



COMPONENT PART PRODUCT RECALL PRODUCT OVERVIEW



With the increasing complexities in manufacturing processes and supply chains, the risk of component part recalls has become a significant concern for businesses. Component Part Product Recall insurance is an essential risk management tool designed to protect companies from the substantial financial and reputational damage.

Component Part Product Recall insurance is a specialized policy that offers coverage for losses arising from the recall or withdrawal of defective components used in the manufacturing process. This type of insurance extends beyond mere product recalls, which typically focus on finished goods or final products. Instead, it addresses the specific risks faced by manufacturers or suppliers of parts, components, or ingredients used in the production of consumer goods.

COVERAGE DETAILS:

PRODUCT SAFETY

Under the Component Part Product Recall Insurance Policy, coverage for product safety is a key provision. In the event that a component part of a product poses risks to consumers' health or safety.

GOVERNMENT RECALL

The policy also includes coverage for instances where a government agency issues a formal recall of products due to safety concerns or non-compliance with regulations.

PRODUCT GUARANTEE

Component Part Product Recall Insurance Policy typically covers situations where product guarantees or warranties are breached due to component part deficiencies. For example, if a product fails to meet performance expectations or is found to be defective.

IMPAIRED PROPERTY

In case a component part of a product causes damage to other components, property, or equipment, the insurance policy incorporates coverage for impaired property. For instance, if a faulty component part in an automobile causes damage to the car's engine or other interconnected parts, the policy will provide coverage for repair or replacement costs.

MALICIOUS INTERFERENCE

In addition to unintentional product defects, the Component Part Product Recall Insurance Policy may also include coverage for cases of malicious interference. This covers instances where a component part is intentionally tampered with or incorporated into a product with malicious intent.

LOSS UNDER COMPONENT PART PRODUCT RECALL INCLUDES:

RECALL EXPENSES

- Communication to notify others such as radio and television announcements and printed advertisements.
- The cost of shipping the products from any purchaser, distributor or user to the place designated by the Insured
- The cost of disposal of the products.
- The extra expense for rent or hire of additional warehouse or storage space.
- The cost of hire of necessary, additional persons other than the regular employees to assist in the process of communication and shipping.
- Remuneration paid to regular, hourly employees (other than salaried employees) at basic rates for necessary straight time or overtime.
- Expenses incurred by employees for transportation and accommodations

REPLACEMENT EXPENSES

- The cost of repair the products including cost to return the products to the third party and cost to repair unsold stock.
- If the product cannot be replaced, the cost to produce or acquire an equivalent replacement products.
- The cost incurred to re-install the replacement product into the end product.

FACTORS AFFECTING THE INSURANCE PREMIUM

It is crucial to understand the factors that influence the insurance premium for Component Part Product Recall Insurance, the following are the key factors affecting the insurance premium:

- Type of Product
- Sales Volume and Revenue
- Geographical Location
- Coverage Limits and Deductibles
- Product Testing and Quality Assurance
- Product Safety Protocols
- Recall Plans
- Crisis Management Procedure
- Company's Past Recall History

ABOUT AMG

We are professional insurance broker and risk consultant. We advise businesses and individuals on how to prepare for the unexpected.

We provide risk management, risk consulting, insurance broking, insurance program management and claims advocacy services related advice, brokerage and associated services for clients across a wide range of business sectors.

We work with clients of all sizes to identify risks, create risk management, benefits optimization, insurance programs management and deliver innovative solutions to better qualify and manage risk.

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