

# The Importance of GOOD LIABILITY INSURANCE

*Bradshaw  
Bennett* Ltd  
COMMERCIAL INSURANCE BROKERS

## **Suitably Qualified Persons - requirements:**

The Veterinary Medicines Regulations 2005 and onwards have increased the statutory responsibilities upon SQP's.

SQP's are responsible for the correct prescribing and supply of POM – VPS and NFA –VPS products.

The SQP has liability by statute whereby if there is negligent or the wrongful prescribing or supply of POM-VPS and NFA-VPS products they would be liable.

SQP's provide advice on the products they prescribe and supply. If that advice is wrong or negligent in any way, the SQP and his employer would be responsible.

**Product Liability is not just the responsibility of the manufacturer.**

**How can a supplier/distributor be held liable arising from the supply of a product?**

1. supply of the wrong product (in one example of this, a farmer lost his whole potato crop and the distributor's insurers settled for several thousand pounds)
2. supply of a product where shelf life has expired.
3. incorrect storage of a product which affects its characteristics such as damp or wrong temperature storage.
4. merchant who imports products from outside the EU is liable for injury or damage caused by the products and

## How can a supplier/distributor be held liable arising from the supply of a product?

5. The merchant is always first in line when injury or damage occurs caused by a product he has supplied, and if the claim is serious, will undoubtedly be joined in the action along with the manufacturer with obvious legal cost and possible liability cost implications.

6. The manufacturer may have little or no insurance and unless they are financially sound, the merchant will be very involved. In an actual example of this, a merchant's insurers paid over £1,000,000 because of a serious claim where the manufacturer only had £500,000 claim limit and no other assets to speak of, and the claim far exceeded that amount.

7. Finally, and perhaps the most important, is what SQP's are doing, and that is giving advice on products they prescribe and supply. If that advice is wrong or negligent in any way, that is nothing to do with the manufacturer and is solely the SQP's

## Bradshaw Bennett Specialist Liability Scheme

- Bradshaw Bennett have been involved with the Animal Health industry for over 25 years.
- Both Bradshaw Bennett Ltd and the insurers are fully aware of the business activities of the industry and the responsibilities of the SQP.
- The specialist liability scheme provides adequate cover for the SQP and the distributor/supplier.
- The policy provides products liability including the prescribing of products and the giving of advice.
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## **How can a distributor and SQP be protected?**

Product Liability can be summed up as follows:-

*“Liability for compensation as a result of injury, loss or damage arising from the sale, use or supply of a product”.*

A product liability insurance would be effected by an SQP's employer and would apply to all principals and employees of the company, including SQP's.

**All product liability policies are not the same!**

**It is essential to ensure that the policy adequately protects the merchant and the SQP.**

## **Important Questions to ask:**

1. Is there public/products liability insurance in force?
2. Are the insurers fully aware of the business activities including:
  - a) prescribing and supplying of POM-VPS and NFA-VPS products.
  - b) the activities of the SQP.
3. Does the policy cover the prescribing of products and the giving of advice?
4. Does the policy have an adequate limit of indemnity?
- 5.

**For any information or queries regarding liability insurance requirements or any other insurance matter, contact the Scheme managers:**

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