

# AMERICAN BANKERS INSURANCE COMPANY OF FLORIDA EQUIPMENT BREAKDOWN ENHANCEMENT ENDORSEMENT

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

DWELLING COVERAGE – BASIC FORM FO-1  
DWELLING COVERAGE – BROAD FORM FO-2  
DWELLING COVERAGE – SPECIAL FORM FO-3  
DWELLING COVERAGE – RENTERS FORM FO-4  
DWELLING COVERAGE – SPECIAL PERILS – COVERAGE C – PERSONAL PROPERTY  
FARM COVERAGE FO-6  
ADDITIONAL POLICY CONDITIONS AND PROPERTY COVERAGE TERMS FO-20

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

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## AGREEMENT

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"We" cover direct physical loss to covered property that is caused by an "equipment breakdown". The Equipment Breakdown Coverage Limit shown on the "declarations" is the most "we" pay for any one loss, regardless of the number of "equipment breakdowns".

If the policy to which this endorsement is attached provides business income coverage such as Farm Income, Extra Expense, or Farm Rents, the "equipment breakdown" coverage provided by this endorsement is extended to apply to such business income coverage. The coverage provided by this endorsement for business income is subject to the policy "limit" for the applicable business income coverage.

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## DEFINITIONS

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The following definitions are added:

"Equipment Breakdown"

a. "Equipment Breakdown" as used herein means:

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

b) electrical or electronic breakdown; or

c) rupture, bursting, bulging, implosion, or steam explosion.

b. "Equipment Breakdown" does not mean physical loss or damage caused by or resulting from any of the following:

- 1) wear and tear;
- 2) rust or other corrosion, decay, deterioration, hidden or latent defect, mold or any other quality in property that causes it to damage or destroy itself;
- 3) smog;
- 4) settling, cracking, shrinking, or expansion;
- 5) nesting or infestation, or discharge or release of waste products or secretions, by birds, rodents, or other animals;
- 6) any accident, loss, damage, cost, claim, or expense, whether preventative, remedial, or otherwise, directly or indirectly arising out of or relating to the recognition, interpretation, calculation, comparison, differentiation, sequencing, or processing of data by any computer system including any hardware, programs, or software;
- 7) scratching and marring;
- 8) loss, damage, cost, or expense directly caused by, contributed to by, resulting from, or arising out of the following causes of loss: fire; lightning; combustion explosion; windstorm; hail; weight of snow, ice or sleet; freezing; falling objects; smoke; aircraft or vehicles; riot or civil commotion; vandalism or malicious mischief; theft; sinkhole collapse; volcanic eruption; leakage from fire extinguishing equipment; water; water damage; earth movement; and flood.

"Green" means products, materials, methods, and processes certified by a "green authority" that conserve natural resources, reduce energy or water consumption, avoid toxic or other polluting emissions, or otherwise minimize environmental impact.

"Green authority" means an authority on "green" buildings, products, materials, methods, or processes certified and accepted by Leadership in Energy and Environmental Design (LEED®), Green Building Initiative Green Globes®, Energy Star Rating System, or any other recognized "green" rating system.

"Production machinery" means any machine which processes, forms, shapes, or transports raw materials, materials in process, waste materials, or finished products.

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**DWELLING COVERAGE – BASIC FORM FO-1, BROAD FORM FO-2, SPECIAL FORM FO-3, RENTERS FORM FO-4**

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**PERILS SECTION – COVERAGES A, B, C, AND D (PERILS SECTION – COVERAGES C AND D IN RENTERS FORM)**

**DWELLING COVERAGE BASIC FORM – FO-1**

The following peril is added:

12. "Equipment Breakdown"

**DWELLING COVERAGE BROAD FORM – FO-2**

The following peril is added:

18. "Equipment Breakdown"

The following peril is deleted and replaced with the following:

17. **Sudden and Accidental Damage from Artificially Generated Electrical Currents**

**DWELLING COVERAGE SPECIAL FORM – FO-3**

The following is added to Coverage A – Residence and Coverage B – Related Private Structures and Coverage C – Personal Property: "Equipment Breakdown"

The following Coverage C – Personal Property is amended to read:

17. **Sudden and Accidental Damage from Artificially Generated Electrical Currents.**

**DWELLING COVERAGE – RENTERS FORM – FO-4**

The following peril is added:

18. "Equipment Breakdown"

The following peril is deleted and replaced with the following:

17. **Sudden and Accidental Damage from Artificially Generated Electrical Currents.**

**INCIDENTAL PROPERTY COVERAGES**

The following **Incidental Property Coverages** are added as a part of and not in addition to the limit per loss:

1. **Pollutant Clean Up and Removal for "Equipment Breakdown"**  
"We" will pay for the Pollutant Clean Up and Removal for loss resulting from an "Equipment Breakdown". The most "we" will pay for the Pollutant Clean Up and Removal is \$3,000.
2. **Expediting Expenses**  
"We" will pay for the expediting expense loss resulting from an "Equipment Breakdown" with respect to your Covered Property. "We" will pay the reasonable extra cost to:
  - (1) Make temporary repairs;
  - (2) Expedite permanent repairs; and
  - (3) Expedite permanent replacementReasonable extra cost shall mean "the extra cost of temporary repair and of expediting the repair of such damaged equipment of the insured, including overtime and the extra cost of express or other rapid means of transportation."  
The most we will pay for Expediting Expenses is \$3,000 per occurrence.
3. **Spoilage Coverage**  
We" will pay for loss of perishable goods due to spoilage resulting from lack of power, light, heat, steam or refrigeration caused by "Equipment Breakdown" to types of property covered by this policy, that are:
  - (1) located on or within 1,000 feet of your described premises, and

- (2) owned by "you", the building owner at your described premises, or by a public utility

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

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

The most "we" will pay for loss or damage under this coverage is \$3,000.

**EXCLUSIONS THAT APPLY TO PROPERTY COVERAGES**

The following Exclusion is deleted and replaced with the following:

- 2.f. **Wear and Tear** – "We" do not pay for loss, which results from wear and tear, marring, deterioration, inherent vice, latent defect, rust, wet or dry rot, corrosion, mold, contamination, or smog.

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**FARM COVERAGE FO-6**

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**PRINCIPAL PROPERTY COVERAGES**

Coverage E - Farm Barns, Buildings, and Structures

Coverage F - Scheduled Farm Personal Property

Coverage G - Unscheduled Farm Personal Property

For the purposes of this "Equipment Breakdown" coverage scheduled and unscheduled "mobile farm machinery and equipment" is excluded. For the purposes of this "Equipment Breakdown" coverage "mobile farm machinery and equipment" shall be defined as any land motor vehicle designed for use on or off public roads including but not limited to tractors, combines, loaders, bulldozers, and all-terrain vehicles, including implements and attachments for use with these including but not limited to plows, cutting heads, discs, sprayers, manure agitators or spreaders and bag filling apparatus.

However, global positioning or computerized equipment or monitoring devices mounted on or attached to this equipment whether factory installed or not is not excluded.

**INCIDENTAL PROPERTY COVERAGES**

The following **Incidental Property Coverages** are added as a part of and not in addition to the limit per loss:

1. **Pollutant Clean Up and Removal for "Equipment Breakdown"**  
"We" will pay for the Pollutant Clean Up and Removal for loss resulting from an "Equipment Breakdown". The most "we" will pay for the Pollutant Clean Up and Removal is \$250,000 unless another limit is provided by the Deductible and Limits Exceptions Schedule to which this endorsement can be attached. In that case, the limit provided by the Deductible and Limits Exceptions Schedule will apply.
2. **Expediting Expenses**  
"We" will pay for the expediting expense loss resulting from an "Equipment Breakdown" with respect to your Covered Property. "We" will pay the reasonable extra cost to:
  - (1) Make temporary repairs;
  - (2) Expedite permanent repairs; and
  - (3) Expedite permanent replacementReasonable extra cost shall mean "the extra cost of temporary repair and of expediting the repair of such damaged equipment of the insured, including overtime and the extra cost of express or other rapid means of transportation."

### 3. Spoilage Coverage

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

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

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

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

The most "we" will pay for loss or damage under this coverage is \$250,000 unless another limit is provided by the Deductible and Limits Exceptions Schedule to which this endorsement can be attached. In that case, the limit provided by the Deductible and Limits Exceptions Schedule will apply.

### 4. Refrigerant Contamination

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

The most we will pay for loss or damage under this Additional Coverage is \$250,000 unless another limit is provided by the Deductible and Limits Exceptions Schedule to which this endorsement can be attached. In that case, the limit provided by the Deductible and Limits Exceptions Schedule will apply

### 5. CFC Refrigerants

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

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

We pay no more than the least of the following:

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

### 6. Computer Equipment

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

### 7. Service Interruption

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

- (1) located on or with 1,000 feet of your described premises; and
- (2) owned by a utility, landlord or other supplier, with whom you have a contract to supply you with any of the following services:

electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks or data transmission.

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

### 8. Livestock

For purposes of this Equipment Breakdown Enhancement Endorsement "we" will pay for the Livestock loss resulting from an "Equipment Breakdown". The most "we" will pay for Livestock is \$25,000 for direct loss or consequential loss including suffocation. Regardless of the number of claims, this limit is the most "we" will pay for the total of all loss or damage arising out of all occurrences of an "Equipment Breakdown" which take place in a 12-month period (starting with the beginning of the present annual policy period).

### 9. Poultry

For purposes of this Equipment Breakdown Enhancement Endorsement "we" will pay for the Poultry loss resulting from an "Equipment Breakdown". The most "we" will pay for Poultry is \$25,000 for direct loss or consequential loss including suffocation. Regardless of the number of claims, this limit is the most "we" will pay for the total of all loss or damage arising out of all occurrences of an "Equipment Breakdown" which take place in a 12-month period (starting with the beginning of the present annual policy period).

## PERILS SECTION – COVERAGES E, F, AND G

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

1. **Fire or Lightning** – However, "we" do not pay for loss:
  - a. Resulting from any electrical injury or disturbance to electrical appliances, devices, fixtures, or wiring caused by electrical currents artificially generated unless fire ensues, and then only for the loss caused by such fire;
3. **Explosion** – However, "we" do not pay for loss caused by:
  - a. Explosion of alcohol stills, steam boilers, steam pipes, steam turbines, or steam engines, if owned or leased by "you" or operated under your control;
  - b. Electrical arcing;
  - c. Rupture or bursting of rotating or moving parts of machinery caused by centrifugal force or mechanical breakdown;

The following Perils Section – Coverages E, F, and G is added:

17. "Equipment Breakdown"

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## ADDITIONAL POLICY CONDITIONS AND PROPERTY COVERAGE TERMS FO - 20

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### ADDITIONAL POLICY CONDITIONS APPLICABLE TO ALL COVERAGES

The following conditions are added with respect to the coverage provided by this endorsement.

#### 1. Environmental, Safety, and Efficiency Improvements

If covered property requires replacement due to an "equipment breakdown", "we" 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" do not pay more than 125% of what the cost would have been to repair or replace with like kind and quality.

This condition does not increase any of the applicable "limits". This condition does not apply to any property which is covered on an Actual Cash Value basis.

## 2. Green Environmental and Efficiency Improvements

- a. With respect to covered property that requires repair or replacement due to an "equipment breakdown", "we" will pay:
- 1) The lesser of the reasonable and necessary additional cost incurred by the "insured" to repair or to replace physically damaged property with property of like kind and quality which qualifies as "green". Like kind and quality includes similar size and capacity.
  - 2) The additional reasonable and necessary fees incurred by the "insured" for an accredited professional certified by a "green authority" to participate in the repair or replacement of physically damaged property as "green".
  - 3) The additional reasonable and necessary cost incurred by the "insured" for certification or recertification of the repaired or replaced property as "green".
  - 4) The additional reasonable and necessary cost incurred by the "insured" for "green" in the removal, disposal, or recycling of damaged property.
  - 5) With respect to Additional Living Costs and Loss of Rent and, if provided by the policy to which this endorsement is attached, business income coverage, loss during the additional time required for repair or replacement of covered property, consistent with "green", in the coverages above.

With respect to property covered under form FO-6 or the "terms" of the Farm Machinery Endorsement, "we" will not pay more than 125%, up to a maximum additional "limit" of \$100,000, of what the cost would have been to repair or replace with equipment of like kind and quality inclusive of fees, costs, and any business interruption loss incurred as stated above.

With respect to property covered under forms FO-1, FO-2, FO-3, FO-4, or Dwelling Coverage-Special Perils-Coverage C-Personal Property, "we" will not pay more than a maximum additional limit of \$3,000 of what the cost would have been to repair or replace with equipment of like kind and quality inclusive of fees, costs, and any loss of use loss incurred as stated above.

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

- b. However, the coverage provided under the Green Environmental and Efficiency Improvements Condition does not apply to any of the following:

- 1) Stock, raw materials, finished goods, "production machinery", merchandise, electronic data processing equipment not used in the functional support of the real property, process water, molds and dies, property in the open, property of others for which the "insured" is legally liable, or personal property of others.
- 2) Any loss covered under any other section of this policy.
- 3) Any cost incurred due to any law or ordinance with which the "insured" was legally obligated to comply prior to the time of the "equipment breakdown".

## 3. Suspension

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

- a. "Your" last known address; or
- b. The address where the property is located.

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

## 4. Jurisdictional Inspections

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

## GENERAL EXCLUSIONS

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

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

All other terms and conditions of this policy remain unchanged.