

Sponsor or Private (White) Labelling products - do you need Liability Insurance?



In the Complementary Health Industry, having a private label brand may set you apart from your competitors and create an opportunity for you to expand your sales with your own range of your own products.

It may be the case you are a Sponsor, whereby you hold accreditations and arrange for a third party to contract manufacturer.

Or

It may be the case you White Label, whereby you simply take another company's existing products and put your own label on them.

It can be rewarding, but also puts you at risk if things go wrong. Therefore, new business ventures require significant research and investigation into private labelling, regulations and legislation before you start the process.

Part of this work is to establish what insurance to buy for the best protection. It is wise to seek professional advice from your insurance broker who is the expert.

Sponsor or Private labelling arrangements for your Complementary Health products from overseas manufacturers comes with increased risks and responsibilities irrespective of how you are selling and distributing your products i.e., direct to consumer via health foods stores, practitioners, wholesaling, or online selling. By putting your name/logo on the bottle or packaging, you are taking on the responsibility as the manufacturing party.

Product safety priorities - Risks & Mitigation

Manufacturers or suppliers who import goods from overseas are liable under the Australian Consumers Law (ACL) if your health product is found to be dangerous or causes any person injury or death. It may just be incorrect or inaccurate labelling which causes allergy or irritation so it is vital to include insurance as part of your business plan.

Whether you are a sponsor, white labelling, importing products from overseas, manufacturing, labelling, or packaging, always be particularly cautious. Even if the contract manufacturer or product supplier is reputable, **you will not be covered by their insurance, you need your own insurance.**

Under Australian Law, you cannot rely on someone else to protect your business. Some ingredients may be legal in one country, but illegal for use in Australia. It is the responsibility of the Australian manufacturers, suppliers, or importers to make sure the products sold comply with product safety laws.

It is also highly recommended for good risk management to ensure that your products are tested by an external compliance laboratory located in Australia or New Zealand. Should a significant product claim occur, these tests will be relied on for ingredient quality, efficacy compliance with Australia or New Zealand Law and product purpose.

What is Liability Insurance? How does it work?

Product and Public Liability Insurance is a combined policy, for personal injury, and property damage. This cover protects you and your business from financial loss arising from claims by Third Parties against you. The cover is tailored for you and differs from industry to industry and business to business within the same industry. As a Sponsor, White Label, Importer, Product and Public Liability insurance is a must have.

If you are private labelling your products from a manufacturer overseas and importing the products into Australia, there are some requirements for insurance that you should know and disclose to your insurer.

Details of the business including:

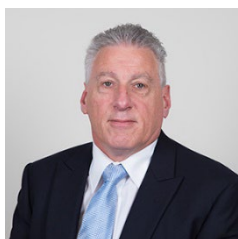
- Type and use of products sold i.e., Health Supplements, Food Products, Skincare, etc
- Where do the products come from? i.e., which overseas countries are they sourced from including the details of the suppliers such as, how long they have been in business in that country, the percentage of sales from each country along with the details of the products i.e., ingredients and purpose of the finished products.
- Estimated turnover for the next 12 months.
- What testing is conducted on raw materials and finished products?
- Number of staff.
- Any claims in the last five years with details.

Do you need liability insurance?

The answer is yes, you do need liability insurance if you are going to sell product to consumers regardless of whether the product is sourced from overseas or at home. Mislabelling products may result in an adverse reaction, risk your reputation, and incur the cost of a product recall.

The insurance cost is minimal when compared to the possible consequences of an unexpected event.

If you would like to know more about Product and Public Liability Insurance cover then contact the friendly team at IME Insurance Brokers - Insurance Made Easy for personal assistance to discuss your individual circumstance on **1800 641 260** or visit us at www.imeinsurance.com.au



James Gillard
Managing Director

