



## A VL real life claim example

# Public & Products Liability

## Product Hazard

The Insured processes cardboard by applying various high specification coatings for a number of different end uses. In this case, the board was for a paint manufacturer who supplied the board to produce colour charts for retail/ consumer markets.

The finished product supplied by the Insured was below specification, compromising the adhesive quality of the product. This resulted in the final colour samples flaking off the board. The colour charts had to be withdrawn and the Insured was presented with a claim for around \$250,000 which comprised the cost of the board, further finishing costs and the customer's product recall expenses.

The Insured's sale contract had a limitation of liability to the value of the goods of \$110,000, which were defined as "packaging, wrapping, inserts, lining and protective materials". This particular product fell outside this definition.

Liability was admitted and settlement was negotiated with overall costs close to \$150,000.

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