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## 3D PRINTERS: A MANUFACTURING REVOLUTION OR PIMPED UP GLUE GUNS?

By Ingrid Hobbs

The current additive manufacturing market has been compared with the personal computing market of the early 1990s. Now that few of us are without a personal computer, what is the future for 3D printers and, crucially, what is the likely potential impact on the insurance market of a shift in manufacturing practices to embrace this technology?

Although many of the headlines have been focussed on additive manufacturing producing guns, it is already delivering practical benefits to many industries that are using it to create prototypes (quickly and cheaply) before tooling up factories to produce products using traditional subtractive manufacturing techniques.

Inevitably additive manufacturing will impact the insurance industry, but importantly, insurers should not let the current “hype” surrounding the technology cloud their view of risk. From the insurance market’s perspective there should be no dramatic immediate change. Insurers will still need to have a good understanding of the overall approach to manufacture and quality assurance adopted by their Insureds, with additive manufacturing forming a part of that. However, some new issues will need to be considered: the impact on insurers’ subrogated recovery rights may be significant if the contractual chain is shortened so that there may be no third party component part manufacturer to look to in the event of product failure. Instead, there may be new targets, possibly including the manufacturer/

supplier of the 3D printer itself (if the problem with the product can be traced to the printer itself and a defect identified in it) or the CAD designer (if they can be identified, traced and the problem established as a design one – even then there are likely to be issues regarding foreseeability; proximity and whether or not a duty is owed by the designer to those who simply download designs from an unregulated website and rely on them to print 3D products). Clearly, professional indemnity insurers of designers will need to be mindful of such potential exposures.

It may also be that product recall claims make less of an impact on the insurance market as additive manufacturing may facilitate the production of replacement parts more quickly and cheaply, instead of waiting on parts from a third party.

It is still early days for insurers considering the implications of additive manufacturing but, when doing so, they should stick to their core underwriting principle “know your Insured”. Having open dialogue about the manufacturing processes adopted by Insureds and reviewing their risk management procedures should ensure insurers understand the impact of additive manufacturing on the risk profile, rather than being afraid of what must, on any view, be regarded as a progressive development in product creation, if not (yet) a manufacturing revolution.

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