

# Boiler Machinery and Equipment Breakdown Insurance

## Why is this coverage so important?

If a pressure vessel on your premises was to explode or break down due to anything other than a coal or gas explosion, you wouldn't be covered by most property policies. In addition, most of these policies specifically exclude some of the most common equipment breakdowns, including electrical arcing, mechanical breakdown, rupture and cracking. These gaps in coverage can result in costly property damage and loss of revenue. Boiler and Machinery Insurance or Equipment Breakdown Insurance can round out your insurance program and fill these gaps in coverage.

## Eligible risks

Virtually every risk is eligible for Boiler and Machinery Insurance. Equipment Breakdown Insurance, on the other hand, is only readily available for small to mid-sized non-manufacturing or non-processing businesses, whether tenant or owner occupied. There are some exceptions and restrictions, so be sure to check with your SGI CANADA broker to determine whether your business qualifies.

## Boiler and Machinery Insurance

This comprehensive insurance covers heating boilers, heat exchangers, hot water tanks, air conditioning and refrigerating equipment, mechanical pumps, fans and compressors, electrical motors, transformers and panels for direct loss or damage due to breakdown.

You may have an option to insure production machines and/or electronic equipment.

### The following extensions of coverage are included:

- Automatic coverage for newly-acquired locations (\$1,000,000 limit).
- Demolition and increased cost of construction (\$1,000,000 limit).
- Errors and omissions (\$100,000 limit).
- Hazardous substances damage (\$100,000 limit).

- Water damage (\$100,000 limit).
- Ammonia contamination (\$100,000 limit).
- Professional fees (\$50,000 limit).
- Expediting expenses.
- Data and media restoration (\$25,000 limit).
- Service interruption.

### Optional coverages:

- business interruption
- extra expense
- spoilage

## Equipment Breakdown Insurance

This insurance provides three coverage options:

### Option 1 - Basic Coverage

Insures all pressure vessels and mechanical and electrical equipment, excluding air conditioning and refrigerating equipment.

### Option 2 - Basic Plus Coverage

Insures all pressure vessels and mechanical and electrical equipment, including air conditioning and refrigerating equipment and loss due to spoilage.

### Option 3 - Comprehensive Coverage

Insures all pressure vessels and mechanical and electrical equipment, including air conditioning and refrigerating equipment, electronic equipment and loss due to spoilage.

The following extensions of coverage are included:

- Business interruption, extra expense and professional fees on a follow form basis (when this type of coverage has been purchased under the property insurance).

- Water damage (provided there is no other insurance that provides this coverage at the time of loss).
- Expediting expenses.
- Bylaws.
- Hazardous substances damage (\$100,000 limit).
- Service interruption.
- Data and media restoration (\$25,000 limit).

## ▀ Examples of typical breakdown losses

- **Automobile dealership** – a section of the boiler cracked and the entire unit needed to be replaced.  
Property damage: \$28,476
- **Grocery store** – the electrical relay box malfunctioned, cutting off power to food coolers and damaging contents.  
Spoilage: \$11,269
- **Curling rink** – a damaged refrigerating line caused brine to escape, seizing the pumps and contaminating some soil in the immediate vicinity.  
Property damage: \$4,582
- **Motel** – the air conditioning unit was damaged by a power surge.  
Property damage: \$3,099
- **Hospital** – a magnetic contact seizure occurred, burning out the compressor for the air conditioning system.  
Property damage: \$4,042
- **Pump house** – the pump motor failed after the bearings seized.  
Property damage: \$4,503
- **Printing shop** – the computer short circuited and burnt out, resulting in a loss of production.  
Business interruption: \$10,000
- **Implement repair shop** – the pump on the calibration machine failed.  
Property damage: \$3,833
- **Resort lodge** – a power plant generator caused a power surge, damaging the walk-in cooler, clothes dryer, icemaker, furnace controls and generator.  
Property damage: \$5,746
- **Skating rink** – the oil pump failed on the refrigeration system, damaging the compressor.  
Property damage: \$9,765

## ▀ Make sure you're covered

Boiler and Machinery Insurance or Equipment Breakdown Insurance, combined with our other valuable and competitively priced commercial products, can provide you with the best insurance coverage on the market today. See your SGI CANADA broker for complete details on policy terms and conditions.