

Human Error Plays a Big Part in Many Equipment Losses

We all make mistakes. When it happens in the workplace, however, equipment can break down and a business may experience a loss. BI&I claim data shows that human error, including operator error, contractor mistakes, and poor maintenance practices, plays a role in at least 35 percent of equipment breakdown claims.

BI&I Helps Cover Losses

It doesn't take much for an accident to happen. The result can be costly repairs, lost business income and extra expense. BI&I's equipment breakdown coverage can pay for losses caused by human error, such as these claim examples.

No Tortillas

A mechanic for a Mexican-style food company left a wrench inside a dough-dividing machine. When the machine started up, the wrench passed through and severely damaged its parts. Workers on overtime made tortillas by hand until repairs were complete. The total paid loss of \$58,079 included almost \$16,000 in extra expense.

"Pour" Judgment

Workers were performing maintenance on a department store's air conditioning system when a 450-ton chiller broke down. The loss totaled thousands of

dollars and repairs took six weeks. It turned out that bottles of industrial cleaner were stored with similar size bottles of lubricating oil in a dimly lit room. Technicians had mistakenly poured detergent in the chiller instead of oil.

A Costly Lesson

School personnel thought they had found a way to save on heating costs. They turned the boiler off at night when the building was empty. However, the sudden rush of cold water when it was restarted each morning eventually caused overload and thermal shock. The boiler broke down in a \$60,000 paid loss.

They Forgot To Plug It In

A new hospital reported three big losses in four months involving a backup generator and other electrical system components. The grounding system and state-of-the-art surge suppression equipment should have contained the damage. BI&I investigated and found that the protection systems were never connected.

Making A Point

A maintenance supervisor was showing a new worker around an industrial laundry. He pointed to a circuit breaker with a small aluminum flashlight but touched the components. Arcing destroyed the breaker for a total paid loss of \$35,000.



Push the Wrong Button, Turn the Wrong Switch, it Doesn't Take Much for an Accident to Happen

Pressing His Luck

A boiler shut down and the operator hit the reset button. It tripped again and he pressed the button again and then twice more. He kept pushing the button until there was a small explosion as accumulated fuel ignited. There was only slight damage, but the operator suffered a minor burn and was badly shaken. ●

RECENT PAID CLAIMS

Too Much Power

A mini-mart and gas station had extensive equipment damage and closed for a week following a utility voltage surge. Broken equipment included a refrigeration compressor, ATM machine, electronic cash register and credit card reader, fuel pump controls, coffee and cappuccino machines, lighting, and main electrical panel.

Total paid loss: \$40,661
(including \$6,137 for lost business income)



Spoiled Business

A store closed for two days to restock its spoiled fresh food products after a low voltage condition caused a refrigeration compressor motor to break down. The spoiled items included frozen foods, ice cream, dairy products and deli meats.

Total paid loss: \$58,835
(including \$50,000 for spoilage and lost business income)



Recognizing Trends that Lead to Equipment Breakdown Exposures

As an industry leader, BI&I always needs to “think ahead” to identify emerging exposures and respond to them by devising state-of-the-art insurance, engineering and claims solutions. Four emerging macro-trends that pose risks to BI&I and our customers are central to this initiative:

- **Equipment in a Global Economy** - As more equipment is manufactured abroad and worldwide demand exceeds supply, there are risks of equipment scarcity, rising costs and delivery delays.
- **Aging Infrastructure** - The design of the nation’s electric transmission system has not kept pace with the demand for electricity, presenting increased risks of electrical outages and power quality problems. Similarly, the electrical systems within many insureds’ premises pose breakdown and fire exposures.
- **Rising Energy Demand** – Increased demand for electricity and rising energy costs have spurred insureds to install new power equipment and renewable energy technologies: these present increased equipment and property casualty exposures.
- **Proliferation of Technology** – More equipment in more types of occupancies contains sensitive technology. Digital data exposures have also grown enormously.

The risks faced by business and industry are exacerbated by these four converging trends. Fortunately, there are ways to mitigate and manage risk. BI&I is focused on providing innovative strategies focused on engineering, risk assessment, loss prevention and contingency planning. ●

DON'T OVERLOOK EXPOSURES

Costly Equipment Breakdowns are Never Convenient

Profit Margins are Thin, Competition is Fierce for Convenience Stores

Worried about mounting losses, a convenience store owner waited five anxious weeks to get refrigeration equipment repaired. Compressors on coolers and freezers broke down and parts were not readily available. Without milk, juice and other cold products to sell, customers were taking their business to competitors.

BI&I Pays \$60,000

BI&I paid approximately \$60,000 under the store’s equipment breakdown policy, including \$41,447 for lost business income. Like most convenience stores, the location had no backup equipment and little additional cold storage space.

Lost Sales, Less Profit

How many stores could afford a similar loss? With so many convenience stores in Canada, the competition is fierce and profit margins are thin. Unexpected repairs and lost sales can really hurt without equipment breakdown insurance.

Stores Depend On Equipment

Convenience stores rely on many types of equipment. In addition to refrigeration units such as reach-in coolers and display cases, these locations operate air conditioning systems, boilers and other heating equipment.

Electrical Exposures

Other equipment includes coffee makers, microwaves, electronic cash registers, bar code scanners and credit card readers. Many stores have computerized inventory systems, ATM and copy machines, and security and surveillance systems. ●



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