



EQUIPMENT BREAKDOWN COVERAGE FORM

A. COVERAGE

We will pay for loss or damage to Covered Property at the premises described in the Declarations caused by a "breakdown" or "electronic circuitry impairment" to the "insured equipment". The "insured equipment" must be owned by you or in your care, custody or control and at the described premises.

1. Covered Property

Covered Property as used in this Coverage Section means:

- a. Your property; or
- b. Property of others in your care, custody or control and for which you are legally liable.

2. Additional Coverages

a. Business Income or Extra Expense

If Equipment Breakdown Coverage is added to a policy that provides Business Income Coverage or Extra Expense Coverage, we will pay for such Business Income or Extra Expense loss which results solely from a "breakdown" or "electronic circuitry impairment" of "insured equipment" subject to the following additional provisions:

When a "breakdown" or "electronic circuitry impairment" happens you must notify us immediately and confirm it in writing. We will pay for this Additional Coverage only (1) from the time of the "breakdown" or "electronic circuitry impairment" or (2) twenty-four (24) hours before the time we receive notice of "breakdown" or "electronic circuitry impairment", whichever is later.

Business Income means insurance as provided under the Business Income Coverage Form. Extra Expense means insurance as provided under the Business Income – Extra Expense Coverage Endorsement or Additional Coverage 13., Extra Expense of the Building and Business Contents Coverage – Plus Enhancement Endorsement, as applicable.

b. By-Laws

If prior to the time of a "breakdown" or "electronic circuitry impairment" of "insured equipment" there is in force a law, by-law, ordinance, regulation, rule or ruling regulating or restricting repair, alteration, use, operation, construction or installation of Covered Property, we will pay for:

- (1) The increase in cost of repair or replacement of both damaged and undamaged property (including any demolition and site clearing costs) which is necessary to meet the minimum requirements of the law, by-law, ordinance, regulation, rule or ruling; and
- (2) If Business Income or Extra Expense is shown in the Declarations, the increase in Business Income or Extra Expense caused solely as a result of the law, by-law, ordinance, regulation, rule or ruling.

c. Expediting Expenses

If there is a "breakdown" or "electronic circuitry impairment" of "insured equipment", we will pay the reasonable extra cost to:

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

of the "insured equipment" or other Covered Property which is directly damaged by the "breakdown" or "electronic circuitry impairment".

d. Hazardous Substances

If a "hazardous substance" is involved in or released by a "breakdown" or "electronic circuitry impairment" of "insured equipment", we will pay:

- (1) The increase in cost to repair, replace, clean up or dispose of, affected Covered Property; and
- (2) If Business Income or Extra Expense coverage is shown in the Declarations, the increase in Business Income or Extra Expense loss because of the presence of "hazardous substances".

The most we will pay for loss or damage under this Additional Coverages is \$100,000.

As used in this Additional Coverage, increase in cost or in loss is that cost or loss beyond that for which we would pay had no "hazardous substance" been present.

e. Service Interruption

If there is a "breakdown", but not "electronic circuitry impairment", of equipment not owned or operated by you, we will pay:

- (1) If Option 3 is shown in the Declarations, for loss of perishable Covered Property which spoils; and
- (2) If Business Income or Extra Expense insurance is shown in the Declarations, for Business Income or Extra Expense; but only if the equipment is:

- (1) Of a type described in the applicable definition of "insured equipment";
- (2) Located on or within three thousand two hundred and eighty (3280) feet of your premises;
- (3) Owned by the building owner at your premises or by a public utility company; and
- (4) Used to supply communication, electricity, air conditioning, heating, gas, air, water, refrigeration or steam services to your premises.

Service Interruption and Cloud Computing

If there is a "breakdown", but not "electronic circuitry impairment", of equipment not owned or operated by you which is used to supply "cloud computing services" to the premises described in the Declarations, we will pay for Business Income or Extra Expense, if Business Income or Extra Expense insurance is shown in the Declarations, provided that the equipment:

- (1) Is of a type described in the definition of "insured equipment"; and;
- (2) Is located within Canada, the United States of America, Puerto Rico or in any other country in which the premises described in the Declarations is located.

f. Data Coverage

If "data" is lost or damaged, we will pay for the costs of repairing or replacing the "data", including the cost of gathering or assembling information, and the resulting Business Income or Extra Expense loss, if Business Income or Extra Expense insurance is shown in the Declarations, if such "data" is lost or damaged as a result of the following:

- (1) A "breakdown" or "electronic circuitry impairment" to "insured equipment"; or
- (2) A "breakdown", but not "electronic circuitry impairment", to equipment not owned or operated by you which is used to supply "cloud computing services" to the premises specified in the Declarations provided that the equipment is of a type described in the definition of "insured equipment".

The most we will pay under this Additional Coverage is \$25,000.

We shall not pay for "data" which is lost or damaged as a result of programming errors of any kind including the inability of software to correctly read, recognize, save, process or interpret any date or time.



g. Spoilage

If Option 3 is indicated as covered in the Declarations we will pay for loss or damage to replace perishable Covered Property which spoils solely as a result of the "breakdown" or "electronic circuitry impairment" of "insured equipment". If the Covered Property is not replaced, we will only pay for the "actual cash value" of the property.

h. Off Premises Transportable "Insured Equipment"

If there is a "breakdown" or "electronic circuitry impairment" to transportable "insured equipment" that at the time of the "breakdown" or "electronic circuitry impairment" are not at premises described in the Declarations, we will pay for loss or damage to such transportable "insured equipment" and the resulting Business Income or Extra Expense, if Business Income or Extra Expense insurance is shown in the Declarations, provided that the transportable "insured equipment":

- (1) Is of a type described in the definition of "insured equipment"; and
- (2) Is at a location which is within Canada, the United States of America, Puerto Rico, or in any other country in which the premises described in the Declarations is located.

Our liability for loss to any transportable "insured equipment" that is three (3) years old or more from the date of purchase new, is its "actual cash value".

We will not pay under this coverage for loss to transportable "insured equipment":

- (i) Which are manufactured or distributed by you for sale; or
- (ii) Resulting from collision, upset or external impact,

however, the most we will pay under this Additional Coverage is \$10,000.

i. Public Relations

If Business Income insurance is shown in the Declarations, we will pay for reasonable costs for professional public relations services to create and disseminate communications, when the need for such communications arises directly from interruption of your business. These communications must be directed to one or more of the following:

- (1) The media;
- (2) The public; or
- (3) Your customers, clients or members.

Such costs must be incurred during the period of time that begins at the time of the "breakdown" or "electronic circuitry impairment" and continues until:

- (i) Thirty (30) consecutive calendar days after the date the Covered Property is repaired or replaced; or
- (ii) The length of time as would be required with the exercise of due diligence and dispatch to rebuild, repair or replace such Covered Property as has been destroyed or damaged by the "breakdown" or "electronic circuitry impairment",

however, the most we will pay under this Additional Coverage is \$5,000.

j. Green Coverage

If "insured equipment" requires repair or replacement due to a "breakdown" or "electronic circuitry impairment", we will pay the additional cost:

- (1) To repair or replace damaged insured property, whichever is the lesser of the cost at the time of a "breakdown" or "electronic circuitry impairment", using equipment, materials and service firms required or recommended by a "Recognized Environmental Standards Program";
- (2) To dispose of damaged insured property or equipment, if practicable, through a recycling process; and
- (3) To flush out reconstructed space with up to one hundred (100) percent outside air using new filtration media.



Wawanesa
Insurance

With respect to any building that is Covered Property and was, at the time of the "breakdown" or "electronic circuitry impairment", certified by a "recognized environmental standards program", we will pay the additional costs:

- (i) To prevent lapse of such certification;
- (ii) To reinstate the certification or replace it with an equivalent certification;
- (iii) For an engineer authorized by a "recognized environmental standards program" to oversee the repair or replacement of the damaged Covered Property; and
- (iv) For a professional engineer to commission or recommission your damaged mechanical, electrical, or electronic building systems.

As used in this coverage, additional costs mean those beyond what would have been payable in the absence of this Green Coverage.

This coverage applies in addition to any coverage that may apply under the Environmental and Efficiency Improvements or any other applicable coverage and only to Covered Property that must be repaired or replaced as a direct result of a "breakdown" or "electronic circuitry impairment".

This provision does not apply to any property valued or insured on an "actual cash value" basis.

The most we will pay under this Additional Coverage is \$25,000.

k. Brands and Labels

If branded or labeled merchandise that is Covered Property is damaged as a direct result of a "breakdown" or "electronic circuitry impairment", but retains a salvage value you may:

- (1) Stamp the word SALVAGE on the merchandise or its containers if the stamp will not physically damage the merchandise; or
- (2) 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 any applicable law.

We will pay for the reasonable and necessary expenses you incur to perform either of these two actions to the extent that they do not exceed the amount recoverable from salvage.

We will not pay for loss under this coverage if coverage is provided by any other policy of insurance in effect at the time of the loss whether collectable or not.

The most we will pay under this Additional Coverage is \$100,000.

B. EXCLUSIONS

- 1. We will not pay for loss or damage caused directly or indirectly by any of the following:

- a. Nuclear Hazard

- (1) Nuclear reaction or radiation; or
 - (2) Radioactive contamination;

- however caused;

- b. 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;
 - (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these; or

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(4) Riot, civil commotion or acts of sabotage.

But unless associated with the foregoing, we will pay for loss from a "breakdown" or "electronic circuitry impairment" of "insured equipment" arising out of any strike, vandalism or malicious acts by others;

- c. Pollution, contamination or damage by a "hazardous substance", however caused, except as provided under 2. Additional Coverages d. Hazardous Substances;
- d. Fire, smoke or combustion explosion that occurs at the same time as a "breakdown" or "electronic circuitry impairment" or that follows a "breakdown" or "electronic circuitry impairment". However, with respect to any "insured equipment" which is an electrical or electronic machine or apparatus, we will pay for the fire damage within the machine or apparatus which occurs at the same time as a "breakdown" or "electronic circuitry impairment" or that follows a "breakdown" or "electronic circuitry impairment";
- e. Flood. However, if a "breakdown" or "electronic circuitry impairment" of "insured equipment" results from a flood, we will pay for damage or expense directly caused by the "breakdown" or "electronic circuitry impairment";
- f. Lightning, if you have other coverage for that peril at the time of the loss;
- g. Escape of water resulting from a "breakdown" or "electronic circuitry impairment" unless:
 - (1) You do not have other coverage for that damage at the time of the loss, and
 - (2) The water escapes from "insured equipment" that normally contains water or steam;
- h. Damage to "data" used with any electronic computer or electronic data processing equipment except as provided under 2. Additional Coverages f. Data Coverage.

2. We will not pay for loss from a "breakdown" or "electronic circuitry impairment" caused by or resulting from:

- a. Earth movement, including but not limited to earthquake, landslide, mud flow, subsidence, volcanic eruption, tidal wave or tsunami;
- b. Wind, including but not limited to cyclone, tornado, or hurricane;
- c. Fire, smoke or combustion explosion; or
- d. Water or other means used to extinguish a fire.

3. We will not pay for loss:

- a. From delay or interruption of business except as may be provided under 2. Additional Coverages a. Business Income or Extra Expense;
- b. From any other indirect result of a "breakdown" or "electronic circuitry impairment" except as may be provided under 2. Additional Coverages a. Business Income or Extra Expense and g. Spoilage.

4. We will not pay for loss caused by or resulting from the partial or total failure, malfunction or loss of use of any electronic equipment, computer system, information repository, microchip, integrated circuit or other similar device due to:

- a. The erasure, destruction, corruption, misappropriation or misinterpretation of "data";
- b. Any error in creating, amending, entering, deleting or using "data";
- c. The inability to receive, transmit or use "data"; or
- d. The impact of any malware or the functioning or malfunctioning of the Internet, intranet, local area networks, virtual private networks or similar facility, or of any internet address, website or similar facility.

However, we will pay for loss that ensues solely from the "breakdown" or "electronic circuitry impairment" of any other "insured equipment".

5. We will not pay for loss covered under the Building and Business Contents Coverage Form or any of its extension endorsements.

C. AMOUNT OF INSURANCE

The most we will pay for loss from any "one breakdown" is the applicable Amount of Insurance shown in the Declarations.

Payments under 2. Additional Coverages, except a. Business Income or Extra Expense coverage, will not increase the applicable Amount of Insurance.

Payments under 2. Additional Coverages a. Business Income or Extra Expense coverage will be subject to the Amount of Insurance shown in the Declarations for these coverages and will be in addition to the Amount of Insurance shown for Equipment Breakdown.

D. DEDUCTIBLE

We will not pay for loss, damage and expense in any "one breakdown" until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss, damage and expense in excess of the Deductible up to the applicable Amount of Insurance.

E. CONDITIONS

The following conditions apply in addition to the Common Policy and Property Conditions.

1. Valuation

We will determine the value of covered property in the event of loss or damage as follows:

- a. "Media", at the cost of blank material;
- b. Exposed film, records, manuscripts and drawings, at the cost of blank material plus the cost of transcription;
- c. Any heat exchanger that forms part of forced air heating equipment that is five (5) years old or more from the date of purchase new, its "actual cash value";
- d. Any cast iron boiler which is twenty-five (25) years old or greater and if at the time of the "breakdown" or "electronic circuitry impairment" to said boiler you cannot obtain from stock within Canada any replacement section(s) required for the repair of said boiler, the most we will pay will be the lesser of:
 - (1) The "actual cash value" of the part(s) damaged by the "breakdown" or "electronic circuitry impairment"; or
 - (2) The "actual cash value" of the boiler;
- e. On all covered property, at the lesser of the cost at the time of the "breakdown" or "electronic circuitry impairment":
 - (1) To repair; or
 - (2) To replace with similar property of like kind, capacity, size, quality and function.

We will not pay for:

- a. The cost of repairing or replacing any part or parts of a piece of equipment, which is greater than the cost of repairing, or replacing the entire piece of equipment;
- b. More than the cost to replace the property with other property of like kind, capacity, size, quality and function except as described in the Environmental and Efficiency Improvements clause;
- c. More than the cost to replace the property at the same or adjacent site; nor
- d. Loss or damage to property which is useless or obsolete to you.

If the damaged property is not repaired or replaced within 12 months after the date of the "breakdown" or "electronic circuitry impairment", we will pay only for the "actual cash value" of the damaged property.



Environmental and Efficiency Improvements:

If "insured equipment" requires replacement due to a "breakdown" or "electronic circuitry impairment", we shall pay the additional cost to replace with equipment that is better for the environment, or more efficient than the equipment being replaced. However, we will not pay more than one hundred fifty (150) percent of what the cost would have been to replace with like kind, capacity, size quality and function.

This provision does not apply to any property valued or insured on an "actual cash value" basis.

2. Suspension

Whenever any equipment is found to be in or exposed to a dangerous condition, any of our representatives or any of our reinsurers' representatives may immediately suspend the insurance, including any insurance applying to the interest of any mortgagees shown in the Declarations, against any loss from a "breakdown" or "electronic circuitry impairment" to that equipment. We can do this by delivering or mailing written notice of suspension to:

- a. Your address as shown in the Declarations; or
- b. The address where the equipment is located.

We or our reinsurer agree to furnish a copy of the suspension notice to the mortgagee.

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.

F. DEFINITIONS

Solely for the purpose of this coverage form the following definitions apply:

1. "Actual Cash Value" is the cost of replacing the damaged property with property of similar kind, capacity, size, quality and function less depreciation however caused. In determining depreciation consideration will be given to such items as the age, condition, and normal life expectancy of the property.
2. "Breakdown" means a sudden and accidental failure of equipment resulting in physical damage to the equipment which requires the repair or replacement of the equipment or a part of the equipment.

"Breakdown" does not mean:

- a. Depletion, deterioration, corrosion or erosion of material;
 - b. Wear and tear;
 - c. The functioning of any safety device or protective device; nor
 - d. the failure of any structure or foundation supporting the equipment or a part of the equipment.
3. "Buried Piping" means any piping, whether above or below grade, that is buried in, or that is encased in:
 - a. The earth;
 - b. Asphalt;
 - c. Aggregate;
 - d. Concrete; or
 - e. Other similar material;

and which requires the excavation of those materials in order to remove, repair or replace the piping. Piping contained in a duct, tunnel, runway or conduit, or piping encased in any type of spray foam insulation or within framed walls, shall not be considered buried piping.

4. "Cloud Computing Services" means professional, on-demand, self-service data storage or data processing services provided through the Internet or over telecommunications lines. This includes services known as IaaS (Infrastructure as a Service),

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PaaS (Platform as a Service), SaaS (Software as a Service) and NaaS (Network as a Service). This includes business models known as public clouds, community clouds and hybrid clouds. "Cloud computing services" include private clouds if such services are owned and operated by a third party.

5. "Data" means facts, concepts, information or software in a form useable for communications, interpretation or processing by electronically controlled equipment or electronic and electromechanical equipment that processes facts, concepts, information or software.
6. "Electronic Circuitry Impairment" means a sudden and accidental failure of the "electronic circuitry" of "insured equipment", in your care, custody or control, that causes the "insured equipment" to suddenly lose its ability to function as it had been functioning immediately before the failure. "Electronic circuitry impairment" shall not mean:
 - a. any condition that can be remedied by:
 - (1) normal maintenance, including but not limited to replacing expendable parts, recharging batteries or cleaning;
 - (2) rebooting, reloading or updating software or firmware; or
 - (3) providing necessary power or supply.
 - b. any condition caused by or related to:
 - (1) incompatibility of the "insured equipment" with any software or equipment installed, introduced or networked within the prior thirty (30) days; or
 - (2) insufficient size, capability or capacity of the "insured equipment".
 - c. exposure to adverse environmental conditions including but not limited to change in temperature or humidity, unless such condition results in a loss of functionality. Loss of warranty shall not be considered a loss of functionality.
7. "Electronic Circuitry" means microelectronic components, including, but not limited to, circuit boards, integrated circuits, computer chips and disk drives.
8. "Fungi" includes, but is not limited to, any form or type of mould, yeast, mushroom or mildew whether or not allergenic, pathogenic or toxigenic, and any substance, vapour or gas produced by, emitted from or arising out of any fungi or "spores" or resultant mycotoxins, allergens, or pathogens.
9. "Hazardous Substance" means:
 - a. Any "pollutant", contaminant or other substance declared by a government authority to be hazardous to health or the environment; or
 - b. Any "fungi" including any "spores".
10. "Insured Equipment"
 - a. If Option 1 is shown in the Declarations, "insured equipment" means any equipment owned, leased, operated or controlled by you as described below:
 - (1) Any boiler, fired or unfired pressure vessel normally subject to vacuum or internal pressure other than static pressure of contents, any piping and its accessory equipment, any heat exchanger that forms part of forced air heating equipment, but not including any vessel or piping forming a part of a refrigerating or air conditioning system;
 - (2) Any mechanical or electrical equipment used for generation, transmission or utilization of mechanical or electrical power, but not including:
 - (a) Any machinery or apparatus used for refrigeration or air conditioning;
 - (b) Any lifting or safety cables, anchorages, car buffers or counterweight buffers forming part of an elevator system; nor
 - (c) Any electronic machine, device, instrument, or fibre optic cable used for research, diagnosis, treatment, communication, word processing, "data" processing, duplicating, monitoring or scanning.



- b. If Option 2 is shown in the Declarations, "insured equipment" means any equipment owned, leased, operated or controlled by you as described below:
- (1) Any boiler, fired or unfired pressure vessel normally subject to vacuum or internal pressure other than static pressure of contents, any refrigerating or air conditioning vessels and piping or any other piping and its accessory equipment, any heat exchanger that forms part of forced air heating equipment;
 - (2) Any mechanical or electrical equipment used for generation, transmission or utilization of mechanical or electrical power, but not including:
 - (a) Any lifting or safety cables, anchorages, car buffers or counterweight buffers forming part of an elevator system; nor
 - (b) Any electronic machine, device, instrument, or fibre optic cables used for research, diagnosis, treatment, communication, word processing, "data" processing, duplicating, monitoring or scanning.
- c. If Option 3 is shown in the Declarations, "insured equipment" means any equipment owned, leased, operated or controlled by you as described below:

- (1) Any boiler, fired or unfired pressure vessel normally subject to vacuum or internal pressure other than static pressure of contents, any refrigerating or air conditioning vessels and piping or any other piping and its accessory equipment, any heat exchanger that forms part of forced air heating equipment;
- (2) Any mechanical or electrical equipment used for the generation, transmission or utilization of mechanical or electrical power, but not including any lifting or safety cables, anchorages, car buffers or counterweight buffers forming part of an elevator system; or
- (3) Any electronic machine, device, instrument, or fibre optic cable used for research, diagnosis, treatment, communication, word processing, "data" processing, duplicating, monitoring or scanning.

"Insured equipment" does not mean:

- (a) Any boiler setting, any refractory or insulating material;
- (b) Any part of a boiler or fired pressure vessel that does not contain steam or water;
- (c) Any "buried piping", any drainage piping, any sprinkler piping and its accessory equipment; nor
- (d) Any vehicle or self-propelled mobile equipment.

11. "Media" means material on which "data" is recorded, such as magnetic tapes, hard disks, optical disks or floppy disks.
12. "One Breakdown" means that if either the "breakdown" or "electronic circuitry impairment" of "insured equipment" causes the "breakdown" or "electronic circuitry impairment" of other "insured equipment" or a series of "breakdowns" or "electronic circuitry impairments" occur at the same time as a result of the same cause, they will all be considered as "one breakdown".
13. "Recognized Environmental Standards Program" means one of the following:
- a. the ENERGY STAR® program;
 - b. the Canadian Green Building Council LEED® program; or
 - c. any nationally or internationally recognized environmental standards program designed to achieve energy savings and related objectives of the type included in the programs listed above.
14. "Spores" includes, but is not limited to, one or more reproductive particles or microscopic fragments produced by, emitted from or arising out of any "fungi".