

Philips says settles US claims over respirator recall

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A Philips subsidiary in the United States set aside \$615 million to cover the costs of claims over sleep respirators.

Philips said Thursday it had clinched a deal in the United States to settle claims related to a recall of sleep respirators that rocked the Dutch

medical tech firm.

The medical device maker in 2021 announced a major recall of its DreamStation machines for sleep apnoea, a disorder in which breathing stops and starts during sleep.

Users were said to be at risk of inhaling or swallowing pieces of toxic soundproofing foam that could cause irritation or headaches.

Philips said the deal announced Thursday would provide for "predefined cash awards" to US customers depending on which device they were using.

The final total amount of the settlement would depend on how many patients claimed compensation.

But the statement said Philips Respironics, a US subsidiary, set aside 575 million euros (\$615 million) in the first quarter of 2023 "to cover for the estimated costs of the final settlement".

The settlement is subject to approval from a court in Pennsylvania. The firm said it expected to submit its proposal later Thursday.

Any pay-outs to affected customers would not begin until the [first quarter](#) of next year.

The company stressed that the deal "does not include or constitute any admission of liability, wrongdoing, or fault by any of the Philips parties."

Philips had previously announced in May that independent tests showed the sleep respirators at the center of the massive recall were "unlikely" to harm patients.

The recall hit the 132-year-old [company](#) hard and by January it announced it was slashing 10,000 jobs out of a total workforce of just under 80,000 employees around the globe.

The firm has shown signs of bouncing back from the recall, posting a nine-percent jump in second-quarter sales and a return to profit in results published in July.

Philips expects sales to grow in the mid-single-digits for the rest of the year, although this rosy outlook excluded the impact of the ongoing litigation in the United States and elsewhere.

It has faced lawsuits in several other countries, including in France, where more than 200 people filed a case in June accusing the firm of involuntary manslaughter over the respirators.

Once famous for making lightbulbs and televisions among other products, Amsterdam-based Philips in recent years has sold off its subsidiaries to focus on medical care technology.

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