

COVERAGE IN ACTION

EXAMPLES OF INSURANCE AT WORK

Equipment Breakdown Insurance

Companies need safe and working equipment to operate efficiently and generate revenue. In fact, some organizations rely exclusively on a few pieces of equipment to run their entire business. Following a breakdown, major losses can occur, and many organizations turn to equipment breakdown insurance (sometimes referred to as boiler and machinery insurance).

Equipment breakdown coverage is a form of property insurance designed to protect a company's mechanical, electrical and computer equipment from unexpected breakdowns. These policies are flexible, and help organizations recoup financial losses related to property damage, business interruption and spoilage. Read on to see examples of this coverage in action.

Claims Scenario: *Give Me a Break*

The company: A metal cutting company.

The challenge: Equipment failure is a broad risk—one that can affect organizations of all kinds. What's more, equipment failure isn't always the result of a specific catastrophe, and many events that lead to a breakdown are out of a company's control.

Recently, a power surge caused by a major storm destroyed two circuit boards at a metal cutting shop. This unexpected outage left the business without the necessary machinery to continue operations. Furthermore, in order to meet production deadlines, shop workers had to travel to the company's sister location. Between the lost time, travel expenses and repair costs, the organization experienced \$52,000 in losses—all from just one storm.

Equipment breakdown insurance in action: Equipment outages and breakdowns are not generally covered under standard commercial insurance policies. Instead, organizations should acquire comprehensive equipment breakdown insurance to cover the cost to repair or replace damaged equipment.

In addition, equipment breakdown insurance reimburses companies for lost time, which can prove invaluable following a sudden outage.

Claims Scenario: *Spoiler Alert*

The company: A small, family-owned restaurant.

The challenge: A restaurant recently experienced major losses after several of their refrigerators stopped working. The restaurant depends on these appliances to deliver fresh food to their clients.

After several attempts to fix the system, the restaurant had to close for the day and call for repair services. Not only did the restaurant have to pay over \$1,000 in maintenance costs, they also lost about \$18,000 worth of food products due to spoilage—a major hit for a small business.

Equipment breakdown insurance in action: Just one equipment failure can lead to multiple losses, including lost revenue from business interruptions and lost product from spoilage. Thankfully, equipment breakdown insurance can protect against these risks.

In fact, equipment breakdown insurance is one of the few ways restaurants and other food-related businesses can recoup losses from spoiled inventory. An outage of any kind could easily result in the inability to prepare, cook, serve and sell food. As such, organizations need to secure the right policy to ensure their business is protected before, during and after an equipment breakdown.

Learn More About Equipment Breakdown Insurance

Problems with your equipment can be extremely risky if you are not properly insured. What's more, standard property insurance policies do not guarantee cover for these types of losses. In these instances, equipment breakdown insurance is invaluable, protecting you in the face of unforeseen damage or breakdowns.

Consult Robertson Ryan & Associates today to learn more about equipment breakdown insurance to combat costly, and often unpredictable, problems at your place of business. We have the commercial property expertise to help you mitigate your risks and protect your bottom line.

Talk to an Expert

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Benefits of Equipment Breakdown Insurance

- **Repair cost coverage**—Following an equipment breakdown, organizations may have to pay thousands just to get their business up and running again. Equipment breakdown insurance can help soften the blow, reimbursing organizations for the cost to repair or replace damaged equipment due to an accident.
- **Expediting expenses**—Repairing complex equipment in a hurry can be an expensive endeavour. Most equipment breakdown insurance policies cover any expenses needed to speed up the repair or replacement of damaged property, including the cost of temporary repairs.
- **Protection against business interruptions**—Virtually in all cases, an equipment failure disrupts a business. In some instances, these disruptions are quantifiable, leading to lost revenue and productivity. Equipment breakdown insurance covers some of these costs, including income lost as a result of a covered accident. What's more, this protection is in effect until the equipment is repaired or replaced.
- **Coverage for perishable goods**—Following an equipment failure, food-related businesses experience some of the most direct losses. Food industry equipment is not only expensive to repair and replace, but businesses can lose thousands of dollars worth of product if a freezer or refrigerator fails. Thankfully, equipment breakdown insurance provides adequate protection and covers food spoilage, manufactured goods or other perishable items after a covered incident.