



Equipment Breakdown Protection Claims Examples

The Frank Cowan Company Equipment Breakdown Protection Product is a revolutionary new standard for equipment breakdown coverage. It responds to new exposures posed by rapidly progressing technologies with bold new coverages.

Microelectronics coverage for invisible risks

Refrigeration system

A school identified spoiled frozen food products in a large walk-in freezer and found that its refrigeration system was not operating. During reasonable attempts to restore the system, the firmware of an electronic circuit control board was reloaded but did not return the equipment to operation. There was no evidence of detectable physical damage to the circuit board. When the circuit board was replaced, the refrigeration system was returned to service.

Payout:

- Direct damage: \$1,100
- Spoilage: \$18,000

Telephone system

A client experienced phone system failure and could not make or receive calls. Two circuit boards were found not functioning. Upon removal, there was no evidence of detectable physical damage. The investigation confirmed undetectable physical damage to the two circuit boards but found no other damage to the phone system. Parts were not available and the phone system was replaced.

Payout:

- Replacement cost: \$28,000

Computer server

A customer experienced a sudden shutdown of its website. The problem was isolated to a motherboard in a computer server. A visual examination of the motherboard revealed no evidence of detectable physical damage. However, when the motherboard was replaced, the computer server and website were restored.

Payout:

- Direct damage: \$1,200
- Business interruption: \$18,000

Off-premises transportable equipment coverage

Portable medical equipment

An outpatient care department of a nursing home provides transition services to patients returning home. While setting up portable ventilation equipment off-premises, an internal control board developed an electrical short. A rental unit was required to provide uninterrupted patient care.

Payout:

- Direct damage: \$2,100
- Extra expense: \$4,000

Laptop computer

An insurance billing centre for a private facility has employees working from home, maintaining medical records. A laptop computer used to enter patient information experienced a mechanical breakdown to its hard drive. A batch of data was lost and needed to be recreated.

Payout:

- Direct damage: \$600
- Data restoration: \$8,000

Video equipment

A company's media department was creating a video at an off-site location. The video production camera in use stopped operating. The camera was found to have an electrical short in an electronic control board. To meet deadlines, a third party videographer was hired.

Payout:

- Direct damage: \$1,200
- Extra expense: \$6,500

Cloud service interruption

Physiotherapy centre

A physiotherapist's office was unable to access data resulting in a loss of income. Its contracted data centre suffered an arcing event to its primary switchgear. Bringing all servers back on line took an extended period of time.

Payout:

- Business interruption: \$37,000

Data restoration for data lost in the cloud due to an accident

School

A school presented a claim for lost electronic student records. An investigation determined that the school's cloud computing provider experienced a mechanical breakdown to one of its hard drives.

Payout:

- Data restoration: \$35,000

Public relations coverage

Cafeteria

A small cafeteria sustained a power surge which caused electrical damage to its walk-in refrigerator. The cafeteria was closed and lost business for seven days. When service was restored, the insured advertised its reopening through a local radio station. The electrical damage to the refrigeration system was a covered accident. Business interruption losses were paid, enabling the advertising loss to be settled under public relations coverage.

Payout:

- Direct damage: \$6,000
- Business interruption: \$14,000
- Public relations: \$5,000

Partner Information

Frank Cowan Company Limited has partnered with The Boiler Inspection and Insurance Company of Canada (HSB BI&I) who are part of Munich Re Risk Solutions. They are Canada's leading equipment breakdown and specialty insurers. Working closely with this partner, we were able to specifically tailor the Frank Cowan Equipment Breakdown Protection Coverage to meet the needs of our clientele across Canada.

Claims examples shown have been provided by HSB BI&I. For more claims examples, please visit www.munichre.com/HSBBII/en/home/index.html. FCC-HSP 0217