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PRODUCT HIGHLIGHT

Equipment Breakdown Coverage

Also known as "boiler and machinery" insurance

Equipment Breakdown is a significant exposure for Financial Institutions

Financial Institutions have many insurable equipment breakdown exposures beyond those typically encountered in office environments. All financial institutions have several types of mechanical and electrical equipment that are subject to failure and covered by equipment breakdown insurance.

The mechanical equipment most commonly found in these buildings are components of air conditioning systems. Larger financial institutions may have large centrifugal air conditioning compressors that are subject to significant property damage due to mechanical breakdown of the compressor or electrical breakdown of the driving motor.

Other significant equipment breakdown exposures include electrical components, such as transformers, switchgear, electrical distribution cables and electronic data processing equipment. Service interruption of a supplied service may result in closure and costly business interruption. Loss experience has shown that in office-type occupancies, electrical breakdown is the most frequent equipment breakdown peril.

Some jurisdictions require boilers and pressure vessels to be inspected by a qualified inspector. These services are provided at no additional charge as part of Equipment Breakdown coverage.

Typical Losses

- A communication system supporting the financial institution's drive-in window sustained damage due to a power surge. The main audio switch and control board required replacement.
- The drive motor supporting a coin counter mechanically bound. Due to size limitations and unavailable parts, the coin counter was replaced.

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3 Facts about Equipment Breakdown Coverage

- **It fills the gap of standard property insurance policies.**

Many property policies exclude losses arising from mechanical, electrical and pressure systems breakdown. Equipment breakdown coverage addresses these gaps and offers protection against property damage and business interruption, and also includes coverage for a wide range of potential exposures, such as:

- Expediting Expenses
- Spoilage
- Hazardous Material

- **Equipment Breakdown Coverage is a vital part of the Berkley FinSecure Package Policy and covers a wide array of property.**

Berkley FinSecure includes Equipment Breakdown Coverage for all property at scheduled locations including anything that can breakdown mechanically or electrically, as well as business income and extra expense coverages. Equipment Breakdown Coverage includes many exposures such as:

- Currency Counter
- Compressors and Pumps
- Copiers
- Air Conditioning Units
- Master Clock System (Vault)
- Camera/Security System
- ATM Machine
- Computers and Computer Servers
- Routers
- Boilers
- Pneumatic Drive-up Tube System
- Uninterrupted Power Supplies
- Shredder
- Motors
- Transformers
- Telephone Systems
- Unfired Vessels
- Fired Water Heaters
- Generators

- **Excludes wear and tear.**

All machines have a life expectancy. Life expectancy is affected by many factors, including the quality of installation, the level of maintenance, moisture/humidity, vibration, heat and cold, or intensity of use. Wear and tear is the natural deterioration of a machine's ability to perform its intended function. The wear and tear exclusion applies to this coverage.

Loss Prevention Tip

Computer equipment should have adequate and well maintained electrical protection installed, including proper circuit breakers and power surge devices.