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Product recall cover for importers, manufacturers and distributors of consumer and commercial goods

PRplus Product Recall insurance

Product recall protection for importers, manufacturers and distributors for consumer and commercial goods

The financial impact of a product recall incident can be highly damaging. In many cases, product recall expenses are excluded under standard product liability insurance policies. As a result, little, if any, cover is provided for a client's loss, leaving them exposed.

Liberty has designed the PRplus Product Recall (PRplus) policy to help provide a more robust cover. It offers a broader protection beyond recall expenses covered by standard product liability insurance policies. We understand that some organisations have specific needs and PRplus can also be tailored to meet these needs, including additional cover and limits to match exposures.

Type of recall events covered by the policy

Recall insurance serves as critical safeguard for manufacturers in the toy industry, providing financial protection against the unpredictable costs associated with product recalls.

Product safety (unsafe or dangerous for use)	Product quality (fails to perform its intended use)
Product defect	Product guarantee (optional)
Malicious product tampering	
Government recall	

Benefits of the cover

We have worked with the consumer and commercial goods industry for many years and have rolled the most commonly required covers into one convenient industry policy, including:

- Coverage for a product recall incident
- Automatic sub-limit inclusion for product guarantee i.e. no threat of bodily injury
- Replacement and repair costs inclusion
- Investigational and inspection costs
- Access to Liberty's specialist crisis management consultants to assist in the event of an incident



PRplus vs recall expenses extension (attached to a standard product liability policy)

The two principal risk hazards associated with toy product recalls are categorised as physical and chemical. The charts below show the trend in occurrences in Europe and the United States since 2009, with the first outlining the most common toy risk hazards.

Covered losses	Liberty's PRplus product recall	Recall expenses extension/endorsement
Pre-recall costs	✓	✗
Mitigation expenses	✓	✗
Recall costs	✓	✓
Third party recall costs	✓	✓
Defence costs	✓	✗
Extortion costs	✓	✗
Consultant and advisor costs	✓	✗
Product unfit for consumption due to manufacturing error, with no bodily injury	✓	✗

✓ Coverage provided ✗ Coverage not provided



Case study A

The client is an importer of consumer electronics. They recalled heaters manufactured in China due to the substitution of parts with inferior components. This had the potential to cause overheating or fire. More than 125,000 units of this popular product was exported to five countries.

The company estimated that total recall costs amounted to more than US\$1.5 million, comprising of:

Freight charges	US\$899,000
Product repair and replacement costs	US\$350,000
Labour charges	US\$231,000
Public relations expenses	US\$57,000
Call centre costs	US\$50,000

Case study B

The client is a manufacturer of kitchenware products who supply major retailers. Two of their products – kitchen digital timers and torches – contained button batteries.

Both products were found to be defective due to the button batteries not being fully secured. They were easily accessible to children and posed a swallowing or choking hazard.

The client's claim for compensation included public relation expenses, pre-recall investigation and recall costs:

Pre-recall investigation costs	US\$50,000
Public relations expenses	US\$25,000
Recall costs	US\$50,000

How does Liberty assist when a client has a recall?

The client's response in the critical first hours and days of an incident determines the severity of the impact to their business. This is when the deep experience and expertise of Liberty's Crisis Management consultants comes





We're part of the global Liberty Mutual Group, a Fortune 100 company that's been in business since 1912 with a Standard and Poor's 'A' rating

into play. They can provide advice and assistance to help deal with the crisis and help protect the client's brands and business reputation.

Our crisis management consultants



More than 20 years of experience



Ready to assist as required in recall situations

Our claims team



Over 10 years of experience with product recall claims



Respond fast and have the local authority to handle and settle claims

Meet our Crisis Management team members

HONG KONG



Joyce Cheng

Underwriting Manager
Crisis Management, Asia

T +852 3655 2685 & +65 6622 9220

E joyce.cheng@libertymutual.com

SINGAPORE



Si Min Tay

Senior Underwriter
Crisis Management, Asia

T +65 6622 9191

E simin.tay@libertymutual.com

MALAYSIA



Ken Tung

Crisis Management Specialist
Crisis Management, Asia

T +603 2082 4007

E ken.tung@libertyinsurance.com.my

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