

EQUIPMENT BREAKDOWN ENHANCEMENT ENDORSEMENT

As respects this **Equipment Breakdown Enhancement Endorsement**, this endorsement changes coverage provided by the following:

FARM COVERAGE FMH-3006 Ed. 1.0**ADDITIONAL POLICY CONDITIONS AND PROPERTY COVERAGE TERMS FMH-2001 Ed. 1.0**

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

DEFINITIONS

The following **Definitions** are added:

“Equipment Breakdown”

“Equipment Breakdown” as used herein means:

- a. Physical loss or damage both originating within:
 - (1) Boilers, fired or unfired pressure vessels, vacuum vessels, and pressure piping, all normally subject to vacuum or internal pressure other than static pressure of contents, excluding:
 - a. waste disposal piping;
 - b. any piping forming part of a fire protective system; and
 - c. any water piping other than:
 - (1) boiler feed water piping between the feed pump and the boiler;
 - (2) boiler condensate return piping; or
 - (3) water piping forming part of a refrigerating or air conditioning system used for cooling, humidifying or space heating purposes.
 - (2) All mechanical, electrical, electronic or fiber optic equipment; and
- b. Caused by, resulting from, or consisting of:
 - (1) Mechanical breakdown;
 - (2) Electrical or electronic breakdown; or
 - (3) Rupture, bursting, bulging, implosion, or steam explosion.

However, “Equipment Breakdown” will not mean:

- a. Physical loss or damage caused by or resulting from any of the following; however if loss or damage not otherwise excluded results, then “we” will pay for such resulting damage:
 - (1) Wear and Tear;
 - (2) Rust or other corrosion, decay, deterioration, hidden or latent defect, mold or any other quality in property that causes it to damage or destroy itself;
 - (3) Smog;
 - (4) Settling, cracking, shrinking or expansion;
 - (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;
 - (6) Any accident, loss, damage, cost, claim, or expense, whether preventative, remedial, or otherwise, directly or indirectly arising out of or relating to the recognition, interpretation, calculation, comparison, differentiation, sequencing, or processing of data by any computer system including any hardware, programs or software;
 - (7) Scratching and marring;

b. Loss, damage, cost or expense directly caused by, contributed to by, resulting from or arising out of the following causes of loss:

Fire, lightning, combustion explosion, windstorm or hail, weight of snow, ice or sleet, freezing, falling objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sinkhole collapse, volcanic action, leakage from fire extinguishing equipment, water, water damage, earth movement and flood.

“Green” as used herein means products, materials, methods and processes certified by a “Green Authority” that conserve natural resources, reduce energy or water consumption, avoid toxic or other polluting emissions or otherwise minimize environmental impact.

“Green Authority” as used herein means an authority on “Green” buildings, products, materials, methods or processes certified and accepted by Leadership in Energy and Environmental Design (LEED®), “Green” Building Initiative Green Globes®, Energy Starr Rating System or any other recognized “Green” rating system.

“Production machinery” as used herein means any machine which processes, forms, shapes, or transports raw materials, materials in process, waste materials or finished products.

PRINCIPAL PROPERTY COVERAGES

Coverage E – Farm Barns, Buildings, and Structures

Coverage F – Scheduled Farm Personal Property

Coverage G – Unscheduled Farm Personal Property

For the purposes of this “Equipment Breakdown” coverage, the following are excluded from “Farm Personal Property”:

tractors/front-end loaders; combines; bag filling apparatus; pickers; bulldozers; backhoes; tow motors/fork lifts; trucks/snowplows/snow blowers; engines and drive trains; self propelled equipment; agitators for liquid, semi-liquid manure tanks/pits; self-unloading wagons/trucks; implements and attachments attached to any of the above, including but not limited to plows, cutting heads, discs and sprayers; tanks not under pressure; and glassware of any kind.

However, electronic apparatus mounted on this equipment, including GPS, is not excluded.

INCIDENTAL PROPERTY COVERAGES

The following **Incidental Property Coverages** are added:

1. **Pollutant Clean Up and Removal**

“We” will pay for the Pollutant Clean Up and Removal for loss resulting from an “Equipment Breakdown”. The most “we” will pay for the Pollutant Clean Up and Removal is [*\$250,000*] unless a higher limit is provided by an endorsement to the property form for which this endorsement is attached. In that case, whichever limit is greater will apply.

2. **Expediting Expenses**

“We” will pay for the expediting expense loss resulting from an “Equipment Breakdown” with respect to “your” Covered Property. “We” will pay the reasonable extra cost to:

- (1) Make temporary repairs;
- (2) Expedite permanent repairs; and
- (3) Expedite permanent replacement

Reasonable extra cost shall mean “the extra cost of temporary repair and of expediting the repair of such damaged equipment of the insured, including overtime and the extra cost of express or other rapid means of transportation.” This will be a part of and not an addition to the limit per loss.

3. **Spoilage Coverage**

“We” will pay for loss of “perishable goods” due to spoilage resulting from lack of power, light, heat, steam or refrigeration caused by “Equipment Breakdown” to types of property covered by this policy, that are:

- (1) located on or within 1,000 feet of “your” described premises, and
- (2) owned by “you”, the building owner at your described premises, or by a public utility

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

Fire, lightning, combustion explosion, windstorm or hail, weight of snow, ice or sleet, freezing, falling objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sinkhole collapse, volcanic action, leakage from fire extinguishing equipment, water damage, earth movement and flood.

The most “we” will pay for loss or damage under this coverage is *[\$250,000]* unless a higher limit is provided by Endorsement. In that case, whichever limit is greater will apply. This will be a part of and not an addition to the limit per loss.

“Perishable goods” means stock preserved and maintained under controlled conditions and susceptible to loss or damage if the controlled conditions change.

4. **Refrigerant Contamination**

“We” will pay the loss from contamination by refrigerant used in refrigerating, cooling, or humidity control equipment at the described premises as a result of an “Equipment Breakdown”.

The most “we” will pay for loss or damage under this Additional Coverage is *[\$250,000]*, unless a higher limit is indicated on the Declarations. In that case, whichever limit is greater will apply.

5. **CFC Refrigerants**

“We” will pay for the additional cost to repair or replace Covered Property because of the use or presence of a refrigerant containing CFC (chlorofluorocarbon) substances.

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

“We” pay no more than the least of the following:

- (1) The cost to repair the damaged property and replace any lost CFC refrigerant;
- (2) The cost to repair the damaged property, retrofit the system to accept a non-CFC refrigerant, and charge the system with a non-CFC refrigerant; or
- (3) The cost to replace the system with one using a non-CFC refrigerant.

6. **Computer Equipment**

“We” will pay for loss or damage to “your” computers caused by an “Equipment Breakdown”.

7. **Service Interruption**

Any insurance provided for Business Income or Extra Expense is extended to apply to “your” loss, damage or expense caused by an “Equipment Breakdown” to equipment that is:

- (1) located on or with 1,000 feet of your described premises; and
- (2) owned by a utility, landlord or other supplier, with whom “you” have a contract to supply you with any of the following services:
electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks or data transmission.

The equipment must meet the definition of “Equipment Breakdown” except that it is not Covered Property.

8. **Livestock**

For purposes of this Equipment Breakdown Enhancement Endorsement “we” will pay for the Livestock loss resulting from an “Equipment Breakdown”. The most “we” will pay for Livestock is \$25,000 for direct loss or consequential loss including suffocation. 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 an “Equipment Breakdown” which take place in a 12-month period (starting with the beginning of the present annual policy period).

9. **Poultry**

For purposes of this Equipment Breakdown Enhancement Endorsement “we” will pay for the Poultry loss resulting from an “Equipment Breakdown”. The most “we” will pay for Poultry is \$25,000 for direct loss or consequential loss including suffocation. 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 an “Equipment Breakdown” which take place in a 12-month period (starting with the beginning of the present annual policy period).

PERILS SECTION – COVERAGES E, F, AND G. FARM SERVICE BUILDINGS, GRAIN, AND LIVESTOCK.

The following **Perils Section – Coverages E, F, and G** are deleted:

1. **Fire or Lightning** – However, “we” do not pay for loss:

- a. Resulting from any electrical injury or disturbance to electrical appliances, devices, fixtures, or wiring caused by electrical currents artificially generated unless fire ensues, and then only for the loss caused by such fire;

3. **Explosion** – However, “we” do not pay for loss caused by:

- a. Explosion of alcohol stills, steam boilers, steam pipes, steam turbines, or steam engines, if owned or leased by “you” or operated under “your” control;
- c. Electrical arcing;
- d. Rupture or bursting of rotating or moving parts of machinery caused by centrifugal force or mechanical breakdown;

The following **Perils Section – Coverages E, F, and G. Farm Service Buildings, Grain, and Livestock** is added:

21. “Equipment Breakdown”

ADDITIONAL POLICY CONDITIONS AND PROPERTY COVERAGE TERMS

The following **Additional Policy Conditions and Property Coverage Terms** are added:

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

If Covered Property requires replacement due to an “Equipment Breakdown”, “we” will pay your additional cost to replace with equipment that is better for the environment, safer or more efficient than the equipment being replaced.

However, “we” will not pay more than 125% of what the cost would have been to repair or replace with “like kind and quality”. This condition does not increase any of the applicable limits. This condition does not apply to any property to which Actual Cash Value applies. “Like kind and quality” includes similar size and capacity.

7. **“Green” Environmental and Efficiency Improvements**

If Covered Property requires repair or replacement due to an “Equipment Breakdown”, “we” will pay;

- a. The lesser of the reasonable and necessary additional cost incurred by the Insured to repair or replace physically damaged Covered Property with equipment of like kind and quality which qualifies as “Green”. “Like kind and quality” includes similar size and capacity.

- b. The additional reasonable and necessary fees incurred by the “Insured” for an accredited professional certified by a “Green Authority” to participate in the repair or replacement of physically damaged Covered Property as “Green”.
- c. The additional reasonable and necessary cost incurred by the “Insured” for certification or recertification of the repaired or replaced Covered Property as “Green”.
- d. The additional reasonable and necessary cost incurred by the “Insured” for “Green” in the removal, disposal or recycling of damaged Covered Property.
- e. The farm income (if covered within the Policy to which this Equipment Breakdown Enhancement Endorsement is attached) loss during the additional time required for repair or replacement of Covered Property, consistent with “Green”, in the coverages above.

“We” will not pay more than 125%, to a maximum limit of \$100,000, of what the cost would have been to repair or replace with equipment of like kind and quality inclusive of fees, costs, and any business interruption loss incurred as stated above.

These Additional Conditions will be a part of, and not an addition to, the limit of liability per loss or any other sub-limits of liability of this Policy. Furthermore, these Additional Conditions do not apply to:

- a. Covered Property does not include stock, raw materials, finished goods, “production machinery”, merchandise, electronic data processing equipment not used in the functional support of the real property, process water, molds and dies, property in the open, property of others for which the “Insured” is legally liable, or personal property of others.
- b. Any loss adjusted on any valuation basis other than a repair or replacement basis as per the Valuation section of this policy.
- c. Any loss covered under any other section of this policy.
- d. Any cost incurred due to any law or ordinance with which the “Insured” was legally obligated to comply prior to the time of the “Equipment Breakdown”.

7. Suspension

Whenever property is found to be in, or exposed to, a dangerous condition, any of “our” representatives may immediately suspend the insurance against loss to that property for the perils covered by this endorsement. Coverage can be suspended and possibly reinstated by delivering or mailing a written notice of suspension / coverage reinstatement to:

- (1) “Your” last known address; or
- (2) The address where the property is located.

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

8. Jurisdictional Inspections

If any Covered Property under this endorsement requires inspection to comply with state or municipal boiler and pressure vessel regulations, “we” agree to perform such inspection on your behalf. “We” do not warrant that conditions are safe or healthful.

GENERAL EXCLUSIONS

The following **General Exclusions** are deleted and replaced with the following:

- 11. **Wear and Tear** – “We” do not pay for loss which results from wear and tear, marring, deterioration, inherent vice, latent defect, rust, wet or dry rot, corrosion, mold, contamination, or smog. “We” do pay for ensuing loss unless the ensuing loss itself is excluded.

All other terms and conditions of this policy remain unchanged.