

Equipment Breakdown Coverage for Nursing Homes and Assisted Living Communities

Nursing homes and Assisted Living Facilities have implemented technology and equipment to improve the quality of care and comfort to residents. They depend on many types of electrical, mechanical and computer-controlled equipment to support facility operations. To gain a perspective of the equipment subject to equipment breakdown, think of an interruption to your facility during a power outage.

Electricity is so critical that many facilities are equipped with emergency generators to support critical functions during electrical service interruptions. Having installed electric-generating capacity creates even more opportunities for equipment breakdown. These hazards include electrical arcing of generator windings and mechanical damage to diesel engine push rods and exhaust valves. Electrical breakdown is the most frequent type of loss. An improperly cleared electrical arc can destroy circuit breakers, motors and electrical control equipment utilized to support facility operations. This can lead to significant property damage and interruption of normal operations for days until repairs can be made or replacements can be installed.

Building support equipment such as boilers, air conditioning, heating and ventilation equipment operate behind the scenes creating the comfort promised to your residents. Although this equipment is considered reliable, it is also highly susceptible to the perils of equipment breakdown, often resulting in the need to make alternative living arrangements for residents or the use of rental equipment while repairs can be made or replacements be installed, re-establishing normalcy to the facility. Most jurisdictions require boilers and pressure vessels to be inspected by a qualified inspector, and these services are provided at no charge as part of equipment breakdown coverage. These inspections, when conducted by state inspectors or a fee-for-service inspection agency, can run as high as \$500 per inspection, plus the additional certificate fee.

Nursing Homes Typical Loss

A 50-ton air conditioning unit suffered mechanical breakdown during the night at a nursing home complex. Temperatures inside the facility climbed above 90 degrees Fahrenheit, and a decision was made to evacuate the residents to other care facilities. The air conditioning unit was replaced, and the insured was reimbursed for loss of income associated with temporarily relocating the residents.

Property Damage: \$45,000
Business Interruption: \$100,000

An electrical power surge generated by the utility company damaged the 1600-amp main service panel and part of the bus duct. Consequently, the nursing home facility had to rent a 1.2 MW diesel generator for two days while repairs were carried out on the facility's electrical system.

Property Damage: \$50,000
Extra Expense: \$15,000

Exposures

Boilers and Pressure Vessels

- Air Conditioning Units
- Boilers
- Fired Vessels
- Fired Water Heaters
- Autoclave
- Refrigeration Units
- Unfired Vessels

Mechanical Equipment

- Compressors
- Fans
- Motors
- Pumps

Time Element

- Business Interruption
- Extra Expense

Class-Specific

- X-Ray Machines
- Defibrillators
- Oxygen Concentrators

Electrical Equipment

- Circuit Breakers
- Communications Equipment
- Desktop Computer
- Laptop Computers
- Computer Monitors
- Flat-Panel Displays
- Document Scanners
- Video Teleconferencing Systems
- Multimedia Projectors
- Site Security Systems
- Battery Recharge Stations
- Emergency Generators
- Motors
- Switchboards
- Switchgears

Assisted Living Communities Typical Loss

A circuit board controlling the building's only elevator failed due to a utility-generated power surge. As a result, the facility was without the services of the elevator for its more than 100 residents for five days while the existing circuit board was shipped out to a repair concern. Equipment breakdown coverage paid expediting expense for speeding up the repairs to the circuit board.

Property Damage: \$25,000
Extra Expense: \$2,000

The compressor motor inside a heat pump used to cool and heat a resident unit suffered failure due to a ground fault.

Property Damage: \$10,000
Extra Expense: \$1,000

Exposures

Boilers and Pressure Vessels

- Air Conditioning Units
- Boilers
- Fired Vessels
- Fired Water Heaters
- Medical Sterilizers
- Refrigeration Units
- Unfired Vessels

Mechanical Equipment

- Compressors
- Fans
- Motors
- Pumps

Electrical Equipment

- Circuit Breakers
- Communications Equipment
- Computers
- Distribution Systems
- Emergency Generators
- Motors
- Switchboards
- Switchgears
- Transformers

Time Element

- Business Interruption
- Extra Expense

