



Auto dealerships

Why do I need equipment breakdown coverage?

HSB Canada, part of Munich Re, is a technology-driven company built on a foundation of specialty insurance, engineering, and technology, all working to drive innovation in a modern world, to keep you ahead of risk.

More than ever, cars rely on computers and so do the facilities that sell and service them. Increased reliance on advanced technology means auto service facilities are more vulnerable to equipment breakdown. Modern electronic equipment is more sensitive and more susceptible to damage and breakdown. It's expensive equipment to repair or replace and revenue will be lost while it's out of commission.

Diagnostic systems and test apparatus, air and hydraulic lifts, air-operated tools and compressors and car wash systems are some of the equipment commonly found in auto dealership locations.

Objects in an auto dealership

Computers, business machines and security systems

Desktop PCs, cash registers, inventory control systems and payment terminals are used to manage a dealership's business.

This equipment may contain fragile components and electronic circuitry that can be damaged by power surges and other electrical fluctuations.

Air compressors and air tanks

Air compressor equipment supports multiple applications, such as car lifts, air tools and tire inflators. Air tanks are subject to breakdown due to corrosion, and compressor units due to mechanical breakdown.

Air and hydraulic lifts

Car lifts are at the core of the service centre equipment in use. They are subject to breakdown as a result of cable malfunctions as well as mechanical breakdown due to metal fatigue.

Electronic diagnostic machines

These systems may test emissions, alignment or other important vehicle parts or processes. They can be worth tens of thousands of dollars. The electronic circuit and computer components in diagnostic equipment

can be damaged by power surges and other power disturbances, heat and moisture.

Car wash equipment

In full service and automated car washes, a conveyor belt moves vehicles through a series of machines that wash, rinse and dry them. Hot water is supplied under high pressure from a number of nozzles used to increase velocity. Industrial vacuums also may be part of the location's equipment.

A high capacity, quick recovery water heater is critical to car wash operations due to high through-put. It is subject to scaling and sludge accumulation. Often these locations have "used water" recycle systems which can compound scaling and sludge and introduce salts and oils into the water heater. In some cases, a "steam jenny" is used for steam cleaning engines and/or truck bodies.

Electrical distribution system

Dirt and dust, common in auto service locations, can increase the risk of a short circuit and arcing damage to electrical panels, electrical switchgear and cable structures.

Loss examples

A hydraulic lift in a service centre had to be replaced after welds gave way. The stops came off the lift and one of the rams went past its travel, cutting deep grooves and damaging bearing surfaces.

– Total paid loss: \$9,042

A power surge in a small neighborhood auto repair center damaged a balancing machine, computer test center and another diagnostic machine.

– Total paid loss: \$10,500

A power surge damaged electronics in an dealership facility, including a computerized diagnostics system, telephones, paging system and security system.

– Total paid loss: \$33,388

During a routine wheel alignment, the operator tried to lower the lift machine and the air locking pins failed to release. The lift runway tilted and the car shifted, damaging the runway and other lift parts, the power unit and motor.

– Physical damage: \$22,751
– Business interruption: \$6,000
– Total paid loss: \$28,751

A wheel alignment machine broke down and had to be replaced because parts were no longer available for the obsolete model.

– Physical damage: \$5,393
– Business interruption: \$2,676
– Total paid loss: \$8,069

A cable snapped on a hydraulic lift used with a wheel alignment machine and caused a locking device to fail. Damaged parts included the front and rear lift supports.

– Total paid loss: \$6,000



A valve on an air compressor pump broke while the air compressor was running.

– Total paid loss: \$20,849

A computer circuit board at a car wash short circuited. The operation was shut down.

– Physical damage: \$8,890
– Business interruption: \$2,850
– Total paid loss: \$11,740

A pump broke down suddenly at a car wash. It was several hours before it could be repaired.

– Total paid loss: \$4,840