

## Tech-Enhanced Equipment Breakdown

### Technology transforms exposures and risk

We are now at a point where we live and work within a technological ecosystem that is changing at almost tornado speeds. A world where new ideas and technologies are continuously being spun together to create entirely new forms of equipment, machines and applications for them. This technological transformation brings many benefits. But it changes the risk paradigm and often in ways that are not obvious at first. Consider that sensitive micro-circuitry is now used in almost all business equipment, that firmware for a machine can contain millions of lines of complex code, and that business equipment can now be carried in a pocket or briefcase to any point on earth.

### Enter Tech-Enhanced Equipment Breakdown

Tech-Enhanced Equipment Breakdown is the result of three years of proprietary research, claims analysis and consultation with equipment manufacturers and technology companies. It's the most innovative equipment breakdown product RAM Mutual Insurance has ever offered. Tech-Enhanced Equipment Breakdown expands our equipment breakdown offering with five new coverages:

1. Microelectronics coverage
2. Cloud computing service interruption coverage
3. Service interruption coverage expanded to include data restoration
4. Expanded off-premises coverage for business income, extra expense and data restoration
5. Public relations coverage

### Microelectronics coverage for invisible risks

Until now, all equipment breakdown coverage required evidence of physical damage. Have you ever owned an electronic device, a computer or printer that mysteriously stopped working? Right. Well the same thing happens to business equipment and machinery with electronic controls. This was a growing coverage gap that microelectronics coverage is designed to fill.

Microelectronics coverage adds a second cause of loss for failures when physical damage is not detectable. Coverage is triggered when covered equipment suddenly stops functioning and replacing that equipment or a part containing electronic circuitry restores functionality. Coverage for *invisible* micro-circuitry damage.

Today, virtually all equipment contains micro-circuitry that is incredibly small. How small? Today's transistors, the heart of integrated circuits, are so small that 6 million transistors would fit in the period at the end of this sentence. Because it's so infinitesimally small, micro-circuitry damage is not detectable. A claim adjuster would need an electron microscope to see it. And, in the case of corrupted firmware, embedded software essential to operation, damage is not even physical.

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## Cloud service interruption

Cloud computing services have been added to service interruption coverage. This pays for data research, repair and restoration services, lost business income and extra expense when an insured's cloud service provider experiences an outage due to equipment breakdown. This coverage is of growing importance. The number of businesses using cloud services is forecast to more than double by 2020 to nearly 80%. In a survey of businesses conducted by Hartford Steam Boiler and the Ponemon Institute, 48% said they had experienced an interruption of cloud services. Of those, 56% reported that at least one such interruption prevented their company from functioning.

## Data restoration included in service interruption

Our analysis of equipment breakdown claims showed growing data restoration losses, both in severity and frequency. Data can also be lost when there is a service interruption, such as a loss of electrical power. In response we've added data restoration coverage for data lost when there is a covered service interruption, such as a loss of electrical power. Coverage applies to data on insureds' own equipment and also to data they store in the cloud, when there is a covered service interruption at the cloud provider.

## Expanded off-premises coverage for portable equipment

The miniaturization of technology has spawned another important trend: equipment is more portable, and more frequently used off premises where it's exposed to greater risk of damage. All kinds of portable equipment are at risk. Now, our off-premises coverage includes business income, extra expense and data restoration in addition to property damage. And because businesses might take portable equipment anywhere, coverage is global.

## Public relations coverage

Tech-Enhanced Equipment Breakdown includes coverage for services from reputation management professionals, such as a PR firm, when an equipment breakdown poses a risk to a business's good standing. It pays for professional public relations services to help manage a client's reputation that is at risk when a breakdown causes a business income loss. The sublimit for Public Relations coverage is \$5,000.

## Other features

Environmental, Safety and Efficiency coverage pays up to 150% of the loss payable for upgrades to more energy efficient, safer or environmentally friendly equipment;

## 21st century coverage

Tech-Enhanced Equipment Breakdown is a revolutionary change to equipment breakdown coverage that brings it into the 21st century. It responds to new exposures and new risks from rapidly evolving technologies with bold new coverages that no other equipment breakdown provider offers.