

**INSURING AGREEMENT**

1. In consideration of the premium, we agree with you if there is a Breakdown or Electronic Circuitry Impairment occurring during the Period of Coverage to the Insured Equipment as defined herein, while the Insured Equipment is at a location specified in the Declarations and subject to all the terms, provisions and conditions (including Statutory Conditions) of the policy, except as they may be varied herein, and to the Declarations, Exclusions and Conditions applicable to this Endorsement, as follows:
  - (a) to pay for loss
    - (i) to the Insured Equipment and
    - (ii) to other Insured Propertydirectly damaged by the Breakdown or Electronic Circuitry Impairment;
  - (b) if Loss of Income/Extra Expense is covered by the policy to which this Endorsement is attached, to pay for the Loss of Income/Extra Expense which results solely from the Breakdown or Electronic Circuitry Impairment.

**EXCLUSIONS**

2. This Endorsement does not apply:
  - (a) to loss caused by or resulting from nuclear reaction or radiation, or radioactive contamination, however caused;
  - (b) to loss caused by or resulting from:
    - (i) war, including undeclared or civil war;
    - (ii) 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;
    - (iii) insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these; or
    - (iv) riot, civil commotion, acts of sabotage;but unless associated with the foregoing, loss from a Breakdown or Electronic Circuitry Impairment of Insured Equipment arising out of any strike, vandalism or malicious acts by others is covered.
  - (c) to loss from a Breakdown caused by or resulting from:
    - (i) earth movement, including but not limited to earthquake, landslide, mud flow, subsidence, volcanic eruption, tidal wave or tsunami;
    - (ii) wind, including but not limited to cyclone, tornado or hurricane, or by hail;
    - (iii) fire, smoke or combustion explosion; or
    - (iv) water or other means used to extinguish a fire;
  - (d) to loss caused by or resulting from:
    - (i) fire, smoke or combustion explosion that occurs at the same time as a Breakdown or Electronic Circuitry Impairment or that ensues from a Breakdown or Electronic Circuitry Impairment. However, with respect to any Insured Equipment which is an electrical or electronic machine or apparatus, fire damage within the said machine or apparatus which occurs at the same time as a Breakdown or Electronic Circuitry Impairment or that ensues from a Breakdown or Electronic Circuitry Impairment is covered;
    - (ii) flood;
    - (iii) lightning, if coverage for that cause of loss is provided by any other insurance in effect at the time of the loss;
    - (iv) frost or freezing;
    - (v) collapse of buildings, structures or a material part thereof;
    - (vi) impact of aircraft or spacecraft, including articles dropped therefrom, or land vehicles; or
    - (vii) damage to Data used with any electronic computer or electronic data processing equipment except as provided in Conditions 9;
  - (e) to loss from the Breakdown or Electronic Circuitry Impairment of any Insured Equipment located in a dwelling, except any Electronic Equipment that starts, stops, controls or monitors any Insured Equipment that is usual to the Farm operations;
  - (f) to any increase in loss necessitated by any ordinance, law, regulation, rule or ruling regulating or restricting repair, replacement, alteration, use, operation, construction or installation, except as provided in Condition 4;
  - (g) to loss caused by or resulting from pollution, contamination or damage by a Hazardous Substance, however caused, except as provided in Condition 6;
  - (h) to loss from:
    - (i) delay or interruption of business except as may be provided in Insuring Agreement 1(b);
    - (ii) any other indirect result of a Breakdown or Electronic Circuitry Impairment except as may be provided in Insuring Agreement 1(b);
  - (i) to loss caused by or resulting from escape of water resulting from a Breakdown or Electronic Circuitry Impairment unless:
    - (i) coverage is not provided by any other insurance in effect at the time of the loss, and
    - (ii) the water escapes from Insured Equipment that normally contains water or steam;

- (j) to 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:
  - (i) the erasure, destruction, corruption, misappropriation or misinterpretation of Data;
  - (ii) any error in creating, amending, entering, deleting or using Data;
  - (iii) the inability to receive, transmit or use Data; or
  - (iv) 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, loss that ensues solely from the Breakdown or Electronic Circuitry Impairment of any other Insured Equipment is covered.

## **CONDITIONS**

### **1. LIMIT OF LIABILITY**

#### **Property Damage**

We accept total liability from any One Breakdown under Insuring Agreement 1(a) provided that the Limit of Liability shall not exceed what is specified in the Declarations as applicable to this Endorsement.

### **2. LOSS OF INCOME/EXTRA EXPENSE**

If the policy to which this Endorsement is attached insures against Loss of Income/Extra Expense, but not otherwise, this Endorsement also covers such Loss of Income/Extra Expense which results solely from a Breakdown or Electronic Circuitry Impairment of Insured Equipment subject to all the terms, provisions and conditions of the Loss of Income/Extra Expense coverages forming a part of this policy, and subject to the following additional provisions:

#### **(i) Notice of Breakdown or Electronic Circuitry Impairment and Commencement of Liability**

You shall immediately give notice of a Breakdown or Electronic Circuitry Impairment to any office we operate from and that notice must be confirmed in writing. We only accept liability at (1) the time of the Breakdown or Electronic Circuitry Impairment or (2) twenty-four (24) hours before the notice of Breakdown or Electronic Circuitry Impairment is received, whichever is later.

#### **(ii) Limit of Insurance**

Under Insuring Agreement 1(b), we accept liability for Loss of Income/Extra Expense that shall be separate from and in addition to the Limit of Liability specified in the Declarations applicable to this Endorsement. This liability, however, is not to exceed the limit of Loss of Income/Extra Expense specified for this coverage in the policy.

### **3. EXPEDITING EXPENSES**

If there is a Breakdown or Electronic Circuitry Impairment of Insured Equipment, we shall pay the reasonable extra cost to:

- (i) make temporary repairs;
- (ii) expedite permanent repairs; or
- (iii) expedite permanent replacement;

of the Insured Equipment or other Insured Property which is directly damaged by the Breakdown or Electronic Circuitry Impairment.

### **4. 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 Insured Property, we shall be liable under this endorsement for:

- (i) 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;
- (ii) if Loss of Income/Extra Expense is provided by this endorsement, but not otherwise, the increase in Loss of Income/Extra Expense caused solely as a result of the law, by-law, ordinance, regulation, rule or ruling.

This coverage applies only if the policy to which this Endorsement is attached insured By-laws, but not otherwise

### **5. PROFESSIONAL FEES/AUDITORS FEES**

If the policy to which this Endorsement is attached covers Professional Fees or Auditors Fees, but not otherwise, this endorsement also covers such Professional or Auditors Fees subject to the limit specified for this coverage in the policy.

### **6. HAZARDOUS SUBSTANCES**

If a Hazardous Substance is involved in or released by a Breakdown or Electronic Circuitry Impairment of Insured Equipment, we shall be liable to pay:

- (i) the increase in cost to repair, replace, clean up or dispose of, affected Insured Property; and

- (ii) if Loss of Income/Extra Expense coverage is provided by this Endorsement, the increase in Loss of Income/Extra Expense loss because of the presence of Hazardous Substances;

however, in no event shall the Company be liable for loss in excess of \$100,000.

As used in this coverage, increase in cost or in loss is that cost or loss beyond that for which we would have been liable had no Hazardous Substance been present.

**7. SERVICE INTERRUPTION (Applies only if Loss of Income/Extra Expense is provided by this Endorsement)**

If there is a Breakdown but not Electronic Circuitry Impairment of equipment not owned or operated by you, we shall only be liable for the Loss of Income/Extra Expense if the equipment is:

- (i) of a type described in the applicable definition of Insured Equipment,
- (ii) located on or within one thousand (1000) meters of your premises,
- (iii) owned by a public utility company; and is
- (iii) used to supply communication, refrigeration, electricity, air conditioning, heating, gas, water or steam services to your premises.

**SERVICE INTERRUPTION AND CLOUD COMPUTING**

Under Insuring Agreement 1(b), we shall be liable for loss under this coverage from a Breakdown, but not Electronic Circuitry Impairment, to equipment not owned or operated by you, which is used to supply Cloud Computing Services to a location specified in the Declarations provided that the equipment:

- (a) is of a type described in the definition of Insured Equipment; and
- (b) is located in Canada, the United States of America, Puerto Rico or within any other country in which a location specified in the Declarations is located.

**8. LIVESTOCK (EXPLOSION COVERAGE)**

If the policy to which this Endorsement is attached insures against livestock then solely with respect to this coverage paragraph (a) and (b) of the Insuring Agreement shall apply, subject to the following provisions:

**(a) Coverage**

If there is an Explosion of any equipment described in paragraph A of the definition of Insured Equipment, we shall be liable to pay for loss to livestock which is covered by the policy to which this Endorsement is attached directly damaged by the Explosion, but not otherwise.

**(b) Explosion**

Explosion means a sudden and accidental tearing asunder of the equipment, or a part thereof, caused by the pressure of water or steam therein, but cracking shall not constitute a sudden and accidental tearing asunder.

**(c) Basis of Settlement**

We agree under this coverage that Condition 10, Basis of Settlement is amended to include the following:

Solely with respect to livestock the Basis of Settlement and/or Limit of Liability clause of the livestock coverage of the policy to which this Endorsement is attached shall apply.

In no event shall we be liable under this coverage for loss in excess of \$100,000.

**9. DATA COVERAGE**

We shall be liable under coverage described in Insuring Agreement 1(a) and 1(b) for the additional costs of repairing or replacing Data, including the cost of gathering or assembling information if such data is lost or damaged as a result of the following:

- (a) a Breakdown or Electronic Circuitry impairment to Insured Equipment; or
- (b) a Breakdown, but not Electronic Circuitry Impairment, to equipment not owned or operated by you which is used to supply Cloud Computing Services to a location specified in the Declarations provided that the equipment is of a type described in the definition of Insured Equipment;

however, in no event shall we be liable for loss in excess of \$25,000.

We shall not be liable 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.

**10. OFF PREMISES TRANSPORTABLE INSURED EQUIPMENT**

We shall be liable for loss under coverage described in Insuring Agreement 1(a) and 1(b) from a Breakdown or Electronic Circuitry Impairment to transportable Insured Equipment that at the time of the Breakdown or Electronic Circuitry Impairment are not at a location specified in the Declarations, provided that the transportable Insured Equipment:

- (a) is of a type described in the definition of Insured Equipment; and
- (b) is at a location which is in Canada, the United States of America, Puerto Rico, or within any other country in which a location specified 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 shall not be liable 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, in no event shall we be liable for loss in excess of \$10,000.

#### **11. PUBLIC RELATIONS**

With respect to Loss of Income/ Extra Expense coverage described in Insuring Agreement 1(b), we shall be liable 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:

- (a) the media;
- (b) the public; or
- (c) 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 Insured 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 Insured Property as has been destroyed or damaged by the Breakdown or Electronic Circuitry Impairment;

however, in no event shall we be liable for loss in excess of \$5,000.

#### **12. GREEN COVERAGE**

With respect to Property Damage coverage described in Insuring Agreement 1(a), if Insured Equipment requires repair or replacement due to a Breakdown or Electronic Circuitry Impairment, we will pay the additional cost:

- (a) 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;
- (b) to dispose of damaged insured property or equipment, if practicable, through a recycling process; and
- (c) to flush out reconstructed space with up to one hundred (100) percent outside air using new filtration media.

With respect to any building that is Insured 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 Insured Property; and
- (iv) for a professional engineer to commission or recommission the Insured's 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 Insured 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.

In no event shall we be liable for loss in excess of \$25,000.

#### **13. BRANDS AND LABELS**

If branded or labeled merchandise that is Insured Property is damaged as a direct result of a Breakdown or Electronic Circuitry Impairment, but retains a salvage value, the Insured may:

- (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 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 shall not be liable 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.

In no event shall we be liable for loss in excess of \$100,000.

#### **14. BASIS OF SETTLEMENT**

##### **Property Damage**

Under Insuring Agreement 1(a), we agree to pay for Insured Property, which is damaged, as follows:

- (i) on media, the cost of blank material;
- (ii) on exposed film, records, manuscripts and drawings, the cost of blank material plus the cost of transcription;
- (iii) on refrigeration units eight (8) years old or greater, its Actual Cash Value;
- (iv) on any heat exchanger that forms part of a forced air heating equipment that is five (5) years old or more from the date of purchase new, its Actual Cash Value;
- (v) on all other Insured Property, the lesser of the cost at the time of the Breakdown or Electronic Circuitry Impairment
  - (a) to repair; or
  - (b) to replace with similar property of like kind, capacity, size, quality and function.

We shall not be liable:

- (i) for 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;
- (ii) for 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;
- (iii) for more than the cost to replace the property at the same or adjacent site; nor
- (iv) for loss or damage to property which is useless or obsolete to the Insured

If the damaged property is not repaired or replaced within twelve (12) months after the date of the Breakdown or Electronic Circuitry Impairment, the liability we accept will only be for the Actual Cash Value of the damaged property. 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.

##### **ENVIRONMENTAL AND EFFICIENCY IMPROVEMENTS**

Under Insuring Agreement 1(a) 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.

#### **15. DEDUCTIBLE**

From the total amount of loss, damage and expense for which we are liable following any One Breakdown of Insured Equipment shall be subtracted:

- (a) on refrigeration units, one thousand dollars (\$1,000);
- (b) on all other Insured Property, five hundred dollars (\$500) or the Deductible specified in the Declarations, whichever is greater.

If more than one Deductible is specified and is applicable to loss under this Endorsement from any One Breakdown, only one Deductible shall be applied and that shall be the largest of the applicable Deductibles.

#### **16. INSPECTION**

We, or our reinsurers, shall have the right to make inspections of Insured Equipment at any reasonable time. Neither this right to make inspections nor making them is an undertaking to you or others that the Insured Equipment is safe and not hazardous or injurious to health.

#### **17. SUSPENSION**

Upon the discovery of Insured Equipment in or exposed to a dangerous condition any representative of ours, or our reinsurers, may immediately suspend the Insurance against loss from the Breakdown or Electronic Circuitry Impairment of that equipment (which will include any insurance applying to the interest of any Mortgagee specified in the policy). Notice of suspension shall be given either at the Mailing Address specified in the Declarations, or at the location of the equipment. We, or our reinsurers, agree

to furnish a copy of the Suspension Notice to the Mortgagee. Once coverage has been suspended, it can only be reinstated by an endorsement issued to form part of this policy. You shall be allowed a pro-rata refund of premium for that equipment for the period that coverage is suspended.

## 18. TESTING

As respects any Insured Equipment, we shall not be liable for loss from a Breakdown while such Insured Equipment is undergoing any pressure test, an insulation breakdown test or is being dried out.

## DEFINITIONS

### 1. INSURED EQUIPMENT

Insured Equipment shall mean any equipment owned, leased, operated or controlled by you as described below:

- A. 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 a forced air heating equipment, but not including:
  - (i) any boiler setting, any refractory or insulating material;
  - (ii) any part of a boiler or fired pressure vessel that does not contain steam or water; nor
  - (iii) any buried piping or vessel, any drainage piping, any sprinkler piping and its accessory equipment;
- B. any mechanical or electrical equipment used for the generation, transmission or utilization of mechanical or electrical power, but not including:
  - (i) any conveyor, crane, elevator or hoist, but not excluding any electrical equipment used with any such apparatus;
  - (ii) any Vehicles or Insured Equipment mounted on a Vehicle, but not excluding Insured Equipment that is:
    - a. mounted on wheels or a trailer in order to make it transportable;
    - b. not used to drive or steer such wheels or trailer; and
    - c. stationary and in use at the location specified in the Declarations at the time of the Breakdown or Electronic Circuitry Impairment;
- C. any electronic machine, device or instrument or fibre optic cable used for research, diagnosis, treatment, communication, word processing, data processing, duplicating, scanning or monitoring.

### 2. INSURED PROPERTY

Insured Property is property for which there is coverage under the Policy to which this Endorsement is attached which is also:

- (a) property you own; or
  - (b) property of others that you have in your care, custody or control and for which you are legally liable;
- however Insured Property shall not include live animals, except with respect to Conditions 8 of this Endorsement.

### 3. BREAKDOWN

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:

- (i) depletion, deterioration, corrosion or erosion of material;
- (ii) wear and tear;
- (iii) the functioning of any safety device or protective device; nor
- (iv) the failure of a structure or foundation supporting the equipment or a part of the equipment.

### 4. ONE BREAKDOWN

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 Impairment occur at the same time as a result of the same cause, they will all be considered as One Breakdown.

### 5. HAZARDOUS SUBSTANCE

A hazardous substance is:

- (a) any pollutant, contaminant or other substance declared by a governmental authority to be hazardous to health or the environment; or
- (b) any mould, yeast, fungus or mildew including any spores or toxins created or produced by or emanating from such mould, yeast, fungus or mildew, whether or not allergenic, pathogenic or toxigenic.

**6. DATA**

Data means facts, concepts, information or software in a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment.

**7. MEDIA**

Media means material on which data is recorded, such as magnetic tapes, hard disks, optical disks or floppy disks.

**8. VEHICLE**

Vehicle means, as respects this Endorsement only, any machine or apparatus that is used for transportation or moves under its own power. Vehicle includes, but is not limited to, car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester. However, any property that is stationary, permanently installed at a location listed in the Declarations and that receives electrical power from an external power source will not be considered a Vehicle.

**9. ELECTRONIC CIRCUITRY IMPAIRMENT**

Electronic Circuitry Impairment shall mean 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 does not mean:

(a) any condition that can be remedied by:

- (i) normal maintenance, including but not limited to replacing expendable parts, recharging batteries or cleaning;
- (ii) rebooting, reloading or updating software or firmware; or
- (iii) providing necessary power or supply.

(b) any condition caused by or related to:

- (i) incompatibility of the Insured Equipment with any software or equipment installed, introduced or networked within the prior thirty (30) days; or
- (ii) 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.

**10. ELECTRONIC CIRCUITRY**

Electronic Circuitry means microelectronic components, including, but not limited to, circuit boards, integrated circuits, computer chips and disk drives.

**11. CLOUD COMPUTING SERVICES**

Cloud Computing Services means professional, on-demand, self-service data storage or data processing services provided through the Internet or over telecommunications lines. This includes services known as IaaS (Infrastructure as a Service), PaaS (Platform as a Service), SaaS (Software as a Service) and NaaS (Network as a Service). This includes business models known as public clouds, community clouds and hybrid clouds. Cloud Computing Services include private clouds if such services are owned and operated by a third party.

**12. RECOGNIZED ENVIRONMENTAL STANDARDS PROGRAM**

Recognized Environmental Standards Program means:

- (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.