

Product Recall Insurance: DEFECTIVE PRODUCTS

Product recalls present real threats to retailers and manufacturers: loss of sales, customer confidence, hard-won retail shelf space, and supply contracts. Skilful handling of a recall can minimise damage demonstrating reliability and professionalism to wholesale and retail connections. Our Product Recall Insurance for defective products covers the key expense areas and also provides the expertise of independent consultants to guide the company through the critical first few weeks of a product recall.

COVER

COVER IS TRIGGERED BY THE RECALL OF A PRODUCT INCLUDING A GOVERNMENT RECALL CAUSED BY:

A defect in the product
Malicious product tampering
Product extortion

Provided that the use of the product has the potential to cause bodily injury or damage

Cover Includes

The Insured's recall costs
The costs of replacing the defective product
Consultants' and advisors' costs
Loss of insured's gross profit
Product extortion costs
Defence costs
Brand rehabilitation costs
Third party recall and replacement costs

UNDERWRITING CAPACITY

Up to \$25m policy limit

TARGET MARKET

Product Recall Insurance is intended for manufacturers, distributors, wholesalers or retailers of a wide variety of finished products and component parts.

Manufacturers of food, drink, cosmetics or other ingestible or topical products should consider our [Contaminated Products](#) insurance

UNDERWRITING CONSIDERATIONS

Insured's revenue
Product type and use
Brand recognition and company profile
Supplier relationship
Past recall incidents
Crisis management and recall planning
Traceability of products through supply chain
Quality assurance
See [proposal form](#) for full details of our underwriting requirements

This is a summary only. Scope and terms are subject to policy terms and conditions. A specimen policy is available on request.

THIS INFORMATION IS INTENDED FOR INSURANCE BROKERS AND OTHER INSURANCE PROFESSIONALS

This insurance is underwritten by AIG UK Limited which is authorised and regulated by the Financial Services Authority (FSA number 202628). This information can be checked by visiting the FSA website (www.fsa.gov.uk/register). Registered in England: company number 1486260. Registered address: The AIG Building, 58 Fenchurch Street, London, EC3M 4AB.

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These are brief product descriptions only. Refer to the policy for full terms and conditions applicable. Any scenarios are given as brief examples which may give rise to claims. These descriptions should not be relied on to justify coverage in any situation.

Product Recall Insurance

DEFECTIVE PRODUCTS

Policy cover is triggered by the possibility of the product causing illness, injury or property damage

There are several possible circumstances that may trigger the policy cover such as a deficiency of the product that creates a dangerous condition when used, actual or alleged tampering with the product making it dangerous to use, and product extortion.

Contribution to pre-incident consultancy

We work with specialist consultants in product safety, product recall, security and PR. We will contribute to our Product Recall policyholders' costs of accessing these consultants' services for loss prevention which may include reviewing recall plans, quality assurance audits, traceability testing and crisis simulation training.

Post loss consultancy cover

Fees and expenses of our specialist consultants incurred while they respond to a covered incident. Where our specific partner consultants are used, fees and costs are unlimited.

The policy covers a wide range of recall costs

Recall costs include money spent to physically withdraw the product from the shelves, from customers, from warehousing or other distribution channels. Also transportation costs, advertising, overtime, hiring additional staff or storage space, and disposal costs. Recall costs passed on from retailers which the policyholder is liable for are also covered.

Extortion

Cover is provided for ransom monies, plus other costs and expenses incurred in dealing with a product extortion, including: travel & accommodation costs, medical expenses, increased security costs.

Replacement costs

If the product can be repaired, the policy covers the repair costs. If not, then we cover the costs of replacing the product with one of similar value.

Third party recall and replacement costs

If our policyholder's product becomes a component of a customer's product, we can also cover the recall costs (as described above) of that customer. We can also cover the cost of repairing or replacing a customer's affected product.

Cover for lost profit and brand rehabilitation

We cover loss of the clients' gross profit that would have been expected from the sale of the affected product had the loss not occurred, or the increased working costs incurred by the client to avoid a fall in sales. Also, post recall, it may be necessary to use additional advertising or marketing strategies (e.g. "special offers") to ensure that market share is not affected. Our policies cover these costs too.

Defence costs:

Costs and expenses incurred as a result of any litigation which results directly from the product recall.

Government recall cover:

Under the General Product Safety Regulations, manufacturers, importers and retailers must ensure that their products are safe for consumers, report any safety concerns to the authorities, take action on any safety issue, and to make sure that they can trace all of their products. Under the latest legislation, the authorities can force a company to recall its products. Our recall policies will still cover the recall of dangerous products, even if the decision to recall is made by the authorities.

LONDON

Tel: 020 7954 7000
Fax: 020 7954 7001

BELFAST

Tel: 02890 726002
Fax: 02890 726085

BIRMINGHAM

Tel: 0121 236 9471
Fax: 0121 233 3597

BRISTOL

Tel: 0117 929 2616
Fax: 0117 921 5379

CROYDON

Tel: 020 8681 2556
Fax: 020 8680 7158

GLASGOW

Tel: 0141 303 4400
Fax: 0141 303 4440

LEEDS

Tel: 0113 242 1177
Fax: 0113 242 1746

MANCHESTER

Tel: 0161 832 8521
Fax: 0161 832 0149

NEWCASTLE

Tel: 0191 206 4091

READING

Tel: 0118 964 2600
Fax: 0118 964 2680

WATFORD

Tel: 01923 229787
Fax: 01923 251956

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