

## 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 Specialty Markets (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

#### Product Safety (unsafe or dangerous for use)

Product defect  
Malicious product tampering  
Government recall

#### Product Quality (fails to perform its intended use)

Product guarantee (optional)

### 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 sublimit 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)

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	✓	✗

✓ Coverage provided ✗ Coverage not provided

## Consider these examples



### Case study one

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 USD1.5 million, comprising of:

Freight charges	USD 899,000
Product repair & replacement costs	USD 350,000
Labour charges	USD 231,000
Public relations expenses	USD 57,000
Call centre costs	USD 50,000



### Case study two

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	USD 50,000
Public relation expenses	USD 25,000
Recall costs	USD 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 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



Are ready to assist as required in recall situations

### Our claims team



Has more an 10 years of experience with product recall claims



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

## 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 more than 25,000 of Asia Pacific's most significant business and government organisations – helping protect what they earn, build and own.

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

## Meet our Crisis Management team members



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