



Loss Bulletin

Vero Equipment Breakdown Insurance

Manufacturer's warranty replaces the part, not the profits

Loss details

Nature of business

Window & Door Manufacturing

Type of equipment

CNC equipment

Age of equipment

3 months old

Two newly purchased CNC machines were installed at an aluminium window and door manufacturing business in order to automate part of their production process.

The machines had been in operation for about three months when one morning an employee found error codes being displayed on the HMI display controlling one of them.

The local agent was contacted and they attempted to diagnose the problem. As they were unable to clear the error codes, they contacted the overseas manufacturer for further assistance via remote access.

The manufacturer identified that the storage medium had failed on the dongle used to copy-protect the manufacturer's proprietary software, necessitating a replacement from Italy.

Approximately 3 weeks later the replacement dongle was installed and

configured, and the machine returned to production. The costs for the visits and the remote dongle were all covered under the manufacturer's warranty, however the Insured's business interruption loss wasn't.

While it only took 21 Days for the part to be replaced, profits were impacted over the course of 3 months due to the flow on effects in production.

Fortunately the client purchased Loss of Profits cover with their Equipment Breakdown policy, which covered the substantial loss they incurred while the dongle was being replaced. \$20,000 in claims preparation costs were also indemnified.

Final loss

\$148,600

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