



Equipment Breakdown Coverage

Why get Equipment Breakdown coverage from The Charter Oak Fire Insurance Company through the RPMA program?

What is Equipment Breakdown Coverage?

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Equipment Breakdown coverage protects the heart of your property: the equipment, machinery and systems that operate your houses. This equipment can be damaged by unique causes; that's why you need unique coverage to protect it. Equipment Breakdown coverage pays for damage caused by such things as electrical arcing, mechanical break-down, power surges, centrifugal force and more.

Not all insurance is equal.

Sure, you have Property Insurance. But most policies don't cover a motor burnout, a short-circuited electrical system, or a mechanical failure. Most property insurance policies don't replace the income you lose as a result of equipment breakdown. Neither will warranties nor maintenance contracts. But these are exactly the things Equipment Breakdown insurance covers. The Equipment Breakdown coverage we provide protects a broad range of equipment, including many types of modern technology as our policies are specifically designed for student housing.

Which equipment is covered?

Just look around you. Your property contains all kinds of costly equipment.

- Furnace
- Air conditioning system
- Electrical system
- Boilers
- Telephone System
- Fire detection and security systems
- Communication systems
- Water heaters/tanks
- Refrigeration



What costs are covered?

Equipment Breakdown coverage is much broader than most people realize as it covers much more than the mechanical equipment located in the facility. The policy coverages include the following:

- Overall Policy Limit of \$5,000,000 which extends to the covered equipment and the resulting damage to the building and business personal property.
- Business Income and Extra Expense up to full policy limit.
- Service Interruption Coverage up to \$1,000,000
- Spoilage of Perishable Goods up to \$100,000
- Data Restoration up to \$100,000
- \$1,000,000 Ordinance & Law Coverage for increased costs of construction to comply with current building codes

Examples of common claims:

- Boiler Explosions
- Mechanical Breakdown of A/C, refrigerator and other similar compressors
- Power Surge damage to mechanical circuit boards, refrigeration equipment, fire alarm systems, telephone equipment and compressors
- Electrical Arcing damage to building electrical systems

Loss Prevention Services

Knowledge of what causes breakdowns - and how to prevent them. The Equipment Breakdown coverage we provide has been designed in conjunction with Charter Oak. Their engineers understand the kind of equipment used in fraternity and sorority houses - and what can go wrong with it. What's more, they work with us to help you prevent equipment breakdown.

Our equipment breakdown policy includes inspection services at no additional cost. Local Volunteers will work directly with Charter Oak to ensure that any problems are identified and dealt with through thorough inspections. And if there is a problem, they consistently provide excellent claim service to help you resume operations quickly.

For more information about Equipment Breakdown Coverage, contact Rob Meraz, Associate VP - Claims, at rmeraz@holmesmurphy.com or Mary K Mashek, Senior Claims Consultant at mmashek@holmesmurphy.com.

How would the Equipment Breakdown coverage help protect you?

Here are some examples that would be covered under the Equipment Breakdown policy:

A chapter house's aluminum electrical supply bus shorted out, severely damaging electrical wires and cables. Members had to be relocated.

Property Damage: \$ 118,681 **Relocation Cost:** \$ 72,152 **Total Loss:** \$ 190,833

A chapter house's air conditioning motor breaks down during sweltering temperatures. Ninety-plus degree weather necessitated setting up four rented "spot coolers." Overtime was required to get the motor back online.

Property Damage: \$83,557 **Extra Expense:** \$16,794 **Total Loss:** \$100,351

The low-water fuel supply cut-off did not operate in a chapter house's cast iron heating boiler, resulting in a low-water condition. As a result, the boiler suffered severe overheating with cracking of several sections.

Property Damage: \$19,750

A chapter house's air conditioning tubes break because of corrosion. Refrigerant leaks into the system and damages it further.

Property Damage: \$31,108

An air conditioner motor suffers winding burnout due to failure of the bearings.

Property Damage: \$29,000

High-voltage underground cable shorts to ground, causing damage to the transformer and cutting off power to the entire chapter house.

Property Damage: \$59,233 **Business Income Loss:** \$6,776 **Total Loss:** \$66,009



**A premium indication for coverage can be obtained by contacting
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