

## **Is your shop machinery covered by your property insurance?**

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Engines, pumps, compressors, fans, blowers, air and heating conditioning units, electrical machines, transformers, rectifiers, or any mechanical or electrical machine or apparatus used *for* the generation, transmission or utilization of mechanical or electric power.

Exciting stuff, especially when your body shop experiences a “loss” (business Interruption or property damage) resulting from such machinery. Exciting, in a bad way. If the machinery and equipment hasn’t been insured properly, because — guess what — damage resulting from these objects’ production activity is specifically excluded on all traditional property insurance policies.

Let’s say, for example, that the shop’s neighborhood power facility experiences an electrical fire, power surge, or explosion. Quite naturally, and in a matter of seconds, your shop, which is directly or indirectly connected to the facility, will receive a serious electrical surge that could cause electrical arcing to occur.

The shop’s electrical system, once “zapped”, could be completely shut down and all electrical systems, wires, and units destroyed. Fire could indirectly result as a will most likely be declined from your carrier’s insurance adjuster.

### **The solution**

In order to respond to this coverage gap and realistic garage exposure, you must purchase a “Boiler & Machinery Insurance Policy.” Boiler? “We don’t have any boilers. Why do we need this kind of coverage?”

is the common response to this coverage discussion.

Historically speaking, this coverage was borne out of Americas manufacturing industries’ requests for catastrophic boiler/vessel explosions. Over the years, however, the coverage has grown from various service industry requests (like the automotive service industry) and various high-tech industries.

What is amazing to us insurance gurus is that, in today’s world, over 60% of the insurance industry’s boiler and machinery claims are “electrical” related. Not only is this one of the biggest property damage exposures for a body shop, but a shop’s electrical systems is its life-source.

Just like a customer, without it you cannot operate. Recently, one insured body shop experienced an electrical arcing situation resulting in \$26,000 in property damage with two week shutdown. Without the machinery insurance policy, we would have had one made client.

Machinery insurance premiums vary. Depends on the property value requested, the business income insurance limit needed, and the company providing.

The body shop owner is probably looking at anywhere from \$250 to \$750 annual premium. Policies vary as well. Consult your professional insurance agent.

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