
    - (2) "Electronic Data".
- 10. "Dependent Property"** means property operated by others whom you depend on to:
- a. Deliver materials or services to you or to others for your account (Supplying Locations). But any property which delivers any of the following services is not a Supplying Location with respect to such utility services: air conditioning, communication services, electric power, gas, heating, refrigeration, steam, water or waste treatment.
  - b. Accept your products or services (Recipient Locations);
  - c. Manufacture products for delivery to your customers under contract of sale (Manufacturing Locations); or
  - d. Attract customers to your business (Leader Locations).
- 11. "Electronic Data"** means information, facts or "Computer Programs" stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment.
- 12. "Extra Expense"** means the additional cost you necessarily incur to operate your business during the "Period of Restoration" over and above the cost that you normally would have incurred to operate the business during the same period had no "Covered Cause of Loss" occurred.
- Any salvage value of property obtained for temporary use during the "Period of Restoration" which remains after the resumption of normal operations will be taken into consideration in the adjustment of any loss.
- 13. "Fungus"** means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or by-products produced or released by fungi.



## EQUIPMENT BREAKDOWN

- 14. "Hacking Event"** means an attack that allows unauthorized access or use of "Covered Equipment".
- 15. "Hazardous Substance"** means any substance, other than refrigerants (including ammonia), that has been declared to be hazardous to health by a government agency.
- 16. "Media"** means electronic data processing or storage material such as films, tapes, discs, drums or cells. However, "Media" does not include any hard disk drive that is an internal component of "Computer Equipment".
- 17. "One Breakdown"** means if an initial "Breakdown" causes other "Breakdowns", all will be considered "One Breakdown". All "Breakdowns" at any one Covered Premises that manifest themselves at the same time and are the direct result of the same cause will be considered "One Breakdown".
- 18. "Ordinary Payroll"** means payroll expenses for all your employees except Officers, Executives, Department Managers, and Employees under contract.
- "Ordinary Payroll" expenses include payroll; employee benefits, if directly related to payroll; FICA payments; union dues; and Worker's Compensation premiums.
- 19. "Period of Restoration"**
- a. "Period of Restoration" means the period of time that:
- (1) Begins at the time of the "Breakdown"; and
  - (2) Ends on the earlier of:
    - (a) The number of consecutive days indicated for the applicable "Period of Restoration" extension shown in the Declarations or elsewhere in this Coverage Part after the date when the property at the Covered Premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
    - (b) The date when business is resumed at a new permanent location.
- b. "Period of Restoration" does not include any increased period required due to the enforcement of any ordinance or law that:
- (1) Regulates the construction, use or repair, or requires the tearing down of any property; or
  - (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "Hazardous Substance".
- 20. "Period of Restoration for Dependent Property"**
- a. "Period of Restoration for Dependent Property" means the period of time that:
- (1) Begins at the time of direct physical loss or damage caused by or resulting from a "Covered Cause of Loss" at the premises of the "Dependent Property"; and
  - (2) Ends on the date when the property at the premises of the "Dependent Property" should be repaired, rebuilt or replaced with reasonable speed and similar quality.
- b. "Period of Restoration for Dependent Property" does not include any increased period required due to the enforcement of any ordinance or law that:
- (1) Regulates the construction, use or repair, or requires the tearing down of any property; or
  - (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "Hazardous Substance".
- 21. "Perishable Goods"** means any "Covered Property" that is maintained under controlled conditions for its preservation and that is susceptible to loss or damage if the controlled conditions change.

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

## **FEDERAL TERRORISM RISK INSURANCE ACT DISCLOSURE**

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART  
EQUIPMENT BREAKDOWN COVERAGE PART

The federal Terrorism Risk Insurance Act of 2002 as amended ("TRIA") establishes a program under which the Federal Government may partially reimburse "Insured Losses" (as defined in TRIA) caused by "Acts Of Terrorism" (as defined in TRIA). "Act Of Terrorism" is defined in Section 102(1) of TRIA to mean any act that is certified by the Secretary of the Treasury – in consultation with the Secretary of Homeland Security and the Attorney General of the United States – to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States Mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

The Federal Government's share of compensation for such Insured Losses is 80% of the amount of such Insured Losses in excess of each Insurer's "Insurer

Deductible" (as defined in TRIA), subject to the "Program Trigger" (as defined in TRIA).

In no event, however, will the Federal Government be required to pay any portion of the amount of such Insured Losses occurring in a calendar year that in the aggregate exceeds \$100 billion, nor will any Insurer be required to pay any portion of such amount provided that such Insurer has met its Insurer Deductible. Therefore, if such Insured Losses occurring in a calendar year exceed \$100 billion in the aggregate, the amount of any payments by the Federal Government and any coverage provided by this policy for losses caused by Acts Of Terrorism may be reduced.

The charge for such Insured Losses under this Coverage Part is included in the Coverage Part premium. The charge for such Insured Losses that has been included for this Coverage Part is indicated below, and does not include any charge for the portion of such Insured Losses covered by the Federal Government under TRIA:

- 1% of your total Boiler and Machinery or Equipment Breakdown Coverage Part premium.

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

## **SPECIFIED PERILS ELIMINATION ENDORSEMENT**

This endorsement modifies insurance provided under the following:

*EnergyMax 21* EQUIPMENT BREAKDOWN PROTECTION  
BOILER AND MACHINERY COVERAGE FORM

**A.** When this Endorsement is part of a Coverage Part including:

*EnergyMax 21* EQUIPMENT BREAKDOWN PROTECTION, EB T1 00,

paragraph **B. Exclusions, 17.** is deleted and replaced with the following:

**17.** A "Breakdown" that is caused directly or indirectly by any of the following causes of loss:

- a. Aircraft or missiles;
- b. Civil commotion;
- c. Collapse;
- d. Freezing caused by cold weather;
- e. Lightning;
- f. Molten material;
- g. Objects falling from aircraft or missiles;
- h. Riot;
- i. Smoke;
- j. Vandalism;
- k. Vehicles, including any material carried in or on the vehicles; or
- l. Weight of snow, ice, sleet.

**B.** When this Endorsement is part of a Coverage Part including:

BOILER AND MACHINERY COVERAGE FORM, BM 00 25,

paragraph **B. EXCLUSIONS, 14.** is deleted and replaced with the following:

**14.** An "Accident" that is caused directly or indirectly by any of the following causes of loss:

- a. Aircraft or missiles;
- b. Civil commotion;

- c. Collapse;
- d. Lightning;
- e. Molten material;
- f. Objects falling from aircraft or missiles;
- g. Riot;
- h. Smoke;
- i. Vandalism;
- j. Vehicles, including any material carried in or on the vehicles;
- k. Water, meaning:
  - (1) Water damage caused by backup of sewers, drains, or drainage piping; or
  - (2) Water under the ground surface pressing on or flowing or seeping through:
    - (a) Foundations, walls, floors or paved surfaces;
    - (b) Basements, whether paved or not; or
    - (c) Doors, windows or other openings;

all whether naturally occurring or due to man-made or other artificial causes.

- l. Water damage caused by the discharge or leakage of a sprinkler system, sewer piping or domestic water piping, unless such discharge or leakage is the direct result of an "Accident" to an "object". The most we will pay for such water damage is the Limit of Insurance identified in the Declarations for Water Damage; or
- m. Weight of snow, ice, sleet.

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

## **GREEN COVERAGE ENHANCEMENTS**

This endorsement modifies insurance provided under the following:

*EnergyMax 21* EQUIPMENT BREAKDOWN PROTECTION

**A.** The following coverage extension is added to section **A. Coverage, 2. Coverage Extensions and Limitations:**

### **Green Alternatives Coverage Extension**

#### **1. Green Alternative Additional Costs**

**a.** We will pay for the reasonable additional cost you incur to:

**(1)** Repair or replace the damaged or destroyed portions of the "Covered Property" (except as may be provided under **E. Conditions, 1. Loss Conditions, I. Valuation, (2) New Generation**) using products or materials that:

**(a)** Are "Green" alternatives to the products or materials of the damaged or destroyed "Covered Property", in accordance with the documented standards of a "Green Authority"; and

**(b)** Are otherwise of comparable quality and function to the damaged or destroyed "Covered Property"; and

**(2)** Employ "Green" methods or processes of construction, disposal or recycling in the course of the repair and replacement of the damaged or destroyed "Covered Property", in accordance with the documented standards of a "Green Authority".

**b. Green Reengineering, Recertification and Related Expenses**

**(1)** If, as a direct result of the "Covered Cause of Loss", the pre-loss level of "Green" certification by a "Green Authority" on the "Covered Property" is lost, we will pay for the following reasonable additional expense you incur to re-attain the pre-loss level of "Green" certification from that "Green Authority":

**(a)** The reasonable additional expense you incur to hire a qualified engineer or other professional required by the "Green Authority" to be involved in:

**(i)** Designing, overseeing or documenting the repair or replacement of the damaged or destroyed "Covered Property"; or

**(ii)** Testing and recalibrating the systems and mechanicals of the damaged or destroyed "Covered Property" to verify that the systems and mechanicals are performing in accordance with the design of such systems and mechanicals or the specifications of the manufacturer; and

**(b)** The reasonable registration and recertification fees charged by the "Green Authority".

**(2)** After repair or reconstruction is completed, we will pay your reasonable expenses to flush out the renovated space and/or conduct air quality testing of the renovated space in accordance with the recommended procedures of a "Green Authority" and for the purpose of mitigating indoor air quality deficiencies resulting from the repair or reconstruction.

**(3)** Coverage applies to the additional expenses described in paragraphs **1.b. (1)** and **(2)** above that you incur to achieve the pre-loss level of "Green" certification in accordance with the standards of the "Green Authority" that exist at the time of repair or replacement, even if the standards have changed since the original certification was achieved.

## EQUIPMENT BREAKDOWN

- c. Coverage provided under paragraphs **1.a.** and **b.** above applies only if replacement cost valuation applies to the damaged or destroyed "Covered Property" and then only if the "Covered Property" is actually repaired or replaced as soon as reasonably possible after the "Covered Cause of Loss".
- d. The most we will pay for coverage provided under paragraphs **1.a.** and **b.** of this Coverage Extension for any "One Breakdown" is the least of:

- (1) The percentage factor shown in the Schedule below multiplied by the amount we would otherwise pay for loss covered under **A. Coverage, 1. Property Damage**, prior to the application of any applicable deductible; or
- (2) The Additional Costs Limit of Insurance shown in the Schedule below.

This limit is part of, not in addition to, the "Total Limit per Breakdown" shown in the Declarations.

### 2. Green Alternative Time Element

- a. If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover the actual and necessary loss or expense incurred during the reasonable and necessary increase in the "Period of Restoration" incurred to:
  - (1) Repair or replace the damaged or destroyed portions of the "Covered Property" using products or materials that:
    - (a) Are "Green" alternatives to the products or materials of the damaged or destroyed "Covered Property", in accordance with the documented standards of a "Green Authority"; and
    - (b) Are otherwise of comparable quality and function to the damaged or destroyed "Covered Property"; and

- (2) Employ "Green" methods or processes of construction, disposal or recycling in the course of the repair and replacement of the damaged or destroyed "Covered Property", in accordance with the documented standards of a "Green Authority".

- b. The coverage provided under paragraph **2.a.** of this Coverage Extension does not increase the applicable Business Income or Extra Expense Limit of Insurance shown in the Declarations.

### B. CONDITIONS

The following is added to section **E. Conditions, 1. Loss Conditions, I. Valuation**:

Except as specifically provided under the **Green Alternatives Coverage Extension** the cost to repair, rebuild or replace "Covered Property" does not include any increased cost incurred to re-attain a pre-loss level of "Green" certification from a "Green Authority".

### C. DEFINITIONS

- 1. The following are added to paragraph **F. Definitions**:

- a. **"Green"** means products, materials, methods and processes that conserve natural resources, reduce energy or water consumption, avoid toxic or other polluting emissions or otherwise minimize the environmental impact.
- b. **"Green Authority"** means a recognized authority on "Green" building or "Green" products, materials or processes.

- 2. The following is added to the definition of "Period of Restoration":

"Period of Restoration" does not include any increased period required to re-attain a pre-loss level of "Green" certification from a "Green Authority". But this does not apply to any increase in the "Period of Restoration" otherwise insured under the **Green Alternatives Coverage Extension**.

### SCHEDULE

Percentage Factor: 5%  
Additional Costs Limit of Insurance: \$250,000  
Additional Number of Days: 0030

## DEPENDENT PROPERTIES – LOCATION SCHEDULE

This endorsement modifies insurance provided under the following:

*EnergyMax 21* EQUIPMENT BREAKDOWN PROTECTION

The following locations are considered to be included on the Declarations under **COVERAGE, 2. Coverage Extensions and Limitations, f. "Dependent Property" Locations**, as indicated below with an X:

- As on file with us
- As listed below:

**ALL LOCATIONS WITHIN COVERAGE TERRITORY**

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

## **FLORIDA CHANGES – COINSURANCE, LOSS PAYMENT, NAMED INSURED**

This endorsement modifies insurance provided under the following:

*EnergyMax 21* EQUIPMENT BREAKDOWN PROTECTION  
EQUIPMENT BREAKDOWN BUILDERS RISK PROTECTION  
BOILER AND MACHINERY COVERAGE FORM

- A.** Coinsurance contract. For any coverage subject to a coinsurance clause, the rate charged is based upon the use of the coinsurance clause identified in this Coverage Part, with your consent.
- B.** If Cancellation Change s BM T5 49 or Amendatory Endorsement EB T3 39 endorsements form a part of this policy, the term 'first Named Insured' shall be replaced with the term 'Named Insured'.
- C.** When this Endorsement is part of a Coverage Part including *EnergyMax 21* EQUIPMENT BREAKDOWN PROTECTION, EB T1 00, paragraph **E. Conditions, 1. Loss Conditions, k. Loss Payment (4)** is deleted and replaced with the following:
- (4)** If you have complied with all terms of this Coverage Part, we will pay for covered loss:
- (a)** Within 20 days after we receive the sworn proof of loss and reach written agreement with you; or
- (b)** Within 30 days after we receive the sworn proof of loss and:
- (i)** There is an entry of a final judgment; or
- (ii)** There is a filing of an appraisal award with us.
- D.** When this Endorsement is part of a Coverage Part including EQUIPMENT BREAKDOWN BUILDERS RISK PROTECTION, EB T1 01, paragraph **E. Conditions, 1. Loss Conditions, g. Loss Payment (4)** is deleted and replaced with the following:
- (4)** If you have complied with all terms of this Coverage Part, we will pay for covered loss:
- (a)** Within 20 days after we receive the sworn proof of loss and reach written agreement with you; or
- (b)** Within 30 days after we receive the sworn proof of loss and:
- (i)** There is an entry of a final judgment; or
- (ii)** There is a filing of an appraisal award with us.
- E.** When this Endorsement is part of a Coverage Part including BOILER AND MACHINERY COVERAGE FORM, BM 00 25, the following is added to paragraph **E. BOILER AND MACHINERY CONDITIONS, 1. Loss Conditions:**
- LOSS PAYMENT**
- If you have complied with all terms of this Coverage Part, we will pay for covered loss:
- (a)** Within 20 days after we receive the sworn proof of loss and reach written agreement with you; or
- (b)** Within 30 days after we receive the sworn proof of loss and:
- (i)** There is an entry of a final judgment; or
- (ii)** There is a filing of an appraisal award with us.

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

## **FLORIDA CONDOMINIUM ASSOCIATION ENDORSEMENT**

This endorsement modifies insurance provided under the following:

*EnergyMax 21* EQUIPMENT BREAKDOWN PROTECTION  
EQUIPMENT BREAKDOWN BUILDERS RISK PROTECTION  
BOILER AND MACHINERY COVERAGE FORM

The following is added to the definition of Covered Property:

Covered Property includes property, at premises or locations covered under this policy, for which the insured association is required to provide primary coverage under Fla. Stat. § 718.111.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## AMENDMENT OF COMMON POLICY CONDITIONS – PROHIBITED COVERAGE – UNLICENSED INSURANCE AND TRADE OR ECONOMIC SANCTIONS

This endorsement modifies insurance provided under the following:

ALL COVERAGES INCLUDED IN THIS POLICY

The following is added to the Common Policy Conditions:

### **Prohibited Coverage – Unlicensed Insurance**

1. With respect to loss sustained by any insured, or loss to any property, located in a country or jurisdiction in which we are not licensed to provide this insurance, this insurance does not apply to the extent that insuring such loss would violate the laws or regulations of such country or jurisdiction.
2. We do not assume responsibility for:
  - a. The payment of any fine, fee, penalty or other charge that may be imposed on any person or organization in any country or jurisdiction because we are not licensed to provide insurance in such country or jurisdiction; or

- b. The furnishing of certificates or other evidence of insurance in any country or jurisdiction in which we are not licensed to provide insurance.

### **Prohibited Coverage – Trade Or Economic Sanctions**

We will provide coverage for any loss, or otherwise will provide any benefit, only to the extent that providing such coverage or benefit does not expose us or any of our affiliated or parent companies to:

1. Any trade or economic sanction under any law or regulation of the United States of America; or
2. Any other applicable trade or economic sanction, prohibition or restriction.

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

## **CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM**

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART  
COMMERCIAL GENERAL LIABILITY COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
CYBERFIRST ESSENTIALS GENERAL PROVISIONS FORM  
CYBERFIRST GENERAL PROVISIONS FORM  
DELUXE PROPERTY COVERAGE PART  
EMPLOYEE BENEFITS LIABILITY COVERAGE PART  
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART  
EMPLOYMENT PRACTICES LIABILITY <sup>+</sup> WITH IDENTITY FRAUD EXPENSE REIMBURSEMENT  
COVERAGE PART  
ENVIRONMENTAL HAZARD POLICY  
EQUIPMENT BREAKDOWN COVERAGE PART  
EXCESS FOLLOW-FORM AND UMBRELLA LIABILITY INSURANCE  
EXCESS (FOLLOWING FORM) LIABILITY INSURANCE  
LAW ENFORCEMENT LIABILITY COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART  
MANUFACTURERS ERRORS AND OMISSIONS LIABILITY COVERAGE PART  
MEDFIRST PRODUCTS/COMPLETED OPERATIONS, ERRORS AND OMISSIONS, AND  
INFORMATION SECURITY LIABILITY COVERAGE FORM  
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART  
PUBLIC ENTITY MANAGEMENT LIABILITY COVERAGE PART  
RAILROAD PROTECTIVE LIABILITY COVERAGE PART  
SPECIAL PROTECTIVE AND HIGHWAY LIABILITY POLICY - NEW YORK DEPARTMENT OF  
TRANSPORTATION  
TRAVELERS PROPERTY COVERAGE PART  
TRIBAL BUSINESS MANAGEMENT LIABILITY COVERAGE PART  
Any other Coverage Part or Coverage Form included in this policy that is subject to the federal Terrorism Risk Insurance Act of 2002 as amended

The following is added to this policy. This provision can limit coverage for any loss arising out of a "certified act of terrorism" if such loss is otherwise covered by this policy. This provision does not apply if and to the extent that coverage for the loss is excluded or limited by an exclusion or other coverage limitation for losses arising out of "certified acts of terrorism" in another endorsement to this policy.

If aggregate insured losses attributable to "certified acts of terrorism" exceed \$100 billion in a calendar year and we have met our insurer deductible under "TRIA", we will not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case, insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of "TRIA", to be an act of terrorism pursuant to "TRIA". The criteria contained in "TRIA" for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to "TRIA"; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

"TRIA" means the federal Terrorism Risk Insurance Act of 2002 as amended.

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

## **ADDITIONAL BENEFITS**

This endorsement modifies insurance provided under the following:

ALL COVERAGES INCLUDED IN THIS POLICY

The following Condition is added to each Common Policy Conditions included in this policy:

### **Additional Benefits**

1. We may offer or provide, or allow others to provide, you or another insured under this policy with goods and services, access to discounted goods and services, other program benefits or other items of value that could assist your business with managing your risk, with servicing your policy or with staying informed about loss control and mitigation of risk.
2. These Additional Benefits may be provided in any form. You or another insured under this policy may be eligible to receive additional benefits. You
3. While we may arrange for these Additional Benefits, the other provider is liable to you or the other insured for the provision of the goods and services. We do not warrant the merchantability, fitness or quality of any goods or services provided or assume any additional obligation related to any Additional Benefits provided.
4. We have the right to modify or discontinue any Additional Benefits provided by us, or others authorized by us, without notice to you or any other insured.

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

## **FLORIDA CHANGES – LEGAL ACTION AGAINST US**

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART  
CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
FARM COVERAGE PART

The following replaces the second paragraph of the Legal Action Against Us condition:

**LEGAL ACTION AGAINST US**

Legal action against us involving direct physical loss or damage to property must be brought within 5 years from the date the loss occurs.

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

## **FLORIDA CHANGES – CANCELLATION AND NONRENEWAL**

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
CRIME AND FIDELITY COVERAGE PART  
EQUIPMENT BREAKDOWN COVERAGE PART  
FARM COVERAGE PART  
STANDARD PROPERTY POLICY

A. Paragraph 2. of the **Cancellation** Common Policy Condition is replaced by the following:

**2. Cancellation For Policies In Effect 90 Days Or Less**

a. If this policy has been in effect for 90 days or less, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation, accompanied by the specific reasons for cancellation, at least:

(1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or

(2) 20 days before the effective date of cancellation if we cancel for any other reason, except we may cancel immediately if there has been:

(a) A material misstatement or misrepresentation; or

(b) A failure to comply with underwriting requirements established by the insurer.

b. We may not cancel:

(1) On the basis of property insurance claims that are the result of an act of God, unless we can demonstrate, by claims frequency or otherwise, that you have failed to take action reasonably necessary as requested by us to prevent recurrence of damage to the insured property; or

(2) Solely on the basis of a single property insurance claim which is the result of water damage, unless we can demonstrate that you have failed to take action reasonably requested

by us to prevent a future similar occurrence of damage to the insured property.

B. Paragraph 5. of the **Cancellation** Common Policy Condition is replaced by the following:

5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will mail the refund within 15 working days after the date cancellation takes effect, unless this is an audit policy.

If this is an audit policy, then, subject to your full cooperation with us or our agent in securing the necessary data for audit, we will return any premium refund due within 90 days of the date cancellation takes effect. If our audit is not completed within this time limitation, then we shall accept your own audit, and any premium refund due shall be mailed within 10 working days of receipt of your audit.

The cancellation will be effective even if we have not made or offered a refund.

C. The following is added to the **Cancellation** Common Policy Condition:

**7. Cancellation For Policies In Effect For More Than 90 Days**

a. If this policy has been in effect for more than 90 days, we may cancel this policy only for one or more of the following reasons:

(1) Nonpayment of premium;

- (2) The policy was obtained by a material misstatement;
  - (3) In the event of failure to comply, within 90 days after the effective date of coverage, with underwriting requirements established by us before the effective date of coverage;
  - (4) There has been a substantial change in the risk covered by the policy;
  - (5) The cancellation is for all insureds under such policies for a given class of insureds;
  - (6) On the basis of property insurance claims that are the result of an act of God, if we can demonstrate, by claims frequency or otherwise, that you have failed to take action reasonably necessary as requested by us to prevent recurrence of damage to the insured property;
  - (7) On the basis of a single property insurance claim which is the result of water damage, if we can demonstrate that you have failed to take action reasonably requested by us to prevent a future similar occurrence of damage to the insured property; or
  - (8) The cancellation of some or all of our policies is necessary to protect the best interests of the public or policyholders and such cancellation is approved by the Florida Office of Insurance Regulation.
- b. If we cancel this policy for any of these reasons, we will mail or deliver to the first Named Insured written notice of cancellation, accompanied by the specific reasons for cancellation, at least:
- (1) 10 days before the effective date of cancellation if cancellation is for nonpayment of premium;
  - (2) 45 days before the effective date of cancellation if:
    - (a) Cancellation is for one or more of the reasons stated in Paragraphs 7.a.(2) through 7.a.(7) above, and this policy does not cover a residential structure or its contents; or
    - (b) Cancellation is based on the reason stated in Paragraph 7.a.(8) above;
  - (3) 120 days before the effective date of cancellation if:
    - (a) Cancellation is for one or more of the reasons stated in Paragraphs 7.a.(2) through 7.a.(7) above; and
    - (b) This policy covers a residential structure or its contents.
- c. If this policy has been in effect for more than 90 days and covers a residential structure or its contents, we may not cancel this policy based on credit information available in public records.
- D. The following is added:
- Nonrenewal**
- 1. If we decide not to renew this policy, we will mail or deliver to the first Named Insured written notice of nonrenewal, accompanied by the specific reason for nonrenewal, at least:
    - a. 45 days prior to the expiration of the policy if this policy does not cover a residential structure or its contents, or if nonrenewal is for the reason stated in Paragraph D.5.; or
    - b. 120 days prior to the expiration of the policy if this policy covers a residential structure or its contents.
  - 2. Any notice of nonrenewal will be mailed or delivered to the first Named Insured at the last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.
  - 3. We may not refuse to renew this policy:
    - a. On the basis of property insurance claims that are the result of an act of God, unless we can demonstrate, by claims frequency or otherwise, that you have failed to take action reasonably necessary as requested by us to prevent recurrence of damage to the insured property;
    - b. On the basis of filing of claims for sinkhole loss. However, we may refuse to renew this policy if:
      - (1) The total of such property insurance claim payments for this policy equals or exceeds the policy limits in effect on the date of loss for property damage to the covered building; or
      - (2) You have failed to repair the structure in accordance with the engineering recommendations upon which any

loss payment or policy proceeds were based; or

- c. Solely on the basis of a single property insurance claim which is the result of water damage, unless we can demonstrate that you have failed to take action reasonably requested by us to prevent a future similar occurrence of damage to the insured property.

4. Notwithstanding the provisions of Paragraph **D.3.**, we may refuse to renew this policy if this policy includes Sinkhole Loss coverage. If we nonrenew this policy for purposes of removing Sinkhole Loss coverage, pursuant to section 627.706, Florida Statutes, we will offer you a policy that includes catastrophic ground cover collapse coverage.

5. Notwithstanding the provisions of Paragraph **D.3.**, we may refuse to renew this policy if nonrenewal of some or all of our policies is necessary to protect the best interests of the public or policyholders and such nonrenewal is approved by the Florida Office of Insurance Regulation.

#### **E. Limitations On Cancellation And Nonrenewal In The Event Of Hurricane Or Wind Loss – Residential Property**

1. The following provisions apply to a policy covering a residential structure or its contents, if such property has sustained damage as a result of a hurricane or windstorm that is the subject of a declaration of emergency by the Governor and filing of an order by the Commissioner of Insurance Regulation:

- a. Except as provided in Paragraph **E.1.b.**, we may not cancel or nonrenew the policy until at least 90 days after repairs to the residential structure or its contents have been substantially completed so that it is restored to the extent that it is insurable by another insurer writing policies in Florida. If we elect to not renew

the policy, we will provide at least 100 days' notice that we intend to nonrenew 90 days after the substantial completion of repairs.

- b. We may cancel or nonrenew the policy prior to restoration of the structure or its contents for any of the following reasons:

- (1) Nonpayment of premium;
- (2) Material misstatement or fraud related to the claim;
- (3) We determine that you have unreasonably caused a delay in the repair of the structure; or
- (4) We have paid the policy limits.

If we cancel or nonrenew for nonpayment of premium, we will give you 10 days' notice. If we cancel or nonrenew for a reason listed in Paragraph **b.(2)**, **b.(3)** or **b.(4)**, we will give you 45 days' notice.

2. With respect to a policy covering a residential structure or its contents, any cancellation or nonrenewal that would otherwise take effect during the duration of a hurricane will not take effect until the end of the duration of such hurricane, unless a replacement policy has been obtained and is in effect for a claim occurring during the duration of the hurricane. We may collect premium for the period of time for which the policy period is extended.

3. With respect to Paragraph **E.2.**, a hurricane is a storm system that has been declared to be a hurricane by the National Hurricane Center of the National Weather Service (hereafter referred to as NHC). The hurricane occurrence begins at the time a hurricane watch or hurricane warning is issued for any part of Florida by the NHC and ends 72 hours after the termination of the last hurricane watch or hurricane warning issued for any part of Florida by the NHC.



Dear Valued Customer ,

Travelers Boiler & Machinery appreciates your Equipment Breakdown Insurance business. We understand that life and business are dynamic and the best way to serve you is to deliver highly-rated and customized services that behave the same way – evolving to keep in synch with life and business as they change.

Travelers Boiler & Machinery offers the following exceptional services as part of your insurance coverage:

## ENGINEERING SERVICES

### Proactive Boiler Inspections and Object Management

Travelers Boiler & Machinery performs inspections on boilers and pressure vessels as required by jurisdictions across the country. Travelers can help you with the identification of any boilers or pressure vessels which require inspection according to state or city laws. If your business has this equipment, we can perform the inspection. Speak with your Equipment Breakdown professional for more information.

### Help Line Support for Inspections

When life is out of synch our Help Line staff is available to provide you with assistance on any questions, problems, or concerns about our engineering services. **To schedule an inspection or seek help with inspections, call toll-free at 1-800-425-4119.** We also provide you with dedicated support via fax at 1-877-764-9535 and offer our assistance via email at [boilinsp@travelers.com](mailto:boilinsp@travelers.com). Support by phone, fax, and email are available between 8:00 a.m. to 5:00 p.m. Eastern Time.

### Risk Control and Loss Prevention Information Warehouse

With 100 years of experience in the Equipment Breakdown Insurance business, Travelers Boiler & Machinery wants to share with you the broad range of innovative risk control and loss prevention solutions we have developed over the years. Travelers Boiler & Machinery also shares information such as preventive maintenance guidelines for machinery and equipment as well as workplace safety topics beyond just Boiler & Machinery. Our information can be accessed by calling **1-800-425-4119** or viewing our web site at [www.travelers.com/riskcontrol](http://www.travelers.com/riskcontrol).

## CLAIM SERVICES

### 24/7/365 Claim Reporting

Travelers Boiler & Machinery offers you a variety of ways to report your claim and the peace of mind of knowing our local claim professionals manage claims with a blend of skill, tenacity, and common sense.

To report an Equipment Breakdown (Boiler and Machinery) loss:

- **Contact Your Agent**
- **Call toll-free at 1-800-238-6225; or**
- **Fax your loss information to us toll free at 1-877-QUIK-FAX (1-877-784-5329).**

### Sharing our Experience

During the claim investigation process, our Claim Support Manager, claim staff and field engineers act as technical resources and help you by suggesting reputable repair companies and contractors in your area so you can get back up and running quickly. Speak with your claim professional for more information.



## **IMPORTANT NOTICE – INDEPENDENT AGENT AND BROKER COMPENSATION**

**NO COVERAGE IS PROVIDED BY THIS NOTICE. THIS NOTICE DOES NOT AMEND ANY PROVISION OF YOUR POLICY. YOU SHOULD REVIEW YOUR ENTIRE POLICY CAREFULLY FOR COMPLETE INFORMATION ON THE COVERAGES PROVIDED AND TO DETERMINE YOUR RIGHTS AND DUTIES UNDER YOUR POLICY. PLEASE CONTACT YOUR AGENT OR BROKER IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE OR ITS CONTENTS. IF THERE IS ANY CONFLICT BETWEEN YOUR POLICY AND THIS NOTICE, THE PROVISIONS OF YOUR POLICY PREVAIL.**

For information about how Travelers compensates independent agents and brokers, please visit [www.travelers.com](http://www.travelers.com), call our toll-free telephone number 1-866-904-8348, or request a written copy from Marketing at One Tower Square, 2GSA, Hartford, CT 06183.

## **IMPORTANT NOTICE – RISK MANAGEMENT PLANS – FLORIDA**

**NO COVERAGE IS PROVIDED BY THIS NOTICE. THIS NOTICE DOES NOT AMEND ANY PROVISION OF YOUR POLICY. YOU SHOULD REVIEW YOUR ENTIRE POLICY CAREFULLY FOR COMPLETE INFORMATION ON THE COVERAGES PROVIDED AND TO DETERMINE YOUR RIGHTS AND DUTIES UNDER YOUR POLICY. PLEASE CONTACT YOUR AGENT OR BROKER IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE OR ITS CONTENTS. IF THERE IS ANY CONFLICT BETWEEN YOUR POLICY AND THIS NOTICE, THE PROVISIONS OF YOUR POLICY PREVAIL.**

Florida loss control insurance statutes require insurers to provide commercial policyholders, at their request, with guidelines for risk management plans. Travelers' Risk Control Department has available guidelines to assist you with your accident prevention activities. These guidelines are available to you free of charge.

A risk management plan shall include safety measures for different exposures, including, as applicable, pollution and environmental hazards; disease hazards; accidental occurrences; fire hazards and fire prevention and detection; liability for acts from the course of business; slip and fall hazards; product injury; and hazards unique to a particular class or category of insureds. Training in safety management techniques and safety management counseling services are also available.

If you would like to request assistance with risk management or your safety program, please call our Risk Control Department at 407-388-3307. For access to over 1,600 safety and health resources, including training programs, checklists, management guides, etc. visit our Risk Control Customer Portal at <http://www.travelers.com/riskcontrol>.

## **IMPORTANT NOTICE – CONTACT INFORMATION – FLORIDA**

**NO COVERAGE IS PROVIDED BY THIS NOTICE. THIS NOTICE DOES NOT AMEND ANY PROVISION OF YOUR POLICY. YOU SHOULD REVIEW YOUR ENTIRE POLICY CAREFULLY FOR COMPLETE INFORMATION ON THE COVERAGES PROVIDED AND TO DETERMINE YOUR RIGHTS AND DUTIES UNDER YOUR POLICY. PLEASE CONTACT YOUR AGENT OR BROKER IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE OR ITS CONTENTS. IF THERE IS ANY CONFLICT BETWEEN YOUR POLICY AND THIS NOTICE, THE PROVISIONS OF YOUR POLICY PREVAIL.**

Please review your policy carefully. Should you have any questions concerning coverages, billings, additions or deletion, please contact your agent. Should you feel the need for additional information or wish to make a complaint, we offer the following number:

For information or to make a complaint, call:  
1-800-328-2189



## NOTICE TO POLICYHOLDERS JURISDICTIONAL INSPECTIONS

Dear Policyholder;

Many states and some cities issue certificates permitting the continued operation of certain equipment such as boilers, water heaters, pressure vessels, etc. Periodic inspections are normally required to renew these certificates. In most jurisdictions, insurance company employees who have been licensed are authorized to perform these inspections.

If:

- You own or operate equipment that requires a certificate from a state or city to operate legally, and
- We insure that equipment under this Policy, and
- You would like us to perform the next required inspection;

Then;

Call this toll-free number – **1-800-425-4119**

When you call this number, our representative will ask you for the following information:

- Name of your business (as shown on this Policy)
- Policy Number
- Location where the equipment is located. Including Zip Code.
- Person to contact and phone number for scheduling of inspection
- Type of equipment requiring inspection
- Certificate inspection date and certificate number

Or;

Fill in the form on the reverse side of this notice and fax it to the toll-free number indicated on that form.

Please note the following:

- Your jurisdiction may charge you a fee for renewing a certificate. It is your responsibility to pay such a fee.
- All the provisions of the INSPECTIONS AND SURVEYS Condition apply to the inspections described in this notice.

### REMINDER

If new equipment is installed or old equipment replaced that requires a jurisdictional inspection please let us know by calling our toll-free number listed above.

# REQUEST FOR JURISDICTIONAL INSPECTION

Name of Business: \_\_\_\_\_  
(As Shown on Policy)

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

Location of Equipment:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

City State Zip Code

Person to Contact for Scheduling Inspection: \_\_\_\_\_

Telephone Number of Person to Contact: \_\_\_\_\_

Equipment Type	Certificate Number	Certificate Expiration Date

**Fax Form to 1-877-764-9535**

Completed by: \_\_\_\_\_ Phone Number: \_\_\_\_\_



**Report Claims Immediately by Calling\***  
**1-800-238-6225**

*Speak directly with a claim professional  
24 hours a day, 365 days a year*

\*Unless Your Policy Requires **Written** Notice or Reporting

---

## **COMMERCIAL INSURANCE**

---

**A Custom Insurance Policy Prepared for:**

**SOUTHPOINTE CONDOMINIUM  
ASSOCIATION, INC.  
3700 WOODGATE BLVD,  
ORLANDO FL 32882**

**Presented by: COASTAL INS UNDERWRITERS**