



Manufacturer's E&O helps close the coverage gap

Many people don't realize that their business' general liability coverage won't respond if there is no bodily injury or property damage. Zurich has developed an endorsement tailored for U.S. middle market manufacturing customers which adds Errors & Omissions (E&O) coverage to our General Liability policy to help close the gap and protect manufacturers from third-party claims alleging financial damages.

Target customers include small to mid-sized U.S. manufacturers of:

- Metal, plastic, rubber or wood components
- Non-critical automotive parts
- Textiles or apparel

Could this happen to you?

- A conveyor belt manufacturer sells a new belt to a customer who installs it on its conveyor belt system. When the production line starts, the belt immediately fails. No one is hurt and no property is damaged. The customer's production line, however, is out of service for one week and that results in \$200,000 of lost income.*
- In the assembly of its final product, a manufacturer uses components supplied by third-party vendors. A part fails in the assembled unit and the manufacturer's customer experiences lost revenue due to halted operations. The customer sues the manufacturer on the grounds that the manufacturer did not exercise appropriate quality control on the supplied components and the final assembled product.*
- A metal manufacturer produces door hinges for a customer that manufactures doors. It is discovered the hinges were not made to the correct specifications for compatibility with the customer's doors. Consequently, the door manufacturer could not ship its product and missed delivery deadlines with its distributor. The metal manufacturer's E&O coverage might respond strictly to the financial losses incurred by the door manufacturer due to the incorrectly manufactured hinges.*

Who will cover your third-party claim for financial loss?

The insurance coverage gaps described in the above examples are not isolated incidents. A manufacturer's product can fail to perform for any number of reasons including product defects, faulty components or simply because it wasn't built to specifications. Without E&O coverage, a manufacturer has a gap in coverage if a third-party financial loss is claimed without any bodily injury or property damage.

To find out if you qualify for our Manufacturer's E&O coverage, please contact your broker.

*The examples above are general illustrations of the intent of the coverage. Each claim will be assessed on its own merits when it is presented as a claim.

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