

**Form #S40007.1 - Equipment Breakdown Insurance**  
(Rev. 1 June 2014)

Words and phrases in quotation marks have special meaning as defined in the DEFINITIONS section of this Form.

**SECTION I - INSURING AGREEMENT**

In consideration of the payment of the premium and subject to all the terms and conditions of this policy:

**(A) INDEMNITY AGREEMENT**

The Insurer will indemnify the Insured against a "breakdown" occurring during the policy period to "insured equipment" at the location specified on the "Declarations Page" for:

- (i) direct physical loss or damage to the "insured equipment";
- (ii) resulting property damage to other property owned by the Insured and property of others in the Insured's care, custody or control or for which the Insured is legally liable;
- (iii) the Extensions of Coverage as described herein.

The inclusion of more than one person or interest shall not increase the Insurer's liability.

**(B) MAXIMUM LIMIT OF LOSS**

The Insurer's total liability from any "one breakdown" under the Indemnity Agreement shall not exceed the Amount(s) or Limit(s) specified in the "Declarations Page" as applicable to this Form.

**(C) DEDUCTIBLE**

Each claim for loss or damage arising out of "one breakdown" shall be adjusted separately in accordance with the terms and conditions of this Form. The Insurer shall be liable for the amount by which the loss or damage following any "one breakdown" exceeds the amount of the deductible specified in the "Declarations Page".

Should loss or damage occur that involves more than one coverage under this Form the largest of the applicable deductibles shall be applied except if the deductibles for Property Damage, Spoilage and "Extra Expense" coverages are shown separately in the "Declarations Page", these deductibles will be applied separately.

In lieu of a dollar amount, the deductible for "Extra Expense" may be expressed as a waiting period in which case, the Insurer shall not be liable for any loss that is incurred within the period specified in the "Declarations Page" immediately following the "breakdown".

**SECTION II - EXCLUSIONS**

The following exclusions apply to all coverages afforded by this Form.

This Form does not apply to loss or damage:

- (a) from a "breakdown" caused directly or indirectly by:
  - (i) fire, smoke or combustion explosion or from the use of water or other means to extinguish a fire;
  - (ii) riot, civil commotion or sabotage however; direct physical loss or damage to "insured equipment" from a "breakdown" caused by vandalism or malicious acts is covered;
  - (iii) lightning;
  - (iv) wind, including but not limited to cyclone, tornado or hurricane;
  - (v) weight of ice, snow, sleet, or hail or the collapse of any buildings or structures;
  - (vi) earth movement, including but not limited to earthquake or other seismic activity, landslide, mudflow caused by an accumulation of water on or underground, subsidence, collapse of sinkholes or volcanic eruption;
- (b) caused directly or indirectly by:
  - (i) fire, smoke or combustion explosion that occurs at the same time as a "breakdown" or that ensues from a "breakdown" however; with respect to any "insured equipment" which is an electrical or electronic equipment, fire damage within the said equipment which occurs at the same time as a "breakdown" or that ensues from a "breakdown" is covered;
  - (ii) the escape of water resulting from a "breakdown" unless,
    - (1) coverage is not provided by any other insurance in effect at the time of the loss, and
    - (2) the water escapes from "insured equipment" that normally contains water or steam;
  - (iii) "flood" or "surface water" however; direct physical loss or damage to "insured equipment" from a "breakdown" caused by "flood" or "surface water" is covered;
- (c) arising from delay, loss of market or loss of use or occupancy;
- (d) from spoilage of "stock" caused directly by a change in temperature or humidity resulting from a "breakdown" at an insured location or "premises";
- (e) caused by or resulting from the partial or total failure, malfunction or loss of use of any electronic equipment, computer system, information repository, microchip, integrated circuit or other similar devices due to:
  - (i) the erasure, destruction, corruption, misappropriation or misinterpretation of "data";
  - (ii) any error in creating, amending, entering, deleting or using "data";
  - (iii) the inability to receive, transmit or use "data"; or
  - (iv) the impact of any "hacking event" or "computer virus" "attack" or the functioning or malfunctioning of the internet, intranet, local area network, virtual private networks or similar facility, or of any internet address, website or similar facility; however, loss resulting solely from the "breakdown" of any other "insured equipment" is covered;
- (f) caused by or resulting directly or indirectly from contamination, including ammonia contamination, damage, damage by a "hazardous substance" including costs or expense for any testing, monitoring evaluating, or assessing of any actual, alleged, potential or threatened, spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of "pollutants".

### SECTION III - COVERAGE EXTENSIONS

The amount of insurance specified in the "Declarations Page" that corresponds with the coverage extension is the maximum recovery for any extension of coverage in respect of any "one breakdown" occurring during the policy period.

If any extension of coverage is indicated as NOT INSURED on the "Declarations Page" then no coverage will be afforded by those extensions.

The coverage extensions:

- (a) do not apply if they are more specifically insured as specified on the "Declarations Page" or by endorsement; and
- (b) unless otherwise specified on the "Declarations Page" or by endorsement;
  - (i) are a part of and do not increase the amount of insurance shown on the "Declarations Page" for the Equipment Breakdown Coverage Form;
  - (ii) are not subject to Special Condition 2, Co-Insurance of Section V; and
  - (iii) are subject to the highest applicable deductible of the Equipment Breakdown Coverage Form.

#### 1. AMMONIA CONTAMINATION

Where ammonia is used as a refrigerant, the Insurer will pay for loss or damage caused by ammonia contacting "insured property" as a direct result of a "breakdown" to "insured equipment" at insured locations or "premises".

#### 2. BRANDS AND LABELS

In the event of direct physical loss or damage arising out of a "breakdown" to "insured property" bearing a "brand", the sale of which carries or implies the guarantee or the responsibility of the Insured or the manufacturer, the Insurer will pay the cost of removing or re-identifying the "brand" from such damaged "insured property".

Any salvage of such damaged "insured property" will not be disposed of by sale without the Insured's consent. If removing or re-identifying of the "brand" is not possible or is impractical, the Insurer will pay the cost to dispose of the damaged "insured property". The Insured shall have the right to dispose of the salvage in the manner it considers appropriate.

If the salvage of the damaged "insured property" is not disposed of by sale by the Insurer, the Insured will allow the Insurer to deduct the salvage value from the amount payable to the Insured. Salvage value will be determined as the value that could have been realized after removal or re-identifying of the "brand".

#### 3. BY-LAWS

This coverage is extended to insure, as a result of a "breakdown":

- (a) loss occasioned by the demolition of any undamaged portion of the "insured property";
- (b) the cost of demolishing and clearing the site of any undamaged portion of the "insured property";
- (c) any increase in the cost of repairing, replacing, constructing or reconstructing the "insured property" on the same site, or on an adjacent site, of like, capacity, size, height, floor area, quality, style and function for like occupancy; arising from the enforcement of the minimum requirements of any by-law, regulation, ordinance or law which regulates zoning or the demolition, repair or construction of damaged "insured property" and is in force at the time of such loss or damage.

This extension does not cover against:

- (i) the enforcement of any by-law, regulation, ordinance or law which prohibits the Insured from rebuilding, or repairing on the same site or adjacent site or prohibits continuance of like occupancy;
- (ii) direct or indirect loss, damage, cost or expense, arising out of "clean up" resulting from any actual, alleged, potential or threatened spill, discharge, emission, dispersal, seepage, leakage, migration, release, or escape of "pollutants";
- (iii) direct or indirect loss, damage, cost or expense, for any testing, monitoring, evaluating or assessing of an actual, alleged, potential, or threatened spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of "pollutants"; or
- (iv) the enforcement of any by-law, regulation, ordinance or law which would apply in the absence of a loss.

#### 4. CLAIMS PREPARATION COSTS

This Insurance is extended to cover:

- (a) reasonable costs incurred in the preparation of a proof of loss; and
- (b) reasonable fees payable to external auditors, accountants, architects, engineers, or other professionals for producing and certifying particulars or details of the Insured's business in order to establish the quantum of a claim.

All such costs and fees must be:

- (i) incurred by the Insured at the request of the Insurer; and
- (ii) associated with a claim under the Equipment Breakdown Coverage Form for which liability has been otherwise accepted by the Insurer.

This extension does not apply to fees payable to lawyers, public adjusters, loss appraisers or loss consultants or other professionals engaged by the Insured without the prior written approval of the Insurer.

#### 5. DATA COVERAGE

If, as a result of a "breakdown", "data" is lost or damaged, the Insurer will pay for the cost of gathering or reproducing the "data". The Insurer will not pay for "data" which is lost or damaged as a result of programming errors.

#### 6. DEBRIS REMOVAL

This insurance is extended to include debris removal expense in excess of that provided by Clause 3 (a) of the Insuring Agreement, Miscellaneous Clauses and Additional Conditions form where the amount payable under Clause 3 (a) in any one occurrence has been exhausted. In the Province of Quebec the Insuring Agreements form is applicable instead of the Insuring Agreement, Miscellaneous Clauses and Additional Conditions form.

This extension of coverage does not negate the application of any deductible provision under this policy.

#### 7. ENVIRONMENTAL, SAFETY AND EFFICIENCY IMPROVEMENTS

If "insured equipment" requires replacement due to a "breakdown", the Insurer will pay the Insured's additional cost to replace with equipment that the Insurer agrees is better for the environment, safer for people or more energy efficient than the equipment being replaced, subject to the following conditions:

- (a) the Insurer will not pay more than 125% of what the cost would have been to replace with like kind and quality;
- (b) the Insurer will not pay to increase the size or capacity of the equipment
- (c) this provision only applies to direct physical loss or damage;
- (d) this provision does not increase any of the applicable amounts of insurance;

- (e) this provision does not apply to any property valued on an "actual cash value" basis; and
- (f) this provision does not apply to the replacement of component parts.

**8. ERRORS AND OMISSIONS**

This extension covers direct physical loss of or damage to "insured property", including any resulting business interruption or "extra expense" loss if such coverage is provided by this policy, which is not payable under this policy solely because of an unintentional error or omission at the time of policy inception:

- (a) in the description or address of the "insured property";
- (b) to include any location the Insured owns or occupies;
- (c) in the deletion of any interest, or
- (d) in the statement of values submitted by the Insured.

Coverage applies only to the extent that this policy would have provided coverage had the unintentional error or omission not been made.

It is a condition of this extension that the Insured must report such error or omission to the Insurer as soon as practicable after its discovery and pay such additional premium as may be required.

This extension does not apply if coverage is available, in whole or in part, elsewhere in this policy.

The most the Insurer will pay under this extension in any "one breakdown" is the amount of insurance specified on the "Declarations Page" for Errors and Omissions.

**9. EXPEDITING EXPENSE**

This insurance is extended to cover the reasonable additional costs incurred by the Insured to make temporary repairs and to expedite the permanent repair or replacement of "insured equipment" or other "insured property" that has been directly damaged by "breakdown", including overtime and the extra cost of express or other rapid means of transportation.

Expediting expense does not include any costs incurred by the Insured for the temporary rental of equipment or temporary replacement of damaged equipment.

**10. EXTRA EXPENSE**

This insurance is extended to cover the necessary "extra expense" incurred by the Insured in order to resume as nearly as practicable, their "normal" business operations that have been interrupted as a direct result of "breakdown". Coverage will commence with the occurrence of the "breakdown" and is not limited by the expiry date of this policy. The Insured shall exercise due diligence and dispatch to rebuild, repair or replace the lost or damaged property.

This extension does not cover:

- (a) loss due to fines or damages for breach of contract for late or non-completion of orders or for any penalties of whatever nature;
- (b) any increase of loss caused by delays or loss of time due to the presence of strikers or other persons or to labour disturbances on or about the "premises" interfering with the rebuilding, repairing or replacing the property damaged or destroyed or the resumption or continuation of the Insured's business; or
- (c) loss due to the suspension, lapse or cancellation of any lease or license, contract or order, which may affect the Insured's earnings after the period following any loss during which indemnity is payable.

This extension also covers the "extra expense" sustained by the Insured during the period of time, not exceeding 30 consecutive days, while access to the "premises" is prohibited by order of civil authority, but only when such order is given as a direct result of damage to neighbouring premises by a "breakdown".

**11. HAZARDOUS SUBSTANCES**

If a "hazardous substance" is involved in or released by a "breakdown" the Insurer will pay the increase in cost to repair, replace, "clean up" or dispose of, affected "insured property".

As used in this coverage, increase in cost or in loss is that cost or loss beyond that for which the Insurer would have been liable had no "hazardous substance" been present.

**12. NEWLY ACQUIRED LOCATION**

If there is a "breakdown" of "insured equipment" at a newly acquired location, the Insurer will pay for loss under (A) Indemnity Agreement of Section I – Insuring Agreement provided:

- (a) the Insured notifies the Insurer in writing within ninety (90) days after the date the location is acquired;
- (b) the newly acquired location is within the "coverage territory" or within any other country in which a location specified in the "Declarations Page" is located;
- (c) the Insured agrees to pay an additional premium for the insurance from the date the location is newly acquired in accordance with the Insurers' Manual of Rates.

The most the Insurer will pay under this extension in any "one breakdown" is the amount of insurance specified on the "Declarations Page" for Newly Acquired Location.

**13. SPOILAGE**

The Insurer shall pay for spoilage of "stock" caused directly by a change of temperature or humidity resulting directly from "breakdown" occurring at an insured location or "premises". If the "stock" is not replaced, the Insurer shall only pay for its "actual cash value".

**14. WATER DAMAGE**

The Insurer shall pay for loss to "insured property" damaged by water, including salvage expense, as a direct result of a "breakdown" to any refrigerating or air conditioning vessels and piping.

**SECTION IV - OPTIONAL PRODUCTION MACHINERY COVERAGE**

If the "Declarations Page" specifies Including Production Machinery, then item 15. B. (g) of Insured equipment of Section VI – Definitions is deleted and 15. A. (d) is added as follows:

- (d) any "production machinery".

## SECTION V - SPECIAL CONDITIONS

### 1. BASIS OF SETTLEMENT

#### A. "Insured Property" except "stock" and property of others

The value of "insured property" except "stock" and property of others will be determined as follows:

- (a) for "insured property" except "stock" and property of others, the lesser of the cost at the time of the "breakdown" to:
- (i) repair the damaged property; or
  - (ii) replace the damaged property with similar property of like kind, capacity, size, quality and function.
- The Insurer will not pay for:
- (i) more than the amount actually expended by the Insured;
  - (ii) the cost of repairing or replacing any part or parts of a piece of equipment which is greater than the cost of repairing or replacing the entire piece of equipment;
  - (iii) more than the cost that would have been incurred to replace the damaged property with other property of like kind, capacity, size, quality and function in the event that replacement is by property of a better kind or quality or of a larger capacity or size;
  - (iv) more than the cost to replace the damaged property at the same or adjacent site; nor
  - (v) loss or damage to property which is useless or obsolete to the Insured.
- If the damaged property is not repaired or replaced within 12 months after the date of the "breakdown", the Insurer's liability will only be for the "actual cash value" of the damaged property.
- (b) for business records, including those which exist on electronic or magnetic "media" (other than pre-packaged software programs):
- (i) the cost of blank materials for reproducing the records; and
  - (ii) the costs of labour to transcribe or copy the records when there is a duplicate.

#### B. "Stock" and property of others

The value for "stock" and property of others shall be determined as follows:

- (i) for unsold "stock": the "actual cash value" of the property at the time and place of loss or damage, but in no event to exceed what it would cost to repair or replace with material of like kind and quality;
- (ii) for sold "stock": the selling price after allowance for discounts;
- (iii) for property of others in the custody or control of the Insured for the purpose of performing work upon it: the amount for which the Insured is liable, but not exceeding the "actual cash value" at the time and place of loss or damage plus allowance for labour and materials expended to such time.

### 2. CO-INSURANCE

This clause applies separately to each item for which a co-insurance percentage is specified on the "Declarations Page" for this Form and only where the amount of loss or damage exceeds the lesser of 5% of the applicable amount of insurance or \$10,000.

The Insured shall maintain insurance concurrent with this Form on the property insured to the extent of at least the amount produced by multiplying the actual cash value of the property by the co-insurance percentage specified in the "Declarations Page", and failing so to do, shall only be entitled to recover that portion of any loss that the amount of insurance in force at the time of loss bears to the amount of insurance required to be maintained by this clause.

### 3. CURRENCY CLAUSE

All limits of insurance, premiums and other amounts as expressed in this policy are in Canadian currency, unless otherwise stated.

### 4. DISPUTED LOSS AGREEMENT

In the event of an existing recoverable loss, should a dispute arise between the Property and Equipment Breakdown Insurers as to which Insurer is liable or as to the proportion of loss to be paid by each Insurer, the Insurance Bureau of Canada (IBC) "Agreement Respecting Disputed Losses Between Property Insurance and Boiler and Machinery Insurance Policies" shall apply with respect to those participating Insurers signatory to the Agreement or have agreed to in writing to be bound by its covenants.

### 5. INSPECTION

The Insurer has the right to inspect any "insured equipment" at any reasonable time. Neither the right to make inspections nor the making of them is an undertaking to the Insured nor others that such "insured equipment" is safe and not hazardous or injurious to health.

### 6. OTHER INSURANCE

If the Insured has other insurance which would apply to a loss covered by this policy had this policy not existed, then to the extent not in conflict with the Guiding Principles respecting loss adjustment, the insurance hereunder shall apply only as excess insurance over such other insurance provided however,

- (a) that in the event that such other insurance contains a similar excess other insurance clause, the Insurer shall be liable and only liable under this policy for the proportion of said loss that the amount which would have been payable under this policy on account of the loss, had no other insurance existed, bears to the combined total of the said amount and the amount which would have been payable under all other insurance on account of the loss had there been no insurance under this policy;
- (b) that in the event that such other insurance is insurance of a class other than Boiler and Machinery or Equipment Breakdown insurance, this Insurer shall be liable for and only for the proportion of the said loss set out in sub-paragraph (a) above.

### 7. SPECIAL PROVISIONS

- (a) The Insurer shall not be liable for loss from a "breakdown" of any newly acquired "insured equipment" until such "insured equipment" has been installed at the "premises", tested, including performance and operational testing, and contractually accepted by the Insured. This provision shall not apply to any "insured equipment" which is acquired to spare existing operating equipment.
- (b) As respects any boiler or fired vessel, the Insurer shall not be liable for loss from an explosion of gas or unconsumed fuel within the furnace of such "insured equipment" or within the passages from the furnace to the atmosphere, whether or not such explosion is:
  - (i) contributed to or aggravated by a "breakdown" to any part of said "insured equipment" that contains steam or water; or
  - (ii) caused in whole or in part, directly or indirectly, by a "breakdown" to any "insured equipment", or part thereof.
- (c) As respects any boiler which uses a heat transfer medium other than water, such heat transfer medium and its vapour shall be considered as substituted for the words water and steam wherever such words appear in the definition of "insured equipment".
- (d) As respects any unfired vessel which is used for the storage of liquid and which is periodically filled, moved, emptied and refilled in the course of its normal service, such vessel shall be considered as connected ready for use within the terms of this Form.

## 8. SUBROGATION

The Insurer, upon making any payment or assuming liability therefore under this policy, shall be subrogated to all rights of recovery of the Insured against others and may bring action to enforce such rights. Notwithstanding the foregoing, all rights of subrogation are hereby waived against any corporation, firm, individual or other interest with respect to which insurance is provided by this policy. Where the net amount recovered, after deducting the costs of recovery is not sufficient to provide a complete indemnity for the loss or damage suffered, that amount shall be divided between the Insurer and the Insured in the proportion in which the loss or damage has been borne by them respectively. Any release from liability entered into by the Insured prior to loss shall not affect the right of the Insured to recover.

## 9. SUSPENSION

Upon the discovery of any "insured equipment" in or exposed to a dangerous condition, any representative of the Insurer may immediately suspend the insurance against loss from a "breakdown" to that "insured equipment" by giving written notice to the Insured either by mail, by facsimile or in person at the mailing address shown in the policy or at the location of the "insured equipment". Once the insurance has been suspended, it can only be reinstated by an endorsement to the policy issued by the Insurer.

The Insured shall be allowed the unearned pro-rata portion of the premium for that "insured equipment" for the period that the insurance is suspended, such allowance to be paid at the expiration of the policy period.

## SECTION VI - DEFINITIONS

Wherever used in this form:

1. **"Actual cash value"** means replacement cost less any depreciation and market value. In determining depreciation, consideration shall be given to the condition of the property immediately before the damage, the resale value, the normal life expectancy of the property and obsolescence.
2. **"Attack"** means an attack directed against any computer or telecommunications system, network, software or "data" for the purpose of fraud, nuisance, malicious tampering or destruction.
3. **"Breakdown"** means a sudden and accidental breakdown of "insured equipment" or part of "insured equipment", which manifests itself by physical damage at the time that it occurs and necessitates repair or replacement.  
  
"Breakdown" does not mean or include any of the following:
  - (a) the breakdown of any structure, foundation or setting supporting or housing any "insured equipment" or part of "insured equipment", including penstocks, draft tubes or well casings;
  - (b) the breakdown of any insulating or refractory material;
  - (c) the functioning of any safety or protective device;
  - (d) the cracking of any part on an internal combustion gas turbine exposed to the products of combustion;
  - (e) the explosion of gases or fuel within the furnace of any "insured equipment", or within the flues or passages through which the gases of combustion pass; or combustion explosion outside the "insured equipment";
  - (f) leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
  - (g) the breakdown of any vacuum tube, gas tube or brush;
  - (h) the defects, erasures, errors, limitations or viruses in computer equipment and programs;
  - (i) misalignment, vibration or wear and tear;
  - (j) the depletion, deterioration, corrosion or erosion of material;
  - (k) the hydrostatic, pneumatic or gas pressure testing of any "insured equipment"; or
  - (l) the insulation breakdown testing or drying of any type of electrical equipment.
4. **"Brand"** means brands, labels or trademarks, or other identifying characteristics.
5. **"Clean up"** means the removal, containment, treatment, decontamination, detoxification, stabilization, neutralization or remediation of "pollutants", including testing which is integral to any of these processes.
6. **"Computer virus"** means a piece of computer code that is written with the intention of destroying, altering, contaminating, infecting or otherwise impairing the use, operation, performance or reliability of any computer or telecommunications system, network, software or "data".
7. **"Coverage territory"** means anywhere within Canada and the continental United States of America.
8. **"Data"** means representations of information or concepts, in any form.
9. **"Declarations Page"** means the Declarations Page applicable to this Form.
10. **"Extra expense"** means that amount paid to continue the Insured's business activities over and above the amount the Insured would have normally incurred during the same period had there been no loss or damage. Extra expense does not mean any loss of income, or expense otherwise payable elsewhere in this policy.
11. **"Finished stock"** means "stock" manufactured by the Insured which, in the ordinary course of the Insured's business, is ready for packing, shipment or sale.
12. **"Flood"** means the breaking out or overflow of any natural or artificial body of water and includes "surface water", waves, tides, tidal waves, and tsunamis.
13. **"Hacking event"** means the unauthorized access or use of a computer to telecommunications system by circumventing a security system or procedure.
14. **"Hazardous substance"** means any pollutant, contaminant or other substance declared by a government authority to be hazardous to health or the environment.
15. **"Insured equipment"**
  - A. "Insured equipment" means devices, machinery or apparatus that are completely tested and installed and connected ready for use while at the "premises" specified on the "Declarations Page" and consisting of:



- (a) any boiler, any fired or unfired pressure vessel normally subject to vacuum or internal pressure other than static pressure of contents, any refrigeration or air conditioning vessels and piping and any other piping with its accessory devices;
- (b) any mechanical, electrical or electronic apparatus generating, controlling, transmitting, transforming or utilizing mechanical or electrical power. Electronic devices must be used for starting, stopping or controlling one or more insured equipment;
- (c) any transformer or electrical devices, whether or not at a "premises", owned by a public or private utility company and that is used to supply electrical power solely to a "premises". It is agreed that a coverage limit of one dollar (\$1) will apply to such transformers or electrical devices.

**B. "Insured equipment" does not mean or include any of the following:**

- (a) any piping forming part of a sprinkler system or any other water piping other than boiler feed water piping, boiler condensate return piping, water piping forming a part of a building heating system, or water piping connected to or used with a refrigeration or air conditioning system;
- (b) any structure, foundation or setting (other than the bedplate of a machine) supporting or housing devices, machinery or apparatus, or the lining or firewall of any fired or unfired vessel;
- (c) any vehicle, aircraft, locomotive, mobile equipment or floating vessel;
- (d) any elevator, escalator, crane, hoist, power shovel, dragline or conveyor, but not excluding any pressure vessel or electrical equipment used with such a machine;
- (e) any penstock, draft tube or well casing;
- (f) any oven, stove, furnace or kiln;
- (g) any "production machinery";
- (h) any felt, wire, screen, die, extrusion plate, swing hammer, grinding disc, cutting blade, chain, belt, clutch plate, brake disc or any part or tool subject to frequent, periodic replacement and associated with production machines or apparatus;
- (i) any refractory or insulating material, non-metallic lining or covering;
- (j) any electronic computer or electronic "data" processing equipment unless used primarily to operate one or more insured objects, any X-ray machines, electron microscope, particle accelerator, beta gauge, spectrograph, any other electronic machine, device, instrument, or any apparatus utilizing radioactive materials; or
- (k) any vessel, machine or apparatus used for research, experimental, demonstration, diagnostic, therapeutic, medical, surgical, dental, or pathological purpose, but not excluding any sterilizer or autoclave.

**16. "Insured property" means:**

- (a) property of the Insured; or
- (b) property of others in the Insured's care, custody or control and for which the Insured is legally liable.

**17. "Media" means material on which "data" is recorded, such as magnetic tapes, hard disks, optical disks or floppy disks.**

**18. "Normal" means the condition which would have existed had no loss occurred.**

**19. "One breakdown" means:**

- (a) "breakdown" of "insured equipment" that causes "breakdown" of other "insured equipment"; or
- (b) a series of "breakdowns" occurring at the same time as a result of the same cause; will be considered as one breakdown.

**20. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including odour, vapour, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.**

**21. "Premises" means the entire area within the property lines and areas under adjoining sidewalks and driveways within 100 meters at:**

- (a) each location described on the "Declarations Page"; and
- (b) any Newly Acquired Location, if covered by this policy.

**22. "Production machinery" means any complete production machine that processes, forms, cuts, shapes, grinds or conveys "raw stock", "stock in process" or "finished stock", and any equipment forming a part of the driving or controlling mechanism for such production machine. However, this does not mean any pump, compressor, fan, blower, engine or turbine; any electrical equipment; or any separate enclosed gear set connected to such production machine by a coupling, clutch or belt.**

**23. "Raw stock" means material in the state in which it is received for conversion by the Insured into "finished stock".**

**24. "Stock" means:**

- (a) merchandise of every description usual to the Insured's business including "raw stock", "stock in process" and "finished stock";
- (b) packing, wrapping and advertising materials; and
- (c) similar property belonging to others which the Insured is under obligation to keep insured or for which he is legally liable.

**25. "Stock in process" means "raw stock" which has undergone any ageing, seasoning, mechanical or other process of manufacture at the "premises", but which has not become "finished stock".**

**26. "Surface water" means water or natural precipitation temporarily diffused over the surface of the ground.**