



Restaurants and Taverns

Restaurants and taverns, whether owned or leased, have numerous insurable Equipment Breakdown exposures. In addition to boilers and pressure vessels, mechanical and electrical breakdowns involving air conditioning systems, refrigeration systems and electrical systems, are a prevalent cause of property damage and often lead to a loss of business (business interruption coverage) or increased operational costs (extra expense coverage). Additionally, this peril can cause valuable product to spoil (consequential damage). Typically, service interruption is provided for loss of the electrical service; however, loss of water and/or other services can create equally severe business interruption losses.

Typical Losses

Restaurant: A broken piston rod in an air conditioning compressor caused property damage and interruption of business.

Property Damage: \$1,200
Business Interruption: \$6,450

Tavern: Insulation breakdown occurred in the motor of a hermetically sealed refrigeration compressor causing frozen food to spoil.

Property Damage: \$5,852
Consequential/Spoilage: \$4,950

Restaurant: The motor driving the refrigeration compressor for the three-door cooler short circuited, requiring replacement of the hermetically sealed motor/compressor unit.

Property Damage: \$1,800
Consequential/Spoilage: \$1,400

Exposures

Boilers and Pressure Vessels

Boilers
 Fired Water Heaters
 Unfired Vessels
 Refrigeration Units
 Air Conditioning Units

Mechanical Equipment

Compressors
 Pumps

Electrical Equipment

Motors
 Transformers
 Switchboards
 Distribution Systems
 Communications Equipment
 Fax Machines

Time Element

Business Interruption
 Extra Expense
 Service Interruption

Class Specific

Consequential Damage

Loss by Peril

	% of losses
Electrical Breakdown	45
Mechanical Breakdown	37
Pressure Equipment Breakdown	16
Service Interruption	2

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