



# AXIS INSURANCE MANAGERS INC.

*"Quality Insurance for Quality Clients"*

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## PRODUCT RECALL INSURANCE

### PROTECTING YOUR BRAND

We've all seen the notices in stores and in newspapers for product recalls. From power tools to strollers, kids' toys to clothing, product recalls are part and parcel of everyday life for a consumer. If the products are dangerous a recall can be frightening for those who have purchased the item. But for the producer, manufacturer or importer a product recall can be a logistical and PR nightmare. It can challenge even the strongest companies and brands. And handled incorrectly, a product recall has serious financial consequences for a company.

During the last few years, there have been a high number of product recalls which have grabbed the attention of the media – only serving to further alarm the public. This increase in recalls can perhaps be attributed to globalization, with many businesses relocating their production facilities to other countries in order to lower labour costs. But it's not just overseas production facilities that cause product recalls. You only have to think back a few years to the trials of Maple Leaf in Canada and its massive recall of listeria contaminated products. That's why having a Product Recall Insurance policy from Axis Insurance Managers is a sound commercial decision.

Product recalls are not necessarily the choice of the producer, retailer or manufacturer. Due to legislation passed in recent years governments can now impose the recall of any product in order to ensure the public's safety. Although similar to products liability insurance – which requires an actual accident – a product recall claim is normally triggered by the risk of damage to people or property by a product. The truth is that a recall can fall under the category of catastrophic exposure which could put the very existence of your business in peril. There is a misconception that product recall coverage is included in general and products liability insurance contracts – the truth is, in most cases, it isn't.

The good news is that you can protect your business in the case of a product recall. The expert team at Axis Insurance Managers can advise you on the insurance solutions available to transfer the risk of product recall to insurers – whether you face risks due to food contamination, pharmaceutical tampering, or the deficiency of manufactured products. Unfortunately the deductibles for this line of insurance are usually quite high, however we can work with you to help establish your acceptable level of risk and negotiate with insurers accordingly.

Axis Insurance is also able to help secure other risk transfer solutions, for example, coverage for a product's failure to perform and other risk financing options. We also assist in managing legal risk transfer adequately amongst all members in the production and distribution chain – for more details please see our Risk Transfer and Risk Management papers or call one of our expert team for more details.

#### **Benefits of Product Recall Insurance coverage from Axis**

A product recall may be very damaging to the reputation of a company, as well as creating legal expenses, additional logistical and warehouse costs, damage settlement and crisis management. A Product Recall insurance policy from Axis Insurance will help cover exposures related to:

- Media announcements and public relations costs
- Shipping costs
- Additional labour and warehousing costs
- Product repair or replacement costs
- Loss of profits
- Brand rehabilitation
- Extortion

*As with every insurance policy there are different options, policy wordings, enhancements or amendments available. Your Axis Insurance manager will be able to help create a tailor-made policy to suit your exact requirements.*

**To find out more about Product Recall Insurance, or to discuss your existing insurance policies, please give one of Axis insurance's professional and experienced team members a call at 604.731.5328 or email: [info@axisinsurance.ca](mailto:info@axisinsurance.ca). We would also be pleased to outline the benefits of Product Recall Insurance with your management team or board members. If you would like to schedule a meeting or request an application form, please contact Lee Weitman directly at 604.630.0757 or David Marsh at 604.708.6242.**