

Coverage Corner

Ah, yes the spring is here and it will soon be time to fire up the Air Conditioners and get out the outdoor seats to expand the capacity of our restaurants. With that in mind it might also be a good time to pull out your insurance file and see if you have Equipment Breakdown coverage or perhaps even a stand-alone Boiler and Machinery Policy.

Often times when I mention this coverage to people they assume they do not have the need for coverage based on the name. Do not be fooled the coverage afforded by this insurance can be a life saver. The name Boiler and Machinery is misleading, it is meant to cover the systems at your location that you cannot do business without. For example, heating, air conditioning, refrigeration, phone system, computer systems etc. In essence what has happened is the language of this policy has expanded over the years to cover the systems that if lost, would shut you down. When this form was originally developed over 150 years ago the only real system any location had was a giant steam boiler, where now we all have multiple vital systems. This insurance has continued to evolve with the times by integrating the mechanical systems with technology.

The best way to show the need for this type of coverage is to give a couple of examples of situations that would not be covered by your standard policy but would require the Boiler and Machinery add on or separate policy.

Example #1

A restaurant has to shut down for a week after a windstorm resulted in the breakdown of utility equipment and loss of power. When the electricity was restored, 10 ovens sustained electrical damage from power surges.

Repair Cost	\$ 3,563
Business Interruption	\$176,395
Total Loss Paid	\$179,598

Example #2

A hotel lost air conditioning for 19 days when the motor of a 430-ton roof top chiller shorted out. Guests demanded refunds or discounts and other cancelled reservations. Fans were rented to keep the telephone and computer systems from overheating.

Repair Cost	\$ 91,023
Business Interruption/ Extra Expense	\$ 52,081
Total Loss Paid	\$143,104

These examples are actual losses sustained and paid by the Hartford Steam Boiler company. I do not know about you but an uninsured loss such

as either of these could be potentially devastating to my business. Have a great and productive summer.

Thank you for reading and participating and remember “don’t be cornered by your coverage.”

This column is strictly for general insurance information please consult your local agent for the specifics of your insurance

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