

Loss Bulletin

Vero Equipment Breakdown Insurance

Keeping quiet about the air compressor

Loss details

Nature of business

Kitchen Cabinet Manufacturer

Type of equipment

Air Compressor

Age of equipment

Unknown

When staff tried to turn on the air compressor upon arrival in the morning they found it was not working. It was determined that the rear bearing had been damaged, which had led to further damage to the air end as well as the main thruster bearing.

The compressor had been serviced to the manufacturer's specifications by a 3rd party specialist. However, the blockage of an oil port led to a lack of lubrication, and the subsequent overheating damaged the bearings.

Housed in a soundproof room, the compressor serviced all the CNC machines, edge banders and dust extraction equipment. Without an operational compressor, the business was unable to manufacture its products.

A search for a temporary compressor to hire during the repairs proved unsuccessful. The factory is in a residential zone and council noise restrictions would be breached by the operation of the large diesel industrial compressor which would be required.

It was estimated that the repairs to the compressor could take up to 10 weeks, which would result in a substantial loss of profits to the business. However, the Insured had purchased Business Interruption insurance, which paid for the cost of replacing the compressor during the two week Christmas shutdown period in order to avoid the larger Business Interruption loss.

Final loss

\$43,260

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