



Presents:

The State of Product Liability Insurance

Behind the Report

About Insurance Canopy

For more than a decade, Insurance Canopy has been an [industry leader](#) in providing businesses with top-rated product liability insurance.

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Attributing the Data

Thank you for taking the time to explore Insurance Canopy's Product Liability Insurance report. We encourage you to share or reference our findings with attribution to Insurance Canopy and a link to this page. For more information, please contact us at info@insurancecanopy.com.

Product Liability Facts & Stats

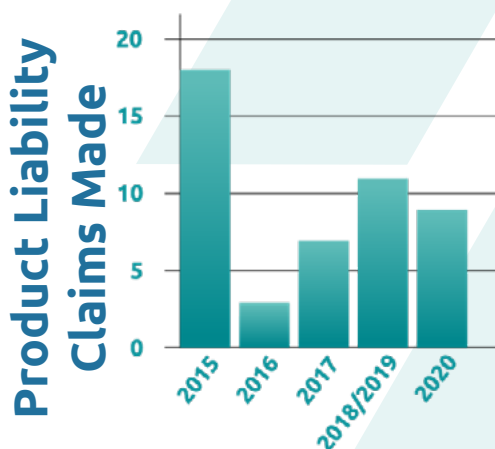
Over the last decade, Insurance Canopy pioneered the online insurance policy application, allowing more businesses access to insurance instantly. Our online quote system allows individuals to quickly and directly apply for an insurance quote.



We insure thousands of businesses with [product liability insurance](#). The following data is drawn from our active policyholders and claims, as well as supported in part by national data made available by [PACER](#).

How many product liability claims are made each year?

According to a [product liability report by Lex Machina](#), in 2019 56,041 PL claims were filed. In the last two years, this number has increased by at least **20%**. On average, Insurance Canopy receives 9.6 claims per year—totaling an estimated \$228,022 in damages.



Insurance Canopy has seen an increase in product liability claims since 2016.

* in 2018/2019 policies were written for 18 month periods.

What products carry the most risk?

In insurance, a risk means there is a level of uncertainty that can arise from your products or business operations. Some products carry higher risks than others, such as power tools or ingestibles. At Insurance Canopy, we work hard to offer policies for products that many insurance companies refuse coverage for due to their risks.

21.18% of the products we cover are nutraceuticals or cannabis products, which are classified as high-risk products. Other high-risk products we may cover include:

- Sporting good products
- Medical and dental products
- Powered hand tools
- Electrical appliances



How much does product liability insurance cost?

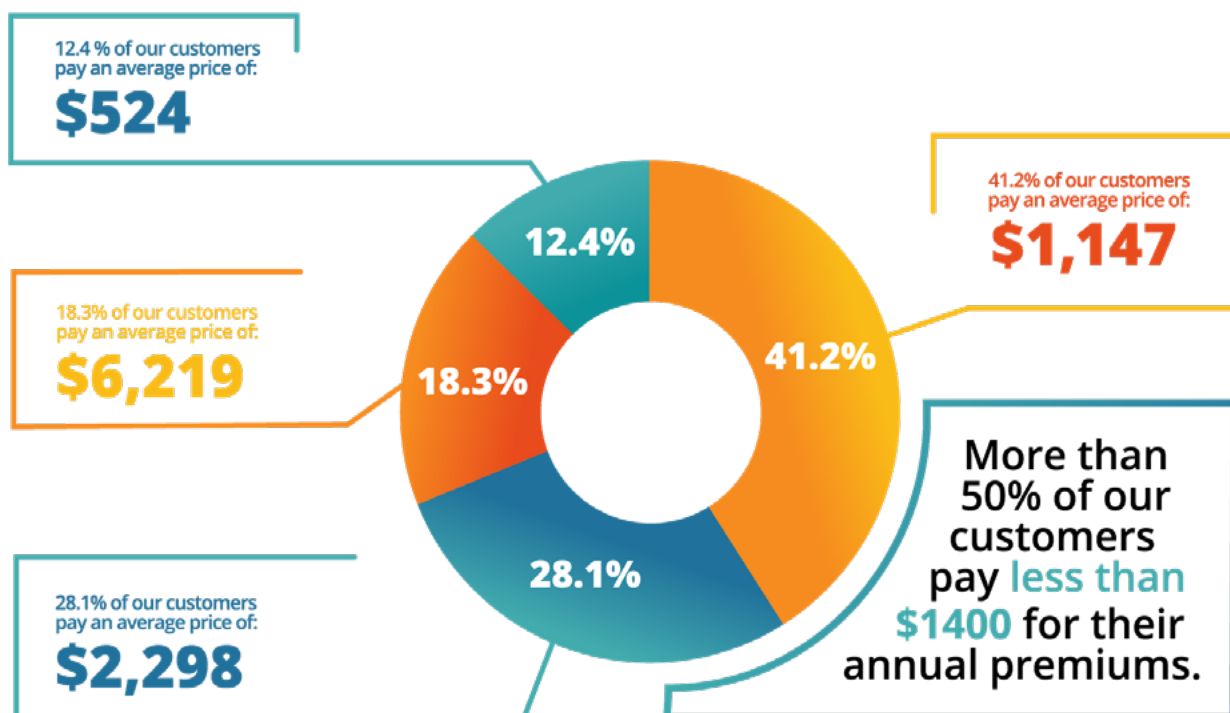
Because every product is not the same, neither is every product liability insurance policy. On average, our customers pay between **\$800-\$2200** for their annual premiums. Factors that could affect the cost of a product liability insurance quote include:

- Type of product you are designing, manufacturing, or distributing
- Business size
- Number of employees
- Annual revenue
- Product liability limits
- Claims history
- Additional coverages or endorsements





Product Liability Insurance pricing at a glance



Note: Pricing is not a guarantee as every policy is built to fit each business's needs. These numbers are just an average.

Average cost of a product liability claim

From 2015–2020, 48 claims were filed for a total estimated cost of \$669,233—and an average of **\$25,336** in just 2020 alone. Even if you have strict product testing and carefully monitor product safety, accidents can still occur. A single claim could lead to a halt in production, damaged business relationships, and loss of customer trust.



What product liability claims are most common?

Amongst Insurance Canopy customers, most product liability claims come from manufacturers defects. This means there was a flaw in the design of the product, impairing functionality and increasing the risk of injuries or damages.

Because **31.6%** of customers are manufacturers, and manufacturers defects are the leading liability claim, having product liability insurance can be key in keeping claim costs low.



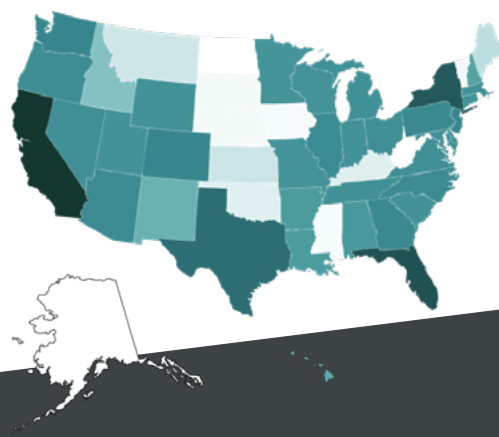


The People

Who Uses Product Liability Insurance?

Location

In the United States, California has the largest number of businesses that opt into [product liability insurance](#) at a rate of 18.11%.* Additionally, almost a third of businesses using product liability insurance are based throughout Florida (11.24%), New York (9.93%), and Texas (7.37%).



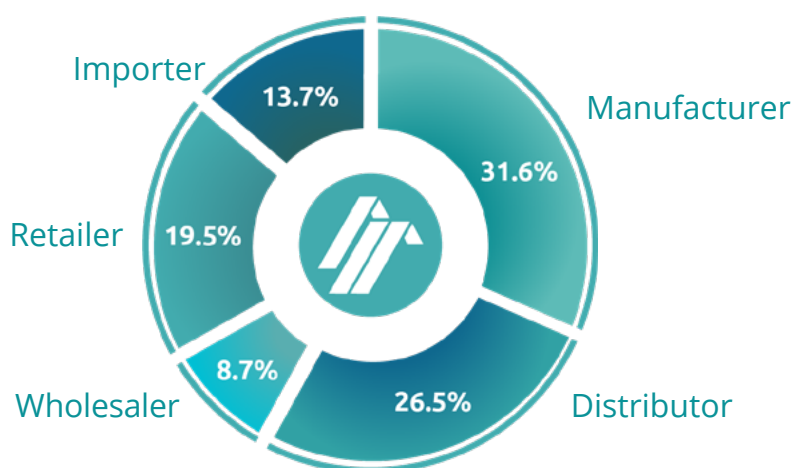
*It is important to note California is a 'strict liability' state. Strict liability means the court makes no judgment based on good-faith intentions or no-fault responsibility; it pertains only to the fact that an injury or damage occurred. Where a negligence claim must prove the injuries or damages were caused by negligent or careless acts, strict liability only needs to show injuries or damages were sustained. This law has pushed more California-based business owners to invest in product liability insurance to help cover their costs in the instance of a liability claim.

Gender

When looking at gender as a variable, we found that 47% of business owners with product liability insurance are female, while 53% are male.

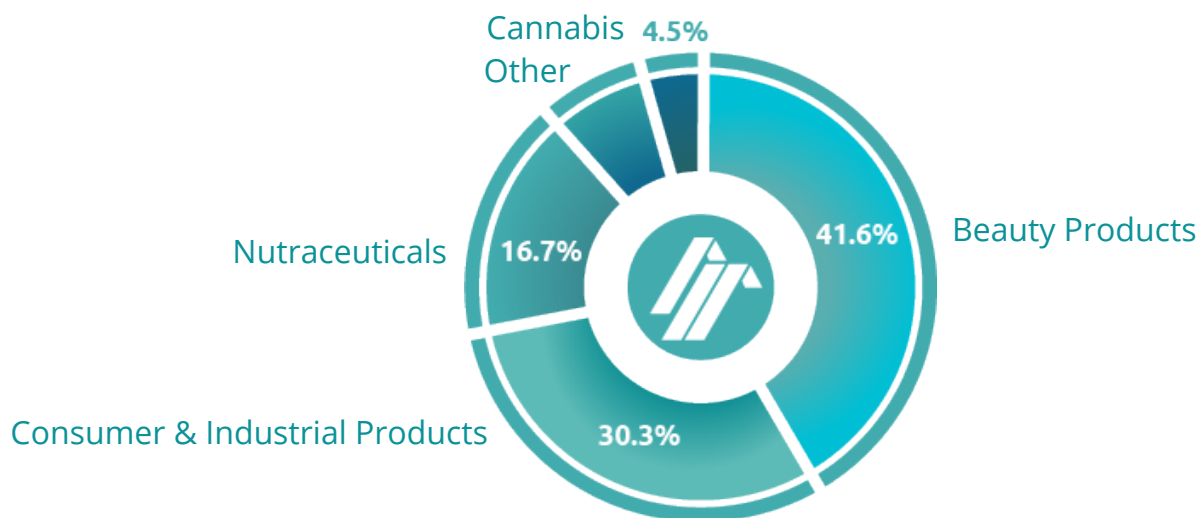
Business Model

When looking at the supply chain, manufacturers and distributors make up **58.1%** of businesses who have product liability insurance.



Product Category

Most of the products we cover use [beauty product insurance](#). This can be used for products such as make-up, skincare products, candles, perfume, and personal care products. Because the number of beauty insurance policies increases each year, our data shows the beauty and cosmetic industry is growing at a steady rate.



Marketplaces

60.46% of people applying for [product liability insurance](#) sell in online marketplaces, while **39.54%** sell in stores, at events, and in other physical locations.

Online or In Stores?

Most product liability insurance customers sell their products online, in marketplaces such as Amazon, eBay, Jane, Etsy, or their own websites and applications. Insurance Canopy works hard to fulfill the coverage needs of both online and physical applicants.



Amazon Sellers & Product Liability

Insurance Canopy is proud to insure both Individual and Professional Amazon Sellers with comprehensive [product liability insurance](#) tailored to your needs. Having insurance can help cover you where Amazon will not, giving you peace of mind.

















What are the new Amazon Seller Requirements?

If you make \$10,000 in sales in 30 days, Amazon now requires you to have product liability insurance. This helps protect you as a seller and Amazon as a marketplace in the case of a product liability claim. According to the Amazon Pro Merchant Insurance Requirements, you must:

1. Show proof of insurance
2. Provide an original Certificate of Insurance document completed in its entirety and signed
3. Have a policy with a general liability limit of at least \$1 million dollars, is written on an occurrence basis, cover all sales from products you have listed on the Amazon website, and includes product liability insurance (bodily injury and property damage), personal injury insurance, and any other requirements outlined in the Participation Agreement
4. Name "Amazon.com Services LLC., and its affiliates and assignees" as additional insureds
5. Have a valid policy for at least 60 days from the date of submission, and your provider must give Amazon a minimum of 30 days' notice of cancellation, modification, or nonrenewal
6. Verify your insured name matches the "legal entity" name you provide to Amazon
7. Be sure your insurance provider has global claim handling capability and a financial rating of S&P A- and/or AM Best A- or better
8. Ensure the deductible for any policy must not be greater than \$10,000 and any deductible amount is listed on the Certificate Of Insurance

What types of insurance do Amazon Sellers need?

As an Amazon Seller, you need to consider what insurance you are required to have and what risks your business carries. This helps you know you are covered in instances not just involving Amazon, but accidents with facilities you rent, business vehicles, employees, and more.

Type of Coverage	Required by:	
	Amazon	Law
General Liability Insurance Protects your business from lawsuits related to property damage and bodily injury	 If you are a Professional Seller or meet other limits	
Product Liability Insurance Protects your business from lawsuits involving bodily injury caused from the product(s) you sell	 If you are a Professional Seller	
Excess Liability Insurance Provides added limits of coverage to an existing policy	 Depends on the limits that your base policy covers	
Additional Insured Endorsement Allows you to add third-parties to be covered on your policy (like Amazon)	 Professional Sellers must list Amazon as an AI	
Workers' Compensation Provides employees with compensation in the event they are injured on the job		 If you hire employees
Product Recall Insurance Covers expenses related to recalling your product once it has been released to the public		 Not required, but recommended for some businesses by Insurance Canopy
Commercial Auto Insurance Covers commercial vehicles and drivers used for business purposes		 If you or your employees operate a vehicle for business purposes
Business Personal Insurance Covers physical damage or loss to your contents and inventory		 May be required by contracts with entities such as banks

What other e-commerce marketplaces require product liability insurance?

Though Amazon took in 51.2% of U.S. retail sales in 2020, Insurance Canopy's product liability insurance can be used by individuals who sell in other online marketplaces, such as Etsy (which sold around \$10.28 billion in 2020), Ebay, and Jane. Our coverage can be customized to meet your e-commerce needs, such as the size of your business, the products you sell, how much you sell, etc.

JANE

ebay

Etsy

amazon



300,000,000
Active Customers



195,000,000
Monthly Unique Visitors
(in the U.S. alone)



\$1.5 Billion
reported sales by
third-party business
during Prime Day 2018

Information provided in Amazon's "Beginners Guide to Selling on Amazon"

Methodology

All data collected is from active insurance policies with Insurance Canopy from 2015–2021. A sample size of 2,739 active policyholders was studied with individuals representing all 50 U.S. states, a variety of marketplaces and products, and a range of differing policy types

Additional Sources

Any information outside of our initial research pool was used in conjunction with our own findings. A list to these sources can be found below:

[An Amazon Seller's Ultimate Guide to Insurance](#) by Insurance Canopy
[2020 Product Liability Litigation Report](#) by Lex Machina

[Amazon And Walmart Are Nearly Tied In Full-Year Share Of Retail Sales](#) by PYMNTS
[Annual gross merchandise sales \(GMS\) of Etsy Inc. from 2005 to 2020](#) by Statista

