Global Risk Services Ltd.

Financial Example

Equipment Maintenance Insurance allows you to eliminate the need for costly original equipment manufacturer or independent service organization service contracts, and replace them with a product that capitates the exposure while allowing participation under a certain dollar limit. What does this mean? It's simple; we are capitating the predictive and corrective maintenance of a customer, merely by providing an insurance product that attaches excess of a pre-determined self-insured corridor. A financial example of how this process works is as follows:

Under Existing Service Contracts:

Total annual cost of all service contracts	$1,000,000

With Equipment Maintenance Insurance:

Premium	$ 230,000
Self-Insured Retention	$ 500,000
Preventative Maintenance	(Included)
Total Equipment Maintenance Cost	$ 730,000
Minimum Savings	$ 270,000

Potential Additional Savings:

Self-Insured Retention	$ 500,000
Actual Repair Costs	$ 400,000
Additional Savings	$ 100,000

Potential Total Savings:

	$ 270,000
	$ 100,000
Total Savings	**$ 370,000**

The Technique
- You establish a self-insured retention to pay for ordinary repairs and ongoing maintenance.
- Equipment Maintenance Insurance provides for catastrophic breakdowns, as well as emergency advice and assistance on service providers and parts suppliers.

The Benefits
- Immediate savings of 25% to 50% over existing service contracts
- Savings guaranteed through equipment maintenance insurance program
- Enhanced, better coordinated equipment maintenance programs.
- Reimbursement for in-house maintenance and repairs