

Business Policyholders Need Equipment Breakdown Coverage

Equipment keeps all kinds of businesses going. When equipment breaks down, it can bring business and income to a halt.

Today's equipment contains highly sensitive technology that is often damaged by something as common and sudden as a power surge.

Traditionally property coverage excludes equipment breakdown losses, leaving business owners exposed to unbudgeted losses. Breakdowns can be extremely costly and often negatively impact the bottom line.



Equipment Breakdown Coverage Provides More Than the Cost of Repair.

It can pay for:

- Direct property loss – the cost to repair or replace the damaged equipment
- Expediting expenses
- Loss of business income and extra expense
- Service interruption
- Spoilage due to a covered equipment breakdown

Protection from damage caused by:

- Short circuits / electrical arcing / power surges
- Steam explosion
- Mechanical breakdown
- Centrifugal force

Why is this coverage needed?

All business accounts have equipment breakdown exposures, including tenants.

Examples of Covered Equipment include:

- Electrical distribution systems
- Heating and cooling systems
- Refrigeration systems
- Telecommunications, business and office equipment
- Electronic cash registers and scanners
- Elevators and escalators
- Security and alarm systems
- Medical and diagnostic equipment
- Processing and production equipment

Covered Equipment Can Be Categorized Into The...



See the back for Simple Seven loss examples

Ask Your Policyholder:

- Would your customers go elsewhere if your heating and cooling system failed?
- If you suffered a major breakdown how much income could you afford to lose during downtime?
- What would it cost to replace damaged systems and do you have emergency funds to cover this expense?
- Did you know that perishable goods includes items such as drugs, blood, food stock, beverages, plastic, wood and adhesive products?

It happened to them, it can happen to you!

1. Electric

- A power surge damaged a restaurant's refrigeration system, causing a loss of \$26,900 in perishable goods. The restaurant had to remain closed while repairs were made. **Total paid loss - \$51,161.**
- Workers investigating why smoke poured into the rear dining area of a steak house restaurant found extensive control wiring damage to the rooftop HVAC unit. A transformer breakdown had sent high voltage surging through the circuits. **Total paid loss - \$55,979.**

2. Air Conditioning & Refrigeration

- Refrigeration line of a small refrigeration unit cracked, causing food products to spoil. **Total paid loss - \$4,377.**
- About 10,000 pounds of frozen fish partially thawed when a cracked tube in a cold storage warehouse freezer system allowed refrigerant to leak. After repairs, the fish re-froze as a solid block, significantly reducing its value. **Total paid loss - \$47,415.**

3. Boilers & Pressure Vessels

- A boiler had to be replaced when it overheated due to excessive scale and lack of maintenance. **Total paid loss - \$14,000.**
- A boiler serving an office building overheated due to a low water condition. The manager was able to provide heat for the restaurant using a second boiler until the damaged unit was replaced. **Total paid loss - \$58,000.**

4. Computers & Communications

- A power surge damaged telephones, satellite receivers and other components of a point-of-sale system used to track orders and checks in a restaurant and banquet hall. **Total paid loss - \$85,693.**
- An electrical surge damaged the computer system. The loss included \$2,100 for data recovery, \$2,755 for installation of a new hard drive and \$3,973 for business income. **Total paid loss - \$8,828.**

5. Mechanical

- While cleaning a dough machine, the machine was dropped and internal components were damaged. A re-manufactured machine was ordered and a rental was obtained in the interim. **Total paid loss - \$23,000.**
- A condenser fan mounting bracket in an air conditioning unit broke, causing the fan blades to damage the condenser coils. The entire unit had to be repaired. **Total paid loss - \$13,558.**

6. Renewable/Alternative Energy

- Two electrical inverters of a photovoltaic solar panel system were damaged. \$102,000 for replacement, plus \$10,000 for extra expense for purchasing electricity that would have been provided by the solar panel system. **Total paid loss - \$112,000.**

7. Production

- An ice machine in a church kitchen failed due to the compressor breaking apart internally. The machine had to be replaced. **Total paid loss - \$1,150.**