

SERFF Tracking Number: ERCA-125336437 State: Arkansas  
First Filing Company: Employers Reinsurance Corporation, ... State Tracking Number: EFT \$50  
Company Tracking Number: 9-EQB-AR-07-02852A-1-F  
TOI: 27.0 Boiler & Machinery Sub-TOI: 27.0000 Boiler & Machinery  
Product Name: Equipment Breakdown Tier Form Filing - 07-02852a  
Project Name/Number: Equipment Breakdown Tier Form Filing - 07-02852a /9-EQB-AR-07-02852a-1-F

## Filing at a Glance

Companies: Employers Reinsurance Corporation, Westport Insurance Corporation, North American Elite Insurance Company, North American Specialty Insurance Company

Product Name: Equipment Breakdown Tier SERFF Tr Num: ERCA-125336437 State: Arkansas  
Form Filing - 07-02852a

TOI: 27.0 Boiler & Machinery

SERFF Status: Closed

State Tr Num: EFT \$50

Sub-TOI: 27.0000 Boiler & Machinery

Co Tr Num: 9-EQB-AR-07-02852A-1-F State Status: FEES RECEIVED

Filing Type: Form

Co Status:

Reviewer(s): Betty Montesi,  
Llyweyia Rawlins, Brittany Yielding

Author: Linda Snook

Disposition Date: 11/05/2007

Date Submitted: 11/04/2007

Disposition Status: Approved

Effective Date Requested (New): 01/01/2008

Effective Date (New): 01/01/2008

Effective Date Requested (Renewal): 01/01/2008

Effective Date (Renewal):  
01/01/2008

## General Information

Project Name: Equipment Breakdown Tier Form Filing - 07-02852a  
Project Number: 9-EQB-AR-07-02852a-1-F

Status of Filing in Domicile: Pending

Domicile Status Comments: WIC & ERC -  
Missouri is the state of domicile.

NAS & NAE - New Hampshire is the state of  
domicile.

Reference Organization:

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 11/05/2007

State Status Changed: 11/05/2007

Deemer Date:

Corresponding Filing Tracking Number: 9-EQB-AR-07-02852-1-R

Filing Description:

As a result of the recent acquisition of the GEIS Insurance companies by Swiss Re, we are requesting to add North American Specialty Insurance Company (NAS) and North American Elite Insurance Company (NAE) to our multi-tier Equipment Breakdown program, which already includes Westport Insurance Corporation (WIC) and Employers Reinsurance Corporation (ERC). All forms included in this filing, with the exception of the signature page, have been



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(800) 241-3470 ext. [Phone]

FEIN Number: 13-1941868

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North American Elite Insurance Company  
5200 Metcalf, P.O. Box 2979  
Overland Park, KS 66201-1379  
(800) 255-6931 ext. [Phone]

CoCode: 29700

State of Domicile: New Hampshire

Group Code: 181

Company Type:

Group Name:

State ID Number:

FEIN Number: 13-3440360

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North American Specialty Insurance Company  
5200 Metcalf, P.O. Box 2979  
Overland Park, KS 66201-1379  
(800) 255-6931 ext. [Phone]

CoCode: 29874

State of Domicile: New Hampshire

Group Code: 181

Company Type:

Group Name:

State ID Number:

FEIN Number: 02-0311919

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## Filing Fees

Fee Required? Yes  
Fee Amount: \$50.00  
Retaliatory? No  
Fee Explanation: \$50 per form submission  
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
North American Elite Insurance Company	\$50.00	11/04/2007	16469120
North American Specialty Insurance Company	\$0.00	11/04/2007	
Westport Insurance Corporation	\$0.00	11/04/2007	
Employers Reinsurance Corporation	\$0.00	11/04/2007	

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved	Llyweyia Rawlins	11/05/2007	11/05/2007

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## Disposition

Disposition Date: 11/05/2007  
Effective Date (New): 01/01/2008  
Effective Date (Renewal): 01/01/2008  
Status: Approved  
Comment:

Rate data does NOT apply to filing.

### Overall Rate Information for Multiple Company Filings

Overall Percentage Rate Indicated For This Filing	0.000%
Overall Percentage Rate Impact For This Filing	0.000%
Effect of Rate Filing-Written Premium Change For This Program	\$0
Effect of Rate Filing - Number of Policyholders Affected	0

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Form	Equipment Breakdown Coverage - Commercial Property Coverage Part	Approved	Yes
Form	Equipment Breakdown Coverage - Businessowners Coverage Part	Approved	Yes
Form	Commercial Property Coverage Form - Equipment Breakdown Coverage Schedule	Approved	Yes
Form	Businessowners Coverage Form - Equipment Breakdown Coverage Schedule	Approved	Yes
Form	Signature Page - WIC & ERC	Approved	Yes

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## Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Approved	Equipment Breakdown Coverage - Commercial Property Coverage Part	WIC-3750	0305	Endorsement/Amendment/Conditions New		0.00	WIC-3750 0305.pdf
Approved	Equipment Breakdown Coverage - Businessowners Coverage Part	WIC-3751	0305	Endorsement/Amendment/Conditions New		0.00	WIC-3751 0305.pdf
Approved	Commercial Property Coverage Form - Equipment Breakdown Coverage Schedule	SP 3 498	0305	Declaration News/Schedule		0.00	SP 3 498 0305.pdf
Approved	Businessowners Coverage Form - Equipment Breakdown Coverage Schedule	SP 3 499	0305	Declaration News/Schedule		0.00	SP 3 499 0305.pdf
Approved	Signature Page - WIC & ERC	SP 3 881	0307	Endorsement/Amendment/Conditions Replaced	Replaced Form #:0.00 Replaces SP 2 277 0906 for WIC & SP 3 252 0906 for ERC Previous Filing #:		SP 3 881 0307.pdf

# **Westport Insurance Corporation**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EQUIPMENT BREAKDOWN COVERAGE**

This endorsement modifies insurance provided under the following:

### **COMMERCIAL PROPERTY COVERAGE PART**

- A. The following is added as an Additional Coverage to the Causes of Loss — Basic Form, Broad Form or Special Form.

#### **Additional Coverage - Equipment Breakdown**

The term Covered Cause of Loss includes the Additional Coverage Equipment Breakdown as described and limited below.

1. We will pay for direct physical damage to Covered Property that is the direct result of an “accident.” As used in this Additional Coverage, “accident” means a fortuitous event that causes direct physical damage to “covered equipment.” The event must be one of the following:
  - a. mechanical breakdown, including rupture or bursting caused by centrifugal force;
  - b. artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires;
  - c. explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;
  - d. loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
  - e. loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.
2. Unless otherwise shown in a Schedule, the following coverages also apply to the direct result of an “accident.” These coverages do not provide additional amounts of insurance.
  - a. Expediting Expenses  

With respect to your damaged Covered Property, we will pay up to \$100,000 unless otherwise shown in a Schedule, the reasonable extra cost to:

    - (1) make temporary repairs; and
    - (2) expedite permanent repairs or permanent replacement.

b. Hazardous Substances

We will pay for the additional cost to repair or replace Covered Property because of contamination by a “hazardous substance.” This includes the additional expenses to clean up or dispose of such property.

This does not include contamination of “perishable goods” by refrigerant, including but not limited to ammonia, which is addressed in 2.c.(1)(b) below. As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no “hazardous substance” been involved.

The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$100,000 unless otherwise shown in a Schedule.

c. Spoilage

(1) We will pay:

- (a) for physical damage to “perishable goods” due to spoilage;
- (b) for physical damage to “perishable goods” due to contamination from the release of refrigerant, including but not limited to ammonia;
- (c) any necessary expenses you incur to reduce the amount of loss under this coverage to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.

(2) If you are unable to replace the “perishable goods” before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the “perishable goods” at the time of the “accident,” less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the Valuation condition.

The most we will pay for loss, damage or expense under this coverage is \$100,000 unless otherwise shown in a Schedule.

d. Computer Equipment

We will pay for loss, damage or expense caused by or resulting from an “accident” to “computer equipment.”

The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$100,000 unless otherwise shown in a Schedule. Computers used primarily to control or operate “covered equipment” are not subject to this limit.

e. Data Restoration

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

The most we will pay for loss or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$100,000 unless otherwise shown in a Schedule.

f. Service Interruption

- (1) Any insurance provided for Business Income, Extra Expense or Spoilage is extended to apply to your loss, damage or expense caused by an “accident” to equipment that is owned by a utility, landlord or other supplier with whom you have a contract to supply you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks or data transmission. The equipment must meet the definition of “covered equipment” except that it is not Covered Property.
- (2) Unless otherwise shown in a Schedule, Service Interruption coverage will not apply unless the failure or disruption of service exceeds 24 hours immediately following the “accident.”
- (3) The most we will pay for loss, damage or expense under this coverage is the limit that applies to Business Income, Extra Expense or Spoilage, except that if a limit is shown in a Schedule for Service Interruption, that limit will apply to Business Income and Extra Expense loss under this coverage.

g. Business Income and Extra Expense

Any insurance provided under this coverage part for Business Income or Extra Expense is extended to the coverage provided by this endorsement. The most we will pay for loss of Business Income you sustain or necessary Extra Expense you incur is the limit shown in the Declarations for that coverage, unless otherwise shown in a Schedule.

3. EXCLUSIONS

All exclusions in the Causes of Loss form apply except as modified below and to the extent that coverage is specifically provided by this Additional Coverage Equipment Breakdown.

a. The exclusions are modified as follows:

- (1) If the Causes of Loss -- Basic Form or Causes of Loss -- Broad Form applies, the following is added to Exclusion B.2.:

Depletion, deterioration, corrosion, erosion, wear and tear, or other gradually developing conditions. But if an “accident” results, we will pay for the resulting loss, damage or expense.

- (2) The following is added to Exclusion B.1.g.:

However, if electrical “covered equipment” requires drying out because of Water as described in g.(1) through g.(3) above, we will pay for the direct expenses of such drying out subject to the applicable Limit of Insurance and deductible for Building or Business Personal Property, whichever applies.

- (3) If the Causes of Loss—Special Form applies, as respects this endorsement only, the last paragraph of Exclusion B.2.d. is deleted and replaced with the following:

But if an excluded cause of loss that is listed in 2.d.(1) through (7) results in an “accident,” we will pay for the loss, damage or expense caused by that “accident.”

- b. We will not pay under this endorsement for loss, damage or expense caused by or resulting from:

- (1) your failure to use all reasonable means to protect Covered Property from damage following an “accident”;
- (2) any defect, programming error, programming limitation, computer virus, malicious code, loss of “data,” loss of access, loss of use, loss of functionality or other condition within or involving “data” or “media” of any kind. But if an “accident” results, we will pay for the resulting loss, damage or expense; or
- (3) any of the following tests:

a hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an electrical insulation breakdown test of any type of electrical equipment.

- c. With respect to Service Interruption coverage, we will also not pay for an “accident” caused by or resulting from: fire; lightning; windstorm or hail; explosion (except as specifically provided in A.1.c. above); smoke; aircraft or vehicles; riot or civil commotion; vandalism; sprinkler leakage; falling objects; weight of snow, ice or sleet; freezing; collapse; flood or earth movement.

- d. With respect to Business Income, Extra Expense and Service Interruption coverages, we will also not pay for:

- (1) loss caused by your failure to use due diligence and dispatch and all reasonable means to resume business; or
- (2) any increase in loss resulting from an agreement between you and your customer or supplier.

- e. We will not pay for loss, damage or expense caused directly or indirectly by the following, whether or not caused by or resulting from an “accident”: Any mold, fungus, mildew or yeast, including any spores or toxins produced by or emanating from such mold, fungus, mildew or yeast. This includes, but is not limited to, costs arising from clean up, removal, or abatement of such mold, fungus, mildew or yeast, spores or toxins. However, this exclusion does not apply to spoilage of personal property that is “perishable goods,” to the extent that spoilage is covered under Spoilage coverage.
- f. We will not pay under this endorsement for any loss or damage to animals.

#### 4. DEFINITIONS

The following definitions are added:

- a. “Boilers and vessels” means:
  - (1) Any boiler, including attached steam, condensate and feedwater piping; and
  - (2) Any fired or unfired pressure vessel subject to vacuum or internal pressure other than the static pressure of its contents.

This term does not appear elsewhere in this endorsement, but may appear in a Schedule.

- b. “Computer equipment” means Covered Property that is electronic computer or other data processing equipment, including “media” and peripherals used in conjunction with such equipment.

- c. “Covered equipment”
  - (1) “Covered equipment” means, unless otherwise specified in a Schedule, Covered Property:
    - (a) that generates, transmits or utilizes energy, including electronic communications and data processing equipment; or
    - (b) which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.
  - (2) None of the following is “covered equipment”:
    - (a) structure, foundation, cabinet, compartment or air supported structure or building;
    - (b) insulating or refractory material;
    - (c) sewer piping, underground vessels or piping, or piping forming a part of a sprinkler system;

- (d) water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
  - (e) “vehicle” or any equipment mounted on a “vehicle”;
  - (f) satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
  - (g) dragline, excavation or construction equipment; or
  - (h) equipment manufactured by you for sale.
- d. “Data” means information or instructions stored in digital code capable of being processed by machinery.
  - e. “Hazardous substance” means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.
  - f. “Media” means material on which “data” is recorded, such as magnetic tapes, hard disks, optical disks or floppy disks.
  - g. “One accident” means: If an initial “accident” causes other “accidents,” all will be considered “one accident.” All “accidents” that are the result of the same event will be considered “one accident.”
  - h. “Perishable goods” means personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.
  - i. “Production machinery” means any machine or apparatus that processes or produces a product intended for eventual sale. However, “production machinery” does not mean any fired or unfired pressure vessel other than a cylinder containing a movable plunger or piston.

This term does not appear elsewhere in this endorsement, but may appear in a Schedule.

- j. “Vehicle” means, as respects this endorsement only, any machine or apparatus that is used for transportation or moves under its own power. “Vehicle” includes, but is not limited to, car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester.

However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power source will not be considered a “vehicle.”

B. The Building and Personal Property Coverage Form is modified as follows.

The definitions stated above also apply to section B. of this endorsement.

1. DEDUCTIBLE

The deductible in the Declarations applies unless a separate Equipment Breakdown deductible is shown in a Schedule. If a separate Equipment Breakdown deductible is shown, the following applies.

Only as regards Equipment Breakdown Coverage, provision D.

DEDUCTIBLE is deleted and replaced with the following:

a. Deductibles for Each Coverage

- (1) Unless the Schedule indicates that your deductible is combined for all coverages, multiple deductibles may apply to any “one accident.”
- (2) We will not pay for loss, damage or expense under any coverage until the amount of the covered loss, damage or expense exceeds the deductible amount indicated for that coverage in the Schedule. We will then pay the amount of loss, damage or expense in excess of the applicable deductible amount, subject to the applicable limit.
- (3) If deductibles vary by type of “covered equipment” and more than one type of “covered equipment” is involved in any “one accident,” only the highest deductible for each coverage will apply.

b. Direct and Indirect Coverages

- (1) Direct Coverages Deductibles and Indirect Coverages Deductibles may be indicated in the Schedule.
- (2) Unless more specifically indicated in the Schedule:
  - (a) Indirect Coverages Deductibles apply to Business Income and Extra Expense loss; and
  - (b) Direct Coverages Deductibles apply to all remaining loss, damage or expense covered by this endorsement.

c. Application of Deductibles

(1) Dollar Deductibles

We will not pay for loss, damage or expense resulting from any “one accident” until the amount of loss, damage or expense exceeds the applicable Deductible shown in the Schedule. We will then pay the amount of loss, damage or expense in excess of the applicable Deductible or Deductibles, up to the applicable Limit of Insurance.

(2) Time Deductible

If a time deductible is shown in the Schedule, we will not be liable for any loss occurring during the specified number of hours or days immediately following the “accident.” If a time deductible is expressed in days, each day shall mean twenty-four consecutive hours.

(3) Multiple of Average Daily Value (ADV)

If a deductible is expressed as a number times ADV, that amount will be calculated as follows:

The ADV (Average Daily Value) will be the Business Income (as defined in any Business Income coverage that is part of this policy) that would have been earned during the period of interruption of business had no “accident” occurred, divided by the number of working days in that period. No reduction shall be made for the Business Income not being earned, or in the number of working days, because of the “accident” or any other scheduled or unscheduled shutdowns during the period of interruption. The ADV applies to the Business Income value of the entire location, whether or not the loss affects the entire location. If more than one location is included in the valuation of the loss, the ADV will be the combined value of all affected locations. For purposes of this calculation, the period of interruption may not extend beyond the period of restoration.

The number indicated in the Schedule will be multiplied by the ADV as determined above. The result shall be used as the applicable deductible.

(4) Percentage of Loss Deductibles

If a deductible is expressed as a percentage of loss, we will not be liable for the indicated percentage of the gross amount of loss, damage or expense (prior to any applicable deductible or coinsurance) insured under the applicable coverage. If the dollar amount of such percentage is less than the indicated minimum deductible, the minimum deductible will be the applicable deductible.

## 2. CONDITIONS

The following conditions are in addition to the Conditions in the Building and Personal Property Coverage Form and the Common Policy Conditions.

### a. 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 an “accident” to that “covered equipment.” This can be done by mailing or delivering 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” for the period of suspension. But the suspension will be effective even if we have not yet made or offered a refund.

### b. Jurisdictional Inspections

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

### c. Environmental, Safety and Efficiency Improvements

If “covered equipment” requires replacement due to an “accident,” we will pay your additional cost to replace with equipment that is better for the environment, safer or more efficient than the equipment being replaced.

However, we will not pay more than 125% of what the cost would have been to repair or replace with like kind and quality. This condition does not increase any of the applicable limits. This condition does not apply to any property to which Actual Cash Value applies.

d. Coinsurance

If a coinsurance percentage is shown in a Schedule for specified coverages, the following condition applies.

We will not pay for the full amount of your loss if the applicable limit is less than the product of the specified coinsurance percentage times the value of the property subject to the coverage at the time of the loss. Instead, we will determine what percentage this calculated product is compared to the applicable limit and apply that percentage to the gross amount of loss. We will then subtract the applicable deductible. The resulting amount, or the applicable limit, is the most we will pay. We will not pay for the remainder of the loss. Coinsurance applies separately to each insured location.

The most we will pay for loss, damage or expense under this endorsement arising from any “one accident” is the applicable Limit of Insurance in the Declarations unless otherwise shown in a Schedule. Coverage provided under this endorsement does not provide an additional amount of insurance.

All other terms and conditions of this policy shall remain unchanged.

This endorsement forms a part of the policy to which attached, effective on the inception date of the policy unless otherwise stated herein.

# **Westport Insurance Corporation**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EQUIPMENT BREAKDOWN COVERAGE**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS COVERAGE FORM**

A. The following is added to Paragraph A.3. Covered Causes of Loss in Section I – Property:

#### **Additional Coverage - Equipment Breakdown**

The term Covered Cause of Loss includes the Additional Coverage Equipment Breakdown as described and limited below.

1. We will pay for direct physical damage to Covered Property that is the direct result of an “accident.” As used in this Additional Coverage, “accident” means a fortuitous event that causes direct physical damage to “covered equipment.” The event must be one of the following:
  - a. mechanical breakdown, including rupture or bursting caused by centrifugal force;
  - b. artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires;
  - c. explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;
  - d. loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
  - e. loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.
2. Unless otherwise shown in a Schedule, the following coverages also apply to the direct result of an “accident.” These coverages do not provide additional amounts of insurance.
  - a. Expediting Expenses  

With respect to your damaged Covered Property, we will pay, up to \$100,000 unless otherwise shown in a Schedule, the reasonable extra cost to:

    - (1) make temporary repairs; and
    - (2) expedite permanent repairs or permanent replacement.

b. Hazardous Substances

We will pay for the additional cost to repair or replace Covered Property because of contamination by a “hazardous substance.” This includes the additional expenses to clean up or dispose of such property.

This does not include contamination of “perishable goods” by refrigerant, including but not limited to ammonia, which is addressed in 2.c.(1)(b) below. As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no “hazardous substance” been involved.

The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, is \$100,000 unless otherwise shown in a Schedule.

c. Spoilage

(1) We will pay:

- (a) for physical damage to “perishable goods” due to spoilage;
- (b) for physical damage to “perishable goods” due to contamination from the release of refrigerant, including but not limited to ammonia;
- (c) any necessary expenses you incur to reduce the amount of loss under this coverage to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.

(2) If you are unable to replace the “perishable goods” before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the “perishable goods” at the time of the “accident,” less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the Loss Payment condition.

The most we will pay for loss, damage or expense under this coverage is \$100,000 unless otherwise shown in a Schedule.

d. Computer Equipment

We will pay for loss, damage or expense caused by or resulting from an “accident” to “computers.”

The most we will pay for loss or damage under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$100,000 unless otherwise shown in a Schedule. Computers used primarily to control or operate “covered equipment” are not subject to this limit.

e. Data Restoration

We will pay for your reasonable and necessary cost to research, replace and restore the lost information on “electronic media and records.”

The most we will pay for loss or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, is \$100,000 unless otherwise shown in a Schedule.

f. Service Interruption

- (1) Any insurance provided for Business Income, Extra Expense or Spoilage is extended to apply to your loss, damage or expense caused by an “accident” to equipment that is owned by a utility, landlord or other supplier with whom you have a contract to supply you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks or data transmission. The equipment must meet the definition of “covered equipment” except that it is not Covered Property.
- (2) Unless otherwise shown in a Schedule, Service Interruption coverage will not apply unless the failure or disruption of service exceeds 24 hours immediately following the “accident.”
- (3) The most we will pay for loss, damage or expense under this coverage is the limit that applies to Business Income, Extra Expense or Spoilage, except that if a limit is shown in a Schedule for Service Interruption, that limit will apply to Business Income and Extra Expense loss under this coverage

B. The following is added to Paragraph B. Exclusions:

**Equipment Breakdown Exclusions**

All exclusions in the Businessowners Coverage Form apply except as modified below and to the extent that coverage is specifically provided by this Additional Coverage Equipment Breakdown.

1. The exclusions are modified as follows:

a. The following is added to Exclusion B.1.g.:

However, if electrical “covered equipment” requires drying out because of Water as described in g.(1) through g.(3) above, we will pay for the direct expenses of such drying out subject to the applicable Limit of Insurance and deductible for Building or Business Personal Property, whichever applies.

b. As respects this endorsement only, the last paragraph of Exclusion B.2.i. is deleted and replaced with the following:

But if an excluded cause of loss that is listed in 2.i.(1) through (7) results in an “accident,” we will pay for the loss, damage or expense caused by that “accident.”

- c. As respects this endorsement only, the next to the last paragraph in Exclusion B.1.h. is deleted and replaced with the following:

However, if excluded loss or damage, as described in Paragraph (1) above results in an “accident,” we will pay only for the loss or damage caused by such “accident.”
  - d. As respects this endorsement only, the following is added to Exclusions B.2.m. and B.2.n:

We will also pay for direct physical loss or damage caused by an “accident” to “covered equipment.”
2. We will not pay under this endorsement for loss, damage or expense caused by or resulting from:
- a. your failure to use all reasonable means to protect Covered Property from damage following an “accident”;
  - b. any defect, programming error, programming limitation, computer virus, malicious code, loss of data, loss of access, loss of use, loss of functionality or other condition within or involving “electronic media and records” of any kind. But if an “accident” results, we will pay for the resulting loss, damage or expense; or
  - c. any of the following tests:

a hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an electrical insulation breakdown test of any type of electrical equipment.
3. With respect to Service Interruption coverage, we will also not pay for:
- an “accident” caused by or resulting from: fire; lightning; windstorm or hail; explosion (except as specifically provided in A.1.c. above); smoke; aircraft or vehicles; riot or civil commotion; vandalism; sprinkler leakage; falling objects; weight of snow, ice or sleet; freezing; collapse; flood or earth movement.
4. With respect to Business Income, Extra Expense and Service Interruption coverages, we will also not pay for:
- a. loss caused by your failure to use due diligence and dispatch and all reasonable means to resume business; or
  - b. any increase in loss resulting from an agreement between you and your customer or supplier.

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

Any mold, fungus, mildew or yeast, including any spores or toxins produced by or emanating from such mold, fungus, mildew or yeast. This includes, but is not limited to, costs arising from clean up, removal, or abatement of such mold, fungus, mildew or yeast, spores or toxins. However, this exclusion does not apply to spoilage of personal property that is “perishable goods,” to the extent that spoilage is covered under Spoilage coverage.

6. We will not pay under this endorsement for any loss or damage to animals.

## C. DEDUCTIBLES

The deductible in the Declarations applies unless a separate Equipment Breakdown deductible is shown in a Schedule. If a separate Equipment Breakdown deductible is shown, the following applies.

Only as regards Equipment Breakdown Coverage, provision D. Deductibles is deleted and replaced with the following:

### 1. Deductibles for Each Coverage

- a. Unless the Schedule indicates that your deductible is combined for all coverages, multiple deductibles may apply to any “one accident.”
- b. We will not pay for loss, damage or expense under any coverage until the amount of the covered loss, damage or expense exceeds the deductible amount indicated for that coverage in the Schedule. We will then pay the amount of loss, damage or expense in excess of the applicable deductible amount, subject to the applicable limit.
- c. If deductibles vary by type of “covered equipment” and more than one type of “covered equipment” is involved in any “one accident,” only the highest deductible for each coverage will apply.

### 2. Direct and Indirect Coverages

- a. Direct Coverages Deductibles and Indirect Coverages Deductibles may be indicated in the Schedule.
- b. Unless more specifically indicated in the Schedule:
  - (1) Indirect Coverages Deductibles apply to Business Income and Extra Expense loss; and
  - (2) Direct Coverages Deductibles apply to all remaining loss, damage or expense covered by this endorsement.

### 3. Application of Deductibles

#### a. Dollar Deductibles

We will not pay for loss, damage or expense resulting from any “one accident” until the amount of loss, damage or expense exceeds the applicable Deductible shown in the Schedule. We will then pay the amount of loss, damage or expense in excess of the applicable Deductible or Deductibles, up to the applicable Limit of Insurance.

#### b. Time Deductible

If a time deductible is shown in the Schedule, we will not be liable for any loss occurring during the specified number of hours or days immediately following the “accident.” If a time deductible is expressed in days, each day shall mean twenty-four consecutive hours.

#### c. Multiple of Average Daily Value (ADV)

If a deductible is expressed as a number times ADV, that amount will be calculated as follows:

The ADV (Average Daily Value) will be the Business Income (as defined in any Business Income coverage that is part of this policy) that would have been earned during the period of interruption of business had no “accident” occurred, divided by the number of working days in that period. No reduction shall be made for the Business Income not being earned, or in the number of working days, because of the “accident” or any other scheduled or unscheduled shutdowns during the period of interruption. The ADV applies to the Business Income value of the entire location, whether or not the loss affects the entire location. If more than one location is included in the valuation of the loss, the ADV will be the combined value of all affected locations. For purposes of this calculation, the period of interruption may not extend beyond the “period of restoration”.

The number indicated in the Schedule will be multiplied by the ADV as determined above. The result shall be used as the applicable deductible.

#### d. Percentage of Loss Deductibles

If a deductible is expressed as a percentage of loss, we will not be liable for the indicated percentage of the gross amount of loss, damage or expense (prior to any applicable deductible or coinsurance) insured under the applicable coverage. If the dollar amount of such percentage is less than the indicated minimum deductible, the minimum deductible will be the applicable deductible.

## D. CONDITIONS

The following conditions are in addition to the Conditions in the Businessowners Coverage Form.

### 1. 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 an “accident” to that “covered equipment.” This can be done by mailing or delivering a written notice of suspension to:

- a. your last known address; or
- b. 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” for the period of suspension. But the suspension will be effective even if we have not yet made or offered a refund.

### 2. Jurisdictional Inspections

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

### 3. Environmental, Safety and Efficiency Improvements

If “covered equipment” requires replacement due to an “accident,” we will pay your additional cost to replace with equipment that is better for the environment, safer or more efficient than the equipment being replaced.

However, we will not pay more than 125% of what the cost would have been to repair or replace with like kind and quality. This condition does not increase any of the applicable limits. This condition does not apply to any property to which Actual Cash Value applies.

### 4. Coinsurance

If a coinsurance percentage is shown in a Schedule for specified coverages, the following condition applies.

We will not pay for the full amount of your loss if the applicable limit is less than the product of the specified coinsurance percentage times the value of the property subject to the coverage at the time of the loss. Instead, we will determine what percentage this calculated product is compared to the applicable limit and apply that percentage to the gross amount of loss. We will then subtract the applicable deductible. The resulting amount, or the applicable limit, is the most we will pay. We will not pay for the remainder of the loss. Coinsurance applies separately to each insured location.

E. The following are added to H. Property Definitions:

1. “Boilers and vessels” means:

- a. Any boiler, including attached steam, condensate and feedwater piping; and
- b. Any fired or unfired pressure vessel subject to vacuum or internal pressure other than the static pressure of its contents.

This term does not appear elsewhere in this endorsement, but may appear in a Schedule.

2. “Covered equipment”

a. “Covered equipment” means, unless otherwise specified in a Schedule, Covered Property:

- (1) that generates, transmits or utilizes energy, including electronic communications and data processing equipment; or
- (2) which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.

b. None of the following is “covered equipment”:

- (1) structure, foundation, cabinet, compartment or air supported structure or building;
- (2) insulating or refractory material;
- (3) sewer piping, underground vessels or piping, or piping forming a part of a sprinkler system;
- (4) water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
- (5) “vehicle” or any equipment mounted on a “vehicle”;
- (6) satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
- (7) dragline, excavation or construction equipment; or
- (8) equipment manufactured by you for sale.

3. “Hazardous substance” means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.

4. “One accident” means: If an initial “accident” causes other “accidents,” all will be considered “one accident.” All “accidents” that are the result of the same event will be considered “one accident.”

5. "Perishable goods" means personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.
6. "Production machinery" means any machine or apparatus that processes or produces a product intended for eventual sale. This includes all component parts of such machine or apparatus.

This term does not appear elsewhere in this endorsement, but may appear in a Schedule.

7. "Vehicle" means, as respects this endorsement only, any machine or apparatus that is used for transportation or moves under its own power. "Vehicle" includes, but is not limited to, car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester.

However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power source will not be considered a "vehicle."

The most we will pay for loss, damage or expense under this endorsement arising from any "one accident" is the applicable Limit of Insurance in the Declarations unless otherwise shown in a Schedule. Coverage provided under this endorsement does not provide an additional amount of insurance.

All other terms and conditions of this policy shall remain unchanged.

This endorsement forms a part of the policy to which attached, effective on the inception date of the policy unless otherwise stated herein.

**COMMERCIAL PROPERTY COVERAGE FORM  
EQUIPMENT BREAKDOWN COVERAGE SCHEDULE**

*Equipment Breakdown is subject to the Limits of Insurance shown in the Commercial Property Coverage Form.*

*These coverages apply to all locations covered on the policy, unless otherwise specified.*

Coverages	Limits
Equipment Breakdown Limit	\$
Business Income	\$
Extra Expense	\$
Expediting Expenses	\$
Hazardous Substances	\$
Spoilage	\$
Computer Equipment	\$
Data Restoration	\$
Service Interruption	\$

**Deductibles**

Combined, All Coverages	\$
Direct Coverages	\$
Indirect Coverages	\$
	<i>or _____ hrs.</i>
	<i>or _____ times ADV</i>
Spoilage	\$
	<i>or ___ % of loss, \$ _____ minimum</i>

**Other Conditions**

**BUSINESSOWNERS COVERAGE FORM  
EQUIPMENT BREAKDOWN COVERAGE SCHEDULE**

*Equipment Breakdown is subject to the Limits of Insurance shown in the Businessowners Coverage Form.*

*These coverages apply to all locations covered on the policy, unless otherwise specified.*

<b>Coverages</b>	<b>Limits</b>
Equipment Breakdown Limit	\$
Business Income	\$
Extra Expense	\$
Expediting Expenses	\$
Hazardous Substances	\$
Spoilage	\$
Computer Equipment	\$
Data Restoration	\$
Service Interruption	\$

**Deductibles**

Combined, All Coverages	\$
Direct Coverages	\$
Indirect Coverages	\$
	<i>or _____ hrs.</i>
	<i>or _____ times ADV</i>
Spoilage	\$
	<i>or ___ % of loss, \$ _____ minimum</i>

**Other Conditions**

**In Witness Whereof, the issuing Company has caused this policy to be signed officially below.**

***Facsimile signature to be inserted***

---

President

***Facsimile signature to be inserted***

---

Secretary

---

***[Insert Company Name Here]***

*SERFF Tracking Number:*      *ERCA-125336437*                      *State:*                      *Arkansas*  
*First Filing Company:*      *Employers Reinsurance Corporation, ...*              *State Tracking Number:*      *EFT \$50*  
*Company Tracking Number:*      *9-EQB-AR-07-02852A-1-F*  
*TOI:*                      *27.0 Boiler & Machinery*                      *Sub-TOI:*                      *27.0000 Boiler & Machinery*  
*Product Name:*                      *Equipment Breakdown Tier Form Filing - 07-02852a*  
*Project Name/Number:*              *Equipment Breakdown Tier Form Filing - 07-02852a /9-EQB-AR-07-02852a-1-F*

## **Rate Information**

Rate data does NOT apply to filing.

SERFF Tracking Number: ERCA-125336437 State: Arkansas  
First Filing Company: Employers Reinsurance Corporation, ... State Tracking Number: EFT \$50  
Company Tracking Number: 9-EQB-AR-07-02852A-1-F  
TOI: 27.0 Boiler & Machinery Sub-TOI: 27.0000 Boiler & Machinery  
Product Name: Equipment Breakdown Tier Form Filing - 07-02852a  
Project Name/Number: Equipment Breakdown Tier Form Filing - 07-02852a /9-EQB-AR-07-02852a-1-F

## Supporting Document Schedules

<b>Satisfied -Name:</b>	Uniform Transmittal Document- Property & Casualty	<b>Review Status:</b> Approved	11/05/2007
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**Comments:**

**Attachments:**

UTD.pdf  
RFFS.pdf

Property & Casualty Transmittal Document

<b>1 Reserved for Insurance Dept. Use Only</b>	<b>2 Insurance Department Use only</b>					
	a. Date the filing is received:					
	b. Analyst:					
	c. Disposition:					
	d. Date of disposition of the filing:					
	e. Effective date of filing:					
	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">New Business</td> <td></td> </tr> <tr> <td>Renewal Business</td> <td></td> </tr> </table>		New Business		Renewal Business	
	New Business					
	Renewal Business					
	f. State Filing #:					
g. SERFF Filing #:						
h. Subject Codes						

<b>3</b>	<b>Group Name</b>	<b>Group NAIC #</b>
	Swiss Reinsurance	181

4	Company Name(s)	Domicile	NAIC #	FEIN #	State #
	North American Specialty Insurance Company	NH	29874	02-0311919	
	North American Elite Insurance Company	NH	29700	13-3440360	

<b>5</b>	<b>Company Tracking Number</b>	9-EQB-AR-07-02582a-1-F
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Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6	Name and address	Title	Telephone #s	FAX #	e-mail
	Linda Snook, AIS 5200 Metcalf, OP KS 66201	P&RS Specialist	800-255-6931, x5307	913-676-6226	<a href="mailto:linda_snook@swissre.com">linda_snook@swissre.com</a>

<b>7</b>	Signature of authorized filer	<i>Linda Snook</i>
<b>8</b>	Please print name of authorized filer	Linda Snook

Filing information (see General Instructions for descriptions of these fields)

<b>9</b>	<b>Type of Insurance (TOI)</b>	27.0 Boiler & Machinery
<b>10</b>	<b>Sub-Type of Insurance (Sub-TOI)</b>	27.0 Boiler & Machinery
<b>11</b>	<b>State Specific Product code(s) (if applicable)</b> [See State Specific Requirements]	
<b>12</b>	<b>Company Program Title (Marketing title)</b>	Equipment Breakdown Coverage
<b>13</b>	<b>Filing Type</b>	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rule <input type="checkbox"/> Rate/Rule <input checked="" type="checkbox"/> Form <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
<b>14</b>	<b>Effective Date(s) Requested</b>	New: 01/01/08      Renewal: 01/01/08
<b>15</b>	<b>Reference Filing?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>16</b>	<b>Reference Organization (if applicable)</b>	n/a
<b>17</b>	<b>Reference Organization # &amp; Title</b>	n/a
<b>18</b>	<b>Company's Date of Filing</b>	11/4/2007
<b>19</b>	<b>Status of filing in domicile</b>	<input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

Property & Casualty Transmittal Document-

20	This filing transmittal is part of Company Tracking #	9-EQB-AR-07-02582a-1-F
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21	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]	
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We are filing an Equipment Breakdown program for North American Specialty Ins. Co. and North American Elite Ins. Co.

22	Filing Fees (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
----	--

Check #: EFT  
Amount: 50

Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.

\*\*\*Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)

## FORM FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes forms)  
 (Do not refer to the body of the filing for the forms listing, unless allowed by state.)

<b>1.</b>	<b>This filing transmittal is part of Company Tracking #</b>	<b>9-EQB-AR-07-02852a-1-F</b>			
<b>2.</b>	<b>This filing corresponds to rate/rule filing number</b> (Company tracking number of rate/rule filing, if applicable)	<b>9-EQB-AR-07-02852-1-R</b>			
<b>3.</b>	<b>Form Name /Description/Synopsis</b>	<b>Form # Include edition date</b>	<b>Replacement or Withdrawn?</b>	<b>If replacement, give form # it replaces</b>	<b>Previous state filing number, if required by state</b>
01	Equipment Breakdown Coverage – Commercial Property Coverage Part	WIC-3750 0305	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
02	Equipment Breakdown Coverage – Businessowners Coverage Part	WIC-3751 0305	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
03	Commercial Property Coverage Form- Equipment Breakdown Coverage Schedule	SP 3 498 0305	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
04	Businessowners Coverage Form- Equipmebt Breakdown Coverage Schedule	SP 3 499 0305	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
14	Signature Page (WIC & ERC only)	SP 3 881 0307	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	SP 2 277 0906 & SP 3 252 0906	
15			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
16			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		