

## Insurance: Points to Ponder

by Ken Roberts



# Equipment Breakdown Coverage: Can you stand the heat?

When we purchase property insurance, we are protecting our assets against perils such as fire, lightning, windstorms, hail, vandalism, theft and other calamities. Although it may seem at times like we have already purchased enough coverage to protect us against the ten plagues of Egypt, there is still at least one additional coverage that we need to consider that is not automatically included in most property insurance policies. Our building equipment can and will break down, and usually at the most inopportune time. *Equipment Breakdown* insurance, sometimes referred to as *Boiler and Machinery* coverage, will provide protection for losses we incur as a result of a mechanical failure of our equipment.

The most common equipment that can hinder our operations when it fails is our heating and air conditioning systems. It's perfectly acceptable for our actors and technicians

to practically melt onstage under the lights, but heaven help us if our patrons become the least bit uncomfortable and maybe even . . . (gulp) . . . perspire! These units have zillions of parts, all driven by electricity, natural gas, heating oil, etc. When something goes wrong with any one part, it usually takes the entire system down, leaving us to wonder if our performances will go on as scheduled. We have other machinery that we depend on that should be covered as well, such as elevators and lighting and sound equipment. Bear in mind that Equipment Breakdown insurance is not designed to cover normal wear and tear. It only protects us against "sudden and accidental" events, like electrical disturbances such as arcing within the equipment. The costly repairs, as well as any loss in revenue as a result of the breakdown would be covered.

Equipment Breakdown coverage is usually available as an endorse-

ment to your current property insurance policy, and can typically be purchased for a fraction of the total property premium. It can also be purchased separately as a stand-alone policy if your current insurance carrier doesn't offer it as an option. In any case, the coverage can prove to be a lifesaver, especially if you happen to be located in an area where extreme temperatures are the norm rather than the exception. Just ask any theatre in Texas or Arizona how important air conditioning is in the summer, or check with Alaska about how critical heat is in the winter, and many of them could give us examples of situations where Equipment Breakdown coverage was crucial in keeping them from going under due to the massive cost of repairs. With all of the electronic gizmos we have in conjunction with our environmental equipment, we can't afford to be without this valuable coverage.

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For more information about the AACT Insurance Program, contact:

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