

# What became of the claim?

## Commercial legal expenses



### Event

The insured had entered a contract with a food manufacturing and raw material supplier. However, halfway through the contract, the supplier unexpectedly terminated the agreement and stopped supplying the material as originally specified. This breach of contract required the insured to find a new supplier, who charged significantly higher prices for the replacement tiles.



### Impact

The insured experienced financial loss due to the price difference between the original agreement and the new supplier's rates, resulting in an additional cost of \$40,000. This increase in expenses affected the profitability and timeline of the insured's projects.



Commercial legal expenses cover provided the insured with crucial support during a challenging time. By covering pursuit and defence costs not included in their existing liability policies, it enabled the insured to take legal action against a supplier for breach of contract without incurring prohibitive legal fees.

## Supplier contract dispute



### Response

The insured took legal action against the original supplier for breach of contract, seeking to recover the additional costs incurred due to the supplier's failure to fulfil the contract. The insured also activated their legal expenses insurance policy, to recover any legal costs associated with pursuing the claim.



### Outcome

The case was settled out of court. The insured was able to recover the additional cost of \$40,000 for material and \$12,000 in legal expenses. The out-of-court settlement likely resulted in a resolution that avoided further costs and time and allowed the insured to focus on continuing their projects with reduced financial uncertainty.



*\*This case study has been modified to deidentify any real-life individuals, events, or organisations (January 2025).*