



Agreement and Conditions

Colorado Special Districts Property & Liability Pool

EQUIPMENT BREAKDOWN / BOILER & MACHINERY COVERAGE DOCUMENT

In return for payment of the contribution and subject to all terms of this coverage document, Colorado Special Districts Property and Liability Pool (Pool) agrees with the Member to provide the coverage as stated in this Agreement.

GENERAL CONDITIONS

The following conditions apply to this Coverage Document, in addition to the Common Terms and Conditions.

I. COMMON COVERAGE CONDITIONS

A. CHANGES

This Coverage Document contains all the agreements between Member District and Pool concerning the coverage afforded. The first Member District shown in the Declarations is authorized to make changes in the terms of this Coverage Document with our consent. This Coverage Document's terms can be amended or waived only by endorsement issued by the Pool and made a part of this Coverage Document.

B. INSPECTIONS AND SURVEYS

We have the right but are not obligated to:

- 1. Make inspections and surveys at any time;**
- 2. Give you reports on the conditions we find; and**
- 3. Recommend changes.**

Any inspections, surveys, reports or recommendations relate only to insurability and the contributions to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

- 1. Are safe or healthful; or**
- 2. Comply with laws, regulations, codes or standards.**

This condition applies not only to the Pool, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

II. CALCULATION OF CONTRIBUTION

The contribution shown in the Declarations was computed based on rates in effect at the time the Coverage Document was issued. On each renewal, continuation, or anniversary of the effective date of this Coverage Document, we will compute the contribution in accordance with our rates and rules then in effect.

III. ADJUSTMENT OF CONTRIBUTION

You will report insurable values to us at least once a year.

IV. LOSS ADJUSTMENT AGREEMENT

A. If there is loss or damage covered under this Coverage Document and also under a Commercial Property policy and there is disagreement between the insurers with respect to:

- 1. Whether such damage or destruction was caused by an “accident” covered against by this Coverage Document or a Cause of Loss insured against by such Commercial Property policy; or**
- 2. The extent of participation of this Coverage Document and of such Commercial Property policy in a loss which is covered against, partially or wholly, by any or all of said policies,**

We shall, upon written request from you, pay to you one-half of the amount of the loss which is in disagreement, but in no event more than we would have paid if there had been no Commercial Property policy in effect.

B. This agreement is subject to the following conditions:

- 1. The amount of the loss which is in disagreement, after making provisions for any undisputed claims payable under the policies and after the amount of the loss is agreed upon by you, us and the provider of Commercial Property insurance, is limited to the minimum amount remaining payable under either this Coverage Document or the Commercial Property policy.**
- 2. The Commercial Property insurer shall simultaneously pay to you one-half of the amount which is in disagreement.**

3. **The payments by us and the Commercial Property insurer and acceptance of those sums by you signify the agreement of us and the Commercial Property insurer to submit to and proceed with arbitration within 90 days of such payment.**

There shall be three arbitrators, one of whom shall be appointed by us, one of whom shall be appointed by the Commercial Property insurer and the third appointed by consent of the other two. The decision by the arbitrators shall be binding on us and the Commercial Property insurer and judgment upon such award may be entered in any court of competent jurisdiction.

4. **You agree to cooperate in connection with but not to intervene in such arbitration.**
5. **The provisions of this agreement shall not apply unless such Commercial Property policy was materially the same agreement in force at the time of the loss.**
6. **Acceptance by you of any payment under this agreement shall not alter, waive, surrender, or in any way affect the rights you have against the Commercial Property insurer or us.**

V. ERRORS IN DESCRIPTION

We will pay your loss covered by this Coverage Document if such loss is otherwise not payable solely because of any unintentional error in describing a location covered under this Coverage Document.

You agree to give us prompt notice of any such error when discovered.

EQUIPMENT BREAKDOWN COVERAGE FORM

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

Throughout this Coverage Document, the words “you” and “your” refer to the Member District shown in the Declarations. The words “we,” “us” and “our” refer to the Colorado Special Districts Property & Liability Pool. Other words and phrases that appear in quotation marks have special meaning. Refer to Section G - DEFINITIONS, except for “accident” and “covered equipment,” which are defined in A.1.a. b. below.

A. COVERAGE

1. Covered Cause of Loss

The coverage provided by this Coverage Part applies to the direct result of an “accident” to “covered equipment.”

- 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, including rupture or bursting caused by centrifugal force;
 - (2) Artificially generated electrical current, including electrical arcing, that disturbs electrical devices, appliances or wires;
 - (3) Explosion of steam boilers, steam piping, steam engines or steam turbines owned or leased by you, or operated under your control;
 - (4) Loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
 - (5) Loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.
- b. “Covered Equipment” means, unless specified otherwise in the Declarations, Covered Property:
- (1) That generates, transmits or utilizes energy, including electronic communications and data processing equipment; or
 - (2) Which during normal usage, operates under vacuum or pressure, other than the weight of its contents.

Such property must be at a location described in the Declarations and must be owned or leased by you or operated under your control, except as specifically provided for under Service Interruption coverage and the Service Interruption component of other coverages.

2. Coverages Provided

The following coverages are provided **ONLY** if shown in the Pool's Equipment Breakdown / Boiler and Machinery Certificate. Subject to Property Damage Limit and Sublimits shown on the Declaration Page.

The "accident" must occur during the coverage period, but expiration of the coverage period does not limit our liability.

a. Property Damage

We will pay for direct damage to "covered property."

b. Business Income

- (1) We will pay your actual loss of "business income" that results directly from the necessary total or partial interruption of your business.**
- (2) We will also pay any necessary expenses you incur to reduce the amount of loss under this coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.**
- (3) We will consider the actual experience of your business before the "accident" and the probable experience you would have had without the "accident" in determining the amount of our payment.**
- (4) This coverage continues until the date the damaged property is repaired or replaced, plus is extended for 180 days.**

c. Extra Expense

We will pay the reasonable "extra expense" to operate your business during a total or partial interruption of business.

d. Service Interruption

- (1) Any insurance provided for Business Income, Extra Expense or Perishable Goods is extended to apply to loss as qualified below.**
- (2) The "covered equipment" is owned by a**
 - (a) Utility,**
 - (b) Landlord, or**

(c) **Other supplier with whom you have a contract to provide you with any of the following services: electrical power, communications, waste disposal, air conditioning, refrigeration, heating, gas, air, water or steam.**

(3) **Service Interruption coverage will not apply unless the failure or disruption of service exceeds 24 hours immediately following the “accident.”**

e. Perishable Goods

(1) **We will pay for your loss of “perishable goods” due to spoilage.**

(2) **We will also pay for your loss of “perishable goods” due to contamination from the release of refrigerant, including but not limited to ammonia.**

(3) **We will also pay any necessary expenses you incur to reduce the amount of loss under this coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.**

f. Computer Equipment

We will pay for direct damage to “computer equipment” that is damaged by an “accident” to such equipment.

We will also pay for loss as described in Business Income and Extra Expense coverages caused by such damage, if these coverages are indicated in the Equipment Breakdown / Boiler & Machinery Certificate.

Computers used primarily to control or operate machinery will not be subject to the Computer Equipment coverage limit.

g. Data Restoration

We will pay for your reasonable and necessary cost to research, replace and restore lost “data.”

We will also pay for loss as described in Business Income and Extra Expense coverages caused by such damage, if these coverages are indicated in the Equipment Breakdown / Boiler & Machinery Certificate.

h. Demolition and ICC (Increased Cost of Construction)

If an “accident” to “covered equipment” damages a building that is “covered property”; and the loss is increased by enforcement of any ordinance or law in force at the time of the “accident” that regulates the construction or repair of buildings, or establishes zoning or land use

requirements, we will pay for the following additional costs to comply with such ordinance or law:

- (1) Your actual expenditures for the cost to demolish and clear the site of undamaged parts.
- (2) Your actual expenditures for increased costs to repair, rebuild or construct the building. If the building is repaired or rebuilt, it must be intended for similar use or occupancy as the current building, unless otherwise required by zoning or land use ordinance or law.
- (3) Your loss as described in Business Income and Extra Expense coverages caused by loss covered in (1) or (2) above, if these coverages are indicated in the Equipment Breakdown / Boiler & Machinery Certificate.

We will not pay for:

- (4) Any fine;
- (5) Any liability to a third party;
- (6) Any increase in loss due to a “hazardous substance”; or
- (7) Increased construction costs until the building is actually repaired or replaced.

i. Expediting Expenses

With respect to your damaged “covered property,” we will pay the reasonable extra cost to:

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

j. Hazardous Substances

We will pay for the 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.

Additional costs mean those beyond what would have been required had no “hazardous substance” been involved.

We will also pay for additional loss as described in Business Income, Extra Expense and Perishable Goods coverages caused by such contamination, if these coverages are indicated in the Equipment Breakdown / Boiler & Machinery Certificate.

k. 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. This means the additional expense to do the least expensive of the following:

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

Additional costs mean those beyond what would have been required had no CFC refrigerant been involved.

We will also pay for additional loss as described in Business Income, Extra Expense and Perishable Goods coverages caused by such loss, if these coverages are indicated in the Equipment Breakdown / Boiler & Machinery Certificate.

l. Newly Acquired Locations

All coverages provided by this Coverage Part are extended to a newly acquired location that you have purchased or leased. This automatic coverage begins at the time you acquire the property and is subject to the following conditions:

- (1) You agree to pay an additional premium as determined by us. Such additional premium will be computed from the date of acquisition.**
- (2) You report the location to us no later than the number of days specified in the Equipment Breakdown / Boiler & Machinery Certificate for this coverage after the date you acquire the location.**
- (3) Coverage under this coverage for each newly acquired location will end when any of the following first occurs:**
 - (a) This Coverage Document expires;**
 - (b) The number of days specified in the Equipment Breakdown / Boiler & Machinery Certificate for this coverage expire after you acquire the location; or**
 - (c) The location is more specifically insured.**

- (4) **If limits or deductibles vary by location, the highest limits and deductibles will apply.**

m. Defense

This coverage is automatically included and does not need to be indicated in the Equipment Breakdown / Boiler & Machinery Certificate.

- (1) **If a claim or “suit” is brought against you alleging that you are liable for damage to property of another in your care, custody or control, that was directly caused by an “accident” to “covered equipment,” we will either:**

- (a) **Settle the claim or “suit,” or**
- (b) **Defend you against the claim or “suit” but keep for ourselves the right to settle it at any point.**

- (2) **We will pay, with respect to any claim or “suit” we defend:**

- (a) **All expenses we incur;**
- (b) **The cost of bonds to release attachments. We do not have to furnish these bonds;**
- (c) **All reasonable expenses incurred by you at our request to assist us in the investigation or defense of the claim or “suit,” including actual loss of earnings up to \$250 a day because of time off from work;**
- (d) **All costs taxed against you in any “suit” we defend;**
- (e) **Prejudgment interest awarded against you on that part of the judgment we pay. If we make an offer to pay the applicable limits, we will not pay any prejudgment interest based on that period of time after the offer; and**
- (f) **All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limits.**

B. EXCLUSIONS

- 1. **We will not pay for loss or damage caused by or resulting from:**

- a. **Depletion, deterioration, corrosion, erosion, wear and tear, or other gradually developing conditions.**

But if loss or damage from an “accident” results, we will pay for that resulting loss or damage.

- b. The enforcement of any ordinance, law, regulation, rule or ruling regulating or restricting repair, replacement, alteration, use, operation, construction or installation, except as provided under the following coverages: Demolition and ICC, Hazardous Substances or CFC Refrigerants.**
- c. Any earth movement, including but not limited to earthquake, subsidence, sinkhole collapse, landslide, mudslide, earth sinking, tsunami or volcanic action.**
- d. Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not.**

However, if electrical “covered equipment” requires drying out because of the above, we will pay for the direct expenses of such drying out, subject to the applicable Property Damage limit and Direct Coverage deductible.

- e. Nuclear reaction or radiation, or radioactive contamination, however caused.**
- f. War, including undeclared or civil war; Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.**
- g. Fire or combustion explosion, whether or not caused by or resulting from an “accident.”**
- h. Any of the following tests:
 - (1) A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel; or**
 - (2) An insulation breakdown test of any type of electrical equipment.****
- i. Water or other means used to extinguish a fire, even when such an attempt is unsuccessful.**
- j. Breakage of Glass, Falling Objects, Weight of Snow, Ice or Sleet or Water Damage (including Water Damage that is the result of an “accident”); or**
- k. Freezing (caused by cold weather); Collapse or Molten Material.**
- l. 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.

- m. Lightning; Windstorm or Hail; Explosion (except as specifically provided in A.1.a.(3) above) for steam or centrifugal explosion); Smoke, Aircraft, Riot or Civil Commotion, Vandalism; Sprinkler Leakage or Elevator Collision.**
- n. Exclusion 1.m. does not apply if all of the following are true:**
 - (1) The excluded peril occurs away from any location described in the Declarations and causes an electrical surge or other electrical disturbance;**
 - (2) Such surge or disturbance is transmitted through utility service transmission lines to a described location;**
 - (3) At the described location, the surge or disturbance results in an "accident" to "covered equipment" that is owned or operated under the control of you or your landlord; and**
 - (4) The loss, damage or expense caused by such surge or disturbance is not a covered cause of loss under another coverage part or policy of insurance you have, whether collectible or not, and without regard to whether or not the other coverage part or policy of insurance provides the same coverage or scope of coverage as this policy.**
- 2. With respect to Business Income, Extra Expense and Service Interruption coverages, we will also not pay for:**
 - a. Loss caused by your failure to use due diligence and dispatch and all reasonable means to resume business at the described location;**
 - b. That part of any loss that is due solely to the suspension, lapse or cancellation of a contract following an "accident" extending beyond the time Business Income is applicable; or**
 - c. Delay in resuming operations due to the need to reconstruct or re-input "data" or programs on "media."**
- 3. With respect to Perishable Goods coverage, we will also not pay for loss or damage as a result of your failure to use all reasonable means to protect the perishable goods from damage following an "accident."**
- 4. We will also not pay for loss or damage caused by or resulting from 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. But if an "accident" results, we will pay for that resulting loss, damage or expense.**

5. We will not pay for loss, damage or expense caused directly or indirectly by the following, whether or not caused by or resulting from an “accident”: Any mold, fungus, mildew or yeast, including any spores or toxins produced by or emanating from such mold, fungus, mildew or yeast. This includes, but is not limited to, costs arising from clean up, removal, or abatement of such mold, fungus, mildew or yeast, spores or toxins. However, this exclusion does not apply to spoilage of personal property that is “perishable goods,” to the extent that spoilage is covered under Perishable Goods coverage.
6. None of the following is “covered equipment”:
 - a. Structure, foundation, cabinet, compartment, or air supported structure or building;
 - b. Insulating or refractory material;
 - c. Sewer piping, buried vessels or piping, any piping forming a part of a sprinkler system or water piping other than:
 - (1) Boiler feed water piping;
 - (2) Boiler condensate return piping; or
 - (3) Water piping forming a part of refrigerating or air conditioning system;
 - d. “Vehicle” or any equipment mounted on a “vehicle,” except “Portable Equipment” which can be mounted on a “vehicle”;
 - e. Satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
 - f. Dragline, excavation or construction equipment except “Portable Equipment”; or
 - g. Equipment manufactured by you for sale.
7. “Covered property” does not include animals.

C. LIMITS OF INSURANCE

Any payment made under this Coverage Part will not be increased if more than one Member District is shown in the Equipment Breakdown / Boiler & Machinery Certificate.

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. Equipment Breakdown Limit

The most we will pay for loss or damage arising from any “one accident” is the amount shown as the Equipment Breakdown Limit in the Equipment Breakdown / Boiler & Machinery Certificate. This total limit applies to all coverages under this Coverage Part except Defense. The costs we incur under the Defense coverage shall not reduce the available Equipment Breakdown Limit.

2. Coverage Limits

The limit of your coverage under each of the coverages from loss or damage arising from any “one accident” is the amount shown in the Equipment Breakdown / Boiler & Machinery Certificate for that coverage. These limits are a part of, and not in addition to, the Equipment Breakdown Limit. If an amount of time is shown, coverage will continue for no more than that amount of time immediately following the “accident.”

EXAMPLE 1 (Coverages that Do Not Overlap)

If there is “one accident” that results in loss under Property Damage and Business Income coverages, the limits for those coverages will both be available, up to a combined amount not to exceed the Equipment Breakdown Limit.

EXAMPLE 2 (Coverages that Overlap)

If there is “one accident” that results in loss under Property Damage coverage and that is covered because of Newly Acquired Locations coverage, the overlapping portion of the loss, which in this case is the entire loss amount, will be subject to the smaller limit.

D. DEDUCTIBLE

If deductibles vary by type of “covered equipment” and more than one type of “covered equipment” is involved in any “one accident,” the highest deductibles will apply.

1. Direct and Indirect Coverages

Unless otherwise shown in the Equipment Breakdown / Boiler & Machinery Certificate, the Direct Coverages Deductibles apply to all loss or damage covered by this Coverage Part, with the exception of those coverages subject to the Indirect Coverages Deductibles as noted below.

Unless more specifically indicated in the Equipment Breakdown / Boiler & Machinery Certificate, the Indirect Coverages Deductibles apply to Business Income, Extra Expense, Service Interruption, and the extensions of those Coverages included in other Coverages.

Defense Coverage is not subject to a deductible.

2. Application of Deductibles

a. Dollar Deductibles

We will not pay for loss or damage resulting from any “one accident” until the amount of loss or damage exceeds the applicable deductible or deductibles shown in the Equipment Breakdown / Boiler & Machinery Certificate. We will then pay the amount of loss or damage in excess of the applicable deductible or deductibles, subject to the applicable limits shown in the Equipment Breakdown / Boiler & Machinery Certificate.

b. Time Deductibles

If a time deductible is shown in the Equipment Breakdown / Boiler & Machinery Certificate, we will not be liable for any loss occurring during the specified number of hours or days immediately following the “accident.” If a time deductible is expressed in days, each day shall mean twenty-four consecutive hours.

E. LOSS CONDITIONS

The following conditions apply in addition to the Common Coverage Document Conditions:

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we admit liability for a loss and we and you disagree on the value of the property or “business income”, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property or “business income.” If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

3. Brands and Labels

If branded or labeled merchandise that is “covered property” is damaged by an “accident” to “covered equipment”, but retains a salvage value, you may, at your expense:

- a. Stamp the word SALVAGE on the merchandise or its containers if the stamp will not physically damage the merchandise; or
- b. Remove the brands or labels, if doing so will not physically damage the merchandise. You must re-label the merchandise or its containers to comply with the law.

We will pay for any reduction in value of the salvage merchandise resulting from either of these two actions.

If a Brands and Labels Limit is shown on the Equipment Breakdown / Boiler & Machinery Certificate, we will not pay more than the indicated amount for coverage under this Condition.

5. Duties In the Event of Loss or Damage

You must see that the following are done in the event of loss or damage:

- a. Give us prompt notice of the loss or damage. Include a description of the property involved;
- b. As soon as possible, give us a description of how, when and where the loss or damage occurred;
- c. Allow us a reasonable time and opportunity to examine the property and premises before repairs are undertaken or physical evidence of the “accident” is removed. But you must take whatever measures are necessary for protection from further damage;
- d. Permit us to inspect the property and records. Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis;
- e. If requested, permit us to question you under oath, at such times as may be reasonably required about any matter relating to this insurance or your claim including your books and records. In such event, your answers must be signed;
- f. Send us a signed, sworn proof of loss containing the information we request to settle the claim. You must do this within 60 days after our request;
- g. Cooperate with us in the investigation and settlement of the claim;
- h. Promptly send us any legal papers or notices received concerning the loss or damage; and

- i. **Make no statement that will assume any obligation or admit any liability, for any loss or damage for which we may be liable, without our consent.**

We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

6. Reducing Your Loss

You must reduce your loss, if possible, by:

- a. **Resuming business, partially or completely;**
- b. **Making up lost business within a reasonable amount of time. This includes working extra time or overtime at the location of loss or at another location. The reasonable amount of time does not necessarily end when the operations are resumed;**
- c. **Using merchandise or other property available to you;**
- d. **Using the property or services of others; or**
- e. **Salvaging the damaged property.**

7. Salvage and Recoveries

When, in connection with any loss under this Coverage Part, any salvage or recovery is received subsequent to the payment of such loss, the loss shall be refigured on the basis on which it would have been settled had the amount of salvage or recovery been known at the time the loss was originally determined. Any amounts thus found to be due either party from the other shall be paid promptly.

8. Valuation

- a. **Our payment for damaged “covered property” will be the smallest of:**
 - (1) **The cost to repair the damaged property;**
 - (2) **The cost to replace the damaged property on the same site; or**
 - (3) **The amount you actually spend that is necessary to repair or replace the damaged property.**
- b. **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.**

- c. **If you do not repair or replace the damaged property within 24 months after the date of the “accident,” then we will pay only the smaller of the:**
 - (1) **Cost it would have taken to repair at the time of the “accident”;** or
 - (2) **Actual cash value; at the time of the “accident.”**
- d. **If any of the following conditions are met, property held by you for sale will be valued at the sales price as if no loss or damage had occurred, less any discounts and expenses you otherwise would have had:**
 - (1) **The property was manufactured by you;**
 - (2) **The sales price of the property is less than the replacement cost of the property; or**
 - (3) **You are unable to replace the property before its anticipated sale.**
- e. **“Media” will be valued on the following basis:**
 - (1) **For “media” that are mass-produced and commercially available, at the replacement cost.**
 - (2) **For all other “media,” at the cost of blank material for reproducing the records.**

F. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Common Coverage Document Conditions:

1. Additional Covered Member

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

2. Bankruptcy

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

3. Concealment, Misrepresentation or Fraud

We will not pay for any loss if you or any other Named Member at any time intentionally conceal or misrepresent a material fact concerning:

- a. **This Coverage Part;**
- b. **The “covered property”;**

- c. Your interest in the “covered property”; or
- d. A claim under this Coverage Part.

4. Legal Action Against Us

No one may bring a legal action against us under this Coverage Document unless:

- a. There has been full compliance with all the terms of this Coverage Document; and
- b. The action is brought within two years after the date of the “accident”; or
- c. We agree in writing that you have an obligation to pay for damage to “covered property” of others or until the amount of that obligation has been determined by final judgment or arbitration award. No one has the right under this Coverage Document to bring us into an action to determine your liability.

5. Liberalization

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the Coverage Document period, the broadened coverage will immediately apply to this Coverage Part.

6. Loss Payable

- a. We will pay you and the loss payee shown in the Equipment Breakdown / Boiler & Machinery Certificate for loss covered by this Coverage Part, as interests may appear. The insurance covers the interest of the loss payee unless the loss results from conversion, secretion or embezzlement on your part.
- b. We may cancel the Coverage Document as allowed by the Cancellation Condition. Cancellation ends this agreement as to the loss payee’s interest. If we cancel, we will mail you and the loss payee the same advance notice.
- c. If we make any payment to the loss payee, we will obtain their rights against any other party.

7. Mortgage Holders

- a. The term mortgage holder includes trustee.
- b. We will pay for direct damage to “covered property” due to an “accident” to “covered equipment” to you and each mortgage holder shown in the

Equipment Breakdown / Boiler & Machinery Certificate in their order of precedence, as interests may appear.

- c. The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the “covered property.”**
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgage holder will still have the right to receive loss payment if the mortgage holder:**
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;**
 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and**
 - (3) Has notified us of any change in ownership or material change in risk known to the mortgage holder.**

All of the terms of this Coverage Part will then apply directly to the mortgage holder.

- e. If we pay the mortgage holder for any loss and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:**
 - (1) The mortgage holder's right under the mortgage will be transferred to us to the extent of the amount we pay; and**
 - (2) The mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired.**

At our option, we may pay to the mortgage holder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this Coverage Document, we will give written notice to the mortgage holder at least:**
 - (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or**
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason.**
- g. If we elect not to renew this Coverage Document, we will give written notice to the mortgage holder at least 10 days before the expiration date of this Coverage Document.**

- h. If we suspend coverage, it will also be suspended as respects the mortgage holder. We will give written notice of the suspension to the mortgage holder.**

8. Other Insurance

- a. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable limits under this Coverage Part bear to the Limits of Insurance of all insurance covering on the same basis.**
- b. If there is other insurance covering the same loss or damage, other than that described in (a) above, we will pay only the amount of covered loss or damaged in excess of the amount due from that other insurance, whether you can collect on it or not.**

In no case will we pay more than the applicable limits.

9. Coverage Period, Coverage Territory

Under this Coverage Part:

- a. The “accident” must occur:**
 - (1) During the Coverage Period shown in the Equipment Breakdown / Boiler & Machinery Certificate; and**
 - (2) Within the Coverage Territory.**
- b. The Coverage Territory is:**
 - (1) The United States of America (including its territories and possessions);**
 - (2) Puerto Rico; and**
 - (3) Canada.**

10. Environmental, Safety and Efficiency Improvements

If “covered equipment” requires replacement due to an “accident,” 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 coverage does not increase any of the applicable limits. This coverage does not apply to any property indicated as being valued on an Actual Cash Value basis.

11. Jurisdictional Inspections

If any property that is “covered equipment” under this coverage part 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.

12. Privilege to Adjust with Owner

In the event of loss or damage involving property of others in your care, custody or control, we have the right to settle the loss or damage with respect to such property with the owner of the property. A receipt for payment from the owners of that property will satisfy any claim of yours.

13. Suspension

Whenever “covered equipment” is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an “accident” to that “covered equipment.” This can be done by delivering or mailing a written notice of suspension to:

- a. Your last known address; or
- b. The address where the “covered equipment” is located.

Once suspended in this way, your insurance can be reinstated only by an endorsement for that “covered equipment.”

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

14. Transfer of Rights of Recovery Against Others to Us

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

- a. Prior to a loss to your “covered property.”
- b. After a loss to your “covered property” only if, at time of loss, that party is one of the following:
 - (1) Someone insured by this insurance; or
 - (2) A business firm:

- (a) Owned or controlled by you; or
- (b) That owns or controls you.

G. DEFINITIONS

1. **“Accident” is defined in A.1.a., COVERAGE - Covered Cause of Loss.**
2. **“Boilers and Vessels” means:**
 - a. **Any boiler, including attached steam, condensate and feedwater piping; and**
 - b. **Any fired or unfired pressure vessel subject to vacuum or internal pressure other than the static pressure of its contents.**

This term does not appear elsewhere in this coverage form, but may appear in the Equipment Breakdown / Boiler & Machinery Certificate.

3. **“Business Income” means the sum of:**
 - a. **The Net Income (net profit or loss before income taxes) that would have been earned or incurred; and**
 - b. **Continuing normal operating expenses incurred, including employee payroll.**
4. **“Business Income Actual Annual Value” means the “business income” for the current fiscal year that would have been earned had no “accident” occurred. In calculating the “business income actual annual value,” we will take into account the actual experience of your business before the “accident” and the probable experience you would have had without the “accident.”**
5. **“Business Income Estimated Annual Value” means the anticipated “business income” reported to us and shown in the Equipment Breakdown / Boiler & Machinery Certificate. If no value is shown in the Declarations, the “business income estimated annual value” will be the most recent report of anticipated “business income” values on file with us.**
6. **“Computer Equipment” means “covered property” that is electronic computer or other electronic data processing equipment, including “media” and peripherals used in conjunction with such equipment.**
7. **“Covered Equipment” is defined in A.1.b., COVERAGE - Covered Cause of Loss.**
8. **“Covered Property” means property that:**
 - a. **You own; or**

- b. Is in your care, custody or control and for which you are legally liable while at a location described in the Equipment Breakdown / Boiler & Machinery Certificate.**
- 9. "Data" means information or instructions stored in digital code capable of being processed by machinery.**
- 10. "Extra Expense" means the additional cost you incur to operate your business during the interruption over and above the cost that normally would have been incurred to operate the business during the same period had no "accident" occurred.**
- 11. "Hazardous Substance" means any substance other than ammonia that has been declared to be hazardous to health by a governmental agency.**
- 12. "Media" means all forms of electronic, magnetic and optical tapes and discs for use in any electronic computer or electronic data processing equipment.**
- 13. "One Accident" means:**

If an initial "accident" causes other "accidents," all will be considered "one accident." All "accidents" that are the result of the same event will be considered "one accident."
- 14. "Perishable Goods" means any "covered property" subject to deterioration or impairment as a result of a change of conditions, including but not limited to temperature, humidity or pressure.**
- 15. "Portable Equipment" means:**

Portable emergency response equipment: generators, fans, air tanks, air compressors and pumps, including while mounted on a "vehicle."
- 16. "Production Machinery" means:**

Any machine or apparatus that processes or produces a product intended for eventual sale. However, "production machinery" does not mean any fired or unfired pressure vessel other than a cylinder containing a movable plunger or piston.

This term does not appear elsewhere in this coverage form, but may appear in the Equipment Breakdown / Boiler & Machinery Certificate.
- 17. "Suit" means a civil proceeding to which this insurance applies and includes:**
 - a. An arbitration proceeding in which damages are claimed and to which you must submit or do submit with our consent; or**
 - b. Any other alternative dispute resolution proceeding in which damages are claimed and to which you submit with our consent.**

18. **"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."**