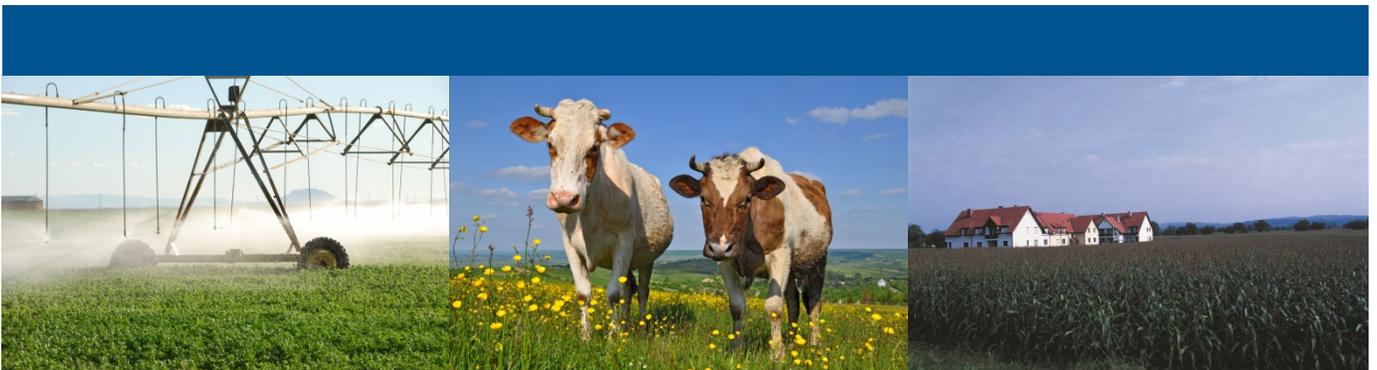




Farmowners Equipment Breakdown Coverage Frequently Asked Questions



Coverage Related Questions

This section of “frequently asked questions” is dedicated to addressing the type of coverage received with equipment breakdown insurance.

Q: What does Equipment Breakdown cover?

A: It covers the perils of mechanical, electrical and pressure systems breakdown, which are restricted/excluded perils in the underlying form. Equipment breakdown coverage usually covers the farm dwelling and its contents along with barns, stables, other structures and farm personal property.

Q: What are some examples of covered property?

A: Refer to the underlying form to review covered property. Exclusions from covered property are listed in the definitions section of the equipment breakdown endorsement under exclusions from “Farm Personal Property.”

Some examples of covered property include all farm equipment, such as generators, pumps used for irrigation, silo unloaders in silos; blowers for silos; automatic waterers; drinking cups; barn cleaners/floor scrapers; manure pumps; pipeline milkers; computerized feeding apparatus; windmills used for pumping water; sawmill equipment, vacuum pumps; electric motors; grain dryers, if not portable; fans/blowers; hay conveyors/elevators; feed conveyors; computerized feeding systems; air and refrigeration compressors; scales; trailers/trucks used for refrigerated storage on the premises permanently connected to a source of power; fuel pumps; alarms systems; milking parlors; bulk milk tanks; and metal tanks or ASME fiberglass certified tanks which are pressurized, other than static pressure of contents, and much more.

In respects to Dwelling property, the following equipment is also considered covered property: central air conditioning systems including compressors, condensers and air handling units, heating equipment including boilers and heat pumps; electrical panels; home security systems; ventilating systems and exhaust fans; fired water heaters; well pumps; filtration systems for air and water; central vacuum systems; chair lifts and elevators; sauna equipment; swimming pool equipment; televisions; washers; dryers; computers; garage door openers; sump pumps; fans; stereo equipment and much more.

Q: What is the difference between Farmowners Equipment Breakdown and a warranty contract?

A: A warranty typically is not offered by an insurance company, and the owner would have to keep track of the warranty. A warranty may pay for a part, but not repair of the equipment or business interruption. In addition, a warranty usually will apply only when the piece of equipment is being used for its specific/intended use. It will not cover loss due to human error and typically applies to one piece of equipment and can be expensive.



Coverage Related Question Cont'd

Q: What is the Environmental, Safety and Efficiencies Improvements condition and how does it work?

A: This coverage allows the insured to upgrade equipment with more environmentally friendly, efficient equipment. The equipment breakdown endorsement will pay up to 125%, up to a maximum of \$3,000, of what the cost would have been to repair or replace with equipment of like kind and quality inclusive of fees, costs, and any loss of use.

Equipment breakdown coverage applies to covered property which has suffered a covered equipment breakdown as defined by the endorsement. It is not limited to one piece of equipment and provides a broad range for losses inclusive of electrical, mechanical and pressure systems breakdown.

Q: What are some of the most frequent types of “farmowner” losses?

A: Frequent types of farmowner losses include air conditioning equipment, high tech farm equipment, computers, pumps and motors.

Q: Will this also apply to Renters insurance?

A: Yes, the equipment breakdown endorsement can be added to the Tenants Personal Property policy. Please review the equipment breakdown endorsement for a list of the homeowners and other associated forms that can be endorsed for equipment breakdown.

Q: Is an outdoor wood burner included in the equipment breakdown endorsement?

A: If the wood burner is covered on the underlying policy then the equipment breakdown endorsement would cover the mechanical and electrical components of the wood burner.

Q: You mentioned that vermin are covered. In our Homeowner program, vermin are not covered.

A: The damage to wires, covers, insulation, etc. by vermin is not covered. However, if it causes covered electrical equipment to either mechanically or electrically breakdown then coverage would be provided.

Q: Is this coverage at repair/replacement value or Actual Cash Value?

A: The coverage follows the valuation of the underlying farmowners policy.

Q: Is a water conditioning system covered?

A: The electrical and mechanical components of the system would be covered; however, domestic piping and other portions of the water conditioning system are not covered by equipment breakdown endorsement as typically this is a property coverage.

Q: Is a hot tub outside the dwelling considered covered property?

A: Yes, if the hot tub is considered covered property by the underlying form, it would be covered for electrical and mechanical equipment breakdown.



Coverage Related Question Cont'd

Q: Is a GPS attached to a piece of mobile equipment considered covered property?

A: Yes, the GPS would be covered if it experiences a covered mechanical or electrical breakdown as defined in the equipment breakdown endorsement.

Q: Does the Equipment Breakdown Enhancement Endorsement cover mobile equipment?

A: No. Excluded from “Farm Personal Property” are tractors/front-end loaders, combines, bag-filling apparatus, pickers, bulldozers, backhoes, tow motors/forklifts, trucks/snowplows/snowblowers.

However, the endorsement will provide coverage for any computerized or electronic equipment installed in, or mounted on mobile equipment, used for:

- 1.) Monitoring crop yield;
- 2.) Managing the application of farm chemicals, fertilizers or seeds; or
- 3.) Global positioning or steering of equipment.

Q: Is there ever a reason why a GPS system wouldn't be covered?

A: The GPS unit must be on the premise for equipment breakdown coverage to be applied for a loss resulting from a covered equipment breakdown.

Q: What is the benefit of adding equipment breakdown coverage to my Farmowners policy?

A: The unique exposures of electrical, mechanical and pressure systems breakdown have lead to coverage gaps. The equipment breakdown endorsement addresses the peril of equipment breakdown to the Farm property policy. By adding the equipment breakdown enhancement endorsement, loss caused by, resulting from, or consisting of an electrical or electronic breakdown, mechanical breakdown or pressure systems breakdown will be covered.

Q: Are irrigation systems covered under the Equipment Breakdown Endorsement?

A: Pumps, motors and other electrical/electronic elements or controls and mechanical parts are considered covered property.

Q: What is covered in barns and outbuildings?

A: Covered property as defined by the underlying form is considered covered by equipment breakdown. Examples of covered property found in barns and outbuildings include shop equipment, compressors, motors, HVAC systems, equipment commonly found in the dwelling (appliances, etc.)

Q: Are methane digesters covered property under the Equipment Breakdown Endorsement?

A: Yes, the electrical and mechanical parts of a methane digester are covered by equipment breakdown. Keep in mind, equipment breakdown coverage follows the definition of covered property in the underlying form.

Q: Does the age and/or construction of the Dwelling, Barns, Outbuildings make a difference?

A: No.



Coverage Related Question Cont'd

Q: Does coverage extend to a second dwelling; e.g., a seasonal dwelling?

A: Yes, if the second dwelling is a covered location under the Farm Property Policy.

Q: Are livestock/poultry covered under the Equipment Breakdown Endorsement if a covered breakdown occurs?

A: Refer to the underlying form with regards to livestock and poultry. In some cases, equipment breakdown coverage affords up to \$25,000, an aggregate/per-policy period limit.

Q: Does the coverage apply to a computer that crashes due to a computer virus?

A: No, computer viruses are not covered under equipment breakdown.

Q: If an equipment breakdown loss and fire (property) loss occur at the same time, will two deductibles apply?

A: No, the higher of the two deductibles will apply.



Wear and Tear Related Questions

All machines have a life expectancy, and wear and tear is the natural deterioration of a machine's ability to perform its intended function. As a machine ages while in use, wear and tear often accelerates. The life expectancy of machinery is usually dictated by the manufacturer and is expressed in "cycles," or the number of repeated tasks that can be performed over a specific period of time until it is no longer able to perform its intended function. Wear and tear is the primary reason machines depreciate in value. This section illustrates the difference between Equipment Breakdown coverage and wear and tear.

Q: What is the difference between wear and tear and mechanical breakdown?

A: Equipment that experiences a mechanical breakdown stops working and no longer functions. Equipment that experiences wear and tear is not performing to capacity or efficiency, but it still works/performs.

Q: What is not considered covered property and in what instance would a loss not be covered, specifically wear and tear?

A: If a loss does not qualify as a loss as defined by the definition of equipment breakdown, it would not be covered by equipment breakdown coverage. Wear and tear can be described as operational, but at a lesser capacity. For example, a piece of property which still operates, but operates at a decreased capacity or efficiency, and it or any of its parts has not suffered an electrical or mechanical breakdown, the circumstance may be described as wear and tear, not an equipment breakdown. Covered Property is simple as it follows the definition of Farm Covered property from the Farm property policy except for the equipment breakdown of mobile equipment.

Q: If equipment suffers wear and tear, does the coverage help to purchase "greener" equipment?

A: No. Green Coverage is an available option to the Insured when equipment experiences an equipment breakdown that requires replacement of the unit.



Claims Related Questions

This section of “frequently asked questions” addresses claims questions and information that may be useful.

Q: What is the average loss paid?

A: \$6,500.

Q: Would liquid petroleum (LP) tanks be covered if a valve froze and the insured lost all his LP fuel?

A: If the valve froze due to temperature conditions and no electrical or mechanical damage resulted, there would not be an equipment breakdown as defined by the endorsement. Potentially, it could be a property loss; please refer to underlying coverages.

Q: If your grain spoiled in the bin due to extreme change in temperature, would the grain be covered?

A: No, the grain would not be covered because there was no equipment breakdown. Because the grain bin is not refrigerated, there are no controls to maintain its environment/atmosphere; as a result, the damaged grain does not meet the definition of spoiled product.

Q: Two A/C units were exposed to winter elements and corroded *or* a water heater leaks due to rust or corrosion. Is coverage afforded for the damage?

A: Corrosion is not covered.

Q: A line develops down the middle of a TV screen. Would this be covered under equipment breakdown?

A: There would be no coverage under the equipment breakdown endorsement as the screen did not experience direct physical loss or damage of a mechanical or electrical nature. If it is determined that a covered cause of loss occurred, coverage would be afforded.

Q: What happens if multiple pieces of (real and personal) property experienced a covered equipment breakdown during the same occurrence?

A: These items can be combined together to form one submitted loss if the cause of loss is the same for all submitted property. Equipment breakdown coverage follows the definition of “occurrence” detailed in the underlying form.



Loss Examples

Actual loss examples are a helpful way to illustrate how equipment breakdown coverage can help farmowners when a problem occurs.

A 7.5 hp, 330 ft. deep well pump that supplies domestic water and grounds irrigation suffered a short circuit to ground. Replacement of the pump was necessary and required two days to complete. As there was no domestic water available during the period of restoration, the six-member family was relocated to a local hotel.

Amount of loss, including the hotel stay and food for the family: \$3,450



A silo unloader crashed. The pin roll in the winch sheared allowing the silo unloader to become loose.

Amount of Loss: \$10,500

During a key time in the planting season, a GPS unit mounted on the combine experienced electronic arcing damage to the controls. Replacement of the unit was needed to keep the farm operation on their tight schedule.

Amount of loss: \$3,400

Insulation breakdown occurred in the motor of a hermetically sealed refrigeration compressor causing food to spoil.

Amount of loss: \$4,800

Due to lack of lubrication, the piston supporting a 30 hp motor seized. Upon inspection, the repair firm determined that the crank shaft snapped as a result of the seizure. Since the motor supports and is located on top of a grain elevator, special high-lift equipment was required for removal and repair.

Amount of loss, including the additional expense for the high-lift equipment: \$4,300

A Waukesha model 1905 GRU generator ceased to function. The control failure allowed the motor to over amp, which blew the piston through the motor block. Repair was needed and the motor was replaced.

Amount of Loss: \$25,000

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