

RSA CONVERSION ENDORSEMENT DIFFERENCE IN CONDITIONS, DEDUCTIBLE AMOUNTS AND LIMITS OF INSURANCE – EQUIPMENT BREAKDOWN

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 Form 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 Form; these titles have only been inserted for ease of reading.

This Endorsement supersedes and replaces any other Difference in Conditions, Deductible Amounts and Limits of Insurance endorsement that has been attached to and that has formed part of this Policy or any policy issued by the Royal & Sun Alliance Insurance Company of Canada and/or its affiliated companies.

It is understood and agreed:

1. Except as provided under paragraph 2. below and notwithstanding any contrary provisions in this Policy, the coverage granted by this Policy shall not be more restrictive than the coverage within the policy issued by the Royal & Sun Alliance Insurance Company of Canada and/or its affiliated companies that was in force at the expiration of the immediately preceding policy term, subject to the following conditions:
 - 1.1. **Difference in Coverage**
If the coverage provided and attached to the present Policy is more restrictive than the same coverage provided in the directly equivalent policy last issued by the Royal & Sun Alliance Insurance Company of Canada and/or its affiliated companies that was in force at the expiration of such preceding policy term, the latter shall take precedence;
 - 1.2. **Difference in Deductible Amounts**
If the deductible amount applicable to one of the coverages attached to the present Policy is higher than the deductible amount applicable to the same coverage provided in the directly equivalent policy last issued by the Royal & Sun Alliance Insurance Company of Canada and/or its affiliated companies that was in force at the expiration of such preceding policy term, the latter shall take precedence;
 - 1.3. **Difference in Limits of Insurance**
If a limit of insurance specified for a coverage included within the present Policy is lower than the limit of insurance specified for the same coverage provided in the directly equivalent policy last issued by the Royal & Sun Alliance Insurance Company of Canada and/or its affiliated companies that was in force at the expiration of such preceding policy term, the latter shall take precedence;
2. The coverage provided under this endorsement does not apply to:
 - 2.1. amendments made to this Policy that are imposed by law;
 - 2.2. amendments made to this Policy at the request of the Insured;
 - 2.3. amendments made to this Policy for which a specific notice has been given to the Insured or broker;
 - 2.4. amendments made to this Policy as a result of renewal terms or mid term changes offered and accepted by the Insured;
 - 2.5. any coverages, exclusions or changes to coverages outlined in Section 4. **ADDITIONAL CONDITIONS** below.
3. The coverage provided under this endorsement shall be applicable for a period of twenty-four (24) consecutive months following the effective date of the first renewal to which this present Endorsement is attached. At expiration of this twenty-four (24) month period, this Endorsement shall be null and void.
4. **ADDITIONAL CONDITIONS**
 - 4.1. **EXCLUSIONS ADDED TO THE INSURED'S NEW INTACT POLICY**
The following exclusions, which apply to current Intact customers, shall be added to the Insured's new Intact policy:
 - 4.1.1. **Virus and Bacteria Exclusion**
This exclusion does not insure against loss or damage caused directly or indirectly, in whole or in part, by any virus, bacterium or other micro-organism that induces or is capable of inducing physical distress, illness or disease. This exclusion applies whether or not there are one or more other causes or events (whether covered or not) that contribute concurrently or in any sequence to the occasioning of the loss or damage.
 - 4.1.2. **Cyber Incident Exclusion**
This exclusion does not insure against loss or damage caused directly or indirectly by a **cyber incident**.
Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage.
 - 4.2. **CHANGES TO COVERAGES PREVIOUSLY AFFORDED UNDER THE INSURED'S EQUIPMENT BREAKDOWN COVERAGE FORMS**
The following changes shall be made to coverages previously afforded under the Insured's Equipment Breakdown Forms:
 - 4.2.1. **Service Interruption – Limited coverage (only applicable to Insureds previously covered under Form BM1 or BM2 – Comprehensive Machinery Insurance)**
The Service Interruption Extension provided under the new Intact Equipment Breakdown Coverage Form now only provides coverage if the **breakdown** causing the service interruption is caused to **equipment** situated on or within a 2500 metres radius of the Insured's premises.
 - 4.2.2. **The Extension of Coverage for Data and Media Coverage now sublimited**
Under the new Intact Equipment Breakdown Coverage Form, the Loss of Data Extension is now sub limited to \$100,000 for **any one breakdown**.

4.2.3. No Coverage for Underground, Drainage or Sprinkler Piping

Under the new Intact Equipment Breakdown Coverage Form, there is no coverage for the following, as clearly excluded under the new **equipment** definition:

- any drainage piping, any sprinkler piping and its accessory **equipment**;
- **equipment** (including piping) which is not in a conduit beneath the surface of the ground and that requires the removal, excavation or demolition of materials in order to inspect, remove, repair or replace such **equipment** or such piping (excluding geothermal heating systems).

4.2.4. New Acquisitions – Limited Coverage

The New Acquisitions Extension provided under the new Intact Equipment Breakdown Coverage Form now limits coverage for a period of 180 days to newly acquired or rented locations only in Canada.

4.2.5. No Coverage for Vandalism and Malicious Acts (only applicable to Insureds previously covered under Form(s) BM1 or BM2 – Comprehensive Machinery Insurance)

Under the new Intact Equipment Breakdown Coverage Form, there is an exclusion that does not insure against loss or damage arising directly or indirectly from vandalism or malicious acts.

5. DEFINITIONS

The following Definitions are added for the purposes of this Endorsement:

- 5.1. **Any one breakdown** means if either the **breakdown** of **equipment** caused the **breakdown** of other **equipment** or a series of **breakdowns** occur at the same time as a result of the same cause, they will all be considered as **any one breakdown**.
- 5.2. **Breakdown** means a sudden and accidental failure of **equipment** resulting in physical damage which requires the repair or replacement of the **equipment** or a part of the **equipment**.
Breakdown does not mean:
- 5.2.1. depletion, deterioration, corrosion or erosion of material;
 - 5.2.2. wear and tear;
 - 5.2.3. the functioning of any safety device or protective device;
 - 5.2.4. the failure of a structure or foundation supporting the **equipment** or a part of the **equipment**;
 - 5.2.5. the cracking of any part of any turbine exposed to the products of combustion;
 - 5.2.6. leakage at any valve, fitting, shaft seal, gland packing, joint or connection; or
 - 5.2.7. the **breakdown** of any vacuum tube, gas tube or brush.
- 5.3. **Computer system** means any computer, hardware, media, electronic or digital **data**, software, communications or networking system, electronic device (including but not limited to smart phones, laptops, tablets, wearable devices), server, cloud or microcontroller including any similar system or any configuration of the aforementioned and including any associated input, output, **data** storage device, networking equipment or back-up facility.
- 5.4. **Cyber incident** means:
- 5.4.1. Unauthorized access to or use of any **computer system**;
 - 5.4.2. Malicious code, virus or any other harmful code that is directed at, enacted upon or introduced into any **computer system** and is designed to access, alter, corrupt, damage, delete, destroy, disrupt, encrypt, exploit, use or prevent or restrict access to or the use of any part of any **computer system** or otherwise disrupt its normal functioning or operation; or
 - 5.4.3. Denial of service attack which disrupts, prevents or restricts access to or use of any **computer system**, or otherwise disrupts its normal functioning or operation.
- 5.5. **Data** means representations of information or concepts, in any form.
- 5.6. **Equipment** means any **equipment** owned, leased, operated or for which you have care, custody or control as described below:
- 5.6.1. any boiler, fired or unfired pressure vessel normally subject to vacuum or internal pressure other than static pressure of contents, any piping connected thereto or any other piping and its accessory **equipment**, any heat exchanger that forms part of forced air heating **equipment**, but not including any:
 - 5.6.1.1. boiler setting, any refractory or insulating material;
 - 5.6.1.2. part of a boiler or fired pressure vessel that does not contain steam or water;
 - 5.6.1.3. drainage piping, any sprinkler piping and its accessory **equipment**; or
 - 5.6.1.4. **equipment** (including piping) which is not in a conduit beneath the surface of the ground and that requires the removal, excavation or demolition of materials in order to inspect, remove, repair or replace such **equipment** or such piping. However, this exclusion doesn't apply to **geothermal heating systems**;
 - 5.6.2. any mechanical or electrical **equipment** used for the generation, transmission or utilization of mechanical or electrical power, but not including any:
 - 5.6.2.1. vehicle, power shovel, excavator dragline or other mobile **equipment**, but not excluding any electrical, pressure or mechanical **equipment** used with such machine or apparatus;
 - 5.6.2.2. lifting or safety cables, anchorages, car buffers or counterweight buffers forming part of an elevator system;
 - 5.6.2.3. conveyor belt;
 - 5.6.2.4. in-ground hydraulic cylinder forming part of an elevator system and not protected by PVC covering or similar covering;
 - 5.6.3. any complete production machine or apparatus which processes, forms, cuts, shapes, grinds or conveys raw materials, material in process, waste material or finished product, and any **equipment** forming part of the driving or controlling mechanism for such production machine or apparatus, but not including any:
 - 5.6.3.1. conveyor belt;
 - 5.6.3.2. any laser cartridge;
 - 5.6.3.3. any felt, belt, die, mold, screen, extrusion plate, swing hammer, grinding and/or cutting blade or disc, rod, bowl liner, wear plate or mantle forming a part of a machine.
- If stated on the Declaration Page(s) as Direct Damage – Excluding Production Machines, then this sub-paragraph 4.6.3. does not apply.
- 5.6.4. any electronic **equipment** or fibre optic cable, but **equipment** shall not include any:
- 5.6.4.1. anode tube, x-ray tube, video amplifier tube or klystron tube; or
 - 5.6.4.2. laser cartridge.
- 5.7. **Geothermal heating systems** means underground piping as a means of heat transfer.

All other terms, conditions and limitations of the Policy remain unchanged.