

Top 10 reasons to buy machinery insurance

“Aren’t these policies designed only for large manufacturers with processing equipment?”

“Isn’t machinery covered under my property policy?”

“Don’t I get this cover as part of my warranty?”

These are common misconceptions when considering machinery insurance.

Here are the top 10 reasons to buy machinery insurance.

01



A property policy will typically only provide cover for perils such as fire, flood and theft

Machinery insurance will cover internal causes, such as mechanical failure, electrical short circuiting or a motor burnout, as well as damage resulting from an accidental event, explosion or collapse.

02



Machinery insurance policies cover a lot more than manufacturing plant and boilers

A wide range of equipment can be insured, from lifts to refrigeration equipment and cranes to transformers.

03



Cover is suited to businesses of all sizes from a wide variety of sectors

Generally, machinery insurance policies are designed to suit a large range of risks, from small textile manufacturers to large shopping centres.

04



People make mistakes

A machinery insurance policy will cover operator errors, for example, when a machine has been set up incorrectly and damages itself while in use.

05



Machinery in transit or away for repair will be protected

Equipment can be removed from the premises for repair or maintenance, so breakdowns and accidents can occur in locations excluded by traditional property policies.

06



Warranty covers are limited

Warranties usually apply for a limited time period and exclude events such as operator error, which are covered by machinery insurance policies.

07



Machinery insurance can help businesses meet leasing companies' requirements

Lease agreements often state that it is the lessor's responsibility to repair or replace machinery if it is damaged or destroyed while in their care.

08



Surrounding property cover is included

A property policy will not provide reimbursement for damage to, or destruction of, property situated near to pressure plant that explodes as a result of sudden and unforeseen damage.

09



Your financial stability will be safeguarded

Machinery insurance providers often offer machinery business interruption policies which provide protection against financial loss due to downtime relating to insured equipment.

10



Maintenance is no guarantee

Your client may be meticulous with their inspections and maintenance programmes, but damage does happen and the consequences can be catastrophic.

Claims example:

A Scottish distillery used an evaporator to turn the bi-product of its whisky making process into animal feed. When the evaporator failed, the distillery was unable to transform the 'pot ale' into a commercially saleable product. The sudden failure of the bearings in the evaporator caused other significant damage within the item, but the client's machinery insurance policy was able to meet the cost of the repairs and get the item back up and running.

This claims example is for illustrative purposes only.