

Product Recall Insurance

Product recall insurance protects a company when a product is unsafe or might become unsafe. It helps manage the costs of removing a product from the market, repairing customer relationships, and keeping the business running. And unlike general liability, coverage does not require third-party bodily injury or property damage to be triggered.



When the Policy May Respond

- Adverse Publicity – Negative news that suggests the product may be unsafe.
- Government Recall – Regulators order the product to be removed from the market.
- Product Defect – A flaw in design, manufacturing, or labeling that creates a safety issue.
- Malicious Product Tampering – Someone intentionally alters the product to cause harm.
- Property Impairment – The product prevents another product or system from functioning properly.
- Product Extortion Demand – A threat to contaminate or damage the product unless payment is made.

COVERAGE OFFERINGS

First Party Coverages

- Notification of customers, distributors, and regulators.
- Shipping, logistics, and recall handling.
- Repair, replacement, disposal, or destruction of the affected product.
- Loss of income from disrupted sales or reputational damage.
- Laboratory testing or third-party investigations to determine the cause of the defect.

Third Party Coverages

- Financial losses to vendors, retailers, or customers.
- Costs a client faces when the recalled item is a component in their own product.
- Legal fees, settlements, and judgments related to the recall.
- Claims from distributors, retailers, or customers for recall-related damages.

Additional Coverages

- Recalls initiated by regulatory agencies.
- Product extortion and malicious product tampering events.
- Contamination involving mold, fungus, or rancidity.
- Worldwide coverage for products sold or shipped internationally.

Who Benefits From This Coverage

- Food and beverage products.
- Cosmetics and makeup.
- Consumer goods.
- Machinery and equipment.
- Component parts or spare parts.



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The above coverage descriptions and statements are provided as a general overview of this type of insurance product. Please refer to issued policy for full scope of coverage. Synapse is an asset rich, independent specialty wholesale insurance brokerage dedicated to serving our retail partners and their valued clients.