

HOMEOWNERS EQUIPMENT BREAKDOWN COVERAGE FREQUENTLY ASKED QUESTIONS



Following are some anticipated questions and suggested answers when engaging the topic of Equipment Breakdown for Personal Lines.

Q: WHAT DOES EQUIPMENT BREAKDOWN COVER?

A: It covers the perils of mechanical, electrical and pressure systems breakdown, which are excluded or limited perils in the homeowner's policy.

Q: WHAT ARE SOME EXAMPLES OF COVERED PROPERTY?

A: Anything in your home that can break mechanically or electrically; for example, wine cooling unit, heat pumps, swimming pool equipment, air conditioning systems, electrical panels, televisions & media equipment, as well as other household appliances.

Q: WHAT ARE SOME EXAMPLES OF REAL LOSSES?

A: An insured's property was hit with an artificially generated power surge. The boiler and water heater controls, security system and media equipment were damaged.

Amount of loss: \$18,341

An insured's television incurred a covered electrical breakdown to the media box and power supply, and had to be replaced.

Amount of loss: \$1,495

An insured's air conditioning system experienced an electrical short causing loss of cooling to the home. The air conditioning compressor needed to be replaced.

Amount of loss: \$3,295

The circuit board in a subzero freezer arced. Due to the age and availability of a circuit card, the whole unit had to be replaced. The cost to replace the unit was \$9,259. The endorsement also extended additional coverage for food spoilage.

Amount of loss: \$11,345

Q: ARE OTHER STRUCTURES (I.E. POOL HOUSE, GARAGE, SHED) COVERED PROPERTY?

A: Yes. The equipment breakdown form follows covered property as defined in the homeowner's policy.

HOMEOWNERS EQUIPMENT BREAKDOWN COVERAGE

FREQUENTLY ASKED QUESTIONS

Q: WHAT IS THE BENEFIT OF ADDING EQUIPMENT BREAKDOWN COVERAGE TO MY HOMEOWNER'S POLICY?

A: There are specific exclusions for mechanical and pressure systems breakdown in the homeowner's policy. Typically, electrical breakdown coverage is limited in the homeowner's policy. By adding the equipment breakdown enhancement endorsement, loss caused by, resulting from, or consisting of an electrical, mechanical, or pressure systems breakdown, will be covered.

Q: HOW DOES THIS COVERAGE DIFFER FROM A HOME WARRANTY?

A: A home warranty is expensive. It may also restrict certain equipment or include it at an additional cost. By adding the equipment breakdown enhancement endorsement to your homeowner's policy, coverage applies to all real and personal property in your home.

Q: WHAT HAPPENS IF MULTIPLE PIECES OF (REAL AND PERSONAL) PROPERTY BREAKDOWN AT THE SAME TIME?

A: These items can be combined together to form one submitted loss if the cause of loss is the same occurrence for all pieces of property.

Q: CAN DAMAGED EQUIPMENT BE REPLACED WITH MORE EFFICIENT EQUIPMENT?

A: Yes, the equipment breakdown endorsement will pay up to 125% for replacement of equipment that is more efficient and better for the environment.

Q: IS THERE COVERAGE FOR PERSONAL PROPERTY AWAY FROM THE INSURED'S DESCRIBED PREMISES (I.E., LAPTOP AT COLLEGE, GPS, ETC.)?

A: No, it specifically states in the equipment breakdown endorsement that coverage only applies to personal property at the insured's residence.

Q: WHAT IS THE DIFFERENCE BETWEEN WEAR AND TEAR AND MECHANICAL BREAKDOWN?

A: A mechanical breakdown usually occurs suddenly. Wear and tear usually occurs over time. In instances where wear and tear occurs, performance of the equipment slowly declines and its capacity diminishes; however, the equipment continues to operate but does not perform as expected. Therefore, because coverage for wear and tear is excluded in the homeowner's policy and no equipment breakdown has occurred, there would also be no coverage provided by the equipment breakdown endorsement.

