



Reasons to Buy: Contaminated Products & Recall Insurance

Almost any company involved in the food and beverage industry supply chain may be exposed to an accidental contamination and or recall exposure.

Also, there is the possibility that a company’s particular **brand** may be the target of a malicious threat or extortion, either internally or from a third party. The potential financial impact of a product recall, as well as the lasting impact on brand **reputation** can be of serious concern to a company and its shareholders.

AIG Contaminated Products & Recall Insurance not only protects against loss of gross profits and rehabilitation costs following either accidental or malicious contamination, but also provides the crisis management planning and loss prevention services of leading international crisis management specialists in food safety, brand & reputation impacts and extortion.

Cover

Cover is triggered by the recall of a product caused by:



Accidental Contamination

Any accidental or unintentional contamination, impairment or mislabeling which occurs during or as a result of its production, preparation, manufacturing, packaging or distribution; provided that the use or consumption of such product has resulted in or would result in a manifestation of bodily injury, sickness, disease or death of any person within 120 days after consumption or use.



Malicious Tampering

Any actual, alleged or threatened, intentional, malicious and wrongful alteration or contamination of the Insured’s product so as to render it unfit or dangerous for use or consumption or to create such impression to the public, whether caused by employees or not.



Extortion Monies

Any threat to commit a Malicious Tampering for the purpose of demanding monies.



Contribution to pre-incident consultancy

We engage specialist consultants to provide pre-loss services to help clients manage their risk exposures, processes and practices and help avoid or mitigate potential losses. Possible services include a review of the business’ crisis, recall and HACCP plans, training programmes, mock recall exercises, communications and PR briefings.

Cover Includes:

- Recall costs
- Business interruption (lost gross profit)
- Rehabilitation costs
- Consultancy costs

The policy covers a wide range of recall costs

Unfortunately the substantial costs of conducting a recall usually begin accruing just as cash flows suffer from the suspension of sales.

Our comprehensive cover ensures that insured clients can meet the direct costs of the recall, including: money spent to physically withdraw the product from the shelves, from customers, from warehousing or other distribution channels.

Also transportation costs, advertising, overtime, hiring additional staff or storage space, and disposal costs.

Recall costs passed on from the distributors / retailers, are also covered, subject to a sub-limit.

Cover for lost profit

We cover loss of the client's gross profit that would have been expected from the sale of the affected product had the loss not occurred, or the increased working costs incurred by the client to avoid a fall in sales.

Our comprehensive solution provides the financial compensation and vital financial support for getting the client's business back on track.

Extortion

We provide cover for ransom and reward monies, plus other costs and expenses incurred in dealing with product extortion, including: travel & accommodation costs, medical & hospitalisation expenses, forensic analysis and increased security costs.

Cover for the costs of "rehabilitating" the product

Once the recall has been completed, it may be necessary to use additional advertising or marketing strategies (e.g. "special offers") to ensure that market share does not fall below the pre-recall level. Our Contaminated Products Insurance covers these costs.



Crisis Hotline

Clients can call the hotline, available 24/7, in the event of an actual or perceived incident and are put in contact with the appropriate response consultant/s based on their location, language and the nature of the incident.

Post loss crisis management and public relations

Consultancy Cover

We have teams of technically expert consultants standing by to help our clients in the immediate aftermath of a recall, for example: collecting samples of the product (possibly from members of the public), specialist testing, liaison with regulators and handling the media. Professional public relations and communications input will assist in managing media scrutiny and further protect the brand, reinforcing vital perceptions of reliability and trustworthiness.

Value Added Services

Food and Product Safety Specialists

Food consultants work with our clients in the event of an actual or possible product contamination.

Services include product testing, identifying the source of contamination, informing necessary parties of a contamination and assisting in the product recall.

Malicious Threat / Extortion Consultants

Security consultants assist clients verify the validity of an extortion threat and facilitate the negotiation and payment of ransoms.

Crisis Consultants

Public relations consultants help our clients shape and deliver their public response throughout a contamination incident.

All our technical consultants have a global presence with local expertise ensuring the appropriate message reaches the necessary audience in territories unfamiliar to the client.

Crisis Preparation

Consultants work with clients to reduce the likelihood of a product contamination and prepare them to best face the crisis if one does occur.

Services include:

- Developing or testing a recall plan, simulation exercises, supplier audits and advising on safe production processes.

A portion of the premium is allocated towards pre-incident consulting services.

Underwriting considerations

- Revenue of the Insured
- Product lines
- Packaging
- Past incidents
- Crisis management/recall plans
- Quality assurance including HACCP
- Supplier relationship / management

Experience and Market Dedication

Market Leader: first to offer coverage for Malicious Product Tampering in the wake of the Tylenol capsule incident. Introduced Accidental Contamination Coverage in 1993 in response to strong customer demand.

Dedication: endured market fluctuations while continuously providing coverage and responding to claims when competitors have exited the market.

Broad expertise and global coverage: our underwriters understand the local exposure faced by our clients and have a global network of resources allowing for comprehensive worldwide coverage. Moreover, claims are effectively managed, drawing on local, first hand knowledge of risks, policy forms and business practices unique to every country.



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