

Equipment Breakdown Insurance



Because your business depends on functioning equipment to operate and maintain revenue, a breakdown could be devastating. The threat of breakdown is increasingly prevalent because technologically advanced equipment tends to be sensitive and can easily sustain damage that causes breakdowns. The losses sustained will continue to increase with the rise of just-in-time manufacturing, Internet marketing and improved supply chain management. Problems with your equipment can be extremely risky if you are not properly insured. Equipment Breakdown Insurance will cover you in the event of damage or a breakdown.

Why Are Breakdowns a Problem?

Though technology provides a host of invaluable features, it also poses many risks.

- Circuitry on high-tech equipment is sensitive. A force as simple as static from bubble wrap can damage certain pieces of equipment.
- Breakdowns that lead to interruptions in telecommunications, email and e-commerce mean lost time and revenue.
- Interconnected but separate technologies can affect one another after a power surge or loss of functionality.
- Obtaining parts to fix complex equipment can be difficult and time consuming.
- Equipment may be located in areas of the facility that are difficult to reach, complicating repairs and concealing problems.

Common Equipment Breakdowns

Electrical Systems

- Electrical systems make up 10 to 15 per cent of a building's worth and predicate all other business functions; a failure holds the potential for substantial loss for building owners and tenants.
- A short circuit in a transformer, panel or cable can spread and destroy a large part of the system. These parts are often overlooked and underserved.
- Costs such as generator rental fees, relocation of tenants and the cost of leasing property in another location until equipment is repaired can worsen the financial impact of a breakdown.
 - In one example of electrical systems failure, a 2008 incident of electrical arcing destroyed three main electrical panels and left an office building without power. Temporary measures were taken to restore power to tenants, which included an accounting firm in its tax season crunch, contributing to a total loss of over £1,500,000.

Air Conditioning and Refrigeration

- Since many air conditioning units are located on the roof, repair or removal requires the hire of a helicopter or crane.
- Without A/C, many businesses will need to relocate or rent temporary equipment while the unit is out of order.

Provided by Sirelark Risk Services

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- Businesses that rely on refrigeration to maintain their products (hotels, restaurants, schools, care homes and hospitals) run the risk of spoilage in the event of a breakdown. They may be forced to hire a catering company or rent a refrigeration lorry.

Boilers and Pressure Vessels

- Cracking, collapsing, bulging or explosion can occur in boilers and pressure vessels (heating units, hot water units, cookers, sterilisers and cleaning equipment).
- With no heat or hot water at a facility, businesses are forced to rent costly temporary units until the facility can be repaired.
 - For example, one store lost heat during the holiday shopping season when the boiler broke down and incurred £50,000 in losses.

Computers and Communication Equipment

- Outages can affect computers, multi-line phone systems, TV satellite systems, point-of-sale systems, security systems and fire alarm systems.
- An outage at your Internet Service Provider (ISP) can affect the functionality of your website and prevent your access to crucial information or web services.
 - For example, a power surge damaged a service station/convenience store's electronic cash register, motor vehicle diagnostic system, phone and paging equipment, and security system for a total loss of over £50,000.

Mechanical Systems

- Can break down as a result of vibration, metal fatigue, seizing, misalignment or human error. This includes machines such as water pumps, ventilation fans, lifts, motors or engines.

- Equipment is often critical to most buildings' functions.
 - An example of this type of breakdown would be when a hydraulic lift in a motor vehicle repair shop needs to be replaced after welds gave way, costing around £6,000.

What Does Equipment Breakdown Cover?

It is important to understand the cover you receive with your engineering policy. If you hold an older policy, you may want to review it with Sirelark Risk Services to be sure it covers any new, high-tech equipment you may have purchased.

Count on the Experts

Contact Sirelark Risk Services at 01603 343 053 today to learn more about Equipment Breakdown Insurance to combat costly, and often unforeseen, problems at your place of business. We have the commercial property expertise to help you mitigate your risks and protect your bottom line.