

Why Do You Need Equipment Breakdown Insurance?

You Rely On Equipment

Electrical distribution and security systems, HVAC, and phones are vital to the operation of a retail shopping center. A breakdown can result in costly repairs as this equipment frequently relies on sensitive—and expensive to repair—technologies to run. In addition, you may face mounting business interruption expenses if disrupted tenants move out or demand rent relief.

Rely On Our Coverage

Equipment breakdown can significantly impact your business. Yet, most standard property policies exclude the coverage.

Equipment Breakdown insurance pays for physical damage to equipment caused by mechanical and electrical breakdown. It can also cover business income or spoilage losses due to an equipment breakdown and your extra expenses to limit the equipment loss or speed repairs.

Protect Against Loss

The coverage protects against covered losses caused by:

- Short circuit • Electrical arcing • Power surges
- Mechanical breakdown • Motor burnout
- Boiler damage • Operator error

Common Causes

Heat and Hot Water

Many shopping centers use boilers to provide heat and hot water. Boilers are susceptible to breakdown due to pump or low-water cut-off mechanism failure.

Air Conditioning

Air conditioning systems are vulnerable to breakdown, which can result in costly repairs. And, because of the ban on CFCs, replacing the system's refrigerant can cost thousands of dollars.

Electrical Distribution System

Lost power often means lost income and disrupted tenants and customers. A short circuit in one part of an electrical

distribution system can easily spread to other parts, affecting the entire plaza, because panels, circuit breakers, and cables are interconnected. The cause can be as simple as a loose connection, dust, or high humidity.

Building Systems

Sophisticated electronic equipment operates phones and fire detection and security systems. This fragile and sensitive electronic equipment is vulnerable to severe damage from electrical surges and spikes. Modern phone systems and public address systems are particularly susceptible to damage, their circuitry expensive to repair or replace. And a surge or spike will also affect your tenants if it damages their business machinery.

Coverage, Plus More

Many states and local governments require boilers and pressure vessels to be inspected periodically by commissioned inspectors. Our program includes these inspection services so you avoid local fees in many jurisdictions and only pay the certificate fee.

The Risks Are Real

A casting defect in a section of a retail facility's boiler caused the boiler to crack, leak water, and overheat. Parts necessary for repair were no longer available. The residents of the building—a restaurant, a brewery, and a store—were forced to operate on minimum hot water until a new unit was installed.

Total Loss: **\$ 38,849**

The transformer for an air conditioning compressor shorted. Inspection revealed burnt crumbled insulation and paper in the transformer. The unit needed to be replaced. Two major retailers were left without air conditioning. All doors leading into the stores were opened to allow for cross ventilation. Security guards were hired to prevent theft.

Total Loss: **\$ 21,000**

This summary gives a general description. For all coverages, conditions and exclusions, refer to the policy.