

Businesses 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 businesses are exposed to the risk of equipment breakdown, 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 Yourself:

- 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

- **Convenience Store** – Electrical arcing damaged a power panel and a gasoline controller computer. The computer system would no longer properly track sales and fuel inventory. **Total paid loss - \$10,337.**
- **School** – Teachers and students noticed a burning smell as the lights dimmed in the building. The school's transformer had shorted to ground and classes were cancelled for two days while it was replaced. **Total paid loss - \$40,364.**

2. Air Conditioning & Refrigeration

- **Attorney's Office** – An off-site electrical line disturbance damaged the air conditioning system. **Total paid loss - \$10,051.**
- **Grocery Store** – A refrigeration pipe cracked due to excessive vibration. **Total paid loss - \$8,308.**

3. Boilers & Pressure Vessels

- **Funeral Home** – A boiler overheated due to excessive scale and lack of maintenance. The boiler was replaced. **Total paid loss - \$14,000.**
- **Dry Cleaning** – The outer casing above a burner assembly of a vertical flueless boiler was severely burned and distorted. Although the boiler still operated, repairs were necessary for the business. The damage was traced to a condition caused by earlier repair work. **Total paid loss - \$12,581.**

4. Computers & Communications

- **Quick Print Shop** – An electrical utility line disturbance damaged the printing computer system. **Total paid loss - \$31,353.**
- **Dentist's Office** – 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

- **Deli** – 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.**
- **Machine Shop** – A surface grinder was damaged when it flew off the magnetic chuck, striking and damaging the spindle. Replacement parts were not available and had to be manufactured. **Total paid loss - \$24,145.**

6. Renewable/Alternative Energy

- **Wastewater Facility** – The dome over a concrete tank came loose and lifted up, killing anaerobic bacteria which treated sewage and produced methane to power the plant. The primary digester was damaged. **Total paid loss - \$61,960.**

7. Production

- **Circuit Board Maker** – The testing machine began to smoke. Investigators found 52 switch cards and the motherboard were melted and charred due to an electrical event. **Total paid loss - \$185,000.**