

CASE STUDY:
Manufacturing

Manufacturing Firm Leans on Engineering to Improve Safety and Lock in Insurance

When a private equity (PE) firm needed insurance for a recently spun-off manufacturing company, they valued the recommendations of Chubb Risk Consulting to help alleviate major safety risks.

A metal products manufacturer was once part of an extensive private equity portfolio, consisting of many different types of businesses. During that time, the PE firm went out to the market for property insurance on the entire portfolio. After conducting a thorough risk survey of the manufacturing plant, Chubb declined to offer coverage, citing the

unique structure of the insurance program and a number of critical safety issues at the manufacturing facility itself.

However, when the manufacturer was later spun off by the PE firm, and needed property, casualty, auto, and umbrella insurance, Chubb was asked to take another look. That's when Chubb's risk engineers stepped in.



Gear manufacturing exposures

As part of the manufacturing process, metal is super-heated in a special furnace and formed into metal parts. The metal parts are then secured in a quench press, a machine that uses pressure to hold the part in place while it cools, or immersed in a quench tank, filled with liquid to cool the metal part quickly. Both techniques require careful attention to avoid risks such as fire.

When Chubb Risk Consulting surveyed the manufacturing plant, they discovered that, while one large open quench tank was protected by a CO2 fire suppression system, the quench press was not. In addition to the fire suppression concerns, the open quench tank was within close proximity to several intermediate bulk containers (IBC) filled with combustible liquids creating additional fire concerns. The manufacturing company was surprised by these findings, since their health and safety contractor had never talked to them about these exposures.

Risk Consulting offers options to manage critical requirements

To qualify for Chubb insurance, the manufacturer needed to address the critical issues. To address the risk posed by IBCs close to the open quench tank, the risk engineers suggested relocating the IBCs to a different area.

To manage the risk of the unprotected quench press, Chubb's risk engineers offered three options:

- Provide emergency bottom drains that can quickly remove the oil out of the fire area/building;
- Install a more adequate sprinkler system around the quench press and add spill containment for both the tank and sprinkler water flow; or
- Provide a secondary CO2 fire suppression system like the one around the open quench tank.

Chubb helped the manufacturer explore the different options and how much each would cost. Even though the quench press was large and the process of installing a CO2 fire suppression system was complex, the manufacturer found that option to be the most cost effective. With premium cost savings from Chubb, they were able to move ahead with ordering and installing the system.

A risk partner from start to finish

Throughout the process, Chubb Risk Consulting was involved and available to the manufacturer – to answer questions, provide input, and make suggestions. While not a long process, the installation of the CO2 fire suppression system was complicated, and Chubb wanted to make sure that everything went smoothly.

Working together, Chubb's risk engineers and the manufacturer were able to ensure that the upgrades were consistent with Chubb's requirements for insurance and would truly help make the manufacturing process safer.

Want to see how Chubb can help you solve unique risk challenges?

Contact your broker, agent, or local Chubb underwriter today.