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COMMERCIAL INSURANCE

A Custom Insurance Policy Prepared for:

**LOCAL GOVERNMENT CENTER
PROPERTY-LIABILITY TRUST, LLC
P.O. BOX 617
CONCORD NH 03302**

Presented by: TOWERS PERRIN FORSTER

TRAVELERS CORP. TEL: 1-800-328-2189
MUNICIPALITIES (NO WATER TREATMENT OR
COMMON POLICY DECLARATIONS
ISSUE DATE: 07/31/08
POLICY NUMBER: M5J-BM21-4249L667-TIL-08

INSURING COMPANY:
TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA

1. NAMED INSURED AND MAILING ADDRESS:
LOCAL GOVERNMENT CENTER
PROPERTY-LIABILITY TRUST, LLC
P.O. BOX 617
CONCORD, NH 03302

2. POLICY PERIOD: From 07/01/08 to 07/01/11 12:01 A.M. Standard Time at
your mailing address.

3. LOCATIONS
Premises Bldg.
Loc. No. No. Occupancy Address

ON FILE WITH COMPANY

4. COVERAGE PARTS FORMING PART OF THIS POLICY AND INSURING COMPANIES:
BOILER AND MACHINERY COV PART DECLARATIONS BM T0 53 10 05 TIL

5. NUMBERS OF FORMS AND ENDORSEMENTS
FORMING A PART OF THIS POLICY: SEE IL T8 01 10 93

6. SUPPLEMENTAL POLICIES: Each of the following is a separate policy
containing its complete provisions:
Policy Policy No. Insuring Company

7. PREMIUM SUMMARY:
Provisional Premium \$ 185,926
Due at Inception \$ 185,926
Due at Each \$
PREMIUM SHOWN IS FOR FIRST YEAR ONLY (07/01/08 TO 07/01/09)
EACH ANNIVERSARY THEREAFTER SHALL BE SUBJECT TO RERATE

NAME AND ADDRESS OF AGENT OR BROKER:
TOWERS PERRIN FORSTER (TH006)
ONE STAMFORD PLZ
263 TRESSER BLVD
STAMFORD, CT 069013255

COUNTERSIGNED BY:

Authorized Representative

DATE: _____

POLICY NUMBER: M5J-BM21-4249L667-TIL-08

EFFECTIVE DATE: 07-01-08

ISSUE DATE: 07-31-08

LISTING OF FORMS, ENDORSEMENTS AND SCHEDULE NUMBERS

THIS LISTING SHOWS THE NUMBER OF FORMS, SCHEDULES AND ENDORSEMENTS BY LINE OF BUSINESS.

IL T0 02 11 89	COMMON POLICY DECLARATIONS
IL T8 01 10 93	FORMS, ENDORSEMENTS AND SCHEDULE NUMBERS
IL T0 01 01 07	COMMON POLICY CONDITIONS

BOILER AND MACHINERY

BM T0 53 10 05	ENERGYMAX21-EQUIPMENT BREAKDOWN DEC
BM T8 00	GENERAL PURPOSE ENDORSEMENT
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BM T8 03	GENERAL PURPOSE ENDORSEMENT
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BM T1 57 08 02	ENERGYMAX 21 COVERAGE FORM
BM T4 02 08 02	COVERED PREMISES - SPECIAL SCHEDULE
BM T5 94 01 08	TERRORISM RISK INS ACT 2002 DISCLOSURE
BM T6 31 12 04	TRANSPORTABLE EQUIPMENT COVERAGE
BM T9 65 08 02	NEW HAMPSHIRE CHANGES - INSPECTIONS

INTERLINE ENDORSEMENTS

IL T3 79 01 08	CAPS ON LOSSES FROM CERT ACTS OF TERROR
IL 01 35 09 07	NH CHANGES-CANCELLATION & NON-RENEWAL
IL 01 87 07 02	NH CHGS-CONCEALMENT/MISREPRESENT/FRAUD
IL T9 11 01 89	NH-CHANGES

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions:

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy or any Coverage Part by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. If the policy is cancelled, that date will become the end of the policy period. If a Coverage Part is cancelled, that date will become the end of the policy period as respects that Coverage Part only.
5. If this policy or any Coverage Part is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us as part of this policy.

C. 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.

D. Inspections And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;
 - b. Give you reports on the conditions we find; and
 - c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

1. The first Named Insured shown in the Declarations:
 - a. Is responsible for the payment of all premiums; and
 - b. Will be the payee for any return premiums we pay.
2. We compute all premiums for this policy in accordance with our rules, rates, rating plans, premiums and minimum premiums. The premium shown in the Declarations was computed based on rates and rules in effect at the time the policy was issued. On each re-

newal continuation or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while

acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

G. Equipment Breakdown Equivalent to Boiler and Machinery

On the Common Policy Declarations, the term Equipment Breakdown is understood to mean and include Boiler and Machinery and the term Boiler and Machinery is understood to mean and include Equipment Breakdown.

This policy consists of the Common Policy Declarations and the Coverage Parts and endorsements listed in that declarations form.

In return for payment of the premium, we agree with the Named Insured to provide the insurance afforded by a Coverage Part forming part of this policy. That insurance will be provided by the company indicated as insuring company in the Common Policy Declarations by the abbreviation of its name opposite that Coverage Part.

The companies listed below (each a stock company) have executed this policy, and is countersigned by the officers listed below:

The Travelers Indemnity Company (IND)

The Phoenix Insurance Company (PHX)

The Charter Oak Fire Insurance Company (COF)

Travelers Property Casualty Company of America (TIL)

The Travelers Indemnity Company of Connecticut (TCT)

The Travelers Indemnity Company of America (TIA)

Travelers Casualty Insurance Company of America (ACJ)



Secretary



President

BOILER AND MACHINERY



BOILER AND MACHINERY



One Tower Square, Hartford, Connecticut 06183

ENERGYMAX21
EQUIPMENT BREAKDOWN PROTECTION

POLICY NUMBER: M5J-BM21-4249L667-TIL-08
ISSUE DATE:07-31-08

INSURING COMPANY:
TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA

EFFECTIVE DATE: Same as policy unless otherwise specified:

THESE DECLARATIONS APPLY TO ALL LOCATIONS COVERED BY THIS POLICY

EXCEPTIONS:

Insurance applies only to coverage for which a Limit of Insurance, a number of Days/Hours, the word INCLUDED, or other coverage indicator is shown at a Covered Premises. If INCLUDED is shown, then the limit for that coverage is part of the "Total Limit per Breakdown".

COVERAGE	LIMIT OF INSURANCE OR DAYS/HOURS
"Total Limit per Breakdown"	\$ 100,000,000
1 Property Damage	\$ INCLUDED WITH BREAKDOWN LIMIT
2a Business Income	\$ INCLUDED WITH BREAKDOWN LIMIT
Business Income "Period of Restoration" extension 90	Days
2b Extra Expense	\$ INCLUDED WITH BII
Extra Expense "Period of Restoration" extension 90	Days
2c Spoilage Damage	\$ INCLUDED WITH BREAKDOWN LIMIT
2d Utility Interruption	\$ INCLUDED WITH BREAKDOWN LIMIT
Coverage applies only if interruption lasts at least: 4 Hours	
2e Brands & Labels	\$ INCLUDED WITH BREAKDOWN LIMIT
2f Contingent Time Element	\$ 250,000
Covered Premises:	

Sales, Services or Materials:

2g "Data" or "Media"	\$ 500,000
2h Error in Description	\$ INCLUDED WITH BREAKDOWN LIMIT
2i Expediting Expense	\$ INCLUDED WITH BREAKDOWN LIMIT
2j Newly Acquired Locations	\$ INCLUDED WITH BREAKDOWN LIMIT
Number of Days of coverage 365 Days	
2k Ordinance or Law, Demolition, Increased Cost of Construction	\$ 2,000,000

The most we will pay for direct damage to "Covered Property" is the Limit of Insurance shown for each of the following. These limits are a part of, not in addition to, the Property Damage Limit shown in 1 above. *The minimum limit for each of the following is \$25,000.*

COVERAGE LIMITATIONS	LIMIT OF INSURANCE
Ammonia Contamination	\$ INCLUDED WITH BREAKDOWN LIMIT
Hazardous Substance	\$ 2,000,000
Water Damage	\$ INCLUDED WITH BREAKDOWN LIMIT

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Page 1 of 2

PRODUCER:

OFFICE

CONDITIONAL and OPTIONAL COVERAGES

Number of Days for Notice of Cancellation 90 Days
Except: 10 days for non-payment of Premium

"Diagnostic Equipment" (Included or Excluded) **INCLUDED**

"Production Machines" (Included or Excluded) **INCLUDED**

The deductible applies only to a coverage for which an amount, hours, days, the word INCLUDED or other coverage indicator is shown. If INCLUDED is shown under the deductible, then the deductible for that coverage is part of the Combined Deductible or other deductible identified.

DEDUCTIBLE	AMOUNT, HOURS, DAYS or PERCENTAGE
Combined Deductible:	5,000
Property Damage:	INCLUDED WITH COMBINED DEDUCTIBLE
Business Income:	INCLUDED WITH COMBINED DEDUCTIBLE
Extra Expense:	INCLUDED WITH BII
Spoilage Damage:	INCLUDED WITH COMBINED DEDUCTIBLE
Utility Interruption:	INCLUDED WITH COMBINED DEDUCTIBLE
Contingent Time Element:	INCLUDED WITH COMBINED DEDUCTIBLE
Ammonia Contamination:	INCLUDED WITH COMBINED DEDUCTIBLE
Other:	

NUMBERS OF FORMS, SCHEDULES AND ENDORSEMENT FORMING PART OF THIS COVERAGE PART ARE ATTACHED AS A SEPARATE LISTING.

UNNAMED LOCATIONS COVERAGE

The following is added to A. Coverage 2. Coverage Extensions:

Unnamed Locations Coverage Extension

1. We will pay for loss or damage as otherwise covered by this Policy to "Covered Property" located at an "Unnamed Location" caused by or resulting from a "Breakdown" to "Covered Equipment."

However, coverage provided under this Endorsement does not extend to any location you acquire after the inception of this Policy.

2. The most we will pay for loss covered under this Endorsement resulting from any "One Breakdown" is \$1,000,000. This limit is part of, not in addition to, the "Total Limit per Breakdown".
3. As used in this Endorsement, "Unnamed Locations" means fixed locations within the Coverage Territory that are owned, leased or regularly operated by the Insured but are not included in the list of locations shown in the Declarations or described in the most recent Statement of Value or other documentation on file with us.

POLICY NUMBER: M5J-BM21-4249L667-TIL-08

BOILER AND MACHINERY
GENERAL PURPOSE ENDORSEMENT

BUSINESS INCOME COINSURANCE WAIVER

Paragraph E. Conditions, l. Loss Conditions, m. Business Income Report of Values; n. Business Income Coinsurance; and o. Conditional Suspension of Coinsurance are deleted.

DEDUCTIBLE WAIVER

The following paragraph is added to section D. Deductibles:

In the event of a single occurrence involving loss that is covered in whole or in part by:

- A. This Policy; and
- B. Any other commercial property policy, any deductible applicable under this Policy is waived with respect to such loss.

ENERGYMAX 21

EQUIPMENT BREAKDOWN PROTECTION

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EnergyMax 21

EQUIPMENT BREAKDOWN PROTECTION

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

Throughout this Policy the words "you" and "your" refer to the Named Insured shown in the Declarations or as endorsed hereunder. 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 F – Definitions.

A. Coverage

1. Property Damage

We will pay for direct damage caused by a "Covered Cause of Loss" to "Covered Property" located at the Covered Premises described in the Declarations.

"Covered Cause of Loss" is a "Breakdown" to "Covered Equipment".

2. Coverage Extensions

You may extend coverages provided under Paragraph A.1. above. Coverage is provided if either a limit, the word INCLUDED, or other coverage indicator is shown for that coverage in the Declarations. No coverage is provided unless a limit, the word INCLUDED or other coverage indicator is shown.

These coverages apply only to that portion of the loss or damage that is a direct result of a "Covered Cause of Loss" that is not excluded elsewhere in this policy. The "Breakdown" must occur during the policy period, but expiration of the policy does not limit our liability under these Coverage Extensions.

a. Business Income

We will pay:

- (1) Your actual loss of "Business Income" from a total or partial interruption of business during the "Period of Restoration"; and
- (2) The "Extra Expense" you necessarily incur to reduce or avert the amount of loss under this Coverage Extension. 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 Extension.

- (3) The "Covered Equipment" must either be "Covered Property" or be property of others that is:

- (a) Located on or within 500 feet of a Covered Premises insured under this Policy; and

- (b) Used to supply air conditioning, communication services, electric power, gas, heating, refrigeration, steam, water or waste treatment to the described premises.

b. Extra Expense

- (1) We will pay the reasonable "Extra Expense" you necessarily incur to operate your business during the "Period of Restoration".

- (2) We will consider the experience of your business before the "Breakdown" and the probable experience you would have had without the "Breakdown" in determining the amount of your payment.

- (3) The "Covered Equipment" must either be "Covered Property" or be property of others that is:

- (a) Located on or within 500 feet of a Covered Premises insured under this Policy; and

- (b) Used to supply air conditioning, communication services, electric power, gas, heating, refrigeration, steam, water or waste treatment to the described premises.

c. Spoilage Damage

- (1) We will pay for spoilage damage to raw materials, property in process or finished products, provided all of the following conditions are met:

- (a) The raw material, property in process or finished products must be

BOILER AND MACHINERY

in storage or in the course of being manufactured; and

- (b) You must own or be legally liable under written contract for the raw materials, property in process or finished products; and
 - (c) The spoilage damage must be due to the lack or excess of power, light, heat, steam or refrigeration.
- (2) We will also pay any necessary expenses you incur to reduce or avert the amount of loss under this Coverage Extension. We will pay such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this Coverage Extension.
- (3) The "Covered Equipment" must either be "Covered Property" or be property of others that is:
- (a) Located on or within 500 feet of a Covered Premises insured under this Policy; and
 - (b) Used to supply air conditioning, communication services, electric power, gas, heating, refrigeration, steam, water or waste treatment to the described premises.

d. Utility Interruption

If you purchase Utility Interruption coverage and have selected coverage for Business Income, Extra Expense and/or Spoilage Damage, the selected coverage(s) are extended to include loss resulting from the interruption of utility services provided all of the following conditions are met:

- (1) The interruption is the direct result of a "Breakdown" to "Covered Equipment" owned, operated or controlled by the local private or public utility or distributor that directly generates, transmits, distributes or provides utility services which you receive; and
- (2) The "Covered Equipment" is located more than 500 feet from the affected Covered Premises insured under this Policy; and

(3) The "Covered Equipment" is used to supply air conditioning, communication services, electric power, gas, heating, refrigeration, steam, water or waste treatment to your premises; and

(4) The interruption of utility service to your Covered Premises lasts at least the consecutive period of time shown in the Declarations. Once this waiting period is met, coverage will commence at the initial time of the interruption and will then be subject to all applicable deductibles.

e. Brands & Labels

(1) If branded or labeled merchandise that is "Covered Property" is damaged by a "Breakdown", we may take all or any part of the property at an agreed or appraised value. If we take such property, you 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 law.

(2) We will pay the reasonable cost you incur to perform the activity described in Paragraphs (1)(a) and (1)(b), but the total we will pay for these costs and the value of the damaged property will not exceed the applicable Limit of Insurance on such property.

f. Contingent Time Element

(1) If you purchase Contingent Time Element coverage and have selected coverage for Business Income and/or Extra Expense, the selected coverage(s) are extended to cover your loss resulting from a "Breakdown" to "Covered Equipment" at a location shown in the Declarations, that is not owned or operated by you and which:

(a) Wholly or partially prevents the delivery of services or materials shown in the Declarations, to you

or from you to others for your account; or

- (b) Results in the loss of sales at your Covered Premises shown in the Declarations.
- (2) You shall use your influence to induce the contributing or recipient location to make use of any other machinery, equipment, supplies or locations available in order to resume operations and delivery of services or materials to you, or the acceptance of products or services from you. You shall cooperate with the contributing or recipient locations to this effect in every way, but not financially unless authorized by us.

g. "Data" Or "Media" Coverage

If:

- (1) you purchase "Data" or "Media" Coverage; and
- (2) you have selected coverage for Business Income and/or Extra Expense; and
- (3) "Media" is damaged or "Data" is lost or corrupted as a direct result of a "Breakdown" to "Covered Equipment",

we will also pay your actual loss of "Business Income" and/or your "Extra Expenses" during the time necessary to:

- (1) Research, recreate, replace or restore the damaged "Media" or lost or corrupted "Data"; and
- (2) Reprogram instructions used in any covered "Computer Equipment".

There shall be no coverage for any "Data" or "Media" that cannot be replaced, recreated, or restored.

The most we will pay under this Coverage Extension for "Business Income" and/or your "Extra Expense" incurred is the Limit of Insurance indicated for "Data" or "Media" coverage in the Declarations.

h. Error in Description

We will pay your loss covered by this Policy if such loss is otherwise not payable solely because of any unintentional

error or omission in the description of a location as insured under this Policy.

You agree to give us prompt notice of any correction or addition to the description of a location insured under this Policy.

i. Expediting Expense

With respect to direct damage to "Covered Property" we will pay for the reasonable extra cost you necessarily incur to:

- (1) Make temporary repairs; and/or
- (2) Expedite the permanent repairs or replacement of the damaged property.

j. Newly Acquired Locations

We will automatically provide coverage at newly acquired locations you have purchased or leased. This coverage begins at the time you acquire the property and continues for a period not exceeding the number of days indicated in the Declarations for Newly Acquired Locations, under the following conditions:

- (1) You must promptly inform us in writing of the newly acquired locations; and
- (2) You agree to pay an additional premium as determined by us; and
- (3) The coverage for these locations will be subject to the same terms, conditions, exclusions and limitations as other insured Covered Premises until endorsed onto the Policy; and
- (4) If the coverages and deductibles vary for existing premises, then the coverages for the newly acquired locations will be the broadest coverage, highest limits and highest deductibles applicable to the existing Covered Premises.
- (5) The coverage under this Coverage Extension will end when any of the following first occurs:
- (a) This Policy expires; or
- (b) The number of days specified in the Declarations for this coverage expires after the location is acquired; or
- (c) The acquisition is reported to us in writing; or

(d) The location is specifically insured by this Policy.

k. Ordinance or Law Coverage (including Demolition and Increased Cost of Construction)

The following applies despite the Ordinance or Law Exclusion and provided these increases in loss are necessitated by the enforcement of any ordinance, law, rule, regulation or ruling that is in force at the time of the "Breakdown", which regulate the demolition, construction, repair or use of the building or structure. With respect to the building or structure that was damaged as a result of a "Breakdown",

(1) We will pay for:

(a) The loss in value of the undamaged portion of the building or structure as a consequence of enforcement of an ordinance, law, rule, regulation or ruling that requires the demolition of undamaged parts of the same building or structure;

(b) Your actual cost to demolish and clear the site of the undamaged parts of the same building or structure as a consequence of enforcement of an ordinance, law, rule, regulation or ruling that requires the demolition of such undamaged property; and

(c) The increased cost actually and necessarily expended to:

(i) Repair or reconstruct the undamaged or destroyed portions of the building or structure; and

(ii) Reconstruct or remodel the undamaged portion of that building or structure with buildings or structures of like materials, height, floor area, and style for like occupancy, whether or not demolition is required on:

i The same Covered Premises or at another location, if you so elect. However, if you rebuild at another location, the

most we will pay is the increased cost of construction that we would have paid to rebuild at the same Covered Premises; or

ii Another location if the relocation is required by the ordinance, law, rule, regulation or ruling. The most we will pay is the increased cost of construction at the new location.

(d) If you have selected Business Income coverage and/or Extra Expense coverage, we will pay under this Coverage Extension the additional loss of "Business Income" and/or your "Extra Expense" that you actually incur as a direct consequence of enforcement of an ordinance, law, rule, regulation or ruling.

(2) We will not pay for:

(a) Demolition or site clearing until the undamaged portions of the buildings or structures are actually demolished;

(b) Increase in loss until the damage or destroyed buildings or structure are actually rebuilt or replaced and approved by the regulating government agency;

(c) Loss due to any ordinance, law, rule, regulation or ruling that:

(i) You were required to comply with before the loss, even if the building was undamaged; and

(ii) You failed to comply with;

(d) Increase in loss, excess of the amount required to meet the minimum requirement of an ordinance, law, rule, regulation or ruling enforcement at the time of the "Breakdown"; or

(e) Increase in loss resulting from a substance declared to be haz-

ardous to health or environment by any government agency.

(3) If:

- (a) The building or structure is damaged by a "Breakdown" that is covered by this Policy; and
- (b) There is other physical damage that is not covered by this Policy; and
- (c) The building damage in its entirety results in enforcement of ordinance, law, rule, regulation or ruling;

then we will not pay the full amount of the loss under this coverage. Instead, we will pay only that proportion of such loss; meaning the proportion that the covered "Breakdown" loss bears to the total physical damage.

But if the building or structure sustains direct physical damage that is not covered under this Policy and such damage is the subject of the ordinance, law, rule, regulation or ruling, then there is no Ordinance or Law coverage under this Policy even if the building has also sustained damage by a covered "Breakdown".

- (4) If you have selected coverage for Business Income and/or Extra Expense, then the "Period of Restoration" is extended to include the additional period of time required for demolition, removal, repair, remodeling or reconstruction.

B. Exclusions

We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

The exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

1. Ordinance or Law

Increase in loss from the enforcement of any ordinance, law, rule, regulation or ruling which restricts or regulates the repair, replacement, alteration, use, operation, construction, installation, clean-up or disposal of "Covered

Property", except as provided under Coverage Extension 2.k.

However the words 'use' and 'operation' shall be eliminated as respects a covered "Breakdown" to electrical supply and emergency generating equipment located on any Covered Premises identified in the Declarations, when continued operation is contingent on the presence of such electrical supply and emergency generating equipment as mandated by any government agency.

2. Earth Movement

Earth movement including, but not limited to, earthquake, landslide, land subsidence, mine subsidence, sinkhole collapse or volcanic action.

3. Water

- a. Flood, surface water, waves, tides, tidal waves, tsunami, overflow of any body of water, or their spray, all whether driven by wind or not; or
- b. Mudflow or mudslides; or
- c. Water damage caused by backup of sewers, drains, or drainage piping; or
- d. Water damage caused by the discharge or leakage of a sprinkler system, sewer piping or domestic water piping.

4. Nuclear Hazard

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

5. War or Military Action

- a. War, including undeclared or civil war;
- b. 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
- c. Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

6. An explosion

However we will pay for direct loss or damage caused by an explosion of "Covered Equipment" of a kind specified in a. through f. below, and which is not otherwise excluded under this Section B. or elsewhere in this Policy:

BOILER AND MACHINERY

- a. Steam boiler; or
 - b. Electric steam generator; or
 - c. Steam piping; or
 - d. Steam turbine; or
 - e. Steam engine; or
 - f. Gas turbine or any other moving or rotating machinery, when such explosion is caused by centrifugal force or mechanical breakdown.
7. **Fire or combustion explosion including those that:**
- a. Result in a "Breakdown"; or
 - b. Occur at the same time as a "Breakdown"; or
 - c. Ensnue from a "Breakdown".
8. **Explosion** within the furnace of a chemical recovery type boiler or within the gas passages from the furnace to the atmosphere.
9. Damage to "Covered Equipment" undergoing a **pressure or electrical test**.
10. **Water or other means used to extinguish a fire**, even when the attempt is unsuccessful.
11. **Costs to research, reconstruct or restore damaged "Data" or "Media"** except as provided under Coverage Extension 2.g.
12. **Depletion, deterioration, corrosion, erosion, wear and tear, rust, fungus, decay, wet or dry rot, or mold**. However, if a "Breakdown" ensues, we will pay the ensuing loss or damage not otherwise excluded.
13. A "Breakdown" that is caused directly or indirectly by **Hail or Windstorm**.
14. A "Breakdown" that is the direct or indirect result of the following causes of loss, if such cause of loss is covered by another policy of insurance or self-insurance risk retention plan in force at the time of the loss, regardless of deductible. Also excluded are all resulting direct and indirect loss.
- a. Aircraft; or
 - b. Civil commotion; or
 - c. Collapse; or
 - d. Freezing caused by cold weather; or
 - e. Impact of aircraft, missile or vehicle; or
 - f. Lightning; or
 - g. Molten material; or
 - h. Objects falling from aircraft or missiles; or
 - i. Riot; or
 - j. Smoke; or
 - k. Vandalism; or
 - l. Vehicles; or
 - m. Weight of snow, ice, sleet.
15. **A delay in, or an interruption of**, any business, manufacturing or processing activity except as provided in Business Income coverage, Extra Expense coverage and/or Utility Interruption Coverage.
16. **With respect to Business Income coverage, Extra Expense coverage, Utility Interruption coverage**, the following additional exclusions shall apply:
- a. The business that would not or could not have been carried on if the "Breakdown" had not occurred; or
 - b. Your failure to use due diligence and dispatch to operate your business as nearly normal as practicable at the Covered Premises shown in the Declarations; or
 - c. The suspension, lapse or cancellation of a contract following a "Breakdown" extending beyond the time business could have resumed if the contract had not lapsed, been suspended or canceled.
17. **Lack or excess of power, light, heat, steam or refrigeration** except as provided by Business Income coverage, Extra Expense coverage, Utility Interruption coverage and/or Spoilage Damage coverage.
18. **With respect to Utility Interruption coverage**, any loss resulting from the following causes of loss whether or not coverage for that cause of loss is provided by another policy or self-insurance risk retention plan you have. Also excluded are all resulting direct or indirect loss.
- a. Aircraft; or
 - b. Civil commotion; or
 - c. Collapse; or
 - d. Freezing caused by cold weather; or
 - e. Impact of aircraft, missile or vehicle; or
 - f. Lightning; or
 - g. Molten material; or

- h. Objects falling from aircraft or missiles; or
- i. Riot; or
- j. Smoke; or
- k. Vandalism; or
- l. Vehicles; or
- m. Weight of snow, ice, sleet; or
- n. Acts of Sabotage; or
- o. Deliberate act(s) of load shedding by the supplying or distributing utility.

19. **Any other indirect result** of a "Breakdown" to "Covered Equipment" except as provided under Business Income coverage, Extra Expense coverage, Spoilage Damage coverage, Utility Interruption coverage.
20. **Neglect** by you to use all reasonable means to save and preserve "Covered Property" from further damage at and after the time of loss.

C. Limits of Insurance

1. The most we will pay for any and all coverages for loss or damage from any "One Breakdown" is the applicable Limit of Insurance shown in the Declarations.
2. Any payment made will not be increased if more than one insured is shown in the Declarations.
3. For each coverage in Paragraph A.1. and A.2. if:
 - a. INCLUDED is shown in the Declarations, the limit for such coverage is part of, not in addition to, the "Total Limit per Breakdown".
 - b. A limit is shown in the Declarations, we will not pay more than the Limit of Insurance for each such coverage.
4. The most we will pay for direct damage to "Covered Property" for each of the following is the amount indicated in the Declarations under Coverage Limitations. The limits are part of, not in addition to, the Limit of Insurance for Property Damage.

a. Ammonia Contamination

If "Covered Property" is contaminated by ammonia as a direct result of a "Breakdown" to "Covered Equipment", we will pay for this kind of damage, including salvage expense.

b. Hazardous Substance

The following applies despite the operation of the Ordinance or Law Exclusion:

If "Covered Property" is damaged, contaminated or polluted by a "Hazardous Substance" as a direct result of a "Breakdown" to "Covered Equipment", we will pay for any additional expenses incurred by you for clean-up, repair, replacement or disposal of that property.

As used here, additional expenses means the additional cost incurred over and above the amount that we would have paid had no "Hazardous Substance" been involved with the loss.

Ammonia is not considered to be a "Hazardous Substance" as respects this limitation.

If you have selected Business Income coverage and/or Extra Expense coverage, we will also pay under this Coverage Extension for any loss of "Business Income" or "Extra Expense" caused by such contamination.

The maximum we shall pay for damage to "Covered Property", "Business Income" and/or "Extra Expense" under this coverage extension shall be the limit indicated on the Declaration under Hazardous Substance.

c. Water Damage

If "Covered Property" is damaged by water as a direct result of a "Breakdown" to "Covered Equipment", we will pay for this kind of damage, including salvage expense.

D. Deductibles

1. Application of Deductibles

We will not pay for loss or damage resulting from any "One Breakdown" until the amount of covered loss or damage exceeds the deductible shown in the Declarations for each applicable coverage. We will then pay the amount of covered loss or damage in excess of the deductible, up to the applicable Limit of Insurance.

Deductibles apply separately for each applicable coverage except if:

- a. A deductible is shown as Combined for any of the coverages in the Declarations, then we will first subtract the combined deductible amount from the aggregate amount of any loss to which the combined deductible applies; or
- b. More than one "Covered Equipment" is involved in "One Breakdown", then only one deductible, the highest, shall apply for each of the applicable coverages.

2. Determination of Deductibles

a. Dollar Deductible

If a dollar deductible is shown in the Declarations, we will first subtract the deductible amount from any loss we would otherwise pay.

b. Multiple per Unit Deductible

If a multiple of units is shown in the Declarations, the deductible will be calculated as the sum of the multiplier times the number of units specified. (For example: if the deductible is specified as \$25/hp for air conditioning units, and a covered 500 hp air conditioning unit suffered a "Breakdown", the deductible will be \$25 times 500 hp which equals \$12,500.)

c. Time Deductible

If a time deductible is shown in the Declarations, we will not be liable for any loss under that coverage that occurs during that specified time period immediately following a "Breakdown". If a time deductible is shown in days, each day shall mean twenty-four consecutive hours.

d. Multiple of Daily Value Deductible

If a multiple of daily value is shown in the Declarations, this deductible will be calculated as follows:

- (1) For the entire Covered Premises where the loss occurred, determine the total amount of "Business Income" that would have been earned during the "Period of Restoration" had no "Breakdown" taken place.
- (2) Divide the result in Paragraph (1) by the number of days the business would have been open during the "Period of Restoration". The result is the daily value.

- (3) Multiply the daily value in Paragraph (2) by the number of daily value multiples shown in the Declarations. We will first subtract this deductible amount from any loss we would otherwise pay. We will then pay the amount of loss or damage in excess of the deductible, up to the applicable Limit of Insurance.

e. Percentage of Loss Deductible

If a deductible is expressed as a percentage of loss in the Declarations, we will not be liable for the indicated percentage of the gross amount of loss or damage (prior to the applicable deductible or coinsurance) insured under the applicable coverage.

f. Minimum Or Maximum Deductible

(1) If:

- (a) A minimum dollar amount deductible is shown in the Declarations; and
- (b) The dollar amount of the Multiple per Unit, Multiple of Daily Value or the Percentage of Loss Deductible is less than the Minimum Deductible:

then the Minimum Deductible amount shown in the Declarations will be the applicable deductible.

(2) If:

- (a) A maximum dollar amount deductible is shown in the Declarations; and
- (b) The dollar amount of the Multiple per Unit, Multiple of Daily Value or the Percentage of Loss Deductible is greater than the Maximum Deductible;

then the Maximum Deductible amount shown in the Declarations will be the applicable deductible.

E. Conditions

The following conditions apply in addition to the Common Policy Conditions:

1. Loss Conditions

a. Abandonment

There can be no abandonment of any property to us.

b. Appraisal

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

- (1) Pay its chosen appraiser; and
- (2) Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

c. Defense

- (1) If there is damage to property of another in your care, custody or control and for which you are legally liable, that was directly caused by a "Breakdown" to "Covered Equipment", we will have the right and duty to defend you against any suit alleging liability for that property. However, we have no duty to defend you against any suit alleging liability for damage to property not covered by this Policy.
- (2) If a claim or suit is brought against you alleging that you are liable for damage to property of another that was caused by a "Breakdown" to "Covered Equipment", we will either:
 - (a) settle the claim or suit; or
 - (b) defend you against the suit but keep for ourselves the right to settle it at any point.

d. Duties in the Event of Loss or Damage

- (1) You must see that the following are done in the event of loss or damage to "Covered Property":
 - (a) Give us a prompt notice of the loss or damage. Include a description of the property involved; and

(b) As soon as possible, give us a description of how, when and where the loss or damage occurred; and

(c) Allow us a reasonable time and opportunity to examine the property and Covered Premises before repairs are undertaken or physical evidence of the "Breakdown" is removed. But you must take whatever measures are necessary to protect the property and Covered Premises from further damage; and

(d) Preserve all repaired or replaced "Covered Property" for our inspection, unless we authorize otherwise; and

(e) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records; and

(f) 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; and

(g) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms; and

(h) Cooperate with us in the investigation or settlement of the claim; and

(i) Promptly send us any legal papers or notices received concerning the loss or damage; and

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

(2) We may examine any Insured under oath, while not in the presence of any other Insured and at such times as may be reasonably required, about

any matter relating to this insurance or the claim, including an Insured's books and records. In the event of an examination, an Insured's answers must be signed.

e. Insurance Under Two or More Coverages

If two or more of this Policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

f. Legal Action Against Us

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

- (1) There has been full compliance with all the terms of this Policy; and
- (2) The action is brought within 2 years after the date of the "Breakdown"; or
- (3) 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 Policy to bring us into any action to determine your liability.

g. Other Insurance

- (1) You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Policy. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable limit of Insurance under this Policy bears to the Limits of Insurance of all insurance covering on the same basis.
- (2) If there is other insurance covering the same loss or damage, other than that described in Paragraph (1), we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

h. Privilege to Adjust with Owner

In the event of loss or damage involving property of others in your care, custody or control, we have the right to settle the

loss or damage with the owner of the property. A receipt for payment from the owner of that property will satisfy any claim of yours against us.

i. Reducing Your Loss

As soon as possible after a "Breakdown" you must:

- (1) Resume business, partially or completely; and
- (2) Make up for lost business within a reasonable period of time. This reasonable period does not necessarily end when operations are resumed; and
- (3) Make use of every reasonable means to reduce or avert loss including:
 - (a) Working extra time or overtime at the Covered Premises or at another location you own or acquire to carry on the same operations; or
 - (b) Utilizing the property and/or services of other concerns; or
 - (c) Using merchandise or other property, such as surplus machinery, duplicate parts, equipment, supplies and surplus or reserve stock you own, control or can obtain; or
 - (d) Salvaging the damaged "Covered Property".

j. Transfer of Rights of Recovery Against Others to Us

If any person or organization to or for whom we make payment under this Policy 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:

- (1) Prior to a loss to your "Covered Property" or covered income; or
- (2) After a loss to your "Covered Property" or covered income only if, at time of loss, that party is one of the following:

- (a) Someone insured by this Policy;
- (b) A business firm:
 - (i) Owned or controlled by you;
 - (ii) That owns or controls you; or
- (c) Your tenant.

This will not restrict your insurance.

k. Loss Payment

- (1) In the event of loss or damage covered by this Policy, at our option, we will either:
 - (a) Pay the value of lost or damaged property; or
 - (b) Pay the cost of repairing or replacing the lost or damaged property; or
 - (c) Take all or any part of the property at an agreed or appraised value; or
 - (d) Repair, rebuild or replace the property with other property of like kind and quality.
- (2) We will give notice of our intentions within 30 days after we receive the proof of loss.
- (3) We will not pay more than your financial interest in the "Covered Property".
- (4) We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if:
 - (a) You have complied with all of the terms of the Policy; and
 - (b) We have reached agreement with you on the amount of loss or an appraisal award has been made and we have not denied the claim.

l. Valuation

- (1) We will pay the amount you spend to repair or replace "Covered Property" directly damaged by a "Breakdown" to "Covered Equipment". Our payment will be the smallest of:
 - (a) The cost to repair the damaged property; or
 - (b) The cost to replace the damaged property; or

- (c) The amount you actually spend that is necessary to repair or replace the damaged property.

But we will not pay for such damaged property that is obsolete or useless to you.

- (2) If the cost of repairing or replacing a part of "Covered Equipment" is greater than:

- (a) The cost of repairing the entire "Covered Equipment"; or
- (b) The cost of replacing the entire "Covered Equipment";

we will pay only the smallest amount.

- (3) If "Covered Equipment" cannot be repaired or the cost to repair is more than the cost to replace, and the damage to the "Covered Equipment" equals or exceeds 100% of the actual cash value of the "Covered Equipment", you may choose to apply the following provision.

New Generation Coverage – If you want to replace damaged "Covered Equipment" with a newer generation "Covered Equipment" of the same capacity, we will pay up to 25% more than "Covered Equipment" of like kind, quality and capacity would have cost at the time of the "Breakdown".

- (4) Except for New Generation Coverage, you must pay the extra cost of replacing damaged property with property of a better kind or quality or of a larger capacity.

- (5) If:

- (a) Any damaged "Covered Property", that is intended for your use, is protected by an **extended warranty, or maintenance or service contract**; and

- (b) That warranty or contract becomes void or unusable due to a "Breakdown";

we will reimburse you for the prorated amount of the unused costs of non-refundable, non-transferable warranties or contracts.

- (6) Unless we agree otherwise in writing, if you do not repair or replace the damaged property within 24 months following the date of the "Breakdown", then we will pay only the smaller of the:
 - (a) Cost it would have taken to repair or replace; or
 - (b) Actual cash value at the time of the "Breakdown".
- (7) If all of the following conditions are met, **property held by you for sale** will be valued at the selling price as if no loss or damage had occurred, less any discounts you offered and expenses you otherwise would have had if:
 - (a) The property was manufactured by you; and
 - (b) The selling price of the property is more than the replacement cost of the property; and
 - (c) You are unable to replace the property before its anticipated sale.
- (8) We will pay for loss to damaged **"Data"** or **"Media"** as follows:
 - (a) Replacement cost for "Data" or "Media" that are mass produced and commercially available; and
 - (b) For all other "Data" or "Media", at the cost of:
 - (i) Blank material for reproducing the records and
 - (ii) Labor to transcribe or copy the records when there is a duplicate.
- (9) We will determine the value of "Covered Property" under **Spoilage Damage** Coverage as follows:
 - (a) For raw materials, the replacement cost;
 - (b) For goods in process, the replacement cost of the raw materials, the labor extended and the proper proportion of overhead charges; and
 - (c) For finished goods, the selling price, as if no loss or damage

had occurred, less any discounts you offered and expenses you otherwise would have had.

- (10) Any **salvage value** of property obtained for temporary repairs or use following a "Breakdown" which remains after repairs are completed will be taken into consideration in the adjustment of any loss.

(11) Pair, Sets or Parts

- (a) Pair or Set. In case of loss caused by a "Covered Cause of Loss" to any part of a pair or set we may:
 - (i) Repair or replace any part to restore the pair or set to its value before the "Breakdown"; or
 - (ii) Pay the difference between the value of the pair or set before and after the "Breakdown".
- (b) Parts. In case of loss caused by a "Covered Cause of Loss" to any part of "Covered Property" consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

m. Business Income Report of Values

You must report to us each year the "business income estimated annual value" for all Covered Premises to which the Coverage Extension – Business Income applies.

n. Business Income Coinsurance

We will not pay the full amount of any "business income" loss if the "business income actual annual value" is greater than the "business income estimated annual value" shown in your latest report. Instead, we will determine the most we will pay using the following steps:

- (1) Divide the "business income estimated annual value" last reported to us by the "business income actual annual value" at the time of the "Breakdown";
- (2) Multiply the total amount of the covered loss of "business income" by the

figure determined in paragraph (1) above;

- (3) Subtract the applicable Deductible from the amount determined in paragraph (2) above;

The resulting amount, or the Business Income Limit, whichever is less, is the most we will pay. We will not pay for the remainder of the loss.

This provision applies separately to each Covered Premises.

o. Conditional Suspension of Coinsurance

The Business Income Coinsurance provision is suspended if we have received from you, prior to the "Breakdown", a Business Income Report of Values as follows:

- (1) The report must provide a "business income estimated annual value" for the Covered Premises affected by the "Breakdown"; and
- (2) The "business income estimated annual value" must apply to an annual period ending no more than 90 days prior to the date of the "Breakdown".

2. General Conditions

a. Bankruptcy

The bankruptcy or insolvency of you or your estate will not relieve us of an obligation under this Policy.

b. Cancellation

As respects this Policy, part 2 of the "Cancellation" Condition of the Common Policy Condition is replaced by the following:

We may cancel this Policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- (2) The number of days indicated in the Declarations for Notice of Cancellation before the effective date of cancellation for any reason.

c. Concealment, Misrepresentation or Fraud

This Policy is void in any case of fraud, intentional concealment or misrepresentation of a material fact by you or any other Insured, at any time, concerning:

- (1) This Policy; or
- (2) The "Covered Property"; or
- (3) Your interest in the "Covered Property"; or
- (4) A claim under this Policy.

d. Currency

All amounts used herein are expressed in United States currency and any loss sustained under this policy shall be paid in United States currency.

If, in the event of loss or damage, the amount of such loss or damage is computed in the foreign currency, the amount of such loss or damage will then be converted into United States currency at the rate of exchange as specified in the Wall Street Journal as of the date the "Breakdown" occurred.

e. Liberalization

If we adopt any standard form revision for general use that would broaden coverage under this Policy without additional premium, the broadened coverage will immediately apply to this Policy if the revision is effective within 45 days prior to or during the policy period.

f. No Benefit to Bailee

No person or organization, other than you, having custody of "Covered Property" will benefit from this insurance.

g. Policy Period, Coverage Territory

Under this Policy:

- (1) We cover loss or damage commencing;
- (a) During the policy period shown in the Declarations; and
- (b) Within the coverage territory.
- (2) The coverage territory is:
- (a) The United States of America (including its territories and possessions);

(b) Puerto Rico; and

(c) Canada

h. Values and Premium Adjustments

You shall report to us 100% of the total insurable values at each Covered Premises every year as of the anniversary date. The values shall be reported separately for each of the coverages provided. Premium for each anniversary will be calculated for the ensuing period on the basis of rates in effect at the anniversary date and for all values at risk.

You agree to keep the applicable records for each policy year of the Policy Period available for inspection by our representatives at all times during business hours, and for a period of twelve months after the end of the Policy year or after cancellation of this Policy.

i. Suspension

Whenever "Covered Equipment" is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss from a "Breakdown" to that "Covered Equipment". This can be done by delivering or mailing a written notice of suspension to:

- (1) Your last known address; or
- (2) The address where the "Covered Equipment" is located.

Once suspended in this way, your insurance can be reinstated only by an endorsement for that "Covered Equipment".

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

3. Joint or Disputed Loss Agreement

a. This condition is intended to facilitate payment of insurance proceeds when:

- (1) Both a commercial property policy and this Policy are in effect; and
- (2) Damage occurs to "Covered Property" that is insured by the commercial property policy(ies) and this Policy; and

(3) There is disagreement between the insurers as to whether there is coverage or as to the amount of the loss to be paid, if any, by each insurer under its own policies.

b. This condition does not apply if:

- (1) Both the commercial property insurer(s) and we do not admit to any liability; and
- (2) Neither the commercial property insurer(s) nor we contend that coverage applies under the other insurer's policy.

c. The provisions of this condition apply only if all of the following requirements are met:

(1) The commercial property policy(ies) carried by the Named Insured, insuring the "Covered Property", contains a similar provision at the time of the loss or damage, with substantially the same requirements, procedures and conditions as contained in this condition; and

(2) The damage to the "Covered Property" was caused by a loss for which:

- (a) Both the commercial property insurer(s) and we admit to some liability for payment under the respective policies; or
- (b) There is disagreement between the insurers with respect to:

i. Whether the damage to the "Covered Property" was caused by a "Covered Cause of Loss" insured under this Policy or by a covered cause of loss insured by the commercial property policy(ies); or

ii. The extent of participation of this Policy and of such commercial property policy(ies) in a loss that is insured against, partially or wholly, by any or all of said policy(ies).

d. If the requirements listed in Paragraph c. above are satisfied, the commercial property insurer(s) and we will make payment per the following:

- (1) We will pay, after your written request, the entire amount of loss that we have agreed is covered, if any, by this Policy and one-half (1/2) the amount of the loss that is in disagreement.
 - (2) The commercial property insurer(s) will pay, after your written request, the entire amount of loss that they have agreed as being covered, if any, by the commercial property policy(ies) and one-half (1/2) the amount of loss that is in disagreement.
 - (3) Payments by the insurers of the amounts that are in disagreement, as described in Paragraphs (1) and (2), do not alter, waive or surrender any rights of any insurer against any other with regard to the portion of the loss for which each insurer is liable.
 - (4) The amount in disagreement to be paid by us under this condition shall not exceed the amount payable under the equivalent Loss Agreement(s) of the commercial property policy(ies).
 - (5) The amount to be paid under this condition shall not exceed the amount we would have paid had no commercial property policy(ies) been in effect at the time of loss. In no event will we pay more than the applicable Limit of Insurance shown in the Declarations.
 - (6) Acceptance by you of sums paid under this condition does not alter, waive or surrender any other rights against us.
- e. Arbitration
- (1) The payments by the commercial property insurer(s) and us hereunder and acceptance of those sums by you signify the agreement between the commercial property insurer(s) and us to proceed with arbitration within 90 days of such payment.
 - (2) The arbitrators shall be three in number, one of whom shall be appointed by us and one of whom shall be appointed by the commercial property insurer(s) and the third appointed by consent of the other two arbitrators.
 - (3) The decision by the arbitrators shall be binding on the commercial property insurer(s) and us and that judgment upon such award may be entered in any court of competent jurisdiction.
 - (4) You agree to cooperate in connection with such arbitration but not to intervene therein.
- F. Definitions
1. "Breakdown"
 - a. Means the following direct physical loss, that causes physical damage to "Covered Equipment" and necessitates its repair or replacement:
 - (1) Failure of pressure or vacuum equipment; or
 - (2) Mechanical failure including rupture or bursting caused by centrifugal force; or
 - (3) Electrical failure including arcing; unless such loss or damage is otherwise excluded within this Policy or any Endorsement forming a part of this Policy.
 - b. Does not mean or include:
 - (1) Malfunction including but not limited to adjustment, alignment, calibration, cleaning or modification; or
 - (2) Defects, erasures, errors, limitations or viruses in "Computer Equipment", "Data", "Media" and/or programs including the inability to recognize and process any date or time or provide instructions to "Covered Equipment". However, if a "Breakdown" ensues, we will pay the ensuing loss or damage not otherwise excluded; or
 - (3) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection; or
 - (4) Damage to any vacuum tube, gas tube, or brush; or
 - (5) Damage to any structure or foundation supporting the "Covered Equipment" or any of its parts; or

BOILER AND MACHINERY

- (6) The functioning of any safety or protective device; or
 - (7) The cracking of any part on an internal combustion gas turbine exposed to the products of combustion.
2. **"Business Income"** means the:
- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
 - b. Continuing normal operating expenses incurred, including "Ordinary Payroll".
3. **"Business Income Actual Annual Value"** means the "Business Income" for the current fiscal year that would have been earned had no "Breakdown" occurred.
- In calculating the "business income actual annual value", we will take into account the actual experience of your business before the "Breakdown" and the probable experience you would have had without the "Breakdown".
4. **"Business Income Estimated Annual Value"** means the "Business Income" as estimated by in the most recent Business Income Report of Values we have on file.
5. **"Computer Equipment"** means:
- a. Your programmable electronic equipment that is used to store, retrieve and process data; and
 - b. Associated peripheral equipment that provides communication including input and output functions such as printing or auxiliary functions such as data transmission.
- It does not include "Data" or "Media".
6. **"Covered Cause of Loss"** – see Page 1, Paragraph A. 1.
7. **"Covered Equipment"**
- a. Means and includes any:
 - (1) Equipment designed and built to operate under internal pressure or vacuum other than weight of contents;
For any boiler or fired vessel, the furnace of the "Covered Equipment" and the gas passages from there to the atmosphere will be considered as outside the "Covered Equipment"; or
 - (2) Electrical or mechanical equipment that is used in the generation, transmission or utilization of energy; or
 - (3) Communication equipment and "Computer Equipment"; or
 - (4) Fiber optic cable.
 - b. "Covered Equipment" does not mean or include any:
 - (1) "Media"; or
 - (2) Part of pressure or vacuum equipment that is not under internal pressure of its contents or internal vacuum; or
 - (3) Insulating or refractory material; or
 - (4) Non-metallic pressure or vacuum equipment, unless it is constructed and used in accordance with the American Society of Mechanical Engineers (A.S.M.E.) code or a Code that has been accepted by the National Board of Boiler and Pressure Vessel Inspectors; or
 - (5) Catalyst; or
 - (6) Pressure vessels and piping that are buried below ground and require the excavation of materials to inspect, remove, repair or replace; or
 - (7) Structure, foundation, cabinet or compartment supporting or containing the "Covered Equipment" or part of the "Covered Equipment" including penstock, draft tube or well casing; or
 - (8) Vehicle, aircraft, self-propelled equipment or floating vessel, including any "Covered Equipment" mounted on or used solely with any vehicle, aircraft, self-propelled equipment or floating vessel; or
 - (9) Dragline, power shovel, excavation or construction equipment including any "Covered Equipment" mounted on or used solely with any dragline, power shovel, excavation or construction equipment; or
 - (10) Elevator or escalator, but not excluding any electrical machine or apparatus mounted on or used with this equipment; or

- (11) Felt, wire, screen, mold, form, pattern, die, extrusion plate, swing hammer, grinding disc, cutting blade, non-electrical cable, chain, belt, rope, clutch plate, brake pad, non-metal part or any part or tool subject to periodic replacement; or
- (12) Astronomical telescope, cyclotron, nuclear reactor, particle accelerator, satellites and/or spacecraft (including satellite or spacecraft contents and/or their launch sites); or
- (13) "Diagnostic Equipment" unless shown as INCLUDED in the Declarations; or
- (14) "Production Machines" unless shown as INCLUDED in the Declarations; or
- (15) Equipment or any part of equipment manufactured by you for sale.
8. **"Covered Property"** means any property that:
- You own; or
 - Is in your care, custody or control and for which you are legally liable;
- while located at the Covered Premises described in the Declarations.
- "Covered Property" does not mean live animals, fish, birds or insects. It also does not mean eggs intended to become live fish, birds or insects.
9. **"Data"** means:
- Programmed and recorded material stored on "Media" and
 - Programming records used for electronic data processing, or electronically controlled equipment.
10. **"Diagnostic Equipment"** means any machine or apparatus (other than astronomical telescopes, cyclotron, nuclear reactor or particle accelerator) used solely for research, diagnosis, medical, surgical, therapeutic, dental or pathological purposes.
11. **"Extra Expense"** means the additional cost you incur to operate your business during the "Period of Restoration" over and above the cost that you normally would have incurred to operate the business during the same period had no "Breakdown" occurred.
- Any salvage value of property obtained for temporary use during the "Period of Restoration" which remains after the resumption of normal operations will be taken into consideration in the adjustment of any loss.
12. **"Hazardous Substance"** means any substance, other than ammonia, that has been declared to be hazardous to health by a government agency.
13. **"Media"** means electronic data processing or storage material such as films, tapes, discs, drums or cells.
14. **"One Breakdown"** means if an initial "Breakdown" causes other "Breakdowns", all will be considered "One Breakdown". All "Breakdowns" at any one premises that manifest themselves at the same time and are the direct result of the same cause will be considered "One Breakdown".
15. **"Ordinary Payroll"** means payroll expenses for all your employees except Officers, Executives, Department Managers, and Employees under contract.
- "Ordinary Payroll" expenses include Payroll; Employee benefits, if directly related to payroll; FICA payments; Union dues; and Worker's Compensation premiums.
16. **"Period of Restoration"** means the period of time that:
- Begins at the time of the "Breakdown"; and
 - Ends the number of consecutive days indicated in the Declarations after the date when the damaged property at the Covered Premises described in the Declarations could have been repaired or replaced with reasonable speed and similar quality.
17. **"Production Machines"** means any production or process machine or apparatus that processes, forms, cuts, shapes, or grinds raw materials, materials in process or finished products, including all "Covered Equipment" that is used solely with and/or forms an integral part of the production or process or apparatus. But "Production Machines" does not include any:
- Pressure vessel or vacuum vessel, other than any cylinder containing a movable plunger or piston; or

BOILER AND MACHINERY

- b. Pump, compressor, fan or blower that conveys raw materials, materials in process or finished products; or
 - c. Separate enclosed gear set connected by a coupling, clutch or belt; or
 - d. Separate driving electrical or mechanical machine connected by a coupling clutch or belt.
- 18. **"Stock"** means merchandise held in storage or for sale, raw materials, property in process, or finished products, including supplies used in their packing or shipping.
 - 19. **"Total Limit per Breakdown"** means the total maximum amount payable for all coverages provided under this Policy as the result of "One Breakdown".

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COVERED PREMISES – SPECIAL SCHEDULE

This endorsement modifies insurance provided under the following:

EnergyMax 21 Equipment Breakdown Protection

The following is being used in this policy instead of a specific schedule of premises included in the policy:

All premises owned, operated or under the care, custody or control of the Named Insured, that are:

- a. located in the United States of America (including its territories and possessions), Puerto Rico and Canada; and
- b. are on file with us; and
- c. for which values have been reported;

are considered as individually inserted in any Covered Premises entry area of any Declarations, Schedules

or Endorsements, unless specifically changed by Endorsement.

At each anniversary of the policy:

- a. you must submit an updated list of all premises to be covered under the policy for the upcoming policy year; and
- b. the Newly Acquired Locations coverage extension ceases to apply at any premises acquired prior to that anniversary date and not on the most current list of premises on file with us.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TERRORISM RISK INSURANCE ACT OF 2002 DISCLOSURE

This endorsement applies to the insurance provided under the following:

**BOILER AND MACHINERY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART**

On December 26, 2007, the President of the United States signed into law amendments to the Terrorism Risk Insurance Act of 2002 (the "Act"), which, among other things, extend the Act and expand its scope. The Act establishes a program under which the Federal Government may partially reimburse "Insured Losses" (as defined in the Act) caused by "acts of terrorism". An "act of terrorism" is defined in Section 102(l) of the Act to mean any act that is certified by the Secretary of the Treasury – in concurrence with the Secretary of State and the Attorney General of the United States – to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States Mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

The federal government's share of compensation for Insured Losses is 85% of the amount of Insured Losses in excess of each Insurer's statutorily established deductible, subject to the "Program Trigger", (as defined in the Act). In no event, however, will the federal government or any Insurer be required to pay any portion of the amount of aggregate Insured Losses occurring in any one year that exceeds \$100,000,000,000, provided that such Insurer has met its deductible. If aggregate Insured Losses exceed \$100,000,000,000 in any one year, your coverage may therefore be reduced.

The charge for Insured Losses under this Coverage Part is included in the Coverage Part premium. The charge that has been included for this Coverage Part is indicated below, and does not include any charge for the portion of losses covered by the Federal Government under the Act:

- 1% of your total Boiler and Machinery or Equipment Breakdown Coverage Part premium.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TRANSPORTABLE EQUIPMENT COVERAGE

This endorsement modifies insurance provided under the following:

EnergyMax 21 Equipment Breakdown Protection

If you have transportable "Covered Equipment" that, at the time of the "Breakdown", are within the Coverage Territory but are not:

- A. At a Covered Premises described in the Declarations; or
- B. At any other location owned, leased or operated by you;

we will pay for physical damage to such "Covered Equipment".

But we will not pay for any loss or damage to such "Covered Equipment" if the "Breakdown" results from or is caused by collision, upset, overturning or collapse of the "Covered Equipment" or the vehicle on which the "Covered Equipment" is mounted or transported.

The most we will pay for loss under this Endorsement is \$ 25,000 . This limit is part of, not in addition to, the Property Damage Limit of Insurance.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEW HAMPSHIRE CHANGES – INSPECTIONS AND SURVEYS

This endorsement modifies insurance provided under the following:

EnergyMax 21 Equipment Breakdown Protection
BOILER AND MACHINERY COVERAGE FORM Comprehensive
BOILER AND MACHINERY COVERAGE FORM Blanket

INSPECTIONS AND SURVEYS

The Inspections and Surveys section of the Common Policy Conditions is deleted and replaced with the following:

D. Inspections and Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;
 - b. Give you reports on the conditions we find; and
 - c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of

any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

- a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
 4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers or pressure vessels.

**INTERLINE
ENDORSEMENTS**



**INTERLINE
ENDORSEMENTS**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
DELUXE PROPERTY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART

A. Cap On Certified Terrorism Losses

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

B. Application Of Exclusions

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEW HAMPSHIRE CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM UMBRELLA LIABILITY POLICY
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART

- A.** Paragraphs **2.** and **3.** of the **Cancellation** Common Policy Condition are replaced by the following:
- 2. a.** We may cancel this policy by mailing or physically delivering to you written notice of cancellation, stating the reasons for cancellation, at least:
 - (1)** 10 days before the effective date of cancellation if we cancel for:
 - (a)** Nonpayment of premium; or
 - (b)** Substantial increase in hazard;
 - (2)** 60 days before the effective date of cancellation if we cancel for any other reason.
 - b.** If this policy has been in effect for 60 days or more, or if this is a renewal of a policy we issued, we may cancel only for one or more of the following reasons:
 - (1)** Nonpayment of premium;
 - (2)** Fraud or material misrepresentation affecting the policy or in the presentation of a claim thereunder, or violation of any of the terms or conditions of the policy; or
 - (3)** Substantial increase in hazard; provided that cancellation for this reason shall be effective only after prior approval of the Commissioner.
 - 3.** We will mail or physically deliver our notice to your last mailing address known to us. If notice is mailed, it will be by:
 - a.** Certified mail or certificate of mailing if cancellation is for nonpayment of premium.
 - b.** Certified mail if cancellation is for any other reason.

Proof that the notice was mailed in accordance with Paragraph **3.a.** or **3.b.** will be sufficient proof of notice.
- B.** Paragraph **6.** of the **Cancellation** Common Policy Condition is deleted.
- C.** The following is added and supersedes any provision to the contrary:
- ### **NONRENEWAL**
- 1.** If we elect not to renew this policy, we will mail or physically deliver written notice of nonrenewal, stating the reasons for nonrenewal, to your last mailing address known to us at least 60 days prior to the expiration of the policy, or its anniversary date if it is a policy written for a term of more than one year.
 - 2.** However, we need not mail or physically deliver this notice if:
 - (a)** We have indicated a willingness to renew;
 - (b)** We refuse to renew due to nonpayment of premium;
 - (c)** You do not pay any advance premium required by us for renewal; or
 - (d)** Any property covered in this policy is insured under any other insurance policy.
 - 3.** If notice is mailed, proof of mailing will be sufficient proof of notice.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEW HAMPSHIRE CHANGES – CONCEALMENT, MISREPRESENTATION OR FRAUD

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
FARM COVERAGE PART – FARM PROPERTY – OTHER FARM PROVISIONS FORM – ADDITIONAL
COVERAGES, CONDITIONS, DEFINITIONS
FARM COVERAGE PART – LIVESTOCK COVERAGE FORM
FARM COVERAGE PART – MOBILE AGRICULTURAL MACHINERY
AND EQUIPMENT COVERAGE FORM
STANDARD PROPERTY POLICY

The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following:

CONCEALMENT, MISREPRESENTATION OR FRAUD

We do not provide coverage to one or more insureds ("insureds") who, at any time:

1. Intentionally concealed or misrepresented a material fact;
2. Engaged in fraudulent conduct; or
3. Made a false statement;

relating to this insurance.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEW HAMPSHIRE – CHANGES

This endorsement modifies the:

COMMON POLICY CONDITIONS

PROVISIONS

The following additional provision applies:

Unless otherwise provided by law we shall pay any amount finally agreed upon in settlement of all or part of a claim not later than 5 working days from the date of such agreement or from the date of the performance by the insured, claimant or authorized representative of either of any condition set forth by such agreement.

POLICYHOLDER NOTICES



POLICYHOLDER NOTICES



Dear Valued Customer,

Travelers Boiler & Machinery appreciates your Equipment Breakdown Insurance business. We understand that life and business are dynamic and the best way to serve you is to deliver highly-rated and customized services that behave the same way – evolving to keep in synch with life and business as they change.

Travelers Boiler & Machinery offers the following exceptional services as part of your insurance coverage:

ENGINEERING SERVICES

Proactive Boiler Inspections and Object Management

Travelers Boiler & Machinery performs inspections on boilers and pressure vessels as required by jurisdictions across the country. Travelers can help you with the identification of any boilers or pressure vessels which require inspection according to state or city laws. If your business has this equipment, we can perform the inspection. Speak with your Equipment Breakdown professional for more information.

Help Line Support for Inspections

When life is out of synch our Help Line staff is available to provide you with assistance on any questions, problems, or concerns about our engineering services. **To schedule an inspection or seek help with inspections, call toll-free at 1-800-425-4119.** We also provide you with dedicated support via fax at 1-877-764-9535 and offer our assistance via email at boilinsp@travelers.com. Support by phone, fax, and email are available between 8:00 a.m. to 5:00 p.m. Eastern Time.

Risk Control and Loss Prevention Information Warehouse

With 100 years of experience in the Equipment Breakdown Insurance business, Travelers Boiler & Machinery wants to share with you the broad range of innovative risk control and loss prevention solutions we have developed over the years. Travelers Boiler & Machinery also shares information such as preventive maintenance guidelines for machinery and equipment as well as workplace safety topics beyond just Boiler & Machinery. Our information can be accessed by calling **1-800-425-4119** or viewing our website at www.travelers.com/riskcontrol.

CLAIM SERVICES

24/7/365 Claim Reporting

Travelers Boiler & Machinery offers you a variety of ways to report your claim and the peace of mind of knowing our local claim professionals manage claims with a blend of skill, tenacity, and common sense.

To report an Equipment Breakdown (Boiler and Machinery) loss:

- **Contact Your Agent**
- **Call toll-free at 1-800-238-6225; or**
- **Fax your loss information to us toll free at 1-877-QUIK-FAX (1-877-784-5329).**

Sharing our Experience

During the claim investigation process, our Claim Support Manager, claim staff and field engineers act as technical resources and help you by suggesting reputable repair companies and contractors in your area so you can get back up and running quickly. Speak with your claim professional for more information.

IMPORTANT NOTICE – INDEPENDENT AGENT AND BROKER COMPENSATION

NO COVERAGE IS PROVIDED BY THIS NOTICE. THIS NOTICE DOES NOT AMEND ANY PROVISION OF YOUR POLICY. YOU SHOULD REVIEW YOUR ENTIRE POLICY CAREFULLY FOR COMPLETE INFORMATION ON THE COVERAGES PROVIDED AND TO DETERMINE YOUR RIGHTS AND DUTIES UNDER YOUR POLICY. PLEASE CONTACT YOUR AGENT OR BROKER IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE OR ITS CONTENTS. IF THERE IS ANY CONFLICT BETWEEN YOUR POLICY AND THIS NOTICE, THE PROVISIONS OF YOUR POLICY PREVAIL.

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BOILER AND MACHINERY INSURANCE IMPORTANT CHANGES IN YOUR COVERAGE

ADVISORY NOTICE TO POLICYHOLDERS

This is a summary of the major changes in the Boiler and Machinery Policy. No coverage is provided by this summary nor can it be construed to replace any provision of the policy. You should read your policy and review your Declarations Pages for complete information on the coverage you are provided. If there is any conflict between the policy and this summary, **THE PROVISIONS OF THE POLICY SHALL PREVAIL.**

Some of the language of the new policy has been restated and repunctuated for clarity and readability but with no change in coverage intent.

The areas within the policy that broaden, reduce or clarify coverage are highlighted below.

EnergyMax 21

Equipment Breakdown Protection

BROADENINGS AND NARROWINGS OF COVERAGE

Broadenings of Coverage

Utility Interruption coverage has been broadened to include refrigeration and waste treatment services.

Brands and Labels coverage has been broadened to provide coverage for the expenses incurred in stamping the word SALVAGE on damaged merchandise or removing brands and labels on damaged merchandise.

Contingent Time Element coverage has been added to the Coverage Extensions, providing optional coverage extensions to Business Income and/or Extra Expense for loss to "Covered Equipment" that is not owned or operated by the Insured and that causes a loss at a Covered Premises shown in the Declarations.

"Data" or "Media" coverage has been added to the Coverage Extensions, providing optional coverage for loss of income and/or extra expenses incurred to research, recreate, replace or restore damaged "Media" or lost or corrupted "Data".

An exception has been added to the Ordinance or Law exclusion that provides coverage for electrical supply and emergency generating equipment that is required by law to be present in order to operate.

The exclusion for loss caused by falling objects has been restricted to objects falling from aircraft or missiles.

The exclusion for any loss that continues beyond the date the damaged property is repaired or replaced has been deleted.

The exclusion for delay in rebuilding, repairing or replacing property or resuming operations due to the interference of strikers has been deleted.

A new valuation condition has been added to provide coverage for any loss in value of an extended warranty or maintenance or service contract.

The condition regarding valuation if property is not repaired or replaced is extended from 18 months to 24 months.

Selling Price valuation has been extended to all property held by the Insured for sale.

Pair, Sets or Parts coverage has been added to provide coverage for loss in value of undamaged property.

The definition of "Covered Equipment" has been expanded to provide coverage for ovens, stoves, furnaces, incinerators, pots, kilns, conveyors, cranes and hoists.

The exclusion for non-metallic pressure or vacuum equipment under the definition of "Covered Equipment" has been reduced to provide coverage for equipment constructed and used in accordance with codes accepted by the National Board of Boiler and Pressure Vessel Inspectors.

The exclusion for buried pressure vessels and piping has been reduced to exclude only buried pressure vessels and piping that require excavation to inspect, remove, repair or replace.

Coverage for "Diagnostic Equipment" is available as an optional coverage and will be identified for coverage with an entry on the Declarations.

Narrowings of Coverage

Sinkhole collapse has been added to the list of examples of Earth Movement that are excluded.

Water exclusion has been broadened to match terminology used in standard property policies. The exclusion has been expanded to exclude all types of rising water as well as mudslides, mudflow, water damage caused by backup of sewers, drains or drainage piping. Loss caused by Water is excluded regardless if coverage is available under another policy. This will delete overlap coverage with options that are commonly found available under property policies.

The exclusion for fire or explosion has been expanded to also exclude fire or explosion within electrical equipment. This will delete overlap coverages with standard property policies.

Loss caused by Hail or Windstorm is excluded regardless if coverage is available under another policy. This will delete overlap coverage with standard property policies.

Loss caused by impact of aircraft, missile or vehicle and caused by molten material have been added to the exclusion for loss caused by specified perils. Loss caused by these perils is only excluded if there is coverage under another policy.

With respect to Utility Interruption coverage, the exclusion for loss caused by listed perils has been expanded to exclude the perils of Objects falling from an aircraft or missile, Freeze from weather, Impact of aircraft, missiles, vehicles, Molten material and Sabotage.

The exclusion for neglect by the Insured to save and preserve "Covered Property" has been expanded to apply to all coverages.

Defense coverage has been moved from the Coverage section to the Conditions section of the policy. This coverage is now subject to the "Total Limit per Breakdown".

Water Damage limitation has been changed to apply to all "Covered Equipment".

A new condition, Insurance Under Two or More Coverages, has been added to clarify how we will apply coverage when multiple coverages are involved in a loss.

A new exclusion under the Definition of "Covered Equipment" has been added to exclude astronomical telescopes, cyclotrons, nuclear reactors, particle accelerators, satellites and/or spacecraft (including satellites or spacecraft contents and/or their launch sites.)

Other Changes

A clarification has been added that "Covered Property" must be located at the Covered Premises described in the Declarations.

A clarification has been added to describe how Coverage Extensions are triggered and how the sublimits will be applied.

The Coverage Extensions have been reordered to list the traditional coverages of Business Income, Extra Expense, Spoilage and Utility Interruption first. All other Coverage Extensions follow after these 4 and are listed alphabetically.

Extended Business Income is deleted as a separate Coverage Extension. It is now included in the Definition of "Period of Restoration".

Under the Spoilage coverage, a clarification is added that coverage applies to owned property, as well as property that is not owned but for which the Insured is legally liable. A second clarification is added that loss caused by excess as well as lack of power, light, heat, steam or refrigeration is covered.

Off Premises Service Interruption coverage has been renamed Utility Interruption. Terminology has been added to clarify the intent to cover services regardless if the supplier generates or provides the service. The 8-hour fixed waiting period requirement to trigger Utility Interruption coverage has been changed to a variable field that will be completed on the Declarations.

Ordinance or Law Coverage (including Demolition and Increased Cost of Construction) has been reworded to more closely agree with industry standard wordings for both Property and Boiler and Machinery policies. No coverage change is intended. Wording has also been added to clarify that coverage is included for loss of income or extra expenses if Business Income and/or Extra Expense coverages are provided.

The testing exclusion has been changed to use generic terminology.

A clarification has been added that self-insurance risk retention plans are considered to be another policy of insurance.

An additional exclusion for any other indirect result of a "Breakdown" to "Covered Equipment" has been added for clarification purposes.

Ammonia Contamination, Hazardous Substance and Water Damage have been moved to the Limitation section of the policy.

Deductible wording has been changed for clarification purposes.

Valuation wording has been added to clarify how "Covered Property" will be valued at various stages of process.

Salvage value wording has been added to clarify how we will treat salvage in the event of a loss.

An additional condition, No Benefit to Bailee, has been added to clarify that no Bailee shall benefit from the coverages provided.

An additional condition, Currency, has been added to clarify that US currency applies to all locations, including Canadian.

The Values condition has been modified to clarify that values should be reported separately by location and by coverage.

The Suspension condition has been modified to clarify that if a suspension occurs, a pro rata premium will be returned to the Insured.

Additional Insured and Mortgage Holders Conditions have been deleted. These conditions will be addressed through endorsement when necessary.

The definition for "Accident" has been replaced with a definition for "Breakdown".

An exclusion for explosion within the furnace of a chemical recovery type boiler or within the gas passages from the furnace to the atmosphere has been added for clarification purposes.

The exclusion for depletion, deterioration, corrosion, erosion or wear and tear has been moved from the Definitions section, under the definition of "accident", to the Exclusion section of the policy. Rust, fungus, decay, wet or dry rot or mold have been added to the list of excluded conditions to match standard property terminology. This is for clarification purposes. Coverage is still provided if a "Breakdown" ensues from these conditions.

Exclusions to the definition of "Breakdown" have been added for Malfunction and Leakage for clarification purposes.

A new exclusion under the Definition of "Breakdown" has been added that excludes any defects, erasures, errors, limitations or viruses in "Computer Equipment", including the inability to recognize or process dates. This is for clarification purposes and was previously addressed via Endorsement.

Definitions for "Computer Equipment", "Data", "Diagnostic Equipment", "Ordinary Payroll", "Period of Restoration", "Production Machines", "Stock" and "Total Limit per Breakdown" have been added for clarification purposes.



NOTICE TO POLICYHOLDERS JURISDICTIONAL INSPECTIONS

Dear Policyholder;

Many states and some cities issue certificates permitting the continued operation of certain equipment such as boilers, water heaters, pressure vessels, etc. Periodic inspections are normally required to renew these certificates. In most jurisdictions, insurance company employees who have been licensed are authorized to perform these inspections.

If:

- You own or operate equipment that requires a certificate from a state or city to operate legally, and
- We Insure that equipment under this Policy, and
- You would like us to perform the next required inspection;

Then;

Call this toll-free number – **1-800-425-4119**

When you call this number, our representative will ask you for the following information:

- Name of your business (as shown on this Policy)
- Policy Number
- Location where the equipment is located. Including Zip Code.
- Person to contact and phone number for scheduling of inspection
- Type of equipment requiring inspection
- Certificate inspection date and certificate number

Or;

Fill in the form on the reverse side of this notice and fax it to the toll-free number indicated on that form.

Please note the following:

- Your jurisdiction may charge you a fee for renewing a certificate. It is your responsibility to pay such a fee.
- All the provisions of the INSPECTIONS AND SURVEYS Condition apply to the inspections described in this notice.

REMINDER

If new equipment is installed or old equipment replaced that requires a jurisdictional inspection please let us know by calling our toll-free number listed above.

