

# Recall Plus<sup>®</sup> Insurance for Component Parts Q&A

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Product Recall Insurance is a first party coverage, protecting the Insured's balance sheet and business by reimbursing them for financial loss resulting from an insured event. This policy was developed for Manufacturers, Processors, Distributors, Importers, Wholesalers and Exporters of Component Parts – parts that become a part of a final product in the Industrial, Aircraft, Automotive or General Manufacturing sectors.

## **Q. Why does a business need Product Recall Insurance?**

**A.** Product Recalls are occurring on a regular basis making the need for the coverage critical. A recall event can be debilitating to an insured's balance sheet, which can put a company at risk for going out of business. Product Recall Insurance is a first party coverage protecting the insureds balance sheet by reimbursing the insured for expenses and other financial loss which are typically excluded on a General Liability policy.

## **Q. Which products are covered?**

**A.** All products that are in production, processed, manufactured, handled and distributed by either the Insured or on behalf of the Insured. Coverage can be tailored for product or contract specific needs.

## **Q. What is the insured event that triggers this policy?**

**A.** The policy is triggered by a voluntary, involuntary or mandatory stock recovery, market withdrawal or recall (by or on behalf of the insured, its customer or its regulatory body) of an insured product because its use has resulted (or would result) in bodily injury or property damage or its use has resulted in (or would result in) Impaired Property.

## **Q. Can you define Impaired Property?**

**A.** "Impaired property" means tangible property of others, that cannot be used; or is less useful because it "incorporates" your "insured product(s)" that is known to be defective, deficient, inadequate or dangerous provided that such tangible property can be restored to use by the repair, replacement, adjustment or removal of your "insured product(s)."

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**Q. Does the policy include Governmental Recalls?**

**A.** The basic policy wording includes those recall or withdrawal events by or on behalf of a regularly constituted federal, state or regulatory or administrative body. Adverse Publicity is not available on this form. A component is not a final product that would normally be named in any local, regional or national media, with the implication that the insured's product has resulted in (or would result in) bodily injury or property damage.

**Q. What are the basic coverages on this policy?**

**A.** Coverages include:

- Recall Costs (both Insured and Third Parties) – Including printed advertising, shipping costs, storage costs, personnel costs, disposal costs and cancellation fees
- Consultant Costs (Pre- and Post-Incident) – Including 24-hour hotline for post-incident assistance
- Defense Costs

**Q. What coverages are available to add to the basic Component Parts Policy Form?**

**A.** Coverages include:

- Replacement Costs – Including refunds, costs to repair or replace, labor costs, stock costs and redistribution costs of affected Insured Products and/or Impaired Property.
- Consequential Damages – Including those amounts or economic loss a customer has incurred caused directly in connection with a covered recall event which Insured is legally obligated to reimburse.

- Loss of Gross Profit – Loss of revenue after the decrease in sales caused by an insured event.
- Extra Expenses – Costs to continue operations, minimize the suspension of business, costs to maintain employees.
- Rehabilitation Expenses – Expenses incurred as a result of a covered recall event to re-establish the insured products to the projected level of sales anticipated prior to that event.

**Q. Are retroactive dates available?**

**A.** Yes, we can offer up a retroactive date of up to 24 months. Once the policy is incepted, the retroactive date will remain the same as long as during the tenure the insured has the policy.

**Q. What limits and self-insured retentions are available?**

**A.** On a primary basis, you can buy a policy to start at limits as low as \$50,000 up to \$1 million, and with an SIR as low as \$5,000.

**Q. Are higher limits available?**

**A.** Yes, over our own primary \$1 million we can provide up to \$4 million in excess limits. At \$5 million we can provide up to \$15 million in excess capacity.

**Q. How can I find out more about Recall Plus coverage?**

**A.** Check out our website for our contact information, forms and applications: [www.chubb.com](http://www.chubb.com)

We offer coverage tailored and customized to your insured's needs:

- Minimum premium \$1,000 – No Risk Too Big or Too Small
- Limits \$50,000 to \$10M+ and Self-Insured Retentions from \$5,000
- Consultant Costs Included with 24- Hour Hotline
- Submission Requirements – Application, Quality Control Manual, Recall Plan
- Broad appetite in Component Parts, Consumer Goods and Consumable Products including Manufacturers, Part and Ingredient Suppliers, Distributors, Co-Packers, Retailers, Wholesalers, Importers, Exporters, Bottlers and Assemblers

**Contact**

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