

At a
Glance

August
2015

Product Recall Insurance



A company can be left in ruins if it does not manage a product recall well. The long-term costs, e.g. loss of a major customer, profits and brand, can be sizeable and will hit the company's balance sheet. To minimise the costs and mitigate the risks associated with such an incident, companies must proactively assess and manage their product recall risks.

Allianz Global Corporate & Specialty (AGCS) helps clients to evaluate their insurance and risk management with regard to the risk of product recall. With the help of red24 crisis management consultants AGCS will recommend measures for improving a company's readiness for a product recall situation. Crisis management planning and loss prevention services are made available to contain and manage the incidents on behalf of the Insured.

red24assist, red24's Product Safety and Recall business unit, provides a range of worldwide crisis support services. Their consultants possess a wealth of expertise so clients can get the best possible assistance to prevent or respond effectively to a crisis. red24's services have been developed to help clients assess and mitigate risks across their organisation with a range of procedural review, training and auditing services.

A 24/7 crisis support service is available to provide immediate support in the event that a client experiences a product related issue. A team of over 85 worldwide specialists, who are experts in their respective fields, will

advise and support the technical, legal / regulatory and communications considerations required to deal with the issue. In addition the global relationship with SGS adds world class consumer products expertise to these services.

A product recall is potentially the most risk-laden situation a company can face. Whether a manufacturer, wholesalers or retailer, the risk only increases as the supply chain grows more complex and new legislation is put in place. When a product does fail, the management of the event is critical to mitigating resulting recalls or liability claims that can be devastating to a company's reputation and profitability.

Product Recall Insurance provides cover for recall costs, loss of profit, and rehabilitation costs following a product recall due to the potential of bodily injury or property damage. Product recall policies have the option to include broad third party coverage for those liabilities a company might have to its customer, including customer loss of profit. Coverage can be purchased to address both the first or third party exposures or they can be purchased individually.

Standard & Poor's

AA

(Very Strong), reaffirmed
Feb 2015

A.M.Best

A+

(Superior), reaffirmed
Aug 2015

Contact Details

Jon Prowse
Executive Liability
Underwriter, Regional
Practice Group Leader -
Manufacturing
+44 203 451 3249
jon.prowse@allianz.com

Judith Doyle
UK Liability Team Leader
+44 203 451 3057
judith.doyle@allianz.com

Coverage triggers

Bodily injury & Property Damage

Cover is triggered by a product recall or market withdrawal due to the use of the product that has resulted in bodily injury or property damage or poses actual and imminent danger of causing bodily injury or property damage.

Coverage components

- First party recall expense
- Third party recall expense
- Business Interruption (loss of gross profit)
- Repair, replace, or refund of products
- Rehabilitation
- Governmental recall expenses
- Adverse publicity
- Crisis management fees and expenses

Options

- Recall due to failure of a product to perform its intended function
- Third party recall liability coverage
- Customer loss of profits
- Unsubstantiated recall costs
- Preparation of crisis management plans

Specialised policies

- Bespoke programmes for certain non-food sectors

Client profile

Companies from the following industry sectors (for example):

- Electrical appliances
- Kitchen/cooking accessories
- Toys and children's equipment
- Clothing and textiles
- Lighting equipment
- Hobby/sports equipment
- Communication and media equipment
- Component part or contract manufacturers

Risk information

In order to evaluate insurability and premium assessment some details on the risk are required such as:

- Revenue of the Insured and product lines
- Batch sizes
- Claims experience
- Crisis Plans/Recall Plans/Quality Management

Affiliated solutions

Product Liability

Reputation Protect

Credit Insurance
and Bonding



For full information about what Allianz has to offer please look at the **Allianz capabilities for Corporate Clients** document.