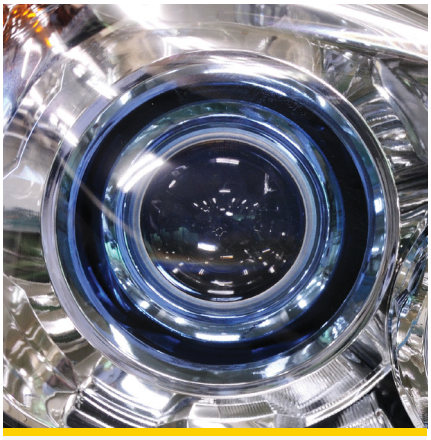


Liberty is here for you. **Today. Tomorrow. Together.**

For more information, please visit: **libertyinternational.com**

Find a Crisis Management team member in Asia

Office locations

Connect with Liberty

> The most expensive costs are uninstallation and reinstallation costs, as well as repair and replacement

Crisis Management | Asia

Automotive Component Recall insurance

Product recall cover

Understanding the financial costs of an automotive component recall

With Original Equipment Manufacturers (OEM) increasingly shifting the costs and expenses of a recall to their suppliers through contractual obligations, a product recall can cause a heavy financial strain on automotive component manufacturers. Small to medium suppliers are most vulnerable to the financial impact of an OEM recall.

What are the costs associated with a recall event?

- Logistics and transportation costs to withdraw the product from the market
- Additional labour and staff costs
- Uninstallation and reinstallation costs
- Repair and replacement costs, including remanufacturing costs
- Product inspection costs
- Redistribution costs of restored products
- Public relations

At Liberty, we recognise that this can be a stress on automotive manufacturers and we have introduced our Automotive Component Product Recall insurance to help businesses insure against the risk and associated costs of a product recall.

Our target clients are manufacturers of parts and systems in the automotive supply chain, including:

Tier 1 suppliers

Manufacturers that deal directly with OEMs. Parts manufactured by a Tier 1 tend to be primary and complex components.

Tier 2 suppliers

They supply to Tier 1 suppliers and typically manufacture sub-components.

Tier 3 suppliers

Providers of raw, or close to-raw, materials like metal or plastic.

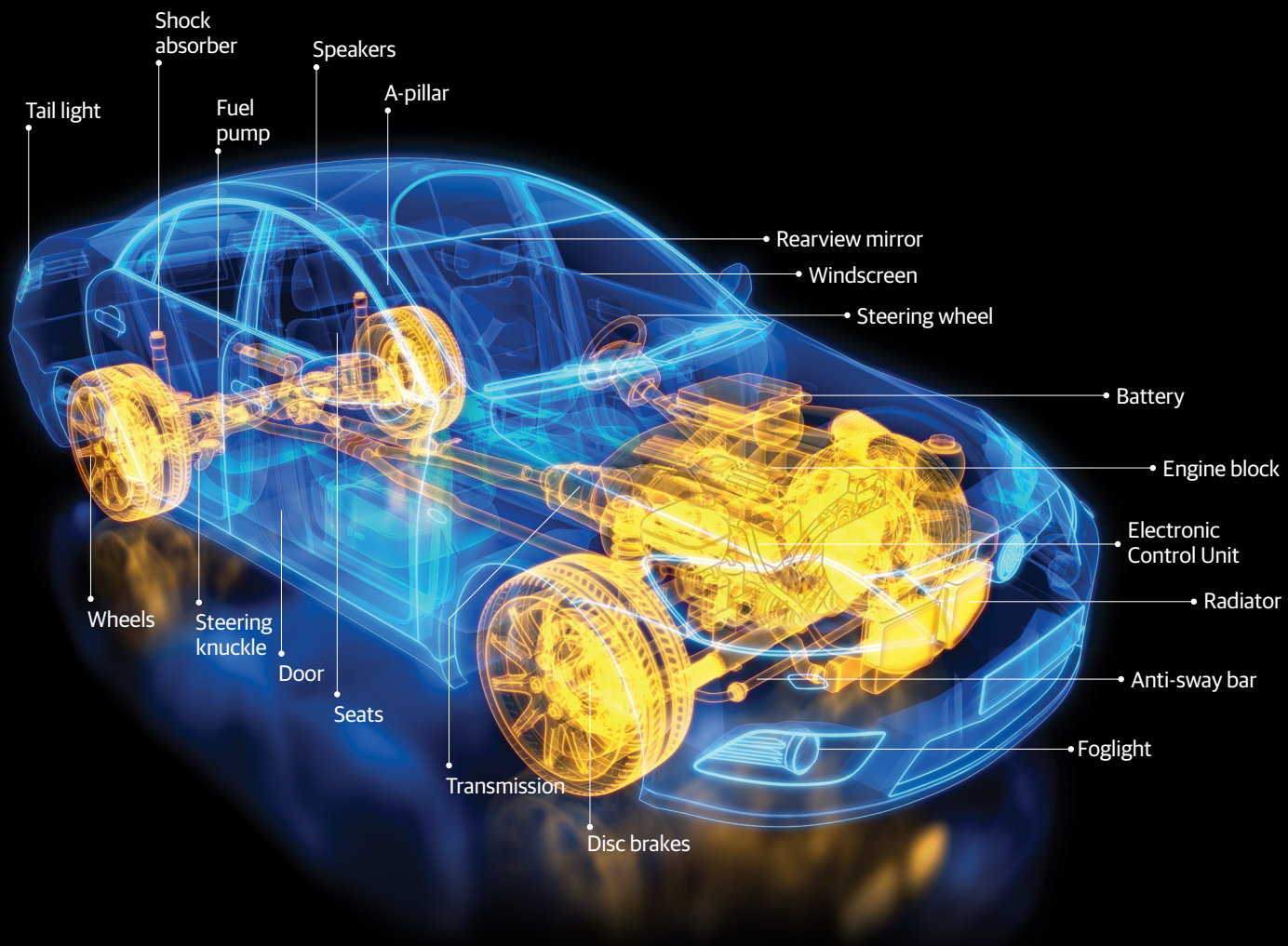
After Market suppliers

Manufacturers, distributors and/or retailers of replacement parts and accessories not made for OEMs.

Liberty

What components are insured?

Our Automotive Component Recall Policy covers all car parts, with the exception of tyres, airbags and seat belts.





We're part of the Liberty Mutual Group, a Fortune Global 500 company that's been in business since 1912 with an S&P A+ financial strength rating

Global reach. Financial strength. Local authority.

Distinct, complex and constantly evolving – every business is as unique as their insurance needs. To confidently progress in the face of risk and uncertainty requires a level of security you can only achieve through working with specialists.

Liberty offers a breadth of world-class insurance and reinsurance services to brokers and insured clients. We bring value and solutions to business and government organisations across Asia – helping protect what they earn, build and own.

We offer comprehensive coverage with unparalleled expertise

All our policies come with Product Guarantee cover, which means that we have the ability to insure defective products that fail to perform their intended purpose. This is especially relevant for components that make up safety critical systems such as brakes, suspension, ADAS (Advanced Driver-Assistance Systems). Our Product Guarantee cover also extends to insuring non-safety related components where their functions are to increase the quality and comfort in a car. Examples are interior lighting, air-conditioning systems and car interior materials.

Risk engineering

Our Crisis Management Team has a dedicated risk engineer with relevant experience in the automotive manufacturing industry.

- Conducts site visits and desktop reviews to have a thorough understanding of client's business and needs.
- Provides technical support to underwriters; this gives us the ability to underwrite a broad range of automotive components with sound understanding of the product exposure.
- Helps clients improve their risk profile by delivering practical recommendations.

What makes Liberty different?

The Liberty team provides foresight and value because:

- we collaborate between our claims, risk engineering and underwriting professionals to deliver the best product in the market because we better understand each client and design tailored insurance programs that will see them through a potential crisis
- our market-leading expertise and experience give us the ability to underwrite a broad range of risks, including 'hard to place' risks and deliver tailored covers such as customer loss of profits
- we stand by our promise to settle claims fairly, promptly and with transparency
- the personal interaction of our collaborative team and involvement of external crisis consultants helps us minimise the impact of an incident or crisis on our clients' business and reputation

Liberty Automotive Component Recall Policy highlights

- Pre-recall expense
- Recall expenses
- Product guarantee
- Risk engineering services
- Replacement and repair costs of defective products
- Crisis consultant and public relations costs
- Coverage flexibility – tailored made to our client's needs and budget

Liberty is not authorised to provide financial product advice. The information in this document does not take into account your objectives, financial situation or needs. Always consider the applicable policy wording and other relevant documents before deciding to acquire a Liberty financial product. © Liberty Mutual Insurance Company 2026. This information is current as at August 2026. **Liberty** means Liberty Mutual Insurance Company, Australia Branch (ABN 61 086 083 605) incorporated in Massachusetts, USA (the liability of members is limited) (**Liberty Australia**); Liberty International Insurance Limited (UBI 03967394) (**Liberty Hong Kong**); Liberty Pte. Limited (UEN 201538069C) (**Liberty Singapore**). AP0383-08-26