

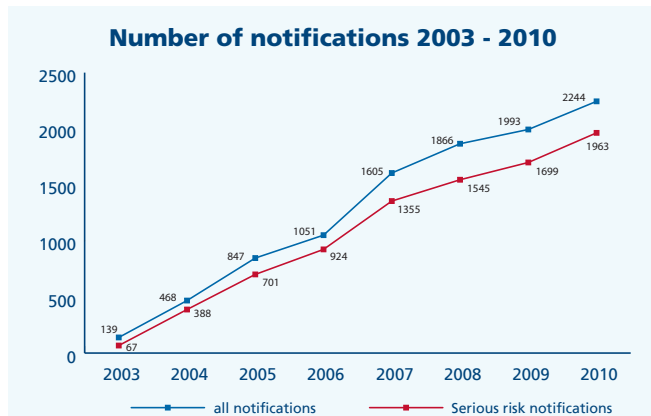
Advisor

Rapex 2010 annual report sees a 13% increase in dangerous product notifications.



In 2010, 2,244 notifications of dangerous products were entered into RAPEX¹, a 13% increase over 2009.

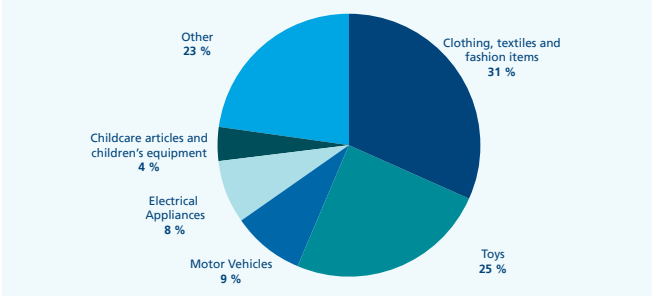
According to John Dalli (European Commissioner for Health and Consumer Policy) this is seen as both a quantitative and qualitative improvement, “since the number of easily traceable products – for which both the country of origin and the manufacturer are known – has increased.”



Notifications according to product category

The five most frequently notified product categories accounted for almost 80% of all products notified in 2010. A significant increase in the number of ‘clothing, textiles and fashion items’ notifications results mainly in response to the adoption of Commission Decision 2009/251/EC on DMF² (a strong novel sensitizer found to have been used as an anti-mould treatment especially in shoes, some textiles and furniture). Another equally important factor was the launch of the joint market surveillance action on cords and drawstrings in children’s clothing, which saw the participation of nine Member States.

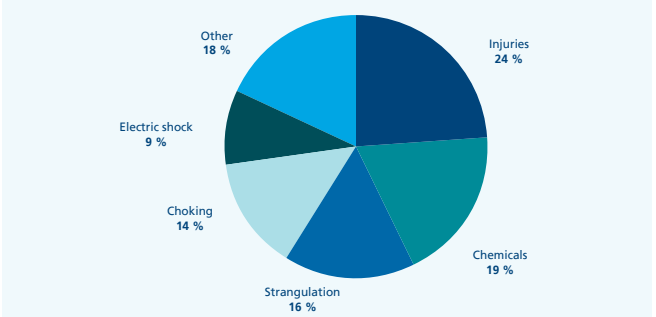
The 5 most frequently notified product categories



Notifications according to type of risk

A small group of only five risk categories accounted for 82% of all notified risks. It is important to note that notifications can concern products presenting more than just one risk, for example, a toy can pose a choking risk due to small parts and a chemical risk due to excess levels of a restricted substance. In addition, each product category is likely to expose consumers to specific types of risk, for example, the main risks arising when playing with unsafe toys are choking, while the most common risk for electrical products is electric shock, often combined with the risk of fire.

The 5 most frequently notified types of risk

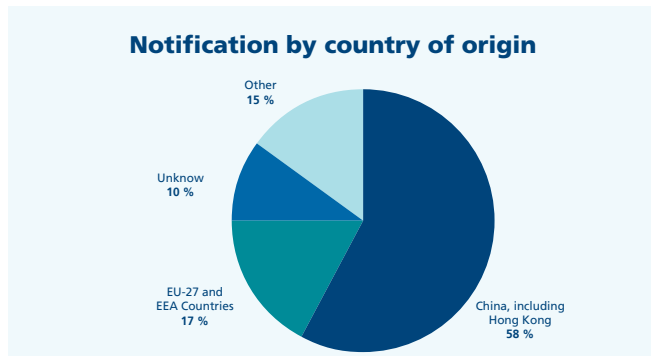


¹RAPEX (Rapid Alert Exchange) is a system which allows EU Member States to share information about dangerous products found on the European market and to inform consumers about potential risks to their health and safety.

²For more information on DMF, please refer to the Commission website <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/190> or request a copy of Marsh’s advisor on the subject

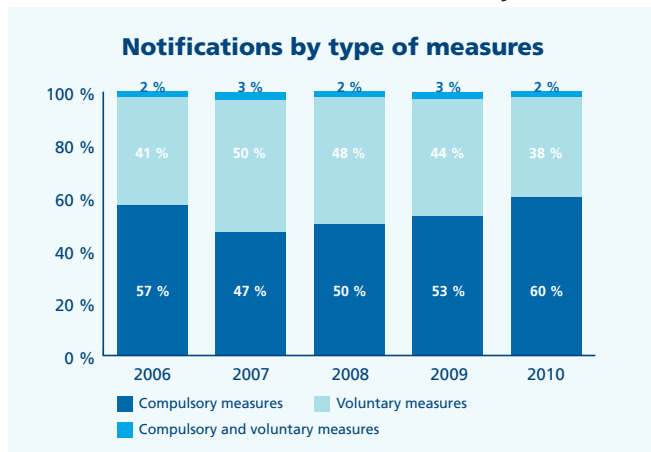
Notifications according to country of origin

58% of all notifications stated China (including Hong Kong) as the origin of the product – a demonstration of the continuing trend to outsource manufacturing and sourcing of products and materials to regions such as Asia.



Notifications according to type of measure

Six out of ten measures are now ordered by the authorities (compulsory measures). In 35% of notified cases, economic operators took preventive and restrictive measures on a 'voluntary' basis, i.e. they complied with their legal obligations without the formal intervention of a national authority.



In 2% of cases, 'voluntary' actions were complemented by compulsory measures taken by the national authority. In this situation, even though an economic operator has ceased selling a product, national authorities still believe further action needs to be taken and accordingly order that the product be withdrawn from the market or recalled from consumers who have already bought it.

Prepare to recall or react?

Dangerous products pose an obvious recall risk; yet ensuring product safety is becoming increasingly complex with a constantly evolving regulatory landscape, growing use of global supply chains, intensifying media scrutiny and heightened public awareness. The first step to addressing your product risk is acknowledging the near impossibility of eliminating all risks and consequently your recall exposure; Marsh has witnessed a number of companies confront product recalls despite having a range of quality systems and procedures in place.

Preparing for the unforeseen is not always easy however there are some logical steps you can take to help reduce the potentially damaging effects of a poorly executed recall, including:

- Assess your position in the supply chain to determine your product recall exposures.
- Make an inventory of your crisis management procedures to facilitate a quick and effective response to a product recall.
- Determine the potential financial impact of a product recall and determine whether you are able to transfer these costs, for example, via insurance or contracts of liability with your suppliers.

The Liability Practice of Marsh Risk Consulting offers knowledge and experience around product liability and product recall across the EMEA region. Our team is able to assist your company in qualitative and quantitative risk assessment, drafting product recall and crisis management plans, introducing mitigating solutions to reduce the overall risk exposure, ensuring regulatory compliance and assisting your company with expertise during a product recall.

For more information, please contact:

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