



Is Your Property Really Covered? Examining Care, Custody and Control Exposures

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IS YOUR PROPERTY REALLY COVERED?

Examining Care, Custody and Control Exposures

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Companies providing contract services to the life science industry face significant liability exposure from the work they perform, especially when maintaining custody of client property. From the perspective of the vendor and the customer, this publication examines the complex issues that arise as a result of working on or taking possession of the property of clients for a fee.

Everyday, clients entrust valuable components, such as Active Pharmaceutical Ingredient (API), other raw material ingredients, finished goods awaiting packaging, and packaging materials, to vendor organizations they retain to perform a variety of services, such as manufacturing, processing, packaging, sterilization, and distribution of finished goods. Not unexpectedly, property losses have occurred through just about every stage of the supply chain, some with the potential to cripple the client's commercial product supply, research projects, or clinical trials.

Property losses commonly find their origins in a mechanical or human error, the end result of which is out-of-specification material, damaged goods, or destroyed goods. While, at first, the cause of the loss might not be readily apparent, what is known is that the product is no longer usable for its intended purpose.

Importantly, it should be noted that in many instances, contracts between the parties are often written in favor of the contract service provider (the vendor), wherein no liability is accepted for damage that occurs to client property while in their possession. Commonly, the liability of the vendor will be limited to a percentage of their service fee, but nothing else. While the client should understand this limit of liability when executing the agreement, there

the big questions

- › When a loss occurs, who is responsible for the damages?
- › Is the issue contractually addressed with sufficient specificity?
- › Does the liable party possess insurance that will provide adequate protection?

Our new whitepaper provides important information on complex issues related to the liability exposures faced by companies providing contract services to the life science industry, both in working for such clients and maintaining custody of their property.

<<< **Click on the image** to read the full article and learn best practice solutions for how to protect your company in the event of a loss.

If you have any questions regarding this topic or to find out how Conner Strong & Buckelew can help improve your bottom line through custom insurance programs, please contact us toll-free at 1-877-861-3220.



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