Vero Equipment Breakdown

What's at Risk? (Woodworking)

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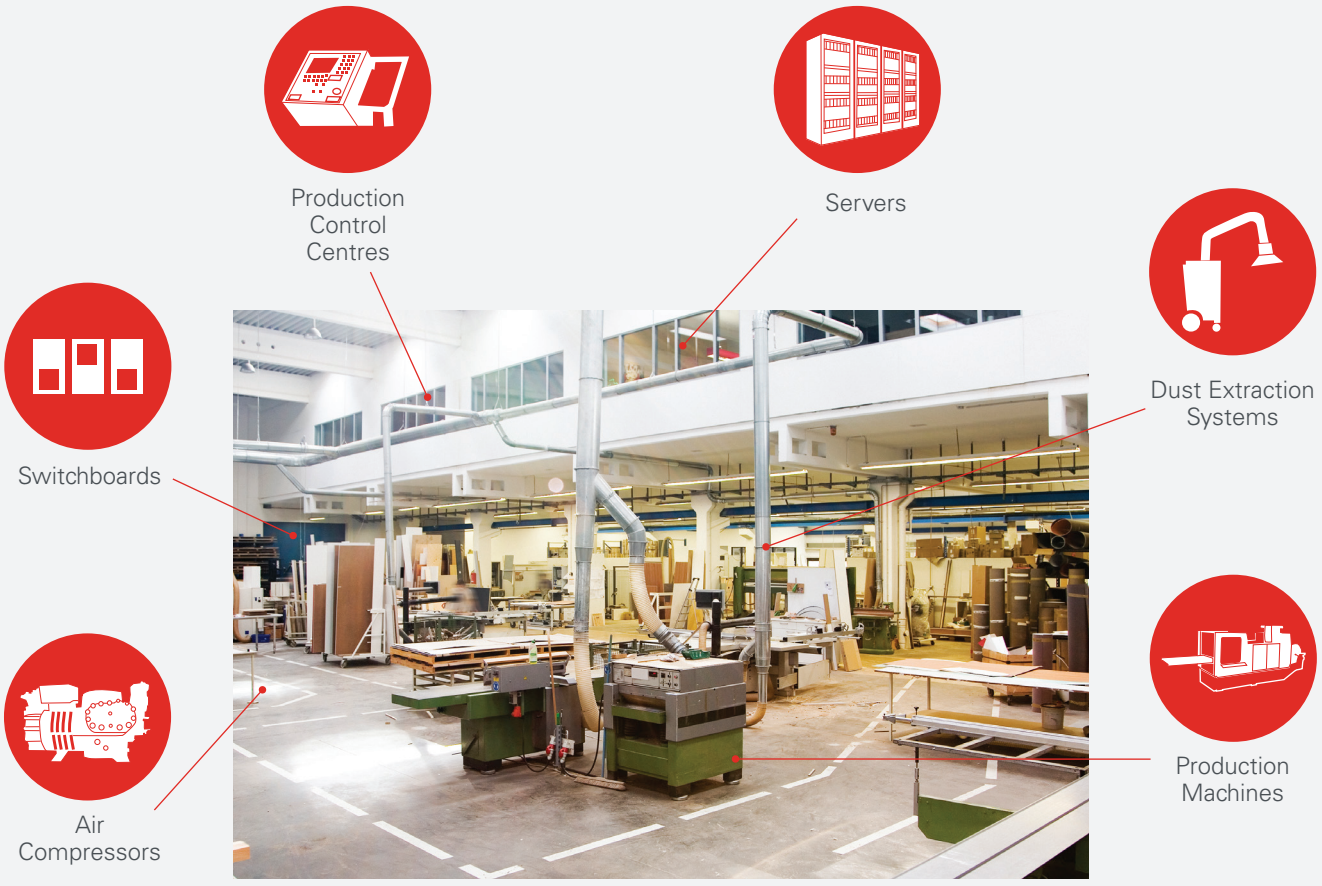

Woodworking

Equipment examples

- Machining centres
- Drilling centres
- Presses
- Planers
- Moulders
- Paint/Coating spray machines
- Saws
- Routers
- Edge banders
- Lathes
- Computer design/CAD equipment
- Servers
- Air compressors
- Dust extraction systems
- Switchboards/wiring
- Transformers

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 expedite repairs so you can return to business with minimal disruption to tenants or loss of income.

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 are actual losses.

A faulty proximity switch resulted in an electrical failure of this joinery's sole CNC circular saw. The business continued to take orders during the week it took to repair the machine. Once repaired, overtime was used to make up production. While repair costs were under excess, the policy's Gross Profits insurance covered overtime costs.

Total Cost: $22,000

The failure of an electronic sensor on a CNC lathe caused the spindle to collide with the material it was shaping. The complete spindle was replaced urgently as this was the only CNC lathe at the factory and they could not complete their orders without it. Fortunately, a replacement spindle was in stock and repairs were completed next day.

Total Cost: $27,515

When its air compressor broke down, this kitchen manufacturer was relieved to find that no oil had migrated down the air lines to the CNC machining centre or the edge bander. The cost of the replacement compressor was compounded by increased costs for overtime and a hire compressor, as well as some cancelled orders.

Total Cost: $36,600

This 8 year old CNC router suddenly came to a halt during operation. An object jammed in the x axis drive sprocket had stripped the pinion's teeth and damaged the rack associated with the sprocket. The shock load damaged the electro spindle, which had to be replaced with a unit from overseas. The drilling head was able to be repaired locally.

Total Cost: $36,990

One of the two CNC nesting routers used to manufacture its portfolio of kitchen, bathroom and office cabinetry was mid-cut when power cut off in the middle of the job, crashing the spindle unit. It took approximately 1 month to replace the spindle unit from overseas, with overtime and out-sourcing being used to avoid a loss of profits.

Total Cost: $61,300

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