



# Machine Shops

## Why Do You Need Equipment Breakdown Insurance?

### You Rely On Equipment

Production machinery, environmental controls, computer-controlled equipment, and electrical systems are all vital to the success of your machine shop operations. If any of these—or other sophisticated, new technologies you use—break down, your bottom line can be severely impacted by costly slow downs and unbudgeted losses.

### Rely On Our Coverage

Equipment breakdown can significantly impact your business. Yet, most standard property policies exclude the coverage.

Equipment Breakdown insurance pays for physical damage to equipment caused by mechanical and electrical breakdown. It can also cover business income or spoilage losses due to an equipment breakdown and your extra expenses to limit the equipment loss or speed repairs.

### Protect Against Loss

The coverage protects against covered losses caused by:

- Short circuit • Electrical arcing • Power surges
- Mechanical breakdown • Motor burnout
- Boiler damage • Operator error

### Common Causes

#### Electrical Distribution System

Lost power often means lost income and customers. A short circuit in one part of an electrical distribution system can easily spread to other parts because panels, circuit breakers, and cables are interconnected. A loose connection, dust, or high humidity is all it takes to disrupt your production time.

#### Heating and Cooling Systems

Many close-tolerance manufacturing processes require complex HVAC systems to maintain stringent temperature control. Yet HVAC failures are common and boilers and pressure vessels that distribute heat and hot water are

This summary gives a general description. For all coverages, conditions and exclusions, refer to the policy.

vulnerable. Income is often lost while this equipment is repaired or replaced—at significant cost.

#### Mechanical Equipment

With production occurring often around the clock, your mechanical equipment is prone to breakdown. Not only will that cause lost production time, but given today's equipment – that often uses sophisticated technology such as lasers – repair and replacement costs can be very high. Machinery is also susceptible to electrical surges, sags, and harmonic distortion that can destroy electronic circuits.

#### Computers

Computers—used extensively on the production floor and in engineering departments—run on systems that rely on highly sensitive and fragile technologies. They're susceptible to damage, which makes you vulnerable to loss.

### Coverage, Plus More

Many states and local governments require boilers and pressure vessels to be inspected periodically by commissioned inspectors. Our program includes these inspection services so you avoid local fees in many jurisdictions and only pay the certificate fee.

### The Risks Are Real

*An electric welding machine used to produce wheel rims cracked due to repetitive shock loading. The manufacturer outsourced the welding to keep up with production demand during repairs.*

<b>Repair Cost:</b>	<b>\$ 12,875</b>
<b>Welding Service:</b>	<b>\$115,451</b>
<b>Total Loss:</b>	<b>\$128,326</b>

*An operator entered the wrong code into a CNC lathe, which caused damage to the chuck. Repairs were delayed because parts had to be imported from Japan.*

<b>Total Loss:</b>	<b>\$ 50,000</b>
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