



Manufacturing Commercial Insurance Profile

Q4 2021

The Importance of Equipment Breakdown Insurance

As a manufacturing firm, your organisation relies heavily on many different types of mechanical equipment. Daily operations and supply chain partners depend on these systems to run smoothly and on schedule. With these things in mind, it's necessary for your manufacturing firm to understand the benefits of equipment breakdown insurance.

Equipment breakdown insurance is a type of cover that can provide protection for special equipment and machinery that are imperative to your organisation's operations. In the event that a key tool becomes unusable, it could result in severe financial and reputational damages. An equipment breakdown policy can help your firm recoup costs related to repairing or replacing vital machinery, such as:

- **Electrical systems**—This includes transformers, electrical panels and power cables. Even a short-circuit failure of an electrical system can spread and cause major losses.
- **Communication and security equipment**—This includes computers, phone systems, CCTV systems and fire suppression systems. A power or internet outage could leave your organisation vulnerable to security or safety breaches and make crucial data or web services inaccessible.
- **Mechanical systems**—Water pumps, ventilation systems, lifts, motors, engines and specialised production or manufacturing equipment can all malfunction or be damaged by vibration, misalignment, metal fatigue or human error. Issues with any of this equipment can drastically affect assembly and production lines.
- **Boilers and pressure equipment**—Heating systems, hot water units, cookers, sterilisers and cleaning equipment may break down due to vessel cracking, collapsing, bulging or explosions. Without heat or hot water, your organisation may be forced to rent costly temporary units while repairs are made.

For more information on equipment breakdown insurance, contact us today.