

AIG Professional Liability for Manufacturers



Why AIG

ISSUE

A client who manufactures clips and fasteners sold their products to another manufacturer who develops dashboard assemblies, which are ultimately sold to automobile manufacturers. Negligent design and manufacture caused the clips and fasteners to be manufactured to incorrect dimensions such that they would not properly attach to the dashboard assemblies. The manufacturer could not fulfill the terms of their contract with a customer who, in turn, lost their contract with an automobile manufacturer.

SOLUTION

Upon notice from the third-party manufacturer, the client contacted AIG Claims, who leveraged its vast industry and claims experience to handle the claim efficiently and skillfully.

BENEFIT

The client's Manufacturer's E&O policy provided coverage for defense costs and indemnification.

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What is Manufacturers E&O Insurance?

- While general liability policies are designed to respond to losses arising from bodily injury and property damage, coverage solely for financial loss arising out of a manufacturer's negligent design/manufacture of products is typically excluded.
- AIG's Manufacturer's Errors & Omissions (E&O) Insurance is specifically designed to address that standard general liability exclusion. It provides coverage for financial loss due to negligent design or manufacturing of an insured's products which causes the property of others to become impaired or prevents the insured from fulfilling its contractual obligations.

Appetite

- Maximum limit: \$10M
- Retention: varies based on risk
- Target risks include component part manufacturers (not end product), such as gears, valves, hoses, bearings, sensors, filters, modular power generation, batteries, solar panels, automotive parts, storage tanks/vessels, plastics/metals when used in a component capacity

Submission Materials

- Specialty Risk Protector (SRP) application
- Manufacturers' Errors & Omissions Supplemental Questionnaire

The scenarios described herein are offered only as examples. Coverage depends on the actual facts of each case and the terms, conditions and exclusions of each individual policy. Anyone interested in the above product(s) should request a copy of the standard form of policy for a description of the scope and limitations of coverage.

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