



Manufacturing

See how we can help you manage 20 manufacturing industry risks.

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CARGO IN TRANSIT

When products, equipment and other valuable property are in transit over land or stored at a site other than your main business location, they can be exposed to a number of risks, including damage from accidents and theft.

THE SCENARIO: Theft of a Major Order

A manufacturer of ignition coils containing copper wire secures a large contract with a major automaker. To meet new delivery demands, the manufacturer contracts with a third-party trucking company to transport the coils. While the driver stops for lunch, his truck and cargo are stolen.

THE SOLUTION: Inland Marine

Travelers [Inland Marine](#)¹ coverage can provide protection when you transport materials, products or property on land, including by train or truck. It may complement your property coverage by better targeting your transport risks. Our Special Investigations Group professionals and risk control services could help prevent these losses or recover stolen items. We have the expertise to address complex Inland Marine issues.

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CYBER RISKS

For any organization, one paralyzing data breach is all it takes to impact customer privacy and impede a company's ability to function. A network glitch, a lost laptop – or even the act of storing sensitive data at an off-site warehouse – can leave your business vulnerable.

THE SCENARIO: Computer Virus

The server at a manufacturing plant was infected with a type of malware that allowed cyber criminals to gain access to the plant's production system causing a shutdown that lasted for several days. As a result, the manufacturer had to retain a computer forensic expert, incurred costs for repairing and restoring its systems and suffered revenue loss due to the shutdown.

THE SOLUTION: Cyber Coverage

Travelers [Cyber Coverage](#)² can be a crucial safeguard against the devastating financial consequences of such an attack. Travelers offers customized insurance solutions depending on your business's level of risk, with coverage options available to address forensic investigations, litigation expenses, regulatory defense expenses/fines, crisis management expenses, business interruption, cyber extortion and Betterment.

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DIRECTORS & OFFICERS EXPOSURE

Privately held organizations and the people who lead them are vulnerable to a multitude of Directors and Officers exposures. To attract and retain qualified executives and board members, it's crucial to be prepared with the right coverage.

THE SCENARIO: Breach of a Noncompete Clause

A manufacturer of parts used by power plants and mining companies allegedly courted and hired a former employee of a competitor, an action that violated the employee's noncompete agreement. The competitor sued the manufacturer, claiming interference with an employment contract containing a noncompete clause and interference with their business relationships.

THE SOLUTION: Private Directors & Officers Liability (D&O)

Travelers [Private Directors & Officers Liability \(D&O\)](#)³ coverage helps cover defense costs and damages (awards and settlements) when claims are asserted against the company or its directors, officers or employees for actual or alleged wrongful acts. D&O coverage protects company assets and personal assets, as well as mitigates the opportunity costs lost due to lengthy and costly litigation.

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EMPLOYEE FRAUD

With trusted employees, internal and external oversight, and strong risk management controls, it may seem that a manufacturer is well-equipped to prevent fraud. But when it comes to occupational fraud and abuse, no business is safe. Fraud can happen in any organization at any time.

THE SCENARIO: Inventory Losses

An employee, who had been recognized as an employee of the year numerous times in his 17-year career at the company, ordered additional inventory for alleged seasonal sales pushes. Unbeknownst to company leaders, he then sold a portion of that inventory on the side, which led to excessive monetary loss for the company.

THE SOLUTION: Fidelity & Crime

Employee dishonesty is costly and pervasive, and no company is fully immune to criminal activity from within. Travelers [Fidelity & Crime](#)⁴ coverage helps protect businesses against the devastating financial loss caused by employee theft and forgery.

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EMPLOYEE INJURIES

With nearly all machinery and equipment posing numerous hazards, injury prevention remains a top concern for manufacturers. Safety training and protocols can go far in reducing incidences, yet accidents and injuries can still happen.

THE SCENARIO: An At-Work Injury

A furniture manufacturer specializing in solid wood kitchen tables expands its product offering to include coffee tables. As an employee prepares to carve shorter table legs, the cylindrical machine – set to a longer length – unexpectedly turns on, causing a significant injury.

THE SOLUTION: Workers Compensation

When manufacturing operations result in workplace injuries, many businesses turn to Travelers – the No. 1 writer of [Workers Compensation](#)⁵ policies in the U.S.⁶ We provide coverage and local services that help injured employees return to work as soon as medically appropriate, including [MyTravelers® for Injured Employees](#) and [ConciergeCLAIM® Nurse](#). To aid in workplace safety, we provide tools and resources like the [Workforce Pressure Test](#), as well as services through our nationally accredited Industrial Hygiene Lab to help identify and reduce workplace exposures.

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EMPLOYMENT PRACTICES

With workforce dynamics continually changing, employment-related claims impact manufacturing companies of every size. Claims can disrupt businesses, hurt employee morale, damage reputations and cost businesses financially ... even before going to court.

THE SCENARIO: Age Discrimination

A long-term employee is informed they are being promoted. Prior to transitioning into the new role, their manager resigns. The new manager refuses to promote the employee, hiring a younger staff member instead. The employee secures legal counsel and demands a large settlement for age discrimination.

THE SOLUTION: Employment Practices Liability

While it's not always easy to anticipate what can trigger an employment claim, it's important to have the right protection in place. Whether brought by an employee or a government regulator, an employment-related claim can cost a business financially and operationally. Travelers [Employment Practices Liability](#)⁷ coverage can provide your business with financial protection for defense and covered settlements, a dedicated claim professional and a local outside attorney.

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ENVIRONMENTAL ACCIDENTS

Environmental accidents can pose serious and unexpected challenges for your community, workforce and business.

THE SCENARIO: A Ruptured Tank

A manufacturer with established safety protocols encounters significant unexpected pollution clean-up and litigation costs after an above-ground chemical tank ruptures and releases its contents, some of which flows into a nearby river.

THE SOLUTION: Environmental Liability

Many of our customers with environmental exposures rely on Travelers [Site Pollution Liability](#)⁸ insurance. It can cover third-party bodily injury, property damage, pollution clean-up costs and defense costs. Additionally, our Risk Control consultants can help reduce risks through recommended loss prevention solutions based on Travelers Risk Assessments they can help conduct.

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EQUIPMENT FAILURES

Even with predictive and preventive maintenance strategies in place, machinery and equipment can break down. When they do, it can cause bottlenecks that impact your production schedule and place your business operations in jeopardy.

THE SCENARIO: An Unexpected Power Surge

While fulfilling an order for components used in surgical staplers, a power surge damages the computer control system of a manufacturer's metal stamping press, halting operations for nearly a week.

THE SOLUTION: Equipment Breakdown

Travelers [Equipment Breakdown](#)⁹ insurance can provide a wide variety of coverages to help address your equipment breakdown exposures. From mechanical to electrical arcing breakdowns, our goal is to help protect and prevent failures. We help accomplish this through our in-house Risk Control consultants who have deep manufacturing expertise, our certified analytical laboratory and our essential inspection services.

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EVOLVING WORKFORCE DYNAMICS

Attracting and retaining employees coincides with maintaining effective strategies around their safety, health and engagement.

THE SCENARIO: Safety in the Workplace

Despite having strict safety measures in place, a metal fabricator's new employee sustains a serious hand injury after failing to put proper gloves on prior to handling a razor-sharp metal sheet. The employee's return to work is further delayed when an infection results.

THE SOLUTION: Travelers Workforce Advantage[®]

[Travelers Workforce Advantage](#)[®] is an approach to managing workers compensation that can help strengthen your culture of workplace safety. Under this program, you can address workers' safety and health more broadly from three stages in the employment cycle: [attracting and hiring candidates](#), [onboarding and training](#), and [supporting and engaging employees](#).

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GLOBAL EXPOSURES

Whether contracting out part of a manufacturing process, exporting goods or sending an employee overseas to a conference, most manufacturers today need protection from losses that could arise when doing business globally.

THE SCENARIO: An International Lawsuit

A Malaysian manufacturer of electronic equipment that includes a defective temperature sensor made by a U.S. manufacturer causes damage to a third party's property in Malaysia. The third party files a lawsuit in Malaysia against the U.S. company.

THE SOLUTION: Global CompanionSM Plus+

Travelers helps simplify international insurance. Our [Global Companion](#)SM [Plus+](#)¹⁰ Commercial General Liability insurance covers defense costs and provides indemnification for product liability claims and suits for covered bodily injury or property damage that are made or brought against your company outside the U.S., Puerto Rico and Canada. Coverage can also be provided for employees who become injured or sick overseas through our [Global Companion](#)SM Foreign Voluntary Workers Compensation and Business Travel and Accidental Death and Dismemberment policies.

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LARGE LOSSES

Lawsuits related to issues such as product liability, breach of contract and vehicle accidents continue to occur with greater frequency – and jury awards continue to increase. Additional insurance protection can be a crucial safety net for your manufacturing business.

THE SCENARIO: A Slippery Slope

An employee of an electronic components manufacturer drives the company's van to deliver the components for shipment. When mid-morning snow leads to poor road conditions, the van loses traction as the employee approaches a stop sign, causing him to collide with an oncoming car. Both drivers suffer significant injuries.

THE SOLUTION: Umbrella and Excess Casualty

A large-scale loss doesn't have to derail your company's growth. Even though legal settlements and judgments resulting from lawsuits can surpass the limits of your primary insurance policies, Travelers [Umbrella and Excess Casualty](#) coverage, available to businesses of all sizes, provides an extra layer of protection above the limits of your primary policy, helping to limit your exposure and provide protection from large claims.

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MOTOR VEHICLE ACCIDENTS

Vehicle accidents involving employees can be among the costliest of injury claims for your company. With accidents on the rise due to risks like distracted driving, proper coverage is more critical than ever before.

THE SCENARIO: Running Late

A manufacturer's employee uses a company-owned vehicle to drive to a customer's location for an equipment repair. The employee attempts to navigate through an intersection ahead of a yellow light turning red but doesn't beat cross traffic, causing a multi-vehicle accident with numerous injuries that results in litigation against the manufacturer.

THE SOLUTION: Commercial Auto

Anyone who drives a vehicle on behalf of your company, whether it's owned or rented by your company or is a personal vehicle, could create liability for your company if they cause an auto accident. A Travelers [Commercial Auto](#)¹¹ policy can protect your business from litigation cost and damages payments resulting from auto accidents. It provides liability coverage for vehicles you and your employees use for business, and physical damage coverage for vehicles you own, rent or lease.

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OCEAN CARGO

Importing and exporting your goods comes with a unique set of risks. With thousands of ships traveling across U.S. and international waters daily, cargo facing the open seas can be lost in a storm, damaged or stolen. Often, a shipping operator's liability doesn't fully protect it.

THE SCENARIO: Damaged Shipment

A plastic injection molding manufacturer sources medical grade plastic from overseas for use in its manufacturing processes. When the shipment arrives, it's discovered that the plastic is contaminated due to damaged containers.

THE SOLUTION: Ocean Marine

Travelers [Ocean Marine Cargo Elite](#)¹² insurance can offer coverage for damaged and missing merchandise, even if the loss is discovered up to 60 days after arrival. Unlike other policy forms, ours offers broad coverage that can be tailored to your company's individual needs. We also offer custom cargo coverage and an extensive network of correspondents allocated to handle overseas cargo claims.

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PRODUCT FAILURES

An unsafe or defective product not only places your finances in jeopardy, it can also harm your brand and reputation. Whether it's a design, manufacturing or marketing defect, your business can be shielded from operational risks that can threaten your success.

THE SCENARIO: A Defective Control System

A furniture manufacturer produces recliners with electronic control systems. A defect results in the systems catching fire, leading to the filing of multiple lawsuits against the manufacturer.

THE SOLUTION: General Liability (GL)

Travelers' customizable [General Liability](#)¹³ coverage can protect your company from general risks that can arise from business operations, including bodily injury, property damage, personal injury and more. Commonly requested GL coverage extensions are easy to add and tailored to your industry.

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PRODUCT RECALLS

If a product you manufacture is recalled, expenses that you incur to transport, store, inspect and dispose of the recalled products can be significant. Along with preventative policies and procedures in place, it can be critical to protect your business with coverage designed to address product recalls.

THE SCENARIO: Product Recall

A manufacturer of granola bars discovers that a batch containing peanuts is mislabeled and excludes the potential allergen in its list of ingredients. The company issues a product recall to prevent the bars from potentially causing consumers to suffer allergic reactions.

THE SOLUTION: Product Recall Expense

Increasingly stronger consumer protection regulations can make product recalls even more frequent. Product Recall Expense¹⁴ coverage broadens your Travelers [General Liability](#) coverage. It can help cover expenses associated with removing your defective products from the marketplace, which can prevent or mitigate potential liability.

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PROPERTY DAMAGE

When it comes to insuring your commercial property, every manufacturer has unique needs. From protecting your facilities in the U.S. and around the world to safeguarding your tools and machinery, your property coverage should be broad and customizable.

THE SCENARIO: Substation Fire

A metals manufacturing company opens a second plant located near an electrical substation. When an overnight fire breaks out at the substation, the manufacturer suffers equipment losses and plant damage, bringing operations to a standstill.

THE SOLUTION: Commercial Property

Travelers [Commercial Property](#)¹⁵ coverage helps protect the business property you own, lease or rent, including assets like your buildings, equipment, furniture, fixtures and inventory. In our policy, coverage for tools, molds, patterns and dies is included in the definition of Business Personal Property (BPP). We offer coverage for the reduction value of undamaged parts of stock in process. Our Manufacturer's Selling Price valuation of stock can help protect you from lost profits if damage to finished goods occurs.

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SUPPLY CHAIN INTERRUPTIONS

Today's just-in-time supply chains are vulnerable to disruptions. Assessing risks can help you better manage your ability to withstand any interruptions to your supply requirements.

THE SCENARIO: Supply Chain Disruption

A manufacturer receives most of its raw materials from a single supplier. A fire damages the supplier's plant, creating a temporary situation where they are unable to provide materials. Without a steady supply of these raw materials, the manufacturer is unable to fulfill all of its customers' orders – and revenues decline.

THE SOLUTION: Commercial Property

Travelers [business insurance](#) products, including our [Commercial Property](#)¹⁶ coverage, can take on some of the covered risks you incur when your business depends on your supply chain – whether it's a natural catastrophe or other unplanned event that causes direct physical loss or damage at the supplier's location.

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SUSPENDED OPERATIONS

If your operations are suspended due to physical damage to your property from a fire or other covered loss, it can take time for your business to recover. Lost business income and other covered expenses, up to certain amounts, can be replaced while you get back up and running.

THE SCENARIO: Fire Interrupts Operations

A fire causes extensive damage to an electronics manufacturer. Operations will be impaired for months, resulting in lost production and sales.

THE SOLUTION: Business Income and Extra Expense (BIEE)

If a covered cause of loss such as a fire occurs and your business is shut down, you may still have ongoing expenses like payroll, rent, taxes and other bills. You may also lose revenue during the time you are unable to operate. Travelers [Business Income and Extra Expense](#) coverage can help replace covered expenses and business income while you work to resume operations.

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THIRD-PARTY FINANCIAL LOSS

When a manufacturing mistake occurs, your business could be pursued by your customers for their financial losses due to your error. It's vital to have coverage that goes beyond what your general liability policy might provide.

THE SCENARIO: Faulty Parts

A manufacturer produces trigger valves for its customer's pneumatic nail guns. Because of a design error, the valves are defectively manufactured outside of the agreed-upon specs. The customer loses an important contract and seeks recovery of lost profits, as well as damages for loss of business reputation.

THE SOLUTION: Manufacturers Errors and Omissions (E&O)

Travelers [Manufacturers E&O](#)¹⁷ is a type of professional liability insurance that can help protect manufacturers from financial harm caused by product defects or work. This differs from general liability insurance, which protects a business in the event of bodily injury or property damage, but doesn't offer protection if a customer chooses to pursue your company for its financial loss only (lost profits, business interruption loss or contract damages).

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THIRD-PARTY FINANCIAL LOSS – TECH COMPANIES

Technology manufacturers take bold steps every day to stay competitive. When your reputation and bottom line are compromised due to products or services failing to meet customer expectations, there is a solution that can help.

THE SCENARIO: An Error in Schematics

A manufacturer designs a radio unit that is integrated into a wireless telephone system. Due to a schematics error, contractors incorrectly install a capacitor into the unit, causing failures to occur. Thousands of units are installed by the time the problem is discovered. The manufacturer's client asserts a claim seeking to recover damages resulting from the failures.

THE SOLUTION: Technology Errors and Omissions (E&O)

Travelers [Technology E&O](#)¹⁸ coverage protects against damages your company might have to pay because of financial loss arising out of your products or your work due to an error, omission or negligent act. It can cover defense costs, settlements or judgments, and includes support from our experienced attorneys.

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[Looking for more information about how Travelers can help protect your industry from risks seen and unseen?](#)

ENDNOTES

- 1 This coverage can be added to a Travelers [Business Owner's Policy \(BOP\)](#).
- 2 Coverage options available through Travelers Bond & Specialty Insurance and Travelers [Business Owner's Policy \(BOP\)](#).
- 3 Available through Travelers Bond & Specialty Insurance
- 4 Available through Travelers Bond & Specialty Insurance
- 5 Nearly all states require businesses to carry workers compensation insurance. Travelers Workers Compensation is available to small, mid- and large-sized manufacturers.
- 6 2019, National Association of Insurance Commissioners (NAIC) Property/Casualty Market Share report
- 7 Coverage options available through Travelers Bond & Specialty Insurance and Travelers [Business Owner's Policy \(BOP\)](#).
- 8 Currently not available to our small business customers
- 9 This coverage can be added to a Travelers [Business Owner's Policy \(BOP\)](#).
- 10 Travelers small business customers who periodically travel overseas have the option to add World Business Essentials[®] as an endorsement to a [Business Owner's Policy \(BOP\)](#) or consider Global CompanionSM Plus+ for more robust coverage.
- 11 For small businesses, Commercial Auto Insurance can be purchased separately from a Travelers [Business Owner's Policy \(BOP\)](#).
- 12 Subject to certain exclusions and limitations
- 13 The broad protection of a Travelers [Business Owner's Policy \(BOP\)](#) for small businesses includes [GL](#) coverage.
- 14 Currently not available to our small business customers
- 15 The broad protection of a Travelers [Business Owner's Policy](#) for small businesses includes [Commercial Property](#) insurance.
- 16 The broad protection of a Travelers [Business Owner's Policy \(BOP\)](#) for small businesses includes [Commercial Property](#) insurance.
- 17 Travelers Manufacturers E&O is available for mid- and large-sized businesses.
- 18 Travelers Technology E&O is available for mid- and large-sized businesses.



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The Travelers Indemnity Company and its property casualty affiliates. One Tower Square, Hartford, CT 06183

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