

MAG MUTUAL POLICYHOLDERS NEED EQUIPMENT BREAKDOWN COVERAGE

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

Most equipment now contains highly sensitive technology that can be badly damaged by something as common, simple and sudden as a power surge.

Traditionally property coverage excludes equipment breakdown losses, leaving business owners with a big exposure. Unbudgeted losses from a breakdown can be extremely costly, and in many cases, greatly impact the bottom line.

EQUIPMENT BREAKDOWN COVERAGE COVERS MORE THAN THE COST OF REPAIR.

It protects insureds from the costs associated with losses to their facility's equipment. It pays for:

- Direct property loss - the cost to repair or replace the damaged equipment
- Loss of business income and extra expense
- Spoilage as a result of covered equipment breakdown events
- Other expenses incurred to limit the loss or speed business restoration

Protection from damage caused by:

- Short circuits / electrical arcing
- Utility power surges
- Mechanical breakdown
- Motor burnout
- Centrifugal Force

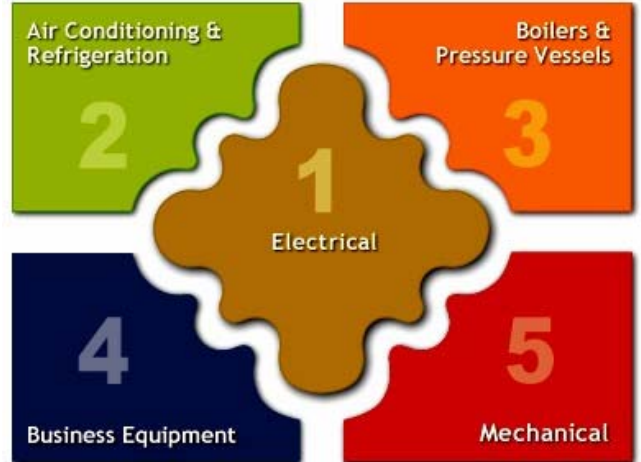
Many types of covered equipment:

- Phone Systems
- Business Equipment such as photocopiers, fax machines, inventory scanners, and blueprint machines
- Electronic cash registers and scanners
- Electrical distribution systems
- Heating and cooling systems
- Refrigeration systems
- Elevator drives and equipment
- Security and alarm systems
- Diagnostic Equipment
- Processing and Production Equipment

The list goes on.....

The many types of equipment covered by Equipment Breakdown Insurance can be categorized into...

The Five Easy Pieces



See the back for *Five Easy Pieces* loss examples

Why does a MAG Mutual policyholder need Equipment Breakdown Coverage?

All commercial accounts have equipment breakdown exposures, including tenants as well as building owners.

When surveying a business, look around: security systems, lighting, fire detection system, specialized equipment, etc., then ask your policyholder:

- If your main circuit breaker panel failed, could you stay open? How much income would you lose?
- Would you be able to service clients if your phones or business equipment were damaged by a power surge? What would it cost to replace these systems?
- What's the value of your air conditioning or refrigeration equipment? Do you budget for equipment repair and replacement?
- Would your customers go elsewhere if your heating and cooling system failed?

Remember:

- All businesses rely on equipment. Repair, replacement and lost income are costly.
- Equipment Breakdown exposures are present regardless of the size of the risk.
- Electronic technology has increased risks



JUST APPLY THE FIVE EASY PIECES

MECHANICAL



- A medical office lost power for 24 hours after a utility owned transformer had an accident. The client lost income due to cancelled appointments. The claim was paid under service interruption coverage. The total paid loss was \$21,332.
- Following a utility power outage at a hospital, technicians discovered electrical damage to fluoroscopy and CAT scan machines. The machines were down for three days during repairs, forcing the hospital to cancel diagnostic tests for patients. The total paid loss was \$43,089.

AIR CONDITIONING



- An off-site electrical line disturbance damaged the air conditioning system. Cost to repair the system was \$10,051.
- An air conditioning compressor broke down causing the fans to stop working because of a controller problem. That in turn caused the pistons and connecting rods to break because of excessive pressure in the system. The total paid loss is \$29,721.

BOILERS AND PRESSURE VESSELS



- A boiler overheated due to excessive scale and lack of maintenance. The cost of a replacement boiler was \$14,000.
- The low-water fuel supply cut-off did not operate in a cast iron heating boiler, resulting in a low-water condition. As a result, the boiler suffered severe overheating with cracking of several sections. The cost for repairs was \$19,750.

BUSINESS EQUIPMENT



- Computers and medical diagnostic equipment used at a hospital were damaged by an overnight utility power surge. A film processor and X-ray machine were repaired and an ultrasound system had to be replaced. Total cost of repairs was \$40,871.
- An electrical surge damaged the computer system. Total loss in the amount of \$8,828, including \$2,100 for data recovery, installation of a new hard drive and \$3,973 for business income.

ELECTRICAL



- While an elevator was returning to the lobby of a medical building, a piece of framing broke off and jammed between the car and the first floor platform. The elevator was stuck, but the electrical motor kept running and burned out the coils and controls. The cost for repairs was \$9,721.
- An overweight patient broke a switch when he sat down on an MRI machine. The medical diagnostic center could not use the machine for eight days until the switch was replaced and wiring repaired. Total paid loss was \$84,490.