

## Filing at a Glance

Companies: Wausau Underwriters Insurance Company, Employers Insurance Company of Wausau, Wausau Business Insurance Company

Product Name: Businessowners	SERFF Tr Num: WAUS-125256951	State: Arkansas
TOI: 05.0 Commercial Multi-Peril - Liability & Non-Liability	SERFF Status: Closed	State Tr Num: AR-PC-07-025769
Sub-TOI: 05.0002 Businessowners	Co Tr Num: BPF-CW-020-07	State Status:
Filing Type: Form	Co Status:	Reviewer(s): Betty Montesi, Llyweyia Rawlins, Brittany Yielding
	Author: Marie Exon	Disposition Date: 08-10-2007
	Date Submitted: 08-09-2007	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: FB0506 01-08 Equipment Breakdown Coverage  
Project Number: BPF-CW-020-07

Reference Organization: n/a  
Reference Title: n/a  
Filing Status Changed: 08-10-2007  
State Status Changed: 08-09-2007  
Corresponding Filing Tracking Number:  
Filing Description:

Status of Filing in Domicile: Pending  
Domicile Status Comments: Being submitted at this time.

Reference Number: n/a  
Advisory Org. Circular: n/a

Deemer Date:

PROJECT # BPF-CW-020-07  
EMPLOYERS INSURANCE COMPANY OF WAUSAU - 11121458  
WAUSAU UNDERWRITERS INSURANCE COMPANY - 11126042  
WAUSAU BUSINESS INSURANCE COMPANY 11126069

BUSINESSOWNERS DIVISION TEN

FB0506 01-08 EQUIPMENT BREAKDOWN COVERAGE

REQUESTED EFFECTIVE DATE: JANUARY 1, 2008

The captioned companies submit FB0506 01-08, Equipment Breakdown Coverage for your review to be used with our Businessowners Coverage Form BP 00 03 01 06.

The Equipment Breakdown Coverage form was revised to coincide with the BOP 2006 program.

All applicable ISO state amendatory forms are being used in conjunction with the ISO BOP 2006 program.

I look forward to your acknowledgment/approval of this filing submission.

Marie Exon  
State Filings Analyst  
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Enclosures

## Company and Contact

### Filing Contact Information

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### Filing Company Information

Wausau Underwriters Insurance Company P O Box 8017 Wausau, WI 54402-8017 (877) 792-8728 ext. [Phone]	CoCode: 26042 Group Code: 111 Group Name: FEIN Number: 39-1341459 -----	State of Domicile: Wisconsin Company Type: State ID Number:
Employers Insurance Company of Wausau P O Box 8017 Wausau, WI 54402-8017 (877) 792-8728 ext. [Phone]	CoCode: 21458 Group Code: 111 Group Name: FEIN Number: 39-0264050 -----	State of Domicile: Wisconsin Company Type: State ID Number:
Wausau Business Insurance Company P O Box 8017 Wausau, WI 54402-8017 (877) 792-8728 ext. [Phone]	CoCode: 26069 Group Code: 111 Group Name: FEIN Number: 36-3522250 -----	State of Domicile: Wisconsin Company Type: State ID Number:

## Filing Fees

Fee Required? Yes  
Fee Amount: \$50.00  
Retaliatory? No  
Fee Explanation: \$50.00 form filing  
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Employers Insurance Company of Wausau	\$50.00	08-09-2007	15038999
Wausau Underwriters Insurance Company	\$0.00	08-09-2007	
Wausau Business Insurance Company	\$0.00	08-09-2007	

## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved	Llyweyia Rawlins	08-10-2007	08-10-2007

### Amendments

Item	Schedule	Created By	Created On	Date Submitted
Explanatory Memorandum	Supporting Document	Marie Exon	08-09-2007	08-09-2007

## **Disposition**

Disposition Date: 08-10-2007

Effective Date (New): 01-01-2008

Effective Date (Renewal): 01-01-2008

Status: Approved

Comment:

Rate data does NOT apply to filing.

Created by SERFF on 08-10-2007 12:03 PM

<b>Item Type</b>	<b>Item Name</b>	<b>Item Status</b>	<b>Public Access</b>
<b>Supporting Document</b>	Uniform Transmittal Document-Property & Casualty	Approved	Yes
<b>Supporting Document</b>	Form Inventory	Approved	Yes
<b>Supporting Document</b>	Explanatory Memorandum	Approved	Yes
<b>Form</b>	Equipment Breakdown Coverage	Approved	Yes

**Amendment Letter**

Amendment Date:

Submitted Date: 08-09-2007

**Comments:**

I am attaching an explanatory memorandum that should have been attached to the original filing.

Thanks

Marie

**Changed Items:**

**Supporting Document Schedule Item Changes:**

**User Added -Name: Explanatory Memorandum**

Comment:

Form Filing Memo CW.pdf

## Form Schedule

<b>Review Status</b>	<b>Form Name</b>	<b>Form #</b>	<b>Edition Date</b>	<b>Form Type Action</b>	<b>Action Specific Data</b>	<b>Readability</b>	<b>Attachment</b>
Approved	Equipment Breakdown Coverage	FB0506	01-08	Endorsement/Amendment/Conditions Replaced	FB0506 01-06	0.00	0506 01-08.pdf

**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 \$25,000 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.

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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 \$25,000 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 \$25,000 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, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, is \$25,000 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 "electronic 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, is \$25,000 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 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, damage or expense caused by such "accident."

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

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

**d.** 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."

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

**a.** 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 data" of any kind. But if an "accident" results, we will pay for the resulting loss, damage or expense; or

**b.** 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 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.

**Businessowners Policy  
Equipment Breakdown Coverage Schedule**

Equipment Breakdown is subject to the Limits of Insurance shown in the Businessowners Policy Declarations except as specifically shown below.

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

**Other Conditions**

## **Rate Information**

Rate data does NOT apply to filing.

## Supporting Document Schedules

<b>Bypassed -Name:</b>	Uniform Transmittal Document- Property & Casualty	<b>Review Status:</b>	Approved	08-10-2007
<b>Bypass Reason:</b>	n/a			
<b>Comments:</b>				
<b>Satisfied -Name:</b>	Form Inventory	<b>Review Status:</b>	Approved	08-10-2007
<b>Comments:</b>				
<b>Attachment:</b>				
	CW Inventory 2007.pdf			
<b>Satisfied -Name:</b>	Explanatory Memorandum	<b>Review Status:</b>	Approved	08-10-2007
<b>Comments:</b>				
<b>Attachment:</b>				
	Form Filing Memo CW.pdf			

**Equipment Breakdown Forms Inventory**

<b>New Form #</b>	<b>Old Form #</b>	<b>Title</b>	<b>Purpose/Comments</b>
FB0506 01-08	FB0506 01-06	Equipment Breakdown Coverage	Modified to coincide with BOP 2006 program. Pricing remains the same. Optional/Broadens

## **FORM EXPLANATORY MEMORANDUM**

### **WAUSAU INSURANCE COMPANIES EQUIPMENT BREAKDOWN COVERAGE FORM NUMBER FB0506 01-08**

This Company is introducing a new Equipment Breakdown (Boiler and Machinery) endorsement and schedule. This company is a member of ISO, but these forms are being filed independently. Equipment Breakdown Coverage is an endorsement and will be used with the ISO Businessowners Coverage forms.

#### Coverage

Coverage is provided for "accidents" to "covered equipment". "Accident" is defined in terms of the exclusions and limitations in the property forms in order to eliminate any potential gaps in coverage and to provide as seamless an approach as possible between the Property and the Equipment Breakdown coverages. Those exclusions and limitations, briefly, are:

- mechanical breakdown
- artificially generated electric current
- steam explosion
- other loss or damage to steam equipment and water heating equipment.

Other coverages provided include:

- Expediting Expenses
- Hazardous Substances
- Spoilage
- Computer Equipment
- Data Restoration
- Service Interruption

The limit for each of the above coverages, is \$25,000 unless otherwise shown in a Schedule, with the exception of Business Income, Extra Expense and Service Interruption. The limits for Business Income and Extra Expense are the limits shown in the Businessowners Policy Declarations for those coverages unless a different amount is shown in a Schedule. The limit for Service Interruption is the Business Income, Extra Expense or Spoilage limit.

Coverage to dry out electrical equipment is provided as an exception to the water exclusion.

#### Deductible

The endorsement is designed so that either the property deductible or a separate deductible can apply. If a separate deductible applies it is shown in a Schedule

and may be combined for all Equipment Breakdown coverage, or separate for Property Damage (Direct Coverage) and Business Income/Extra Expense (Indirect Coverages) respectively.

Exclusions and Conditions

Typical Boiler and Machinery exclusions are included. Since this is an endorsement, the Loss Conditions and Additional Conditions in the Businessowners Coverage forms will apply. In addition, a condition for Environmental, Safety & Efficiency Improvements is included. It covers the additional cost to replace with equipment that is better for the environment, safer or more efficient than the equipment being replaced, not to exceed 125% of what the cost would have been to replace with equipment of like kind and quality.