

**EQUIPMENT BREAKDOWN – FARMOWNERS
PAGE CHECKLIST**

MULTISTATE

MANUAL PAGE CHECKLIST			
<p>This Page Checklist displays the latest pages included in this section of your Grinnell Mutual manual.</p> <p>NOTE: Always use the Edition Date to determine the latest page.</p> <p>New or revised pages are indicated with shading.</p>			
PAGE NUMBER	EDITION DATE	PAGE NUMBER	EDITION DATE
EBF Multistate (Index) EBF-i-1	07/14	EBF Multistate (Rates) EBF-R-1	01/20
EBF Multistate (General Rules) EBF-GR-1 thru EBF-GR-6	07/14		

**EQUIPMENT BREAKDOWN – FARMOWNERS
INDEX**

MULTISTATE

RULE NO.		PAGE NO.
PART I – COVERAGE & DEFINITION TYPE RULES		
100.	Introduction	EBF-GR-1
	A. General Information	EBF-GR-1
	B. Manual Structure	EBF-GR-1
101.	Description of Coverages.....	EBF-GR-1
	A. Mandatory Coverages	
	1. Farm Business Accident.....	EBF-GR-1
	2. Dwelling Accident	EBF-GR-2
102.	Limits of Insurance	
	A. Equipment Breakdown Coverage Limit.....	EBF-GR-3
	B. Sub-Limits	EBF-GR-3
103.	Eligibility	EBF-GR-3
104.	Classifications	
	A. Class A.....	EBF-GR-4
	B. Class B.....	EBF-GR-4
	C. Class C.....	EBF-GR-4
	D. Class D.....	EBF-GR-4
	E. Additional Dwellings.....	EBF-GR-4
105.	Deductibles	
	A. Farm Business Deductible	EBF-GR-4
	B. Dwelling Deductible.....	EBF-GR-5
106.	Premium Discounts.....	EBF-GR-5
107. – 199.	Reserved for Future Use.....	EBF-GR-5
PART II – MANDATORY FORMS		
200.	Equipment Breakdown Coverage Farmowners (RC 4901)	EBF-GR-5
201.	Special Provisions.....	EBF-GR-5
202.	Equipment Breakdown Coverage Notice, Rejection Of Equipment Breakdown Coverage (RC 4905)	EBF-GR-6
204. – 299.	Reserved for Future Use.....	EBF-GR-6
PART III – OPTIONAL FORMS		
300.	Business Income, Extra Expense, and Services Interruption (RC 4903)	EBF-GR-6
301. – 399.	Reserved for Future Use.....	EBF-GR-6

**PART I – COVERAGE & DEFINITION
TYPE RULES**

**RULE 100.
INTRODUCTION**

A. GENERAL INFORMATION

This manual contains the rules and classifications governing the writing of Equipment Breakdown Coverage – Farmowners. Refer to the Coverage Parts and Endorsements for detailed information regarding coverage, limitations, and exclusions.

Equipment breakdown coverage insures loss to covered property caused by a farm business or dwelling accident.

1. A farm business accident means sudden and accidental:
 - a. Mechanical breakdown, including rupture or bursting caused by centrifugal force;
 - b. Artificially generated electrical current, including electrical arcing, that damages electrical devices, appliances, or wires;
 - c. Explosion of steam boilers, steam pipes, steam turbines, or steam engines or damaged caused by an occurrence or condition within such equipment; and
 - d. Damage caused by an occurrence or condition within hot water boilers or heaters.
2. A dwelling accident means sudden and accidental:
 - a. Mechanical or electrical breakdown; or
 - b. Tearing apart, cracking, burning, or bulging of a steam or hot water heating system, or an air conditioning system;that results in direct physical damage to covered dwelling equipment.

B. MANUAL STRUCTURE

This manual is divided into the following sections:

Part I – Coverage & Definition Type Rules

Part II – Mandatory Forms

Part III – Optional Forms

**RULE 101.
DESCRIPTION OF COVERAGES**

A. MANDATORY COVERAGES

1. FARM BUSINESS ACCIDENT

Provides coverage for direct physical damage to property that generates, transmits, or utilizes energy, including electronic communications and data processing equipment; or which, during normal usage, operates under vacuum or pressure, other than weight of contents.

This coverage is subject to the total amount of property coverage shown on the Declarations page, except as noted.

- a. Farm Business Property Coverage – Covers direct physical damage to covered property that is the direct result of a farm business accident.
- b. Off Premises Property Damage – Covers physical damage to transportable covered farm equipment that is not at a location described in the Declarations or at a location owned or leased by you.
- * c. Spoilage – Coverage is provided for physical damage to perishable goods caused by a farm business accident to a freezer or refrigerated unit on the insured premises, subject to a limit of \$250,000.
- * d. Data Restoration – Coverage is provided for costs incurred to research, replace or restore lost data, including farm business data stored on computer equipment located in the residences premises, subject to a limit of \$250,000.
- * e. Expediting Expenses – Coverage is provided for extra costs incurred to make temporary repairs and to expedite permanent repairs or permanent replacement, subject to a limit of \$250,000.
- * f. Hazardous Substances – Coverage is provided for additional costs incurred to repair or replace covered property because of contamination by a hazardous substance, including the additional expenses to clean up or dispose of such property, subject to a limit of \$250,000.

RULE 101.

DESCRIPTION OF COVERAGES *(Cont'd.)*

- * **g.** Electrical Generating Equipment – Coverage is provided for electrical generating equipment capable of producing a maximum out of 500 kilowatts, subject to a limit of \$100,000.

Refer to Home Office if:

- 1) A limit in excess of \$100,000 is requested;
- 2) Electrical generating equipment produces over 500 kilowatts; or
- 3) Wind turbines.

- h.** Newly Acquired Locations – All coverage provided under this Equipment Breakdown Coverage are extended to a newly acquired location purchased or leased during the policy period.

Coverage begins when the property is acquired (or, if this is a construction project, when the insured has fully accepted the completed project).

Coverage ends at the earliest of the following:

- 1) The policy expires;
- 2) 30 days after acquisition; or
- 3) The location is incorporated into the regular coverage of:
 - a) This policy; or
 - b) Another Equipment Breakdown policy issued to the same insured.

- * **i.** Livestock – Coverage is provided for livestock when housed in confinement buildings. The most that will be paid is \$25,000 in a 12-month period. Increased limits are not available.

- * **j.** Poultry – Coverage is provided for poultry when housed in confinement buildings. The most that will be paid is \$25,000 in a 12-month period. Increased limits are not available.

The limits described in paragraphs **c.** through **j.** are a part of, and not in addition to, the Equipment Breakdown Limit.

2. DWELLING ACCIDENT

Provides coverage for direct physical damage to covered equipment located in the residence premises where you reside and any additional dwelling(s) where you do not reside if located on the farm premises that are specifically identified in the Declarations. Covered equipment is equipment that generates, transmits, or utilizes energy; or which, during normal usage, operates under vacuum or pressure, other than weight of contents.

Additional Dwelling(s) – If more than one dwelling is located on the farm premises, Equipment Breakdown Coverage may be added to each additional dwelling for an additional charge. See rate pages for rates.

This coverage is subject to the total amount of property coverage shown on the Declarations page, except as noted:

- a.** Dwelling Accident Property Coverage – Covers direct physical damage to covered property that is the direct result of a dwelling accident;
- * **b.** Loss of Use – Coverage is provided for additional living expense and loss or rent if the insured's residence premise is rendered uninhabitable by a dwelling accident, subject to a limit of \$10,000;
- * **c.** Refrigerated Products – Coverage is provided for physical damage to perishable goods, subject to a limit of \$10,000;
- d.** Expediting Expenses – coverage is provided for extra expense incurred to make temporary repairs and expedite permanent repairs or replacement, subject to a limit of \$25,000.
- * **e.** Hazardous Substances – Coverage is provided for additional costs incurred to repair or replace covered property because of contamination by a hazardous substance, including the additional expenses to clean up or dispose of such property, subject to a limit of \$10,000 per policy period.
- * **f.** Off-Premises Coverage – Dwelling Accident – Provides coverage while covered dwelling equipment is temporarily at a premises or location other than in the dwelling described in the Declarations.

The limits described in paragraphs **b.** through **f.** are a part of, and not in addition to, the Equipment Breakdown Limit.

Increased limits are not available.

**RULE 102.
LIMITS OF INSURANCE**

A. EQUIPMENT BREAKDOWN COVERAGE LIMIT

The limit applicable to an equipment breakdown loss is the total amount of coverage shown on the Declarations for all property coverage provided by the policy.

B. SUB-LIMITS

The following sub-limits are included, as indicated below.

1. Farm Business Accident:

- * a. \$250,000 applies to a farm business accident which results in damage covered under Spoilage, Data Restoration, Expediting Expenses, and Hazardous Substances.
- b. \$100,000 applies to damage to Electrical Generating Equipment.

* **2. Dwelling Accident:**

- a. \$10,000 applies to Refrigerated Products;
- b. \$10,000 applies to Loss of Use;
- c. \$25,000 applies to Expediting Expenses; and
- d. \$10,000 applies to Hazardous Substances.

The sub-limits described above are a part of, and not in addition to, the Equipment Breakdown Coverage Limit.

**RULE 103.
ELIGIBILITY**

To be eligible for Equipment Breakdown Coverage, the property must be in good condition and well maintained and must meet the Underwriting Guidelines listed below. This coverage can be written as new business or added to the policy at anniversary or renewal.

UNDERWRITING GUIDELINES:

- A.** Insured must have a farm property policy written with a reinsured member mutual to be eligible for Equipment Breakdown Coverage under any of the programs described in this part.

B. The limits must not exceed the following:

1. The total amount of property coverage listed on the Declarations must not exceed \$10 million;
- * 2. The limits for Spoilage, Data Restoration, Expediting Expenses, and Hazardous Substances, under the Farm Business Accident Coverage must not exceed \$250,000; and
3. The limit stated on the Declarations for Business Income, if any, must not exceed \$100,000.

C. If risk exceeds any of the above criteria or it includes any of the following, the risk must be referred to Home Office for acceptance and rating, along with a copy of the Declarations (or application) for the farm property policy and any other pertinent information relating to the request for Equipment Breakdown Coverage.

1. Any risk with an Equipment Floater or Contractor Installation Floater requiring equipment breakdown coverage for that exposure;
2. Any risk involved in power generation requiring Business Income and/or Extra Expense coverage. A copy of the contract must be submitted to Home Office;
3. Any Farmowners risk reflected in the following table:

Type/Class Description
Chicken Egg Production
Broilers and Other Meat Type Chicken Production
Turkey Production
Poultry Hatcheries
Other Poultry Production

4. Any risk which has had an equipment breakdown loss greater than \$25,000; or
5. Any risk which has had two or more equipment breakdown losses in a 24 month period.

**RULE 104.
CLASSIFICATIONS**

The classifications used for rating purposes are listed below.

A. CLASS A

This class is designed for rural landowners with minimal incidental farming exposure and whose principal source of income is not derived from farming operations.

This class will generally qualify for the Farm Program, as described in **Rule 103. Eligibility**.

Refer to rate page for rates.

B. CLASS B

This class is designed for farm operations consisting primarily of:

1. Growing crops;
2. Raising livestock; and/or
3. Small dairy or confinement operations.

Class B may qualify for the Farm or (Referral) Program, depending on the characteristics and amounts of coverage as described in **Rule 103**.

Refer to rate page for rates.

C. CLASS C

This class is designed for farming operations with greater than normal exposure to equipment breakdown loss, such as:

1. Dairy operations that are highly mechanized; or
2. Large livestock confinement operations.

Class C may qualify for the Farm (Referral) Program, depending on the characteristics and amounts of coverage as described in **Rule 103**.

Refer to rate page for rates.

D. CLASS D

This class is designed for rural dwellings whose owner's principal occupation does not involve farming.

* **E. ADDITIONAL DWELLINGS**

Equipment Breakdown coverage is included in the rates shown for Classes A, B, C, and D for:

1. One dwelling which is described in the Declarations and is located on the farm premises; or
2. A condominium unit described in the Declarations which is occupied by the named insured.

If there are additional dwellings located on the farm premises, Equipment Breakdown coverage may be extended to these dwellings for a charge.

Refer to rate page for rates.

**RULE 105.
DEDUCTIBLES**

In the event of loss to property covered under farm business accident and dwelling accident, arising from the same occurrence, the highest deductible applicable will apply.

If the loss does not involve property coverage under farm business and dwelling, the following applies:

A. FARM BUSINESS DEDUCTIBLE

1. Deductible(s) apply as described below:

- a. The Equipment Breakdown Deductible shown in the Declarations.

If a separate Equipment Breakdown Deductible is stated, the Declarations may indicate that your Equipment Breakdown deductible is combined for all coverages. If not, multiple deductibles may apply to any one accident.

If deductibles vary by type of covered farm equipment and more than one type of covered farm equipment is involved in any one accident, only the highest deductible for each coverage will apply, or

- b. The policy deductible stated in the Declarations applies, subject to a \$500 minimum and \$2,500 maximum.

If a separate Equipment Breakdown Deductible is not shown in the Declarations, we will not pay for loss, damage, or expense until the amount of loss, damage or expense exceeds \$500 or the policy deductible stated in the Declarations.

RULE 105.
DEDUCTIBLES (*Cont'd.*)

B. DWELLING DEDUCTIBLE

In the event of a dwelling accident, we will not pay for loss, damage, or expense resulting from any one accident until the amount of loss, damage, or expense exceeds \$500. We will then pay the amount of loss, damage, or expense in excess of the deductible, subject to the applicable limits shown in the Declarations.

RULE 106.
PREMIUM DISCOUNTS

This coverage is not subject to any policy discounts.

RULE 107. – 199.
RESERVED FOR FUTURE USE

PART II – MANDATORY FORMS

The following forms and endorsements are required to complete the necessary parts to provide Equipment Breakdown Coverage. Consult each coverage part and endorsement for detailed explanation of conditions and coverages.

RULE 200.
RC 4901 – EQUIPMENT BREAKDOWN COVERAGE
FARMOWNERS

Use this form for eligible risks. Refer to **Rule 103.** for eligibility information.

RULE 201.
SPECIAL PROVISIONS

The Special Provisions listed below amend the Equipment Breakdown Coverage – Farmowners (**RC 4901**) to comply with state statutes, regulations and case law.

State	Form Number
IA	None
IL	RC 660215
IN	RC 660315
MN	RC 660515
MO	RC 660615 (Part II Assessable RL) RC 660616 (Part I & II Assessable AFD and Part II Non-Assessable AFD) RC 660617 (Part II Non-Assessable RL)
NE	RC 660715
ND	RC 660815
OH	None
SD	RC 660915
WI	RC 660415

RULE 202.
RC 4905 – EQUIPMENT BREAKDOWN COVERAGE
NOTICE, REJECTION OF EQUIPMENT
BREAKDOWN COVERAGE

(Available in IA, IN, MO, ND, NE, SD, and WI)

This form needs to be attached only when a mutual elects to roll Equipment Breakdown Coverage onto all Farmowners policies for a charge.

The form notifies the insured that the coverage has been rolled on and of their right to reject coverage by signing the rejection form and returning it to the agent or company.

If coverage is rejected, 100% of the premium must be re-funded.

* **RULE 203. – 299.**
RESERVED FOR FUTURE USE

PART III – OPTIONAL FORMS

The following optional forms and endorsements are available for use with Equipment Breakdown Coverage – Farmowners. Consult each endorsement for a detailed explanation of its conditions and coverages.

* **RULE 300.**
RC 4903 – BUSINESS INCOME, EXTRA EXPENSE,
AND SERVICES INTERRUPTION

This is a non-premium bearing endorsement that can be attached only when the base policy provides coverage for Business Income and/or Extra Expense.

This endorsement extends the coverage provided by the base farm property policy for Business Income and/or Extra Expense to apply to loss caused by or resulting from a covered Equipment Breakdown loss. When **RC 4903** is attached, coverage is also provided for loss resulting from Service Interruption.

The limit shown in the Declarations for Business Income, Extra Expense, or Business Income and Extra Expense is the limit that applies to loss caused by Equipment Breakdown.

RULE 301. – 399.
RESERVED FOR FUTURE USE

**EQUIPMENT BREAKDOWN – FARMOWNERS
RATES – ANNUAL PREMIUM**

MULTISTATE

* **EQUIPMENT BREAKDOWN COVERAGE FARMOWNERS (RC 4901)
FARM BUSINESS PROPERTY DAMAGE**

DESCRIPTION	DEDUCTIBLE				
	\$500	\$750	\$1,000	\$1,500	\$2,500
Class A	\$ 72.00	\$ 67.00	\$ 65.00	\$ 58.00	\$ 50.00
Class B	99.00	92.00	90.00	77.00	70.00
Class C	180.00	167.00	164.00	142.00	128.00
Class D Rural Dwelling	43.00	N/A	N/A	N/A	N/A
Additional Dwelling(s)	43.00	N/A	N/A	N/A	N/A
Risks that exceed criteria for above classes:	REFER TO COMPANY				

INCREASED LIMITS FOR ELECTRICAL GENERATING EQUIPMENT (RC 4901)

COVERAGE	LIMIT	
	\$100,000 / up to 500 kw	\$100,001 or more / more than 500 kw
Electrical Generating Equipment	Included	REFER TO COMPANY