

MY SECTOR MAGAZINE

Product Liability Insurances Must Become Widespread Instantly

Cenk Babadoğan, the chairman of board of directors of CNK Insurance and Reinsurance Broker Agent Limited Company, who consults to the production and manufacture sector, explained the Product Liability Insurances which are becoming more important parallel to the increase of Turkey's export. The Product Liability Insurances on one hand help the producer companies benefit in the new commercial agreements and on the other hand it brings them in the new and strong markets. The priority sectors for Product Liability Insurance are the automotive, off-road, heavy industry and machine part producers, defense and aviation industry, fresh vegetables and fruits producer, food and beverage producers.

Cenk Babadogan the chairman of board of directors of CNK Insurance and Reinsurance Broker Agent Limited Company says that during this period where our country's export is spreading especially to Europe, North America and worldwide and showing variety the product qualities are improving. The material and physical damages that can be caused by the products to the third parties, product recall and the financial loss due to the product recall should be taken under insurance guarantees in this competitive market. These types of insurance policies are processed under the name of Liability Policies.

The importance of 'product liability insurances' is increasing where export is spreading especially to Europe, North America and worldwide and showing variety. Cenk Babadoğan said that 'The material and physical damages that can be caused by the products to the third parties, product recall and the financial loss due to the product recall should be taken under insurance guarantee in this competitive market. These types of insurance policies are processed under the name of Liability Policies' and then he gave an example from automotive sector: 'a company which produces auto. parts would cover any damages to the third parties and/or to the properties that would be caused by the vehicle with Product Liability Insurance Policy.

Recently the general damages became very important. Cenk Babadoğan emphasized that general damages would also be covered by the insurances if it is included to the policy and he said 'Recently general damages became more important. Therefore general damages should be included to the liability policies.'

Babadoğan gave some information regarding Product Recall and Financial Loss policies : If an auto. part fault is found after it is installed all the vehicles which are ready for sale or which are already sold are collected due to the product recall plan. Faulty parts are replaced with the safe, tested and controlled ones. These damages are called 'product recall'. When a company that has a 'Product Recall Policy' faces a situation like this, it would be covered by this policy within its limits and clauses. And any financial loss would also be covered within the limits and clauses if this production company had also purchased discretionary Financial Loss Policy together with the Product Recall Policy.

Global companies started to necessitate the Product Liability Insurances in their agreements. Babadogan emphasizes that since the companies which the producing companies are in a business relationship requires the insurances within their agreements it has started to become an obligation to make this insurance even though the producing companies don't want to. And he has added that 'This has two important reasons. The first one is to protect supplier industry and the replacement

part producer companies in Turkey from the damages and withdrawals within the required limits of their agreements in which the global companies are in a business relationship. And this approach would provide a continuance for a mutual long term business relationship agreement. The second one is the anxiety of the producer companies' financial structures to be insufficient when facing a major damage or a withdrawal which produce products in Turkey for the global companies.'

The advantages of the Product Liability Insurance for the producer company:

Cenk Babadoğan infers that it is an important advantage for the producer company to be able to put its risks under cover within the requested limits and he has added that 'thereby the companies gain liability guarantee for their products and they move ahead with confident and comfortable steps in their area. Besides its advantage it would also provide new and strong markets for the new commercial agreements. '

It is very important that the liability policies' question forms to be filled carefully and fastidiously by the customer. Mr.Babadoğan underlines the importance of filling the question forms carefully and fastidiously by the customer when taking offers since the information on those forms would play a role like evidence for any damages that can be occurred in the future. Cenk Babadoğan also highlights to the importance of giving detailed information of the contents and the clauses regarding Product Liability and complementary insurance products to the customer and he emphasizes that this product requires specialization and that the customer should be informed and enlightened during the damage period as well.

'Loss claim requests that arise especially from these risks may even be requested from the bottom subcontractors in big amounts of withdrawals.'

'Loss claim requests that arise especially from these risks may even be requested from the bottom subcontractors in big amounts of withdrawals. Cenk Babadoğan said that 'Loss claim requests that arise especially from these risks may even be requested from the bottom subcontractors in big amounts of withdrawals .The big amount of damage claims that may come from North America and Europe may affect the companies' financial balances in a negative way especially for those which use credits. Therefore for this type of liability policies becoming widespread instantly in our country would be a preventive measure precaution against the possible future major damage demands.' regarding the damages and withdrawals that can be requested from the producer companies for the product liability, recall and financial loss risks.

Priority Sectors for Product Liability Insurance:

Cenk Babadogan indicates that automotive, off-road, heavy industry and machine part producers, defense and aviation industry, fresh vegetables and fruits producer, food and beverage producers are the priority sectors for Product Liability Insurance and he has added that 'These types of risks can be purchased from domestic local insurance companies or the guarantees can be found through the London market for the big amount of risks. It is possible to find the big amount of risks in job terms over Lloyd union and arranged through an insurance company in Turkey. Product liability, product recall, financial loss and if necessary product guarantee insurances which must be the complementary insurance products must be beside the producer export companies. It is important that this insurance guarantee is found by highly rated reinsurance companies making placement.