



Home Equipment Breakdown Coverage

Red River Mutual is pleased to offer an affordable alternative to costly product and home warranty plans: Home Equipment Breakdown Coverage through your Residential Insurance Policy. Whether you are a renter or a high-value homeowner, we have your equipment breakdown exposures covered.

The modern home contains many expensive systems and appliances subject to equipment breakdown. These include:

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

Even items that you typically think of as disposable; such as, garage door openers, exhaust/ceiling fans, DVD players and much more, could benefit from this coverage as a result of an electrical power surge or mechanical breakdown.

Often this equipment requires sophisticated diagnostic tools and skilled technicians to oversee a potential repair. Equipment breakdown coverage protects you against unexpected repair or replacement costs due to an electrical, mechanical, or pressure systems breakdown. Best of all, this additional coverage follows the terms and conditions of your insurance policy.

Home Equipment Breakdown Coverage includes:

- > Additional Living Expense
- > Expediting Expenses
- > Green Coverage/Pollutant Cleanup
- > Efficiency Coverage/Spoilage

Did You Know?

Forty-two percent of all equipment breakdown losses are mechanical in nature. Until now, along with electrical breakdown, these losses were typically excluded under your homeowners policy.

EQUIPMENT BREAKDOWN	% OF LOSSES
Electrical Breakdown	51%
Mechanical Breakdown	42%
Pressure Systems Breakdown	7%

Typical Losses

A domestic water 230-volt deep well pump short-circuited to ground. Upon being pulled from the well to determine its condition, it was concluded that the cost to repair the motor was greater than the cost of replacement.

Cost of Replacement: \$1,850

Loss of Use: \$186

A power surge caused by the electric utility resulted in arcing damage to the electronic components of a panel television and electric motor of an air conditioning system. Replacement and repairs required service by separate technicians.

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 unique programming was required.

Property Damage: \$2,975

An air conditioning system suffered an ice buildup in the evaporator due to a cracked compression fitting. The ice plugged the condensate drain causing water to flow into the control cabinet, short-circuiting the solid state controls for the air conditioning system and furnace.

Cost to Repair: \$2,800

FAQ's

Homeowners Equipment Breakdown Coverage

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 underlying form.

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 & 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. Red River Mutual 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 underlying form.

Q: What is the benefit of adding equipment breakdown coverage to my homeowners' policy?

A: There are specific exclusions for mechanical and pressure systems breakdown in the underlying form. Typically, electrical breakdown coverage is limited in the underlying form. 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. Home warranties do not cover personal property. By adding the equipment breakdown enhancement endorsement to your homeowners' policy, coverage applies to all real and personal property in your home.

Q: What happens if multiple pieces of (real and personal) property fail at the same time?

A: These items can be combined together to form one submitted loss (with only one deductible) if the cause of loss is the same 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 repair or 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: Yes, in addition to coverage at the insured residence, there is an extension for off-premises coverage up to the limit of insurance.

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 underlying form and no equipment breakdown has occurred, there would also be no coverage provided by the equipment breakdown endorsement.

Q: Does a claim under this coverage affect the Claims Free Discount on the policy?

A: No.