Equipment Breakdown Insurance

Whether it’s electrical distribution, production machinery, environmental controls, refrigeration or computers, equipment is vital to your operations. Protect your business and bottom line from the unexpected breakdown of these critical systems.

More Than Repair Cost Coverage

Your business-critical equipment may breakdown for a variety of reasons—short circuits, electrical arcing, power surges, microelectronics failures, mechanical breakdown, motor burnout, boiler damage or operator error. Equipment breakdown coverage can help protect you from unexpected events by covering the following costs associated with equipment breakdown:

- **Direct Property Loss** — Covers the cost to repair or replace damaged equipment
- **Business Income** — Replaces income lost due to a total or partial business interruption following equipment breakdown
- **Service Interruption** — Extends income coverage for interruptions due to loss of electricity, cloud computing services and other services caused by equipment breakdown
- **Extra Expense** — Pays extra costs to sustain normal operations such as jobbing work out or renting temporary equipment
- **Expediting Expenses** — Covers other expenses incurred to limit the loss or speed the business restoration
- **Public Relations** — Pays for public relations assistance to help manage a reputation that may be damaged by an interruption of business

Types of Equipment Covered

- **Electrical Distribution Systems**
  Since the panels, circuit breakers and cables in your power distribution are all interconnected, a short circuit in one part can spread instantly to the other parts of your system. The cause of the short circuit can be as simple as a loose connection, dust or high humidity. Maximum power uptime is important for any business because the loss of power can mean the loss of customers and income.

- **Heating and Cooling Systems**
  Today’s HVAC systems are more complex and costly to repair. Breakdowns are common and can cost tens of thousands of dollars. If the climate becomes inhospitable due to lack of heating or air conditioning, a loss of productivity and income can occur.

- **Telephone Systems**
  If your phone system goes down, so does your business. Phones have circuitry that is easily affected by voltage spikes, heat, vibration and moisture.

- **Mechanical Equipment**
  Most businesses contain many types of mechanical equipment, which can range from simple fans and blowers to internal combustion engines used to drive emergency generators. All are subject to breakdown, leaving your business vulnerable to an interruption to operations.
Affordable Protection

Equipment breakdown insurance covers the physical damage—and the financial damage—that stems from a policyholder’s equipment breakdown. It’s essential protection for today’s businesses. Take a look at the following actual losses and the coverage provided by equipment breakdown insurance:

**Mechanical Breakdown**
On a four-color offset printing press, a two-inch diameter wheel broke and entered the cylinders on the press.

Direct property loss: $ 48,478
Business interruption loss: $ 75,687
Total paid loss: $ 124,165

**Electronic Circuitry Impairment**
A computer server at a doctor’s clinic would not boot up after a power outage at the facility. The repair technician could not find any physical damage to the server, but after replacing the controller the server began to function properly. There was also corrupted data that needed to be restored by a data recovery firm.

Property damage: $ 2,308
Data restoration: $ 1,975
Business income: $ 13,695
Total paid loss: $ 17,978

**Electrical Short**
Air conditioning system piping leaked water into telephone switching equipment, shorting out equipment.

Direct property loss: $ 89,859
Business interruption loss: $ 42,890
Total paid loss: $ 132,749

Disclaimer: The contents of this brochure, including the sample case files, are provided for informational purposes only and are not intended to be all-inclusive. Refer to the issued policy for specific details regarding coverages, conditions and exclusions. In the event of a conflict between the terms contained herein and this policy, the policy terms and conditions will prevail.

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Learn More

To learn more about equipment breakdown coverage, contact your insurance agent.

EMC Insurance Companies
717 Mulberry Street
Des Moines, IA 50309
800-447-2295 • 515-280-2511

www.emcins.com

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