

FAC/GSH/MHG/EXT.2209

FIRST CLASS MAIL

29th September 1988

Mr. M.T. Purnell,  
28 Edinburgh Road,  
Little Lever,  
Bolton,  
Lancs.



**BAIN CLARKSON LIMITED**  
UK DIVISION

431 GODSTONE ROAD  
WHYTELEAFE  
SURREY CR3 6XE  
AND AT LLOYD'S

TELEPHONE: 08832 3300  
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Dear Mr. Purnell,

Quotation - Public & Products Liability Insurance

I acknowledge receipt of your letter dated 2nd September 1988 and thank you for completing the appropriate Proposal Form.

R.H. Listers & Others who are very dependable Lloyd's Underwriters have been approached with the details of this risk. I am glad to report that a quotation has been secured from them, the terms of which are that the annual premium for this risk amounts to £200.00. This quotation is for a limit of indemnity of £1m any one accident in respect of Public Liability risks and unlimited indemnity any one year in respect of Public Liability risks. The limit of indemnity under the Products Liability Section is £1m any one event and in the aggregate. This quotation is also subject to an excess of £50 in respect of property damage. By excess is meant that the Insured pays the first £50.00 of any loss. This quotation also excludes the Efficacy risk that is to say it excludes any failure to fulfil the purpose for which the product was supplied; in other words, it excludes the consequence of failure of the product to perform its intended function.

For clarity, I would take this opportunity to mention the distinctions between some of the terms mentioned.

The Public Liability section is designed to provide an indemnity against the Insured's legal liability for accidental bodily injury to third parties and accidental loss of or damage to property arising in connection with the business. The business, in your instance, would embrace all the items you design, manufacture and produce, including future items.

The Products Liability Section of the wording provides an indemnity against the Insured's legal liability for injury, illness, loss or damage arising out of the sale, supply or repair of goods. Here again, the expression "goods" refers to present and future products of your business. Moreover, the cover includes the repair, processing or testing of goods as well as their sale or supply. It is irrelevant when the goods were sold or supplied.

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Mr. M.T. Purnell (contd)

29th September 1989

The cover becomes operative when the incident giving rise to the claim occurs during the period of insurance. It is a restriction of the policy that claims must arise out of goods sold or supplied in the course of the Insured's business from his premises in the United Kingdom. No cover attaches for actions brought in countries outside the United Kingdom. As mentioned, the Efficacy risk is excluded, another name for which is "Products Guarantee". This way, there is an exclusion of the risk of the product failing to fulfil the purpose for which it was supplied and an exclusion of the consequential losses which arise if the products fails.

I trust that these terms are of interest to you and trust that they meet the requirements of the NHS both for your present products and the Baby Alarm which you plan to introduce next year.

Upon receipt of your instructions, I will arrange for Lloyd's Underwriters to go on cover accordingly. It will be appreciated that at the moment, there is no cover in existence pending your advices.

May I just add that now that the Consumer Protection Act 1987 is in force, there is a heavier liability on the producer or supplier of a product. Under the Act, it is no longer necessary for an injured party to show that the producer or supplier of a product has been negligent. He must prove only that there was a defect in the product and that there has been injury or damage and that the defect caused the injury or damage. Please note the present quotation offers cover for legal liability incurred under this and other statutes.

Yours sincerely,



G.S. Hutton,  
Fire & Accident Dept.  
(Commercial).