



Course of Construction Equipment Breakdown Insurance

Fills key coverage gaps in builder's risk property policies

HSB Canada
390 Bay Street
Suite 2000
Toronto, ON M5H 2H2
Tel.: (416) 363-5491

hsb.ca

Connect with us



Why Course of Construction Equipment Breakdown Coverage?

A building's vital equipment may be operating for months during construction, until the project is handed over to its owner. During this time, equipment is exposed to a wide range of breakdown perils and risks.

Builder's Risk property policies:

- Typically exclude loss or damage caused by electrical arcing and mechanical breakdown.
- May not cover the high risk phases of equipment testing, commissioning and early operation prior to project completion.

What can go wrong?

An equipment breakdown can result in direct damage to the equipment and other insured property, loss of revenue, interrupted operations due to delays, and additional costs for repair or replacement.

These losses can include resultant damage to surrounding property.

Air conditioning systems contain a variety of parts that can break down and cause serious problems. Failure of a compressor motor may cost in excess of \$50,000.

Electrical systems typically represent up to 15% of a building's total value. Since components are interconnected, damage from a single accident can destroy vast sections, including transformers, panels, switchgear, power controls, and emergency generators.

Many buildings have **underground cables**. Arcing and short circuiting can occur for a variety of reasons. Since cables are buried and require excavation, removal and replacement can be very costly.

Heating systems, typically functional during construction, may fail during testing or early operation of the system.

Modern buildings have automated energy management systems which operate boilers, air conditioning, lighting, elevators and fire detection. They use electronic circuitry which is sensitive to power surges and electrical disturbances.

Warranties have limitations

Warranties typically exclude losses caused by external factors, such as temperature extremes, dusty conditions, or improper installation. They typically do not cover costs to remove a faulty unit and install its replacement; or business interruption expenses.

Loss Examples

Electrical Equipment

An office building's main line breaker short-circuited when an electrician opened the main panel, causing damage to the equipment and resulting in loss of power to the building.

- Insured losses: \$116,234



Transformer Vault

Electrical arcing occurred in a transformer vault of an office building under construction, causing damage and shutting down electrical power to the building.

- Insured losses, including \$40,000 in expediting expenses, totalled \$180,000

Air Conditioning

Cracks in the evaporator tubes of a 500-ton chiller resulted in the mechanical failure of an office building's air conditioning system. Replacement of the refrigerant alone cost \$35,000.

- Insured losses: \$129,139

A 44-storey office building lost air conditioning when a 2,000 KVA transformer short-circuited. A large crane was required to hoist out and replace the damaged transformer.

- Insured losses: \$115,000

Why Choose HSB Canada?

Since 1875, HSB Canada has been the leader in providing the specialized underwriting and technical skills required for inspecting and insuring pressure vessel, mechanical and electrical equipment.

Expert knowledge combined with broad coverages ensure the right choice of insurance for any project.

Contact HSB Canada

Vancouver

Tel.: (604) 683-0341
vancouver@biico.com

Calgary

Tel.: (403) 265-2813
calgary@biico.com

Hamilton

Tel.: (905) 528-8751
hamilton@biico.com

Toronto

Tel.: (416) 362-1203
toronto@biico.com

Montreal

Tel.: (514) 861-8261
montreal@biico.com

Halifax

Tel.: (902) 423-6276
halifax@biico.com

This is a summary of coverages. For all coverages, terms, conditions and exclusions, refer to the actual insurance policy.

© 2020 The Boiler Inspection and Insurance Company of Canada (HSB Canada). All rights reserved.

HSB Canada
390 Bay Street
Suite 2000
Toronto, ON M5H 2Y2
Tel.: (416) 363-5491

hsb.ca