

Equipment Breakdown Insurance: Metal Manufacturer

Equipment at risk



Presses



Powder coating ovens



CNC Machines – laser cutters, lathes, milling, boring, routers, plasma cutting tables



Overhead indoor gantry cranes



Welders, including robotic welding arms



Air compressors



Office equipment and servers

Claim example #1: "Laser cutter’s head proves to be a drag"

While running a job, the insured reported one of their CNC laser cutters had sustained damage to its cutting head and motion system and wasn’t able to operate correctly.

The insured immediately arranged for a technician to attend, and the machine was temporarily restored to a working condition – or so was thought.

Unfortunately, that same afternoon after the technician had left, the machine failed to operate again.

The cutting head had failed to retract away from the material, as it is designed to do during normal operation.

Instead the machine dragged the cutting head along the material, applying additional load onto two axis, damaging

the gantry and ball screw assemblies. Additionally, as the cutting head had lost feedback from the material, the cutting head (while still trying to operate) absorbed the full power of the laser for some time, resulting in the lens and lens holder to burn out, as well as damage to the walls of the cutting head.

Despite the insured having multiple laser cutters in their workshop, this machine was the only one able to perform a specific type of job run required for a portion of their business activities.

Lead time for the parts required were anticipated to take 4 months, plus a further month for repairs and commissioning, which would have resulted in significant Loss of Profit – initially estimated around \$385,000.00

In order to minimise this substantial loss of business, the insured was able to source a new replacement machine in full with a much shorter lead time, thus reducing the overall combined loss and interruption to their business.

Loss summary

Machinery Breakdown	\$155,000.00
Business Interruption	\$185,000.00
TOTAL	\$340,000.00

Claim example #2: "Rogue metal takes out CNC cutter"

One morning, the insured was operating their 10kW CNC laser cutter, when the operator reported a catastrophic failure. Remote diagnostics with the original supplier identified the head of the laser cutter had crashed into internal components. Parts were shipped in and installed, however unsuccessful in returning the machine back to operation.

Further investigations were undertaken, which concluded the failure was caused by a "tag" of cut metal not clearing sufficiently from the cut sheet of metal, and dislodged within the unit and interrupted the sensor of the laser head. As a result of the sensor being unable to correctly identify its position within the machine, the laser head impacted the interior of the unit, damaging both the laser head and fibre optic cable.

While awaiting a new laser head, a smaller 8kW laser head was temporarily installed to allow certain smaller jobs to still be undertaken. However, a business interruption loss, albeit reduced from full loss of profit, was incurred during this time due to the lower capacity of this temporary laser head, and time taken to run the diagnostics and repairs.

Loss summary

Machinery Breakdown	\$282,000.00
Loss of Profits	\$36,000.00
Increased Cost of Working	\$43,500.00
TOTAL	\$361,500.00

Claim example #3: "CNC roller gets shafted"

During production, the insured heard a loud bang from one of their CNC (computer numeric controlled) metal rollers and engaged the emergency stop.

The insured's usual maintenance technician attended and reported that the bottom roll wasn't moving parallel and aligned as usual. Upon dismantling the entire machine, the technician found the rear shaft had snapped completely from the bottom roll.

While the cause was most likely some faulty design of some of the components, the machine being three years old was already past its 12 month warranty.

Temporary repairs amounting to \$64,279.00 were made to the damaged lower roller to allow the machine to operate again, albeit at reduced capacity of 30% reduction in operating pressure to avoid further damage.

During the approximate 4 months lead time to recommission a complete replacement roller for permanent repairs at full capacity again, any jobs that weren't able to be run through the machine (while at its reduced capacity) were outsourced in order to avoid a loss of clients and project, and to avoid loss of profit.

Loss summary

Machinery Breakdown	\$177,000.00
Increased Cost of Working	\$30,000.00
TOTAL	\$207,000.00

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