

Vero Equipment Breakdown



Committed to your success

What's at Risk? (Metal Manufacturing)



Metal Manufacturing

Equipment examples

- ▼ Laser cutters
- ▼ Plasma cutters
- ▼ Milling machines
- ▼ Machining centres
- ▼ Press brakes
- ▼ Water cutters
- ▼ Lathes
- ▼ Production Control Centres
- ▼ Ovens/Furnaces
- ▼ Compressors
- ▼ Overhead cranes
- ▼ Welding equipment
- ▼ Servers
- ▼ Transformers
- ▼ Switchboards/wiring

What's at Risk?

Why You Need Equipment Breakdown Insurance

Equipment Breakdown Insurance – More Than Just Repairs

Equipment Breakdown insurance can protect you against the costs of unforeseen breakdowns, as well as income protection for today's equipment-intensive manufacturing operation. It covers you for:

- ▼ **Physical Damage:** the cost to repair or replace the damaged equipment, including labour costs.
- ▼ **Loss of Gross Profit, Payroll and Increased Costs of working:** in the event that the business is unable to maintain production due to an equipment failure, including lost future business.
- ▼ **Service Interruption, Customers and Suppliers:** business interruption can be extended to cover loss of electricity and other services caused by a breakdown of the equipment owned by a 3rd party. It can also be extended to cover business interruption caused by a breakdown of equipment at the premises of key customers or suppliers.
- ▼ **Electronic Data Restoration:** covers the cost of data and software (including licences) which become incompatible due to repair/replacement of equipment following a breakdown. Coverage also extends business interruption to include the time lost due to the rebuilding/restoring of data lost due to a breakdown of equipment.
- ▼ **Contribution towards Green Upgrades:** when a piece of equipment is upgraded following a breakdown, an additional contribution can be provided towards the upgrade cost if such upgrade is for the benefit of the environment, safety, or energy efficiency.

Our claims and engineering specialists who work only on equipment breakdown losses can help you expedite repairs so you can return to operation with minimal disruption or loss of production.

Many Types of Equipment

Production Equipment

Production machines are critical to the business, becoming more critical - and more expensive to repair or replace - as they become more efficient. Multiple machines can be damaged by a single power surge, and major breakdowns often require parts to come from overseas manufacturers, resulting in delays and significant interruption of production.

Electrical Distribution Systems

Power interruption can shut down a manufacturer and cause major disruption of the business. Electrical panels, circuit breakers and cables are interconnected – a short circuit in one part of the system can affect the whole operation.

This can be as simple as a loose connection, dust, vermin, or network power fluctuations and can cause significant costs in time and money.

Electronic Business Critical Systems

Electronic components are present in almost all equipment in a manufacturing operation. This includes not only within the production machines themselves but also the equipment that is used to program, operate and control the production process and maintain customer data. Sensitive electronics are fragile and vulnerable to power surges. Circuitry is expensive to repair or replace, especially if incompatibility with other equipment arises when a component or an entire machine needs replacing.

Loss Examples

The following cases are actual losses incurred in metal manufacturing businesses:



This business specialises in metal cutting using both laser and waterjet techniques. The laser cutters are manufactured in Switzerland, where the in-house workshop staff were trained in their operation. One laser cutter, purchased brand new 6 years earlier, suddenly stopped working. After two unsuccessful attempts, the machine was finally repaired by replacing the turbo-blower and frequency converter with new parts from Switzerland. Fortunately the breakdown occurred over the slowdown over Christmas, so no production was lost.

Total Cost: \$72,000



Four of the six DC power supplies and four of the six RF units in the laser cutter used by this engineering workshop were damaged by what the repair contractor thought was either a flash back in the laser or a faulty contactor. It was subsequently discovered that the laser generator was also damaged. Due to the age of the machine parts were no longer available, necessitating the replacement of the laser cutter.

As Business Interruption had not been purchased, they were not insured for trade lost as a result of the machine being unusable.

Total Cost: \$111,000



During operation, the drill bit of this CNC lathe impacted the spindle, resulting in damage to the multi head tool holder, the spindle bearing and the 2 axis ball screw assemblies. The repair costs were higher than originally anticipated as additional damage was found when the machine was stripped down for repairs. Final repairs were completed over a year after the breakdown. Unfortunately, Business Interruption had not been purchased on the policy.

Total Cost: \$124,000



A 6 year old CNC milling machine used in the manufacture of precision parts for power generators suddenly lost accuracy in both its X and Y axis during production. The repairer discovered a catastrophic failure of the Turcite linings in both X and Y slide ways. The repairs required parts and technicians from overseas and specialised lifting equipment. As the Insured had not purchased business interruption, the full cost of the use of a rental machine was not covered.

Total Cost: \$65,000