

EQUIPMENT BREAKDOWN ELITE – SPOILAGE DAMAGE

This Endorsement Changes the Policy. Please Read It Carefully.

Certain words and phrases that appear in bold have special meaning as defined below or in the Policy to which this Endorsement is attached.

The titles of sections or paragraphs listed below should not be considered for purposes of interpreting the intent of this Endorsement; these titles have only been inserted for ease of reading.

This Endorsement is attached to the Equipment Breakdown Elite Form and is subject to all terms, conditions, limitations and exclusions of such Form.

INSURING AGREEMENT

1. INDEMNITY AGREEMENT

This Endorsement insures against spoilage to **Specified Property** damaged resulting solely from an **Accident** to an **Object**, in use or connected and ready for use, at a **Location**, up to the **Limit of Insurance** stated in the Declaration Page(s):

- 1.1. the amount of loss or damage on the **Insured's Specified Property**;
- 1.2. the amount of loss or damage on **Specified Property** of others in the care, custody or control of the **Insured** and for which the **Insured** is legally liable; and
- 1.3. the **Accident** must occur while this Endorsement is in effect.

2. MEASURE OF RECOVERY

The **Insurer** will pay for loss sustained by the **Insured** by reason of **Spoilage** subject to the following provisions:

- 2.1. the **Insurer** shall be liable for the lesser of the following:
 - 2.1.1. the amount of loss or damage to the **Specified Property**; or
 - 2.1.2. the **Actual Cash Value** of the **Specified Property**; and
- 2.2. the amount of expenses which is reasonable, incurred by the **Insured** to reduce or avert the loss or damage, but only to the extent that the total amount that otherwise would have been paid under the measure of recovery in 2.1. is thereby reduced.

EXCLUSION

The **Insurer** shall not be liable for payment for any spoilage:

1. resulting from the failure of the **Insured** to use due diligence and dispatch and all reasonable means to protect the **Specified Property** from damage, following an **Accident**;
- With respect to this Endorsement only, **EXCLUSIONS 13. and 14.** contained under the Equipment Breakdown Elite Form is deleted in its entirety.

SPECIAL PROVISIONS

1. LIMIT OF INSURANCE

The **Insurer's** total liability under this Endorsement, on account of **Any One Accident** shall not exceed the **Limit of Insurance** stated in the Declaration Page(s) for this Endorsement. If more than one **Insured** is named, the **Insurer** shall not be liable under this Endorsement for any payment in excess of that for which it would have been liable if only one **Insured** had been named.

2. DEDUCTIBLES

Notwithstanding the deductible applicable to the Equipment Breakdown Elite Form, the deductible amount specified in the Declaration Page(s) for this Endorsement shall be deducted from the total amount of any loss and expense under this Endorsement, with respect to **Any One Accident**, and no liability shall exist for such amount deducted.

3. COINSURANCE

If at the time of the **Accident**, the **Limit of Insurance** is less than the amount obtained by multiplying the **Percentage of Total Value** specified in the Declaration Page(s) to the **Actual Cash Value** of the **Specified Property** stated in the Declaration Page(s), the amount payable shall be proportionately reduced.

4. MITIGATION

- 4.1. As soon as possible after an **Accident**, the **Insured** must continue or resume business, in whole or in part, and utilize every available means, including surplus machinery, duplicate parts, equipment, supplies and surplus or reserve stock, other location or installations or any other means within reasonable limits, which may be owned, controlled or used by the **Insured**, which might reduce the amount for which the **Insurer** would otherwise be liable under this Endorsement. The **Insurer** may take such means as will in the **Insurer's** opinion reduce or avert business interruption at the **Location**;
- 4.2. If the **Insured's** business can be resumed, after the **Accident**, at a location not insured, either by the **Insured** or by others on the **Insured's** behalf, the **Insurer** will take such resumption of business into account in the calculation of the amount of loss.

DEFINITIONS

For the purpose of this Endorsement:

1. **Percentage of Total Value** means the coinsurance percentage specified in the Declaration Page(s) and refers to the proportion between the **Insured's Limit of Insurance** specified in the Declaration Page(s) and the **Actual Cash Value** of the **Specified Property**.
2. **Specified Property** means property specifically described in the Declaration Page(s), or in any Endorsements as may be attached to this Policy.

All other terms and conditions of the Policy to which this Endorsement applies remain unchanged.