

## HOME SYSTEMS PROTECTION COVERAGE ENDORSEMENT

### AGREEMENT:

If the Declaration Page shows that the Home Systems Protection Coverage applies “we” will provide the insurance described in this form in compliance with all applicable provisions (including but not limited to Conditions, Definitions and Exclusions) of “your” residential insurance policy. Coverage provided under this Endorsement does not increase any limit of liability under Section I. There is a “waiting period” for coverage. No claim incurred during the first thirty (30) days following the effective date is covered under the coverage provided by this Endorsement.

### DEFINITIONS:

The following definitions are added:

#### “Actual Cash Value”

“Actual Cash Value” means the cost to replace the “Covered Home Equipment”, with new materials of similar kind, quality, and usefulness, but with proper deduction for depreciation. In determining the proper deduction for depreciation, “we” will consider:

- (a) The condition of the property immediately before the loss or damage;
- (b) The use of the property and its obsolescence;
- (c) Its resale value; and
- (d) Its normal life expectancy.

#### “Covered Home Equipment”

1. “Covered home equipment” means property covered under Coverage A – Dwelling Building, Coverage B – Detached Private Structures or Coverage C – Personal Property:
  - (a) that generates, transmits or utilizes energy; 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 Home Equipment”:
  - (a) supporting structure, cabinet or compartment;
  - (b) insulating material associated with “Covered Home Equipment”;
  - (c) household “water” piping other than boiler feedwater piping, boiler condensate return piping or “water” piping connected to a heating or air conditioning system;
  - (d) wastewater piping or piping forming a part of a fire protective sprinkler or irrigation system;
  - (e) buried or encased piping or buried vessels, however, interior buried or encased piping connected to a heating or air conditioning system is “Covered Home Equipment”;
  - (f) fuel storage tank or septic tank;
  - (g) software or electronic data; or
  - (h) vehicle, whether or not designed for travel on public roads. This includes, but is not limited to a car, truck, motor home, motorcycle, all-terrain vehicle, moped, snowmobile, trailer, watercraft, aircraft, unmanned aerial vehicle, tractor or riding mower, except motorized: wheelchairs, scooters, toys or model aircraft.

#### “Cyber Event”

“Cyber Event” means cyber activity including but not limited to:

1. The introduction of malicious code including viruses, worms, Trojans, spyware and key loggers within “Covered Home Equipment”; or
2. Unauthorized electronic access to “Covered Home Equipment” or to electronic data or software within or used with “Covered Home Equipment”.

#### “Electronic Circuitry”

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

### **“Electronic Circuitry Impairment”**

“Electronic Circuitry Impairment” means an accidental event involving “Electronic Circuitry” within “Covered Home Equipment” that causes “Covered Home Equipment” to suddenly lose its ability to function as it had been functioning immediately before such event. An “Electronic Circuitry Impairment” must also meet each of the following conditions:

1. “We” shall determine that the reasonable and appropriate remedy to restore such “Covered Home Equipment’s” ability to function is the replacement of one or more “Electronic Circuitry” components of the “Covered Home Equipment”.
2. The “Covered Home Equipment” must be owned or used by “you” or members of “your” family who reside with “you”.
3. None of the following is an “Electronic Circuitry Impairment”:
  - (a) Any condition that can be reasonably remedied by:
    - i. Normal maintenance, including but not limited to replacing expendable parts, recharging batteries or cleaning;
    - ii. Rebooting, reloading or updating software or firmware; or
    - iii. Providing necessary power or supply.
  - (b) Any condition caused by or relating to:
    - i. Incompatibility of the “Covered Home Equipment” with any software or equipment installed, introduced or networked within the prior thirty (30) days; or
    - ii. Insufficient size, capability or capacity of the “Covered Home Equipment”.
  - (c) Exposure to adverse environmental conditions, including but not limited to change in temperature or humidity, unless such conditions result in an observable loss of functionality. Loss of warranty shall not be considered an observable loss of functionality.

### **“Equipment Breakdown”**

1. “Equipment breakdown” means a sudden and accidental:
  - (a) Mechanical breakdown; or
  - (b) Electrical breakdown; or
  - (c) Bursting, cracking or splitting;of “Covered Home Equipment” that results in direct physical damage and requires repair or replacement of all or part of the damaged “Covered Home Equipment”.
2. None of the following is an “Equipment Breakdown”:
  - (a) Rust, corrosion (including pinhole leaks), erosion, deterioration or gradual loss of efficiency or functionality of “Covered Home Equipment”;
  - (b) Leakage or seepage at or from any connection, valve, fitting, shaft or seal;
  - (c) Complete or partial interruption of electrical power, fuel or water supply, whether deliberate or accidental;
  - (d) Any condition which can be corrected by resetting, recalibrating or by the performance of maintenance; or
  - (e) Cosmetic or other damage that does not impair functionality.

### **“Home System Breakdown”**

1. “Home System Breakdown” means an “Equipment Breakdown” or “Electronic Circuitry Impairment”.
2. None of the following is a “Home System Breakdown”:
  - (a) Any programming error, programming limitation, loss of data, loss of access, loss of use, loss of functionality or other condition within or involving data or media of any kind; or
  - (b) A “Cyber Event”.However, an ensuing “Equipment Breakdown” or “Electronic Circuitry Impairment” will be considered a “Home System Breakdown”.

### **“One Home System Breakdown”**

“One Home System Breakdown” means if an initial “Home System Breakdown” causes other “Home System Breakdowns,” all will be considered “One Home System Breakdown.” All “Home System Breakdowns” that are the result of the same event will be considered “One Home System Breakdown.”

### **“Waiting Period”**

“Waiting Period” means the period of time specified which you must wait before any coverage comes into effect. Any “Home System Breakdown” which occurs during this time is not covered. You can file a claim only when the “Waiting Period” has passed.

## **PROPERTY COVERAGES:**

The following coverages are added, subject to the applicable “Home Systems Protection” Limit of Liability, unless otherwise specified below:

### **1. Home Systems Protection**

#### **(a) Damage to “Covered Home Equipment”**

“We” will pay for physical loss or damage to “Covered Home Equipment” that is the direct result of a “Home System Breakdown” that occurs on or off the “premises.” “We” will consider “Electronic Circuitry Impairment” to be physical damage to “Covered Home Equipment”.

#### **(b) Spoilage**

With respect to “your” food while contained in a refrigerator or freezer on the “premises”, “we” will pay:

- i) for physical damage due to spoilage that is the result of a “Home System Breakdown”; and
- ii) any necessary and reasonable expenses “you” incur to save and preserve the food from spoilage and 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.

Our payment will be determined based on the replacement cost of the food in a refrigerator or freezer at the time of the “Home System Breakdown”. “We” will pay up to \$500 or the Limit shown in “your” policy for Refrigerated Property Coverage, whichever is greater. However, in no event “we” will pay more than \$5,000 under this Spoilage coverage for any “One Home System Breakdown”, regardless of the number of appliances which stop working at the same time.

“We” do not cover any other refrigerated property, including but not limited to alcoholic beverages, medicine and beauty products.

#### **(c) Additional Living Expenses and Fair Rental Value**

Coverage for Additional Living Expense and Fair Rental Value, as defined under Coverage D – Additional Living Expenses, is extended to the coverage provided by this Endorsement.

#### **(d) Expediting Expenses**

With respect to “your” “Covered Home Equipment” that is damaged as the result of a “Home System Breakdown,” “we” will pay the reasonable extra cost to:

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

## **EXCLUSIONS:**

Any exclusions in “your” policy for mechanical breakdown and electrical breakdown do not apply to this Endorsement.

The following exclusions are added:

### **1. Earth Movement**

"We" do not cover loss, damage or expense caused directly or indirectly by any earth movement including, but not limited to:

- (a) Earthquake, including land shock waves or tremors before, during or after a volcanic eruption;
- (b) Landslide, mudslide or mudflow;
- (c) Subsidence or sinkhole collapse;
- (d) Tsunami or volcanic eruption; or
- (e) Any other naturally occurring earth movement including earth sinking, rising or shifting.

### **2. Electrical Disturbance**

"We" do not cover loss, damage or expense caused directly or indirectly by electrical power surge or brown out, whether or not caused by lightning. However, with respect to Coverage C – Personal Property, we will pay for loss, damage or expense to tubes, transistors, electronic components or circuitry that are a part of appliances, fixtures, computers, home entertainment units or other types of electronic apparatus, caused by or resulting from artificially generated electrical current.

### **3. Installation or Repair**

"We" do not cover loss or damage to “Covered Home Equipment” while it is being installed, dismantled or repaired. However, this exclusion shall not apply if a covered “Home System Breakdown” necessitated such installation, dismantling or repair.

### **4. Property Perils**

"We" do not cover loss, damage or expense caused directly or indirectly by any of the following perils, whether the excluded peril occurs on or off the "premises":

- (a) fire, including fire resulting from a “Home System Breakdown”, or Smoke;
- (b) water or other means used to extinguish a fire;
- (c) explosion;
- (d) lightning;
- (e) windstorm or hail;
- (f) impact by aircraft, spacecraft or land vehicle;
- (g) breakage of glass;
- (h) falling objects;
- (i) weight of snow, ice or sleet;
- (j) freezing caused by cold weather or resulting from a “Home System Breakdown”;
- (k) collapse;
- (l) riot or civil commotion;
- (m) vandalism or malicious act that causes damage or destruction, however, this exclusion does not apply to a "Cyber Event";
- (n) theft, including damage by attempted theft; or

(o) flood, surface water, waves, tides, tidal waves, overflow of any body of water or their spray, all whether driven by wind or not.

**5. Water Damage**

"We" do not cover loss, damage or expense caused directly or indirectly by water, including but not limited to:

- a. water that backs up or overflows from a sewer, drain or sump; or
- b. any other water damage including water damage resulting from a "Home System Breakdown".

**6. Property Not Covered**

"We" will not pay for any property that is not "Covered Home Equipment" except for spoiled food to the extent it is covered under Spoilage in PROPERTY COVERAGES.

**7. Property Covered Elsewhere**

"We" will not pay for loss covered under the Property section of "your" Policy or under any extension endorsement attached thereto.

**CONDITIONS:**

The following Conditions are added:

**1. Limit of Liability**

The Limit of Liability under this Home Systems Protection coverage for loss, damage or expense during the policy period, arising from any "One Home System Breakdown" to "Covered Home Equipment", is \$50,000.

Individual coverages are subject to limits. The most we will pay under any such coverage for loss, damage or expense arising from any "One Home System Breakdown" is the amount indicated as the limit for that coverage in the PROPERTY COVERAGES. These limits are a part of, and not in addition to, the Home Systems Protection Limit of Liability.

**2. Waiting Period**

This Endorsement contains a "Waiting Period". No "Home System Breakdown" which occurs during the first thirty (30) days following the effective date of this Endorsement is covered.

This "Waiting Period" shall not apply to:

- (a) Any subsequent renewal of the Policy to which this Endorsement attaches; or
- (b) Where you had previous coverage substantially similar to that described in this Endorsement, provided that the effective date of this Endorsement immediately follows the expiry date of that previous coverage.

**3. Deductible**

"We" will pay only that part of the total payable loss, arising from any "One Home System Breakdown", that exceeds the Home Systems Protection Deductible shown in the Declaration Page, subject to the applicable Limit of Liability in this Endorsement.

**4. Environmental, Safety and Efficiency Improvements**

If "Covered Home Equipment" requires replacement due to a "Home System Breakdown," "we" will pay "your" additional cost to replace with equipment that is better for the environment, safer for people, or more energy or "water" efficient than the equipment being replaced. However, "we" will not pay to increase the size or capacity of the equipment and "we" will not pay more than 150% of what the cost would have been to replace with like kind and quality. This condition does not apply to the replacement of component parts or to any property to which "Actual Cash Value" applies and does not increase any of the applicable limits.

## **5. Loss Settlement**

Losses under this Endorsement will be settled as follows:

- (a) "Our" payment for damaged "Covered Home Equipment" that is less than fifteen (15) years old from the date of manufacture, will be the lesser of:
  - i. The applicable Limit of Liability;
  - ii. The cost to repair the damaged "Covered Home Equipment";
  - iii. The cost to replace the damaged "Covered Home Equipment" with similar kind, quality and capacity on the same premises; or
  - iv. The necessary amount actually spent to repair or replace the damaged "Covered Home Equipment".
- (b) "Our" payment for damaged "Covered Home Equipment" that is fifteen (15) years old or older from the date of manufacture, will be the lesser of:
  - i. The applicable Limit of Liability;
  - ii. The cost to repair the damaged "Covered Home Equipment"; or
  - iii. The "Actual Cash Value" of the damaged "Covered Home Equipment".
- (c) Except as described in Condition 4. Environmental, Safety and Efficiency Improvements above, "you" are responsible for the extra cost of replacing damaged "Covered Home Equipment" with property of a better kind or quality or of a different size or capacity.
- (d) If "you" do not repair or replace the damaged "Covered Home Equipment" within twenty four (24) months after the date of the "Home System Breakdown", then we will pay only the lesser of:
  - i. The cost it would have taken to repair or replace at the time of the "Home System Breakdown";
  - ii. The "Actual Cash Value" at the time of the "Home System Breakdown"; or
  - iii. The applicable Home Systems Protection Limit of Liability.

**All other terms and conditions of the policy to which this coverage applies remain unchanged.**