

# P3 Power Protection Plan

## Power Train & Hydraulic Coverage Terms and Conditions

01/01/2012

This CONTRACT is subject to the following terms, provisions, conditions, limitations, extensions, exceptions and definitions. No person has the authority to change or to waive any of its provisions. This CONTRACT is for the sole benefit of the CONTRACT HOLDER named herein and applies only to the EQUIPMENT described in the CERTIFICATE OF COVERAGE.

### A. KEY TERMS AND DEFINITIONS

- WE, US, OUR, DEALER, MANUFACTURER means the INSURER issuing this CONTRACT.
- YOU, YOUR, CONTRACT HOLDER means the owner of the EQUIPMENT listed in the CERTIFICATE OF COVERAGE.
- ADMINISTRATOR means the company appointed by US to administer this CONTRACT. The ADMINISTRATOR has no liability to YOU. The ADMINISTRATOR of this contract is Takeuchi Mfg. (U.S.), Ltd.
- CERTIFICATE OF COVERAGE means the enrollment certificate issued by Takeuchi when YOU enroll an EQUIPMENT/MACHINE. The CERTIFICATE OF COVERAGE lists the EQUIPMENT/MACHINE serial#, MANUFACTURER, model, type of coverage, years of coverage, hours of coverage, DEDUCTIBLE, MANUFACTURER warranty dates, and extended warranty dates.
- CONTRACT means this EQUIPMENT SERVICE CONTRACT. It is a CONTRACT between YOU and US.
- DEDUCTIBLE means the portion of the repair that is covered by this CONTRACT which YOU must first pay for each unrelated FAILURE. The DEDUCTIBLE amount is outlined in the CERTIFICATE OF COVERAGE.
- EQUIPMENT/MACHINE means the EQUIPMENT described in the CERTIFICATE OF COVERAGE.
- MECHANICAL BREAKDOWN or FAILURE means the actual breaking or electronic failure of any covered part of the covered MACHINE while in ordinary use arising from faults attributable to manufacturing defects in workmanship or materials in such MACHINE causing sudden stoppage of the functions thereof and necessitating repair before it can resume work.

### B. COMPONENTS COVERED

1. **Engine-** All internal parts (excluding external lines and hoses), engine electronic controls.
2. **Fuel System** – Fuel transfer pump, fuel injection pump, fuel injection valve/nozzle, fuel injection lines and unit injectors. Governor group. Multiple fuel injector failures occurring at the same time are excluded from coverage.
3. **Air Induction And Exhaust System-** Piping from the turbocharger to the intake manifold, exhaust manifold, turbocharger including controls. Aftercooler/Innercooler group.
4. **Cooling System-** Fan group, belt tighteners, fan assembly, fan drive assembly, hydraulic fan motor and hydraulic fan pump. Water pump including the drive group. Engine oil cooler, transmission oil cooler and hydraulic oil cooler on hydrostatically driven units only. Thermostat/water temperature regulator.
5. **Transmission-** Manual shift transmission, flywheel clutch group (excluding dry clutch discs, excluding external controls), torque converter group, power shift transmission including hydraulic and electronic controls, transmission pump, pump drive, scavenge pump, oil filter base. Transfer gear group excluding parking brake. Hydrostatic transmission including control valves, main hydraulic pump, pump drive, drive motors and all high pressure lines from the pumps to drive motors. Charge pump. Countershaft transmission including clutch group, pumps and controls.

6. **Drive Line**- Universal joint, drive line/shaft, drive shaft support and constant velocity universal joint.
7. **Drive Systems (Track Type Machines Only)**- Steering clutch and brake including controls, bevel gear, shaft and bearing. Differential steering planetary, differential drive and brake (excluding external controls), planetary, brake and differential steering control valve. Final Drive.
8. **Drive Systems (Wheeled Machines Only)**- Differential (excluding external brake controls), differential housing, bevel gear, bevel gear shaft and bearing. Differential lock and differential lock actuator valve. Drive axle front and rear. Final Drives.
9. **Wheels And Axles**- Wet brakes (excluding external brake controls), drive chain, tandem drive, tandem drive housing, tandem drive stub axle and drive sprocket. Tandem drive mounting. Excludes dry brakes.
10. **Swing Gear Assembly**- Swing gear, swing gear motor and swing gear reduction unit.
11. **Electrical**- Central processing unit, electronic control module.
12. **Hydraulics** - Pump, motors, valves, hydraulic cylinders, hoses, lines, and controls. Excluding brake controls. Excluding quick couplers.

### C. WHAT IS NOT COVERED

1. The below component list identifies specifically excluded items.
  - Air Conditioning controls and components
  - Alarm (back up)
  - Alternator
  - Batteries
  - Belts, bands, chains, ropes
  - Brake discs, including brake bands
  - Cables, control (external), connecting wire
  - Dipsticks (engine or transmission)
  - Doors, door latches, handles, or hinges
  - Dry clutches
  - Exchangeable or replaceable parts not contained within or forming an operational part of the engine, transmission, differential or final drive
  - Frame (loss or damage to) or failure of hardware attaching covered components to the frame
  - Horn
  - Lights (operating or warning), bulbs
  - Lines or hoses for oil, water, and air (external), except hydrostatic lines & hoses between the drive pump and motor
  - Maintenance items such as belts, filters, fluids, lubricants, and all routine service supply items
  - Mirrors, mirror brackets
  - Muffler
  - Packing material
  - Paint
  - Radiator, radiator hose, radiator cap
  - Radio
  - Rails (grab)
  - Seat assembly & controls, seat belts
  - Starter
  - Tires, rims, and valve stems
  - Tools- all ground engaging tools
  - Undercarriage components that fail as a result of normal wear
  - Wear/Tear
  - Wear Items such as pins, bushings, teeth, cutting edges, wear strips, etc.
  - Weather stripping

Please note, if a component is not specifically denoted as being covered under section **B. Components Covered**, it is not considered a covered component under this service contract.

2. Additional non-covered items:

- Loss of time, inconvenience, bodily injury, property damage, or other incidental or consequential damage that results from MECHANICAL BREAKDOWN or FAILURE, including: loss of use of any EQUIPMENT or consequential loss of any nature whatsoever, penalties for delay or detention, or in connection with guarantees of performance or efficiency.
- Storage, freight charges, shop supplies, EPA charges, waste disposal charges and taxes.
- Repairs to any non-covered parts.
- The cost of establishing preventative procedures or the cost of recall by the Manufacturer of the covered EQUIPMENT or any part thereof nor the cost of alterations, additions, improvements or overhauls.
- Additional loss or damage which is occasioned by the CONTRACT HOLDER or operator's failure to use all reasonable precautions to protect the EQUIPMENT from any further loss or damage after a MECHANICAL BREAKDOWN or FAILURE has occurred.
- Minor adjustments

This contract does not consider a machine's downtime with relation to parts availability or job completion deadlines.

3. MECHANICAL BREAKDOWN OR FAILURE caused by:

- Collision, negligence, misuse, abuse, or lack of maintenance
- Any external cause including but not limited to the following:
  - aircraft and other aerial devices or articles dropped there from
  - collapse of buildings
  - earthquake, tsunami, volcanic eruption, or other convulsion of nature
  - explosion
  - fire including fire extinguishing
  - flood, inundation, escaping water from water containing apparatus
  - lightening, hurricane, tornado, typhoon, cyclone or other atmospheric disturbances
  - subsidence, landslide, rock fall, avalanche
  - theft or any attempt of theft
  - or clearance of debris, demolition or dismantling arising from the above causes
- Any legal liability of whatsoever nature
- Any wastage of material, wearing away or wearing out of any part of the EQUIPMENT caused t or resulting from:
  - boiler scale
  - cavitations
  - corrosion
  - deterioration due to chemical or atmospheric conditions
  - erosion
  - ordinary usage
  - other environmental conditions
  - other scratching of painted or polished surfaces
  - rust
- Arising out of the FAILURE of an otherwise covered part that does not meet manufacturer's specifications, including modification and/or alterations to the EQUIPMENT not approved by the manufacturer's authorized representative or the ADMINISTRATOR
- Caused by the application of any tool or process during the course of maintenance, inspection, modification or overhaul
- Caused by the imposition of abnormal conditions, directly or indirectly resulting from testing, intentional overloading or experiments
- Covered by warranty, repairer's guarantee, other service contract, or insurance policy
- Damage to a covered component that is caused by the failure of a non-covered component
- Directly occasioned by pressure waves caused by aircraft or other aerial devices traveling at sonic or supersonic speeds

- Due to continued operation and failure to protect the EQUIPMENT from further damage caused by lack of necessary coolants or lubricants, of a covered part which is damaged by fuel or lubricant contamination or rust
- Slowly developing, deformation, distortion, cracks, fractures, blisters, laminations, flaws or grooving or the making good of defective tube joints or other defective joints or seams unless such defects in damage otherwise covered under this CONTRACT
- That is a direct result of a mechanical or structural defect when the manufacturer has announced a public recall or a product support program for the purpose of correcting such defect
- That occurs prior to this CONTRACT'S issue date/effective date, whichever is earlier, or after this CONTRACT'S expiration
- Transportation to and from repair facility
- Where it is determined that for more than one (1) month or two hundred (200) hours that the service meter has been inaccurate, inoperative, or altered so that the EQUIPMENT'S true usage cannot be verified

## **D. CONTRACT RESPONSIBILITIES, LIMITATIONS AND EXTENSIONS**

### **OUR RESPONSIBILITIES**

WE agree to pay to repair or replace any of the parts covered, if required due to a MECHANICAL BREAKDOWN or FAILURE when the MECHANICAL BREAKDOWN or FAILURE is deemed to be covered under this warranty.

### **YOUR RESPONSIBILITIES**

To keep this CONTRACT valid, YOU must have YOUR EQUIPMENT serviced as recommended by the EQUIPMENT DEALER. If requested, proof of required service showing date and service meter hours of the EQUIPMENT at the time of service must be presented to the ADMINISTRATOR during the time period in which a claim is being considered for payment. Failure to provide proof of service may terminate the service contract and result in the denial of the claim.

Upon customary and reasonable notice of the occurrence of a MECHANICAL BREAKDOWN or FAILURE, YOU shall protect the EQUIPMENT from further damage, whether or not such MECHANICAL BREAKDOWN or FAILURE is covered by this CONTRACT. Any operation of the EQUIPMENT that results in further damage, related to the original MECHANICAL BREAKDOWN or FAILURE, shall be considered YOUR failure to protect the EQUIPMENT and shall not be covered under this CONTRACT.

Upon submission of a claim the repairing DEALER or YOU must provide all of the required information requested by Takeuchi. In addition the repairing DEALER or YOU must provide a detailed and valid failure analysis related to the failure of the covered component related to the claim.

The ADMINISTRATOR must be notified of any proposed alterations or additions to the EQUIPMENT and of any proposed departure from ordinary working conditions and if any such modifications be made, or the maximum current or pressure at which the EQUIPMENT is designed to operate, or any lower maximum stipulated by the ADMINISTRATOR in writing be exceeded without the written consent of the ADMINISTRATOR, then in the event of BREAKDOWN, no coverage shall exist. If the ADMINISTRATOR cannot approve the proposed modification, the coverage may be terminated.

## **E. CONTRACT PERIOD/TERRITORY**

The contract period is outlined in the CERTIFICATE OF COVERAGE.

EQUIPMENT is not considered new if the base warranty has expired or if the current hour meter reading exceeds the base warranty hourly limitation.

If the EQUIPMENT is new, the time and hour limits of the term selected start the day the EQUIPMENT Manufacturer's Warranty starts and at zero (0) hours. Coverage expires when the length of time or accumulated hours (whichever occurs first) of the extended warranty term selected is reached.

If the EQUIPMENT is used, the time and hour limits of the term selected start on the date issued/EQUIPMENT delivery date and from the hours on the service meter on that date. Coverage expires when the length of time of the term is reached or total hours on the EQUIPMENT is equal to the sum of the selected term hours plus stated hours on the EQUIPMENT at delivery date, whichever comes first.

This CONTRACT applies only to a MECHANICAL BREAKDOWN or FAILURE occurring within the United States and Canada.

## **F. LIMITS OF LIABILITY**

Liability shall be limited to the reasonable price for repair or replacement of any covered part; not to exceed the equipment manufacturers suggested retail price. The "Reasonable Price" for repair or replacement is based upon nationally recognized flat rate and/or factory manuals.

Labor reimbursement will be based on the DEALER'S suggested list price for shop labor. The contract will only allow for a \$3.00 dollar differentiation between different labor classifications as they are related to the DEALER'S suggested list price for shop labor.

The necessary replacement and/or repairs must be made with parts of like kind and quality, when available. If any parts are found to be unprocurable, the maximum liability shall be limited to the retail price for the costs associated with the necessary repairs to return the unit to an efficient operating condition as if the repair parts were available to the repairing service facility.

In no event shall the limit of liability for each occurrence of MECHANICAL BREAKDOWN or FAILURE under this CONTRACT exceed the lesser of US \$75,000 or fifty percent (50%) of the purchase price of YOUR EQUIPMENT. The aggregate total of all benefits payable to YOU under this CONTRACT shall not exceed 50% of the purchase price of YOUR EQUIPMENT.

The intent of this extended warranty is not to restore the product to a like-new condition, but rather to restore the product to its operating condition just prior to the extended warranty covered failure.

All repairs must be performed by a manufacturer authorized repair facility. The repair facility that performs the repairs must warrant its work to be free of defects in material or poor workmanship for a period no less than six (6) months or one thousand (1000) hours, starting from the date that the machine is put back into service,

Takeuchi reserves the right to consider component coverage based on a component's function when it is determined by Takeuchi that a terminology deficiency exists in the contract wording.

## **G. SUBROGATION**

YOU agree that WE, after honoring a claim on YOUR CONTRACT, have all rights of subrogation against those who may be responsible for YOUR MECHANICAL BREAKDOWN. YOU shall do whatever is necessary to secure such rights. YOU shall do nothing to prejudice such rights and YOU shall execute and deliver to US instruments and papers required either securing or maintaining such rights. All amounts recovered by YOU for which YOU were previously reimbursed under this CONTRACT shall become OUR property or the property of OUR designee and shall be forwarded to same by YOU, up to the total amount paid by US under this CONTRACT.

## **H. ARBITRATION**

In the event of any dispute concerning the interpretation of the CONTRACT by US and/or the ADMINISTRATOR, it shall be resolved by arbitration in accordance with the rules of the American Arbitration Association . YOU must first request arbitration from US or the ADMINISTRATOR in writing within sixty (60) days after YOU receive written notice that the dispute cannot be resolved. For claims arbitration, written demand must be made to either the ADMINISTRATOR or US within sixty (60) days of the claim denial. All arbitration proceedings must be held in Brunswick, GA.

## **I. TRANSFER OF THIS CONTRACT**

Contact US and submit the following:

- This CONTRACT- Written evidence verifying all maintenance requirements have been met.
- A copy of documentation evidencing change of ownership and service hours at date of sale.
- Photocopies of documents sent to the manufacturer verifying transference of factory warranty, if applicable .

Conditions:

- This CONTRACT cannot be transferred to other EQUIPMENT. It can only be transferred to a different owner.
- The EQUIPMENT is subject to inspection.
- Transfer must take place within fifteen (15) days of change of ownership.
- All remaining underlying warranties must be transferred to the new owner.
- Failure to notify the ADMINISTRATOR of the transfer will void the remaining contract period.

## **J. CANCELLATION**

The ADMINISTRATOR or INSURER may cancel if the covered EQUIPMENT does not meet the established underwriting guidelines . If the ADMINISTRATOR or INSURER cancels a full return of the premium charged for the covered EQUIPMENT will be processed.

If the CONTRACT HOLDER requests cancellation, the cancellation will be subject to a one hundred dollar (\$100) processing fee. The return premium will be processed on a pro-rata basis minus the one hundred dollar (\$100) processing fee.

No return premium will be allowed on cancellations for covered EQUIPMENT on which a claim has previously been filed.

## **K. IN CASE OF MECHANICAL BREAKDOWN OR FAILURE**

Within thirty (30) days of the date of FAILURE, the repairing DEALER/MANUFACTURER must provide the ADMINISTRATOR with a Repair Order detailing the FAILURE and the repairs, along with such other explanations or evidence as may be reasonably required by the ADMINISTRATOR, including a statutory declaration verifying the contents of the Repair Order, or other explanations or evidence .

If WE ask YOU, YOU must allow the ADMINISTRATOR to inspect YOUR EQUIPMENT to gather necessary information regarding any claim. YOU may be required to supply the ADMINISTRATOR with all maintenance records for service performed on the EQUIPMENT .

If the cost of repair is greater than one thousand (\$1000) dollars, the DEALER/MANUFACTURER and or YOU must, if requested, provide the ADMINISTRATOR with adequate photographic evidence of the affected parts, or preserve the parts affected, and make them available for inspection by the ADMINISTRATOR, or its representative. If the repair estimate exceeds three thousand (\$3000) dollars, contact Takeuchi before proceeding with repairs. Failure to pre-authorize could disqualify the claim.