



Think Ahead™

Apartments and Condos

Why Do You Need Equipment Breakdown Insurance?

You Rely On Equipment

Electrical distribution and security systems, HVAC, and elevators are vital to the operation of a residential property. All are subject to sudden and accidental breakdown. Frequently, sensitive—and expensive to repair—electronics run this equipment. If any of it fails, you face not only repair bills, but costs associated with business interruption and disrupted tenants who may move out or demand rent relief.

Rely On Our Coverage

Equipment breakdown can significantly impact your business. Yet, most standard property policies exclude the coverage.

Equipment Breakdown insurance pays for physical damage to equipment caused by mechanical and electrical breakdown. It can also cover business income or spoilage losses due to an equipment breakdown and your extra expenses to limit the equipment loss or speed repairs.

Protect Against Loss

The coverage protects against covered losses caused by:

- Short circuit • Electrical arcing • Power surges
- Mechanical breakdown • Motor burnout
- Boiler damage • Operator error

Common Causes

Heat and Hot Water

Boilers, which provide heat and hot water, are common in condominiums and apartment buildings. Boilers are susceptible to breakdown due to pump or low-water cut-off mechanism failure.

Electrical Distribution System

Lost power often means lost income and disrupted tenants. A short circuit in one part of an electrical distribution system can easily spread to other parts because panels, circuit breakers, and cables are interconnected. The cause can be as simple as a loose connection, dust, or high humidity.

Air Conditioning

Air conditioning systems are vulnerable to breakdown and can result in costly repairs. And, because of the ban on CFCs, replacing the system's refrigerant can cost thousands of dollars. Lack of air conditioning can force residents to find other accommodations.

Fire Detection and Security Systems

Fire and security systems rely on sensitive electronics that are vulnerable to damage from electrical surges and spikes. Modern phone systems are also subject to damage from electrical fluctuations. These systems' fragile circuitry is expensive to repair—and replace.

Coverage, Plus More

Many states and local governments require boilers and pressure vessels to be inspected periodically by commissioned inspectors. With HSB's inspection services you avoid local fees in many jurisdictions and pay only the certificate fee.

The Risks Are Real

Air conditioning motor burned out in a high-rise apartment building that houses senior citizens. Ninety-plus degree temperatures necessitated setting up four rented "spot coolers." Weekend overtime was required to get the motor back on line.

Property Damage:	\$ 83,557
Extra Expense:	\$ 16,794
Total Paid Loss:	\$100,351

Scale build-up resulted in a severe low-water condition, causing a boiler to rupture. Tenants, without heat, moved out or demanded rent relief. A rental boiler was installed as an interim measure until a replacement unit was installed.

Property Damage:	\$ 88,193
Business Interruption:	\$ 35,032
Extra Expense:	\$ 19,639
Total Paid Loss:	\$142,864

This summary gives a general description. For all coverages, conditions and exclusions, refer to the policy.