

What Is Product Recall Insurance?

Product recalls are becoming a part of doing business for many industries. New safety regulations are putting more pressure on companies to ensure every product they sell is safe for use or consumption. The costs of a recall, along with the media attention they can attract, can be difficult to overcome for large and small companies alike. Product Recall Insurance assists with effective pre-incident loss prevention and a well-planned and implemented post-incident response.

Costs of a Recall

- **Crisis Consultant Costs:** Crisis consultants can assist an insured prior to a recall event by helping them develop strong loss prevention protocols. They also help effectively implement a recall plan, minimizing the impact on the insured's financials and reputation.
- **Pre-Recall Expenses:** The costs to test the insured's product to identify contamination or a defect and confirm the need for a recall.
- **Recall Costs:** The cost to notify the public of a recall and to get the product back (shipping and storage).
- **Replacement Costs:** The cost to replace or repair the defective product or to refund customers.
- **Loss of Gross Profit:** Profits that would have been made in the absence of a recall.
- **Extra Expenses:** The costs to clean contaminated facilities and equipment and outsource manufacturing to a temporary facility.
- **Rehabilitation Costs:** The costs to restore consumer confidence in the insured's product.
- **Extortion Costs:** The costs of responding to a threat by a third party to tamper with an insured's product.
- **Consequential Loss:** The economic loss of the insured's customer caused by the insured's recall incident.

Recall costs are normally excluded from a general liability policy leaving the exposures uninsured. Great American Insurance Group now offers Product Recall Insurance for insureds in the consumable products, consumer goods and component parts industries.

Industries Served

- **Consumable Products:** fruits and vegetables, meat, seafood, poultry, sauces, beverages, cosmetics, dairy, nuts and snacks, pharmaceutical, nutraceuticals, vitamins and supplements, etc.
- **Consumer Goods:** children's toys, clothing, appliances, tools, sporting goods, medical equipment, building materials, furniture, electronics, etc.
- **Component Parts:** auto parts, aircraft parts, drone parts, electrical parts, electronic parts, metal parts, plastic parts, rubber parts, treatment processes, etc.

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Do your clients have a Product Recall exposure?

If your insured is a manufacturer, co-packer, processor, service provider, assembler, importer, exporter, distributor or supplier of consumer goods, then the answer is likely yes.

Submissions:

GARSPRODUCTRECALLSUBMISSIONS@GAIG.COM

Underwriter Contact Information:

gaig.com/grs/productrecall



Scan the QR code with your mobile camera.

