

American Reliable Insurance Company is pleased to offer an alternative to home warranty plans. Equipment Breakdown coverage is now available through our property policies. This coverage will be reinsured by Mutual Boiler Re.

"If it uses electric power, it is most likely subject to equipment breakdown." Often this equipment requires sophisticated diagnostic tools and skilled technicians to oversee a potential repair. Equipment Breakdown coverage protects against unexpected repair or replacement costs due to an electrical, mechanical, or pressure systems breakdown. Best of all, this additional coverage follows the perils, terms, and conditions of the insurance policy. Off-premises coverage is now included if the coverage is listed in the policy documents.

### Typical Losses

During a family vacation, a storm caused a power outage. A laptop computer and cell phone were charging when the outage occurred. When power was restored, a voltage spike damaged the items beyond repair and required their replacement. With the Off-Premises Coverage the homeowner would be covered!

**Cost of Repairs: \$3,750**

A personal computer (PC) used to control multiple systems (HVAC, lighting and irrigation) within the home sustained electrical damage from a power surge. Replacement of the computer and the unique programming was required.

**Property Damage: \$2,975**

### Homeowners Frequently Asked Questions

**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: Examples of covered property are items in a home that can break mechanically or electrically; for example, wine cooling unit, heat pumps, swimming pool equipment, air conditioning systems, electrical panels, televisions and 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 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 homeowners policy.

**Q: What is the benefit of adding Equipment Breakdown coverage to a 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 a property policy, coverage applies to all real and personal property in the covered 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 150% for replacement of equipment that is more efficient and better for the environment.

**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.

### Exposures

- Clothes Washers and Dryers
- Computer Equipment
- Dishwashers
- Freezer Units
- Garbage Disposals
- Heat Pumps
- High Efficiency Home Heating and Central A/C Systems
- Home Security Systems
- Kitchen Refrigerators
- Lighting and Home Environment Monitoring
- Microwaves
- Ovens
- Solar Panels
- Sump Pumps
- Surround Sound Systems
- Swimming Pool Equipment
- Televisions (Plasma, LCD, etc)
- Water Heaters
- Well Water Pumps