



MECHANICAL FAILURE

CNC MACHINE

SCOPE OF ASSIGNMENT:

Machinery experts from Industrial Loss Consultants were called upon to evaluate damages to a CNC machine at a concrete batch plant following an alleged mechanical failure. The first step was to conduct a thorough inspection to determine the feasibility of restoring the machine to its pre-loss condition. If restoration was possible, a detailed analysis would be carried out to assess the scope of work needed, the associated costs, and the estimated timeframe for completion. ILC would also provide a comprehensive assessment of the Replacement Cost Value (RCV), and Actual Cash Value (ACV) of the damaged equipment, ensuring an accurate valuation process. This comprehensive approach was to provide the client with a complete understanding of the situation, enabling them to make informed decisions about the next steps in the recovery process.

INSPECTION DETAILS:

- ILC outlined and followed a thorough examination process to determine whether the damaged machine could be restored to pre-loss condition.
- Complicating the inspection was the discovery of a damaged spindle within the machine. Considered the backbone of the machine, the CNC spindle is the shaft at the machine tool's rotating axis which applies torque, speed, and the accuracy required for machine tooling applications.
- Motivated by the \$750,000 replacement quote received by the insured, ILC was confident that steps could be taken to return the machine to pre-loss condition.

VALUE-ADDED CONSULTING PROVIDED BY ILC:

- The investigation conducted by ILC identified that the defect in the machine was caused by operator error and not a failure internally in the machine.
- ILC's assessment concluded that restoration of the machine to pre-loss condition was possible.
- After conducting an extensive qualification process to locate the most experienced vendor able to restore the machine to pre-loss condition, the results were full repair cost of \$134,000 compared to the replacement quote of \$750,000 supplied by the insured, **reducing the claim about by \$616,000. I true WIN/WIN for everyone involved.**

REQUEST A CONSULTANT:

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