



FARMERS ALLIANCE COMPANIES

Equipment Breakdown Coverage for Business Owner Policies

Every day businesses from large manufacturing operations to small retail stores rely on their mechanical and electrical equipment to maintain their operations. No business can afford losses to this equipment which may originate within mechanical, electrical or pressure equipment.

Although more common than a fire, these equipment failures are not covered by many standard businessowners and commercial property policies, thus creating costly coverage gaps. Many property policies exclude losses arising from mechanical, electrical and pressure systems breakdown. These are the types of occurrences that can cause major losses and possibly force a company out of business. Equipment Breakdown Coverage addresses these gaps.

Equipment Breakdown Coverage responds to the cost to repair or replace mechanical, electrical or pressure systems equipment that suffers a breakdown.

Indirect losses arising from a covered equipment breakdown can result in additional losses, such as business interruption, extra expense and spoilage.

Warranties and maintenance contracts may have gaps as well. Typically, they do not cover accidents to equipment caused by operator error, business interruption, extra expenses, or spoilage losses which can result from an equipment failure.

Equipment Breakdown Coverage provides the financial protection you need to run your business and continue to meet customer demands without worry. Adding this coverage enhancement to the commercial insurance program protects from these exposures.

Farmers Alliance has partnered with the experts at Mutual Boiler Re to offer this specialized coverage enhancement to all Business Owners Policy (BOP) customers. Contact your Farmers Alliance agent to find out more.

See the other side of this informational flyer for examples of typical Equipment Breakdown losses.

Exposures

Electrical Equipment

- Fans/Blowers
- Tankless Water Heaters
- Debit Card/Credit Card Systems
- Electrical Service Panels
- Televisions
- Underground Wiring
- Money/Bill Changers
- Vending Machines
- Telecommunications Equipment
- Auto-Dosing Systems (cleaning liquids)
- Security Systems
- Computers
- ATM Machines
- Water Softening Systems
- Water Drain Valves

Mechanical Equipment

- Washers
- Dryers
- Flatwork Ironers/Finishers
- Air Conditioning Units
- Pumps
- Motors

Boilers and Pressure Vessels

- Hydronic Boilers
- Copper Finned Water Heaters
- Heat Exchangers (Hot Water)
- Vertical Firetube Boilers

Time Element

- Business Interruption
- Extra Expense
- Service Interruption
- Ammonia Contamination

Mutual Boiler Re[®]

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This summary is for marketing purposes only. Refer to the policy for coverages provided and pricing. If there is any conflict between the policy and this document, THE PROVISIONS OF THE POLICY SHALL PREVAIL.



Equipment Breakdown Coverage Typical Losses

A broken piston rod in an air conditioning compressor caused property damage and interruption of business.

Property Damage: \$1,200
Business Interruption: \$6,450

Insulation breakdown occurred in the motor of a hermetically sealed refrigeration compressor causing frozen food to spoil.

Property Damage: \$5,852
Spoilage/Consequential: \$4,950

The motor driving the refrigeration compressor for the three-door cooler short circuited, requiring replacement of the hermetically sealed motor/compressor unit.

Property Damage: \$1,800
Spoilage/Consequential: \$1,400



Mechanical breakdown of a piston rod in the main air compressor caused property damage and business interruption until a rental unit could be secured.

Property Damage: \$1,950
Business Interruption: Two days

Overheating of a boiler caused loss of use and shutdown of the store.

Property Damage: \$3,500
Business Interruption: One day

A motor burnout in a hermetically sealed refrigeration unit resulted in food spoilage.

Property Damage: \$2,560
Spoilage/Consequential: \$1,450

These examples are from actual customers of Mutual Boiler Re and their partner companies. Remember, each claim must be evaluated based on your specific policy.



A broken shaft in a centrifugal air conditioning compressor resulted in property damage and loss of rental income.

Property Damage: \$34,800
Business Interruption: One Day
Extra Expense: \$12,000

Rupture of an air tank supplying control air to the heating, ventilating and air conditioning system caused a systems shutdown for one day. Computer operations were also impacted.

Property Damage: \$1,150
Business Interruption: \$17,480

Insulation breakdown of an underground electrical feeder cable occurred. Replacement required excavation of the parking lot, which significantly increased repair costs. Temporary service was run above ground to mitigate a potential business interruption loss.

Property Damage: \$33,763



A power surge caused damage to each transformer on five washers. New transformers were ordered from the original equipment manufacturer (OEM) and were replaced in two days.

Property Damage: \$2,000
Business Interruption: \$400

Mineral scale built up on boiler tubes causing the heat exchanger inside the boiler to overheat and crack. The boiler had to be replaced because of extensive heat damage to the shell and other components.

Property Damage: \$3,600

A screw left in a pocket of a pair of pants fell and became lodged in a dryer hole, snagging wires inside the dryer and causing electrical arcing. The arcing caused subsequent damage to another dryer. Both dryers had to be replaced.

Property Damage: \$12,700



For additional information, contact your Farmers Alliance Agent

Farmers Alliance

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