

# Commercial Property Insights

## Protecting Your Business From Power Surges

Power surges, which are sudden spikes in electrical voltage, can wreak havoc on business equipment and systems. While they may seem like minor inconveniences, power surges can have a significant impact on a business's bottom line. This article explores the dangers of power surges, effective strategies to shield businesses from their effects and the crucial role of insurance in safeguarding their assets.

### What Causes a Power Surge?

A power surge happens when there's a sudden increase in electrical voltage in a building's electrical system or the electrical grid. These voltage spikes are caused by different factors, like lightning strikes that discharge massive amounts of electricity into the grid or directly into buildings. Electrical grid fluctuations, such as changes in demand or power line switching, can also cause surges. Internally, power surges can happen when there's faulty wiring, malfunctioning appliances, or when power-hungry equipment like heating, ventilating and air conditioning systems and large motors start up. These surges can spread throughout the electrical system, potentially damaging connected devices and equipment.

Identifying the various sources of power surges is important to ensure effective surge protection in commercial settings.

### The Impact of Power Surges on Business Operations

The impact of power surges on business operations can be substantial and far-reaching. Financially, power surges can lead to extensive costs, including equipment damage or replacement expenses and downtime, resulting in lost productivity and revenue. Beyond the

financial implications, surges can inflict reputational damage on a business, eroding customer trust and partnerships due to frequent disruptions and equipment failures. In essence, power surges have the potential to disrupt normal business operations, strain resources and harm a company's reputation, making them a critical concern for businesses of all sizes and industries.

### Strategies to Protect Against Power Surges

To protect against power surges, businesses can utilize the following effective strategies and tools:

- **Surge protection devices (SPDs)**—These devices should be installed at critical points in the electrical system to divert excess voltage away from sensitive equipment and prevent damage. It's advisable to install SPDs throughout different areas of a building. The three primary zones for protection are service entrance SPDs, distribution panel SPDs and point-of-use SPDs. Service entrance SPDs prevent surges from entering the building, while distribution panel SPDs limit the spread of surges to downstream areas. Point-of-use SPDs offer targeted protection for specific assets.

SPD installation should comply with the manufacturer's recommendations. SPDs need to be properly sized and grounded to protect equipment.

- **Uninterruptible power supply (UPS)**—A UPS is a type of device that powers equipment nearly instantaneously in the event of grid power failure, protecting the equipment from damage. Implementing a UPS can provide a temporary power source during surges or outages, allowing for safe

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equipment shutdown.

- **Grounding and bonding**—Proper grounding and bonding of the electrical system can reduce the risk of surges caused by electrical faults.
- **Regular electrical maintenance**—Regular inspections and maintenance can help identify and address potential issues before they lead to surges.
- **Employee training and awareness**—Educating employees about power surge risks and establishing protocols for immediate response can minimize damage and downtime in the event of a surge.

By adopting these strategies and tools, businesses can significantly enhance their protection against power surges and avoid potential financial and operational disruptions.

## The Role of Commercial Property Insurance

Even though preventive measures are essential, power surges can occur unexpectedly, and accidents can happen. However, there is good news for businesses. Commercial property insurance policies and appropriate endorsements can help cover the financial losses that result from power surges. Here are some of the benefits of such coverage:

- **Equipment replacement coverage**—Insurance can cover the cost of repairing or replacing damaged equipment.
- **Business interruption coverage**—If power surges cause downtime, insurance may compensate a business for lost income during that period.
- **Spoiled inventory coverage**—Insurance may cover the cost of spoiled inventory that results from power outages.

## Conclusion

To ensure smooth operations, businesses should take proactive measures to protect against power surges. This can be achieved by implementing surge protection strategies and acquiring the appropriate insurance. By

doing so, businesses can safeguard their assets and maintain productivity even when faced with power surges.

Contact us today for additional guidance on commercial property risks.

