

Chubb Product Recall

“The Product Insurance worth Remembering”

CHUBB®



Most companies insure themselves against costly product liability lawsuits, but are less prepared to face the expenses of recalling a potentially defective product. Don't let one incident take away what took years to build.

General liability policies aren't designed to pay many of the expenses which can be associated with product recall, including recall communications, product retrieval and disposal.

Consider the following scenarios:

1. **A cereal food manufacturer discovers an undeclared allergen but did not discover the error until after the product was sent to retailers.**

The manufacturer incurred significant costs to communicate the recall, retrieve the product and dispose of the contaminated goods.

2. **A wine company was notified that a wine bottled at its facility has been returned due to glass shards found in bottles of by numerous customers.**

To minimize the potential for further damage or injury, the company implemented an extensive plan to communicate the issue to customers across the country and arrange for the return of the defective products.

3. **A shampoo manufacturer's product was recalled by the Food and Drug Administration after it was linked to eye infections in several users.**

The manufacturer launched a costly recall program that spanned several states to regain control of its product to ensure there are no further issues.

How can the risk be managed?

A fast and effective recall strategy can provide a company with the opportunity to reinforce their commitment to safety, quality, and service. It can be an effective means of mitigating risk by facilitating the prompt removal of defective products from the marketplace.

Key elements critical to success include:

- Decision making, notification and advertising;
- Recall strategy and traceability;
- Retrieval and disposal of the product; and
- Reporting on the progress of a recall.

In contrast, a poorly managed recall can lead to adverse publicity and significant brand damage with the potential for significant long term impact on profitability and brand reputation.

The product safety recall system that a supplier has in place should be tailored to its own specific products and the severity of the risk those products pose to consumers.

Whether your customer is a manufacturer of component parts, a distributor of appliances or a food and beverage company, Chubb has the experience and the expertise to understand the essential issues that can affect your business in relation to product recall.

Benefits of a Chubb Product Recall Policy

- Underwriting Expertise comprising highly skilled and experienced specialists with coverage crafted to meet the insured's needs;
- The support of more than 400 risk engineers worldwide with extensive technical, industry and business expertise to help companies anticipate and minimise costly exposures;
- A collaborative approach to assisting the insured with the control and management of risk;

- Advice on industry trends, emerging risks and risk benchmarking against global best practice;
- Experienced Crisis Management Consultants are available to assist; and
- In-country claims staff with the expertise and experience to handle claims effectively.

Submission Requirements:

- Chubb Product Liability Proposal form and supporting documents
- Copy of Recall and Traceability Program
- Copy of Quality Control Manual (incl. Standard Operating Procedures/ Sanitation Standard
- Operating Procedures and Good Manufacturing Practice)
- Copy of Hazard Analyses & Critical Control Points
- 5 year Loss History

About Chubb in Australia

Chubb is the world's largest publicly traded property and casualty insurer. Chubb, via acquisitions by its predecessor companies, has been present in Australia for 100 years. Its operation in Australia (Chubb Insurance Australia Limited) provides specialised and customised coverages including Business Package, Marine, Property, Liability, Energy, Professional Indemnity, Directors & Officers, Financial Lines, Utilities as well as Accident & Health, to a broad client base, including many of the country's largest companies. Chubb also serves successful individuals with substantial assets to protect and individuals purchasing travel and personal accident insurance.

More information can be found at www.chubb.com/au.

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Government Website:
www.productsafety.gov.au/recalls/guidance-for-suppliers

Product Recall Coverage Comparison:

Coverage	Typical General Liability Product Recall Extension	Chubb Product Recall**
Recall Costs	✓	✓
Public Extortion	✗	✓
Loss of Gross Profits	✗	✓
Replacement Costs	✗	✓
Rehabilitation Expense (Sub Limit)	✗	✓
Defence Costs	✗	✓
Customer Rehabilitation Costs	✗	✓
Adverse Publicity	✗	✓

** Chubb Product Recall is only written in conjunction with a General Liability policy. It is not offered as a stand-alone product.

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