

# Equipment Breakdown



The extended property coverage you need for the equipment you rely on.



## When it comes to protecting the equipment and machinery you need to keep your business operating ... we can show you more.<sup>SM</sup>

Even with expert installation and regular maintenance, equipment does break down, and mechanical or electrical failure can essentially shut down your business. Without the right insurance coverage, this amounts to costly repairs and lost productivity. That's why Equipment Breakdown insurance from CNA is essential. This coverage delivers protection against the breakdown of machinery and equipment that runs your physical plant or office building and is often excluded from standard commercial property insurance.

### Our unique policy covers repair and loss of income, including:

- Repair or replacement of your equipment
- Other damaged property that belongs to you
- Property of others for which you are liable
- An automatic coverage feature for new property you acquire after your policy is in effect

### Additional coverages:

- **Time Element** – protects against loss of income and continuing expenses if business is suspended after a loss to your own equipment or to equipment owned by a utility which provides you electricity, gas, steam, refrigeration or communications. Also provides Extra Expense coverage to help operations continue.
- **Spoilage** – protects against loss of product caused by loss to your own or utility-owned equipment.
- **Contingent Time Element** – protects against loss to your customers or suppliers caused by equipment breakdown.

### Further supplementary coverages:

- Chlorofluorocarbons (CFCs) found in refrigerant and halon
- Loss due to enforcement of an ordinance or law
- Loss due to computers or data processing equipment and fiber optic cable
- Receive up to an additional 25 percent above the loss if the repair or replaced equipment helps improve the environment, is more efficient or enhances safety

### Specialized, certified risk control experts:

- Perform consultative risk assessments and conduct regular inspections of your equipment
- Perform required state and municipal code inspections of pressure equipment and assist in complying with regulations
- Identify potential hazards
- Perform infrared thermography, where applicable
- Develop and recommend corrective action, when appropriate. If a loss occurs, CNA will provide comprehensive loss investigation services, locate replacement parts, and develop and recommend effective risk control action to prevent recurrences

### We're always ready to get you back to business.

With Equipment Breakdown coverage from CNA, you receive solid protection from a respected, established carrier enhanced with exceptional risk control and claim service and support. Should you ever need to file a claim, our experienced professionals will handle your claim quickly and efficiently, from first report through final resolution. In addition, we provide customer satisfaction surveys for you to provide us with feedback and suggestions about your claim experience and how we can improve.



## Customers' Frequently Asked Questions.

### Q. What exposures fall under this type of coverage?

A. Equipment Breakdown coverage could potentially cover any piece of equipment you depend on to run your business: telephone equipment, computers, fax machines, air conditioning systems and related equipment, motors, compressors, pressure vessels, electrical equipment, back-up generators and machines used to cut, shape, form a product, etc.

### Q. What does an Equipment Breakdown policy actually cover?

A. Equipment Breakdown coverage is a property coverage. In most property packages, you will find exclusions for losses due to steam boiler and centrifugal explosion, loss due to mechanical breakdown and loss due to electrical arcing. The intent of Equipment Breakdown coverage is to fill those specific gaps (exclusions) for property damage, business interruption, extra expense and consequential coverage.

### Q. Do I really need Equipment Breakdown coverage?

A. Every business likely has exposure. For example, any business that uses electricity may have a need for this coverage. Without it, if power is lost because of a short, arcing or a loose connection that causes the electrical main disconnect or distribution of power throughout the business' operations, there would be no coverage for the property damage, the interruption to business, the extra expense or spoilage loss.

### Q. Why don't all property carriers simply include Equipment Breakdown coverage?

A. Equipment Breakdown coverage is considered unique because there is a need for specialized engineering and risk control services along with the coverage itself. The best Equipment Breakdown carriers spend a much higher percentage of each premium dollar on risk control than any other coverage line. That means we can work to help businesses prevent losses from occurring in the first place.

### Q. Is CNA a smart choice for my Equipment Breakdown coverage?

A. Yes. CNA has more than 100 years of experience protecting businesses from loss and has written this type of coverage in every class of business, from churches and main street businesses to steel mills and electric utilities.

### Q. Will CNA Equipment Breakdown assist a customer in mitigating an Equipment Breakdown loss?

A. If a loss occurs, CNA Risk Control consultants will be there to provide comprehensive loss investigation services, supply valuable assistance in locating replacement parts and develop and recommend an effective risk control action plan to prevent recurrences.

**For more information on Equipment Breakdown coverage, contact your independent agent or visit [www.cna.com](http://www.cna.com).**



## Equipment Breakdown Exposures



Equipment Breakdown provides coverage for the sudden and accidental breakdowns of the full range of pressure equipment, as well as mechanical and electrical equipment used for the generation, transmission or utilization of mechanical or electrical power. The chart below identifies the types of equipment that your business may have, so you can be sure these exposures don't go unprotected.

Businesses and the types of equipment they may have:	<i>Heating boilers</i>	<i>Pressure vessels (non-process)</i>	<i>Air conditioning units, systems</i>	<i>High pressure boilers</i>	<i>Process vessels</i>	<i>Refrigeration</i>	<i>Motors, Generators</i>	<i>Emergency generators</i>	<i>Pumps, Compressors</i>	<i>Production machines</i>	<i>Steam, Gas turbines</i>	<i>Transformers</i>	<i>Switchboards, Phones, Cables, Computers</i>
Apartment buildings	•	•	•				•	•	•			•	•
Auto dealers	•	•	•	•	•		•	•	•			•	•
Auto sales	•	•	•				•		•			•	•
Bakeries	•	•	•			•						•	•
Banks	•	•	•									•	•
Bottling plants	•	•	•	•			•		•	•		•	•
Bowling alleys	•	•	•			•						•	•
Breweries		•	•	•	•	•	•		•	•	•	•	•
Canneries		•		•	•	•	•		•	•		•	•
Car washes	•	•		•	•		•		•				•
Chemical plants		•		•	•	•	•		•		•	•	•
Churches	•	•	•				•		•			•	•
Clubs	•	•	•			•							•
Cocktail lounges	•	•	•			•							•
Cold storage plants	•	•				•	•		•			•	•
Colleges	•	•	•	•		•	•		•		•	•	•
Condominiums	•	•	•				•	•	•			•	•
Convalescent homes	•	•	•			•	•	•	•			•	•
Country clubs	•	•	•			•	•		•			•	•
Dairies		•		•	•	•	•		•			•	•
Department stores	•	•	•	•	•	•	•	•	•			•	•
Dry cleaners		•	•	•	•							•	•
Food processing	•	•	•	•	•	•	•		•			•	•
Foundries	•	•	•	•			•		•	•	•	•	•
Funeral homes	•	•	•										•
Garages	•	•				•	•		•				•
Greenhouses	•	•				•						•	•
Hospitals	•	•	•	•	•	•	•	•	•	•	•	•	•
Hotels	•	•	•	•	•	•	•	•	•		•	•	•
Laundries		•	•	•	•		•		•	•		•	•
Manufacturing (heavy)	•	•	•	•	•		•		•	•	•	•	•
Manufacturing (light)	•	•	•	•	•		•	•	•	•		•	•
Motels	•	•	•				•	•	•			•	•
Municipal buildings	•	•	•				•	•	•			•	•

• = Usually found

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Office buildings	•	•	•				•	•	•		•	•	•
Paper mills		•		•	•		•		•	•	•	•	•
Printing, publishing	•	•	•				•		•	•		•	•
Professional buildings	•	•	•			•	•	•	•			•	•
Public buildings	•	•	•				•	•	•			•	•
Pumping stations	•	•			•		•	•	•			•	•
Refineries (oil)		•		•	•	•	•		•		•	•	•
Restaurants	•	•	•			•	•		•			•	•
Schools	•	•	•			•	•	•	•			•	•
Service stations	•	•					•		•				•
Sewage disposal plants	•	•	•		•		•	•	•			•	•
Stores	•	•	•	•		•	•		•			•	•
Supermarkets	•	•	•		•	•	•		•			•	•
Textile plants		•		•	•	•	•		•	•	•	•	•
Theaters	•	•	•				•		•			•	•
Utilities (electric)		•		•			•		•		•	•	•
Warehouses	•	•										•	•

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## Equipment Breakdown for Manufacturers



### Essential protection for systems critical to your business success.

Manufacturing businesses that rely on mechanical and electrical equipment know just one breakdown can lead to work stoppage and revenue loss. That's why smart businesses rely on CNA Equipment Breakdown coverage. From production equipment and electrical systems to lost revenue from temporary shut-downs, CNA Equipment Breakdown coverage protects you from a wide range of business risks and is backed by the financial strength and claim service expertise you've come to expect from CNA.

#### CNA Equipment Breakdown coverage protects manufacturers from a wide range of risks:

- **Heating and Cooling Systems** – accidental breakdown of your air conditioning or heating system can lead to work stoppage and productivity loss.
- **Electrical Systems** – a simple surge or short circuit can damage your equipment, or even worse, shut down your power.
- **Elevators, Security Systems and Computer-controlled Equipment** – security, lighting and intercom malfunctions can compromise safety. Elevator motors and other systems operated by computers can break down, resulting in costly delays.
- **Steam Systems** – a steam boiler or vessel explosion can cause significant damage. CNA Risk Control provides an additional layer of protection for these systems by performing jurisdictional operating inspections, nationwide.

#### Coverage that picks up where property insurance leaves off.

Property insurance coverage has its limits. Many policies don't cover the risk of mechanical breakdown, electrical arcing, power surges, short circuits or deformation/cracking of pressure containing items. They also do not cover lost income and the extra expense of getting back in business. With CNA Equipment Breakdown coverage, not only do you get protection that goes above and beyond maintenance or service contracts and warranties, you also receive additional protection from:

- Loss of income
- Equipment rentals
- Extra expenses

It all adds up to protect you from the most important risk of all — loss of credibility with your valued customers.

#### More than an insurance policy — it's a well-oiled machine.

Working together with your independent agent, CNA delivers Equipment Breakdown coverage backed by a comprehensive loss-prevention program to help you achieve peak business performance. With more than 100 years of experience and an "A" rating for financial strength, when you're looking for an insurance carrier with superior equipment coverage and services engineered to meet your business needs ... **we can show you more.<sup>SM</sup>**

**For more information on Equipment Breakdown coverage for manufacturers, contact your independent agent or visit [www.cna.com](http://www.cna.com).**



## With CNA Equipment Breakdown, risk control programs come standard.

Customers with CNA Equipment Breakdown coverage receive much more than comprehensive protection from a carrier with financial strength and more than 100 years of experience. They gain access to our dedicated team of Risk Control specialists — experts with a long history of helping businesses safeguard their physical assets and improve their productivity by identifying potential hazards.

### The advantage of foresight.

At CNA, we recognize that the least disruptive loss is one that never occurs. To help you avoid costly work stoppages, we offer a comprehensive package of risk control services, including:

- Risk evaluation and improvement
- Predictive and preventive maintenance
- Transformer oil analysis
- Ultrasonic thickness analysis
- Infrared thermography
- Account management services
- Statutory inspections
- Repair (R-stamp) inspections
- Loss investigations
- Online risk control tools
- The CNA School of Risk Control Excellence



CNA Equipment Breakdown specialists work closely with your independent agent as part of an individualized program designed to meet your specific needs. Our specialists provide a detailed analysis of your total operation, identifying hazards and pinpointing high-value, hard-to-replace equipment. They evaluate your maintenance and testing programs and compare them to acceptable industry standards, developing and recommending corrective actions along the way.

CNA Equipment Breakdown specialists are also commissioned by the National Board of Boiler and Pressure Vessel Inspectors, as well as local jurisdictions. They perform required state and local inspections, assist with government compliance and file current certificates.

### Strength on your side.

In the event of a loss, CNA Equipment Breakdown Risk Control specialists get right to work by providing comprehensive loss investigation services, assistance with locating replacement parts and recommendations for effective risk control actions to help you prevent recurrences. And with best-in-class claim service, you can be assured our responsive and knowledgeable professionals will handle your claim quickly and efficiently, from first report through final resolution.



### **Sometimes accidents happen. Smart businesses always have a strategy to help prevent them.**

Here are a few examples of actual claims or incidents and their financial impact. Not every accident could have been avoided, but proper loss prevention measures and the right amount of insurance coverage might have made the difference between a lengthy work stoppage and a small bump in the road.

#### **Unique Production Equipment**

A gap guard for a blanket cylinder was drawn into a machine. The machine was the last of 20 built of this type. If CNA Equipment Breakdown specialists had an opportunity to identify this hard-to-replace piece of equipment and advise a more complete maintenance schedule for it, this damage may have been mitigated.

#### **Inadequate Maintenance Programs**

A bearing was scored and broken due to lack of lubrication on a printing machine in a commercial printers' shop. A thorough review of this company's maintenance practices by CNA Equipment Breakdown specialists could have identified their failure to adhere to industry standards. A small adjustment to their maintenance procedure may have prevented this accident entirely.

#### **Insufficient Planning**

A hydraulic cylinder valve cracked and split through its entire circumference. The hydraulic seals failed. Replacement parts were not on hand at the time of the accident. Spare parts and preventive maintenance programs are now in place. CNA Equipment Breakdown specialists could have recognized this common problem, and recommended an immediate re-stock of the missing parts, reducing down time and saving this company thousands of dollars.

#### **Workplace Hazards**

Refrigerant piping was penetrated and water entered refrigerant lines, contaminating Freon and causing corrosion in the system. A thorough examination of this company's plant operations by CNA Equipment Breakdown specialists would have identified risky maintenance practices. One small upgrade to the cleaning tools may have prevented this accident.

#### **Identifying Potential Problems**

Tubes failed in a water-tube heating boiler. A routine visual examination by a CNA Equipment Breakdown specialist could have identified these damaged parts. Timely action to replace the tubes may have prevented this accident and resulting claim.

#### **Inadequate Coverage**

Two large air conditioning compressor motors overheated and shorted out due to a power surge. Working with their independent agent, this company could have identified the coverage needed and established an appropriate level of CNA Equipment Breakdown coverage that would have protected the business from any liability beyond their deductible.

### **More than 100 years of experience is no accident.**

For more than a century, CNA has worked with independent agents to provide insurance solutions for customers just like you. With a dedicated team of experts providing risk control and claim services, when it comes to finding an insurance carrier who can help you better manage your risks ... **we can show you more.**<sup>SM</sup>

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