

**AMERICAN NATIONAL PROPERTY AND CASUALTY COMPANY
AMERICAN NATIONAL GENERAL INSURANCE COMPANY**

HOME SYSTEMS AND SERVICE LINE ENDORSEMENT

In consideration of additional premium, we will provide the insurance described in this endorsement in compliance with all applicable provisions of your Homeowners policy.

PART I - HOME SYSTEMS BREAKDOWN COVERAGE

AGREEMENT

We will provide the insurance described in Part I – Home Systems Breakdown Coverage in compliance with all applicable provisions (including but not limited to, Definitions, Exclusions and Conditions) of your Homeowners policy. The most we will pay for loss, damage or expense arising from any **one home system breakdown** is \$50,000. Coverage provided under PART I of this endorsement does not increase any **limit of liability** under SECTION I – PROPERTY COVERAGES.

DEFINITIONS

The following additional definitions are applicable only to Part I of this endorsement:

1. **“Computer equipment”** means electronic data processing hardware and related peripheral equipment. This includes, but is not limited to, laptops, monitors and display screens, **media**, keyboards, printers, modems and permanently installed wiring associated with such equipment.
2. **“Covered home system(s)”**
 - a. **Covered home system(s)** means property covered under Coverage A – Dwelling and Coverage B – Other Structures:
 - (1) that generates, transmits or utilizes energy; or
 - (2) which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.

Covered home systems may utilize conventional design and technology or new or newly commercialized design and technology.
 - b. None of the following are **covered home systems**:
 - (1) supporting structure, cabinet or compartment;
 - (2) insulating material associated with **covered home systems**;
 - (3) water piping other than boiler feed water piping, boiler condensate return piping or water piping connected to a heating or air conditioning system;
 - (4) wastewater piping or piping forming a part of a fire protective sprinkler or irrigation system;
 - (5) buried or encased piping or buried vessels, however, interior buried or encased piping connected to the **dwelling’s** heating or air conditioning system is considered **covered home systems**;
 - (6) software or electronic data;
 - (7) kitchen or laundry appliances, including but not limited to, refrigerator, dishwasher, oven, stove, clothes washer or clothes dryer, unless permanently installed in the dwelling;
 - (8) **computer equipment** or any electronic component used with such **computer equipment**, unless it is used to operate **covered home systems** or is permanently installed as part of the **dwelling**; or
 - (9) electronic entertainment equipment, including but not limited to, television or stereo equipment, or any electronic component used with such electronic entertainment equipment.
3. **“Home system breakdown”**
 - a. **Home system breakdown** means sudden and accidental:
 - (1) mechanical breakdown;

- (2) electrical breakdown; or
- (3) bursting, cracking or splitting;

of **covered home systems** that results in direct physical damage and requires repair or replacement of all or part of the damaged **covered home systems**.

b. None of the following is a **home system breakdown**:

- (1) rust, corrosion, erosion, deterioration or gradual loss of efficiency or functionality of **covered home system**;
- (2) leakage or seepage at or from any connection, valve, fitting, shaft or seal;
- (3) any 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) complete or partial interruption of electrical power, fuel or water supply, whether deliberate or accidental;
- (5) any condition which can be corrected by resetting, recalibrating or by the performance of maintenance; or
- (6) cosmetic or other damage that does not impair functionality.

- 4. **“Media”** means material on which data is recorded. This includes, but is not limited to, magnetic tapes, hard drives, optical storage drives or CD/DVD drives.
- 5. **“One home system breakdown”** means, if an initial **home system breakdown** causes other **home system breakdowns**, all will be considered **one home system breakdown**. All **home system breakdowns** that are the result of the same event will be considered **one home system breakdown**.

PROPERTY COVERAGES

The following coverages are added to SECTION I – PROPERTY COVERAGES, subject to the **limit of liability** provided under the Agreement section of Part I of this endorsement:

1. **Damage to Covered Home Systems**

We will pay for direct physical damage to **covered home systems** resulting from a **home system breakdown** that occurs on the **residence premises**.

2. **Spoilage**

With respect to your refrigerated property, we will pay up to \$500:

- a. for physical damage due to spoilage that is the result of an **home system breakdown**;
- b. any necessary expenses you incur to reduce the amount of loss under this coverage to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.

3. **Loss of Use**

Coverage for Additional Living Expense and Fair Rental Value, as defined under COVERAGE D – LOSS OF USE, is extended to the coverage provided under Part I of this endorsement.

4. **Reasonable Expenses**

With respect to your **covered home system** that is damaged as the result of a **home system breakdown**, we will pay the reasonable cost to:

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

EXCLUSIONS

The following additional exclusions apply only to Part I of this endorsement:

We will not pay for:

1. loss, damage or expense caused by or resulting from electrical power surge or brown out caused by lightning or any other naturally occurring event;
2. any property that is not a **covered home system** except for refrigerated property to the extent it is covered under Spoilage;
3. loss, damage or expense caused by or resulting from any of the following, whether the excluded cause of loss occurs on or off the **residence premises**:
 - a. fire (including fire resulting from a **home system breakdown**); or water or other means used to extinguish a fire;
 - b. explosion;
 - c. lightning; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; breakage of glass; falling objects; weight of snow, ice or sleet; freezing (caused by cold weather); collapse;
 - d. vandalism, malicious mischief or theft;
 - e. flood, surface water, waves, tides, tidal waves, tsunamis, overflow of any body of water, or their spray, all whether driven by wind or not; mudslide or mudflow; or water that backs up or overflows from a sewer, drain or sump, and any other water damage including water damage resulting from a **home system breakdown**; or
 - f. any earth movement, including but not limited to earthquake, subsidence, sinkhole collapse, landslide, earth sinking, or volcanic action.

DEDUCTIBLE

We will pay only that part of the loss that exceeds \$1,000. No other deductible applies to Part I of this endorsement.

CONDITIONS

The following additional conditions are applicable only to Part I of this endorsement:

1. Environmental, Safety and Efficiency Improvements

If a **covered home system** requires replacement due to a **home system breakdown**, we will pay the additional cost (up to 150% of the cost to replace with like kind and quality) to replace the damaged **covered home system** with one that is better for the environment, safer for people, or more energy or water efficient than the system being replaced.

However, we will not pay to increase the size or capacity of the system. This condition does not apply to the replacement of component parts or to any property to which **actual cash value** applies and does not increase any of the applicable limits.

2. Loss Settlement

Losses under Part I of this endorsement will be settled as follows:

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

- (1) the cost it would have taken to repair or replace the damaged property at the time of the **home system breakdown**; or
- (2) the **actual cash value** of the damaged property at the time of the **home system breakdown**.

PART II - SERVICE LINE COVERAGE

AGREEMENT

We will provide the insurance described in Part II – Service Line Coverage in compliance with all applicable provisions (including but not limited to, Definitions, Exclusions and Conditions) of your Homeowners policy. Our **limit of liability** for loss, damage or expense arising from any **one service line failure** is \$10,000. Coverage provided under PART II of this endorsement does not increase any **limit of liability** under SECTION I – PROPERTY COVERAGES.

DEFINITIONS

The following additional definitions are applicable only to Part II of this endorsement:

1. **“Covered service line”** means underground piping and wiring, including permanent connections, valves or attached devices, as described and limited below.
 - a. A **covered service line** must be one of the following:
 - (1) water piping that connects from the dwelling or other structure to a:
 - (a) public water supply system;
 - (b) private well system;
 - (c) cistern or retention pond; or
 - (d) heating system located outside the dwelling or other structure;
 - (2) steam piping that connects from the dwelling or other structure to a heating system located outside the dwelling or other structure;
 - (3) ground loop piping that connects to a heat pump;
 - (4) sewer piping that connects from the dwelling or other structure to a:
 - (a) public sewer system; or
 - (b) private septic system;
 - (5) drain piping that drains water away from the dwelling or other structure;
 - (6) power line or electrical wiring; or
 - (7) communication or data transmission wiring, including but not limited to telephone, cable, internet and fiber optic wiring.
 - b. The **covered service line** must be owned by you or you must be responsible for its repair or replacement as required by law, regulation or service agreement. Should repair or replacement be your responsibility, a **covered service line** ends at the precise location where your responsibility for such repair or replacement ends. However, in no event will a **covered service line** extend beyond the point of connection to the main service or utility line.
 - c. **Covered service line** does not include:
 - (1) that part of piping or wiring that runs through or under a body of water, including but not limited to a swimming pool, pond or lake;
 - (2) that part of piping or wiring that runs through or under the dwelling or other building;
 - (3) piping that is connected to outdoor property, including but not limited to sprinklers, irrigation systems, swimming pools, hot tubs and decorative ponds; or
 - (4) piping or wiring that is not connected and ready for use.
2. **“Earth movement”** means:
 - a. earthquake, including land shock waves or tremors before, during or after a volcanic eruption;

- b. landslide, mudslide or mudflow;
 - c. subsidence or sinkhole collapse;
 - d. volcanic action; or
 - e. any other naturally occurring earth movement including earth sinking, rising or shifting.
3. **“One service line failure”** means: If an initial **service line failure** causes other **service line failures**, all will be considered **one service line failure**. All **service line failures** that are the result of the same event will be considered **one service line failure**.
4. **“Service line failure(s)”** means a leak, break, tear, rupture, collapse or arcing of a **covered service line**. **Service line failure** does not include blockage or low pressure of a **covered service line**.

COVERAGES

The following coverages are subject to the **limit of liability** provided under the Agreement section of Part II of this endorsement:

1. **Damages to Covered Service Line**
We will pay for physical damage to your **covered service line** that is the direct result of a **service line failure**.
2. **Excavation Costs**
With respect to your **covered service line** that is damaged as the result of a **service line failure**, we will pay the necessary and reasonable excavation costs that are required to repair or replace the damaged **covered service line**.
3. **Reasonable Expenses**
With respect to your **covered service line** that is damaged as the result of a **service line failure**, we will pay the reasonable cost to:
 - a. make temporary repairs; and
 - b. expedite permanent repairs or replacement.
4. **Loss of Use**
Coverage for Additional Living Expense and Fair Rental Value, as described under COVERAGE D – LOSS OF USE, is extended to the coverage provided by Part II of this endorsement.
5. **Outdoor Property**
We will pay for your outdoor property, including but not limited to trees, shrubs, plants, lawns, walkways and driveways, that is damaged as a result of a **service line failure** or that is damaged during the excavation of your **covered service line** following a **service line failure**.

EXCLUSIONS

1. If any of the following causes of loss are excluded by your policy, then those exclusions do not apply to Part II of this endorsement:
 - a. wear and tear, marring, deterioration or hidden decay;
 - b. rust or other corrosion;
 - c. mechanical breakdown, latent defect or inherent vice;
 - d. weight of equipment, animals or people;
 - e. artificially generated electrical current; or
 - f. freezing.
2. The following additional exclusions are applicable only to Part II of this endorsement:
 - a. We will not pay for loss or damage to:
 - (1) septic systems, including leach fields, septic tanks, pumps, motors or piping that runs from the septic tank to the leach fields;
 - (2) water wells, including well pumps or motors;
 - (3) heating and cooling systems, including heat pumps; or

- (4) irrigation or sprinkler systems.
- b. We will not pay for loss or damage to a **covered service line** that is damaged while it is being installed, dismantled or repaired. However, this exclusion shall not apply if a covered **service line failure** necessitated such installation, dismantling or repair.
- c. We will not pay to clean up or remove pollutants, hazardous waste or sewage.
- d. We will not pay under Part II of this endorsement for loss or damage caused by or resulting from any of the following causes of loss:
 - (1) fire; or water or other means used to extinguish a fire;
 - (2) explosion;
 - (3) lightning; windstorm or hail; smoke; aircraft; riot or civil commotion; theft; breakage of glass;
 - (4) flood, surface water, waves, tides, tidal waves, tsunami, overflow of any body of water, or their spray, all whether driven by wind or not; or water that backs up or overflows from a sewer, drain or sump; or
 - (5) **earth movement**, except for **earth movement** that results from the ground thawing after a freeze.
- e. We will not pay additional costs incurred for loss or increased usage of water or any other service caused by or resulting from a **service line failure**.

DEDUCTIBLE

Subject to the **limit of liability** provided under the Agreement section of Part II of this endorsement, we will pay only that part of the loss that exceeds \$1,000. No other deductible applies to Part II of this endorsement.

CONDITIONS

The following additional conditions are applicable only to Part II of this endorsement:

1. Environmental, Safety and Efficiency Improvements

If a **covered service line** requires replacement due to a **service line failure**, we will pay the additional cost (up to 150% of the cost to replace with like kind and quality) to replace the damaged **covered service line** with materials that are better for the environment, safer for people, or more energy or water efficient than the materials being replaced.

However, we will not pay to increase the size or capacity of the materials. This condition does not increase the **limit of liability** that applies to Part II of this endorsement.

2. Loss Settlement

Losses under Part II of this endorsement will be settled as follows:

- a. Our payment for damaged covered property will be the smallest of:
 - (1) the **limit of liability** that applies to Part II of this endorsement;
 - (2) the cost to repair the damaged property;
 - (3) the cost to replace the damaged property on the same **residence premises**; or
 - (4) the necessary amount actually spent to repair or replace the damaged property.
- b. Except as described in Environmental, Safety and Efficiency Improvements above, you are responsible for the extra cost of replacing damaged property with property of a better kind or quality or of a different size or capacity.
- c. You are responsible for the extra cost to alter or relocate a **covered service line**, unless such alteration or relocation is required by law or ordinance.