



Equipment breakdown insurance commercial real estate Loss bulletin

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.

Essential services where we live, work and enjoy leisure time are completely dependent upon equipment in order to operate. When these systems fail, owners are at risk of business interruption, financial loss, and reputational risk.

Protection against the unexpected
Property policies typically exclude losses resulting from electrical arcing, mechanical breakdown, and explosion of boilers and pressure vessels.

Equipment breakdown insurance fills these gaps, covering accidental physical damage to equipment that is required to be repaired or replaced. It applies to equipment in the following categories:

- boilers and pressure vessels
- air conditioning and refrigeration
- electrical systems
- computers and communications
- mechanical equipment
- renewable energy technology

Equipment breakdown is now a more common and greater risk – with most equipment containing sensitive and fragile technology that can be easily damaged.

Apartments and Condos Elevator

An elevator in an apartment complex lost hydraulic fluid, causing the 15 hp pump motor to overwork and short out. The motor, piston and sleeve were replaced.

- Insured losses: \$8,340



An elevator's control panel short-circuited. The elevator car had to be cut to install the new control panel.

– Insured losses: \$73,183

Electrical service panel

A floor-sanding crew in an apartment building connected their equipment into the main electrical service, causing a short circuit. Arcing damaged the main service panel and electrical equipment that supplied 28 units, whose tenants had to vacate.

– Insured losses: \$131,739

Boiler water pump

An old boiler's water supply pump broke, but the low-water safety control was plugged, so the boiler kept operating, overheated and broke down. The 23-unit building owner opted for an energy- efficient replacement.

– Insured losses: \$30,704

Commercial / office towers electrical distribution system

As the first tenant prepared to move into a new 12-story office complex, a 480-volt bus bar arced and damaged the electrical distribution system.

– Insured losses: \$251,741

Boiler

A boiler serving an office building overheated due to a low water condition. The property manager was able to provide heat for the building using a second boiler until the damaged unit was replaced.

– Insured losses: \$58,000

Air conditioning system

The motor of an office tower's air conditioning system's 600-ton chiller shorted. Once the machine dismantled, inspectors discovered the core had melted. A rental unit was used until the new motor arrived – 6 months later.

– Insured losses: over \$230,000

Retail shopping centres air conditioning system

A shopping center's air conditioning system broke down when a compressor motor shorted out due to insulation deterioration and blew a hole in the motor stator.

– Insured losses: \$31,609

Computer systems

Computers in a shopping centre were damaged by a power surge that came through the data network lines. Surge suppressers were on electrical and communication lines but not on data network line.

– Insured losses: \$30,800

Electrical system

Eighty percent of a shopping mall lost electrical power for five days when arcing at the incoming feeder switch damaged the electrical system.

– Insured losses: \$234,366

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These examples summarize actual and possible losses and coverage.

For all terms, conditions and exclusions, consult the actual policy.

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