Uncommon protection for common manufacturing exposures.

In today's business environment, manufacturers need errors and omissions (E&O) liability coverage to help protect them from claims alleging professional negligence and involving financial loss. The following claim scenarios demonstrate some of the common E&O exposures manufacturers face and how Manufacturers E&O coverage from The Hartford can help protect your client from such claims.

Claim Scenario 1	
What happened	Insured manufactures a synthetic polymer used for protective coating on mining equipment.
What followed	The mining company that contracted with the insured alleged the polymer was manufactured improperly and did not protect the component parts in the equipment. The mining company needed to take the equipment offline for extensive repairs – resulting in project delays and the loss of two customer contracts. As a result, the mining company demanded that the insured pay for the contractual penalties owed its customers for the delay and the costs incurred to repair the equipment. The company also sought compensation for the lost income due to the contract termination.
How we helped	The Hartford appointed defense counsel and various experts to assist the insured with the defense and investigation of the claim. A defect was identified in the production run of the polymer used on the mining equipment. Thus, The Hartford negotiated a settlement with the mining company with the consent of the insured.

Claim Scenario 2	
What happened	Insured manufactured and supplied component parts pursuant to a Master Service Agreement with its customer, a large, heavy machinery manufacturer. The insured manufactured and shipped a part that was placed in an engine at the customer's facility. When the customer ran a hot test on the engine, the part failed, overheated the engine and caused catastrophic failure.
What followed	The customer was not expecting the engine to be inoperable and began incurring considerable additional expenses to meet client orders while investigating the cause of the failure. The investigation revealed the insured did not properly machine a pilot drill hole on the subject part. The pilot holes are critical for cooling once placed in the intended engine. Unfortunately, during manufacture, a drill bit broke, resulting in the inadequate pilot holes, which ultimately lead to the loss.
How we helped	The Hartford covered the $268,500 loss to the engine damaged by the defective part under the product completed operations hazard of the general liability coverage. The Manufacturer's E&O coverage responded to the customer demand for lost income and operating expenses incurred as a result of the defective part. Legal counsel was appointed and a settlement was negotiated with the consent of the insured.

The Hartford

Claim Scenario 3	
What happened	Insured manufactures custom glass tubing and vessels for commercial use. A laboratory placed an order for 10,000 test tubes with specific size requirements. Over half of the test tubes failed the laboratory's internal quality control tests.
What followed	The laboratory demanded replacement test tubes manufactured to its specifications at no additional cost. The insured reviewed the order and insisted the product met the required specifications. An investigation ensued and it was discovered that the insured's sales representative failed to advise the production team that the mouth of the tubes needed to be manufactured to specific tolerance in order for the stoppers to fit securely.
How we helped	The Hartford's Manufacturer's E&O coverage responded to the demand. Legal counsel was appointed to guide the insured through the investigation and negotiation process with the client. While the insured was responsible for its costs to replace the defective product, The Hartford paid the expenses the client incurred to store the defective product until the insured could make arrangements to retrieve it.

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