

Why Do You Need Equipment Breakdown Insurance?

You Rely On Equipment

Whether it's production machinery, environmental controls, electronic equipment, or your electrical system, equipment is vital to your manufacturing operation. If it broke down or you suffered a power loss, you'd be in trouble.

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

Electrical Distribution System

Lost power often means lost productivity and income. A short circuit in one part of an electrical distribution system can easily spread to other parts—affecting your entire plant—because panels, circuit breakers, and cables are interconnected. The cause can be as simple as a loose connection, dust, or high humidity.

Electronic Equipment

Today's manufacturing processes depend on electronics and a wide variety of computer-aided design and manufacturing techniques. This equipment relies on highly sensitive and fragile technologies that are vulnerable to damage, especially from power surges and spikes.

Heating and Cooling Systems

Many close-tolerance manufacturing processes require complex HVAC systems to maintain stringent temperature control. Yet HVAC failures are common and boilers and pressure vessels that distribute heat and hot water are vulnerable. Income is often lost while this equipment is repaired or replaced—at significant cost.

Mechanical Equipment

With production occurring sometimes around the clock, your mechanical equipment is prone to breakdown. Not only will that cost you in lost production time, but given today's equipment—that often uses sophisticated technology such as lasers—repair and replacement costs can be in the millions. It's also susceptible to electrical surges, sags, and harmonic distortion that can destroy electronic circuits.

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

An electric welding machine used to produce wheel rims cracks due to repetitive shock loading. The manufacturer has to send rims out for welding to keep up with production demand during repairs.

Total Loss: **\$128,326**

An operator enters the wrong code into a CNC lathe and causes damage to the chuck. Repairs are delayed because parts must be imported from Japan.

Total Loss: **\$ 50,000**

The hydraulic cylinder of a press cracks due to misalignment.

Total Loss: **\$144,454**

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