



Session 9

PRODUCT LIABILITY LOSS

Two (2) WAYS for protecting against loss:

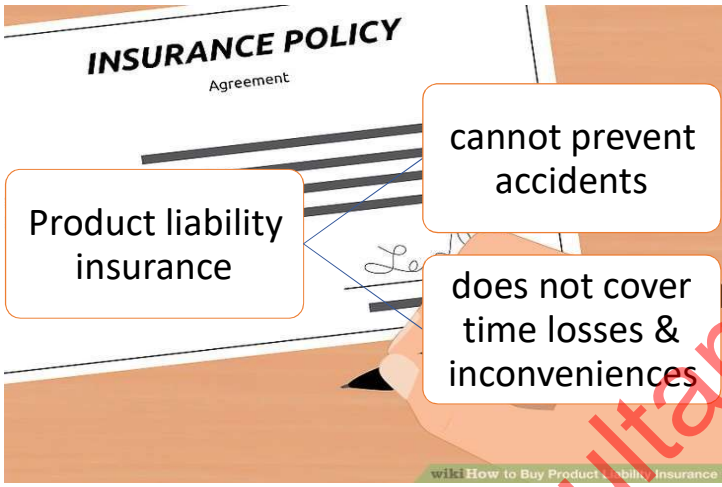
1. purchase of insurance to guarantee indemnification
2. identify possible hazards, then control or eliminate them

NOTE:

These approaches, when used together, will reduce to a minimum the hazard to the reputation and bank account of any manufacturer.

The mere purchase of insurance, however, is never the solution to the loss problem.






INSURANCE POLICY
Agreement

Product liability insurance

cannot prevent accidents

does not cover time losses & inconveniences

wiki How to Buy Product Liability Insurance



Threat to the business



SUMMARY OF CLAIM

Description

Please provide details

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PROFIT

LOSS



Product Labeling

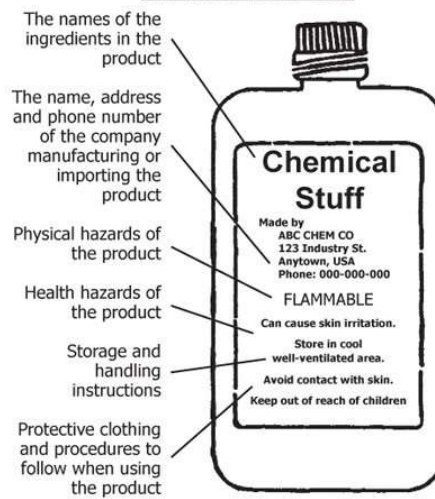
- Determine the hazard of a product
- Provide usage instruction to the public
- Provide info about the product to the public
- Notify people of the product's inherent hazards



Product Labeling

Importance of Product Labeling:

A Label Tells You



Importance of Product Labeling

LABELING can be as costly as neglecting to determine the degree of hazard of the product prior to marketing.



Philippine – Labeling/Marking Requirements

RA 7394 (Consumer Act of the Philippines)

- ü Labeling and marking requirements

Phil. National Standards (PNS)

- ü BPS of DTI – national standards body
 - develops and implements the PNS



Philippine – Labeling/Marking Requirements

ü All consumer products sold domestically, manufactured locally or imported, must have the following in their labels:

- registered trade name or brand name
- registered trademark
- registered business name, address of the manufacturer, importer, repacker
- general make or active ingredients
- net quantity of contents (weight)
- country of manufacture, if imported



PRODUCT CERTIFICATION SCHEME



Verify conformity of products to PNS and other international standards

Critical Consumer Products



Chemical Products

Electrical Products

Mechanical Products

Construction & Building Materials



Philippine National Standard (PNS)

Designation Number	Title	Subject
PNS 07:2005	Portland cement – Specification	Cement, Gypsum, Lime, Mortar
PNS 07:2018 with Amendment 1:2019	Portland Cement – Specification	Cement, Gypsum, Lime, Mortar
PNS 211:2002	Rerolled steel bars for concrete reinforcement - Specification	Steels for reinforcement of concrete
PNS 49:2002	Steel bars for concrete reinforcement - Specification	Steels for reinforcement of concrete
PNS 49:2019	Steel bars for concrete reinforcement – Specification	Steels for reinforcement of concrete
PNS 63:2006	Blended Hydraulic Cement with Pozzolan - Specification	Cement, Gypsum, Lime, Mortar
PNS ASTM C 1038 /C1038:2018	Standard Test Method for Expansion of Hydraulic Cement Mortar Bars Stored in Water	Cement, Gypsum, Lime, Mortar
PNS ASTM C 109 /C109M:2018	Standard Test Method for Compressive Strength of Hydraulic Cement Mortars (Using 2-in. or [50-mm] Cube Specimens)	Cement, Gypsum, Lime, Mortar
PNS ASTM C 114:2018	Standard Test Methods for Chemical Analysis of Hydraulic Cement	Cement, Gypsum, Lime, Mortar
PNS ASTM C 1218 /C1218M:2018	Standard Test Method for Water-Soluble Chloride in Mortar and Concrete	Cement, Gypsum, Lime, Mortar



Consideration for Control

- q Understand the Laws and Regulations that govern the product
 - importance on labeling, ingredients, instructions and guarantees
 - have a laboratory check for the inherent hazards

The inherent hazards of the product:

- q Health hazards to production personnel
- q Possibility of causing traumatic injury to personnel during production processes and operation

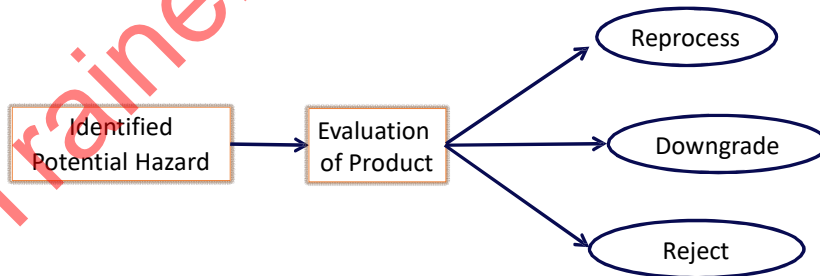


Consideration for Control

- q Possibility of injuring the public through the use or exposure should be determined. Check the following before marketing the product:
 - § Product's corrosiveness to tissue
 - § Toxicity of the product in any manner of entry into the body
 - § The possibility of causing traumatic injury
- q Hazards to property. Examined corrosiveness, solvent action on substances, discoloration qualities, and fire and explosion hazards.



QUALITY ASSURANCE VS QUALITY CONTROL



Controlling Product Liability Loss

- adopt management and operating principles
- require a systematic, coordinated loss control plan
- components of the plan:



Corporate Policy

- essential to demonstrate top management's commitment
- written policy should explain the company's objectives

Example:

"to design, manufacture, and sell products that are reliable and meet applicable regulations and standards"

- indicate who in the organization is responsible for product safety, and how the program will be implemented and monitored



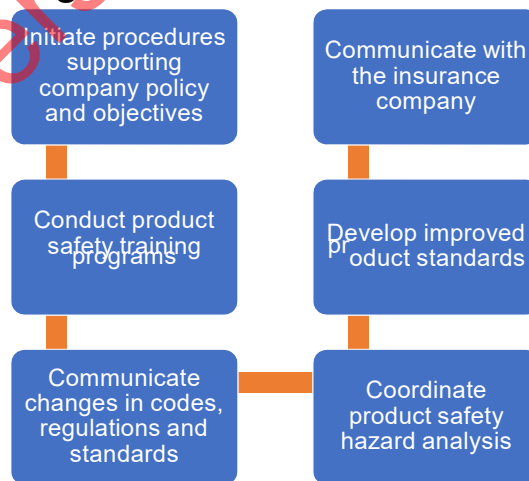
Product Safety Coordinator or Committee

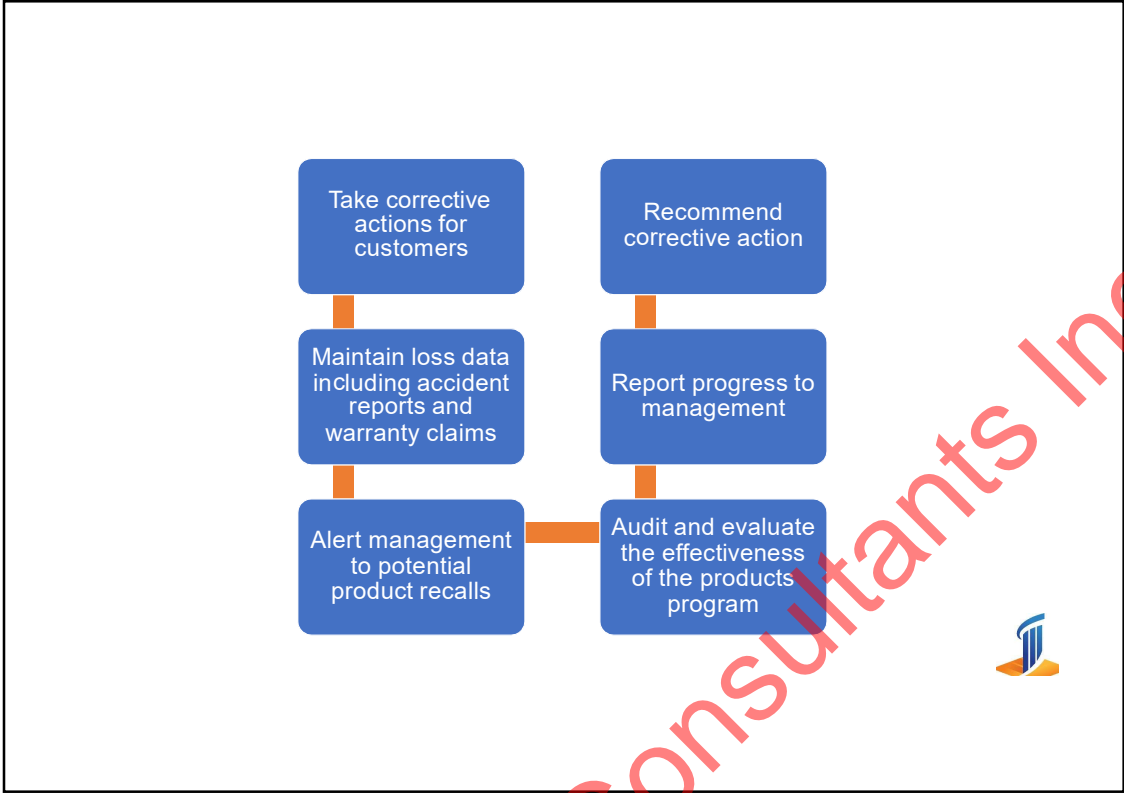
- products liability is complex, every department plays a vital role
- fixing responsibility is the only way to achieve the desired result
- size of the company determines

one individual or a product safety committee?

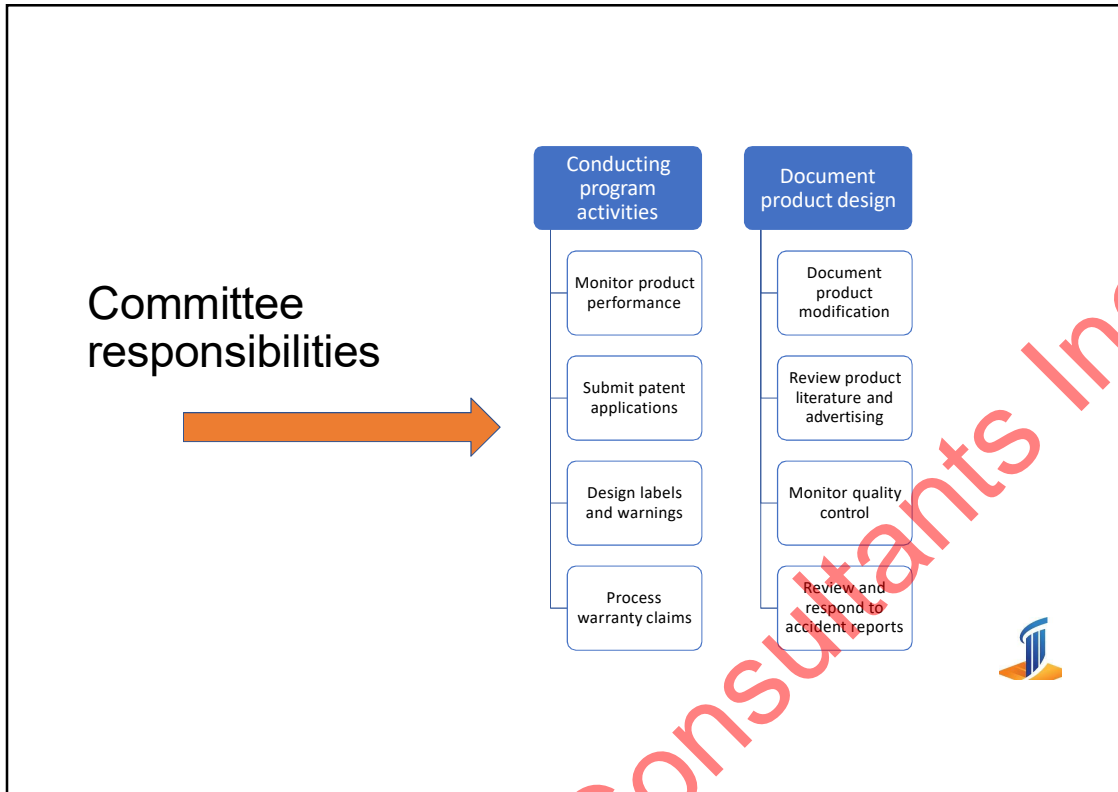


Regardless of which structure





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Loss Control Measures

Identifying the hazards & exposures

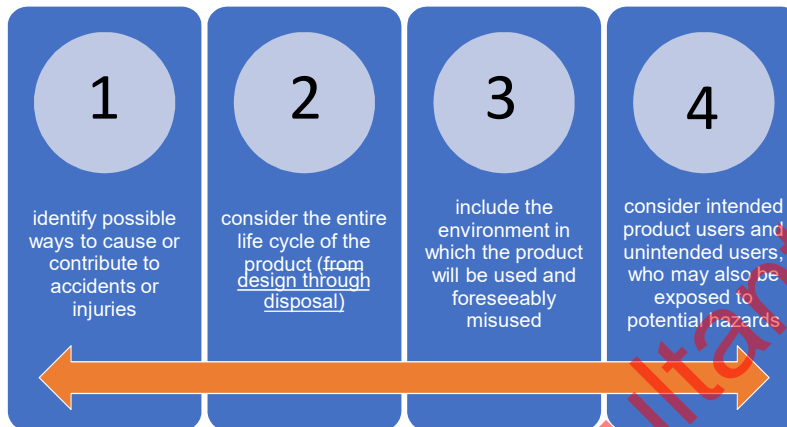
Guarding against the accident

Warning against the hazard

Defending against claims



Identify the Hazards & Exposures



Guard Against the Accident



Guard Against the Accident



Recall



Warn Against the Hazard

based on clear, accurate and complete product literature and proper packaging and labeling

advertising and public relations releases should reflect sound accident prevention measures

"Warning" and "Caution" labels and pictorial symbols will help, along with a complete instruction manual for each product

packaging and shipping hazardous products - the carrier, warehouse, distributor and consumer know what they are handling and how to use it in a safe manner



Defend Against Claims

- even the best laid plans for prevention may not eliminate all accidents and claims
- key to successful defense is advance planning, work closely with your legal counsel and insurance company



• Consider the following:

- An established policy for record preservation
- A policy explaining how to handle customer complaints and claims
- Prompt reporting and thorough investigation of accidents and complaints
- A claims philosophy established in advance with the insurance company
- Legal review of product literature, contracts, disclaimers, warranties, etc.



KEY POINT

By following these important steps,
you can take your company
a long way toward
preventing and solving
products liability problems.



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