

EQUIPMENT BREAKDOWN COVERAGE

AGREEMENT

In return for "your" payment of the required premium, "we" provide the coverage described in this endorsement during the policy period. This coverage is subject to the "terms" of this endorsement, the Common Policy Conditions, the Commercial Property Coverage Conditions, the "terms" of the applicable Building and Personal Property Coverage Part or Condominium Coverage Part, an Income Coverage Part and the "terms" of the Perils part of this policy, except as provided below.

ADDITIONAL DEFINITIONS

Some of the following definitions may not appear elsewhere in this endorsement, but may appear in the "schedule".

1. With respect to the coverage provided by this endorsement, the following definitions are added:

a. "Accident" means a fortuitous event that causes direct physical damage to "covered equipment". The event must be one of the following:

- 1) mechanical breakdown or rupturing or bursting of moving parts of machinery caused by centrifugal force;
- 2) loss caused by arcing or electrical currents other than lightning;
- 3) explosion of steam boilers, steam pipes, steam turbines, or steam engines that "you" own or lease or that are operated under "your" control;
- 4) loss to steam boilers, steam pipes, steam turbines, or steam engines caused by any condition

or occurrence within such equipment; or

- 5) loss to hot water boilers or heaters caused by any condition or occurrence within such equipment.
- b. None of the following is an "accident", however caused and without regard to whether such condition or event is normal and expected or unusual and unexpected. However, if an event as defined under 1.a. above results from any of the following, it will be considered an "accident".
 - 1) depletion, deterioration, rust, corrosion, erosion, settling, wear and tear, marring or scratching;
 - 2) any gradually developing condition;
 - 3) any defect, programming error, programming limitation, computer virus, malicious code, loss of "data", loss of access, loss of use, loss of functionality or other condition within or involving "data" or "media" of any kind;
 - 4) contamination by a "hazardous substance";
 - 5) any loss caused by animals, including birds, insects, or vermin; or
 - 6) misalignment, miscalibration, tripping off-line, or any condition which can be corrected by resetting, tightening, adjusting or cleaning, or by the performance of maintenance.

2. "Boilers and vessels" means:

- a. any boiler, including attached steam, condensate, and feedwater piping; and
- b. any fired or unfired pressure vessels subject to vacuum or internal pressure other than the static pressure of its contents.
3. "Cloud computing services" means professional, on-demand, self-service data storage or data processing services provided through the Internet or over telecommunications lines. This includes services known as IaaS (infrastructure as a service), PaaS (platform as a service), SaaS (software as a service) and NaaS (network as a service). This includes business models known as public clouds, community clouds and hybrid clouds. "Cloud computing services" include private clouds if such services are owned and operated by a third party.
4. Subject to the restrictions set forth below, and unless otherwise specified in the "declarations" or "schedule":
- a. "Covered equipment", means covered property:
- 1) that generates, transmits or utilizes energy; or
 - 2) which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.
- "Covered equipment" may utilize conventional design and technology or new or newly commercialized design and technology.
- b. "Covered equipment" does not mean:
- 1) structure, foundation, cabinet or compartment;
 - 2) insulating or refractory material;
 - 3) sewer piping, buried vessels or piping, or piping forming a part of a sprinkler or fire suppression system;
 - 4) water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
- 5) "vehicle" or any equipment mounted on a "vehicle";
 - 6) satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
 - 7) dragline, excavation or construction equipment; or
 - 8) equipment manufactured by "you" for sale.
5. "Data" means information or instructions stored in digital code capable of being processed by machinery.
6. "Electronic circuitry" means microelectronic components, including but not limited to circuit boards, integrated circuits, computer chips and disk drives.
7. "Electronic circuitry impairment" means a fortuitous event involving "electronic circuitry" within "covered equipment" that causes the "covered equipment" to suddenly lose its ability to function as it had been functioning immediately before such event. This definition is subject to the conditions specified in a., b. and c. below.
- a. "We" shall determine that the reasonable and appropriate remedy to restore such "covered equipment's" ability to function is the replacement of one or more "electronic circuitry" components of the "covered equipment".
 - b. The "covered equipment" must be owned or leased by "you", or operated under "your" control.
 - c. None of the following is an "electronic circuitry impairment":
 - 1) Any condition that can be reasonably remedied by:

- a) normal maintenance, including but not limited to replacing expendable parts, recharging batteries or cleaning;
- b) rebooting, reloading or updating software or firmware; or
- c) providing necessary power or supply.
- 2) Any condition caused by or related to:
- a) incompatibility of the "covered equipment" with any software or equipment installed, introduced or networked within the prior 30 days; or
- b) insufficient size, capability or capacity of the "covered equipment".
- 3) Exposure to adverse environmental conditions, including but not limited to change in temperature or humidity, unless such conditions result in an observable loss of functionality. Loss of warranty shall not be considered an observable loss of functionality.
8. "Hazardous substance" means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.
9. "Media" means material on which "data" is recorded, such as solid state drives, hard disks, optical disks, flash drives, magnetic tapes or floppy disks.
10. "One equipment breakdown" means, when an initial "accident" or "electronic circuitry impairment" causes other "accidents" or "electronic circuitry impairments", all will be considered "one equipment breakdown". All "accidents" or "electronic circuitry impairments" that are the result of the same "accident" or "electronic circuitry impairment" will be considered "one equipment breakdown".
11. "Perishable stock" means personal property that is preserved and maintained under conditions that control temperature or humidity and that is susceptible to loss if the controlled conditions change.
12. "Production machinery" means any machine or apparatus that processes or produces a product intended for eventual sale. This includes all component parts of such machine or apparatus and any other equipment used exclusively with such machinery or apparatus.
- However, "production machinery" does not mean any fired or unfired pressure vessel other than a cylinder containing a moveable plunger or piston.
13. "Restoration period" means the time it should reasonably take to resume "your business" starting from the date of loss at the described premises caused by an "accident" or "electronic circuitry impairment", and ending on the date the property should be rebuilt, repaired, or replaced. This is not limited by the expiration date of the policy.
- This does not include any increase in time due to the enforcement of any ordinance, law, or decree that regulates or requires:
- a. the construction, use, repair, or demolition of any property; or
- b. the testing, evaluating, observing, or recording the existence, level, or effects of "pollutants".
14. "Schedule" means the Equipment Breakdown Coverage Schedule.
15. "Vehicle" means any machine or apparatus that is used for transportation or moves under its own power. "Vehicle" includes, but is not limited to: car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester.
- However, any property that is stationary, permanently installed at a covered

location and that receives electrical power from an external power source will not be considered a "vehicle".

PROPERTY COVERAGE

"We" cover direct physical loss to property described under the Property Covered section of the Building and Personal Property Coverage Part or Condominium Unit Coverage Part, caused by a covered peril, as described in the Perils Covered section of this endorsement.

PROPERTY EXCLUDED AND LIMITATIONS

1. When this endorsement is used with the Special Perils Part, LM 0085; Additional Property Excluded And Limitations, item 1., Boilers, does not apply.
2. In addition to the property identified under the Property Excluded And Limitations in the Building And Personal Property Coverage Part and the Condominium Unit Coverage Part, the following additional property is not covered:
 - a. "we" do not pay for loss to animals, including but not limited to:
 - 1) birds and fish;
 - 2) animals owned by others and boarded by "you"; and
 - 3) animals "you" own and hold for sale.
 - b. when Household Personal Property Coverage, LM 0085 is part of "your" policy, "we" do not pay for loss to "your" household personal property.

ADDITIONAL COVERAGES

Unless otherwise shown in a "schedule" "we" provide the following additional coverages for loss caused by or resulting from an "accident" or "electronic circuitry impairment" to "covered equipment". However, with respect to coverage provided by Service Interruption below, coverage will apply only to the direct result of an "accident" and will not apply to

the direct result of an "electronic circuitry impairment".

The most "we" will pay for loss from any "one equipment breakdown" is the "limit" provided for each coverage, unless otherwise shown in a "schedule" for the applicable additional coverage.

The "limit" for each additional coverage is a part of, and not in addition to, the "limit" for the covered property.

If two or more "limits" apply to the same portion of a loss, "we" will only pay the smaller "limit" for that portion of the loss.

1. Loss of Earnings and Extra Expense

- a. Any insurance provided under the policy for actual loss of net income (net profit or loss before income taxes) and any necessary extra expenses is extended to the coverage provided by this endorsement. However if a deductible is shown in a "schedule", then with the respect to this endorsement only, the "restoration period" will begin immediately after the "accident" or "electronic circuitry impairment", and the deductible shown in the "schedule" will apply.
- b. The most "we" pay for loss or expense under this coverage is the applicable limit for Earnings and Extra Expense, unless otherwise shown in a "schedule".

2. Data Restoration

- a. "We" pay for "your" reasonable and necessary cost to research, replace and restore lost "data".
- b. The most "we" pay for loss or expense under this coverage, including actual loss of income you sustain and necessary extra expenses "you" incur, is \$25,000 unless otherwise shown in a "schedule".

3. Expediting Expenses

- a. With respect to “your” damaged covered property, “we” pay the reasonable extra cost to:
 - 1) make temporary repairs; and
 - 2) expedite permanent repairs or permanent replacement.
- b. The most “we” pay for loss or expense under this coverage is \$25,000 unless otherwise shown in a “schedule”.

4. Hazardous Substances

- a. “We” pay “your” additional cost to repair or replace covered property because of contamination by a “hazardous substance”. This includes the additional expenses to clean up or dispose of such property.
- b. This does not include contamination of “perishable stock” by refrigerant, including but not limited to ammonia, which is addressed in 8.a.2) below. As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no “hazardous substance” been involved.
- c. The most “we” pay for loss, damage or expense under this coverage, including actual loss of income “you” sustain and necessary extra expenses “you” incur, is \$25,000 unless otherwise shown in a “schedule.”

5. Off Premises Equipment Breakdown

- a. “We” pay for physical damage to transportable “covered equipment” that, at the time of the “accident” or “electronic circuitry impairment”, is not at a “covered location”. As respects this Off Premises Equipment Breakdown coverage only, the “accident” or “electronic circuitry impairment” may occur in any country except one in which the United States has imposed sanctions, embargoes or similar

restrictions on the provision of insurance.

- b. “We” also pay for “your” reasonable and necessary cost to research, replace and restore lost “data” contained within “covered equipment” as described under a. above. This amount may not exceed the limit applicable to Data Restoration coverage.
- c. The most “we” pay for loss, damage or expense under this coverage, including actual loss of income coverage “you” sustain and necessary extra expense “you” incur, if shown as covered, and Data Restoration as described in b. above is the limit for property off premises coverage shown in your policy, unless otherwise shown in a “schedule”.

6. Public Relations

- a. This coverage only applies if “you” have sustained an actual loss of income covered under this endorsement.
- b. “We” pay for “your” reasonable costs for professional services to create and disseminate communications, when the need for such communications arises directly from the interruption of “your” business. This communication must be directed to one or more of the following:
 - 1) the “media”;
 - 2) the public; or
 - 3) “your” customers, clients or members.
- c. Such costs must be incurred during the “restoration period” or up to 30 days after the “restoration period” has ended.
- d. The most “we” pay for loss or expense under this coverage is \$5,000.

7. Service Interruption

- a. Any insurance provided for loss of income, Data Restoration or Spoilage coverages is extended to apply to "your" loss, damage or expense caused by a failure or disruption of service. The failure or disruption of service must be caused by an "accident" to equipment, including overhead transmission lines, that is owned by a utility, landlord, a landlord's utility or other supplier who provides "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, "cloud computing services," wide area networks or data transmission. The equipment must meet the definition of "covered equipment" except that it is not covered property.
- b. "Cloud computing services" must be provided by a professional provider with whom "you" have a contract.
- c. With respect to the Data Restoration portion of this Service Interruption coverage, coverage will also apply to data stored in the equipment of a provider of "cloud computing services".
- d. Unless otherwise shown in a "schedule", any insurance provided for loss of income or Data Restoration will not apply under this Service Interruption coverage unless the failure or disruption of service exceeds 24 hours immediately following the "accident". If the interruption exceeds 24 hours, coverage will begin at the time of the disruption, and the applicable deductible will apply.
- e. The most "we" pay in any "one equipment breakdown" for loss, damage or expense under this coverage is the applicable limit for loss of income, Data Restoration or Spoilage, except that if a limit is shown in a "schedule" for Service

Interruption, that limit will apply to loss of income coverage and extra expenses loss under this coverage.

8. Spoilage

- a. "We" pay for:
 - 1) physical damage to "perishable stock" due to "spoilage";
 - 2) physical damage to "perishable stock" due to contamination from the release of refrigerant, including but not limited to ammonia;
 - 3) any necessary expenses "you" incur to reduce the amount of loss under this coverage to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.
- b. If "you" are unable to replace the "perishable stock" before its anticipated sale, the amount of "our" payment will be determined on the basis of the sales price of the "perishable stock" at the time of the "accident" or "electronic circuitry impairment", less discounts and expenses "you" otherwise would have had. Otherwise "our" payment will be determined in accordance with the Valuation provision.
- c. The most "we" pay for loss, damage or expense under this coverage is \$25,000 unless otherwise shown in a "schedule".

PERILS COVERED

"We" cover risks of direct physical loss caused by or resulting from an "accident" or "electronic circuitry impairment" to "covered equipment" unless the loss is limited or caused by a peril that is excluded. "We" will consider "electronic circuitry impairment" to be direct physical loss to "covered equipment".

PERILS EXCLUDED

With respect to the coverage provided by this endorsement, Perils Excluded is deleted and replaced by the following:

"We" do not pay for any excluded loss, damage or expense, even though any other cause or event contributes concurrently or in any sequence to the loss, damage or expense.

1. "We" do not pay for loss, damage or expense caused directly or indirectly by one or more of the following excluded causes or events, whether or not caused by or resulting from a peril covered.
 - a. **Fire and Explosion** -- "We" do not pay for loss caused by:
 - 1) fire, including smoke from a fire.
 - 2) combustion explosion. This includes, but is not limited to, a combustion explosion of any steam boiler or other fired vessel.
 - 3) any other explosion, except as specifically provided in the definition of "accident".
 - b. **Ordinance or Law** -- Except as provided under Supplemental Coverages, Increased Costs – Ordinance or Law, "we" do not pay for the enforcement of, or change in, any ordinance, law, regulation, rule or ruling regulating or restricting repair, replacement, alteration, use, operation, construction, installation or demolition of any building or structure including the cost of removing its debris.
 - c. **Earth Movement or Volcanic Action** -- "We" do not pay for loss caused by any earth movement whether natural or human-made. Earth movement includes, but is not limited to earthquake; shock; tremor; landslide; rock fall; mudflow; mudslide; mine subsidence; sinking, rising, shifting of earth; "sinkhole collapse" or tsunamis. "We" do not pay for loss caused by any volcanic action, including loss caused by eruption, explosion or effusion of a

volcano.

- d. **Civil Authority** -- "We" do not pay for loss caused by order of any civil authority, including seizure, confiscation, destruction, or quarantine of property.
- e. **Nuclear Hazard** -- "We" do not pay for loss caused by or resulting from nuclear reaction, nuclear detonation, nuclear radiation, or radioactive contamination (whether controlled or uncontrolled by natural, accidental, or artificial means).
- f. **War** -- "We" do not pay for loss caused by war. This means:
 - 1) declared war, undeclared war, civil war, insurrection, rebellion, or revolution;
 - 2) a warlike action by a military force or by military personnel; or
 - 3) the destruction, seizure, or use of the property for a military purpose; or
 - 4) the discharge of a nuclear weapon, even if it is accidental.
- g. **Water** -- "We" do not pay for loss caused by water. This means:
 - 1) flood; surface water; waves, tidal water, or the overflow of a body of water. This includes spray that results from these whether driven by wind or not.
 - 2) water that backs up through a sewer or drain; and
 - 3) water below the surface of the ground. This includes water that exerts pressure on or flows, seeps, or leaks through or into a building or structure, sidewalk, driveway, foundation swimming pool, or other structure.

However, if electrical "covered equipment" requires drying out as a result of the above described peril, "we" pay for the amount you actually

expend to dry out such equipment, subject to the applicable "limit" and deductible. "We" do not pay more than the Actual Cash Value of the affected electrical "covered equipment". "We" do not pay to replace such equipment or for any other loss, damage or expense.

- h. **Neglect** -- "We" do not pay for loss caused by "your" neglect to use all reasonable means to save covered property at and after the time of the loss.

"We" do not pay for loss caused by "your" neglect to use all reasonable means to save and preserve covered property when endangered by a covered peril.

- i. **Fines** -- "We" do not pay for any fine, penalty or punitive damage.
- j. **Fungus Or Related Perils** -- "We" do not pay for loss, damage or expense caused directly or indirectly by the following whether or not caused or resulting from an "accident" or "electronic circuitry impairment": Any "fungus or related perils", including any presence, growth, proliferation, spread or any activity of "fungus or related perils". This includes, but is not limited to, costs arising from clean up, removal, or abatement of such "fungus or related perils".
- k. **Increased Hazard** -- "We" do not pay for loss occurring while the hazard has been materially increased by any means within "your" knowledge or "your" control.
- l. **Data, Software Programs and operating systems** -- "We" do not pay to reproduce:
- 1) software programs or operating systems that are not commercially available; or
 - 2) "data" that is obsolete, unnecessary or useless to "you".

- m. **Vandalism** -- "We" do not pay for willful and malicious acts that cause damage or destruction.

- n. **Loss of Use** -- "We" do not pay for loss caused by loss of use, delay or loss of market.

- o. **Pollutants** -- "We" do not pay for loss caused by or resulting from release, discharge, seepage, migration, dispersal or escape of "pollutants" except as specifically provided under the Additional Coverage for Hazardous Substances.

- p. **Seepage** -- "We" do not pay for loss caused by continuous or repeated seepage or leakage of water or steam that occurs over a period of 14 days or more.

- q. **Smoke, Vapor, Gas or Smog** -- "We" do not pay for loss caused by smoke, vapor or gas from agricultural smudging or industrial operations or for loss caused by smog.

2. "We" do not pay for an "accident" or "electronic circuitry impairment" that is caused by or results from one or more of the following causes or events:

- a. **Lightning**

- b. **Windstorm and Hail** -- "We" do not pay for loss caused by windstorm or hail. However, this exclusion does not apply when:

- 1) "covered equipment" located within a building or structure suffers an "accident" or "electronic circuitry impairment" that results from wind-blown rain, snow, sand or dust; and

- 2) the building or structure did not first sustain wind or hail damage to its roof or walls through which the rain, snow, sand or dust entered.

- c. **Collision** -- "We" do not pay for loss caused by collision or any physical contact caused by a "vehicle". This

- includes damage by objects falling from aircraft. However, this exclusion does not apply to any unlicensed "vehicles" which "you" own or which are operated in the course of "your" business.
- d. **Riot or Civil Commotion**
 - e. **Discharge of Water** -- "We" do not pay for loss caused by the discharge of water or other extinguishing agent to fight a fire, including leakage or discharge of any substance from an automatic sprinkler system, or collapse of a tank that is part of the system.
 - f. **Testing** -- "We" do not pay for loss or damage caused by a hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an electrical insulation breakdown test of any type of electrical equipment.
 - g. **Elevator Collision.**
 - h. **Falling Objects;**
 - i. **Weight of Snow, Ice or Sleet;**
 - j. **Water Damage** -- "We" do not pay for loss caused by discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance containing water or steam;
 - k. **Collapse;**
 - l. **Breakage of Glass;**
 - m. **Weather Related Freezing;**
 - n. **Molten Material** -- "We" do not pay for loss caused by discharge of molten material from equipment, including the heat from such discharged material.
 - o. **Sonic Boom**
5. Exclusion 2. does not apply if all of the following are true:
 - a. the excluded peril occurs away from any covered location and causes an electrical surge or other electrical disturbance;
 - b. such surge or disturbance is transmitted through utility service transmission lines to a covered location;
 - c. at the covered location, the surge or disturbance results in an "accident" or "electronic circuitry impairment" to "covered equipment" that is owned or operated under the control of "you" or "your" landlord; and
 - d. the loss, damage or expense caused by such surge or disturbance is not covered elsewhere under the policy.
 4. "We" do not pay for "your" loss of income or extra expenses that "you" incur if one or more of the following excluded causes or events apply.
 - a. **Leases, Licenses, Contracts, or Orders** -- "We" do not pay for any increase in loss of income or extra expenses due to the suspension, lapse, or cancellation of leases, licenses, contracts, or orders. However, "we" do cover loss during the "restoration period" if the suspension, lapse, or cancellation results directly from the interruption of "your" business.

"We" do not cover any loss of income or extra expenses beyond the "restoration period" caused by the suspension, lapse, or cancellation of leases, licenses, contracts, or orders.
 - b. **Due Diligence to Resume Your Business** -- "We" do not pay for any increase in loss of income or extra expenses due to "your" failure to use due diligence and dispatch and all reasonable means to resume "your" business".
 - c. **Customer or Supplier Agreement** - - "We" do not pay for any increase in loss resulting from an agreement between "you" and "your" customer or supplier. This includes, but is not

limited to, contingent bonuses or penalties, late fees, demand charges, demurrage charges and liquidated charges.

"We" also do not pay for loss associated with "business" that would not or could not have been carried on if the "accident" or "electronic circuitry impairment" had not occurred.

VALUATION

With respect to the coverage provided by this endorsement, Valuation in the Building And Personal Property Coverage Part or the Condominium Unit Coverage Part is deleted and replaced with the following:

"We" will determine the value of covered property as follows:

1. Except as specified otherwise, "our" payment for damaged covered property will be the smallest of:
 - a. the cost to repair the damaged property;
 - b. the cost to replace the damaged property on the same site; or
 - c. the amount "you" actually spend that is necessary to repair or replace the damaged property.
2. The amount of "our" payment will be based on the most cost-effective means to replace the function, capacity and remaining useful life of the damaged property. This may include the use of generic, used or reconditioned parts, equipment or property.
3. Except as described in 4. below, "you" must pay the extra cost of replacing damaged property with property of a better kind or quality or of a different size or capacity.
4. **Environmental, Safety and Efficiency Improvements**

If "covered equipment" requires replacement due to an "accident" or "electronic circuitry impairment," "we" pay

"your" additional cost to replace with equipment that is better for the environment, safer for people or more energy or water efficient than the equipment being replaced.

However, "we" do not pay to increase the size or capacity of the equipment and "we" do not pay more than 150% of what the cost would have been to replace with like kind and quality. This provision does not apply to the replacement of component parts or to any property to which Actual Cash Value applies and does not increase any of the applicable limits.

5. The following property will be valued on an Actual Cash Value basis:
 - a. any property that does not currently serve a useful or necessary function for "you";
 - b. any covered property that "you" do not repair or replace within 24 months after the date of the "accident" or "electronic circuitry impairment"; and
 - c. any covered property for which Actual Cash Value coverage is specified in a "schedule".

Actual Cash Value includes deductions for depreciation.

6. If any one of the following conditions is met, property held for sale by "you" will be valued at the sales price as if no loss or damage had occurred, less any discounts and expenses that otherwise would have applied:
 - a. the property was manufactured by "you";
 - b. the sales price of the property is less than the replacement cost of the property; or
 - c. "you" are unable to replace the property before its anticipated sale.
7. Except as specifically provided for under Data Restoration coverage, "data" and

“media” will be valued on the following basis:

- a. for mass-produced and commercially available software, at the replacement cost.
- b. for all other “data” and “media”, at the cost of blank “media” for reproducing the records. “We” do not pay for “data” representing financial records based on the face value of such records.

HOW MUCH WE PAY

With respect to the coverage provided by this endorsement, How Much We Pay in the in the Building And Personal Property Coverage Part or the Condominium Unit Coverage Part is deleted and replaced with the following:

1. **Insurable Interest** -- “We” do not cover more than “your” insurable interest in any property.
2. **Deductible** – “We” pay only that part of “your” loss in excess of the deductible amount stated on the “declarations” or the “schedule”. If deductibles vary by type of “covered equipment” and more than one type of equipment is involved in any “one equipment breakdown”, the total amount deducted from “your” loss will not exceed the largest deductible applicable. Unless the “schedule” indicates that a single deductible applies to all Equipment Breakdown coverages, multiple deductibles may apply to any “one equipment breakdown”.
 - a. **Property and Income Coverages** -- Unless otherwise indicated on the “schedule”, the Property Coverage deductible applies to all loss covered by this endorsement, with the exception of those coverages subject to the Income Coverages deductible as described below.

Unless more specifically indicated on the “schedule”, the Income Coverages deductible applies to:

- 1) loss of income and extra expenses; and
 - 2) service interruption.
- b. **Application of Deductibles** --
- 1) **Dollar Deductibles** -- “We” do not pay for loss resulting from any “one equipment breakdown” until the amount of loss exceeds the applicable deductible indicated on the “schedule”. “We” then pay the amount of loss in excess of the applicable deductible or deductibles, subject to the applicable “limit” indicated on the “schedule”.

- 2) **Multiple of Average Daily Value Deductibles** -- If a deductible is expressed as a number times Average Daily Value (ADV), the deductible will be calculated as follows:

The ADV will be the operating expenses that would have been normally earned or incurred during the “restoration period” by “your” business had no “accident” or “electronic circuitry impairment” occurred divided by the number of working days in that period.

Operating expenses includes net income (net profit or loss before income taxes), payroll expense, interest, and other continuing operating expenses.

No reduction will be made:

- a) for operating expenses not being earned;
- b) in the number of working days because of the “accident” or “electronic circuitry impairment”; or
- c) for any other scheduled or unscheduled shutdowns during the “restoration period”.

The ADV applies to all covered locations included in the valuation of the loss. The number indicated on the "schedule" will be multiplied by the ADV as determined above. The result will be used as the applicable deductible.

- 3) **Time Deductibles** -- If a time deductible is indicated on the "schedule", "we" will not be liable for any loss occurring during the specified number of hours or days immediately following the "accident" or "electronic circuitry impairment". If a time deductible is expressed in days, each consecutive day will mean twenty-four consecutive hours.
- 4) **Percentage of Loss Deductibles** -- If a deductible is expressed as a percentage of loss, "we" will not be liable for the indicated percentage of the gross amount of loss, damage or expense (prior to any applicable deductible) insured under the applicable coverage. If the dollar amount of such percentage is less than the indicated minimum deductible, the minimum deductible will be the applicable deductible.
3. **Loss Settlement Terms** – Subject to paragraphs 1., 2., 4. and 5. under How Much We Pay, "we" pay the lesser of:
 - a. the amount determined under Valuation of Property Losses;
 - b. the cost to repair, replace or rebuild the property with material of like kind and quality to the extent practicable subject to the Valuations provisions under Environmental, Safety and Efficiency Improvements; or
 - c. the "limit" that applies to the covered property.

The most "we" pay for loss, damage or expense arising from any "one equipment breakdown" is the amount shown as the

Equipment Breakdown Limit in the "schedule".

Coverage provided under this endorsement does not provide an additional amount of insurance.

6. **Insurance Under More Than One Coverage** – If more than one coverage of this policy insures the same loss, "we" pay no more than the actual claim, loss, or damage sustained.
6. **Insurance Under More Than One Policy** -- "You" may have another policy subject to the same plan, "terms", conditions, and provisions as this policy. If "you" do, "we" will pay "our" share of the covered loss. "Our" share is the proportion that the applicable "limit" under this policy bears to the "limit" of all policies covering on the same basis.

If there is another policy covering the same loss, other than that described above, "we" pay only for the amount of covered loss in excess of the amount due from that other policy, whether "you" can collect on it or not. But "we" do not pay more than the applicable "limit".

ADDITIONAL CONDITIONS

1. **Suspension** -- When any "covered equipment" is discovered to be in, or exposed to a dangerous situation or condition, any representative of "ours" may immediately suspend the insurance coverage against loss from an "accident" or "electronic circuitry impairment" to that equipment.

"We" can do this by mailing or delivering a written notice of suspension to "your" address as shown in the declarations, or at the address where the "covered equipment" is located.

Once so suspended, "your" insurance can be reinstated only by written notice from "us". If "your" insurance is so suspended, "you" will get a pro rata premium refund. But the suspension is effective even if "we" have not yet offered or made a refund.

2. **Jurisdictional Inspections** -- If any property that is "covered equipment" under this Equipment Breakdown Coverage 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.

 3. **Coinsurance**
If a coinsurance percentage is shown in a "schedule" for specified coverages, the following condition applies.
"We" will not pay for the full amount of "your" loss if the applicable limit is less than the product of the specified coinsurance percentage times the value of the property subject to the coverage at the time of the loss. Instead, "we" will determine what percentage this calculated product is compared to the applicable limit and apply that percentage to the gross amount of loss. "We" will then subtract the applicable deductible. The resulting amount, or the applicable limit, is the most "we" will pay. "We" will not pay for the remainder of the loss. Coinsurance applies separately to each insured location.
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This endorsement changes the policy
--PLEASE READ THIS CAREFULLY --

**FORM LM CP EBC 07 2016
COMMERCIAL PROPERTY COVERGE PART
EQUIPMENT BREAKDOWN COVERAGE SCHEDULE**

Equipment Breakdown is subject to the Limits of Insurance shown in the Declarations except as specifically shown below.

These coverages apply to all locations covered on the policy, unless otherwise specified.

Coverages	Limits
Equipment Breakdown Limit	Building Property Limit
Loss of Earnings	See Declarations Page
Extra Expense	See Declarations Page
Data Restoration	\$ 25,000
Expediting Expenses	\$ 25,000
Hazardous Substances	\$ 25,000
Off Premises Equipment Breakdown	See Declarations Page
Service Interruption	\$ 25,000
Spoilage	\$ 25,000

Deductibles

Combined, All Coverages	See Declarations Page
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