

Form #EB001 (Rev. November 23, 2016)
Equipment Breakdown Endorsement

BLANKET EQUIPMENT COVERAGE

Part A. Perils Insured

1. When Equipment Breakdown Endorsement is shown in the Declarations, the following are added to the Perils Insured under this policy:
 - (a) explosion, implosion, rupture, bursting, cracking, burning out or bulging of:
 - (i) any pressure vessel built to operate under vacuum or pressure, other than pressure created by weight of contents,
 - (ii) any boiler including piping and equipment connected thereto, which contains steam or water under steam pressure.
 - (b) explosion of steam engines, steam turbines, gas turbines, moving or rotating machinery or parts thereof.
 - (c) artificially generated electric current, including electric arcing, that disturbs electrical devices, appliances or wiring; and
 - (d) mechanical breakdown, including rupture or bursting caused by centrifugal force.
2. Under the Equipment Breakdown Endorsement there is no coverage for:
 - (a) explosion of any pressure vessel having normal internal working pressure of 103 kilopascals (15 pounds per square inch) or less above atmospheric pressure;
 - (b) explosion of tanks having an internal diameter of 610 millimetres (24 inches) or less used for the storage of hot water for domestic use;
 - (c) explosion of manually portable gas cylinders;
 - (d) explosion of natural, coal, or manufactured gas;
 - (e) explosion of gas or unconsumed fuel within a furnace or within the gas passages therefrom to the atmosphere;
 - (f) explosion within the combustion chamber or fire boxes of chemical recovery type boilers and flues or passages which conduct the gases of combustion therefrom;
 - (g) explosion of smelt dissolving tanks.
3. Any exclusion in the Property and Business Interruption Section of this policy which:
 - (a) excludes loss or damage to electrical devices, appliances, or wiring caused by artificially generated electrical currents including arcing;
 - (b) excludes loss or damage to, or explosion of:
 - (i) any pressure vessel having normal internal working pressure greater than 103 kilopascals (15 pounds per square inch) above atmospheric pressure,
 - (ii) any boiler including piping and equipment connected thereto, which contains steam or water under steam pressure;
 - (c) excludes explosion of:
 - (i) moving or rotating machinery or parts thereof,
 - (ii) gas turbines;
 - (d) excludes loss or damage from centrifugal force, mechanical or electrical breakdown or derangement; will not apply to the Blanket Breakdown Form.
4. The insurance provided by the Equipment Breakdown Endorsement includes equipment not owned or operated by the Insured which is used to supply telephone, electricity, air conditioning, heating, gas, water or steam services to the Insured premises provided the equipment:
 - (a) is within 200 metres (656 feet) of the Insured premises; or
 - (b) solely supplies the Insured premises and is owned by a utility, landlord or other supplier with whom the Insured has a contract for such services.

Part B. Additional Property and Perils Excluded

In addition to those exclusions found in the policy, the following also apply to the Equipment Breakdown Endorsement.

1. The Equipment Breakdown Endorsement does not insure against loss to the following items of Property:
 - (a) (i) buildings, structures, or inflatable structures;
 - (ii) retaining walls, bulkheads, piers, wharves, docks, structures located on or partially over water;
 - (iii) pavements, foundations, walls, floors, roofs, ceilings, glass, cabinets, compartments or similar items;
 - (iv) vehicles, self propelled equipment, aircraft, or watercraft;
 - (v) any machine or apparatus used for research, diagnosis, medication, surgical, therapeutic, dental or pathological purposes, or unless the above mentioned property while on the insured premises is damaged as the direct result of loss or damage, by a Peril insured under this endorsement, to property built to operate under vacuum or pressure, other than pressure created by weight of contents; or used for the generation, transmission or utilization of energy;
 - (b) to buried vessels, pipes, flues, or drains.
2. The Equipment Breakdown Endorsement does not insure against loss or damage caused directly or indirectly by the following Perils:
 - (a) frost, freezing or other effects of cold weather. This exclusion does not apply to any piping that contains steam, or water under steam pressure;
 - (b) ice, snow, sleet or hail, whether driven by wind or not;
 - (c) wind;
 - (d) water or liquid damage;
 - (e) damage to electrical equipment or apparatus while it is being dried out or tested, however we will pay for the resultant damage to property of the Insured from a peril added to coverage by the Blanket Breakdown Form, other than to the electrical equipment or apparatus that is being dried out or tested;
 - (f) hydrostatic or pressure testing, however we will pay for resultant damage to property of the Insured from a peril added to coverage by the Blanket Breakdown Form, other than to the equipment that is being tested.
 - (g) flood, however we will pay for the resultant damage to property of the insured from a peril added to coverage by the Equipment Breakdown Endorsement
 - (h) earth movement, including but not limited to earthquake, landslide, mudflow, subsidence, volcanic eruption, tidal wave or tsunami.
 3. If a Pollution/Contamination Exclusion and Debris Removal Clause forms a part of the policy then under the Equipment Breakdown Endorsement the limit of the Insurer's liability for this coverage shall be the lesser of:
 - (a) the amount of insurance applicable to this coverage specified in the Declarations; or
 - (b) \$100,000.

Notwithstanding the foregoing, this limit shall not apply to any Debris Removal Expense.

Part C. Coverage Extension

1. **Expediting Expenses:**
With respect to damage to property of the Insured from a peril added to coverage by the Equipment Breakdown Endorsement, the Insurer will pay the reasonable extra cost to make temporary repairs, expedite permanent repairs and expedite permanent replacement. The limit of insurance for this extension of coverage is \$ 10,000 for any one loss.
2. **HAZARDOUS SUBSTANCES**
If a Hazardous Substance is involved in or released by an Accident, the Company shall be liable under Coverage described in Section A for the increase in cost to repair, replace, clean up or dispose of affected Insured Property, however the limit of the Company's liability for such increase shall not exceed the amount specified in the Declarations for Hazardous Substances.

The Company shall not be liable for any increase in loss under any Coverage described in Section B. The Company shall not be liable under this Coverage for loss or damage caused by Ammonia Contamination.

As respects this Coverage, the "Increase in Cost" or "Increase in Loss" shall mean that cost or loss beyond that which would have been incurred had no Hazardous Substance been present.

3. **SERVICE INTERRUPTION**
With respect to Coverage described in section B, the Company shall be liable for loss under said Coverage from an Accident to equipment not owned or operated by the Insured, which is used to supply steam, gas, air, water, refrigeration, electricity or telephone services to the named location described on the Declaration provided that the equipment:
 - (a) is of a type described in the definition of Object;
 - (b) is located on or within three hundred (300) meters of the Location; and
 - (c) is owned either by the building owner at the Location, a public utility or a company contracted by the insured for said services.

The limit of insurance for this extension of coverage is \$ 10,000 for any one loss.

4. **COVERAGE: SPOILAGE**

COVERAGE AGREEMENT

The Company hereby agrees:

- a) to pay the Insured the amount of loss to Specified Property of the Insured;
- b) to pay the amount of loss to Specified Property of others in the care, custody or control of the Insured and for which the Insured is legally liable; and
- c) to pay that amount of expense which is reasonably incurred by the Insured to reduce or avert such loss, but only to the extent that the total amount that otherwise would have been paid under parts a) and b) above is thereby reduced; provided such loss or expense is due to spoilage from lack of power, light, heat, steam or refrigeration, resulting solely from an Accident, which occurs while this Coverage is in effect, to an Object which is in use or connected ready for use at a Location(s) specified on the Declarations Page, subject to the Limit of Liability specified in the Declarations for this Coverage.

Part D. Other Conditions

The Following additional conditions apply to the Equipment Breakdown Endorsement:

1. **Coinsurance.**
Coinsurance does not apply to loss to property of the Insured resulting from a peril added to coverage by the Equipment Breakdown Endorsement. However, coinsurance, if applicable, will apply to any Business Interruption loss resulting from a peril added to coverage by the Equipment Breakdown Endorsement.
2. **Suspension.**
Upon discovery of a dangerous condition with respect to any item of property built to operate under vacuum or pressure, other than pressure created by weight of contents; or used for the generation, transmission, or utilization of energy; any representative of the insurer may immediately suspend the insurance provided by the Blanket Breakdown Form on that item of property. This can be done by delivering or mailing a written notice of suspension to the insured, at the insured's address shown in this policy, or at the location of the property.

Once the Insurer has suspended coverage in this manner, it can be reinstated only by an endorsement. If insurance is suspended, a pro rata refund of premium will be made to the Insured, but the suspension will be effective even if the refund has not been made or offered.
3. **Deductible.**
The Deductible specified on the Declarations for Property and Business Interruption shall apply to the Equipment Breakdown Endorsement unless a separate Deductible is specified on the Declarations for the Equipment Breakdown Endorsement or by endorsement and then that Deductible shall apply to coverage under the Equipment Breakdown Endorsement.

If more than one Deductible is applicable to any one occurrence from a Peril Insured by the Equipment Breakdown Endorsement, only one Deductible shall be applied and that shall be the largest of the applicable Deductibles.
4. **Limits of Insurance.**
Coverages provided by the Equipment Breakdown Endorsement are a part of and not in addition to the limits of insurance shown in the Declarations.

ADDITIONAL EXCLUSIONS

The Company shall not be liable for payment:

- a) for any loss resulting from the failure of the Insured to use due diligence and dispatch and all reasonable means to protect the Specified Property from damage, following the Accident;
- b) as respects the Specified Property damaged or destroyed, for more than the actual cash value thereof at the time of the Accident, with proper deductions for depreciation, however caused.

DEFINITIONS

"Specified Property" shall mean that Insured Property described in the Declarations for this Coverage only while at a Location(s) specified on the Declarations Page.

REDUCTION OF PAYMENT

As soon as possible after an Accident, the Insured shall utilize every available means to reduce the loss, including surplus machinery, duplicate parts, equipment, supplies and surplus or reserve stock, which may be owned, controlled or obtainable from other sources, all to the extent that the amount for which the Company would otherwise be liable under this Coverage is reduced.

The Company may take such means as will in the opinion of the Company reduce or avert the loss, in whole or in part, including the disposition of salvage of Specified Property. All extra expense so incurred by the Insured as permitted in part c) of the Coverage Agreement or by the Insured at the written direction of the Company or by the Company, shall be a part of and not in addition to the Limit of Liability specified in the Declarations for this Coverage.

COINSURANCE

If a Coinsurance Percentage is specified in the Declarations for this Coverage, the Company shall not be liable for the payment of a greater proportion of the amount of loss than the Limit of Liability specified in the Declarations for this Coverage bears to the amount obtained by applying the Coinsurance Percentage, to the total actual cash value, at the time of the Accident, of all Specified Property.

DEDUCTIBLE

The amount specified in the Declarations for this Coverage shall be deducted from the total amount of any loss and expense for which the Company is liable under this Coverage for any One Accident, and no liability shall exist for such amount deducted.

The limit of insurance for this extension of coverage is \$ 10,000 for any one loss.

Except as otherwise provided in this endorsement, or any other endorsement modifying the Equipment Breakdown Endorsement, all other terms, conditions, provisions, definitions and exclusions of the policy shall have full force and effect.

SAMPLE