



COVERAGE INSIGHTS



Provided by SCS Agency Inc

Product Guarantee Insurance

Many businesses face risks related to their product's performance, and claims in this area can have significant and far-reaching consequences. Product guarantee insurance can be an integral part of a company's insurance portfolio, as it may offer valuable protection against allegations that a business's product failed to meet specifications or function properly.

This article provides more information on this type of coverage and describes which businesses should consider securing it.

Product Guarantee Insurance Overview

Product guarantee insurance, sometimes called product warranty or product failure insurance, is specifically written to cover products that carry an implied or written warranty regarding their use. In general, these policies may cover costs related to the removal, replacement or repair of the product if it is alleged to be defective or dangerous. They can also provide coverage for a product's failure to perform according to how it was manufactured, designed, sold, altered, installed or repaired.

Product Guarantee Versus Product Recall Insurance

Product guarantee insurance differs from product recall insurance. Product recall insurance generally only covers claims that arise when a product is dangerous to health or property. On the other hand, product guarantee insurance may offer coverage when an issue with a product arises, regardless of whether that problem is hazardous to health or property.

Who Needs Product Guarantee Insurance?

Several types of businesses should consider product guarantee insurance, including:

- Retailers
- Distributors
- Manufacturers
- Importers
- Wholesalers

While product guarantee insurance is typically written for manufacturers or firms that sell recycled products, other types of businesses may secure it as extended warranty insurance. In these situations, it may be used to cover repair or replacement costs that exceed the coverage a manufacturer provides. For example, if a business desires to offer a three-year warranty on a product but only wants to back it for one year, a product guarantee insurance policy can cover the remaining two years. This longer warranty period can serve as a differentiator in competitive industries.

Conclusion

Product guarantee insurance offers businesses essential coverage for their products and is a key component of a comprehensive insurance portfolio. Businesses should work with a licensed insurance professional who can help them secure the coverage that best fits their needs.

Contact us today for more information.