Loss Bulletin

Vero Engineering Insurance

Newly refurbished refrigeration system fails

Loss details

Nature of business

Meat processors

Type of equipment

Ammonia refrigeration system

Age of equipment

Unknown (refurbished 7 months)

A meat processing plant had fully refurbished their two ammonia refrigeration systems just 7 months prior to an unexpected incident. Despite these recent works, an employee noticed a level control in the system had failed, enabling ammonia liquid to carry over into the compressor and causing the unit to seize.

Both refrigeration systems were critical to the insured's business and with the cooling capacity compromised, $250,000 worth of stock was at risk.

Inspection of the compressor the next morning confirmed the unit was beyond repair, and that replacement was required. A replacement compressor was not available in Australia so a new unit would have to be manufactured and shipped from Europe – with an estimated shipping time of 18 weeks.

To avoid the risk of losing the stock, a local second hand compressor was purchased. To ensure the cooling system was compatible, considerable modifications were made before the compressor was successfully installed, returning the plant to operation.

Final loss

Settlement amount: $41,600

To find out more about Vero Engineering Insurance contact your broker or visit the Vero website vero.com.au

The insurer is AAI Limited ABN 48 005 297 807 trading as Vero Insurance. Refer to the Policy for terms, conditions and exclusions. This Loss Bulletin relates to coverage available under Vero's Equipment Breakdown Insurance Policy. V10193 12/04/16 A