



Specialty Solutions

Equipment Breakdown in the Course of Construction

From small renovation projects to the construction of large manufacturing facilities - almost every construction project will have an equipment breakdown exposure.

Equipment costs are a large part of a project's value, and must be protected from critical exposures. Construction projects are run on tight timelines; the failure of equipment can increase project costs and cause missed deadlines. Intact Insurance's COC Equipment Breakdown policy dovetails with the property Builder's Risk policy to create seamless coverage for the project.

Intact Insurance Advantage

- Underwriting team with specialized engineering expertise to ensure all equipment breakdown exposures are identified
- Dedicated equipment breakdown claims and loss prevention teams
- Broad wordings and extensions that address modern business exposures
- Equipment breakdown COC insurance is available as a stand-alone policy or it can be added to an Intact Insurance Builder's Risk policy
- 24/7 claims service
- Superior financial stability with an A.M. Best Rating of A+





Equipment Breakdown Course of Construction Insurance

- Broad coverage that can be tailored to construction projects of any size.
- Provides coverage for equipment during testing and commissioning, and while in operation for the duration of the project.
- Available for projects valued up to \$250,000,000.
- \$100,000 of soft costs included in base wording.
- Optional endorsements for:
 - » Increased soft costs limit
 - » Delayed Start-up
 - » Extra Expense

Claim examples

- A 13.8 kV SF6 circuit breaker experiences a catastrophic failure during commissioning (hot testing), due to an undiscovered leak in the SF6 chamber during shipment to the site. The failure causes a surge in the electrical infrastructure downstream of the breaker, which leads to damage to several pieces of electrical equipment, including several motors.

Direct Damage: \$21,000

Soft Costs: \$6,400

- A temporary 750 HP boiler installed to provide steam during a processing plant upgrade experiences a tube failure. A trailer mounted boiler has to be rented, delivered to the site and commissioned, delaying the project by several days.

Direct Damage: \$95,000

Extra Expense (rental boiler cost): \$50,000

Why is equipment breakdown insurance important for construction projects?

- Most manufacturer warranties do not cover:
 - » Resulting damage from an accident
 - » Costs to remove and re-install equipment
 - » Breakdown as the result of operator error
 - » Impacts from the result of delay to the project
- Most lending institutions and the Canadian Construction Documents Committee now require project owners to hold an EB COC policy.
- Many pieces of equipment are interconnected; an accident to one piece of equipment can result in damage to other pieces.

Loss prevention tips

- Practice good housekeeping by keeping electrical panels free of dirt and dust. Avoid storing combustible materials on or around electrical equipment. Keep electrical rooms cool, clean and dry.
- Consider installing surge protection to protect equipment. Surge protection can be installed at three levels: on the main electrical connection, on distribution panels, or at the point of use.
- Conduct recurring maintenance and calibration of safety valves and safety switches such as pressure safety valves (PSVs), fuel train safety shutoff valves and high/low pressure fuel sensors.

Contact your local underwriting team today:

British Columbia, Alberta, Saskatchewan and Manitoba:
ebiwest@intact.net

Ontario and Atlantic Provinces:
eb.ontario@intact.net

Quebec: **spec@intact.net**

For more information, visit **intactspecialty.ca**