



ASSURANT
Specialty
Property

Product Bulletin

AMERICAN RELIABLE INSURANCE COMPANY

May 18, 2011

Texas – Equipment Breakdown Enhancement

Dear Agent,

We are excited to announce that effective July 1, 2011 for all new and renewal business Equipment Breakdown coverage under the Farmers and Ranchers Policy is available. This policy enhancement will provide an affordable alternative to costly product replacement and home warranty plans - Equipment Breakdown Coverage. This coverage is provided for mechanical and electrical breakdown on items such as personal computers, refrigerators, furnaces and farm equipment (other than self-propelled machinery).

Equipment Breakdown coverage will protect your insured against unexpected repair or replacement costs due to mechanical, electrical or pressurized system breakdowns. The following list contains just some of the items that are now covered for mechanical or electrical breakdown with American Reliable's Equipment Breakdown Enhancement Endorsement.

Appliances:

- Clothes washers and dryers
- Dishwashers
- Refrigerators and freezer units
- Ovens and microwave ovens

Home Accessories

- Home security systems
- Garage door openers
- Computers
- Surround sound systems

Mechanical Equipment

- Home heating and cooling units
- Heat pumps, sump pumps, well water pumps
- Electrical service panels
- Water heaters
- Swimming pool equipment

Farm Personal Property

- Generators, pumps, blowers, motors
- Compressors, silos, conveyors/elevators
- Grain dryers, feeding/watering systems
- Refrigeration, irrigation equipment
- Milking parlors, bulk milk tanks

Included Coverages:

Pollutant Clean Up and Removal

We pay the cost to remove pollutants released as a result of a covered loss.

Expediting Expenses

This coverage pays the reasonable costs to make temporary repairs, expedite permanent repairs; and/or expedite permanent replacement.

Spoilage Coverage

We pay for loss to perishable goods due to spoilage caused by lack of power, light, heat, steam or refrigeration caused by "Equipment Breakdown".

Refrigerant Contamination

We will pay the loss from on premises contamination by refrigerant used in refrigerating, cooling, or humidity control as a result of "Equipment Breakdown".

CFC Refrigerants

We will pay for the additional cost to repair or replace Covered Property because of the use or presence of refrigerant containing CFC.

Computer Equipment

We will pay for the loss or damage to your computers caused by "Equipment Breakdown."

Livestock

We will pay up to \$25,000 for the loss of livestock due to "Equipment Breakdown".

If you should have any questions, please contact your underwriter.

American Reliable Insurance Company is committed to providing you new, unique and competitive products to fit your specialty needs. Additional Information

AMERICAN RELIABLE INSURANCE COMPANY

EQUIPMENT BREAKDOWN ENHANCEMENT

To: All Texas Remote Agencies

Please Note:

- * The Equipment Breakdown Enhancement Coverage will be automatically endorsed to the policy at renewal.

You will be able to delete the Equipment Breakdown Enhancement Coverage from the policy should the insured not desire to have the coverage added to the policy. You may do this by deleting the coverage on the location screen in RIDER or by endorsement and eliminating any charge if the policy has already been booked and issued. (Please contact your underwriter should you have any questions regarding this process.)

- * The Programming has not yet been completed in RIDER for the Equipment Breakdown Enhancement. Once the programming is finalized and in production we will send you notification.

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EQUIPMENT BREAKDOWN ENHANCEMENT ENDORSEMENT

As respects this **EQUIPMENT BREAKDOWN ENHANCEMENT ENDORSEMENT**, this endorsement changes coverage provided by the **FARMERS AND RANCHERS POLICY A8024P0501** and **FARMERS AND RANCHERS POLICY SECTION I - COVERAGE F, SPECIAL PERILS - BARN, BUILDINGS AND STRUCTURES A8546E0505** and **MISCELLANEOUS ARTICLES FLOATER ENDORSEMENT A8163E0702**.

Read the entire endorsement carefully to determine rights, duties and what is and is not covered.

FARMERS AND RANCHERS POLICY A8024P0501

SECTION I - PROPERTY COVERAGES

COVERAGE D- SCHEDULED FARM PERSONAL PROPERTY AND COVERAGE E - BLANKET - UNSCHEDULED FARM PERSONAL PROPERTY

For the purposes of this "Equipment Breakdown" coverage Scheduled Farm Personal Property and Unscheduled Farm Personal Property "mobile farm machinery and equipment" is excluded. For the purposes of this "Equipment Breakdown" coverage "mobile farm machinery and equipment" shall be defined as any land motor vehicle designed for use on or off public roads including but not limited to tractors, combines, loaders, bulldozers, and all-terrain vehicles, including implements and attachments for use with these including but not limited to plows, cutting heads, discs, sprayers, manure agitators or spreaders and bag filling apparatus.

However, global positioning or computerized equipment or monitoring devices mounted on or attached to this equipment whether factory installed or not is not excluded.

The following Scheduled Farm Personal Property are added:

We will pay for the "Poultry" loss resulting from an "Equipment Breakdown". The most we will pay for "Poultry" is \$25,000 for direct loss or consequential loss including suffocation. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of an "Equipment Breakdown" which take place in a 12-month period (starting with the beginning of the present annual policy period).

We will pay for the "Livestock" loss resulting from an "Equipment Breakdown". The most we will pay for "Livestock" is \$25,000 for direct loss or consequential loss including suffocation. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of an "Equipment Breakdown" which take place in a 12-month period (starting with the beginning of the present annual policy period).

SECTION I - ADDITIONAL COVERAGES

The following Additional Coverages are added:

20. POLLUTANT CLEAN-UP AND REMOVAL

We will pay for the pollutant clean up and removal for loss resulting from an "Equipment Breakdown".

Under Coverages D, E and F, the most we will pay for the pollutant clean up and removal is \$250,000 unless a higher limit is indicated on the Declarations. In that case, whichever limit is greater will apply.

Under Coverages A, B and C, the most we will pay for the pollutant clean up and removal is \$3,000 per occurrence.

21. EXPEDITING EXPENSE

We will pay for the expediting expense loss resulting from an "Equipment Breakdown" with respect to your damaged Covered Property. We will pay the reasonable extra cost to:

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

Reasonable extra cost shall mean "the extra cost of temporary repair and of expediting the repair of such damaged equipment of the insured, including overtime and the extra cost of express or other rapid means of transportation." This will be a part of and not an addition to the limit per loss.

Under Coverages A, B, and C the most we will pay for Expediting Expense is \$3,000 per occurrence.

22. SPOILAGE COVERAGE

We will pay for loss of "perishable goods" due to spoilage resulting from lack of power, light, heat, steam or refrigeration caused by an "Equipment Breakdown" to Covered Property covered by this policy that are:

- (1) Located on or within 1,000 feet of your described premises; and
- (2) Owned by you, the building owner at your described premises, or owned by a public utility.

"Perishable Goods" means stock preserved and maintained under controlled conditions and susceptible to loss or damage if the controlled conditions change.

However, we will not pay for any loss, damage cost or expense directly caused by, contributed to by, resulting from or arising out of the following causes of loss:

Fire, lightning, combustion explosion, windstorm or hail, weight of snow, ice or sleet, falling objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sinkhole collapse, volcanic action, leakage from fire extinguishing equipment, water, water damage, earth movement or flood.

The most we will pay under Coverages D, E and F for loss or damage under this Additional Coverage is \$250,000, unless a higher limit is indicated on the Declarations. In that case, whichever limit is greater will apply.

Under Coverages A, B and C, the most we will pay for Spoilage is \$3,000 per occurrence.

23. REFRIGERANT CONTAMINATION

We will pay the loss from contamination by refrigerant used in refrigerating, cooling, or humidity control equipment at the described premises as a result of an "Equipment Breakdown".

The most we will pay for loss or damage under this Additional Coverage is \$250,000, unless a higher limit is indicated on the Declarations. In that case, whichever limit is greater will apply.

24. CFC REFRIGERANTS

We will pay for the additional cost to repair or replace Covered Property because of the use or presence of a refrigerant containing CFC (chlorofluorocarbon) substances.

Additional costs mean those in excess of what would have been required to repair or replace Covered Property, had no CFC refrigerant been involved.

We pay no more than the least of the following:

- (1) The cost to repair the damaged property and replace any lost CFC refrigerant;
- (2) The cost to repair the damaged property, retrofit the system to accept a non-CFC refrigerant, and charge the system with a non-CFC refrigerant; or
- (3) The cost to replace the system with one using a non-CFC refrigerant.

25. COMPUTER EQUIPMENT

We will pay for loss or damage to your computers caused by an "Equipment Breakdown".

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

26. SERVICE INTERRUPTION

Any insurance provided for Farm Income or Extra Expense is extended to apply to your loss, damage or expense caused by an "Equipment Breakdown" 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 "Equipment Breakdown" except that it is not Covered Property.

SECTION I - PERILS INSURED AGAINST

The following Perils Insured Against is added for **BASIC, BROAD, and SPECIAL** Perils:

"Equipment Breakdown"

The following Perils Insured Against are deleted and replaced with the following:

1. c. EXPLOSION
2. s. SUDDEN AND ACCIDENTAL DAMAGE FROM ARTIFICIALLY GENERATED ELECTRICAL CURRENT.
3. g. wear and tear; marring; deterioration; inherent vice; latent defect; rust; mold; wet or dry rot; contamination; smog, smoke from agricultural smudging or industrial operations; settling, cracking, shrinking, bulging or expansion of pavements, patios, foundations, walls, floors, roofs or ceilings; birds, vermin, rodents, insects or domestic animals. If any of these cause water to escape from a plumbing, heating, or air conditioning system or household appliance, we cover loss caused by the water. We also cover the cost of tearing out and replacing any part of a building necessary to repair the system appliance. We do not cover loss to the system or appliance from which this water escaped.

SECTION I - CONDITIONS

The following **CONDITIONS** are added:

17. SUSPENSION

Whenever Covered Property is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss to that Covered Property for the perils covered by this endorsement. Coverage can be suspended and possibly reinstated by delivering or mailing a written notice of suspension / coverage reinstatement to:

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

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

18. JURISDICTIONAL INSPECTIONS

If any Covered Property 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.

19. ENVIRONMENTAL, SAFETY AND EFFICIENCY IMPROVEMENTS

If Covered Property requires replacement due to an "Equipment Breakdown", 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.

20. GREEN ENVIRONMENTAL AND EFFICIENCY IMPROVEMENTS

If Covered Property requires repair or replacement due to an "Equipment Breakdown", we will pay;

- a. The lesser of the reasonable and necessary additional cost incurred by the Insured to repair or replace physically damaged Covered Property with equipment of like kind and quality which qualifies as "Green". "Like kind and quality" includes similar size and capacity.
- b. The additional reasonable and necessary fees incurred by the Insured for an accredited professional certified by a "Green Authority" to participate in the repair or replacement of physically damaged Covered Property as "Green".
- c. The additional reasonable and necessary cost incurred by the Insured for certification or recertification of the repaired or replaced Covered Property as "Green".
- d. The additional reasonable and necessary cost incurred by the Insured for "Green" in the removal, disposal or recycling of damaged Covered Property.

- e. The business interruption or Loss of Use (if covered within the Policy to which this Equipment Breakdown Enhancement Endorsement – Green Environmental and Efficiency Improvements is attached) loss during the additional time required for repair or replacement of Covered Property, consistent with "Green", in the coverages above.

As respects Coverages D, E, and F, we will not pay more than 125%, to a maximum limit of \$100,000, of what the cost would have been to repair or replace with equipment of like kind and quality inclusive of fees, costs, and any business interruption loss incurred as stated above.

As respects Coverages Dwelling, Household Personal Property and Loss of Use; we will not pay more than a maximum limit of \$3,000 of what the cost would have been to repair or replace with equipment of like kind and quality inclusive of fees, costs, and any loss of use loss incurred as stated above.

Green Environmental and Efficiency Improvements does not cover any of the following:

- a. Covered Property does not include stock, raw materials, finished goods, "production machinery", merchandise, electronic data processing equipment not used in the functional support of the real property, process water, molds and dies, property in the open, property of others for which the Insured is legally liable, or personal property of others.
- b. Any loss adjusted on any valuation basis other than a repair or replacement basis as per the Valuation section of this policy.
- c. Any loss covered under any other section of this policy.
- d. Any cost incurred due to any law or ordinance with which the Insured was legally obligated to comply prior to the time of the "Equipment Breakdown".

- 21. For Coverage A and B "Equipment Breakdown" coverage does not extend beyond the "residence premises".

These **Additional Property Conditions Applicable to all Coverages** will be part of, and not an addition to, the limit of liability per loss or any other sublimits of this Policy.

- 20. For Coverage A, B, and C "Equipment Breakdown" coverage does not extend beyond the "residence premises".

GLOSSARY

The following definitions are added:

- 26. "Equipment Breakdown".

"Equipment Breakdown" as used herein means:

- a. Physical loss or damage both originating within:
 - (1) Boilers, fired or unfired pressure vessels, vacuum vessels, and pressure piping, all normally subject to vacuum or internal pressure other than static pressure of contents, excluding:
 - (a) waste disposal piping;
 - (b) any piping forming part of a fire protective system; and
 - (c) any water piping other than:
 - i. boiler feed water piping between the feed pump and the boiler;

- ii. boiler condensate return piping; or
- iii. water piping forming part of a refrigerating or air conditioning system used for cooling, humidifying or space heating purposes.

- (2) All mechanical, electrical, electronic or fiber optic equipment; and

- b. Caused by, resulting from, or consisting of:

- (1) Mechanical breakdown;
- (2) Electrical or electronic breakdown; or
- (3) Rupture, bursting, bulging, implosion, or steam explosion.

However, "Equipment Breakdown" will not mean:

- a. Physical loss or damage caused by or resulting from any of the following; however if loss or damage not otherwise excluded results, then we will pay for such resulting damage:

- (1) Wear and Tear;
- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect, mold or any other quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;
- (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;
- (6) Any accident, loss, damage, cost, claim, or expense, whether preventative, remedial, or otherwise, directly or indirectly arising out of or relating to the recognition, interpretation, calculation, comparison, differentiation, sequencing, or processing of data by any computer system including any hardware, programs or software;
- (7) Scratching and marring.

- b. Loss, damage, cost or expense directly caused by, contributed to by, resulting from or arising out of the following causes of loss:

Fire, lightning, combustion explosion, windstorm or hail, weight of snow, ice or sleet, freezing, falling objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sinkhole collapse, volcanic action, leakage from fire extinguishing equipment, water, water damage, earth movement and flood.

- 27. "Green" means products, materials, methods and processes certified by a "Green Authority" that conserve natural resources, reduce energy or water consumption, avoid toxic or other polluting emissions or otherwise minimize environmental impact.

- 28. "Green Authority" means an authority on "Green" buildings, products, materials, methods or processes certified and accepted by Leadership in Energy and Environmental Design (LEED®), "Green" Building Initiative Green Globes®, Energy Star Rating System or any other recognized "Green" rating system.

29. "Production machinery" means any machine which processes, forms, shapes, or transports raw materials, materials in process, waste materials or finished products.

**FARMERS AND RANCHERS POLICY SECTION I - COVERAGE F,
SPECIAL PERILS - BARNS, BUILDINGS AND STRUCTURES
A8546E0505**

I - Exclusions of your policy

The following Exclusions of your policy are deleted and replaced with the following:

- a.5)b) inherent vice, latent defect;

The following Exclusions are deleted:

- b. 6)a) Explosion of alcohol stills, steam boilers, steam pipes or steam engines, if you own, lease or operate them;

- 10) Artificially generated electric current, including arcing, that disturbs a) any electrical devices, appliances or wires; b) under Coverage F any tubes, transistors or similar electronic components.
- 11)b) mechanical breakdown, including rupture or bursting caused by centrifugal force;

**MISCELLANEOUS ARTICLES FLOATER ENDORSEMENT
A8163E0702**

If the endorsement A8163E0702 - Miscellaneous Articles Floater is made a part of your policy the following Exclusion is removed:

- d. Mechanical breakdown, blow-out, short circuit or other electrical disturbance within any electrically-equipped property unless fire ensues and then we will cover loss or damage by fire;