



Product Profile

Product Recall: 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

Target Market

UK and Multinational Companies manufacturing, distributing, wholesaling or retailing of a wide variety of finished products and component parts.

Underwriting Considerations

- Revenue of the insured
- 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

Underwriting Capacity

- Up to \$25m policy limit

Minimum Premium

- £7000

Product Recall: Defective Products Insurance is one of a range of Crisis Management products from AIG. Scope and terms are subject to the terms and conditions of the policy. A specimen policy is available on request.

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Broker Facts

Several policy triggers	Possible circumstances that may trigger the policy cover are deficiency of the product creating a dangerous condition when used, actual or alleged product tampering and product extortion.
Contribution to pre-incident consultancy	We engage specialist consultants to provide pre-loss services to help clients avoid a loss. Examples of possible services include a review of the businesses' crisis plans, training programmes, mock recall exercises, communications and PR briefings. Our Contaminated Products clients can benefit immediately in this way. Pre incident recall consultancy fees are commensurate to the premium amount.
Post loss consultancy cover	We have teams of expert consultants standing by to help our clients in the immediate aftermath of a recall: collecting samples of the product (possibly from members of the public), specialist testing, liaison with regulators and handling the media for example.
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. Also transportation costs, advertising, overtime, additional staff or storage space and disposal costs. Recall costs passed on from retailers for which the policyholder is liable are also covered.
Extortion	Cover is provided for ransom monies, plus other costs and expenses incurred in dealing with a product extortion, including: travel and 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 cover the recall costs of that customer. We can also cover the cost of repairing or replacing a customer's affected product.
Cover for lost profit	We cover loss of gross profit expected from the sale of the affected product had the loss not occurred, and increased working costs incurred to avoid a fall in sales.
Cover for the cost of "rehabilitating " the product	Once the recall has been completed, it may be necessary to use additional advertising or marketing strategies (e.g. "special offers" to ensure that market share is not affected. Our Contaminated Products Insurance covers these costs (sublimited to 25% of policy limit)
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 the authorities can force a company to recall its products. We will cover the recall of dangerous products, even if the decision to recall is made by the authorities.



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