



# Restaurants and Taverns

**R**estaurants 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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