



## CNA EQUIPMENT BREAKDOWN

**Effective Date:** 07/07/2022

**Insured Name:**

534 W 42ND ST CONDOMINIUM, THE

C/O LIVING HOLDINGS LLC  
225 W 35TH ST FL 14  
NEW YORK, NY 10001-1904

**Policy Number:** 7034487598

**Policy Period:** 07/07/2022 – 06/20/2023

**Producer's Information:**

PROGRAM BROKERAGE CORPORATION (B&M)  
200 CROSSINGS BLVD STE 110

**Producer Code:** 046175

WARWICK, RI 02886  
(401) 468-3400

**CNA Branch Number:** 030

**CNA Branch Name and Address:**

NEW YORK CITY  
125 BROAD STREET  
  
NEW YORK, NY 10004  
(000) 000-0000

### Thank you for choosing CNA!

With your CNA Equipment Breakdown Protection Coverage policy, you have insurance coverage tailored to meet the needs of your business. The network of insurance professionals and the financial strength of CNA, rated "A" by A.M. Best, provide the resources to help you manage the daily risks of your organization so that you may focus on what's most important to you.

### Claim Services — There When You Need Us

Claims are reported through a single point of entry available 24/7, connecting you to the individuals and information to help you resume your business when you need it most.

To report a claim, please call 877-CNA-ASAP, fax (800) 953-7389, email [lossreport@cnaasap.com](mailto:lossreport@cnaasap.com), or visit [www.cna.com/claim](http://www.cna.com/claim).

### Risk Control Services — Jurisdictional Inspections

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

If you own/operate pressure equipment that requires a certificate from a state, county, city or parish to operate legally, and that equipment is insured under this Policy, and you would like CNA to perform the next required inspection, please call 866-262-0540 – press "4", fax (609)524-3649, or email [EBinspections@cna.com](mailto:EBinspections@cna.com).

INSURED

# **IMPORTANT INFORMATION**

## **NOTICE – OFFER OF TERRORISM COVERAGE; DISCLOSURE OF PREMIUM**

**THIS NOTICE DOES NOT FORM A PART OF THE POLICY, GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.**

As used herein, 1) "we" means the insurer listed on the Declarations or the Certificate of Insurance, as applicable; and 2) "you" means the first person or entity named on the Declarations or the Certificate of Insurance, as applicable.

You are hereby notified that under the Terrorism Risk Insurance Act, as extended and reauthorized ("Act"), you have a right to purchase insurance coverage of losses arising out of acts of terrorism, as defined in Section 102(1) of the Act, subject to all applicable policy provisions. The Terrorism Risk Insurance Act established a federal program within the Department of the Treasury, under which the federal government shares, with the insurance industry, the risk of loss from future terrorist attacks.

This Notice is designed to alert you to coverage restrictions and to certain terrorism provisions in the policy. If there is any conflict between this Notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) apply.

### **CHANGE IN THE DEFINITION OF A CERTIFIED ACT OF TERRORISM**

The Act applies when the Secretary of the Treasury certifies that an event meets the definition of an act of terrorism. Originally, the Act provided that to be certified, an act of terrorism must cause losses of at least five million dollars and must have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest to coerce the government or population of the United States. However, the 2007 re-authorization of the Act removed the requirement that the act of terrorism must be committed by or on behalf of a foreign interest, and now certified acts of terrorism may encompass, for example, a terrorist act committed against the United States government by a United States citizen, when the act is determined by the federal government to be "a certified act of terrorism."

In accordance with the Act, we are required to offer you the ability to purchase coverage for losses resulting from an act of terrorism that is certified under the federal program. The other provisions of this policy, including nuclear, war or military action exclusions, will still apply to such an act.

### **DISCLOSURE OF FEDERAL PARTICIPATION IN PAYMENT OF TERRORISM LOSSES**

The Department of the Treasury will pay a share of terrorism losses insured under the federal program. Beginning in 2020, the federal share equals 80% of that portion of the amount of such insured losses that exceeds the applicable insurer retention.

### **LIMITATION ON PAYMENT OF TERRORISM LOSSES**

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

Further, this coverage is subject to a limit on our liability pursuant to the federal law where, if aggregate insured losses attributable to terrorist acts certified under the Act exceed \$100 billion in a calendar year (January 1 through December 31) and we have met our insurer deductible under the Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion. 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.

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## **Policy Holder Notice - Offer of Terrorism Coverage; Disclosure of Premium**

### **CONFIRMATION OF ACCEPTANCE OF COVERAGE**

In accordance with the Act, we offered you coverage for losses resulting from an act of terrorism that is certified under the federal program. This notice confirms that you have chosen to accept our offer of coverage for certified acts of terrorism. The policy's other provisions, including nuclear, war or military action exclusions, will still apply to such an act. The premium charge for terrorism coverage, if any, is shown separately on the Declarations or the Certificate of Insurance, as applicable.

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

**ECONOMIC AND TRADE SANCTIONS CONDITION**

The following condition is added to the COMMON POLICY CONDITIONS:

**ECONOMIC AND TRADE SANCTIONS CONDITION**

In accordance with laws and regulations of the United States concerning economic and trade embargoes, this policy is void **ab initio** (void from its inception) with respect to any term or condition of this policy that violates any laws or regulations of the United States concerning economic and trade embargoes including, but not limited to the following:

1. Any insured, or any person or entity claiming the benefits of an insured, who is or becomes a Specially Designated National or Blocked Person or who is otherwise subject to U.S. economic or trade sanctions;
2. Any claim or "suit" that is brought in a Sanctioned Country or by a Sanctioned Country Government, where any action in connection with such claim or suit is prohibited by U.S. economic or trade sanctions;
3. Any claim or "suit" that is brought by any Specially Designated National or Blocked Person or any person

or entity who is otherwise subject to U.S. economic or trade sanctions;

4. Property that is located in a Sanctioned Country or that is owned by, rented to or in the care, custody or control of a Sanctioned Country Government, where any activities related to such property are prohibited by U.S. economic or trade sanctions; or
5. Property that is owned by, rented to or in the care, custody or control of a Specially Designated National or Blocked Person, or any person or entity who is otherwise subject to U.S. economic or trade sanctions.

As used in this endorsement a Specially Designated National or Blocked Person is any person or entity that is on the list of Specially Designated Nationals and Blocked Persons issued by the U.S. Treasury Department's Office of Foreign Asset Control (O.F.A.C.) as it may be from time to time amended.

As used in this endorsement a Sanctioned Country is any country that is the subject of trade or economic embargoes imposed by the laws or regulations of the United States of America.

**Schedule of Forms and Endorsements****Policy Number:** 7034487598**Policyholder Notices**

<b>Endorsement Number</b>	<b>Form Title</b>	<b>Form Number</b>	<b>Form Edition</b>
	Policy Holder Notice - Offer of Terrorism Coverage: Disclosure of Premium	CNA81758XX	01-21
	Economic And Trade Sanctions Condition	G144291A	03-03

**Policy Terms & Conditions**

	Schedule of Forms and Endorsements	CNA95602XX	03-21
	Policy Declarations	CNA95599XX	03-21
	Schedule Of Premises	CNA95604XX	03-21
	Schedule of Coverages and Limits	CNA95600XX	03-21
	Equipment Breakdown Protection Coverage Form	CNA96177XX	03-21
	Calculation of Premium	IL0003	07-02
	Common Policy Conditions	IL0017	11-98
	Cap on Losses From Certified Acts of Terrorism	IL0952	01-15

**State Amendatory Forms**

	New York Changes - Fraud	IL0183	08-08
	New York Changes - Calculation Of Premium	IL0185	08-08
	New York Changes - Cancellation And Nonrenewal	IL0268	01-14
1	New York Changes	CNA96215NY	03-21



## CNA EQUIPMENT BREAKDOWN

### Policy Declarations

<b>Policy Issued by:</b>	Name: Nat'l Fire Ins Co of Hartford Address: 151 N Franklin CHICAGO, IL 60606
<b>Producer's Information:</b>	Producer Code: 046175 Name: PROGRAM BROKERAGE CORPORATION (B&M) Address: 200 CROSSINGS BLVD STE 110 WARWICK, RI 02886
<b>1. Named Insured and mailing address:</b>	Name: 534 W 42ND ST CONDOMINIUM, THE  Address: C/O LIVING HOLDINGS LLC 225 W 35TH ST FL 14 NEW YORK, NY 10001-1904
<b>2. Policy Period:</b>	Effective date from: <u>07/07/2022</u> to <u>06/20/2023</u> At 12:01 A.M. Standard Time at your mailing address shown above
<b>3. Premium Surcharges Taxes and Fees at Issuance</b>	Total Premium for this <b>Coverage Part</b> <u>\$477.00</u> Total Premium, Surcharges Taxes and Fees for this <b>Coverage Part</b> <u>\$477.00</u> Terrorism Risk Insurance Extension Act for this <b>Coverage Part</b> <u>INCLUDED</u>
<b>4. Described Premises:</b>	See Schedule of Premises

5. <b>Limits of Insurance, Deductibles:</b>	See Schedule of Coverages and Limits
6. <b>Forms and Endorsements Attached to this Policy at Issuance:</b>	See Schedule of Forms and Endorsements

These Declarations, along with any attached forms and endorsements shall constitute the contract between the **Insureds** and the Insurer.

IN WITNESS WHEREOF, the Company has caused this Policy to be signed by its Chairman and Secretary.



Chairman of the Board



Secretary



## CNA EQUIPMENT BREAKDOWN

### Schedule of Premises

#### Schedule of Premises

<b>Premises Number:</b> 1	<b>Premises Address:</b> 534 W 42ND ST NEW YORK NY 10036
<b>Occupancy:</b> Residences	



<b>5. Limits of Insurance, Deductibles:</b>	Insurance applies to coverage for the Limit of Insurance or number of Days/Hours shown. If 'Included' is shown, then the limit for that coverage is included in the Limit Per Breakdown or the Property Damage Limit, whichever is shown. If 'Not Covered' is shown, then that coverage is not provided.	
	COVERAGE	LIMIT OF INSURANCE or DAYS/HOURS
Limit Per Breakdown		\$15,000,000
Property Damage		Included
Expediting Expenses		\$250,000
Business Income and Extra Expense		Combined
Extended Period of Restoration		5 DAYS
Data or Media		\$25,000
Utility Interruption		Combined
- Coverage applies if the interruption of services lasts at least:		24 HOURS
Spoilage Damage		\$25,000
Utility Interruption		\$25,000
- Coverage applies if the interruption of services lasts at least:		24 HOURS
Newly Acquired Premises		Included
Number of days of coverage		90 DAYS
Ordinance Or Law		\$500,000
Errors And Omissions		\$250,000
Brands And Labels		Not Covered
Contingent Business Income And Extra Expense Or Extra Expense Only		Not Covered
Contingent Prems	Not Covered	
Civil Authority		30 DAYS
Ingress - Egress		\$25,000
Loss Adjustment Expenses		\$25,000
Off Premises Equipment Coverage		Included
Limited Coverage For Fungus, Wet Rot And Dry Rot		
Property Damage		Not Applicable in New York
Business Income And Extra Expense Or Extra Expense Only – Number of Days		Not Applicable in New York
Separate Premises Option		Not Applicable in New York
Increased Cost Of Loss And Related Expenses For Green Upgrades		
Property Damage		\$100,000
Business Income And Extra Expense Or Extra Expense Only – Number of Days		30 DAYS

<b>COVERAGE LIMITATIONS</b>		<b>LIMIT OF INSURANCE</b>
Refrigerant Contamination		\$250,000
Undamaged Stock		\$25,000
Data And Media		\$25,000
Hazardous Substance		\$250,000
Water Damage		\$250,000
<b>OPTIONAL COVERAGES</b>		
Diagnostic Equipment		Excluded
Deductibles apply to coverage for the amount, hours, days, or times daily value shown. If 'Combined' is shown, then the deductible for that coverage is part of the Combined Deductible. If 'Included' is shown, then the deductible is 'Included' with the Property Damage Deductible.		
<b>DEDUCTIBLES</b>		<b>AMOUNTS, HOURS or DAYS</b>
Combined Deductible		\$5,000
Property Damage		Combined
Business Income And Extra Expense		24 HOURS
- Utility Interruption		24 HOURS
Contingent Business Income And Extra Expense Or Extra Expense Only		Not Covered
Spoilage Damage		Combined
- Utility Interruption		Combined
The deductible for the following coverages are 'Included' with the Property Damage Deductible unless a different amount is shown.		
Refrigerant Contamination		Combined
Undamaged Stock		Combined
Data And Media		Combined
Hazardous Substance		Combined
Water Damage		Combined
Expediting Expenses		Combined

**Equipment Breakdown Protection Coverage Form**

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

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. 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. Covered Cause Of Loss**

Covered Cause of Loss is a "Breakdown" to "Covered Equipment."

**2. Coverages Provided**

Each of the following coverages is provided if either a limit or the word INCLUDED is shown for that coverage in the **Schedule of Coverages and Limits**. If neither a limit nor the word INCLUDED is shown, or if the words NOT COVERED are shown, then that coverage is not provided.

These coverages apply only to that portion of the loss or damage that is a direct result of a Covered Cause of Loss.

**a. Property Damage**

We will pay for direct damage to "Covered Property" located at the premises described in the **Schedule of Premises**.

**b. Expediting Expenses**

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

- (1) Make temporary repairs; and
- (2) Expedite the permanent repairs or replacement of the damaged property.

**c. Business Income And Extra Expense Or Extra Expense Only**

- (1) We will pay:

- (a) Your actual loss of "Business Income" during the "Period of Restoration"; and
  - (b) The "Extra Expense" you necessarily incur to operate your business during the "Period of Restoration."

However, if coverage for "Extra Expense" only is indicated in the **Schedule of Coverages and Limits**, then coverage for "Business Income" is not provided.

We will consider the experience of your business before the "Breakdown" and the probable experience you would have had without the "Breakdown" in determining the amount of our payment.

- (2) If you have coverage for "Business Income" and "Extra Expense" or "Extra Expense" only and:

- (a) If a number of days is shown in the **Schedule of Coverages and Limits** for Extended Period Of Restoration Coverage, it will replace the five consecutive days in the definition of "Period of Restoration."
  - (b) If you have coverage for Ordinance or Law, then the "Period of Restoration" is extended to include the additional period of time required for demolition, removal, repair, remodeling or reconstruction.
  - (c) If "Media" are damaged or "Data" are lost or corrupted, we will pay your actual loss of "Business Income" and/or "Extra Expense" during the time necessary to:

- (i) Research, replace or restore the damaged "Media" or lost or corrupted "Data"; and
    - (ii) Reprogram instructions used in any covered "Computer Equipment."

There shall be no coverage for any "Media" or "Data" that we determine are not or cannot be replaced or restored.

Unless a higher limit is shown for **Data or Media** in the **Schedule of Coverages and Limits**, we will pay the lesser of your actual loss of "Business Income" and/or "Extra Expense" up to 30 days after the "Period of Restoration", or \$25,000.

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**Equipment Breakdown Protection Coverage Form**

(d) If loss to "Covered Property" occurs as a result of contamination by refrigerants (including ammonia) resulting from a "Breakdown" to refrigerating vessels or piping, we will also pay your resulting actual loss of "Business Income" and/or "Extra Expense" resulting from such loss, up to the applicable Business Income and/or Extra Expense limit of insurance.

"Business Income" and/or "Extra Expense" resulting from loss or damage under any other coverage or endorsement to this policy is not covered unless such coverage or endorsement specifically includes "Business Income" and/or "Extra Expense."

**d. Spoilage Damage**

- (1) We will pay for the spoilage damage to raw materials, property in process or finished products, provided all of the following conditions are met:
  - (a) The raw materials, property in process or finished products must be in storage or in the course of being manufactured;
  - (b) You must own or be legally liable under written contract for the raw materials, property in process or finished products; and
  - (c) The spoilage damage must be due to the lack or excess of power, light, heat, steam or refrigeration.
- (2) We will also pay any necessary expenses you incur to reduce the amount of loss under this coverage. We will pay such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this Coverage Form.

**e. Utility Interruption**

If you have coverage for "Business Income" and "Extra Expense", "Extra Expense" only or Spoilage Damage, that coverage is extended to include loss resulting from 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 the local private or public utility or distributor that directly generates, transmits, distributes or provides utility services which you receive;
- (2) The "Covered Equipment" is used to supply electric power, communication services, air conditioning, heating, gas, sewer, water or steam to your premises; and
- (3) The interruption of utility service to your premises lasts at least the consecutive period of time shown in the **Schedule of Coverages and Limits**. Once this waiting period is met, coverage will commence at the initial time of the interruption and will be subject to all applicable deductibles.

**f. Newly Acquired Premises**

We will automatically provide coverage at newly acquired premises you have purchased or leased. This coverage begins at the time you acquire the property and continues for a period not exceeding the number of days indicated in the **Schedule of Coverages and Limits** for Newly Acquired Premises, under the following conditions:

- (1) You must inform us, in writing, of the newly acquired premises as soon as practicable;
- (2) You agree to pay an additional premium as determined by us;
- (3) The coverage for these premises will be subject to the same terms, conditions, exclusions and limitations as other insured premises; and
- (4) If the coverages and deductibles vary for existing premises, then the coverages for the newly acquired premises will be the broadest coverage and highest limits and deductible applicable to the existing premises.

**g. Ordinance Or Law Coverage**

The following applies despite the Ordinance Or Law Exclusion and provided these increases in loss are necessitated by the enforcement of or compliance with any ordinance or law that is in force at the time of the "Breakdown", which regulates the demolition, construction, repair or use of the building or structure. With respect to the building or structure that was damaged as a result of a "Breakdown":

**Equipment Breakdown Protection Coverage Form****(1) We will pay for:**

- (a) The loss in value of the undamaged portion of the building or structure as a consequence of enforcement of or compliance with an ordinance or law 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 or compliance with an ordinance or law 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 premises or on another premises if you so elect. However, if you rebuild at another premises, the most we will pay is the increased cost of construction that we would have paid to rebuild at the same premises; or
    - ii. Another premises if the relocation is required by the ordinance or law. The most we will pay is the increased cost of construction at the new premises.

**(2) We will not pay for any:**

- (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 or law 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 any ordinance or law enforcement at the time of the "Breakdown";
- (e) Increase in loss resulting from a substance declared to be hazardous to health or environment by any government agency;
- (f) Loss or expense sustained due to the enforcement of or compliance with any ordinance or law 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 or compliance with any ordinance or law 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.

**(3) If:**

- (a) The building or structure is damaged by a "Breakdown" that is covered under this policy;
- (b) There is other physical damage that is not covered under this policy; and
- (c) As a result of the building damage in its entirety, you are required to comply with the ordinance or law;

then we will not pay the full amount of the loss under this coverage. Instead, we will pay only that proportion of such loss, meaning the proportion that the covered "Breakdown" loss bears to the total physical damage.

But if the building or structure sustains direct physical damage that is not covered under this policy and such damage is the subject of the ordinance or law, then there is no Ordinance Or Law Coverage under this Coverage Part even if the building has also sustained damage by a covered "Breakdown."

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**Equipment Breakdown Protection Coverage Form****h. Errors And Omissions**

We will pay for any loss or damage, which is not otherwise payable under this Coverage Part, solely because of the items listed below:

- (1) Any error or unintentional omission by you in the description or location of property as insured under this Coverage Part or in any subsequent amendments;
- (2) Any unintentional failure by you to include any premises owned or occupied by you at the inception date of this Coverage Part; or
- (3) Any error or unintentional omission by you that results in the inadvertent cancellation or deletion of any premises insured under this policy.

No coverage is provided as a result of any error or unintentional omission by you in the reporting of values or the coverage you requested.

It is a condition of this coverage that such errors or unintentional omissions shall be reported and corrected when discovered. The policy premium will be adjusted accordingly to reflect the date the premises should have been added had no error or omission occurred.

**i. Brands And Labels**

- (1) If branded or labeled merchandise that is "Covered Property" is damaged by a "Breakdown", we may take all or any part of the property at an agreed or appraised value. If so, you may:
  - (a) Stamp the word SALVAGE on the merchandise or its containers if the stamp will not physically damage the merchandise; or
  - (b) Remove the brands or labels if doing so will not physically damage the merchandise. You must relabel the merchandise or its containers to comply with any law.
- (2) We will pay reasonable costs you incur to perform the activity described in Paragraphs (1)(a) and (1)(b), but the total we pay for these costs and the value of the damaged property will not exceed the applicable Limit of Insurance on such property.

**j. Contingent Business Income And Extra Expense Or Extra Expense Only Coverage**

- (1) Subject to the same terms and conditions, the "Business Income" and "Extra Expense" or "Extra Expense" only coverage provided by this Coverage Part is extended to cover your loss, if any, resulting from a "Breakdown" to "Covered Equipment" at a Contingent Premises shown in the **Schedule of Coverages and Limits**, that is not owned or operated by you which:
  - (a) Wholly or partially prevents the delivery of services or materials to you on which you depend or from you to others for your account; or
  - (b) Results in the loss of sales at your premises shown in the **Schedule of Premises**.
- (2) You shall use your influence to induce the Contingent Premises to make use of any other machinery, equipment, supplies or premises available in order to resume operations and delivery of services or materials to you, or the acceptance of products or services from you. You shall cooperate with the Contingent Premises to this effect in every way, but not financially unless authorized by us.

**k. Civil Authority**

Coverage is extended to apply to such loss of "business income" you sustain or "extra expense" you incur caused by action of civil authority that prohibits access to the described premises. Such action must result from a civil authority's response to a "breakdown" of "covered equipment" located away from described premises. That "breakdown" of "covered equipment" must occur within 5 miles of the described premises which sustains the "Business Income" and "Extra Expense" or "Extra Expense" only loss.

We will pay for loss under this coverage for up to the number of days shown for Civil Authority in the **Schedule of Coverages and Limits** during any "One Breakdown" where access to the described premises is prohibited by civil authority. The amount we will pay is included within, and is not in addition to, the limit of insurance applicable for "Business Income" and "Extra Expense" or "Extra Expense" only under this policy.

## Equipment Breakdown Protection Coverage Form

**I. Ingress-Egress**

Coverage is extended to apply to such loss of "business Income" you sustain or "extra expense" you incur when ingress or egress by you, your suppliers, customers or employees to or from the described premises is physically obstructed due to direct physical loss or damage that results from a "breakdown" of "covered equipment" located away from described premises. That "breakdown" of "covered equipment" must occur within 5 miles of the described premises which sustains the "Business Income" and "Extra Expense" or "Extra Expense" only loss.

The most we will pay for loss for any "One Breakdown" under this coverage is the limit of insurance shown for Ingress - Egress coverage in the **Schedule of Coverages and Limits**. This limit is included within, not in addition to, the limit of insurance applicable for "Business Income" and "Extra Expense" or "Extra Expense" only under this policy.

**m. Loss Adjustment Expenses**

- (1) We will pay for reasonable and necessary expenses you incur in preparing claim data or preparing income statements when required by us, including the cost of taking inventories, obtaining appraisals, and preparing other documentation, to determine the extent of covered loss or damage.
- (2) We will not pay for:
  - (a) any fees, costs or expenses incurred, directed or billed by, or payable to:
    - i. attorneys, public adjusters, loss adjusters, loss consultants, or their associates or subsidiaries; or
    - ii. insurance brokers or agents or their associates or subsidiaries, without the Insurer's written consent prior to such expenses being incurred; or
  - (b) any costs described in the **Appraisal** Condition in the **Equipment Breakdown Protection Conditions** section.
- (3) The most we will pay for all expenses incurred under this endorsement for any "One Breakdown" is the Loss Adjustment Expenses Coverage Limit of Insurance shown in the **Schedule of Coverages and Limits**.

**n. Off Premises Equipment Coverage**

- (1) Coverage is extended for loss or damage to "Covered Property" as a direct result of a "Breakdown" to "Covered Equipment" while such equipment is away from the premises described in the **Schedule of Premises**, and is:
  - (a) Operated under your control;
  - (b) Situated at a fixed location and not in transit; and
  - (c) In use or connected and ready for use.
- (2) Paragraph **5.b.(8)** of Section **F. Definitions** does not apply to this coverage to the extent that "Covered Equipment" may be mounted upon or used solely with a vehicle or self -propelled equipment, unless such "Covered Equipment" is used in the operation or propulsion of the vehicle or self-propelled equipment.

**B. Exclusions**

We will not pay for loss or damage caused directly or indirectly by any of the following, even if the loss or damage otherwise qualifies as a covered "Breakdown." Such loss or damage is excluded, regardless of any 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. Ordinance Or Law**

Increase in loss from the enforcement of or compliance with any ordinance, law, rule, regulation or ruling which restricts or regulates the repair, replacement, alteration, use, operation, construction, installation, cleanup or disposal of "Covered Property."

However, the words use and operation shall be eliminated as respects a covered "Breakdown" to electrical supply and emergency generating equipment located on the premises of a hospital.

**Equipment Breakdown Protection Coverage Form****2. Earth Movement**

Earth movement, including, but not limited to, earthquake, tremors and aftershocks relating to earthquake, landslide, land subsidence, mine subsidence or volcanic action, whether naturally occurring or man-made, including excavation or grading costs.

**3. Water**

- a. Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water (whether naturally occurring or man-made), or spray from any of these, all whether or not driven by wind (including storm surge);
- b. Mudslide or mudflow;
- c. Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;
- d. Water damage caused by the:
  - (1) Discharge or leakage of a sprinkler system or domestic water piping; or
  - (2) Intrusion of rain, sleet or snow that enters through the building envelope, including, but not limited to the roof, windows or doors;
- e. Water under the ground surface pressing on, or flowing or seeping through:
  - (1) Foundations, walls, floors or paved surfaces;
  - (2) Basements, whether paved or not;
  - (3) Doors, windows or other openings; or
- f. Waterborne material carried or otherwise moved by any of the water referred to in Paragraph a., c. or e., or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies, regardless of whether any of the above, in Paragraphs a. through f., is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

**4. Nuclear Hazard**

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

**5. 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.

6. An explosion. However, we will pay for loss or damage caused by an explosion of "Covered Equipment" of a kind specified in a. through g. below, if not otherwise excluded in this Section B.:

- a. Steam boiler;
- b. Electric steam generator;
- c. Steam piping;
- d. Steam turbine;
- e. Steam engine;
- f. Gas turbine; or
- g. Moving or rotating machinery when such explosion is caused by centrifugal force or mechanical breakdown.

7. Fire or combustion explosion including those that:

- a. Result in a "Breakdown";

## Equipment Breakdown Protection Coverage Form

- b. Occur at the same time as a "Breakdown"; or
- c. Ensue from a "Breakdown."

**8. "Fungus", Wet Rot And Dry Rot**

Presence, growth, proliferation, spread or activity of "Fungus", wet or dry rot. However, if a "Breakdown" occurs, we will pay the resulting loss or damage.

This exclusion does not apply to the extent that coverage for "Fungus", wet rot or dry rot is provided elsewhere in this Coverage Form and then only for that portion of any loss or damage resulting from the presence, growth, proliferation, spread or activity of "Fungus", wet or dry rot as a result of a "Breakdown."

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

- a. If a "Breakdown" occurs, we will pay the resulting loss or damage;
- 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.8.;
- c. Regardless of the application of this exclusion to any particular loss, the provisions of this Exclusion 9. do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Form.

**10. Explosion within the furnace of a chemical recovery type boiler or within the passage from the furnace to the atmosphere.****11. Damage to "Covered Equipment" undergoing a pressure or electrical test.****12. Water or other means used to extinguish a fire, even when the attempt is unsuccessful.****13. Depletion, deterioration, corrosion, erosion or wear and tear. However, we will pay the resulting loss or damage, if a "Breakdown" ensues.****14. Any of the following causes of loss:**

- a. Aircraft, missiles or vehicles;
- b. Freezing caused by cold weather;
- c. Lightning, wind or hail;
- d. Sinkhole collapse;
- e. Smoke;
- f. Riot, civil commotion or vandalism;
- g. Weight of snow, ice or sleet;
- h. Theft or burglary, including any property damaged during a theft or burglary;
- i. Impact of objects falling from an aircraft or missile;
- j. Collapse of the building or structure at the premises where the "covered equipment" is sited;
- k. Acts of sabotage;
- l. Act(s) of load shedding, intentional shutdown or slowdown by the supplying utility, not resulting from a covered "Breakdown" to "Covered Equipment"; or
- m. "Cyber Attack."

**15. A delay in, or an interruption of, any business, manufacturing or processing activity except as provided by the "Business Income" and "Extra Expense", "Extra Expense" only and Utility Interruption Coverages.****16. With respect to "Business Income" and "Extra Expense", "Extra Expense" only and Utility Interruption Coverages, the following additional exclusions shall apply:**

- a. The business that would not or could not have been carried on if the "Breakdown" had not occurred;
- b. Your failure to use due diligence and dispatch and all reasonable means to operate your business as nearly normal as practicable at the premises shown in the **Schedule of Premises**; or

**Equipment Breakdown Protection Coverage Form**

- c. The suspension, lapse or cancellation of a contract following a "Breakdown" extending beyond the time business could have resumed if the contract had not lapsed, been suspended or canceled.
- 17. Any indirect loss following a "Breakdown" to "Covered Equipment" that results from the lack or excess of power, light, heat, steam or refrigeration, except as provided by the "Business Income" and "Extra Expense", "Extra Expense" only, Spoilage Damage and Utility Interruption Coverages.
- 18. Any consequential loss or damage from, or any indirect result of, a "Breakdown" to "Covered Equipment" except as provided by the "Business Income" and "Extra Expense", "Extra Expense" only, Spoilage Damage, Utility Interruption or Undamaged Stock Coverages.
- 19. Neglect by you to use all reasonable means to save and preserve "Covered Property" from further damage at and after the time of the loss.

**C. Limits Of Insurance**

- 1. The most we will pay for any and all coverages for loss or damage from any "One Breakdown" is the applicable Limit Of Insurance shown in the **Schedule of Coverages and Limits**.
- 2. Any payment made will not be increased if more than one insured is shown in the Declarations.
- 3. For each coverage in Paragraph **A.2.**, if:
  - a. INCLUDED is shown in the **Schedule of Coverages and Limits**, the limit for such coverage is part of, not in addition to, the Limit per Breakdown.
  - b. A limit is shown in the **Schedule of Coverages and Limits**, such Limit of Insurance is the most we will pay for all loss, damage, cost or expense provided under that coverage.
- 4. For any "Covered Equipment" that is:
  - a. Used solely to supply utility services to your premises;
  - b. Owned by a public or private utility; or, if you are a public or private utility, owned by a public or private utility other than you;
  - c. Not in your care, custody or control and for which you are legally liable; and
  - d. Covered under this Coverage Form;

the Limit Of Insurance for Property Damage stated in the **Schedule of Coverages and Limits** is replaced by the sum of one dollar.

- 5. Unless a higher limit or INCLUDED is shown in the **Schedule of Coverages and Limits**, the most we will pay for direct damage as a direct result of a "Breakdown" to "Covered Equipment" is \$25,000 for each of the following. The limits are part of, not in addition to, the Limit of Insurance for Property Damage or Limit per Breakdown.

**a. Refrigerant Contamination**

Loss to "Covered Property" contaminated by refrigerants (including ammonia) resulting from a "Breakdown" to refrigerating or air conditioning vessels or piping, including any salvage expense.

**b. Undamaged Stock**

The reduction in the value of undamaged "Stock" parts of a product which becomes unmarketable. The reduction in value must be caused by a physical loss or damage to another part of the product.

**c. Data And Media**

Your cost to research, replace or restore damaged "Data" or "Media" including the cost to reprogram instructions used in any "Computer Equipment."

**d. Hazardous Substance**

Any additional expenses incurred by you for the cleanup, repair or replacement or disposal of "Covered Property" that is damaged, contaminated or polluted by a "Hazardous Substance."

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.

Refrigerants (including Ammonia) is not considered to be a "Hazardous Substance" as respects this limitation.

## Equipment Breakdown Protection Coverage Form

This coverage applies despite the operation of the Ordinance Or Law Exclusion.

**e. Water Damage**

The damage to "Covered Property" by water including any salvage expenses.

If "Fungus", wet or dry rot results from damage by water as limited in this paragraph, loss or damage attributable to "Fungus", wet or dry rot will be:

- (1) Limited as described in Paragraphs **C.6.a.(1)** through **C.6.a.(4)**; and
- (2) Part of the Water Damage limit, not in addition to it.

**6. Limited Coverage For "Fungus", Wet Rot And Dry Rot**

**a. Property Damage**

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 "Breakdown" to "Covered Equipment" that occurs during the policy period. As used in this Limited Coverage, the term loss or damage means:

- (1) Direct physical loss or damage to "Covered Property" caused by "Fungus", wet or dry rot including the cost of removal of the "Fungus", wet or dry rot:
  - (a) The cost to tear out and replace any "Covered Property" as needed to gain access to the "Fungus", wet or dry rot; and
  - (b) The cost 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.
- (2) The most we will pay under this coverage described under Paragraph **6.a.(1)** of this Limited Coverage is the limit of insurance shown for Property Damage under Limited Coverage For Fungus, Wet Rot and Dry Rot in the **Schedule of Coverages and Limits**. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "Breakdown" to "Covered Equipment" which take place within the 12-month period starting with the beginning of the present annual policy period. With respect to a particular occurrence of loss which results in "Fungus", wet or dry rot, we will not pay more than this limit even if the "Fungus", wet or dry rot continues to be present or active or recurs in a later policy period.
- (3) The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any "Covered Property." If a particular occurrence results in loss or damage by "Fungus", wet or dry rot, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected "Covered Property."

If there is covered loss or damage to "Covered Property" not caused by "Fungus", wet or dry rot, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "Fungus", wet or dry rot causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

- (4) If the **Schedule of Coverages and Limits** indicates that the Separate Premises Option applies, then the limit of insurance described above under Paragraph **6.a.(2)** is made applicable to separate premises as described in the **Schedule of Premises**. For each premises so described, the amount of coverage is an annual aggregate limit, subject to the terms set forth in Paragraph **6.a.(2)**.

**b. Business Income And Extra Expense Or Extra Expense Only**

If you have coverage for "Business Income" and "Extra Expense" or "Extra Expense" only, then Paragraph **b.(1)** or **b.(2)** applies, provided that the incurred loss or expense satisfies the terms and conditions applicable to the "Business Income" and "Extra Expense" or "Extra Expense" only coverage.

- (1) If:
  - (a) The "Breakdown"; or
  - (b) Any damage from water resulting from the "Breakdown";

## Equipment Breakdown Protection Coverage Form

which resulted in "Fungus", wet or dry rot, does not in itself generate a loss of "Business Income" or an "Extra Expense", but the loss of "Business Income" or "Extra Expense" is solely due to loss or damage to property caused by "Fungus", wet or dry rot, then our payment under "Business Income" and "Extra Expense" or "Extra Expense" only is limited to the amount of loss and/or expense sustained in a period of not more than the Number of Days shown for Business Income And Extra Expense Or Extra Expense Only under Limited Coverage For Fungus, Wet Rot Or Dry Rot in the **Schedule of Coverage and Limits**. The days need not be consecutive.

(2) If a covered loss of "Business Income" or an "Extra Expense" was caused by loss or damage other than "Fungus", wet or dry rot, but remediation of "Fungus", wet or dry rot prolongs the "Period of Restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "Period of Restoration"), but such coverage is limited to the Number of Days shown for Business Income And Extra Expense Or Extra Expense Only under Limited Coverage For Fungus, Wet Rot or Dry Rot in the **Schedule of Coverage and Limits**. The days need not be consecutive.

c. If you have coverage for Ordinance Or Law, then with respect to Property Damage, "Business Income" and "Extra Expense" or "Extra Expense" only, we will not pay under the Ordinance Or Law Coverage for:

(1) Loss or expense sustained due to the enforcement of or compliance with any ordinance or law 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

(2) The costs associated with the enforcement of or compliance with any ordinance or law 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.

## 7. Increased Cost Of Loss And Related Expenses For "Green" Upgrades

### a. Property Damage

Coverage is extended to include the additional loss or damage and related expenses incurred by you that are attributable to "Green" upgrades as a direct result of a "Breakdown" to "Covered Equipment" that occurs during the policy period. As provided in this "Green" upgrades coverage, we will pay for:

(1) Additional expense to repair or replace the damaged "Covered Property" except raw materials, property in process, finished goods and "Stock";

(2) Related additional expenses to:

(a) Reuse or salvage the damaged "Covered Property";

(b) Remove, transport and dispose of the recyclable damaged "Covered Property" and its construction waste to appropriate sites; and

(c) Replace the damaged portions of roof section(s) of buildings or structures with a vegetated roof in accordance with the recommended procedures of a "Green standards-setter";

(3) Additional reasonable and customary expense to hire the services of an accredited architect or engineer with respect to any necessary design and engineering recommendations in the course of repair or replacement of damaged portions of the building; and

(4) Additional reasonable expense to pay:

(a) Fees imposed by the "Green standards-setter" in order to determine if certification or recertification is appropriate according to the organization's standard;

(b) Fees to test "Covered Equipment" following its repair or installation as replacements, when such testing is undertaken in the course of submitting to the certification or recertification process; and

(c) After repair or reconstruction is completed, 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 standards-setter" and for the purpose of mitigating indoor air quality deficiencies resulting from the repair or reconstruction of the "Covered Property".

As used here, additional expenses are limited to the additional cost incurred over and above the amount that we would have paid had no "Green" upgrades been involved with the loss.

In addition, we will not pay for any:

- (i) Further modification if the "Covered Property" fails to obtain certification, recertification or a specific level of certification; or
- (ii) Additional cost to repair or replace damaged property solely for the purpose of achieving points toward certification or recertification of the property by a "Green standards-setter."

Unless a different limit or INCLUDED is shown in the **Schedule of Coverages and Limits**, the most we pay under this "Green" upgrades coverage is an amount equal to 25% of the total Property Damage loss otherwise recoverable, subject to a maximum limit of \$100,000.

**b. Business Income And Extra Expense Or Extra Expense Only**

If you have coverage for "Business Income" and "Extra Expense" or "Extra Expense" only and the terms and conditions applicable to the "Business Income" and "Extra Expense" or "Extra Expense" only coverage are satisfied, then:

- (1) If the remediation of the damaged "Covered Property" using "Green" upgrades prolongs the "Period of Restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "Period of Restoration"), but such coverage is limited to the Number of Days shown for Business Income And Extra Expense Or Extra Expense Only under Increased Cost of Loss and Related Expenses for Green Upgrades in the **Schedule of Coverage and Limits**. The days need not be consecutive.
- (2) As used here, the prolonged "Period of Restoration" is limited to the additional days incurred over and above the amount needed had no "Green" upgrades been involved with the loss.

**c. The coverage provided under this "Green" upgrades coverage:**

- (1) Does not increase any of the applicable Limits of Insurance;
- (2) Applies despite the operation of the Ordinance Or Law Exclusion; and
- (3) Does not reduce the coverage otherwise applicable for repair or replacement of "Covered Property" that qualified as "Green" prior to loss or damage, with comparable materials and products.

**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 **Schedule of Coverages and Limits** 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 deductible is shown as COMBINED for any of the coverages in the **Schedule of Coverages and Limits**, then we will first subtract the combined deductible amount from the aggregate amount of any loss to which the combined deductible applies; 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.

**2. Determination Of Deductibles**

**a. Dollar Deductible**

If a dollar deductible is shown in the **Schedule of Coverages and Limits**, we will first subtract the deductible amount from any loss we would otherwise pay.

**b. Time Deductible**

If a time deductible is shown in the **Schedule of Coverages and Limits**, 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 24 consecutive hours.

**c. Multiple Of Daily Value Deductible**

If a multiple of daily value is shown in the **Schedule of Coverages and Limits**, this deductible will be calculated as follows:

**Equipment Breakdown Protection Coverage Form**

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

**d. Percentage Of Loss Deductible**

If a deductible is expressed as a percentage of loss in the **Schedule of Coverages and Limits**, we will not be liable for the indicated percentage of gross amount of loss or damage (prior to the applicable deductible or coinsurance) insured under the applicable coverage.

**e. Minimum Or Maximum Deductibles**

- (1) If:

- (a) A minimum dollar amount deductible is shown in the **Schedule of Coverages and Limits**; and
  - (b) The dollar amount of the Multiple of Daily Value or the Percentage of Loss Deductible is less than the Minimum Deductible;

then the Minimum Deductible amount shown in the **Schedule of Coverages and Limits** will be the applicable deductible.

- (2) If:

- (a) A maximum dollar amount deductible is shown in the **Schedule of Coverages and Limits**; and
  - (b) The dollar amount of the Multiple of Daily Value or the Percentage of Loss Deductible is greater than the Maximum Deductible;

then the Maximum Deductible amount shown in the **Schedule of Coverages and Limits** will be the applicable deductible.

**3. Covered Equipment Deductible Waiver**

With respect to a subsequent "Breakdown" to "Covered Equipment" that was repaired or replaced while covered by this Policy, we will waive the property damage deductible for a period of one year from the date the "Covered Equipment" is completely repaired or replaced, should the repaired part(s), replacement part(s) or replaced equipment sustain a similar "Breakdown" resulting from a similar cause.

The deductible waiver shall apply as follows:

- a. Solely for the expense to repair or replace the same or replacement covered piece of equipment that was previously damaged and shall not apply to any resultant damage to any "Covered Property"; and
- b. The amount of the deductible waived will be limited to the deductible amount applied to the initial loss to repair or replace the damaged covered piece of equipment. Any deductible amount remaining will be applied to any resulting loss that may have been incurred and only during the time this policy or its replacement issued by us remains in effect.

**E. Equipment Breakdown Protection 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.

**Equipment Breakdown Protection Coverage Form****b. Appraisal**

If we and you 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 the selection be made by a judge of a court having jurisdiction. 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. 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":

- (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 a reasonable time and opportunity to examine the property and premises before repairs are undertaken or physical evidence of the "Breakdown" is removed. But you must take whatever measures are necessary to protect the property and premises from further damage.
- (d) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also, 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.

- (e) 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.
- (f) Cooperate with us in the investigation or settlement of the claim.

- (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.

**d. Insurance Under Two Or More Coverages**

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

**e. 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 two 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 policy to bring us into any action to determine your liability.

**f. Loss Payable Clause**

- (1) We will pay you and the loss payee shown in the **Loss Payee Schedule** for loss due to a "Breakdown" to "Covered Equipment", as interests may appear. The insurance covers the interest of the loss payee unless the loss results from conversion, secretion or embezzlement on your part.
- (2) We may cancel the policy as allowed by the Cancellation Condition. Cancellation ends this agreement as to the loss payee's interest. If we cancel, we will mail you and the loss payee the same advance notice.
- (3) If we make any payment to the loss payee, we will obtain their rights against any other party.

**Equipment Breakdown Protection Coverage Form****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 Limits 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 (1), we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

**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 "Breakdown", 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 premises or at another premises you own or acquire to carry on the same operations;
  - (b) Utilizing the property and/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; or
  - (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 loss to impair them. But you may waive your rights against another party in writing:

- (1) Prior to a loss to your "Covered Property" or covered income.
- (2) After a loss to your "Covered Property" or covered income only if, at time of loss, that party is one of the following:
  - (a) Someone insured by this insurance;
  - (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. Valuation**

- (1) We will determine the value of "Covered Property" in the event of loss or damage as follows:
  - (a) The cost to repair, rebuild or replace the damaged property with property of the same kind, capacity, size or quality on the same site or another site, whichever is the less costly; or

## Equipment Breakdown Protection Coverage Form

(b) The cost actually and necessarily expended in repairing, rebuilding or replacing on the same site or another site, whichever is the less costly;  
except we will not pay for such damaged property that is obsolete and useless to you.

(2) If you elect or we require that the repair or replacement of the damaged "Covered Equipment" be done in a manner that enhances safety while maintaining the existing function, then we will pay, subject to the limit of insurance, up to an additional 25% of the property damage amount for the "Covered Equipment" otherwise recoverable.

(3) If:

(a) Any damaged "Covered Property" is protected by an extended warranty, or maintenance or service contract; and

(b) That warranty or contract becomes void or unusable due to a "Breakdown";  
we will reimburse you for the unused costs of nonrefundable, nontransferable warranties or contracts.

(4) Unless we agree otherwise in writing, if you do not repair or replace the damaged 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 or replace; or

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

(5) If all of the following conditions are met, property held by you for sale 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 property was manufactured by you;

(b) The selling price of the property is more than the replacement cost of the property; and

(c) You are unable to replace the property before its anticipated sale.

(6) We will pay for loss to damaged "Data" or "Media" as follows:

(a) Replacement cost for "Data" or "Media" that are mass produced and commercially available; and

(b) The cost you actually spend to reproduce the records on blank material for all other "Data" or "Media", including the cost of gathering or assembling information for such reproduction.

However, we will not pay for "Data" or "Media" that we determine are not or cannot be replaced with "Data" or "Media" of like kind and quality or property of similar functional use.

(7) We will determine the value of "Covered Property" under Spoilage Damage Coverage as follows:

(a) For raw materials, the replacement cost;

(b) For property in process, the replacement cost of the raw materials, the labor expended and the proper proportion of overhead charges; and

(c) For finished products, the selling price, as if no loss or damage had occurred, less any discounts you offered and expenses you otherwise would have had.

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

**2. General Conditions****a. Additional Insured**

If a person or organization is designated in the **Additional Insured Schedule** as an additional insured, we will consider them to be an insured under this Coverage Part but only to the extent of their insurable interest described in the **Additional Insured Schedule**.

**b. Bankruptcy**

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

**Equipment Breakdown Protection Coverage Form****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. Liberalization**

If we adopt any standard form revision for general use that would broaden coverage in 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.

**e. Mortgageholder**

- (1) The term mortgageholder includes trustee.
- (2) We will pay for direct damage to "Covered Property" due to a "Breakdown" to "Covered Equipment" to each mortgageholder shown in the **Mortgageholder Schedule** in their order of precedence, as interests may appear.
- (3) The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the "Covered Property."
- (4) 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:
  - (a) Pays any premium due under this Coverage Part at our request if you have failed to do so;
  - (b) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
  - (c) 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.

- (5) If we pay the mortgageholder for any loss and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
  - (a) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
  - (b) 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.

- (6) If we cancel this policy, we will give written notice to the mortgageholder 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.
- (7) If we do not renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.
- (8) 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. No Benefit To Bailee**

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

**Equipment Breakdown Protection Coverage Form****g. Policy Period, Coverage Territory**

Under this Coverage Part:

- (1) We cover loss or damage commencing:
  - (a) During the policy period shown in the Declarations; 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.

**h. Premium And Adjustments**

You shall report to us 100% of the total insurable values at each premises every year as of the anniversary date. The values shall be reported separately for each of the coverages provided. Premium for each anniversary will be promulgated for the ensuing period on the basis of rates in effect at the anniversary date and for all values at risk.

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 12 months after the end of the respective policy year or after cancellation of this Coverage Part.

**i. Suspension**

Whenever "Covered Equipment" is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance 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 get a pro rata refund of premium for that "Covered Equipment." But the suspension will be effective even if we have not yet made or offered a refund.

**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 equipment breakdown protection policy are in effect;
- (2) Damage occurs to "Covered Property" that is insured by the commercial property policy and this equipment breakdown protection policy; 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.

b. This condition does not apply if:

- (1) Both the commercial property insurer(s) and we do not admit to any liability; and
- (2) Neither the commercial property insurer(s) nor we contend that coverage applies under the other insurer's policy.

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;

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**Equipment Breakdown Protection Coverage Form**

(2) The damage to the "Covered Property" was caused by a loss for which:

- (a) Both the commercial property insurer(s) and we admit to some liability for payment under the respective policies; or
- (b) Either:
  - (i) The commercial property insurer(s) does not admit to any liability for payment, while we contend that:
    - i. All liability exists under the commercial property policy; or
    - ii. Some liability exists under both the commercial property policy and this equipment breakdown protection policy;
  - (ii) We do not admit to any liability for payment, while the commercial property insurer(s) contends that:
    - i. All liability exists under this equipment breakdown protection coverage policy; or
    - ii. Some liability exists under both the commercial property policy and this equipment breakdown protection policy; or
  - (iii) Both the commercial property insurer(s) and we:
    - i. Do not admit to any liability for payment; and
    - ii. Contend that some or all liability exists under the other insurer's policy; and

(c) The total amount of the loss is agreed to by you, the commercial property insurer(s) and us.

d. If the requirements listed in Paragraph c. above are satisfied, we and the commercial property insurer(s) will make payments to the extent, and in the manner, described as follows:

- (1) We will pay, after your written request, the entire amount of loss that we have agreed as being covered, if any, by this equipment breakdown protection policy and one-half (1/2) the amount of the loss that is in disagreement.
- (2) The commercial property insurer(s) will pay, after your written request, the entire amount of loss that they have agreed as being 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 (1) and (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(s) 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 **Schedule of Coverages and Limits**.
- (6) Acceptance by you of sums paid under this condition does not alter, waive or surrender any other rights against us.

e. **Arbitration**

- (1) If the circumstances described in Paragraph c.(2)(a) exist and if both the commercial property insurer(s) and we agree to submit our differences to arbitration, the commercial property insurer(s) and we will determine the amount each will pay and will pay the insured within 90 days. Arbitration will then take place within 90 days after payment of the loss under the terms of this condition.
- (2) If any of the circumstances described in Paragraph c.(2)(b) exist, and if the commercial property insurer(s) and we agree to arbitration, then the commercial property insurer(s) and we will submit our differences to arbitration within 90 days after payment of the loss under the terms of this condition.

**Equipment Breakdown Protection Coverage Form**

(3) You agree to cooperate with any arbitration procedures. There will be three arbitrators: one will be appointed by us, and another will be appointed by the commercial property insurer(s). The two arbitrators will select a third arbitrator. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. A decision agreed to by two of the three arbitrators will be binding on both parties. Judgment on any award can be entered in any court that has jurisdiction.

**f. Final Settlement Between Insurers**

The insurer(s) found responsible for the greater percentage of the ultimate loss must return the excess contribution to the other insurer(s). In addition, the insurer(s) found responsible for the greater portion of the loss must pay Liquidated Damages to the other insurer(s) on the amount of the excess contribution of the other insurer(s). Liquidated Damages are defined as interest from the date the insured invokes this Agreement to the date the insurer(s) that contributed the excess amount is reimbursed. The interest is calculated at 1.5 times the highest prime rate from the Money Rates column of the Wall Street Journal during the period of the Liquidated Damages. Arbitration expenses are not a part of the excess contribution for which Liquidated Damages are calculated. Arbitration expenses will be apportioned between insurers on the same basis that the ultimate loss is apportioned.

**F. Definitions**

1. "Actual Cash Value" means replacement cost with deduction for depreciation, deterioration and obsolescence which amount is computed as of the time and at the place of loss or damage.
2. "Breakdown":
  - a. Means sudden and accidental direct physical loss to "Covered Equipment", which manifests itself by physical damage, necessitating its repair or replacement, unless loss is otherwise excluded within this Coverage Form.
  - b. Does not mean or include:
    - (1) Malfunction including but not limited to adjustment, alignment, calibration, cleaning or modification;
    - (2) Defects, erasures, programming errors or limitations in computer equipment and programs (including the ability to recognize and process any date or time or provide instructions to "Covered Equipment");
    - (3) Leakage at any valve, fitting, gasket, shaft seal, gland packing, joint or connection;
    - (4) Damage to any vacuum tube, gas tube, or brush;
    - (5) Damage to any structure or foundation supporting the "Covered Equipment" or any of its parts;
    - (6) The functioning of any safety or protective device; or
    - (7) The cracking of any part on an internal combustion gas turbine exposed to the products of combustion.
3. "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 payroll.
4. "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 "Data" or "Media."
5. "Covered Equipment":
  - a. Means and includes any:
    - (1) Equipment built to operate under internal pressure or vacuum other than weight of contents;
    - (2) Electrical or mechanical equipment that is used in the generation, transmission or utilization of energy;
    - (3) Communication equipment and "Computer Equipment";
    - (4) Equipment in Paragraphs (1), (2) and (3) that is owned by a public or private utility and used solely to supply utility services to your premises.

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## Equipment Breakdown Protection Coverage Form

However, if Coverage **A.2.e. Utility Interruption** is provided, then Paragraph **5.a.(4)** does not apply.

Except for Paragraph **5.a.(4)**, Utility Interruption and Contingent "Business Income" and "Extra Expense" or "Extra Expense" only coverages, the "Covered Equipment" must be located at a premises described in the **Schedule of Premises** and be owned, leased or operated under your control.

**b.** Does not mean or include any:

- (1) "Media";
- (2) Part of pressure or vacuum equipment that is not under internal pressure of its contents or internal vacuum;
- (3) Insulating or refractory material, but not excluding the glass lining of any "Covered Equipment";
- (4) Nonmetallic 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 another appropriate and approved code;
- (5) Catalyst;
- (6) Vessels, wiring, cable (including fiber optic cable), piping (including conduit or other piping containing wiring and cable) and other equipment that is buried below ground which requires the excavation of materials to inspect, remove, repair or replace;
- (7) Structure, foundation, cabinet or compartment supporting or containing the "Covered Equipment" or part of the "Covered Equipment" including penstock, draft tube or well casing;
- (8) Vehicle, aircraft, self-propelled equipment or floating vessel including any "Covered Equipment" that is mounted upon or used solely with any one or more vehicle(s), aircraft, self-propelled equipment or floating vessel;
- (9) Dragline, excavation or construction equipment including any "Covered Equipment" that is mounted upon or used solely with any one or more dragline(s), excavation or construction equipment;
- (10) Felt, wire, screen, die, molds, forms, patterns, extrusion plate, swing hammer, grinding disc, cutting blade, nonelectrical cable, chain, belt, rope, clutch plate, brake pad, nonmetal part or any part or tool subject to periodic replacement;
- (11) "Diagnostic Equipment" unless Diagnostic Equipment is shown as INCLUDED in the **Schedule of Coverages and Limits**; or
- (12) Equipment or any part of such equipment manufactured by you for sale.

**6.** "Covered Property" means any property, including "Covered Equipment" that:

- a. You own; or
- b. Is in your care, custody or control and for which you are contractually obligated to insure, but only to the extent of the coverage provided under this policy.

**7.** "Cyber Attack" means any alteration, manipulation or destruction of "covered equipment", "computer equipment", "data", "media" or any "covered property", based upon or arising from:

- a. any actual or alleged cyber security breach, cyber system failure (including breach or failure of a third party network provider) or voluntary shutdown from such cyber breach or failure, cyber ransom or extortion event, privacy regulation violation (including wrongful collection of personal identifiable information);
- b. cyber-crime including theft, unauthorized access of computer resources, phishing or social engineering loss;
- c. any network restoration costs, crisis response or reputational harm resulting from a. and b.

**8.** "Data" means:

- a. Programmed and recorded material stored on "Media"; and
- b. Programming records used for electronic data processing, or electronically controlled equipment.

**9.** "Diagnostic Equipment" means machine or apparatus used solely for research, diagnosis, medical, surgical, therapeutic, dental or pathological purposes including any "Covered Equipment" that is mounted upon or used solely with any one or more machine(s) or apparatus.

## Equipment Breakdown Protection Coverage Form

10. "Extra Expense" means the additional cost you 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 "Breakdown" occurred.
11. "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.
12. "Green" means enhanced energy efficiency or use of environmentally-preferable, sustainable materials, products or methods in design, construction, manufacture or operation, as recognized by a "Green standards-setter."
13. "Green standards-setter" means an organization or governmental agency which produces and maintains guidelines related to "Green" products and practices. "Green standards-setters" include but are not limited to:
  - a. The Leadership in Energy and Environmental Design (LEED®) program of the U.S. Green Building Council;
  - b. ENERGY STAR, a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy; and
  - c. Green Globes™, a program of the Green Building Initiative.
14. "Hazardous Substance" means any substance other than refrigerants (including ammonia) that has been declared to be hazardous to health by a government agency.
15. "Media" means electronic data processing or storage media such as films, tapes, discs, drums or cells.
16. "One Breakdown" means if an initial "Breakdown" causes other "Breakdowns", all will be considered "One Breakdown." All "Breakdowns" at any one premises that manifest themselves at the same time and are the direct result of the same cause will be considered "One Breakdown."
17. "Period of Restoration" means the period of time that:
  - a. Begins at the time of the "Breakdown"; and
  - b. Ends five consecutive days after the date when the damaged property at the premises described in the **Schedule of Premises** is repaired or replaced with reasonable speed and similar quality.
18. "Production Equipment" means production or process machine(s) or apparatus that processes, forms, cuts, shapes, grinds, or conveys raw materials, materials in process or finished products including any "Covered Equipment" that is mounted upon or used solely with any one or more production or process machine(s) or apparatus.
19. "Stock" means merchandise held in storage or for sale, raw materials, property in process or finished products including supplies used in their packing or shipping.

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

## **CALCULATION OF PREMIUM**

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART  
CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART  
COMMERCIAL AUTOMOBILE COVERAGE PART  
COMMERCIAL GENERAL LIABILITY COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
CRIME AND FIDELITY COVERAGE PART  
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART  
FARM COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART  
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART  
POLLUTION LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART  
PROFESSIONAL LIABILITY COVERAGE PART  
RAILROAD PROTECTIVE LIABILITY COVERAGE PART

The following is added:

The premium shown in the Declarations was computed based on rates 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.

# 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 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. The policy period will end on that date.
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. 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 and made a 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

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

## 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.

**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 INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
EQUIPMENT BREAKDOWN COVERAGE PART  
FARM COVERAGE PART  
STANDARD PROPERTY POLICY

### **A. Cap On Certified Terrorism Losses**

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act 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 the Terrorism Risk Insurance Act; 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.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall 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.

### **B. Application Of Exclusions**

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

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

## **NEW YORK CHANGES – FRAUD**

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART  
COMMERCIAL AUTOMOBILE COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
EQUIPMENT BREAKDOWN COVERAGE PART  
FARM COVERAGE PART – FARM PROPERTY – OTHER FARM PROVISIONS FORM – ADDITIONAL COVERAGES, CONDITIONS, DEFINITIONS  
FARM COVERAGE PART – LIVESTOCK COVERAGE FORM  
FARM COVERAGE PART – MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE FORM

The **CONCEALMENT, MISREPRESENTATION OR FRAUD** Condition is replaced by the following:

### **FRAUD**

We do not provide coverage for any insured ("insured") who has made fraudulent statements or engaged in fraudulent conduct in connection with any loss ("loss") or damage for which coverage is sought under this policy.

However, with respect to insurance provided under the COMMERCIAL AUTOMOBILE COVERAGE PART, we will provide coverage to such "insured" for damages sustained by any person who has not made fraudulent statements or engaged in fraudulent conduct if such damages are otherwise covered under the policy.

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

## **NEW YORK CHANGES – CALCULATION OF PREMIUM**

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART  
 COMMERCIAL AUTOMOBILE COVERAGE PART  
 COMMERCIAL GENERAL LIABILITY COVERAGE PART  
 COMMERCIAL INLAND MARINE COVERAGE PART  
 COMMERCIAL PROPERTY COVERAGE PART  
 CRIME AND FIDELITY COVERAGE PART  
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART  
 EQUIPMENT BREAKDOWN COVERAGE PART  
 FARM COVERAGE PART  
 LIQUOR LIABILITY COVERAGE PART  
 OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART  
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART  
 RAILROAD PROTECTIVE LIABILITY COVERAGE PART  
 SPECIAL PROTECTIVE AND HIGHWAY LIABILITY POLICY – NEW YORK

**A.** For policies with fixed terms in excess of one year, or policies with no stated expiration date, except as provided in Paragraph **B.**, the following applies:

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 or continuation of this policy, we will compute the premium in accordance with our rates and rules then in effect.

**B.** For policies with fixed terms in excess of one year, where premium is computed and paid annually, the following applies:

1. The premium shown in the Declarations was computed based on rates and rules in effect at the time the policy was issued. Such rates and rules will be used to calculate the premium at each anniversary, for the entire term of the policy, unless the specific reasons described in Paragraph **2.** or **3.** apply.

2. The premium will be computed based on the rates and rules in effect on the anniversary date of the policy only when, subsequent to the inception of the current policy period, one or more of the following occurs:

a. After issuance of the policy or after the last renewal date, discovery of an act or omission, or a violation of any policy condition, that substantially and materially increases the hazard insured against, and that occurred subsequent to inception of the current policy period;

**b.** A material physical change in the property insured, occurring after issuance or last anniversary renewal date of the policy, causes the property to become uninsurable in accordance with underwriting standards in effect at the time the policy was issued or last renewed; or

**c.** A material change in the nature or extent of the risk, occurring after issuance or last anniversary renewal date of the policy, which causes the risk of "loss" to be substantially and materially increased beyond that contemplated at the time the policy was issued or last renewed.

3. If, subsequent to the inception of the current policy period, the Limit of Insurance is increased, or Additional Coverages or Causes of Loss are insured, the rate and rules in effect at the time of the change will be applied to calculate the premium and will continue to apply to the change at subsequent anniversary dates.

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

## **NEW YORK CHANGES – CANCELLATION AND NONRENEWAL**

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART  
 COMMERCIAL GENERAL LIABILITY COVERAGE PART  
 COMMERCIAL INLAND MARINE COVERAGE PART  
 COMMERCIAL PROPERTY COVERAGE PART  
 CRIME AND FIDELITY COVERAGE PART  
 EQUIPMENT BREAKDOWN COVERAGE PART  
 FARM COVERAGE PART  
 LIQUOR LIABILITY COVERAGE PART  
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

**A. Paragraphs 1., 2., 3. and 5. of the Cancellation Common Policy Condition are replaced by the following:**

1. The first Named Insured shown in the Declarations may cancel this entire policy by mailing or delivering to us advance written notice of cancellation.

**2. Cancellation Of Policies In Effect**

**a. 60 Days Or Less**

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

- (1) 30 days before the effective date of cancellation if we cancel for any reason not included in Paragraph **A.2.b.** below.
- (2) 15 days before the effective date of cancellation if we cancel for any of the reasons included in Paragraph **A.2.b.** below.

**b. For More Than 60 Days**

If this policy has been in effect for more than 60 days, or if this policy is a renewal or continuation of a policy we issued, we may cancel only for any of the reasons listed below, provided we mail the first Named Insured written notice at least 15 days before the effective date of cancellation:

- (1) Nonpayment of premium, provided however, that a notice of cancellation on this ground shall inform the first Named Insured of the amount due;

- (2) Conviction of a crime arising out of acts increasing the hazard insured against;
- (3) Discovery of fraud or material misrepresentation in the obtaining of the policy or in the presentation of a claim;
- (4) After issuance of the policy or after the last renewal date, discovery of an act or omission, or a violation of any policy condition, that substantially and materially increases the hazard insured against, and which occurred subsequent to inception of the current policy period;
- (5) Material physical change in the property insured, occurring after issuance or last annual renewal anniversary date of the policy, which results in the property becoming uninsurable in accordance with our objective, uniformly applied underwriting standards in effect at the time the policy was issued or last renewed; or material change in the nature or extent of the risk, occurring after issuance or last annual renewal anniversary date of the policy, which causes the risk of loss to be substantially and materially increased beyond that contemplated at the time the policy was issued or last renewed;
- (6) Required pursuant to a determination by the Superintendent that continuation of our present premium volume would jeopardize our solvency or be hazardous to the interest of our policyholders, our creditors or the public;

- (7) A determination by the Superintendent that the continuation of the policy would violate, or would place us in violation of, any provision of the Insurance Code; or
- (8) Where we have reason to believe, in good faith and with sufficient cause, that there is a probable risk of danger that the insured will destroy, or permit to be destroyed, the insured property for the purpose of collecting the insurance proceeds. If we cancel for this reason, you may make a written request to the Department of Financial Services, within 10 days of receipt of this notice, to review our cancellation decision. Also, we will simultaneously send a copy of this cancellation notice to the Department of Financial Services.

3. We will mail or deliver our notice, including the reason for cancellation, to the first Named Insured at the address shown in the policy and to the authorized agent or broker.

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.

However, when the premium is advanced under a premium finance agreement, the cancellation refund will be pro rata. Under such financed policies, we will be entitled to retain a minimum earned premium of 10% of the total policy premium or \$60, whichever is greater. The cancellation will be effective even if we have not made or offered a refund.

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

- 7. If one of the reasons for cancellation in Paragraph **A.2.b.** or **D.2.b.(2)** exists, we may cancel this entire policy, even if the reason for cancellation pertains only to a new coverage or endorsement initially effective subsequent to the original issuance of this policy.

**C.** The following conditions are added:

- 1. Nonrenewal**  
If we decide not to renew this policy we will send notice as provided in Paragraph **C.3.** below.
- 2. Conditional Renewal**  
If we conditionally renew this policy subject to:
  - a. A change of limits;
  - b. A change in type of coverage;
  - c. A reduction of coverage;
  - d. An increased deductible;
  - e. An addition of exclusion; or
  - f. Increased premiums in excess of 10%, exclusive of any premium increase due to and commensurate with insured value added or increased exposure units; or as a result of experience rating, loss rating, retrospective rating or audit;

we will send notice as provided in Paragraph **C.3.** below.

**3. Notices Of Nonrenewal And Conditional Renewal**

- a. If we decide not to renew this policy or to conditionally renew this policy as provided in Paragraphs **C.1.** and **C.2.** above, we will mail or deliver written notice to the first Named Insured shown in the Declarations at least 60 but not more than 120 days before:
  - (1) The expiration date; or
  - (2) The anniversary date if this is a continuous policy.
- b. Notice will be mailed or delivered to the first Named Insured at the address shown in the policy and to the authorized agent or broker. If notice is mailed, proof of mailing will be sufficient proof of notice.
- c. Notice will include the specific reason(s) for nonrenewal or conditional renewal, including the amount of any premium increase for conditional renewal and description of any other changes.
- d. If we violate any of the provisions of Paragraph **C.3.a., b. or c.** above by sending the first Named Insured an incomplete or late conditional renewal notice or a late nonrenewal notice:
  - (1) And if notice is provided prior to the expiration date of this policy, coverage will remain in effect at the same terms and conditions of this policy at the lower of the current rates or the prior period's rates until 60 days after such notice is mailed or delivered, unless the first Named Insured, during this 60-day period, has replaced the coverage or elects to cancel;

(2) And if the notice is provided on or after the expiration date of this policy, coverage will remain in effect at the same terms and conditions of this policy for another policy period, at the lower of the current rates or the prior period's rates, unless the first Named Insured, during this additional policy period, has replaced the coverage or elects to cancel.

e. If you elect to renew on the basis of a late conditional renewal notice, the terms, conditions and rates set forth in such notice shall apply:

- (1) Upon expiration of the 60-day period, unless Subparagraph (2) below applies; or
- (2) Notwithstanding the provisions in Paragraphs d.(1) and d.(2), as of the renewal date of the policy if the conditional renewal notice was sent at least 30 days prior to the expiration or anniversary date of the policy.

f. We will not send you notice of nonrenewal or conditional renewal if you, your authorized agent or broker or another insurer of yours mails or delivers notice that the policy has been replaced or is no longer desired.

D. The following provisions apply when the Commercial Property Coverage Part, the Farm Coverage Part or the Capital Assets Program (Output Policy) Coverage Part is made a part of this policy:

1. Items D.2. and D.3. apply if this policy meets the following conditions:
  - a. The policy is issued or issued for delivery in New York State covering property located in this state; and
  - b. The policy insures:
    - (1) For loss of or damage to structures, other than hotels or motels, used predominantly for residential purposes and consisting of no more than four dwelling units; or
    - (2) For loss of or damage to personal property other than farm personal property or business property; or
    - (3) Against damages arising from liability for loss of, damage to or injury to persons or property, except liability arising from business or farming; and

c. The portion of the annual premium attributable to the property and contingencies described in 1.b. exceeds the portion applicable to other property and contingencies.

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

**2. Procedure And Reasons For Cancellation**

- a. We may cancel this entire policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - (1) 15 days before the effective date of cancellation if we cancel for nonpayment of premium, provided however, that a notice of cancellation on this ground shall inform the first Named Insured of the amount due; or
  - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
- b. But if this policy:
  - (1) Has been in effect for more than 60 days; or
  - (2) Is a renewal of a policy we issued; we may cancel this policy only for one or more of the following reasons:
    - (1) Nonpayment of premium, provided however, that a notice of cancellation on this ground shall inform the first Named Insured of the amount due;
    - (2) Conviction of a crime arising out of acts increasing the risk of loss;
    - (3) Discovery of fraud or material misrepresentation in obtaining the policy or in making a claim;
    - (4) Discovery of willful or reckless acts or omissions increasing the risk of loss;
    - (5) Physical changes in the covered property that make that property uninsurable in accordance with our objective and uniformly applied underwriting standards in effect when we:
      - (a) Issued the policy; or
      - (b) Last voluntarily renewed the policy;

- (6) The Superintendent of Financial Services' determination that continuing the policy would violate Chapter 28 of the Insurance Law; or
- (7) Required pursuant to a determination by the Superintendent of Financial Services that the continuation of our present premium volume would be hazardous to the interests of our policyholders, our creditors or the public.

3. The following are added:

**a. Conditional Continuation**

Instead of cancelling this policy, we may continue it on the condition that:

- (1) The policy limits be changed; or
- (2) Any coverage not required by law be eliminated.

If this policy is conditionally continued, we will mail or deliver to the first Named Insured written notice at least 20 days before the effective date of the change or elimination. We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice. Delivery of the notice will be the same as mailing.

**b. Nonrenewal**

If, as allowed by the laws of New York State, we:

- (1) Do not renew this policy; or
- (2) Condition policy renewal upon:
  - (a) Change of limits; or
  - (b) Elimination of coverage;

we will mail or deliver written notice of nonrenewal or conditional renewal:

- (a) At least 45 days; but
- (b) Not more than 60 days;

before the expiration date of the policy. We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice. Delivery of the notice will be the same as mailing.

**E.** The following is added to the Farm Property – Other Farm Provisions Form – Additional Coverages, Conditions, Definitions, the Commercial Property Coverage Part and the Capital Assets Program (Output Policy) Coverage Part:

When the property is subject to the Anti-arson Application in accordance with New York Department of Financial Services' Insurance Regulation No. 96, the following provisions are added:

If you fail to return the completed, signed and affirmed anti-arson application to us:

- 1. Or our broker or agent within 45 days of the effective date of a new policy, we will cancel the entire policy by giving 20 days' written notice to you and to the mortgageholder shown in the Declarations.
- 2. Before the expiration date of any policy, we will cancel the policy by giving written notice to you and to the mortgageholder shown in the Declarations at least 15 days before the effective date of cancellation.

The cancellation provisions set forth in **E.1.** and **E.2.** above supersede any contrary provisions in this policy including this endorsement.

If the notice in **E.1.** or **E.2.** above is mailed, proof of mailing will be sufficient proof of notice. Delivery of the notice will be the same as mailing.

**F.** The following applies to the Commercial Property Coverage Part, the Farm Coverage Part and the Capital Assets Program (Output Policy) Coverage Part:

Paragraphs **f.** and **g.** of the **Mortgageholders** Condition are replaced by the following:

**f. Cancellation**

- (1) If we cancel this policy, we will give written notice to the mortgageholder at least:
  - (a) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
  - (b) 30 days before the effective date of cancellation if we cancel for any other reason.

- (2) If you cancel this policy, we will give written notice to the mortgageholder. With respect to the mortgageholder's interest only, cancellation will become effective on the later of:
  - (a) The effective date of cancellation of the insured's coverage; or
  - (b) 10 days after we give notice to the mortgageholder.

**g. Nonrenewal**

- (1) If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.
- (2) If you elect not to renew this policy, we will give written notice to the mortgageholder. With respect to the mortgageholder's interest only, nonrenewal will become effective on the later of:
  - (a) The expiration date of the policy; or
  - (b) 10 days after we give notice to the mortgageholder.

**G. The following provisions apply when the following are made a part of this policy:**

Commercial General Liability Coverage Part  
Employment-Related Practices Liability Coverage Part  
Farm Liability Coverage Form  
Liquor Liability Coverage Part  
Products/Completed Operations Liability Coverage Part

- 1. The aggregate limits of this policy as shown in the Declarations will be increased in proportion to any policy extension provided in accordance with Paragraph **C.3.d.** above.
- 2. The last sentence of Limits Of Insurance does not apply when the policy period is extended because we sent the first Named Insured an incomplete or late conditional renewal notice or a late nonrenewal notice.

This endorsement modifies insurance provided under the following:

**EQUIPMENT BREAKDOWN COVERAGE PART****A. The following provision is added to Section E. Conditions:****Estimation Of Claims**

Upon request, we will furnish you, or your representative, with a written estimate of damages to real property, specifying all deductions, provided such an estimate has been prepared by us or has been prepared on our behalf for our own purposes. This estimate will be provided within 30 days after your request or its preparation, whichever is later.

**B. The following paragraphs are deleted to remove all references to "Fungus", Wet Rot And Dry Rot:**

1. Paragraphs **A.2.g.(2)(f)** and **A.2.g.(2)(g)**;
2. Paragraphs **B.8.** and **B.9.b.**;
3. The following paragraph in **C.5.e.**:

If "Fungus", wet or dry rot results from damage by water as limited in this paragraph, loss or damage attributable to "Fungus", wet or dry rot will be:

- (1) Limited as described in Paragraphs **C.6.a.(1)** through **C.6.a.(4)**; and
- (2) Part of the Water Damage limit, not in addition to it;

4. Paragraph **C.6.**; and
5. Paragraph **F.11.**

**C. The Appraisal Loss Condition is replaced by the following:****Appraisal**

If we and you disagree on the value of the property, the extent of the loss or damage or the amount of the loss or damage, 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 the selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property, the extent of the loss or damage and the amount of the loss or damage. 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.

**D. Taxes and surcharges are not applicable in New York.**

All other terms and conditions of the policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.