



A VL real life claim example

# Public & Products Liability

## Products Liability - Adequate Indemnity Limit

The Insured, a NZ plastics moulding firm won an international tender to supply two million tiny plastic components to an American electronics manufacturer. The components, which were worth only a few cents each were designed to encase miniaturised electronic componentry. When assembled, these were used in consumer products.

Due to a manufacturing fault and inadequate quality control during production the Insured's products were undersized by slightly less than 1mm and the internal components would not fit in. This disrupted and delayed production by several months meaning the American customer missed supplying product for the Christmas retail season.

A claim for over \$3m (NZ) was conceded. The Insured's elected limit of indemnity was \$2m. Fortunately the claim was settled for the policy limit of \$2m plus an additional \$100,000 costs.

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