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## **PRODUCT GUARANTEE, FINANCIAL LOSS AND/OR PRODUCT RECALL PROPOSAL FORM**

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### **DUTY OF DISCLOSURE**

Under English law, if you are a business insured (i.e. an insured who has bought insurance wholly or mainly for purposes related to their trade, business or profession) the business has a duty to disclose to the insurer every material circumstance which it knows or ought to know after reasonable search. This is the case before your cover is placed, when it is renewed, and at any time that it is varied. Your policy wording may also provide that this duty continues for the duration of the policy. A circumstance is material if it would influence an insurer's judgement in determining whether to take the risk and, if so, on what terms. If you are in any doubt whether a circumstance is material, we recommend that it should be disclosed. Failure to disclose a material circumstance may entitle an insurer to impose different terms on your cover, or proportionately reduce the amount of any claim payable. In some circumstances, an insurer will be entitled to avoid the policy from inception and, in this event, any claims under the policy would not be paid.

### **CLAIMS MADE INSURANCE**

This insurance is on a 'claims made' basis. Therefore, it is essential that any claims or circumstances that might give rise to a claim are notified during the policy period in which you are first made aware of the claim or circumstance in accordance with the terms of the policy. Failure to notify a claim or incident during the policy period will enable (re)insurers to repudiate that claim or circumstance.

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If there is not enough room to answer a question please attach a separate sheet detailing the appropriate answer.

Please answer all questions in full  
Please supply attachments where requested

This Proposal form **must** be **signed** and **dated** by the authorised person responsible for obtaining this insurance

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**GENERAL PROPOSAL FORM**

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1. (a) Name(s) or Company(ies) proposed to be insured including any Subsidiary Company(ies):

(b) Principal Address:

(c) Website Address:

(d) Date first established:

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2. (a) Profile of the Company(ies) including a full description of the Proposer's activities:

(b) Please enclose the following:-

(i) Product Brochures

(ii) Latest Financial Statement/Annual Report

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3. (a) List of Products (in general terms) produced or supplied and to which this insurance is to apply:

Nature of Product

Approximate Annual Turnover

Date first Marketed

Total Turnover of Products to be Insured =

a) If your business activities include installation, please state percentage of above Turnover which applies to installation costs.

- b) Are any of your products a component part of a Customers product YES/NO  
If so, please provide details of the end use of the final product as well how your product fits with other components and its function within the final product.
  
- c) Are any of your products used by a third party as an ingredient in their products YES/NO  
If so, please advise the turnover which applies to such ingredients.
  
- d) Are any of your Products manufactured and/or supplied by a Third Party(ies)? YES/NO  
If the answer is YES please complete Appendix 2.
  
- e) Will any new type of Product be marketed during the next twelve months? YES/NO  
If so, please give details:
  
- f) If whole Turnover is not to be covered, please explain why.

- 4 a Details of Proposer's
- i) average contract size: £
  - ii) normal Batch Run by monetary value £
  - iii) normal Batch Run by Product units

- b Details of Proposer's 3 largest contracts by Turnover in the last three years:
- |        |       |
|--------|-------|
| Client | T/O £ |
| Client | T/O £ |
| Client | T/O £ |

- c Details of Proposer's current 3 largest Customers by Turnover
- |        |       |
|--------|-------|
| Client | T/O £ |
| Client | T/O £ |
| Client | T/O £ |

5. What is the anticipated failure rate of each Product after handover?  
(Please state in each case whether this is based on actual experience - please explain how this figure is reached)

<b>6. Details of Overseas markets:-</b>			
<b>Product</b>	<b>Estimated Annual Value of Exports</b>	<b>Country</b>	<b>Representation</b>

If the Proposer has USA/Canadian Exports, please complete Appendix 1 - 'Questionnaire in respect of exports to USA'

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7 (i) Where Products are produced and supplied subject to your contract terms and conditions, what limitations as to your liability are imposed - please supply a specimen Contract Wording.

(ii) If your standard Contract Conditions are not used what variations are normally agreed? Please supply examples.

(iii) If any of your Products are manufactured or supplied by a third party, please supply a copy of the supply Purchase Conditions and confirm that rights of recourse are maintained against such third parties

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8. (a) Please supply details of the Proposer's quality control procedures:

(b) Please describe the testing undertaken on the Proposer's products prior to delivery to their Customer:

(c) Has the Proposer obtained a formal Quality Control Specification Accreditation? YES/NO  
If the answer is YES, please provide details:

(d) Please advise if you have the following:

- |                             |        |
|-----------------------------|--------|
| (i) Crisis Management Plan  | YES/NO |
| (ii) Recall Plan            | YES/NO |
| (iii) Public Relations Plan | YES/NO |

(If the answer is NO to the above please explain how the Proposer would deal with a potential recall/withdrawal of their Product in the absence of such plans)  
(If the answer is YES to the above please send copies of these plans with this Proposal.)

(iv) A Research and Development Department (if affirmative, please specify details and qualifications of personal including design team.

9 (i) Please supply details of records maintained to trace the location of Products:

(ii) Do the Products carry:-

- |                                  |        |
|----------------------------------|--------|
| (a) the Proposer's Company name? | YES/NO |
| (b) the Proposer's Trade Mark?   | YES/NO |
| (c) a part number?               | YES/NO |
| (d) a production batch number?   | YES/NO |

(iii) How long are records kept?

(iv) Can a product be traced so that both the source and the destination of individual batches be identified? YES/NO

10. Name(s) and position(s) of the Proposer's organisation empowered to authorise a recall:

11. If any of the Proposer's Products are incorporated into other Products, would the other manufacturer(s) initiate a recall?

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12. What is the amount of the aggregate indemnity required?

- |                |                          |
|----------------|--------------------------|
| (a) £500,000   | <input type="checkbox"/> |
| (b) £1,000,000 | <input type="checkbox"/> |
| (c) 2,000,000  | <input type="checkbox"/> |

If above £2,000,000 please indicate limit required and why.

13. What self insured amount will you carry - please note that a minimum will apply;

(a) £ 10,000 each and every claim

(b) £25,000 each and every claim

(c) £50,000 each and every claim

- NB. (i) The required deductible may be varied by Insurers  
(ii) The each and every claim "deductible" may be combined with an aggregate deductible during the period.

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**THE ANSWERS TO QUESTION 14 AND 15 ARE OF THE UTMOST IMPORTANCE AND GREAT CARE SHOULD BE TAKEN TO ANSWER THESE ACCURATELY ONLY AFTER STRINGENT ENQUIRIES: ANY INACCURACY COULD LEAD TO A CLAIM BEING REJECTED AND/OR REPUDIATION OF THE INSURANCE.**

- 14 In relation to Products Liability, Products Guarantee, Financial Loss or Products Recall, have any claims been made against the Proposer or any predecessor in business in the past five years?
- (a) Products Liability YES/NO  
(b) Products Guarantee YES/NO  
(c) Financial Loss YES/NO  
(d) Products Recall YES/NO.

If Yes, please complete Appendix 3 – Supplementary Claims Information.

15. Other than any details indicated above, is the Proposer or any predecessor in business, after enquiry, aware of any circumstances which could give rise to a claim? Problems (however minor) with a Product of which the Proposer is aware should be declared YES/NO

If Yes, please complete Appendix 3 – Supplementary Claims Information.

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I/We declare that I/we made a fair presentation of the risk, by disclosing all material matters which I/we know or ought to know or, failing that, by giving the insurer sufficient information to put a prudent insurer on notice that it needs to make further enquiries in order to reveal material circumstances.

SIGNED:  
POSITION:  
DATE:

On behalf of the Proposer

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**Appendix 1 - QUESTIONNAIRE IN RESPECT OF EXPORTS TO USA.**

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**1a Full description of all Products exported:**

**1b Estimated annual value of the above exports:**

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**2. How long has the Proposer been producing each Product?**

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**3. For how long has the Proposer been exporting these Products to the U.S.A. and to which State (s) in particular?**

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**4. What percentage of each Product goes to each State?**

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**5. Means of exports to U.S.A. i.e.**

- (i) direct Subsidiary in U.S.A.
  - (ii) incorporated in part of machinery or commodity sold direct by another manufacturer.
  - (iii) sold F.O.B. in country of origin to selling agent in U.S.A.
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**6. Does the Proposer have any Power of Attorney or Assets in the U.S.A.?**  
If so please give full details:

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**7. Full details of all contractual terms, warranties, including all oral or written undertakings given by or to U.S.A. sellers or suppliers:**

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**8. Is the U.S.A. seller or supplier insured for Products Liability including imported goods?**  
If so please state limit:

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**Appendix 2 – THIRD PARTY SUPPLIERS OF PRODUCTS**

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1. What products are manufactured by a third party?
  
2. What turnover derives from these Products? Please provide a split in this turnover figure between products and suppliers.
  
3. Who are the Proposer's Suppliers and where are they domiciled?
  
4. How long your has client known and used these Suppliers?
  
5. Does the Proposer audit the Suppliers prior to using them and at frequent intervals thereafter? YES/NO  
If the answer is YES, who carries out these audits? How frequent are they?

Please attach a sample completed audit form

6. What quality control procedures are in place at the factory of manufacture?
  
7. How are these quality control procedures monitored?
  
8. Do the Proposer's Suppliers hold third party accreditation in respect of Quality Control?  
If they do, please supply full details.

9. a) Please supply details of the Product testing undertaken and to what degree (e.g. to British Standards)?

b) Do these tests take place during production or prior to shipment to the Proposer?

c) Who carries out the tests?

Please attach a sample completed test result form

10. Please describe the chain of distribution?

11. Does the Proposer take physical possession of the products prior to delivery to their Customers?

12. What Product testing and to what degree (e.g. British Standards) is undertaken upon receipt of the products in the UK

13. Does the Proposer maintain Rights of Recourse against these Suppliers? YES/NO  
If the answer is NO, why is this the case?

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I/We declare that I/we made a fair presentation of the risk, by disclosing all material matters which I/we know or ought to know or, failing that, by giving the insurer sufficient information to put a prudent insurer on notice that it needs to make further enquiries in order to reveal material circumstances.

SIGNED: On behalf of the Proposer  
POSITION:  
DATE:

Broker at

**LLOYD'S**

*Lime Street Insurance Brokers Limited- Lloyd's Brokers  
Authorised and regulated by the Financial Conduct Authority –  
Firm Reference Number 533852  
Registered Office: 7<sup>th</sup> Floor, Fountain House, 130 Fenchurch Street,  
London, EC3M 5DJ*

- Registered Number 07384279 – England

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**Appendix 3 – SUPPLEMENTARY CLAIMS INFORMATION**

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Please complete a separate sheet for each incident likely to be a claim hereunder.

1. What Product was the subject of the claim/circumstance?
  
2. What was the cause of the problem?
  
3. What was the date of the claim/circumstance?
  
4. How many batches/units of the product were the subject of the claims/circumstance?
  
5. What was the total cost to the Proposer?  
Please include all recall costs, replacement costs and third party financial losses the Proposer was liable for.
  
6. Who initiated any recall which may have occurred?
  
7. Please provide details of measures taken to prevent a re-occurrence of the problem.
  
8. Were your recall and traceability procedures successful? YES/NO  
If not, have your procedures been updated? YES/NO

