

RevPro

RECALL SURVIVAL GUIDE

Product recalls can be devastating in the automotive aftermarket. They don't have to be.

A product recall can have a crippling impact on your business both financially and socially.

In addition to disrupting the stream of commerce among manufacturer, distributor, retailer, or installer, recalls can severely damage a business' reputation and become extremely costly. According to investment and insurance industry estimates, recalling an automotive product costs more than five times the original distribution, leading to a potentially devastating financial loss.

That's why it's important to understand the recall process and develop a plan to help your business deal with a forced or voluntary recall.

High Standards. Higher Stakes

While OEM automotive recalls get the most headlines, the aftermarket is not immune. Even a small product recall can and will have a financial impact on all parties involved—including distributors, retailers, and installers. Recalls can also lead to bad press, public relations situations, and additional litigation, all with hefty price tags. The costs can add up, and fast.

The Recall Challenge

Automotive product recalls can quickly escalate to involve tens of thousands and even millions of units at all stages of the manufacturing and supply chain. While getting product off your own loading docks or production lines can be quickly executed, capturing inventory from distributors, retailers and the inevitable consumers can be challenging. Add the fact that consumers rarely fill out warranty registrations—means that it's difficult to know exactly who has the products and where they are—creating a logistical nightmare. Whether the cost is the burden of communication to the marketplace, the expense of product extraction, or supplying the remedy, the financial impact to a company's bottom line is real.

Recall Response Planning

When faced with a product recall, the way you respond can determine if your business survives. In addition to having a plan for contacting customers and getting recalled products back from retailers and distributors, insurance can play a key role in your recall response plan. Product recall insurance coverage can protect your business from financial loss resulting from a recall. And as your business and product offerings change, it's essential to regularly review your plan against current NHTSA standards to ensure that your plan covers all the required recall actions.

About RevPro

RevPro is a national insurance program custom built by Alliant to cover the wide-ranging risks of the automotive aftermarket industry. For more than 25 years, we have proudly serviced a broad array of industry sectors, including parts manufacturers, material suppliers, wholesale distributors, and many others. As the endorsed insurance broker of the Specialty Equipment Market Association (SEMA), you can count on Alliant's industry experts to build a powerful and cost-effective insurance program for your

business. Thanks to the important SEMA member benefits offered through the RevPro business insurance program Product Recall insurance is included automatically.

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About Alliant

Alliant is the nation's largest specialty insurance brokerage firm, providing risk management, insurance, and consulting services that safeguard the physical and financial health of thousands of clients throughout the U.S.

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