



## Case Study – Equipment Breakdown Coverage Restaurant PoS System Claim

**Claim:** The Insured, a pizzeria, reported electric surge damage to their Point-of-Sales (“PoS”) system for the restaurant as a result of an electrical utility outage during a storm. The Carrier sent the claim to the Equipment Breakdown Coverage provider who contacted Equipment Damage Consultants to conduct a desk review, remote damage assessment, causation investigation, and Like Kind and Quality (“LKQ”) analysis of the proposed charges in order to provide a Replacement Cost Value (“RCV”) recommendation for the claim. An estimate for the replacement of the system at a total cost of \$11,279.04 was submitted by the Insured for replacement of the three terminal system. No information was provided on the make, model, or architecture of the damaged system and components.

**Challenge:** Was the system damaged by an electrical surge or a lightning strike during the storm? What components of the system were damaged and could the individual terminal computers and peripherals (e.g., printers, cash drawers) be repaired? If replacement was required, was the proposed equipment and software LKQ and of current market pricing?

**Solution:** Weather and news media databases were evaluated for the date of loss indicating that significant wind and thunderstorms occurred in the area resulting in numerous power outages. A brief power interruption and an electrical transient voltage spike to the facility were confirmed by the local electrical utility. Numerous interviews of the Insured’s service provider revealed that the PoS terminals were operational after the event but would not communicate within the network due to electrical damage to their network interface card (“NIC”) functionality. The service provider claimed that this functionality was integrated (i.e., built in) to the motherboards of the all-in-one (computer and touch screen combined) computers, thus they required replacement, excepting a back-of-office computer which was easily repaired by replacing the NIC card. After numerous follow ups, the service provider would not divulge the make and model of the damaged terminal computers.

**Findings & Value:** With the lack of cooperation by the service provider, we researched the Insured’s Internet presence for photographs of the location. We came across a news video showing the interior of the restaurant where food was being made for first responders after Hurricane Sandy one year prior. The clip revealed the identity of the PoS terminals as Touch Dynamics computers with separate Elo touch screen monitors. These computers have non-integrated NIC cards and thus were readily repairable. We concluded that the Insured could be returned to a pre-existing condition at a total cost of \$314.10 for replacement NICs and labor. The actual LKQ/RCV recommendation for the loss, if all components and software required replacement would have been \$9,601.05; \$1,677.99 less than the estimate submitted by the Insured.