

FOUR COMMON ENDORSEMENTS

for Wood Products Manufacturing

1 EQUIPMENT BREAKDOWN

Provides additional coverage for accidental loss to covered equipment caused by mechanical breakdown; artificially generated electrical current; explosion of steam boilers, steam pipes, steam engines, or steam turbines owned, leased, or operated under the insured's control; and loss or damage to steam boilers, steam pipes, steam engines, steam turbines, hot water boilers, or other water heating equipment caused by or resulting from a condition or event inside the boilers or equipment.

EXAMPLE:

The main production machine broke down at a plant manufacturing wood siding due to a loose connection. The equipment breakdown endorsement covered the cost to repair the production machine.

2 MANUFACTURER'S CONSEQUENTIAL LOSS ASSUMPTION

Covers undamaged stock that has had a reduction in value caused by damage to other stock. The undamaged stock is essentially worthless without having the damaged components to go with them.

EXAMPLE:

Many times, wood products are manufactured from the same tree and are carved, stained, or finished at the same time to match perfectly. As an example, if a set of railing spindles became damaged because of a covered cause of loss, the remaining railings and floor or ceiling trim would likely sustain a decrease in value. This loss of value to these undamaged parts, because of no longer being a matched set, is a consequential loss.

3 LOSS OF BUSINESS INCOME

Provides coverage on an actual loss sustained basis for up to 12 months, for loss of business income you sustain due to a shutdown of your business operations resulting from a covered loss.

EXAMPLE:

A fire severely damages a plant where wood tables are manufactured. As a result, all operations at the specific location of the plant where the tables are manufactured are at a standstill until the area can be remodeled. Loss of Business Income Coverage will pay the income lost during the time of the remodel, as a result of the fire, up to the applicable limit of insurance.

4 MANUFACTURER'S SELLING PRICE

Covers stock of finished goods that have yet to be sold. These goods are valued at selling price (less any discounts or expenses that the manufacturer would have incurred in selling them) at the time a loss occurs. This pays the insured the selling price of all finished goods not yet sold or shipped, not just the cost actually incurred by the insured to manufacture the finished good.

EXAMPLE:

A wood cabinet manufacturer experienced a fire that destroyed their stock of completely finished cabinets. The damaged units were classified as "sold, but not delivered." With the Manufacturer's Selling Price endorsement, they were covered for the total selling price of the finished cabinets. With unendorsed Commercial Lines Property Coverage, the insured would have only been covered for the manufacturing cost of the completed cabinets, not the selling price.