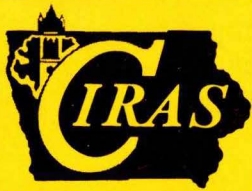


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Product liability





## MANAGEMENT AID

CENTER FOR INDUSTRIAL RESEARCH AND SERVICE

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# Product Liability

Daily contacts with management and frequent observation of production procedures at almost every type and size of Iowa industry, has provided CIRAS staff members with first-hand knowledge of problem areas and concern encountered by Iowa industry relative to product liability.

A positive attitude and action by management and employees to eliminate exposure to danger and reduce possible accidents to a minimum appear to be the best potential for mutual benefit to manufacturers and consumers.

1. Contact your present or potential insurance carriers for assistance in reducing your exposure and to determine requirements of the insurance policies such as timely notice and inclusion of punitive judgments. The contract with insurance companies usually gives the insurance companies the right of the disposition to claims against a company.
2. Use insurance companies loss control specialists whose services are included in your insurance premiums to assist you in reducing exposure through review of product design, production records, literature, warning labels, and so forth.
3. Review insurance policy as to the amount of deductible insurance. Determine the amount the company can absorb without serious problems. This is where most deductible insurance policies should start. Discuss with the insurance company what can be done to reduce premiums and to prevent them from increasing.
4. Develop a safety policy and assign responsibility for product safety enforcement to a top management official who is not in production or sales. This person should chair the product safety review committee. The committee should include production, sales, design, company attorney and the safety director.
5. Hire and train company employees to a level that they do quality work. Where appropriate have registered or certified personnel for positions such as design engineers, production supervisors, inspectors and welders. Training and updating should be consistent to maintain pace with changes in technology and the industry.
6. Conduct frequent schools and orientation seminars for service and sales personnel to insure that they are providing professional services, advice and knowledgeable information to potential and actual customers.
7. Have at least one independent testing laboratory test your products for minimum design and safety standards.



8. Cooperate with trade associations such as the Farm Equipment Manufacturers Association, to learn about problems and solutions of similar manufacturers as well as to keep you updated on current standards and trends.
9. Maintain production records of products manufactured including specifications standards used, lot numbers or serial number of production, manufacturers of raw materials and inspection personnel.
10. Prepare operation and maintenance manuals as appropriate for products manufactured and review them with your attorney and insurance loss control specialists.
11. Review all literature with your attorney and design and test personnel concerning operation, maintenance, warning labels and advertisement brochures to insure that they are not grounds for potential claims.
12. Position warning labels properly on the product so that they provide appropriate warning as to the potential hazards under various uses and conditions.
13. Advise company attorney promptly when changes in product are contemplated and when a claim is made against the company.
14. If injury occurs, the contact with the injured party by company official or attorney should be prompt to obtain all the information concerning a possible claim or defect in a product. Attempt to ascertain the extent of injury by witnesses and the how, what, when, and where of the accident.
15. Maintain records of all customer complaints and accident reports; record time of accident and procedure implemented to reduce recurrence of this problem.

Even though the manufacturer does everything possible to reduce risk and injury; the company may still be subject to claims. Beyond this point, businesses will require assistance from the customer and the legislature to reduce unreasonable claims.



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