



**Colorado Special Districts  
Property and Liability Pool**

**Agreement and Conditions**

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**COLORADO SPECIAL DISTRICTS PROPERTY AND LIABILITY POOL**

**EQUIPMENT BREAKDOWN COVERAGE DOCUMENT**

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In return for payment of the contribution and subject to all terms of this Equipment Breakdown Coverage Document, Colorado Special Districts Property and Liability Pool (**CSD Pool**) agrees with the **Member District** to provide the coverage as stated in this Agreement.

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# GENERAL CONDITIONS

The following conditions apply to this Coverage Document, in addition to the Common Terms and Conditions.

## I. COMMON COVERAGE DOCUMENT CONDITIONS

### A. CHANGES

This Equipment Breakdown Coverage Document contains all the agreements between the **Member District** and the **CSD Pool** concerning the coverage afforded. The first **Member District** shown in the **CSD Pool Member District's** Equipment Breakdown Declarations is authorized to make changes in the terms of this Equipment Breakdown Coverage Document with the **CSD Pool's** consent. This Equipment Breakdown Coverage Document's terms can be amended or waived only by endorsement issued by the **CSD Pool** and made a part of this Equipment Breakdown Coverage Document.

### B. INSPECTIONS AND SURVEYS

The **CSD Pool** has the right but is not obligated to:

1. Make inspections and surveys at any time;
2. Give the **Member District** reports on the conditions the **CSD Pool** finds; and
3. Recommend changes.

Any inspections, surveys, reports or recommendations relate only to insurability and the contributions to be charged. The **CSD Pool** does not make safety inspections. The **CSD Pool** does not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And the **CSD Pool** does not warrant that conditions:

1. Are safe or healthful; or
2. Comply with laws, regulations, codes or standards.

This condition applies not only to the **CSD Pool**, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

## II. CALCULATION OF CONTRIBUTION

The contribution shown in the **Member District's** Equipment Breakdown Declarations was computed based on rates in effect at the time the Equipment Breakdown Coverage Document was issued. On each renewal, continuation, or anniversary of the effective date of this Equipment Breakdown Coverage Document, the **CSD Pool** will compute the contribution in accordance with the **CSD Pool's** rates, rules and practices then in effect.

### III. ADJUSTMENT OF CONTRIBUTION

The **Member District** will report insurable values to the **CSD Pool** at least once a year.

### IV. JOINT LOSS ADJUSTMENT AGREEMENT

A. If there is loss or damage covered under this Equipment Breakdown Coverage Document and also under a Commercial Property policy and there is disagreement between the insurers with respect to:

1. Whether such damage or destruction was caused by a Cause of Loss covered against by this Equipment Breakdown Coverage Document or a Cause of Loss insured against by such Commercial Property policy; or
2. The extent of participation of this Equipment Breakdown Coverage Document and of such Commercial Property policy in a loss which is covered against, partially or wholly, by any or all of said policies,

then the **CSD Pool** shall, upon written request from the **Member District**, pay to the **Member District** one-half of the amount of the loss which is in disagreement, but in no event more than the **CSD Pool** would have paid if there had been no Commercial Property policy in effect.

B. This agreement is subject to the following conditions:

1. The amount of the loss which is in disagreement, after making provisions for any undisputed claims payable under the policies and after the amount of the loss is agreed upon by the **Member District**, the **CSD Pool** and the provider of Commercial Property insurance, is limited to the minimum amount remaining payable under either this Equipment Breakdown Coverage Document or the Commercial Property policy.
2. The Commercial Property insurer shall simultaneously pay to the **Member District** one-half of the amount which is in disagreement.
3. The payments by the **CSD Pool** and the Commercial Property insurer and acceptance of those sums by the **Member District** signify the agreement of the **CSD Pool** and the Commercial Property insurer to submit to and proceed with arbitration within 90 days of such payment in accordance with the following arbitration rules: There shall be three arbitrators, one of whom shall be appointed by the **CSD Pool**, one of whom shall be appointed by the Commercial Property insurer and the third appointed by consent of the other two. The decision by the arbitrators shall be binding on the **CSD Pool** and the Commercial Property insurer and judgment upon such award may be entered in any court of competent jurisdiction.
4. The **Member District** agrees to cooperate in connection with, but not to intervene in, such arbitration.
5. The provisions of this agreement shall not apply unless such Commercial Property policy was materially the same agreement in force at the time of the loss.

6. Acceptance by the **Member District** of any payment under this agreement shall not alter, waive, surrender or in any way affect the rights the **Member District** has against the **CSD Pool** or the Commercial Property insurer.

## **V. ERRORS IN DESCRIPTION**

The **CSD Pool** will pay the **Member District's** loss covered by this Equipment Breakdown Coverage Document if such loss is otherwise not payable solely because of any unintentional error in describing a location covered under this Equipment Breakdown Coverage Document.

The **Member District** agrees to give the **CSD Pool** prompt notice of any such error when discovered.

# EQUIPMENT BREAKDOWN COVERAGE DOCUMENT

Various provisions in this Equipment Breakdown Coverage Document restrict coverage. Read the entire Equipment Breakdown Coverage Document carefully to determine rights, duties, and what is and is not covered.

## A. COVERAGE

This Equipment Breakdown Coverage provides insurance for a Covered Cause of Loss as defined in A.1. below. In the event of a Covered Cause of Loss, the **CSD Pool** will pay for loss as described in A.2. below.

### 1. Covered Cause of Loss

#### **Accident and Electronic Circuitry Impairment**

The Covered Cause of Loss for this Equipment Breakdown Coverage is an **Accident** or **Electronic Circuitry Impairment**. Without an **Accident** or **Electronic Circuitry Impairment** there is no Equipment Breakdown Coverage.

### 2. Coverages Provided

This section lists the coverages that may apply in the event of a Covered Cause of Loss. Coverage is provided only if shown in the **CSD Pool Member District's** Equipment Breakdown Declarations unless otherwise specified below. Each coverage is subject to a specific limit as shown in the **CSD Pool Member District's** Equipment Breakdown Declarations. See paragraph C.2. for details.

These coverages apply only to the direct result of a Covered Cause of Loss. The Covered Cause of Loss must occur during the coverage period, but expiration of the coverage period does not limit the **CSD Pool's** liability. For each coverage, the **CSD Pool** will pay only for that portion of the loss, damage or expense that is solely attributable to the Covered Cause of Loss.

#### a. Property Damage

The **CSD Pool** will pay for physical damage to **Covered Property**. The **CSD Pool** will consider **Electronic Circuitry Impairment** to be physical damage to **Covered Equipment**.

#### b. Business Income

- (1) The **CSD Pool** will pay the **Member District's** actual loss of **Business Income** that results directly from the necessary total or partial interruption of the **Member District's** business.

- (2) The **CSD Pool** will also pay any necessary expenses the **Member District** incurs to reduce the amount of loss under this coverage. The **CSD Pool** will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.
- (3) The **CSD Pool** will consider the actual experience of the **Member District**'s business before the Covered Cause of Loss and the probable experience the **Member District** would have had without the Covered Cause of Loss in determining the amount of the **CSD Pool**'s payment.
- (4) This coverage continues until the date the damaged **Covered Property** is repaired or replaced, plus is extended for 180 days.

c. Extra Expense

The **CSD Pool** will pay the reasonable **Extra Expense** to operate the **Member District**'s business during a total or partial interruption of business.

d. Rental Income

The **CSD Pool** will pay the **Member District**'s actual loss of **Rental Value** that results directly from the necessary untenability caused by a Covered Cause of Loss, but not exceeding the reduction in **Rental Value** less charges and expenses which do not necessarily continue during the period of untenability.

e. Off Premises Equipment Breakdown

- (1) The **CSD Pool** will pay for physical damage to transportable **Covered Equipment** that, at the time of the Covered Cause of Loss, is not at a location indicated in the Schedule of Property on file with the **CSD Pool**.
- (2) The **CSD Pool** will also pay for the **Member District**'s loss and expense as defined under **Business Income** and **Extra Expense** coverages that is the result of e.(1) above, if such coverage is otherwise applicable under this Equipment Breakdown Coverage Document. This coverage is included within and subject to the **CSD Pool**'s **Off Premises Equipment Breakdown** limit.
- (3) The **CSD Pool** will also pay for the **Member District**'s loss and expense as defined under **Data Restoration** coverage that is the result of e.(1) above, if such coverage is otherwise applicable under this Equipment Breakdown Coverage Document. This coverage is included within and subject to the **CSD Pool**'s **Off Premises Equipment Breakdown** limit.

f. Service Interruption

The **CSD Pool** will pay for the **Member District's** loss and expense as defined under **Business Income** coverage and **Extra Expense** coverage that is the result of an **Interruption Of Service**.

g. Perishable Goods

- (1) The **CSD Pool** will pay for physical damage to **Perishable Goods** due to **Spoilage**.
- (2) The **CSD Pool** will also pay for physical damage to **Perishable Goods** due to **Spoilage** that is the result of an **Interruption of Service**.
- (3) The **CSD Pool** will also pay for physical damage to **Perishable Goods** due to contamination from the release of refrigerant, including but not limited to ammonia.
- (4) The **CSD Pool** will also pay any necessary expenses the **Member District** incurs to reduce the amount of loss under this coverage. The **CSD Pool** will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this **Perishable Goods** coverage.

h. Data Restoration

- (1) The **CSD Pool** will pay for the **Member District's** reasonable and necessary cost to research, replace or restore lost **Data**.
- (2) The **CSD Pool** will pay for the **Member District's** reasonable and necessary cost to research, replace or restore **Data** that is lost as the result of an **Interruption Of Service**.
- (3) Coverage under h.(2) above applies to **Data** stored in **Covered Equipment**.
- (4) Coverage under h.(2) above also applies to **Data** stored in the equipment of a **Cloud Computing Services** provider with whom the **Member District** has a contract.
- (5) The **CSD Pool** will also pay for the **Member District's** loss and expense as defined under **Business Income** coverage and **Extra Expense** coverage that is the result of h.(1) and h.(2) above, if such coverage is otherwise applicable under this Equipment Breakdown Coverage Document. This coverage is included within and subject to the **Member District's Data Restoration** limit.

i. Demolition and ICC (Increased Cost of Construction)

If a Covered Cause of Loss damages a building that is **Covered Property** and the loss is increased by enforcement of any ordinance or law in force at the time of the Covered Cause of Loss that regulates the construction or repair of buildings, including **Building Utilities**, or establishes zoning or land use

requirements, the **CSD Pool** will pay for the following additional costs to comply with such ordinance or law:

- (1) The **Member District**'s actual expenditures for the cost to demolish and clear the site of undamaged parts of the building.
- (2) The **Member District**'s actual expenditures for increased costs to repair, rebuild or construct the building. If the building is repaired or rebuilt, it must be intended for similar use or occupancy as the current building, unless otherwise required by zoning or land use ordinance or law.
- (3) The **Member District**'s loss as described in **Business Income, Rental Income** and **Extra Expense** coverages caused by loss covered in i.(1) or i.(2) above, if these coverages are indicated in the **Member District**'s Equipment Breakdown Declarations.

The **CSD Pool** will not pay for:

- (1) Any fine;
- (2) Any liability to a third party;
- (3) Any increase in loss due to a **Hazardous Substance**; or
- (4) Increased construction costs until the building is actually repaired or replaced.

j. Expediting Expenses

With respect to the **Member District**'s damaged **Covered Property**, the **CSD Pool** will pay the reasonable extra cost to:

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

k. Hazardous Substances

- (1) The **CSD Pool** will pay for the additional cost to repair or replace **Covered Property** because of contamination by a **Hazardous Substance**. This includes the additional expenses to clean up or dispose of such property. This does not include contamination of **Perishable Goods** by refrigerant, including but not limited to ammonia, which is addressed in **Perishable Goods, A.2.g.(3)**.
- (2) As used in this coverage, additional costs mean those beyond what would have been payable under this **Equipment Breakdown Coverage** had no **Hazardous Substance** been involved.
- (3) The **CSD Pool** will also pay for the **Member District**'s loss and expense as defined in **Business Income, Rental Income, and Extra Expense** coverages caused by such contamination, if these coverages

are indicated in the **Member District's** Equipment Breakdown Declarations.

l. Civil Authority

The **CSD Pool** will pay the **Member District's** loss and expense as defined under **Business Income, Rental Income** and **Extra Expense** coverages during the **Period of Restoration** that results from a civil authority prohibiting access to a location at the premises described in Schedule of Property on file with the **CSD Pool** due solely to a Covered Cause of Loss that causes damage to property within one mile of such location, provided that such action is taken in response to dangerous physical conditions resulting from the Covered Cause of Loss or to enable a civil authority to have unimpeded access to the damaged property.

m. Newly Acquired Locations

All coverages provided by this Equipment Breakdown Coverage Document are extended to a newly acquired location that the **Member District** has purchased or leased. This automatic coverage begins at the time the **Member District** acquires the property and is subject to the following conditions:

- (1) The **Member District** agrees to pay an additional contribution as determined by the **CSD Pool**. Such additional contribution will be computed from the date of acquisition.
- (2) Newly acquired real property must be reported to the **CSD Pool** within ninety (90) days of acquisition.
- (3) Coverage hereunder for each newly acquired location will end when any of the following first occurs:
  - (a) This Equipment Breakdown Coverage Document expires;
  - (b) The number of days specified in the **Member District's** Equipment Breakdown Declarations for this coverage expire after the **Member District** acquires the location; or
  - (c) The location is more specifically insured.
- (4) If limits or deductibles vary by location, the highest limits and deductibles will apply. However, the most the **CSD Pool** will pay for loss, damage or expense arising from any **One Equipment Breakdown** is the amount shown as the **Newly Acquired Locations** limit in the **Member District's** Equipment Breakdown Declarations.

n. Green Property Upgrade

- (1) With respect to **Covered Property**, the **CSD Pool** will pay the **Member District's** additional cost:
  - (a) 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 Section E. LOSS CONDITIONS, 7. Valuation, paragraph a.;
  - (b) 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 Section E. LOSS CONDITIONS, 7. Valuation, paragraph a.;
  - (c) To dispose of damaged property or equipment, if practicable, through a recycling process; and
  - (d) To flush out reconstructed space with up to 100% outside air using new filtration media.
  
- (2) With respect to any building that is **Covered Property** and was, at the time of the Covered Cause of Loss, certified by a **Recognized Environmental Standards Program**, the **CSD Pool** will pay the **Member District's** additional cost:
  - (a) To prevent a lapse of such certification;
  - (b) To reinstate the certification or replace it with an equivalent certification;
  - (c) For an engineer authorized by a **Recognized Environmental Standards Program** to oversee the repair or replacement of the damaged **Covered Property**; and
  - (d) For a Professional Engineer to commission or recommission the **Member District's** damaged mechanical, electrical, or electronic building systems.
  
- (3) As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown coverage in the absence of this **Green Property Upgrade** coverage.
  
- (4) This **Green Property Upgrade** coverage is subject to the following provisions:
  - (a) This coverage applies in addition to any coverage that may apply under Section F. ADDITIONAL CONDITIONS, 10.

Environmental, Safety and Efficiency Improvements, or any other applicable coverage.

- (b) This coverage only applies to **Covered Property** that must be repaired or replaced as a direct result of a Covered Cause of Loss.
  - (c) This coverage does not apply to any property or equipment that is valued on an Actual Cash Value basis under this Equipment Breakdown Coverage Document.
- (5) The **CSD Pool** will also pay for the **Member District's** loss and expense as defined under **Business Income, Rental Income** and **Extra Expense** coverages that is the result of (1) and (2) above if these coverages are indicated in the **Member District's** Equipment Breakdown Declarations. This coverage is included within and subject to the **Member District's Green Property Upgrade** limit.

o. Defense

This coverage is automatically included and does not need to be indicated in the **Member District's** Equipment Breakdown Declarations.

- (1) If a claim or **Suit** is brought against the **Member District** alleging that the **Member District** is liable for damage to property of another in the **Member District's** care, custody or control, which was directly caused by a Covered Cause of Loss, the **CSD Pool** will either:
  - (a) Settle the claim or **Suit**, or
  - (b) Defend the **Member District** against the claim or **Suit** but keep for the **CSD Pool** the right to settle it at any point.
- (2) The **CSD Pool** will pay, with respect to any claim or **Suit** the **CSD Pool** defends:
  - (a) All expenses the **CSD Pool** incurs;
  - (b) The cost of bonds to release attachments. The **CSD Pool** does not have to furnish these bonds;
  - (c) All reasonable expenses incurred by the **Member District** at the **CSD Pool's** request to assist the **CSD Pool** in the investigation or **Defense** of the claim or **Suit**, including actual loss of earnings up to \$250 a day because of time off from work;
  - (d) All costs taxed against the **Member District** in any **Suit** the **CSD Pool** defends;

- (e) Prejudgment interest awarded against the **Member District** on that part of the judgment the **CSD Pool** pays. If the **CSD Pool** makes an offer to pay the applicable limits, the **CSD Pool** will not pay any prejudgment interest based on that period of time after the offer; and
- (f) All interest on the full amount of any judgment that accrues after entry of the judgment and before the **CSD Pool** has paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limits.

p. Course of Construction

This coverage is automatically included and does not need to be indicated in the **Member District's** Equipment Breakdown Declarations.

- (1) The **Member District** will promptly notify the **CSD Pool** of any expansion or rehabilitation of any location described in the Schedule of Property on file with the **CSD Pool**.
- (2) All coverages applicable to any location described in the Schedule of Property on file with the **CSD Pool** are extended to an expansion or rehabilitation of that location.
- (3) This coverage begins at the time the **Member District** begins the expansion or rehabilitation project.
- (4) **The CSD Pool** will charge the **Member District** additional premium for newly acquired equipment from the date the equipment is installed.

q. Professional Services

Subject to the additional conditions and limitations set forth below, the **CSD Pool** will reimburse the **Member District** for reasonable expenses it incurs for the services of accountants, architects, engineers, or other professionals (excluding attorneys and **Public Adjusters**) whom the **Member District** employs to assist in the investigation of the cause of damage to, evaluation of the scope of damage to, or the remediation, repair, or restoration of, **Covered Property** at the location described in Schedule of Property on file with the **CSD Pool** following a Covered Cause of Loss.

- (1) The **CSD Pool** will not reimburse any expenses that the **Member District** incurs for the services of accountants, architects, engineers, or licensed other professionals unless the **Member District** and the **CSD Pool** have agreed in writing, which shall state the goal, scope and estimated cost of the services to be provided, prior to the **Member District** incurring any such expenses.
- (2) The **CSD Pool** will only reimburse expenses the **Member District** incurs for the services of accountants, architects, engineers, or

licensed other professionals that are incurred and reported to the **CSD Pool** in writing within 365 days of the inception of a Covered Cause of Loss.

- (3) The most the **CSD Pool** will pay under this coverage is the lesser of:
- (a) the limit for **Professional Services** shall be \$100,000; or
  - (b) 10% of:
    - i. the total amount of indemnification that the **CSD Pool** pays for the covered loss or damage that resulted in the **Member District** incurring expenses for professional services; plus
    - ii. the Deductible applicable to the covered loss or damage.

r. **Public Relations**

- (1) This coverage only applies if the **Member District** has sustained an actual loss of **Business Income** covered under this Equipment Breakdown Coverage Document.
- (2) The **CSD Pool** will pay for the **Member District's** reasonable costs for professional services to create and disseminate communications, when the need for such communications arises directly from the interruption of the **Member District's** business. This communication must be directed to one or more of the following:
  - (a) The media;
  - (b) The public; or
  - (c) The **Member District's** customers, clients or members.
- (3) Such costs must be incurred while **Business Income** coverage is applicable, or up to 30 days immediately thereafter.
- (4) The most the **CSD Pool** will pay for loss or expense under this **Public Relations** coverage is \$5,000.

## **B. EXCLUSIONS**

The **CSD Pool** will not pay for any excluded loss, damage or expense, even though any other cause or event contributes concurrently or in any sequence to the loss, damage or expense.

- 1. The **CSD Pool** will not pay for loss, damage or expense caused directly or indirectly by any of the following, whether or not caused by or resulting from a Covered Cause of Loss:

- a. **Fire and Explosion**
  - (1) Fire, including smoke from a fire.
  - (2) Combustion explosion. This includes, but is not limited to, a combustion explosion of any steam boiler or other fired vessel.
  - (3) Any other explosion, except as specifically provided in the definition of **Accident**.
- b. **Ordinance or Law**  
The enforcement of, or change in, any ordinance, law, regulation, rule or ruling regulating or restricting repair, replacement, alteration, use, operation, construction or installation, except as specifically provided in A.2.i. and k. (**Demolition and ICC and Hazardous Substances**).
- c. **Earth Movement**  
Earth movement, whether natural or human-made, including but not limited to earthquake, shock, tremor, subsidence, landslide, rock fall, earth sinking, sinkhole collapse or tsunami.
- d. **Nuclear Hazard**  
Nuclear reaction, detonation or radiation, or radioactive contamination, however caused.
- e. **War and Military Action**
  - (1) War, including undeclared or civil war;
  - (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
  - (3) Insurrection, rebellion, revolution, usurped power, political violence or action taken by governmental authority in hindering or defending against any of these.
- f. **Water**
  - (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
  - (2) Mudslide or mudflow; or
  - (3) Water that backs up or overflows from a sewer, drain or sump.

However, if electrical **Covered Equipment** requires drying out because of the above, the **CSD Pool** will pay for the amount the **Member District** actually expends to dry out such equipment, subject to the applicable Equipment Breakdown limit and Direct Coverages deductible. The **CSD Pool** will not pay more than the Actual Cash Value of the affected electrical **Covered Equipment**. The **CSD Pool** will not pay to replace such equipment or for any other loss, damage or expense.

- g. **Failure to Protect Property**  
The **Member District's** failure to use all reasonable means to protect **Covered Property** from damage following a Covered Cause of Loss.
- h. **Fines**  
Fine, penalty or punitive damage.

- i. **Mold**  
Mold, fungus, mildew or yeast, including any spores or toxins created or produced by or emanating from such mold, fungus, mildew or yeast. This includes, but is not limited to, costs arising from clean-up, remediation, containment, removal or abatement of such mold, fungus, mildew, yeast, spores or toxins. However, this exclusion does not apply to **Spoilage** of personal property that is **Perishable Goods** to the extent that such **Spoilage** is covered under **Perishable Goods** coverage.
  - j. **Vandalism**  
Vandalism, meaning a willful and malicious act that causes damage or destruction.
2. The **CSD Pool** will not pay for a Covered Cause of Loss caused by or resulting from any of the following causes of loss:
- a. Lightning.
  - b. Windstorm or Hail. However, this exclusion does not apply when:
    - (1) **Covered Equipment** located within a building or structure suffers a Covered Cause of Loss that results from wind-blown rain, snow, sand or dust; and
    - (2) The building or structure did not first sustain wind or hail damage to its roof or walls through which the rain, snow, sand or dust entered.
  - c. Collision or any physical contact caused by a **Vehicle**. This includes damage by objects falling from aircraft. However, this exclusion does not apply to any unlicensed **Vehicles** which the **Member District** owns or which are operated in the course of the **Member District's** business.
  - d. Riot or Civil Commotion.
  - e. Leakage or discharge of any substance from an automatic sprinkler system, including collapse of a tank that is part of the system.
  - f. Volcanic Action.
  - g. An electrical insulation breakdown test.
  - h. A hydrostatic, pneumatic or gas pressure test.
  - i. Water or other means intended to extinguish a fire, even when such an attempt is unsuccessful.
  - j. Elevator collision.
3. The **CSD Pool** will not pay for a Covered Cause of Loss caused by or resulting from any of the following perils, if such peril is a covered cause of loss under another coverage part or policy of insurance the **Member District** has, whether collectible or not, and without regard to whether or not the other coverage part or policy of insurance provides the same coverage or scope of coverage as this Equipment Breakdown Coverage Document:
- a. Falling Objects.
  - b. Weight of Snow, Ice or Sleet.

- c. Water Damage, meaning discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance containing water or steam.
  - d. Collapse.
  - e. Breakage of Glass.
  - f. Freezing caused by cold weather.
  - g. Discharge of molten material from equipment, including the heat from such discharged material.
4. Exclusions 2. and 3. do not apply if all of the following are true:
- a. The excluded peril occurs away from any location indicated in the **Member District's** Equipment Breakdown Declarations and causes an electrical surge or other electrical disturbance;
  - b. Such surge or disturbance is transmitted through utility service transmission lines to an indicated location;
  - c. At the indicated location, the surge or disturbance results in a Covered Cause of Loss to **Covered Equipment** that is owned or operated under the control of the **Member District** or the **Member District's** landlord; and
  - d. The loss, damage or expense caused by such surge or disturbance is not a covered cause of loss under another coverage part or policy of insurance the **Member District** has, whether collectible or not, and without regard to whether or not the other coverage part or policy of insurance provides the same coverage or scope of coverage as this Equipment Breakdown Coverage Document.
5. With respect to **Business Income, Rental Income, Extra Expense** and **Service Interruption**, the **CSD Pool** will also not pay for:
- a. Loss associated with business that would not or could not have been carried on if the Covered Cause of Loss had not occurred;
  - b. Loss caused by the **Member District's** failure to use due diligence and dispatch and all reasonable means to resume business; or
  - c. That part of any loss that extends beyond the time **Business Income** or **Rental Income** is applicable.  
This includes, but is not limited to:
    - (1) **Business Income** that would have been earned after the period during which **Business Income** coverage is applicable, even if such loss is the direct result of the suspension, lapse or cancellation of a contract occurring while **Business Income** is applicable; and
    - (2) **Extra Expense** to operate the **Member District's** business after the period during which **Extra Expense** coverage is applicable, even if such loss is contracted for and paid while **Extra Expense** is applicable.
  - d. Any increase in loss resulting from an agreement between the **Member District** and its customer or supplier. This includes, but is not limited to,

contingent bonuses or penalties, late fees, demand charges, demurrage charges and liquidated damages.

6. With respect to **Civil Authority, Off Premises Equipment Breakdown, Service Interruption**, paragraph (2) of **Data Restoration** and paragraph (2) of **Perishable Goods**, the **CSD Pool** will also not pay for a Covered Cause of Loss caused by or resulting from any of the perils listed in Exclusion 3. above, whether or not such peril is a covered cause of loss under another coverage part or policy of insurance the **Member District** has.
7. With respect to Data Restoration coverage, the **CSD Pool** will also not pay to reproduce:
  - a. Software programs or operating systems that are not commercially available; or
  - b. **Data** that is obsolete, unnecessary or useless to the **Member District**.
8. With respect to **Demolition and ICC** coverage, the **CSD Pool** will also not pay for:
  - a. Increased demolition or reconstruction costs until they are actually incurred; or
  - b. Loss due to any ordinance or law that:
    - (1) The **Member District** was required to comply with before the loss, even if the building was undamaged; and
    - (2) The **Member District** failed to comply with; whether or not the **Member District** was aware of such non-compliance.

## C. LIMITS OF INSURANCE

Any payment made under this Equipment Breakdown Coverage will not be increased if more than one **Member District** is shown in the **Member District's** Equipment Breakdown Declarations.

### 1. Equipment Breakdown Limit

The most the **CSD Pool** will pay for loss, damage or expense arising from any **One Equipment Breakdown** is the amount shown as the Equipment Breakdown Limit in the **Member District's** Equipment Breakdown Declarations. This total limit applies to all coverages under this Equipment Breakdown Coverage Document except **Defense**. The costs the **CSD Pool** incurs under the **Defense** coverage shall not reduce the available Equipment Breakdown Limit.

### 2. Coverage Limits

- a. The limit of the **Member District**'s insurance under each of the coverages listed in A.2. from loss, damage or expense arising from any **One Equipment Breakdown** is the amount indicated for that coverage in the **Member District**'s Equipment Breakdown Declarations. These limits are a part of, and not in addition to, the Equipment Breakdown Limit. If an amount of time is shown, coverage will continue for no more than that amount of time immediately following the Covered Cause of Loss.
- b. If two or more coverage limits apply to the same loss or portion of a loss, the **CSD Pool** will pay only the smallest of the applicable limits for that loss or portion of the loss. This means that if:
  - (1) The **Member District** has a loss under one of the coverages listed in A.2.; and
  - (2) All or part of the loss is not covered because the applicable coverage is Excluded or has a limit that is less than the amount of the **Member District**'s loss, the **CSD Pool** will not pay the remaining amount of such loss under any other coverage.

EXAMPLE 1 (Coverages that Do Not Overlap)

If there is **One Equipment Breakdown** that results in loss under Property Damage and **Business Income** coverages, the limits for those coverages will both be available, up to a combined amount not to exceed the Equipment Breakdown Limit.

EXAMPLE 2 (Coverages that Overlap)

If there is **One Equipment Breakdown** that results in loss under Property Damage coverage and that is covered because of **Newly Acquired Locations** coverage, the overlapping portion of the loss, which in this case is the entire loss amount, will be subject to the smaller limit.

## D. DEDUCTIBLE

If deductibles vary by type of **Covered Equipment** and more than one type of **Covered Equipment** is involved in any **One Equipment Breakdown**, the highest deductibles will apply.

### 1. Direct and Indirect Coverages

Unless otherwise shown in the **Member District**'s Equipment Breakdown Declarations, the Direct Coverages Deductibles apply to all loss or damage covered by this Equipment Breakdown Coverage Document, with the exception of those coverages subject to the Indirect Coverages Deductibles as noted below.

Unless more specifically indicated in the **Member District's** Equipment Breakdown Declarations, the Indirect Coverages Deductibles apply to **Business Income, Rental Income, Extra Expense, Service Interruption**, and the extensions of those coverages included in other coverages.

**Defense** coverage is not subject to a deductible.

## 2. Application of Deductibles

### a. Dollar Deductibles

The **CSD Pool** will not pay for loss or damage resulting from any **One Equipment Breakdown** until the amount of loss or damage exceeds the applicable deductible or deductibles shown in the **Member District's** Equipment Breakdown Declarations. The **CSD Pool** will then pay the amount of loss or damage in excess of the applicable deductible or deductibles, subject to the applicable limits shown in the **Member District's** Equipment Breakdown Declarations.

### b. Time Deductibles

If a time deductible is shown in the **Member District's** Equipment Breakdown Declarations, the **CSD Pool** will not be liable for any loss occurring during the specified number of hours or days immediately following the Covered Cause of Loss. If a time deductible is expressed in days, each day shall mean twenty-four consecutive hours.

#### EXAMPLE

A Covered Cause of Loss results in covered losses as follows:

\$100,000 Total Loss (all applicable coverages)

\$ 35,000 Business Income Loss (including \$2,000 of business income loss payable under Data Restoration coverage)

\$5,000 Extra Expense Loss

In this case, the Indirect coverages loss totals \$40,000 before application of the Time Deductible. The Direct coverages loss totals the remaining \$60,000 before application of the Dollar Deductible.

## E. LOSS CONDITIONS

The following conditions apply in addition to the Common Coverage Document Conditions:

## 1. **Abandonment**

There can be no abandonment of any property to the **CSD Pool**.

## 2. **Appraisal**

If the **CSD Pool** admits liability for a loss and the **CSD Pool** and the **Member District** disagrees on the value of the property or **Business Income**, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If the two appraisers, cannot agree on the selection of an umpire, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property or **Business Income**. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

## 3. **Brands and Labels**

If branded or labeled merchandise that is **Covered Property** is damaged by a Covered Cause of Loss, but retains a salvage value, the **Member District** may:

- a. Stamp the word SALVAGE on the merchandise or its containers if the stamp will not physically damage the merchandise; or
- b. Remove the brands or labels, if doing so will not physically damage the merchandise. The **Member District** must re-label the merchandise or its containers to comply with the law.

The **CSD Pool** will pay for any reduction in value of the salvage merchandise resulting from either of these two actions listed in 3.a. or b. above, subject to all applicable limits.

The **CSD Pool** will also pay the reasonable and necessary expenses the **Member District** incurs to perform either of the two actions described in 3.a. or b. above. The **CSD Pool** will pay for such expenses to the extent that they do not exceed the amount recoverable from salvage.

If a Brands and Labels Limit is shown on the **Member District's** Equipment Breakdown Declarations, the **CSD Pool** will not pay more than the indicated amount for coverage under this Condition.

#### 4. Duties In the Event of Loss or Damage

The **Member District** must see that the following are done in the event of loss or damage:

- a. Give the **CSD Pool** prompt notice of the loss or damage. Include a description of the property involved, when and where loss or damage occurred;
- b. Allow the **CSD Pool** a reasonable time and opportunity to examine the property and premises before repair or replacement is undertaken or physical evidence of the Covered Cause of Loss is removed. But the **Member District** must take whatever measures are necessary for protection from further damage;
- c. Permit the **CSD Pool** to inspect the property, premises and records. Also permit the **CSD Pool** to take samples of damaged and undamaged property for inspection, testing and analysis;
- d. If requested, permit the **CSD Pool** to examine the **Member District** and any of its agents, employees and representatives under oath, at such times as may be reasonably required. Such examination:
  - (1) May be at any time reasonably required;
  - (2) May be about any matter relating to this insurance, the **Member District's** loss, damage or expense, or the **Member District's** claim, including, but not limited to, the **Member District's** books and records; and
  - (3) May be recorded by the **CSD Pool** by any methods the **CSD Pool** chooses;
- e. Send the **CSD Pool** a signed, sworn proof of loss containing the information the **CSD Pool** requests to settle the claim. The **Member District** must do this within 60 days after the **CSD Pool's** request;
- f. Cooperate with the **CSD Pool** in the investigation and settlement of the claim;
- g. Promptly send the **CSD Pool** any legal papers or notices received concerning the loss or damage; and
- h. Make no statement that will assume any obligation or admit any liability, for any loss or damage for which the **CSD Pool** may be liable, without the **CSD Pool's** consent.

## 5. **Reducing the Member District's Loss**

The **Member District** must reduce the **Member District's** loss, damage or expense, if possible, by:

- a. Resuming business, partially or completely at the location of loss or at another location;
- b. Making up lost business within a reasonable amount of time. This includes working extra time or overtime at the location of loss or at another location. The reasonable amount of time does not necessarily end when the operations are resumed;
- c. Using merchandise or other property available to the **Member District**;
- d. Using the property or services of others; or
- e. Salvaging the damaged property.

## 6. **Salvage and Recoveries**

When, in connection with any loss under this Equipment Breakdown Coverage Document, any salvage or recovery is received subsequent to the payment of such loss, the amount of loss shall be refigured on the basis on which it would have been settled had the amount of salvage or recovery been known at the time the loss was originally determined. Any amounts thus found to be due either party from the other shall be paid promptly.

## 7. **Valuation**

- a. The **CSD Pool's** payment for damaged **Covered Property** will be the smallest of:
  - (1) The cost to repair the damaged property;
  - (2) The cost to replace the damaged property on the same site; or
  - (3) The amount the **Member District** actually spends that is necessary to repair or replace the damaged property.
- b. The amount of the **CSD Pool's** payment will be based on the most cost-effective means to replace the function, capacity and remaining useful life of the damaged property. This may include the use of generic, used or reconditioned parts, equipment or property.

- c. Except as described in Additional Condition 10. below, the **Member District** must pay the extra cost of replacing damaged property with property of a better kind or quality or of a different size or capacity.
- d. If the **Member District** does not repair or replace the damaged property within 24 months after the date of the Covered Cause of Loss, then the **CSD Pool** will pay only the smaller of the:
  - (1) Cost it would have taken to repair at the time of the Covered Cause of Loss; or
  - (2) Actual cash value, at the time of the Covered Cause of Loss.
- e. The following property will be valued on an Actual Cash Value basis:
  - (1) Any property that does not currently serve a useful or necessary function for the **Member District**; and
  - (2) Any **Covered Property** indicated as being valued on an Actual Cash Value basis.
- f. If any of the following conditions are met, property held by the **Member District** for sale will be valued at the sales price as if no loss or damage had occurred, less any discounts and expenses the **Member District** otherwise would have had:
  - (1) The property was manufactured by the **Member District**;
  - (2) The sales price of the property is less than the replacement cost of the property; or
  - (3) The **Member District** is unable to replace the property before its anticipated sale.
- g. Except as specifically provided for under **Data Restoration** coverage, **Data** and **Media** will be valued on the following basis:
  - (1) For mass-produced and commercially available software, at the replacement cost.
  - (2) For all other **Data** and **Media**, at the cost of blank **Media** for reproducing the records. The **CSD Pool** will not pay for **Data** representing financial records based on the face value of such records.

## F. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Common Coverage Document Conditions:

**1. Additional Covered Member**

If a person or organization is designated in this Equipment Breakdown Coverage Document as an additional insured, the **CSD Pool** will consider them to be an insured under this Equipment Breakdown Coverage Document only to the extent of their interest in the **Covered Property**.

**2. Bankruptcy**

The bankruptcy or insolvency of the **Member District** or the **Member District's** estate will not relieve the **CSD Pool** of any obligation under this Equipment Breakdown Coverage Document.

**3. Concealment, Misrepresentation or Fraud**

The **CSD Pool** will not pay for any loss if the **Member District** or any other Named Member at any time:

- a. Intentionally cause or allow loss, damage or expense in order to collect on insurance; or
- b. Intentionally conceals or misrepresents a material fact concerning:
  - (1) This Equipment Breakdown Coverage Document;
  - (2) The **Covered Property**;
  - (3) The **Member District's** interest in the **Covered Property**; or
  - (4) A claim under this Equipment Breakdown Coverage Document.

**4. Legal Action against The CSD Pool**

No one may bring a legal action against the **CSD Pool** under this Equipment Breakdown Coverage unless:

- a. There has been full compliance with all the terms of this Equipment Breakdown Coverage Document; and
- b. The action is brought within two years after the date of the Covered Cause of Loss; or
- c. The **CSD Pool** agrees in writing that the **Member District** has an obligation to pay for damage to **Covered Property** of others or until the amount of that obligation has been determined by final judgment or arbitration award. No one has the right under this Equipment Breakdown

Coverage to bring the **CSD Pool** into an action to determine the **Member District's** liability.

## 5. **Liberalization**

If the **CSD Pool** adopts any revision that would broaden the coverage under this Equipment Breakdown Coverage without additional contribution within 45 days prior to or during the Equipment Breakdown Coverage Document period, the broadened coverage will immediately apply to this Equipment Breakdown Coverage.

## 6. **Loss Payable**

- a. The **CSD Pool** will pay the **Member District** and the loss payee shown in the **Member District's** Equipment Breakdown Declarations for loss covered by this Equipment Breakdown Coverage, as interests may appear. The coverage of this Equipment Breakdown Coverage Document covers the interest of the loss payee unless the loss results from conversion, secretion or embezzlement on the part of the **Member District** or the loss payee.
- b. The **CSD Pool** may cancel the Equipment Breakdown Coverage Document as allowed by the Cancellation Condition. Cancellation ends this agreement as to the loss payee's interest. If the **CSD Pool** cancels, the **CSD Pool** will mail the **Member District** and the loss payee the same advance notice.
- c. If the **CSD Pool** makes any payment to the loss payee, the **CSD Pool** will obtain their rights against any other party.

## 7. **Mortgage Holders**

- a. The term mortgage holder includes trustee.
- b. The **CSD Pool** will pay for direct damage to **Covered Property** due to a Covered Cause of Loss to the **Member District** and each mortgage holder shown in the **Member District's** Equipment Breakdown Declarations in their order of precedence, as interests may appear.
- c. The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the **Covered Property**.

- d. If the **CSD Pool** denies the **Member District's** claim because of the **Member District's** acts or because the **Member District** has failed to comply with the terms of this Equipment Breakdown Coverage Document, the mortgage holder will still have the right to receive loss payment if the mortgage holder:
- (1) Pays any contribution due under this Equipment Breakdown Coverage Document at the **CSD Pool's** request if the **Member District** has failed to do so;
  - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from the **CSD Pool** of the **Member District's** failure to do so; and
  - (3) Has notified the **CSD Pool** of any change in ownership or material change in risk known to the mortgage holder.

All of the terms of this Equipment Breakdown Coverage Document will then apply directly to the mortgage holder.

- e. If the **CSD Pool** pays the mortgage holder for any loss and denies payment to the **Member District** because of the **Member District's** acts or because the **Member District** has failed to comply with the terms of this Equipment Breakdown Coverage Document:
- (1) The mortgage holder's right under the mortgage will be transferred to the **CSD Pool** to the extent of the amount the **CSD Pool** pays; and
  - (2) The mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired.

At the **CSD Pool's** option, the **CSD Pool** may pay to the mortgage holder the whole principal on the mortgage plus any accrued interest. In this event, the **Member District's** mortgage and note will be transferred to the **CSD Pool** and the **Member District** will pay the **Member District's** remaining mortgage debt to the **CSD Pool**.

- f. If the **CSD Pool** cancels this Equipment Breakdown Coverage, the **CSD Pool** will give written notice to the mortgage holder at least:
- (1) 10 days before the effective date of cancellation if the **CSD Pool** cancels for the **Member District's** nonpayment of any contribution; or
  - (2) not less than ninety (90) days before the effective date of cancellation if the **CSD Pool** cancels for any other reason.

- g. If the **CSD Pool** elects not to renew this Equipment Breakdown Coverage, the **CSD Pool** will give written notice to the mortgage holder at least 10 days before the expiration date of this Equipment Breakdown Coverage Document.
- h. If the **CSD Pool** suspends coverage, it will also be suspended as respects the mortgage holder. The **CSD Pool** will give written notice of the suspension to the mortgage holder.

## 8. Other Insurance

- a. The **Member District** may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Equipment Breakdown Coverage Document. If the **Member District** does, the **CSD Pool** will pay the **CSD Pool's** share of the covered loss or damage. The **CSD Pool's** share is the proportion that the applicable limits under this Equipment Breakdown Coverage Document bear to the Limits of Insurance of all insurance covering on the same basis.
- b. If there is other insurance covering the same loss or damage, other than that described in a. above, the **CSD Pool** will pay only the amount of covered loss or damaged in excess of the amount due from that other insurance, whether the **Member District** can collect on it or not.

In no case will the **CSD Pool** pay more than the applicable limits.

## 9. Coverage Period, Coverage Territory

Under this Equipment Breakdown Coverage Document:

- a. The Covered Cause of Loss must occur:
  - (1) During the Coverage Period shown in the **Member District's** Equipment Breakdown Declarations; and
  - (2) Within the Coverage Territory.
- b. The Coverage Territory is:
  - (1) The United States of America (including its territories and possessions);
  - (2) Puerto Rico; and
  - (3) Canada.

As respects **Off Premises Equipment Breakdown** coverage only, the **Accident** may occur in any country except one in which the United States has imposed sanctions, embargoes or similar restrictions on the provision of insurance.

## 10. **Environmental, Safety and Efficiency Improvements**

If **Covered Equipment** requires replacement due to a Covered Cause of Loss, the **CSD Pool** will pay the **Member District's** additional cost to replace with equipment that is better for the environment, safer or more efficient than the equipment being replaced.

However, the **CSD Pool** will not pay more than 150% of what the cost would have been to replace with like kind and quality. This coverage does not increase any of the applicable limits. This coverage does not apply to any property indicated as being valued on an Actual Cash Value basis.

## 11. **Jurisdictional Inspections**

If any **Covered Equipment** that is **Covered Property** requires inspection to comply with state or municipal boiler and pressure vessel regulations, the **CSD Pool** agrees to perform such inspection on the **Member District's** behalf. The **CSD Pool** does not warrant that conditions are safe or healthful.

## 12. **Privilege to Adjust with Owner**

In the event of loss or damage involving property of others in the **Member District's** care, custody or control, the **CSD Pool** has the right to settle the loss or damage with respect to such property with the owner of the property. A receipt for payment from the owners of that property will satisfy any claim of the **Member District**.

## 13. **Suspension**

Whenever **Covered Equipment** is found to be in, or exposed to, a dangerous condition, any of the **CSD Pool's** representatives may immediately suspend the insurance against loss from a Covered Cause of Loss to that **Covered Equipment**. This can be done by delivering or mailing a written notice of suspension to:

- a. The **Member District's** last known address; or
- b. The address where the **Covered Equipment** is located.

Once suspended in this way, the **Member District's** insurance can be reinstated only by an endorsement for that **Covered Equipment**.

If the **CSD Pool** suspends the **Member District's** insurance, the **Member District** will get a pro rata refund of contribution for that **Covered Equipment**. But the suspension will be effective even if the **CSD Pool** has not yet made or offered a refund.

#### 14. **Transfer of Rights of Recovery against Others to The CSD Pool**

If any person or organization to or for whom the **CSD Pool** makes payment under this Equipment Breakdown Coverage Document has rights to recover damages from another, those rights are transferred to the **CSD Pool** to the extent of the **CSD Pool's** payment. That person or organization must do everything necessary to secure the **CSD Pool's** rights and must do nothing after loss to impair them. But the **Member District** may waive the **Member District's** rights against another party in writing:

- a. Prior to a loss to the **Member District's Covered Property**.
- b. After a loss to the **Member District's Covered Property** only if, at time of loss, that party is one of the following:
  - (1) Someone insured by this insurance; or
  - (2) A business firm:
    - (a) Owned or controlled by the **Member District**; or
    - (b) That owns or controls the **Member District**.

#### 15. **Maintaining Property and Equipment**

It is the **Member District's** responsibility to appropriately maintain the **Member District's** property and equipment. The **CSD Pool** will not pay the **Member District's** costs to maintain, operate, protect or enhance property or equipment, even if such costs are to comply with the **CSD Pool's** recommendations or prevent loss, damage or expense that would be covered under this Equipment Breakdown Coverage Document.

### G. **DEFINITIONS**

#### **Accident**

- a. **Accident** means a fortuitous event that causes direct physical damage to **Covered Equipment**. The event must be one of the following:
  - (1) Mechanical breakdown, including rupture or bursting caused by centrifugal force;
  - (2) Artificially generated electrical current, including electrical arcing, that damages electrical devices, appliances or wires;

- (3) Explosion, other than combustion explosion, of steam boilers, steam piping, steam engines or steam turbines;
  - (4) An event inside steam boilers, steam pipes, steam engines or steam turbines that damages such equipment;
  - (5) An event inside hot water boilers or other water heating equipment that damages such equipment; or
  - (6) Bursting, cracking or splitting.
- b. None of the following is an **Accident**, however caused and without regard to whether such condition or event is normal and expected or unusual and unexpected; however, if an event as defined under a. above results from any of the following, it will be considered an **Accident**:
- (1) Depletion, deterioration, rust, corrosion, erosion, settling or wear and tear;
  - (2) Any gradually developing condition;
  - (3) Any defect, programming error, programming limitation, computer virus, malicious code, loss of **Data**, loss of access, loss of use, loss of functionality or other condition within or involving **Data** or **Media** of any kind;
  - (4) Contamination by a **Hazardous Substance**; or
  - (5) Misalignment, miscalibration, tripping off-line, or any condition which can be corrected by resetting, tightening, adjusting or cleaning, or by the performance of maintenance.

**Boilers and Vessel** means:

- a. Boilers;
- b. Steam piping;
- c. Piping that is part of a closed loop used to conduct heat from a boiler;
- d. Condensate tanks; and
- e. Unfired vessels which, during normal usage, operate under vacuum or pressure, other than the weight of contents.

This term does not appear elsewhere in this Equipment Breakdown Coverage Document, but may appear in the **Member District's** Equipment Breakdown Declarations.

**Building Utilities** means **Covered Equipment** permanently mounted on or in a building and used to provide any of the following services within the building: heating, ventilating, air conditioning, electrical power, hot water, elevator or escalator services, central vacuum, natural gas service or communications. **Building Utilities** does not include personal property or equipment used in manufacturing or processing.

**Buried Vessels or Piping** means any piping or vessel buried or encased in the earth, concrete or other material, whether above or below grade, or in an enclosure which does not allow access for inspection and repair.

**Business Income** means the sum of:

- a. The Net Income (net profit or loss before income taxes) that would have been earned or incurred; and
- b. Continuing normal and necessary operating expenses incurred, including employee payroll.

**Cloud Computing Services** means professional, on-demand, self-service data storage or data processing services provided through the Internet or over telecommunications lines. This includes services known as IaaS (infrastructure as a service), PaaS (platform as a service), SaaS (software as a service) and NaaS (network as a service). This includes business models known as public clouds, community clouds and hybrid clouds. Cloud computing services include private clouds if such services are owned and operated by a third party.

#### **Covered Equipment**

- a. **Covered Equipment** means the following:
  - (1) Unless specified otherwise in the **Member District's** Equipment Breakdown Declarations:
    - (a) Equipment that generates, transmits or utilizes energy, including electronic communications and data processing equipment; or
    - (b) Equipment which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.
  - Covered Equipment** may utilize conventional design and technology or new or newly commercialized design and technology.
    - (2) Except as specifically provided for under **Civil Authority, Off Premises Equipment Breakdown, Service Interruption**, paragraph (2) of **Data Restoration** and paragraph (2) of **Perishable Goods**, such equipment must be at a location as described in the Schedule of Property on file with the **CSD Pool** and must be owned or leased by the **Member District**, or operated under the **Member District's** control.
- b. None of the following is **Covered Equipment**:
  - (1) Structure, including but not limited to the structural portions of buildings and towers and scaffolding;
  - (2) Foundation, cabinet, compartment, conduit or ductwork; insulating or refractory material;
  - (3) **Buried Vessels Or Piping**;

- (4) Waste, drainage or sewer piping;
- (5) Piping, valves or fittings forming a part of a sprinkler or fire suppression system;
- (6) Water piping that is not part of a closed loop used to conduct heat or cooling from a boiler or a refrigeration or air conditioning system;
- (7) **Vehicle** or any equipment mounted on a **Vehicle**, except **Portable Equipment** which can be mounted on a **Vehicle**;
- (8) Satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
- (9) Dragline, excavation or construction equipment, except **Portable Equipment**;
- (10) Equipment manufactured by the **Member District** for sale; or
- (11) **Data**.

**Covered Property** means property that:

- a. The **Member District** owns; or
- b. Is in the **Member District**'s care, custody or control and for which the **Member District** is legally liable.

Such property must be at a location as described in the Schedule of Property on file with the **CSD Pool** except as provided under **Off Premises Equipment Breakdown** coverage.

- c. None of the following is **Covered Property**:
  - (1) Accounts, bills, currency, deeds or other evidences of debt, money, notes or securities;
  - (2) Fine arts, jewelry, furs or precious stones;
  - (3) Precious metal, unless forming a part of **Covered Equipment**;
  - (4) Animals;
  - (5) Contraband, or property in the course of illegal transportation or trade;
  - (6) Land (including land on which the property is located), water, trees, growing crops or lawns; or
  - (7) Shrubs or plants, unless held indoors for retail sale.

**CSD Pool** means Colorado Special District Property and Liability Pool.

**Data** means information or instructions stored in digital code capable of being processed by machinery.

### **Electrical Generating Equipment**

- a. **Electrical Generating Equipment** means equipment which converts any other form of energy into electricity. This includes, but is not limited to, the following:
- (1) Boilers used primarily to provide steam for one or more turbine-generator units;
  - (2) Turbine-generators (including steam, gas, water or wind turbines);
  - (3) Engine-generators;
  - (4) Fuel cells or other alternative electrical generating equipment;
  - (5) Electrical transformers, switchgear and power lines used to convey the generated electricity; and
  - (6) Associated equipment necessary for the operation of any of the equipment listed in (1) through (5) above.
- b. **Electrical Generating Equipment** does not mean:
- (1) Elevator or hoist motors that generate electricity when releasing cable; or
  - (2) Equipment intended to generate electricity solely on an emergency, back-up basis.

This term does not appear elsewhere in this coverage form, but may appear in the **Member District's** Equipment Breakdown Declarations.

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

#### **Electronic Circuitry Impairment**

- a. **Electronic Circuitry Impairment** means a fortuitous event involving **Electronic Circuitry** within **Covered Equipment** that causes the **Covered Equipment** to suddenly lose its ability to function as it had been functioning immediately before such event. This definition is subject to the conditions specified in b., c., and d. below.
- b. The **CSD Pool** shall determine that the reasonable and appropriate remedy to restore such **Covered Equipment's** ability to function is the replacement of one or more **Electronic Circuitry** components of the **Covered Equipment**.
- c. The **Covered Equipment** must be owned or leased by the **Member District**, or operated under the **Member District's** control.
- d. 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 related to:
- (a) Incompatibility of the **Covered 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 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.

**Extra Expense** means the additional cost the **Member District** incurs to operate the **Member District's** business during the interruption over and above the cost that the **Member District** normally would have incurred to operate its business during the same period had no Covered Cause of Loss occurred.

**Hazardous Substance** means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.

### **Interruption of Service**

- a. **Interruption Of Service** means a failure or disruption of the normal supply of any of the Covered Services listed in b. below, when such failure or disruption is caused by an **Accident to Covered Equipment**, subject to the conditions listed in c. through f. below. The failure or disruption must arise from an **Accident**.
- b. Covered Services are electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, Internet access, telecommunications services, wide area networks, **Cloud Computing Services** and data transmission.
- c. The **Covered Equipment** must either be:
  - (1) Owned by a company with whom the **Member District** has a contract to supply it with one of the Covered Services; or
  - (2) Used to supply the **Member District** with one of the Covered Services and located within one mile of a location described in the Schedule of Property on file with the **CSD Pool**.
- d. If a Service Interruption Distance Limitation is indicated in the **Member District's** Equipment Breakdown Declarations, the **Covered Equipment** suffering the **Accident** must be located within the indicated distance of any location at the premises described in Schedule of Property on file with the **CSD Pool**.
- e. Unless otherwise shown in the **Member District's** Equipment Breakdown Declarations, no failure or disruption of service will be considered to qualify as an

**Interruption of Service** until the failure or disruption exceeds 24 hours immediately following the **Accident**.

- f. **Interruption of Service** does not include any failure or disruption, whether or not arising from or involving an **Accident**, in which a supplier could have continued to provide service to the location but chose for any reason to reduce or discontinue service.

**Media** means material on which **Data** is recorded, such as magnetic tapes, hard disks, optical disks or floppy disks.

**Member District** means the Special District, formed under the laws of the State of Colorado, named in the **Member District's** Equipment Breakdown Declarations issued to the Special District by the **CSD Pool**.

**One Equipment Breakdown** means all accidents or electronic circuitry impairments occurring at the same time from the same event. If an accident or electronic circuitry impairment causes other accidents or electronic circuitry impairments, all will be considered one equipment breakdown.

**Ordinary Payroll** means the Payroll Expenses associated with all employees other than executives, department managers and employees under contract. As used above, Payroll Expenses means all payroll, employee benefits directly related to payroll, FICA payments the **Member District** pays, union dues the **Member District** pays and workers compensation premiums.

**Ordinary Payroll** does not include pensions or directors fees.

This term does not appear elsewhere in this coverage form, but may appear in the **Member District's** Equipment Breakdown Declarations.

**Period of Restoration** means the period of time that begins at the time access is prohibited by action of civil authority and continues until the earlier of:

- a. Twenty one (21) days thereafter; or
- b. The date access is restored.

**Perishable Goods** means any **Covered Property** subject to deterioration or impairment as a result of a change of conditions, including but not limited to temperature, humidity or pressure.

**Portable Equipment** means portable emergency response equipment: generators, fans, air tanks, air compressors and pumps, including while mounted on a **Vehicle**.

**Public Adjuster** means an individual licensed by the State of Colorado and engaged by the **Member District** to assist in a first party property claim.

**Production Machinery** means any machine or apparatus that processes or produces a product intended for eventual sale. This includes all component parts of such machine or apparatus and any other equipment used exclusively with such machine or apparatus. However, **Production Machinery** does not mean any boiler, or fired or unfired pressure vessel.

This term does not appear elsewhere in this coverage form, but may appear in the **Member District's** Equipment Breakdown Declarations.

**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. The Green Building Initiative GREEN GLOBES® program; 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.

**Rental Value** means the sum of:

- a. The total anticipated gross Rental Income from tenant occupancy of the described property as furnished and equipped by the **Member District**, and
- b. The amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be obligations of the **Member District**, and
- c. The fair **Rental Value** of any portion of said property which is occupied by the **Member District**.

**Spoilage** means any detrimental change in state. This includes but is not limited to thawing of frozen goods, warming of refrigerated goods, freezing of fresh goods, solidification of liquid or molten material and chemical reactions to material in process.

**Suit** means a civil proceeding to which this insurance applies and includes:

- a. An arbitration proceeding in which damages are claimed and to which the **Member District** must submit or does submit with the **CSD Pool's** consent; or
- b. Any other alternative dispute resolution proceeding in which damages are claimed and to which the **Member District** submits with the **CSD Pool's** consent.

**Vehicle** means any machine or apparatus that is used for transportation or moves under its own power. **Vehicle** includes, but is not limited to, car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester.

However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power source will not be considered a **Vehicle**.