



AUSTIN MUTUAL POLICYHOLDERS NEED EQUIPMENT BREAKDOWN COVERAGE

Today, equipment keeps all kinds of businesses going and income flowing. When equipment breaks down, it can bring business and income to a halt.

Most equipment now contains highly sensitive technology that can be badly damaged by something as common, simple and sudden as a power surge.

Traditionally property coverage excludes equipment breakdown losses, leaving business owners with a big exposure. Unbudgeted losses from a breakdown can be extremely costly, and in many cases, greatly impact the bottom line.

EQUIPMENT BREAKDOWN COVERAGE COVERS MORE THAN THE COST OF REPAIR.

It protects insureds from the costs associated with losses to their facility's equipment. It pays for:

- Direct property loss - the cost to repair or replace the damaged equipment
- Loss of business income and extra expense
- Spoilage as a result of covered equipment breakdown events
- Other expenses incurred to limit the loss or speed business restoration

Protection from damage caused by:

- Short circuits / electrical arcing
- Utility power surges
- Mechanical breakdown
- Motor burnout
- Centrifugal Force

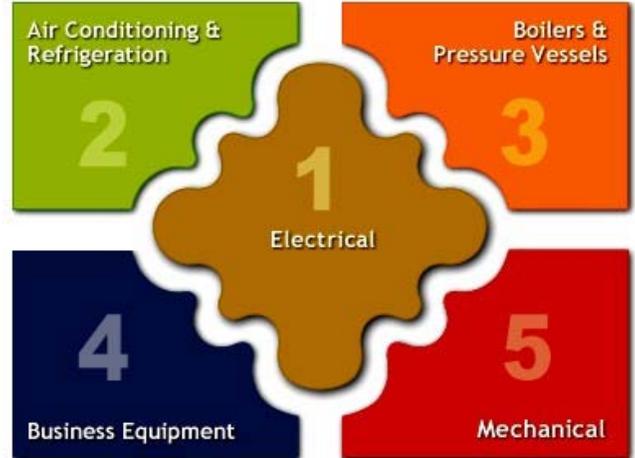
Many types of covered equipment:

- Phone Systems
- Business Equipment such as photocopiers, fax machines, inventory scanners, and blueprint machines
- Electronic cash registers and scanners
- Electrical distribution systems
- Heating and cooling systems
- Refrigeration systems
- Elevator drives and equipment
- Security and alarm systems
- Diagnostic Equipment
- Processing and Production Equipment

The list goes on.....

The many types of equipment covered by Equipment Breakdown Insurance can be categorized into...

The Five Easy Pieces



See the back for *Five Easy Pieces* loss examples

Why does a commercial policyholder need Equipment Breakdown Coverage?

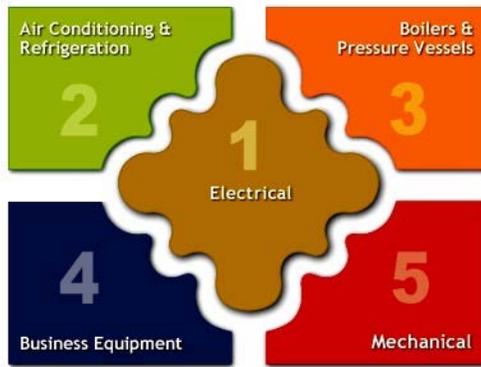
All commercial accounts have equipment breakdown exposures, including tenants as well as building owners.

When surveying a business, look around: security systems, lighting, fire detection system, specialized equipment, etc., then ask your policyholder:

- If your main circuit breaker panel failed, could you stay open? How much income would you lose?
- Would you be able to service customers if your phones or business equipment were damaged by a power surge? What would it cost to replace these systems?
- What's the value of your air conditioning, refrigeration, freezers or ice machines? Do you budget for equipment repair and replacement?
- Would your customers go elsewhere if your heating and cooling system failed?

Remember:

- All businesses rely on equipment. Repair, replacement and lost income are costly.
- Equipment Breakdown exposures are present regardless of the size of the risk.
- Electronic technology has increased risks



ELECTRICAL

- Electrical arcing damaged a power panel and a gasoline controller computer at a **CONVENIENCE STORE**. The computer system would no longer properly track sales and fuel inventory. The total paid loss was \$10,337.
- **SCHOOL** teachers and students paused when the lights dimmed in the building and they noticed a burning smell. The school's transformer had shorted to ground and classes were cancelled for two days while it was replaced. Total cost for repairs was \$40,364.



AIR CONDITIONING AND REFRIGERATION

- An off-site electrical line disturbance damaged the air conditioning system at an **ATTORNEY'S OFFICE**. Cost to repair the system was \$10,051.
- A refrigeration pipe at a **GROCERY STORE** cracked due to excessive vibration. The cost of repairs was \$8,308.



BOILERS AND PRESSURE VESSELS

- A fire tube steam heating boiler overheats in an **OFFICE** complex, causing damage to the shell, tube sheets, tubes and furnace. Total paid loss was \$138,950.
- 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 **DRY CLEANING** business. The damage was traced to a condition caused by earlier repair work. The cost of repairs was \$12,581.



BUSINESS EQUIPMENT

- An electrical utility line disturbance damaged the printing computer system at a **QUICK PRINT SHOP**. The cost to repair was \$31,353.
- An electrical surge damaged the computer system at a **DENTIST'S OFFICE**. Total loss in the amount of \$8,828, including \$2,100 for data recovery, installation of a new hard drive and \$3,973 for business income.



MECHANICAL

- While cleaning a dough machine at a **DELI**, the machine was dropped and internal components were damaged. A re-manufactured machine was obtained. The cost was \$11,500. With the cost of freight, installation and rental of a temporary machine, the total loss was \$23,000.
- The rack lift shaft on a **RESTAURANT** oven wore until it twisted and snapped. Bronze shavings in the gear box caused further damage. Bread and pastry dough spoiled and the baker lost income while awaiting replacement oven parts shipped from Italy. The total paid loss was \$27,387, including \$7,193 for perishable goods lost.