

Loss Bulletin

Vero Equipment Breakdown Insurance

Labelling machine exceeds its “best before” date

Loss details

Nature of business

Small Goods Manufacturer

Type of equipment

Checkweigher labeller

Age of equipment

16 years old

As part of its operation the Insured uses a machine to weigh each box of finished product, print and apply the “best before” and batch number label on the bottom of the package, and apply a top label with the description of the product.

One afternoon the staff in the packing area reported issues with the labeller. It was displaying inaccurate error messages and these display errors were preventing the unit from operating.

While the Insured’s electrician was following the manufacturer’s recommendations to determine the problem with the unit, the display on the equipment went blank. Unable to be restarted, there was no way to operate the unit, even with an external monitor.

The item was shipped to the overseas manufacturer for investigation, where it was determined that the item had various failed components, including its proprietary motherboard. Parts were unavailable which rendered the item a constructive total loss.

The closest current replacement was ordered and while it included technological improvements and offered a greater capacity than the original, these improvements were necessary to provide the business with the same quality and capacity delivered by the original.

During the 4 months between breakdown and installation of the new machine, weighing and labelling had to be done by hand. This resulted in increased costs and significantly reduced production, which would have been covered had the Insured purchased Business Interruption cover.

Final loss

\$91,600

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