

CRISIS MANAGEMENT // SME PRODUCT SAFETY AND WITHDRAWAL // AUSTRALIA

Product recall protection tailored for small to medium importers, manufacturers, distributors and wholesalers.

Companies providing consumer goods to any of the major retailers in Australia can incur cost to recall or withdraw the product from the stream of commerce, regardless of a threat to bodily injury or not.

Liberty Specialty Markets (Liberty) offers a packaged SME Product Safety and Withdrawal policy solution tailored for a wide range of consumer goods including furniture, clothing, appliances and toys. Offering protection from both product recalls and product withdrawal, it is ideally suited for small to medium importers, manufacturers, distributors and wholesalers.

Benefits of the cover

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

- ▶ Coverage for product recall
- ▶ Automatic inclusion for product withdrawal i.e. no threat of bodily injury
- ▶ Replacement cost and faulty stock sublimit provided
- ▶ A nil deductible
- ▶ Access to Liberty's specialist crisis management consultants who can assist in the event of an incident

The important difference between a product withdrawal and a product recall

Product withdrawal means a product has failed to perform the function for which it was manufactured or designed for. In some (but not all) cases there will be no threat of bodily injury. In these cases, the quality may have been compromised and the product is just not fit for sale. Continuing to sell the product may cause brand damage to the owner so a product withdrawal may be warranted.

Product recall means a product which has been subject to a manufacturing or design error that would or has caused bodily injury. Suppliers have an obligation under the Australian Consumer Law (ACL) to notify the responsible Commonwealth minister and advertise the recall promptly in the media.

Comparing this SME package with our full Product Recall cover

	SME	FULL COVER
Recall costs	✓	✓
Third party recall costs	✓	✓
Replacement costs	sublimited	✓
Faulty stock	sublimited	✗
Business interruption	✗	✓*
Rehabilitation expense	✗	✓*
Consultants	✓	✓

✓ Coverage provided ✗ Coverage not provided

Consider these examples



Case study one

The insured recalled heaters manufactured in China due to substitution of components which posed a fire hazard.

The insured's claim for compensation included advertising and recall costs, and replacement costs of the defective product.



Case study two

The insured is an importer of kitchenware products. Two of the Insured's products, kitchen digital timers and torches, contained button batteries. These products were supplied to major retailers.

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 / choking hazard.

The insured's claim for compensation included first and third party recall costs.



Case study three

The insured is an importer of cleaning products. It was discovered that several products were not blended correctly and as a result the colour of the product was compromised.

Even though there was no threat of bodily injury, the quality of the product was compromised and was required to be withdrawn from sale.

The insured claimed for compensation including third party recall costs and faulty stock.

*Business Interruption and Rehabilitation Expenses can be purchased via endorsement.

p.2 of 6

Fast track your claim

We know that when you have a claim you want it paid fast. Some claims are complex, yet others are straightforward.

If indemnity can be granted and all the supporting documents are received, Liberty can settle most Product Withdrawal claims up to \$50,000 within three business days.

Our goal is to make things simple. We quickly settle small claims up to A\$50,000 with no fuss.

Experience when it matters

Liberty responds quickly because:

Our claims team:



Has more than 10 years
of experience with product recall claims



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

Our crisis management consultants:



Bring more than 20 years
of experience



Are ready to assist
as required in recall situations

Our claims team and crisis consultants:



Are located in
Australia



Offer immediate
guidance



You'll experience
no waiting
for overseas response or approval.

HOW TO FILL OUT THIS FORM

Please ensure you answer all questions. Any unanswered or illegible answers will delay our decision as to whether we can offer insurance cover.

1. Full name of applicant to be insured	
2. ABN	
3. Applicant's mailing address	
4. Applicant's website	
5. Year the applicant started operations	
6. Expected turnover for the next 12 months (in Australian dollars)	\$
7. Product overview	
a) Top 3 products	% of total sales
	%
	%
	%
8. What procedures does the applicant have in place to ensure the quality of their product:	
a) Independent third party audits of manufacturing site/s?	Yes No
b) Independent third party product testing to ensure products are compliant for country of sale?	Yes No
c) The applicant tests product prior to release?	Yes No
d) The applicant visits manufacturing site and perform internal audits	Yes No
9 Has the applicant had any product recalls or withdrawals in the last five (5) years?	Yes No
10. Limit selected \$	11. Sublimit selected \$

INDICATIVE PRICING

Limit options	Self Insured Retention	Product Withdrawal	Replacement, Repair & Refund	Premium options by turnover		
				\$5m & less	\$5m to \$10m	\$10m to \$15m
\$500,000	Nil	\$50,000	\$100,000	\$10,150	\$13,550	\$15,950
\$250,000	Nil	\$50,000	\$50,000	\$7,850	\$10,150	\$11,850
\$100,000	Nil	\$50,000	\$20,000	\$5,700	\$7,150	\$8,150
\$500,000	Nil	\$25,000	\$100,000	\$7,650	\$11,050	\$13,450
\$250,000	Nil	\$25,000	\$50,000	\$5,350	\$7,650	\$9,350
\$100,000	Nil	\$25,000	\$20,000	\$3,200	\$4,650	\$5,650

Conditions

1. No cover in place until confirmed in writing by Liberty Specialty Markets
2. All premiums are valid for 12 months to 31 December, 2025 and are Minimum & Deposit and include 15% brokerage
3. This pricing is for 12 month policy period and, is the minimum premium and cannot be short termed
4. Base premium only, GST and Stamp Duty has not been applied
5. Coverage is provided by Liberty Product Safety and Withdrawal wording 2025.1

DECLARATION

I declare that I have made all necessary enquiries as to the accuracy of the responses given in the Proposal Form and confirm that the statements and particulars in this Proposal Form are true and complete and that no material facts have been omitted, misstated or suppressed. I acknowledge receipt of the Important Notices and confirm that I have read and understood them. I confirm that I am authorised by the Applicant to complete, sign and submit this Proposal Form on behalf of the Applicant.

Signed	Print Name
Title	Date

Important Notices

Your Duty of Disclosure

Before you enter into a contract of general insurance with an insurer, you have a duty, under the Insurance Contracts Act 1984 (Cth), to disclose to the insurer every matter that you know, or could reasonably be expected to know, is relevant to the insurer's decision whether to accept the risk of the insurance and, if so, on what terms.

You have the same duty to disclose those matters to the insurer before you renew, extend, vary or reinstate a contract of general insurance.

Your duty however does not require disclosure of matter:

- ▶ that diminishes the risk to be undertaken by the insurer;
- ▶ that is of common knowledge;
- ▶ that your insurer knows or, in the ordinary course of its business, ought to know;
- ▶ as to which compliance with your duty is waived by the insurer.

Non Disclosure

If you fail to comply with your duty of disclosure, the insurer may be entitled to reduce their liability under the contract in respect of a claim or may cancel the contract. If your non-disclosure is fraudulent, the insurer may also have the option of avoiding the contract from its beginning.

Privacy Notice

Liberty Specialty Markets (Liberty) is a trading name of Liberty Mutual Insurance Company Australia Branch (ABN 61 086 083 605), which is a company incorporated in the United States (the liability of members is limited). It is a member of Boston-based Liberty Mutual Group (LMG). Liberty Australia's head office contact details are:

Address: Level 38, Governor Phillip Tower, 1 Farrer Place, Sydney
NSW 2000, Australia
Phone : +61 2 8298 5800

Liberty is bound by the Privacy Act 1988 (Cth) and its associated Australian Privacy Principles when it collects and handles your personal information. Liberty collects personal information, including from insurance brokers, in order to provide its services and products, manage claims and for purposes ancillary to its business. Liberty passes it to third parties involved in this process such as Liberty's related companies, reinsurers, agents, loss adjusters and other service providers. We may store your information with third party cloud or other types of networked or electronic storage providers. Third parties may be located locally or overseas in the United States, Canada, United Kingdom, Singapore, Hong Kong and Malaysia. Your information may be transferred to countries without comparable privacy laws if it is reasonably necessary to provide you with the products or services you seek from Liberty. If you do not provide the personal information Liberty or other relevant third parties require to offer you specific products or services, Liberty may not be able to provide the appropriate type or level of service.

If you wish to gain access to or correct your personal information, make a privacy complaint, or if you have any query about how Liberty collects or handles your personal information please write to Liberty's Privacy Officer at the address above or by emailing: privacy.officer.ap@libertyglobalgroup.com. To obtain a copy of Liberty's Privacy Policy go to Liberty's website (libertyspecialtymarkets.com.au) or request a copy from Liberty's Privacy Officer.

When you give Liberty personal or sensitive information about other individuals, Liberty relies on you to provide its Privacy Notice to them. If you have not done this, you must tell Liberty before you provide the relevant data.

Subrogation

If Liberty grants indemnity under this policy then Liberty shall be subrogated to all of the Insured's rights of recovery against any person or entity whether or not a payment has in fact been made and whether or not the Insured or Insured Person has been compensated in full for their loss. The Insured must, at its own cost, provide all reasonable assistance to Liberty (including, but not limited to giving information, signing documents and giving evidence) to help enforce those rights.

The Insured must not do anything that may prejudice Liberty's position or potential or actual rights of recovery against any parties.

Any amounts recovered by Liberty in excess of Liberty's total payment to the Insured shall be restored to them less the cost to Liberty of such recovery.

Claims Made Insurance

This is a proposal for a 'Claims Made' policy of insurance. This means that the policy covers you for any claims made against you and notified to the insurer during the policy period & reporting period. The policy does not provide cover in relation to:

- ▶ insured events that occurred prior to the inception date in the policy;
- ▶ any claim made, threatened or intimated against you prior to the commencement of the policy period;
- ▶ any claim or fact that might give rise to a claim, reported or which can be reported to an insurer under any insurance policy entered into before the commencement of the policy period;
- ▶ any claim or fact that might give rise to a claim, noted in this proposal or any previous proposal;
- ▶ any claim arising out of any fact you are aware of before the commencement of the policy period;
- ▶ Any claim made against you after the expiry of the policy period.

However, the effect of Section 40(3) of the Insurance Contracts Act 1984 (Cth) is that where you become aware, and notify us in writing as soon as is reasonably practicable after first becoming aware but within the policy period, of any facts which might give rise to a claim against you, any claim which does arise out of such facts shall be deemed to have been made during the policy period, notwithstanding that the claim was made against you after the expiry of the policy period.

Why choose us?

We are available when you need us most.

As part of your policy you have use of our panel of consultants who can assist you in the event of a claim. We will pay these costs for 12 months from date of loss.

The panel consist of food technologists, crisis management consultants, malicious product tamper experts and PR consultants.

You can reach our hotline 24/7 on +612 8823 1999. We are available outside of business hours to assist.

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 Specialty Markets offers a breadth of world-class insurance and reinsurance services to brokers and insured clients. We bring value and solutions to more than 26,000 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 and Poor's 'A' rating.

 [View our office locations](#)

 [Meet our Crisis Management team members](#)



Connect and join the Liberty conversation

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 financial product. This information is current as at January 2025. Liberty means Liberty Specialty Markets, a trading name of Liberty Mutual Insurance Company, Australia Branch (ABN 61 086 083 605; AFSL No. 530842 (for claims handling and settling services only)) incorporated in Massachusetts, USA (the liability of members is limited); Liberty Specialty Markets Hong Kong Limited (UBI 66395065); Liberty Specialty Markets Singapore Pte Limited (UEN 201538069C); and Liberty Specialty Markets Singapore Pte Limited, Labuan Branch (Company No. LF12903), a licensed insurer under the Labuan Financial Services and Securities Act 2010 (Licence No. IS2016162).