

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****HOME SYSTEMS PROTECTION**

The following property coverage is added to your policy.

The words “you” and “your” mean the person or persons named as the insured on the Declarations. This includes your spouse if a resident of your household. The words “we”, “us”, and “our” mean the company providing this insurance.

**AGREEMENT**

In return for your payment of the required premium, we provide the coverage described in this endorsement during the policy period. This coverage is subject to the terms of this endorsement and all applicable provisions of your policy including but not limited to Declarations, Conditions/General Policy Conditions, Definitions and Losses Excluded, except as provided below. Coverage provided under this endorsement does not increase any “limit” of liability in your policy.

**DEFINITIONS**

Words and phrases that have special meaning are defined terms and are shown in quotation marks in this endorsement. Defined terms may appear differently throughout the remainder of your policy.

The following definitions are added:

**1. “Covered home equipment”**

a. “Covered home equipment” means property covered under the following sections of your policy:

- (1) Residence or Dwelling(s);
- (2) Other Structures or Outbuildings; and
- (3) Scheduled Personal Property or Unscheduled Personal Property (Household Goods):  
that generates, transmits or utilizes energy or which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.

b. If not covered under sections of your policy listed in **a.(1)-(3)** above, “covered home equipment” also means:

- (1) well pumps; and
- (2) outdoor electrical wiring, switch boxes, fuse boxes, and any other outdoor electrical equipment mounted on panels or poles;  
that service your residence, dwelling or other private structure.

“Covered home equipment” may utilize conventional design and technology or new or newly commercialized design and technology.

c. None of the following is “covered home equipment”:

- (1) supporting structure, cabinet or compartment;
- (2) insulating material associated with “covered home equipment”;
- (3) water piping other than boiler feedwater piping, boiler condensate return piping or water piping connected to a heating or air conditioning system;

- (4) wastewater piping or piping forming a part of a fire protective sprinkler or irrigation system;
  - (5) 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”;
  - (6) software or electronic data; or
2. **"Cyber event"** means cyber activity including but not limited to:
- a. the introduction of malicious code including viruses, worms, Trojans, spyware and keyloggers within "covered home equipment"; or
  - b. unauthorized electronic access to "covered home equipment" or to electronic data or software within or used with "covered home equipment".
3. **"Electronic circuitry"** means microelectronic components, including but not limited to circuit boards, integrated circuits, computer chips and disk drives.
4. **"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:
- a. 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”.
  - b. The “covered home equipment” must be owned or used by you, or members of your family who reside with you.
  - c. None of the following is an “electronic circuitry impairment”:
    - (1) Any condition that can be reasonably remedied by:
      - (a) normal maintenance, including but not limited to replacing expendable parts, recharging batteries or cleaning;
      - (b) rebooting, reloading or updating software or firmware; or
      - (c) providing necessary power or supply.
    - (2) Any condition caused by or relating to:
      - (a) incompatibility of the “covered home equipment” with any software or equipment installed, introduced or networked within the prior 30 days; or
      - (b) insufficient size, capability or capacity of the “covered home equipment”.
    - (3) 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.
5. **"Equipment breakdown"**
- a. “Equipment breakdown” means a sudden and accidental:
    - (1) mechanical breakdown;
    - (2) electrical breakdown; or
    - (3) bursting, cracking or splittingof “covered home equipment” that results in direct physical damage and requires repair or replacement of all or part of the damaged “covered home equipment”.
  - b. None of the following is an “equipment breakdown”:
    - (1) rust, corrosion (including pinhole leaks), erosion, deterioration or gradual loss of efficiency or functionality of “covered home equipment”;
    - (2) leakage or seepage at or from any connection, valve, fitting, shaft or seal;
    - (3) complete or partial interruption of electrical power, fuel or water supply, whether deliberate or accidental;

- (4) any condition which can be corrected by resetting, recalibrating or by the performance of maintenance;  
or
- (5) cosmetic or other damage that does not impair functionality.

**6. "Home system breakdown"**

- a. "Home system breakdown" means an "equipment breakdown" or "electronic circuitry impairment".
- b. None of the following is a "home system breakdown":
  - (1) 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
  - (2) a "cyber event".However, an ensuing "equipment breakdown" or "electronic circuitry impairment" will be considered a "home system breakdown".

**7. "Insured premises"** means your "residence" at the location shown on the Declarations and related private structures and grounds at that location used by your household for residential purposes.

**8. "Limit"** means the amount of insurance that applies.

**9. "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".

**10. "Pollutant"** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

**11. "Recognized environmental standards program"** means one of the following:

- a. the United States Environmental Protection Agency ENERGY STAR® program;
- b. the U.S. Green Building Council LEED® program;
- c. FORTIFIED® homes certified by the Insurance Institute for Business & Home Safety (IBHS); or
- d. any nationally or internationally recognized environmental standards program designed to achieve energy savings and related objectives of the type included in the programs listed above.

**12. "Residence"**, as respects coverage under this endorsement, means the:

- a. one to four family house;
  - b. townhouse or condominium unit;
  - c. row house;
  - d. rental unit; or
  - e. mobile home;
- owned or occupied by you and used for residential purposes.

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## PROPERTY COVERAGES

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The following coverages are added, subject to the applicable Home Systems Protection "limit" of liability unless otherwise specified below. These coverages do not increase the "limit" of liability under Home Systems Protection.

## 1. Damage to “Covered Home Equipment”

We pay for direct physical damage to “covered home equipment” that is the result of a “home system breakdown” that occurs on or off the “insured premises”. We will consider “electronic circuitry impairment” to be physical damage to “covered home equipment”.

## 2. Expediting Expenses

With respect to your “covered home equipment” that is damaged as the result of a “home system breakdown”, we pay the reasonable extra cost to:

- a. make temporary repairs; and
- b. expedite permanent repairs or permanent replacement.

## 3. Green

a. With respect to your covered property, we pay your additional cost:

- (1) to repair damaged property using equipment, materials and service firms required or recommended by a "recognized environmental standards program", if repair is the least expensive option as described in the Loss Settlement condition below;
- (2) to replace damaged property using equipment, materials and service firms required or recommended by a "recognized environmental standards program", if replacement is the least expensive option as described in the Loss Settlement condition below;
- (3) to dispose of damaged property or equipment, if practicable, through a recycling process; and
- (4) to flush out reconstructed space with up to 100% outside air using new filtration media.

b. With respect to any building that is covered property and was, at the time of the "home system breakdown", certified by a "recognized environmental standards program", we pay your additional cost:

- (1) to prevent a lapse of such certification;
- (2) to reinstate the certification or replace it with an equivalent certification;
- (3) for an engineer authorized by a "recognized environmental standards program" to oversee the repair or replacement of the damaged covered property; and
- (4) for a Professional Engineer to commission or recommission your damaged mechanical, electrical, or electronic building systems.

c. As used in this coverage, additional costs mean those beyond what would have been payable under this endorsement in the absence of this Green coverage.

d. This coverage is subject to the following provisions:

- (1) this coverage applies in addition to any coverage that may apply under the Environmental, Safety and Efficiency Improvements condition of this endorsement, or any other applicable coverage.
- (2) this coverage only applies to covered property that must be repaired or replaced as a direct result of a "home system breakdown".
- (3) this coverage does not apply to any covered property to which actual cash value applies.

e. The most we pay under this Green coverage for loss, damage or expense arising out of any "one home system breakdown" is \$1,000.

## 4. Additional Living Expense - Rental Value

Coverage for Additional Living Expense/ /Fair Rental Value as described in your policy, is extended to the coverage provided by this endorsement.

## 5. "Pollutant" Clean-up and Disposal

We pay your additional cost to clean up or dispose of "pollutants" that are the direct result of a "home system breakdown". The most we pay for loss, damage or expense under this coverage is \$1,000.

## 6. Spoilage

With respect to your refrigerated property, we pay:

- a. for physical damage due to spoilage that is the result of a "home system breakdown";
- b. 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.

Our payment will be determined based on the replacement price of the refrigerated property at the time of the "home system breakdown". We pay up to \$1,000 for this Spoilage coverage for any "one home system breakdown".

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## EXCLUSIONS

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Any exclusions Losses Excluded in your policy for mechanical breakdown and electrical breakdown do not apply to this endorsement.

The following exclusions are added:

1. We do not pay for loss, damage or expense caused by or resulting from:
  - a. Electrical power surge or brown out, whether or not caused by lightning. However, with respect to (Household) Personal Property coverage, when Sudden and Accidental Damage from Artificially Generated Electrical Currents is a Peril Insured Against or Covered Cause of Loss in your policy, we 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.
  - b. Any of the following, whether the excluded peril occurs on or off the "insured premises":
    - (1) fire (including fire resulting from a "home system breakdown"); or water or other means used to extinguish a fire;
    - (2) explosion;
    - (3) lightning; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; breakage of glass; falling objects; weight of snow, ice or sleet; freezing (caused by cold weather); collapse;
    - (4) vandalism, meaning a malicious act that causes damage or destruction. However, this exclusion does not apply to a "cyber event";
    - (5) theft;
    - (6) flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not; mudslide or mudflow; or water that backs up or overflows from a sewer, drain or sump, and any other water damage including water damage resulting from a "home system breakdown"; or
    - (7) any earth movement including but not limited to earthquake, subsidence, sinkhole collapse, landslide, earth sinking, tsunami or volcanic action.
2. We do not pay for any property that is not "covered home equipment" except for household refrigerated property to the extent it is covered under Spoilage and covered property to the extent it is covered under Green.

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## CONDITIONS

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The following conditions are added:

### 1. Limit of Liability

The "limit" of liability under this endorsement is dependent upon the age of your "covered home equipment".

The most we pay for loss, damage or expense arising from any "one home system breakdown" to "covered home equipment" is:

- a. \$50,000 for all damaged "covered home equipment" that is less than 15 years old; or
- b. \$1,500 per damaged unit of "covered home equipment" that is 15 years old or older. However, if the damaged "covered home equipment" was newly installed and first used within 15 years of the "home system breakdown", the "limit" shown in a. above will apply.

Coverages listed in the Property Coverages section of this endorsement are subject to the Limits of Liability shown above.

The maximum "limit" per occurrence under this endorsement is \$50,000 regardless of whether a single unit or multiple units of "covered home equipment" are damaged by "one home system breakdown".

## 2. Deductible

We pay only the part of the total payable loss that exceeds \$500, subject to the applicable "limit". No other deductible applies to this coverage.

## 3. Environmental, Safety and Efficiency Improvements

If "covered home equipment" requires replacement due to a "home system breakdown", we 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 do not pay to increase the size or capacity of the equipment and we do 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".

## 4. Loss Settlement

Losses under this endorsement will be settled as follows:

- a. Our payment for damaged covered property will be the smallest of:
  - (1) the applicable "limit" of liability;
  - (2) the cost to repair the damaged "covered home equipment";
  - (3) the cost to replace the damaged "covered home equipment" with like kind, quality and capacity on the same "insured premises"; or
  - (4) the necessary amount actually spent to repair or replace the damaged "covered home equipment".
- b. Except as described in Environmental, Safety and Efficiency Improvements or Green coverage above, you are responsible for the extra cost of replacing damaged property with property of a better kind or quality or of a different size or capacity.
- c. If you do not repair or replace the damaged "covered home equipment" within 24 months after the date of the "home system breakdown", then we pay only the smaller of:
  - (1) the cost it would have taken to repair or replace at the time of the "home system breakdown";
  - (2) the actual cash value at the time of the "home system breakdown"; or
  - (3) the applicable "limit" of liability.

All other provisions of this policy apply.