

VARIOUS PROVISIONS IN THIS COVERAGE PART RESTRICT COVERAGE. PLEASE READ THE ENTIRE COVERAGE PART CAREFULLY TO DETERMINE RIGHTS, DUTIES, AND WHAT IS AND IS NOT COVERED.

EQUIPMENT BREAKDOWN COVERAGE PART FARMOWNERS

Throughout this Coverage Part, the words “you” and “your” mean the individual or entity named in the Declarations. If an individual is named in the Declarations, “you” includes the individual’s spouse if living in the same household. The words “we”, “us”, and “our” refer to the Company providing this insurance. Other words and phrases that appear in quotation marks have special meaning. Refer to Section **G – DEFINITIONS**.

A. COVERAGE

This Equipment Breakdown Coverage provides insurance for a Covered Cause of Loss as described in **A.1.** below. In the event of a Covered Cause of Loss, “we” will pay for loss as described in **A.2.** below.

1. Covered Cause of Loss – “Accident”

The Covered Cause of Loss for this Equipment Breakdown Coverage is an “accident”. Without an “accident”, there is no Equipment Breakdown Coverage. For purposes of this Equipment Breakdown Coverage, the term “accident” means a “farm business accident” or a “dwelling accident”.

2. Coverages Provided

a. Farm Business Accident

This section lists the coverages that may apply in the event of a “farm business accident”. Each coverage is subject to a specific limit as shown in this section or in the Declarations. Refer to Section **C. LIMITS OF INSURANCE** for details.

These coverages apply only to the direct result of a “farm business accident”. For each coverage, “we” will pay only for that portion of the loss, damage, or expense that is solely attributable to the “farm business accident”.

(1) Farm Business Property Coverage

“We” will pay for direct physical damage to covered property that is the direct result of a “farm business accident”.

The most “we” will pay for loss or damage under this coverage is the amount shown as the Equipment Breakdown Limit in the Declarations.

(2) Off Premises Property Damage

If “you” have transportable “covered farm equipment” that, at the time of the “farm business accident”, is within the Coverage Territory, but is not:

- (a)** At a location described in the Declarations; or
- (b)** At any other location owned or leased by “you”,

“we” will pay for physical damage to such “covered farm equipment”.

(3) Spoilage

(a) “We” will pay for physical damage to “perishable goods” due to:

- (i)** “Spoilage”;
- (ii)** Contamination from the release of refrigerant, including but not limited to ammonia; or

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- (iii) "Spoilage" that is the result of a "farm business accident" to equipment that is 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 "covered farm equipment" as specifically described in Definition **G.5.**, paragraph **a.**
- (b) "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.
- (c) For purposes of this Spoilage coverage only, "covered farm equipment" includes a freezer or refrigerated unit located on the "residence premises". This means that "spoilage" of "perishable goods" used in "your" farming operations stored in such freezer or refrigerated unit is covered under this coverage part and damage to the freezer or refrigerated unit is covered only as described under **A.2.b. Dwelling Accident.**

The most "we" will pay for loss, damage, or expense under this coverage is \$250,000.

(4) Data Restoration

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

The most "we" will pay for loss or expense under this coverage is \$250,000.

(5) Expediting Expenses

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

- (a) Make temporary repairs; and
- (b) Expedite permanent repairs or permanent replacement.

The most "we" will pay for loss or expense under this coverage is \$250,000.

(6) Hazardous Substances

(a) "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. This does not include contamination of "perishable goods" by refrigerant, including but not limited to ammonia, which is addressed in **A.2.a.(3) Spoilage**, paragraph **(a)(ii)**.

(b) 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.

The most "we" will pay for loss or damage under this coverage is \$250,000 per policy period.

(7) Electrical Generating Equipment

"We" will pay for physical damage to "electrical generating equipment" capable of producing a maximum output of 500 kilowatts based on the nameplate rating. This equipment must be owned by "you" and be at a location described in the Declarations.

The most "we" will pay for loss or damage under this coverage is \$100,000 unless otherwise shown in the Declarations.

(8) Newly Acquired Locations Coverage Extension

(a) "You" will notify us promptly of any newly acquired location that "you" have purchased or leased during the Policy Period.

(b) All coverages applicable to any location under this Equipment Breakdown Coverage are extended to a newly acquired location that "you" have purchased or leased during the Policy Period.

(c) This coverage begins at the time "you" acquire the property. As respects newly constructed properties, "we" will only consider them to be acquired by "you" when "you" have fully accepted the completed project.

(d) This coverage ends when any of the following first occurs:

- (i) This Policy expires;
- (ii) 30 days expires after "you" acquire the location;

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- (iii) The location is incorporated into the regular coverage of this policy; or
- (iv) The location is incorporated into the regular coverage of another Equipment Breakdown policy “you” have.
- (e) If limits or deductibles vary by location, the highest limits and deductibles will apply to newly acquired locations.
- (f) “We” will charge “you” additional premium for newly acquired locations from the date “you” acquire the property.

Any payment made for damage to covered property at a newly acquired location does not increase the limit shown in the Declarations for Equipment Breakdown Coverage.

(9) “Livestock”

With respect to any covered “livestock”, “we” will pay for loss resulting from a “farm business accident”, subject to the limit shown in the Declarations for Equipment Breakdown.

However, the most “we” will pay for confined “livestock” is \$25,000.

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 a “farm business accident” which take place in a 12-month period (starting with the beginning of the present annual policy period).

(10) “Poultry”

With respect to any covered “poultry”, “we” will pay for loss resulting from a “farm business accident”, subject to the limit shown in the Declarations for Equipment Breakdown.

However, the most “we” will pay for confined “poultry” is \$25,000.

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 a “farm business accident” which take place in a 12-month period (starting with the beginning of the present annual policy period).

“We” do not cover “poultry” in heated buildings unless specifically scheduled on the “Declarations”.

b. Dwelling Accident

This coverage applies to the “residence premises” where “you” reside and any additional dwelling(s) where “you” do not reside if located on the “farm premises” that is specifically identified in the Declarations with the Equipment Breakdown Coverage Part form number. With respect to “your” covered dwelling equipment” that is personal property, this coverage applies only to the “residence premises” where “you” reside.

This section lists the coverages that may apply in the event of a “dwelling accident”. Each coverage is subject to a specific limit as shown in this section or in the Declarations. Refer to Section **C – LIMITS OF INSURANCE** for details.

These coverages apply only to the direct result of a “dwelling accident”. For each coverage, “we” will pay only for that portion of the loss, damage, or expense that is solely attributable to the “dwelling accident”.

(1) Dwelling Accident Property Coverage

“We” will pay for direct physical damage to “covered dwelling equipment” that is the direct result of a “dwelling accident”.

(2) Loss of Use

If a “dwelling accident” makes that part of the “residence premises” where “you” reside not fit to live in, “we” cover the following:

- (a) Additional Living Expense, meaning any necessary increase in living expenses incurred by “you” so that “your” household can maintain its normal standard of living; and
- (b) Loss of Rent, meaning the rent “you” lose or the fair rental value of that part of the “residence premises” rented to others less any expenses that do not continue while the premises is not fit to live in.

Payment under (a) or (b) will be for the shortest time required to repair or replace the damage.

The most “we” will pay for loss or expense per “dwelling accident” under this coverage is \$10,000. “We” do not cover loss or expense due to cancellation of a lease or agreement.

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(3) Refrigerated Products

With respect to “your” refrigerated “perishable goods” located on the “residence premises”, “we” will pay:

- (a)** For physical damage due to “spoilage” that is the result of a “dwelling accident”;
- (b)** 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.

The most “we” will pay for loss or expense under this coverage is \$10,000.

(4) Expediting Expenses

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

- (a)** Make temporary repairs; and
- (b)** Expedite permanent repairs or permanent replacement.

The most “we” will pay for loss or expense under this coverage is \$25,000.

(5) Hazardous Substances

- (a)** “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.
- (b)** 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.

The most “we” will pay for loss or damage under this coverage is \$10,000 per policy period.

(6) Off-Premises Coverage – Dwelling Accident

With respect to “your” “covered equipment” that is damaged as the result of an “accident”, “we” will pay for any loss while temporarily at a premises or location that is not at a “dwelling” described in the Declarations.

The most “we” will pay for loss or damage under this coverage is \$10,000. This coverage does not increase the Equipment Breakdown limit for any “one accident”.

B. EXCLUSIONS

“We” will 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” will not pay for loss, damage, or expense caused directly or indirectly by any of the following, whether or not caused by or resulting from an “accident”:

a. Fire and Explosion

- (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; or
- (3)** Any other explosion, except as specifically provided in definition **G.9.c**.

b. Ordinance or Law

The enforcement of, or change in, any ordinance, law, regulation, rule, or ruling regulating or restricting repair, replacement, alteration, use, operation, construction or installation, except as specifically provided in Hazardous Substances coverage.

c. Earth Movement

Earth movement, whether natural or human-made, including but not limited to earthquake, shock, tremor, subsidence, landslide, rock fall, earth sinking, sinkhole collapse, or tsunami.

d. Nuclear Hazard

Nuclear reaction, detonation, or radiation, or radioactive contamination, however caused.

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e. War and Military Action

- (1) War, including undeclared or civil war;
- (2) 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
- (3) Insurrection, rebellion, revolution, usurped power, political violence, or action taken by governmental authority in hindering or defending against any of these.

f. Water Damage

- (1) Flood, surface water, waves, overflow of any body of water, or their spray, regardless of cause and whether or not driven by the wind;
- (2) Tsunami, storm surge, tidal wave, tidal water, storm tide, or their spray, whether or not driven by wind or caused by earthquake;
- (3) Mudslide or mudflow;
- (4) Water or water-borne material which backs up or overflows from sewers or drains or which overflows or is discharged from a sump, sump pump, or related equipment;
- (5) Water or water-borne material below the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, patios, walls, floors, or paved surfaces;
 - (b) Basements, whether finished or not; or
 - (c) Doors, windows, or other openings; or
- (6) Damage to piers, docks, or boat hoists caused by waves, whether or not driven by wind.

This exclusion f. applies, whether or not the loss is caused by or resulting from:

- (i) Human or animal forces or any act of nature; or
- (ii) The failure of any dam, levee, seawall, or any other boundary or containment system.

g. Failure to Protect Property

"Your" failure to use all reasonable means to protect covered property from damage following an "accident".

h. Fines

Fine, penalty, or punitive damage.

i. Fungi

"Fungi", or yeast, including any spores or toxins created or produced by or emanating from such "fungi" or yeast. This includes, but is not limited to, costs arising from clean-up, remediation, containment, removal, or abatement of such "fungi", yeast, spores, or toxins.

This exclusion does not apply to "spoilage" of personal property that is "perishable goods" to the extent that such "spoilage" is covered under **A.2.a.(3) Spoilage** or **A.2.b.(3) Refrigerated Products**.

j. Deliberate Acts

The deliberate act of any person to cause damage or harm, including but not limited to vandalism, malicious mischief, or sabotage.

2. "We" will not pay for an "accident" caused by or resulting from any of the following causes of loss:

- a. Lightning.**
- b. Windstorm or Hail.** However, this exclusion does not apply when:
 - (1) "Covered dwelling equipment" or "covered farm equipment" located within a building or structure suffers an "accident" 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 or any physical contact caused by "mobile farm machinery or equipment, a "motor vehicle", a "recreational vehicle", or for damage caused by objects falling from an aircraft.**
- d. Riot or Civil Commotion.**

- e. Leakage or discharge of any substance from an automatic sprinkler system, including collapse of a tank that is part of the system.
 - f. Volcanic Action.
 - g. An electrical insulation breakdown test.
 - h. A hydrostatic, pneumatic, or gas pressure test.
 - i. Water or other means intended to extinguish a fire, even when such an attempt is unsuccessful.
 - j. Elevator collision.
 - k. Falling Objects.
 - l. Weight of Snow, Ice, or Sleet.
 - m. 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.
 - n. Collapse.
 - o. Breakage of Glass.
 - p. Freezing caused by cold weather.
3. With respect to a "farm business accident" only, Exclusion 2. does not apply if all of the following are true:
- a. The excluded peril occurs away from any location described in the Declarations and causes an electrical surge or other electrical disturbance;
 - b. Such surge or disturbance is transmitted through utility service transmission lines to a described location;
 - c. At the described location, the surge or disturbance results in an "accident" to "covered farm 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 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 Coverage Part.
4. "We" will not pay for any loss or damage to covered property caused by or resulting from a "farm business accident" to a "vehicle-mounted global positioning system (GPS)" except for the loss or damage to:
- a. The "vehicle-mounted global positioning system (GPS)" itself; and
 - b. The steering assemblies; servo-motors; or mixing, metering, or hydraulic assemblies directly controlled by the "vehicle-mounted global positioning system (GPS)".
5. With respect to Data Restoration coverage, "we" will not pay to reproduce:
- a. Software programs or operating systems that are not commercially available; or
 - b. "Data" that is obsolete, unnecessary, or useless to "you".
6. With respect to any coverages provided for "dwelling accident," "we" will not pay for loss or damage to any property that is not "covered dwelling equipment".

C. LIMITS OF INSURANCE

Any payment made under this Equipment Breakdown Coverage will not be increased if more than one insured is shown in the Declarations or if "you" are comprised of more than one legal entity.

1. Equipment Breakdown Limit

- a. Farm Business Accident – The most "we" will pay for loss, damage, or expense arising from any "one accident" is the limit of insurance shown in the Declarations for Equipment Breakdown Coverage.
- b. Dwelling Accident – The most "we" will pay for loss or damage to "covered dwelling equipment" is \$100,000 for any "one accident".

2. Coverage Limits

The limit of "your" insurance under each of the coverages listed in **A.2.** from loss, damage, or expense arising from any "one accident" is the applicable limit indicated for that coverage unless a different limit is indicated for that coverage in the Declarations. These limits are a part of, and not in addition to, the limit of insurance shown in the Declarations for Equipment Breakdown Coverage.

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D. DEDUCTIBLES

1. Dwelling Deductible

In the event of a "dwelling accident", "we" will not pay for loss, damage, or expense resulting from any "one accident" until the amount of loss, damage, or expense exceeds \$500. "We" will then pay the amount of loss, damage, or expense in excess of the deductible, subject to the applicable limits shown in the Declarations.

2. Farm Business Deductible

- a. If a separate Equipment Breakdown Deductible is not shown in the Declarations "we" will not pay for loss, damage, or expense resulting from any "one accident" until the amount of loss, damage, or expense exceeds \$500 or the policy deductible stated in the Declarations whichever is greater, up to a maximum of \$2,500.
- b. If a separate Equipment Breakdown deductible is shown in the Declarations "we" will not pay for loss, damage, or expense resulting from any "one accident" until the amount of loss, damage, or expense exceeds the applicable deductible or deductibles shown in the Declarations. Unless the Declarations indicate that "your" Equipment Breakdown deductible is combined for all coverages, multiple deductibles may apply to any "one accident". If deductibles vary by type of "covered farm equipment" and more than one type of "covered farm equipment" is involved in any "one accident", only the highest deductible for each coverage will apply.
- c. The following Deductible applies, as indicated, in addition to the Deductibles described above:

Spoilage Deductible – If the deductible for loss covered under **A.2.a.(3) Spoilage** is expressed in the Declarations as a percentage of loss subject to a dollar amount minimum, "we" will not pay for loss, damage, or expense resulting from any "one accident" until the amount of loss, damage, or expense (prior to any applicable deductible or coinsurance) exceeds that deductible. If the dollar amount of such percentage is less than the indicated minimum deductible, the minimum deductible will be the applicable deductible.

E. LOSS CONDITIONS

The following conditions apply:

1. Abandonment

There can be no abandonment of any property to us.

2. Brands and Labels

If branded or labeled merchandise that is covered property is damaged by an "accident", 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, subject to all applicable limits.

3. Coinsurance

For purposes of a "farm business accident" only, coverage may be subject to coinsurance if so indicated in the Declarations. If a Coinsurance percentage is shown in the Declarations, the following condition applies:

- a. "We" will not pay the full amount of any loss if the value of the property subject to the coverage at the time of the "farm business accident" times the Coinsurance percentage shown for it in the Declarations is greater than the applicable limit.

Instead, "we" will determine the most "we" will pay using the following steps:

- (1) Multiply the value of the property subject to the coverage at the time of the "farm business accident" by the Coinsurance percentage;
- (2) Divide the applicable limit by the amount determined in step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the amount determined in step (2); and

(4) Subtract the deductible from the amount determined in step **(3)**.

"We" will pay the amount determined in step **(4)** or the applicable limit, whichever is less. For the remainder, "you" will either have to rely on other insurance or absorb the loss yourself.

b. Coinsurance applies separately to each insured location.

4. 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 a prompt notice of the loss or damage, including a description of the property involved.

b. "You" must reduce "your" loss, damage, or expense, if possible, by:

(1) Protecting property from further damage. "We" will not pay for "your" failure to protect property, as stated in Exclusion **B.1.g.**;

(2) Resuming business, partially or completely at the location of loss or at another location;

(3) 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;

(4) Using merchandise or other property available to "you";

(5) Using the property or services of others; and

(6) Salvaging the damaged property.

c. Allow us a reasonable time and opportunity to examine the property and premises before repair or replacement is undertaken or physical evidence of the "accident" is removed. But "you" must take whatever measures are necessary for protection from further damage.

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

e. Promptly send us any legal papers or notices received concerning the loss, damage, or expense.

f. As often as may be reasonably required, permit us to inspect "your" property, premises, and records. Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from "your" books and records.

g. If requested, permit us to examine "you" and any of "your" agents, employees, and representatives under oath. "We" may examine any insured under oath while not in the presence of any other insured. Such examination:

(1) May be at any time reasonably required;

(2) May be about any matter relating to this insurance, "your" loss, damage, or expense, or "your" claim, including, but not limited to, "your" books and records; and

(3) May be recorded by us by any methods "we" choose.

h. Send us a signed, sworn proof of loss containing the information "we" request. "You" must do this within 60 days after "our" request.

i. Cooperate with us in the investigation and settlement of the claim.

5. Errors and Omissions

a. "We" will pay "your" loss covered by this Equipment Breakdown Coverage if such loss is otherwise not payable solely because of any of the following:

(1) Any error or unintentional omission in the description or location of property as insured under this Coverage Part;

(2) Any failure through error to include any premises owned or occupied by "you" at the inception of this Coverage Part; or

(3) Any error or unintentional omission by "you" that results in cancellation of any premises insured under this Coverage Part.

- b. No coverage is provided as a result of any error or unintentional omission by “you” in the reporting of values or the coverage “you” requested.
- c. It is a condition of this coverage that such errors or unintentional omissions shall be reported and corrected when discovered. The policy premium will be adjusted accordingly to reflect the date the premises should have been added had no error or omission occurred.

6. Proving “Your” Loss

It is “your” responsibility, at “your” own expense, to provide documentation to us:

- a. Demonstrating that the loss, damage, or expense is the result of an “accident” covered under this Equipment Breakdown Coverage; and
- b. Calculating the dollar amount of the loss, damage, and expense that “you” claim is covered.

“Your” responsibility in **6.a.** above is without regard to whether or not the possible “accident” occurred at “your” premises or involved “your” equipment.

7. Salvage and Recoveries

When, in connection with any loss under this Equipment Breakdown Coverage, any salvage or recovery is received after the payment for such loss, the amount of 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

Losses under this Coverage Part will be settled as follows:

- a. Except as specified otherwise, “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. 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.
- c. Except as described in **d.** 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.
- d. **Environmental, Safety, and Efficiency Improvements**

If “covered farm equipment” or “covered dwelling equipment” requires replacement due to an “accident”, “we” will pay “your” additional cost to replace with equipment that “we” agree is better for the environment, safer for people, or more energy efficient than the equipment being replaced, subject to the following conditions:

 - (1) “We” will not pay more than 150% of what the cost would have been to replace with like kind and quality;
 - (2) “We” will not pay to increase the size or capacity of the equipment;
 - (3) This provision only applies to Farm Business Accident Property Coverage and Dwelling Accident Property coverage;
 - (4) This provision does not increase any of the applicable limits;
 - (5) This provision does not apply to any property valued on an Actual Cash Value basis; and
 - (6) This provision does not apply to the replacement of component parts.
- e. The following property will be valued on an Actual Cash Value basis:
 - (1) Any property that does not currently serve a useful or necessary function for “you”;
 - (2) Any covered property that “you” do not repair or replace within 24 months after the date of the “accident”; and
 - (3) Any covered property for which Actual Cash Value coverage is specified in the Declarations.

Actual Cash Value includes deductions for depreciation.

- f. 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:
 - (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.
- g. Except as specifically provided for under Data Restoration coverage, “data” and “media” will be valued on the following basis:
 - (1) For mass-produced and commercially available software, at the replacement cost.
 - (2) For all other “data” and “media”, at the cost of blank “media” for reproducing the records. “We” will not pay for “data” representing financial records based on the face value of such records.
- h. Air conditioning or refrigeration equipment that utilizes a refrigerant containing CFC (chlorofluorocarbon) substances will be valued at the cost to do the least expensive of the following:
 - (1) Repair or replace 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.

If option (2) or (3) is more expensive than (1), but “you” wish to retrofit or replace anyway, “we” will consider this better for the environment and therefore eligible for valuation under paragraph d. **Environmental, Safety, and Efficiency Improvements** above. In such case, **E.8.d.(1)** is amended to read: “We” will not pay more than 150% of what the cost would have been to repair or replace with like kind and quality.”

F. ADDITIONAL CONDITIONS

The following conditions apply:

1. Additional Insured

If a person or organization is designated in the Declarations or listed on a separate endorsement as an additional insured, “we” will consider them to be an insured under this Equipment Breakdown Coverage only to the extent of their interest in the covered property.

2. Bankruptcy

The bankruptcy or insolvency of “you” or “your” estate will not relieve “you” or us of any obligation under this Equipment Breakdown Coverage.

3. Cancellation

- a. “You”, or “your” agent at “your” request, may cancel this policy at any time by:
 - (1) Returning this policy to us; or
 - (2) Mailing or delivering a written request for cancellation to us. Unless otherwise stated in the request, the cancellation will be effective on the date of receipt of the request for cancellation by us.
- b. “We” may cancel this policy for the reasons stated in this condition. The cancellation notice shall be mailed to the first Named Insured shown in the Declarations at the last mailing address known to us. Proof of mailing will be sufficient proof of notice.
 - (1) When “you” have not paid the premium, whether payable to us or to “our” agent, “we” may cancel at any time by mailing the first Named Insured at least 10 days notice of cancellation.
 - (2) “We” may cancel for any reason other than nonpayment of premium by mailing the first Named Insured at least 30 days notice before the date cancellation takes effect.
- c. If “you” cancel “your” policy, “we” will return no more than the pro-rata unused share of “your” premium.
- d. If “we” cancel “your” policy, “we” will return no more than the pro-rata unused share of “your” premium.

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4. Changes

This policy and the Declarations include all the agreements between “you” and us relating to this insurance.

This policy, including any endorsement, may not be changed, modified, or waived except by a written document issued by us.

This provision regarding change, modification, or waiver of the policy may only be waived in writing.

5. Concealment or Misrepresentation

“We” may not pay for any loss and coverage may be void if “you” or any additional insured at any time:

- a. Intentionally cause or allow loss, damage, or expense in order to collect on insurance; or
- b. Intentionally conceal or misrepresent a material fact concerning:
 - (1) This Equipment Breakdown Coverage;
 - (2) The covered property;
 - (3) “Your” interest in the covered property; or
 - (4) A claim under this Equipment Breakdown Coverage.

6. Examination of “Your” Books and Records

“We” may examine and audit “your” books and records as they relate to this policy at any time during the policy period and up to three years afterward.

7. Inspection of Property and Operations

“We”, or an organization on “our” behalf, have the right to inspect “your” property and operations at any time. In doing so, “we” do not warrant that the property or operations are safe or healthful, or in compliance with any law, rule, or regulation.

8. Jurisdictional Inspections

It is “your” responsibility to comply with any state or municipal boiler and pressure vessel regulations. If any “covered farm equipment” that is covered property requires inspection to comply with such regulations, at “your” option “we” agree to perform such inspection.

9. Legal Action Against Us

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

- a. There has been full compliance with all the terms of this Equipment Breakdown Coverage; and
- b. The action is brought within 1 year 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 Part to bring us into an action to determine “your” liability.

10. Liberalization

If “we” adopt any standard form revision for general use that would broaden the coverage under this Equipment Breakdown Coverage without additional premium, the broadened coverage will apply to this Equipment Breakdown Coverage commencing on the date that such revision becomes effective in the jurisdiction where the “accident” occurs.

11. Loss Payable

- a. “We” will pay “you” and the loss payee shown in the Declarations for loss covered by this Equipment Breakdown Coverage, 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 or on the part of the loss payee.
- b. “We” may cancel the policy 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 advance notice.
- c. If “we” make any payment to the loss payee, “we” will obtain their rights against any other party.

12. Maintaining “Your” Property and Equipment

It is “your” responsibility to appropriately maintain “your” property and equipment. “We” will not pay “your” costs to maintain, operate, protect, or enhance “your” property or equipment, even if such costs are to comply with “our” recommendations or prevent loss, damage, or expense that would be covered under this policy.

13. 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 dwelling equipment” or “covered farm equipment” to “you” and each mortgage holder shown in the Declarations in their order of precedence, as interests in the covered property 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 Equipment Breakdown Coverage, the mortgage holder will still have the right to receive loss payment, provided the mortgage holder does all of the following:
 - (1) Pays any premium due under this Equipment Breakdown Coverage 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;
 - (3) Has notified us of any change in ownership or material change in risk known to the mortgage holder; and
 - (4) Has complied with all other terms and conditions of this Policy.

All of the terms of this Equipment Breakdown Coverage 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 Equipment Breakdown Coverage:
 - (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 policy, “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 policy, “we” will give written notice to the mortgage holder at least 10 days before the expiration date of this policy.
- 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.

14. Nonrenewal

“We” may elect not to renew this policy. “We” may do so by mailing to the first Named Insured shown in the Declarations notice at the last mailing address known to us at least 30 days advance notice of “our” intention not to renew:

- a. Before the expiration date of the policy if the coverage is provided for one year or less; or
- b. Before the anniversary date of the policy if the coverage provided is for more than one year.

The notice will state the reason for nonrenewal and shall be sent by registered, certified, or first class mail to the first Named Insured’s last mailing address known to us. Proof of mailing will be sufficient proof of notice.

15. Other Insurance

If there is other insurance that applies to the same loss, damage, or expense, this Equipment Breakdown Coverage shall apply only as excess insurance after all other applicable insurance has been exhausted.

16. Policy Period, Coverage Territory

Under this Equipment Breakdown Coverage:

- a. The "accident" must occur during the Policy Period, but expiration of the policy does not limit "our" liability.
- b. The "accident" must occur within the United States of America (including its territories and possessions).

17. Privilege to Adjust with Owner

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

18. Suspension

Whenever "covered farm equipment" is found to be in, or exposed to, a dangerous condition, any of "our" representatives may immediately suspend the insurance against loss from a "farm business accident" to that "covered farm 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 farm equipment" is located.

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

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

19. Transfer of "Your" Rights and Duties Under This Policy

Interest in this policy may not be transferred without "our" written consent. If the insured person named in the Declarations or if the spouse of the insured residing in the same household dies, the policy will cover:

- a. Any surviving member of the deceased's household who was covered under this policy at the time of death, but only while a resident of the insured premises;
- b. The legal representative of the deceased person while acting within the scope of duties of a legal representative; and
- c. Any person having proper custody of insured property until a legal representative is appointed.

20. Transfer of Rights of Recovery Against Others to Us

If any person or organization to or for whom "we" make payment under this Equipment Breakdown Coverage 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 an "accident".
- b. After an "accident" only if, at time of the "accident", that party is one of the following:
 - (1) Someone insured by this Policy; or
 - (2) A business firm:
 - (a) Owned or controlled by "you"; or
 - (b) That owns or controls "you".

G. DEFINITIONS

1. "Accident"

- a. "Accident" means a "dwelling accident" or a "farm business accident".

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- 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:
 - (1) Depletion, deterioration, rust, corrosion, erosion, settling, or wear and tear;
 - (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; or
 - (4) 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. Boilers;
- b. Steam piping;
- c. Piping that is part of a closed loop used to conduct heat from a boiler;
- d. Condensate tanks; and
- e. Unfired vessels which, during normal usage, operate under vacuum or pressure, other than the weight of contents.

This term does not appear elsewhere in this coverage form, but may appear in the Declarations.

3. “Computer Equipment” means covered property that is electronic computer or other data processing equipment, including “media” and peripherals used in conjunction with such equipment.

4. “Covered Dwelling Equipment”

- a. “Covered dwelling equipment” means property that:
 - (1) “You” own or that is in “your” care, custody, or control and for which “you” are legally liable;
 - (2) Is an integral part of a “dwelling” or other private structure appurtenant to a “dwelling”, or that is permanently mounted on or in a “dwelling”; or
 - (3) Is personal property; and
 - (4) That generates, transmits, or utilizes energy; or which during normal usage operates under vacuum or pressure, other than the weight of its contents.

Such equipment must be located at the “residence premises” described in the Declarations.

- b. None of the following is “covered dwelling equipment”:
 - (1) Supporting structure, cabinet, or compartment;
 - (2) Insulating material associated with “covered dwelling equipment”;
 - (3) Sewer piping, buried vessels or piping, or piping forming a part of a sprinkler or fire suppression system;
 - (4) Piping, vessel, wiring, or tubing that is buried or encased in earth, concrete, or other material, whether above or below grade, or in an enclosure which does not allow access or inspection or repair;
 - (5) Water piping other than boiler feedwater piping, boiler condensate return piping, or water piping forming a part of a refrigerating or air conditioning system;
 - (6) Software or electronic data;
 - (7) A “motor vehicle”;
 - (8) A “recreational vehicle”; or
 - (9) “Mobile farm machinery or equipment”.

5. “Covered Farm Equipment”

- a. “Covered farm equipment” means:
 - (1) Unless otherwise stated in the policy:

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- (a) Equipment that generates, transmits, or utilizes energy, including electronic communications and data processing equipment; or
 - (b) Equipment which, during normal usage, operates under vacuum or pressure, other than the weight of its contents; and
- (2) Such equipment must be property that is covered under the farm property coverage form that is part of this policy; 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:
- (a) **A.2.a.(2) Off Premises Property Damage;**
 - (b) **A.2.a.(3) Spoilage**, paragraph (b); and
 - (c) **A. (11) Service Interruption Additional Coverage**, of the Business Income, Extra Expense and Service Interruption Endorsement, if that endorsement is attached to this policy.
- b. None of the following is “covered farm equipment”:
- (1) Structure, foundation, cabinet, compartment, or air supported structure or building;
 - (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) “Mobile farm machinery or equipment” or any equipment mounted on “mobile farm machinery or equipment”;
- However, equipment that is:
- (a) “Transportable farm equipment”;
 - (b) Stationary, permanently installed at a location described in the Declarations and that receives electrical power from an external power source; or
 - (c) A “vehicle-mounted global positioning system (GPS)” used in “your” farming operation, will not be considered “mobile farm machinery or equipment” or equipment mounted on “mobile farm machinery or equipment”;
- (6) Satellite, spacecraft, or any equipment mounted on a satellite or spacecraft;
 - (7) Dragline, excavation, or construction equipment;
 - (8) Equipment manufactured by “you” for sale;
 - (9) “Data”;
 - (10) Irrigation systems except as follows:
 - (a) As respects pivot irrigation systems, “covered farm equipment” does include the central pivot, the wheels, and the drive mechanisms for the swing arm and corner attachments, including but not limited to motors and gears; and
 - (b) As respects all irrigation systems, “covered farm equipment” does include sensors, controls, and pumps and drive motors and drive engines used with such pumps;
 - (11) Equipment located at the “residence premises”;
 - (12) Electrical generating equipment, except as specifically provided for under:
 - (a) **A.2.a.(7) Electrical Generating Equipment;**
 - (b) **A.2.a.(3) Spoilage**, paragraph (b); or
 - (c) **A.(11) Service Interruption Additional Coverage**, of the Business Income, Extra Expense and Service Interruption Endorsement, if that endorsement is attached to this policy.
 - (13) A “motor vehicle”, or
 - (14) A “recreational vehicle”.

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6. **“Data”** means information or instructions stored in digital code capable of being processed by machinery.
7. **“Dwelling Accident”** means sudden and accidental:
- a. Mechanical or electrical breakdown; or
 - b. Tearing apart, cracking, burning, or bulging of a steam or hot water heating system, or an air conditioning system;
- that results in direct physical damage to “covered dwelling equipment”.
- “We” pay for an ensuing loss to “covered equipment” that is caused by an “accident” that is covered under this endorsement.
8. **“Electrical Generating Equipment”**
- a. “Electrical Generating Equipment” means equipment which converts any other form of energy into electricity. This includes, but is not limited to, the following:
 - (1) Boilers used primarily to provide steam for one or more turbine-generator units;
 - (2) Turbine-generators (including steam, gas, water, or wind turbines);
 - (3) Engine-generators;
 - (4) Fuel cells or other alternative electrical generating equipment;
 - (5) Electrical transformers, switchgear, and power lines used to convey the generated electricity; and
 - (6) Associated equipment necessary for the operation of any of the equipment listed in (1) through (5) above.
 - b. “Electrical Generating Equipment” does not mean:
 - (1) Elevator or hoist motors that generate electricity when releasing cable; or
 - (2) Equipment intended to generate electricity solely on an emergency, back-up basis.
9. **“Farm Business Accident”** means a fortuitous event that causes direct physical damage to “covered farm equipment”. The event must be one of the following:
- a. Mechanical breakdown, including rupture or bursting caused by centrifugal force;
 - b. Artificially generated electrical current, including electrical arcing, that damages electrical devices, appliances, or wires;
 - c. Explosion, other than combustion explosion, of steam boilers, steam piping, steam engines, or steam turbines;
 - d. An event inside steam boilers, steam pipes, steam engines, or steam turbines that damages such equipment; or
 - e. An event inside hot water boilers or other water heating equipment that damages such equipment.
10. **“Farm Premises”** means the premises which “you” own, rent, lease, or control as part of “your” farming operation.
11. **“Fungi”** means any type or form of fungus including mold or mildew, and mycotoxins, spores, scents, or by-products produced or released by “fungi”.
12. **“Hazardous Substance”** means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.
13. **“Livestock”** means cattle, horses, swine, sheep, goats, mules, donkeys, and hybrids thereof.
14. **“Media”** means material on which “data” is recorded, such as magnetic tapes, hard disks, optical disks, or floppy disks.
15. **“Mobile farm machinery or equipment”**, meaning any motorized land vehicle designed for use on or off public roads including but not limited to tractors, combines, loaders, bulldozers, 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.
16. **“Motor Vehicle”** means a motorized land vehicle designed for travel on public roads or subject to motor vehicle registration or a compulsory financial responsibility law or regulation issued by government agency; or a trailer or semi-trailer designed for travel on public roads or subject to vehicle registration.

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17. **“One Accident”** means all “accidents” occurring at the same time from the same event. If an “accident” causes other “accidents”, all will be considered “one accident”.
18. **“Perishable Goods”** means any covered property, other than live animals, subject to deterioration or impairment as a result of a change of conditions, including but not limited to temperature, humidity, or pressure.
19. **“Poultry”** means fowl kept by “you” for use or sale.
20. **“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 Declarations.
21. **“Recreational vehicle”** means a motorized land vehicle designed or used for recreational use off public roads, including but not limited to:
- a. A snowmobile;
 - b. An all-terrain vehicle, meaning a motorized vehicle equipped with balloon tires or crawler-treads, designed for use on rugged terrain, or rugged terrain and water;
 - c. An all-material transport vehicle, meaning a motorized vehicle equipped with a rear utility box to transport material, four or more wheels, a steering wheel, and bench or bucket seating; or
 - d. A motorized golf cart.
22. **“Residence Premises”** means:
- a. The one- to four-family dwelling described in the Declarations which is located on the “farm premises”. This includes the immediate grounds not used for farming; or
 - b. The condominium unit described in the Declarations which is occupied by “you”.
23. **“Spoilage”** means any detrimental change in state. This includes but is not limited to thawing of frozen goods, warming of refrigerated goods, or freezing of fresh goods.
24. **“Transportable Farm Equipment”** means “covered farm equipment” that is mounted on wheels or a trailer in order to make it transportable; and
- a. Not used to drive or steer such wheels or trailer; and is
 - b. Stationary and in use at the location described in the Declarations at the time of the “farm business accident”.
25. **“Vehicle-mounted Global Positioning System (GPS)”** means:
- a. A device or system that receives signals from a GPS satellite and direct current input power from a vehicle’s electrical system; and
 - b. The controller computer associated with this system.