

PRECAUTIONARY MEASURES

HUB International introduces affordable CPSIA-related lead recall insurance.

When the Consumer Product Safety Improvement Act (CPSIA) passed Congress last year, the industry was thrown by the host of new restrictions it placed on children's goods. Among them, the lead limits and associated testing have been top concerns for many vendors. In the year since the CPSIA passed, most companies have come to terms with the new regulations and have instituted practices to ensure compliance, but with thousands—or in some cases millions—of units with an untold number of components and coatings, it's not unreasonable to imagine that even the most careful company could inadvertently end up shipping goods that don't comply. The consequences of such an error would be costly and possibly catastrophic.

That is where HUB International Northeast comes into play. As one of the nation's largest insurance brokers specializing in risk management for the apparel industry, HUB has developed the Children's Apparel Recall Expense (C.A.R.E.) program to cover well-meaning wholesalers, importers and distributors of children's apparel and footwear in the event their goods become subject to a recall due to their lead content.

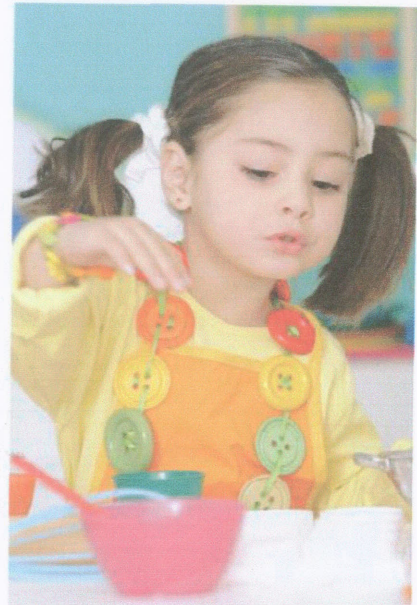
"After the CPSIA passed, the industry realized that it had a new regulatory challenge, so they started to ascertain the risks associated with it," said Frank DeLucia, senior vice president of HUB International Northeast. "The industry started to reach out to insurance brokers and ask for product recall coverage having to do with the violation of the lead content regulations. That form of insurance wasn't available because the insurance marketplace doesn't typically cover environmental or pollution issues. HUB is one of the few that has a specialty in environmental insurance, so this program is the only one of its kind."

C.A.R.E. covers recall expenses such as:

- Shipping costs
- Additional labor costs
- Warehousing
- Communications
- Repair of recalled product
- Replacement of recall product

C.A.R.E. insurance has been greeted with appreciation from the children's apparel industry. One of the first wholesalers to sign up for the program was New York's Parigi Group. "We have many controls in place on the operational side, but one never knows what can go wrong at the borders," said Bill Finkelstein, a Parigi Group executive. "We do not want to accept the risks of the threats we cannot control and were waiting for a product like C.A.R.E. It is a wonderful thing to have and lets us sleep easier at night. HUB came up with a winner."

For more information on the program, eligibility and quotes, visit www.riskfirewall.com or contact Frank DeLucia at (212) 338-2800 or frank.delucia@hubinternational.com.



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