

# 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.

**ProHostUSA**  
*Restaurant Insurance Experts*

## 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...

**SIMPLE  
SEVEN**

*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.**