

Claims Examples – Equipment Breakdown

Occupancy: Mall



Cause of loss: mechanical equipment

A pump motor in an elevator at a mall was low on hydraulic fluid which caused the motor to overwork and break.

Cost to replace the motor & its components: \$7,945

Occupancy: Food Retail

Cause of loss: Food spoilage and equipment repairs

The motor of a compressor in a freezer fails, ultimately causing meat to thaw and spoil.

Failure of the compressor caused a change in temperature to the freezer.

Food spoilage costs are incurred in addition to equipment repair costs.

Cost to replace food: \$25,000

Cost to repair freezer: \$7,400



Occupancy: Farm



Cause of loss: equipment failure

Breakdown within a storage tank under pressure. All goods had to be discarded due to rapid change in temperature leading to spoilage.

Cost to replace thermostat: \$900

Cost to replace spoiled goods: \$1,800

Occupancy: Business owner

Cause of loss:

A rupture occurred on a section of a boiler tube connected to the main boiler equipment of the insured. Further investigation as to the cost of breakdown revealed that failure was consistent with excessive oxygen in the boiler feedwater due to insufficient temperature. A temporary boiler unit was rented in order to resume business operations and mitigate loss.

Cost to repair the boiler: \$131,230



Occupancy: Business owner




Cause of loss:

A transformer located in a fenced compound exploded shutting down the power to the entire operating section of the insured. In order to maintain operations, the insured rented a large diesel-powered generator to supply power to the plant. This was later replaced with a rental transformer. The rental transformer remained on site until the new transformer was received.

An inspection and testing of the transformer indicated a high level of Ethylene which suggests arcing and the cause of the unit to short-circuit resulting in its failure.

Costs to replace transformer: \$114,787

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