

What is Equipment Breakdown with HSB TechAdvantage™ 2.0 coverage?





HSB's Equipment Breakdown (EB) with HSB TechAdvantage™ 2.0 combines traditional EB coverage and technology coverage to give insureds a full range of services and protection to address today's modern equipment risks.

We continue to support you with an experienced and mature client integration process that includes an entire team of HSB experts who are dedicated to meeting your needs every step of the way. From seamlessly integrating our EB product with your forms, to offering assistance in filing and marketing, we aim to go above and beyond in meeting your needs.

HSB's EB insurance is the broadest in the industry, designed to accommodate the rapid evolution of equipment risks. Our range of coverages includes virtually any device that transmits energy, such as:

- Computers and communication systems
- Renewable and alternative energy
- Electrical panels and electrical distribution systems
- Mechanical and production systems
- Heating systems and cooling equipment
- Boiler and pressure vessels



Far from covering just the replacement cost of damaged equipment, HSB also provides built-in coverage for your insureds, protecting against financially devastating impacts.

HSB's EB insurance can pay for:

- Direct property loss — the cost to repair or replace damaged equipment
- Lost business income and costs for temporary replacement equipment
- Future loss avoidance — the cost to purchase and install qualifying protective equipment intended to prevent future EB losses
- Other expenses incurred to limit the loss and speed restoration of operations
- The loss value of spoiled products or materials caused by a covered breakdown
- Business recovery expense

Who needs this coverage?

Every commercial insured, no matter what type of business or size, is impacted by trends in technology innovation. Strides have been made in the arena of technology, leaving equipment more sophisticated and sensitive than ever. With these advancements, those without equipment coverage are left vulnerable to increasing risks.

HSB has made tremendous investments in our product development and service capabilities to keep pace with the many changes that are taking place all around us. Yesterday's products and services are not adequate for what lies ahead.

HSB TechAdvantage 2.0 coverages include:



Microelectronics

- Coverage expanded to Service Interruption or Contingent Business Income.



Cloud computing service interruption

- Expands territory to worldwide.



Future loss avoidance

- Provides payment for cost to purchase and install qualifying protective equipment intended to prevent future EB losses.
- Qualifying equipment can be electrical surge suppression equipment or other protective equipment that HSB agrees would help prevent a similar EB loss from occurring in the future.



Public relations

- Pays for public relations assistance to help manage a reputation that may be damaged by an interruption of business.
- Applies if there is a covered loss of business income.
- Limit increased to \$25,000.



Resultant loss from cyber occurrence

- Clarifies that EB losses caused by a cyber event are covered. Examples include EB losses resulting from hacking, denial of service attack, or deployment of malware.
- The previous TechAdvantage form included a vandalism exclusion under which some cyber-related EB losses may have been denied.



AlertAssist™

As part of TechAdvantage, we include **AlertAssist**, which enhances coverage, offering insureds added protection, pending an equipment failure generated from an electronic machine health monitoring system.



Buried vessels or piping

- No longer excludes piping and vessels within buildings or hydraulic elevator cylinders as “buried vessels or piping.”



Mobile robots

- EB coverage extended to the breakdown of robots that move autonomously within a building or structure.
- This coverage is subject to a \$50,000 sublimit, including Business Income and Extra Expense Spoilage and Consequential Damage and Data Restoration, if coverage is provided.



Consequential loss to undamaged stock

- Coverage provided for undamaged stock that loses market value or requires additional expense because of the damage to covered property as the result of an EB loss.



Resultant damage to animals

- Extends coverage for resultant damage to “animals” that are owned by others and boarded by “you” or owned by “you” and held for sale while inside buildings.
- This coverage is subject to a \$25,000 sublimit, including Business Income and Extra Expense, if coverage is provided.



Environmental, safety, and efficiency

- This coverage provides payment after a loss for the additional cost to replace with equipment that is better for the environment, safer for people, or more energy or water efficient than the equipment being replaced.
- This coverage extends to apply to replacement of component parts.



What value-added services are provided?

Inspection services

Inspection services are at the core of what HSB does for our EB client partners. At HSB, we believe that helping policyholders prevent costly losses and business interruption is the best kind of insurance. No other insurer has the scale, skill, and commitment to engineering that HSB has.

We believe that the identification and inspection of certificate objects based on a proactive, time-proven process is a critical part of our service delivery responsibility to you.

OnSight®

Our OnSight inspection service provides other significant benefits for you, especially since we may be going to locations that you have not visited. During our inspections, we make observations and report on various property and casualty hazards.

It is also possible for us to direct OnSight visits to locations that do not require jurisdictional inspections. For locations that require OnSight professional inspections, the HSB inspector will observe and communicate potential energy-saving opportunities that have tangible dollar ranges associated with them.

Many of our partner companies have credited our OnSight efforts in helping them avoid a major property or casualty loss.

Electrical Risk Management

Electrical Risk Management tools can be used to identify potential electrical hazards that could lead to fire. Early detection is very effective in eliminating conditions that could become a major problem.

How are claims handled?

Experienced equipment claims specialists at HSB manage and adjust all claims on behalf of the client company.

Claims examples:



Public relations

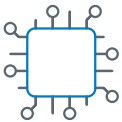
A fast-food restaurant had an electrical accident in its main electrical switchgear. The building was closed for three months while repairs were completed, leading to business interruption losses. The restaurant ran a media campaign to announce the reopening of the building.

Total Paid Loss: \$15,200

Property Damage/Business Income: \$19,000

Public Relations: \$2,500

Total Paid Loss After Deductible: \$20,500



Electronic circuitry impairment

An MRI machine at an imaging clinic lost its ability to produce usable images. The repair technician recommended replacement of a circuit board. There was no evidence of physical damage to the circuit board, but when replaced with a new board, the MRI machine was returned to service.

Total Paid Loss: \$12,600

Total Paid Loss After Deductible: \$12,600



Resultant loss from a cyber event

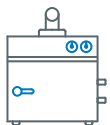
A machine shop's computer system is hacked. The computer is used to control the CNC machine. Following the hacking event, an unintentional movement of parts in the CNC machine resulted in a mechanical breakdown of the machinery. The machine shop also experienced a loss of income from the hacking.

Total Paid Loss: \$22,400

Property Damage: \$18,400

Business Income: \$5,000

Total Paid After Deductible: \$22,400



Future loss avoidance

A cast iron boiler cracks and fails due to a constant return water temperature that is below the requirement of 130° F. Costs included repairing the boiler and temporary heating rentals so that business could continue uninterrupted. The insured installed temperature sensors to detect any future low return water temperature variations.

Property Damage/Extra Expense: \$17,500

Future Loss Avoidance: \$1,750

Total Paid Loss After Deductible: \$18,250

Comparison chart

	Traditional EB	TechAdvantage (2015)	TechAdvantage (2019)
Coverages			
Property Damage	Yes	Yes	Yes
Business Income and Extra Expense	Yes	Yes	Yes
Data Restoration	Yes	Yes	Yes
Expediting Expenses	Yes	Yes	Yes
Electronic Circuitry Impairment	No	Yes	Yes
Future Loss Avoidance	No	No	Yes*
Green	Optional	Optional	Optional
Hazardous Substances	Yes	Yes	Yes
Mobile Robots	No	No	Yes*
Mold	Optional	Optional	Optional
Off Premises Equipment Breakdown	PD Only	PD, BI/EE, and Data Restoration	PD, BI/EE, and Data Restoration
Public Relations	No	Yes	Yes
Resultant Damage to Animals	No	Yes	Yes
Resultant Loss from a Cyber Event	Not Excluded but Not Explicitly Covered	Not Excluded but Not Explicitly Covered	Yes*
Spoilage and Consequential Damage	Yes ("Perishable Goods")	Yes ("Perishable Goods")	Yes*
Covered cause of loss			
Accident	Yes	Yes	Yes
Electronic Circuitry Impairment	No	Yes (With Exceptions)	Yes (No Exceptions)*
Other coverage details			
Cloud Computing Service Interruption	No	Yes (Loss Must Be in U.S./Canada/PR)	Yes (Loss Can Be Anywhere)*
Hydraulic Elevator Shafts	No	No	Yes*
Environmental, Safety, and Efficiency	Yes, applies to replacement of equipment	Yes, applies to replacement of equipment	Yes, expanded to apply to replacement of component parts
Service Interruption	Yes	Yes, expanded to add coverage for data restoration. Also expanded to include cloud computing services to the list of covered services.	Expanded coverage to apply to an ECI. Added cloud or outsourced computing services, ventilation, cooking equipment, elevator services, or equipment as a service.

*Important coverage changes

This document is intended for informational purposes only. It is the sole responsibility of the owner/operator of the equipment to perform any and all duties and tasks associated with their selection, installation, operation, inspection, maintenance, repair, and other issues connected with their equipment. Furthermore, any information herein does not modify or invalidate any of the provisions, exclusions, terms, or conditions of any applicable HSB policy. For specific terms and conditions, please refer to your insurance policy.

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HSB
One State Street
P.O. Box 5024
Hartford, CT 06102-5024
Tel: (800) 472-1866

hsb.com



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