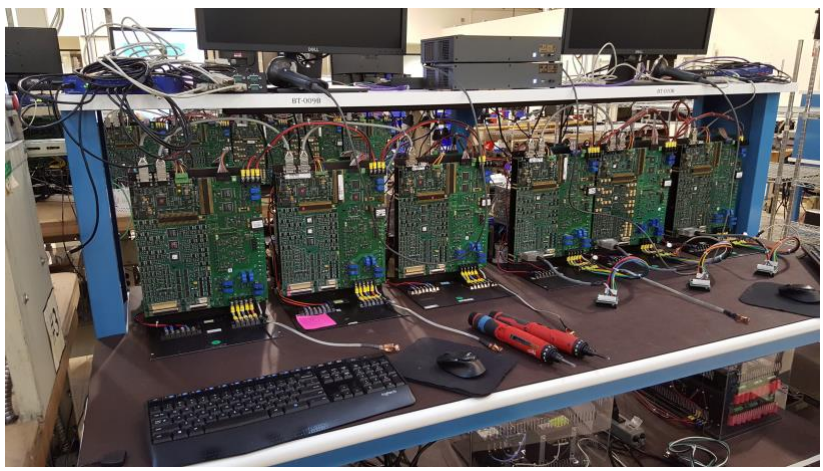
INDUSTRIAL LOSS CONSULTANTS INC

PROJECT RECAP

Fire Damaged Test Stations



ILC Assignment:

- The investigation involved 48 test stations that were reportedly damaged by fire.
- Perform a visual inspection of damages and create a photographic record of the equipment.
- 34 critical parts were claimed obsolete and no longer available; a proposed redesign and building of new test stations for $1.6 million was presented.
- Evaluate the availability of parts necessary to rebuild the subassemblies in the test stations.

ILC Analysis:

- ILC examined the list of 34 critical parts that had been deemed unavailable for purchase.
- ILC confirmed the 34 critical parts or equivalent substitutions were available.
- ILC analyzed the time to rebuild the 48 test stations which were lost including the table, power supplies, computer, monitors, data card, bar code reader, and various parts.

Summary:

- After a full analysis, ILC concluded that all 34 parts necessary to rebuild the test stations were available. ILC purchased components with low availability for $16,753; proving that the test stations could be rebuilt.
- ILC calculated the cost of all of the material required to rebuild the 48 stations at $150,360.
- ILC calculated that approximately 2,439 hours were required to rebuild and install the test stations with an average labor cost of $60 per hour for a labor cost of $146,340.
- After combining the labor and material costs, ILC estimated the cost to rebuild the test stations at $300,540…rather than redesigning and building new test stations for $1.6 million, a savings of $1,299,460.

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