

## **GENERAL BOILER AND MACHINERY INSURANCE DEFINITIONS AND DESCRIPTIONS OF TERMS**

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### **Boiler and Machinery Insurance**

Insures against the sudden and accidental breakdown of boilers, machinery, and electrical equipment. Three major perils covered are steam boiler explosion, mechanical injury, and electrical injury. Must cause physical damage that requires repair or replacement, must involve an insured object, and must occur within the policy period.

Definitions included but not limited to:

**Accident:** Sudden and accidental breakdown of an object or a part thereof resulting in physical damage to the object that necessitates repair or replacement.

**Business Interruption – Actual Loss:**

Pays for actual loss resulting from a total or partial interruption of business and reasonable expenses incurred to reduce the period of interruption up to the limit of insurance written.

**Combined Business Interruption and Extra Expense:**

Combination coverage form that provides coverage for loss of business income and extra expenses when a covered accident to an object results in a disruption of business activity.

**Comprehensive Coverage (excluding production machinery):**

Defines all insurable boiler objects that can be covered, excluding coverage for production machinery.

**Comprehensive Coverage (including production machinery):**

Defines all insurable boiler and machinery objects that can be covered, including coverage for production machinery.

**Consequential Damage:**

Loss due to spoilage from lack of power, light, heat, steam, or refrigeration resulting from an accident.

**Extra Expense:**

Pays extra expenses incurred during a period of restoration in order to continue operations as normally as possible following an accident to an object. Extra expense means the cost of operating the business minus what the cost of operations would have been had no accident occurred.

**Object:** Equipment shown in the Boiler and Machinery declarations. Object definitions are:

**Electrical Objects** (including rotating electrical machines, transformers, induction feeder regulators, miscellaneous electrical apparatus, solid state rectifier units).

**Mechanical Objects** (including engines, pumps, compressors, fans, blowers, gear wheels, enclosed gear sets, wheels and shafting, deep-well pumps, miscellaneous machines).

**Pressure and Refrigeration** (includes boilers, fired vessels, electric steam generators, steam piping and valves, unfired vessels, refrigerating and air conditioning vessels and piping, small compressing and refrigerating units, air condition units).

**Turbine Objects** (including turbines, combustor and other parts of a gas turbine unit, components on any shaft of a driving turbine, mechanical or hydraulic governing mechanisms).