

# Insurance for the manufacturing sector



## What are the key risks in the manufacturing sector?

Manufacturing is a diverse industry, and one that is changing at a rapid pace thanks to the effects of technology and globalisation. The risks manufacturers face are complex, and could range from lost production time due to a mechanical outage, fire or supply chain failure, to a product recall due to a defect. In many cases, they will also be specific to what your business manufactures.

Workers' compensation is also a major risk for manufacturing businesses and cyber insurance is growing in importance as hackers pose a risk to both the smooth functioning of your systems and machinery as well as your confidential business data.

## Who should consider insurance?

Insurance for manufacturers covers different manufacturing methods and product types including food, pharmaceutical, clothing, automotive, chemical, electrical, industrial and machinery, and many others. Insurance can protect you and your employees onsite, on the way to work and at work. Having the right cover is essential to help protect your business, your staff and your trading partners.

---

"Australia's manufacturing industry contributes around \$100 billion to Australian GDP annually and employs around 900,000 people."

[Australian Bureau of Statistics, 2020.](#)

## Did you know?



The manufacturing industry has the highest number of workers' insurance claims when compared to other industries.

(icare, NSW workers insurance claims 2017-18)

## Recall

Automotive and industrial manufacturers are subject to the highest volume of product recall insurance claims, followed by food and beverage manufacturers and retail goods manufacturers.

(Statista, Share of product recall insurance claims from selected industries worldwide - 2017)



Intellectual property theft, interruption of operations and direct theft of funds are three of the biggest cyber risks facing manufacturers.

(RSM, Cybersecurity risk in manufacturing: The risk is real and increasing, 2019)

## What insurance should you take out – and what can it cover?

Type of cover	Potential benefits
Business pack or Industrial Special Risks	Helps safeguard your business premises and contents against: <ul style="list-style-type: none"><li>• damage caused by fire, storm or accidental damage</li><li>• equipment or machinery breakdown</li><li>• business interruption</li><li>• employee dishonesty</li><li>• property or glass damage</li><li>• legal issues, such as with public and products liability</li><li>• tax audit</li><li>• theft, and theft or loss of money.</li></ul>
Public and product liability	Can cover claims against you if it's held that a negligent act by your business or its products results in personal injury or property damage.
Product recall	Can cover your business against the expense of a recall and provides assistance with crisis management and public relations to restore the reputation of your business.
Cyber	Helps safeguard you and your business against expenses and legal costs if your website or other systems are hacked and your system cannot be used or customers' details are stolen.
Motor insurance	Takes care of your valuable business vehicles, with cover to help: <ul style="list-style-type: none"><li>• if you or your staff damage another person's vehicle</li><li>• repair your vehicle after an accident or replace it if it's written off</li><li>• replace a lost or stolen vehicle</li><li>• safeguard you against legal liability.</li></ul>
Management liability	Can protect you against legal action for a breach in relation to an employee.
Workers' Compensation	Can cover the cost of your employees' wages, rehabilitation and medication if they become sick or injured through their work.

### Limits, excesses and exclusions

Policy exclusions, the excesses you need to pay and limits of liability can vary greatly depending on your insurer and the requirements of your business.

### Case Study


Susan runs a manufacturing business making cookies, which she supplies to a major airline group. On a flight one day, plastic fragments were discovered in one of her cookies, sparking a recall and product liability lawsuit, and attracting negative publicity. As Susan had both product liability and product recall insurance, the costs associated with the recall and lawsuit were covered, as was the cost of restoring the reputation of her brand following the incident.

### Contact us today



### Breakwater Insurance Brokers

Jeff Dennis

 0355620248

 info@breakwaterib.com.au

 breakwaterib.com.au

**ABN:** 33 484 232 267 | **AFSL:** 495738

Woodleigh Fields Pty Ltd T/As Breakwater Insurance Brokers ACN 063 888 308