

FIND THE  
RIGHT  
COVERAGE  
FOR YOU

Manufacturing



**KAPNICK**   
INSURANCE GROUP

Business Insurance | Risk Solutions | Employee Benefits | Corporate Wellness | Personal Insurance

## ➔ Equipment Breakdown and Technology Coverage

Today's manufacturing risks have become more and more dependent on technology that makes their equipment run as effectively and efficiently as possible. These technological advances have created the need for additional coverages provided under an Equipment Breakdown Insurance policy.

Typical Equipment Breakdown Insurance provides coverage for loss due to mechanical or electrical breakdown of nearly any type of equipment. Coverage typically applies to the cost to repair or replace the broken down equipment, as well as for any other equipment or property damaged by it. Resulting Business Income and Extra Expense coverages are often covered as well.

### Some types of equipment subject to Equipment Breakdown include:

- **Electrical Distribution Systems.** Maximum power uptime is important for any business, institution, or municipality. The loss of power can mean the loss of income and customers. Since the panels, circuit breakers, and cables in your power distribution are all interconnected, a short circuit in one part can spread instantly to other parts of the system. The cause can be as simple as a loose connection, dust, or high humidity.
- **Heating and Cooling Systems.** Today's HVAC systems are more complex and costly to repair. Failures are common and cost tens of thousands of dollars. If the climate becomes inhospitable due to lack of heating or air conditioning, there is loss of productivity and loss of income if you service customers on site.
- **Telephone Systems.** If your phone goes down, so does your business. Phones have a circuitry that is easily affected by voltage spikes, heat, vibration, and moisture.
- **Electronic Equipment.** Virtually every business, institution, or municipality depends on electronics, especially computers. Whether you're designing and manufacturing high technology components, tracking productivity data, or using them for bookkeeping, computers rely on highly sensitive and fragile technologies. They contain circuitry that is vulnerable to damage.

- **Refrigeration.** If your business depends on refrigeration, a breakdown can cause more than the loss of a major equipment investment, it could also mean the loss of costly perishable goods and business income. Not to mention the cost of the refrigerant you'd have to replace.

**Equipment Breakdown coverage helps protect you from the costs associated with these types of losses to your facility's equipment. Coverage can include:**

- Direct property loss – the cost to repair or replace the damaged equipment.
- Costs associated with the time and labor to repair or replace the equipment.
- Other expenses incurred to limit the loss or speed the business restoration.
- The loss value of spoiled products or materials.
- Business recovery expenses.

**It can also provide coverage for damages caused by:**

- Short circuits/electrical arcing
- Power surges
- Mechanical breakdown
- Motor burnout
- Boiler damage
- Operator error

**Today's enhanced Equipment Breakdown Insurance provides the standard coverages—the cost to repair or replace the broken down equipment, as well as for any other equipment or property damaged by it. Resulting Business Income and Extra Expense coverages are often covered along with the following technology-oriented coverage extensions:**

- **Microelectronics Coverage** – Provided in response to the proliferation of electronic circuitry, miniaturization and increasing difficulty in determining physical damage, today's Microelectronics Coverage expands beyond "evidence of physical damage"
- **Cloud Computing Service Interruption** – Service interruption coverage for the more than 80% of businesses using Cloud Computing Services
- **Off Premise Business Income, Extra Expense and Data Restoration Coverage** – Needed more than ever in today's world where miniaturization of equipment results in more equipment portability
- **Public Relations Coverage** – Because any interruption of business is an opportunity for the competition to step in

Don't be fooled by the Equipment Breakdown coverage extensions included in Commercial Package insurance policies. In most cases, the coverages are very basic and do not include the technology-related coverages most manufacturing businesses could use.

**If you are interested in finding out how your current coverages compare to what's available in today's marketplace, please call Kapnick Insurance today!**