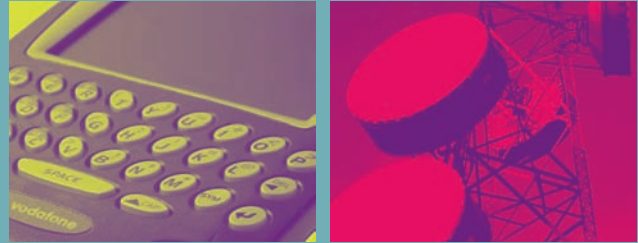


PRODUCTS LIABILITY RISK MANAGEMENT



An estimated 0.75 million accidental injuries each year are caused by unsafe products.

Source: Royal Society for the Prevention of Accidents

Your challenges:

- Avoiding litigation by implementing policies, procedures and/or tests that mitigate risk that may arise due to management, manufacture, sales or service.
- Ensuring you risk reviews are comprehensive enough to minimise the risk of litigation.

Our key capabilities:

- Risk reviews that evaluate the susceptibility to product liability claims by checking the entire scope of operations
- Quality reviews that aim to improve the current quality systems in place.

Tips to minimise your risk:

- Ensure product safety is fully incorporated into the early stages of R&D
- Put together formal programmes for reviewing of warning labels, instruction manuals and marketing materials
- Make sure warranties and guarantees are developed with input from a legal department
- Set up an identification and record retention procedure as this allows for good traceability of past products
- Ensure a formal policy is in place for responding to customer product complaints.

Case/claim examples:

A well known manufacturer of men's hair and beard treatments were pursued for damages as a result of an injury arising from the use of alleged defective products. With the assistance of the insured's retention of statistical information (products sold versus complaint ratio) and batch samples for independent testing against the product sold, it was possible to maintain a 100% defence record to date for this client. Without this resource, a significant number of claims for hair loss, facial scarring and allergic reaction would have succeeded against the insured.

The insured manufacture and supply heavy duty machinery for the textile industry. Once sold, the insured have no control over the way in which their product is maintained or used. A claim was presented by an employee of a previous customer of the insured, who in turn brought a claim against the insured for defective design and manufacture. The employee had been badly injured having accessed the working parts to the machine to free a blockage. On freeing the blockage, the machine continued its operation. The employee was extremely unlikely to work in this profession again and as such the claim had substantial financial value. It transpired that the machine in question was manufactured more than 10 years prior to the accident. With retention of an example of the machine specification, instructions for use and maintenance that were issued with the purchase of the machine, it was possible to maintain a defence to the claim and ascertain that an essential guard that formed part of the machine upon delivery was missing.

A female child was injured by suffering an allergic reaction to the application of a tattoo/transfer that accompanied a children's comic. It was only the adequacy of the warning label on the clear packaging that accompanied the selection of transfers that provided a defence to the claim. The child was badly scarred as a result of the parents not reading information which would have alerted them to the unsuitability of the product to their child.



Chubb refers to the insurers of the Chubb Group of Insurance Companies: Federal Insurance Company, Vigilant Insurance Company, Great Northern Insurance Company, Pacific Indemnity Company, Northwestern Pacific Indemnity Company, Texas Pacific Indemnity Company, Executive Risk Indemnity, Inc., Executive Risk Specialty Insurance Company, Quadrant Indemnity Company, Chubb Custom Insurance Company, Chubb Indemnity Insurance Company, Chubb Insurance Company of New Jersey, Chubb National Insurance Company, Chubb Lloyds Insurance Company of Texas. Not all insurers do business in all jurisdictions.

This literature is descriptive only. Actual coverage is subject to the language of the policies as issued.
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