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Costs can exceed recall expenses, hitting the supply chain and leaving businesses out of pocket

Contaminated Products insurance

Claim examples

Companies operating in the food, beverage, pharmaceutical and cosmetic industries are all potentially exposed to the need to carry out a product recall.

When supplying major supermarkets, costs of a product recall can be significant. It is not just the direct costs incurred by the company in recalling their product, there are also third-party recall costs which are incurred by the retailer. The significant financial impact of a product recall leaves many businesses out of pocket.

As these Australian claims examples demonstrate, Contaminated Products insurance from Liberty can offer protection for a wide range of costs including:

- Recall expenses
- Stock replacement costs
- Product disposal costs
- Rehabilitation expenses
- Retailer and customer recall costs
- Transport and destruction costs
- Loss of gross profits
- Consultant and advisor costs



Recall of cake mix

Estimated annual turnover
\$34m

A range of allergen free cake mixes were recalled due to sesame being introduced via a raw material. Sesame is an allergen and any consumer with a sesame allergy may have had a reaction if the product was consumed.

Total paid	\$385,000
Replacement costs	\$187,300
Advertising and testing costs	\$118,700
Retailer and customer recall costs	\$79,000



Recall of ice cream

Estimated annual turnover
\$30m

Ice cream provided to Coles and IGA was recalled due to small metal pieces in the ice cream. Metal fragments may cause injury if consumed.

Total paid	\$648,277
Customer credits	\$421,642
Stock on site	\$150,817
Recall expense	\$72,809
Additional wages	\$3,010



Recall of spring rolls

Estimated annual turnover
\$7m

A range of frozen spring rolls were manufactured in China. Peanut oil was substituted for vegetable oil in the production process, and not marked on the label. Anyone with a peanut allergy may have had a reaction if the product was consumed.

Total paid	\$340,000
Loss of profit and rehabilitation	\$144,000
Replacement costs	\$141,000
Retailer and customer recall costs	\$55,000



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Recall of frozen meals
Estimated annual turnover \$9m

Frozen meals recalled due to a microbial Salmonella contamination.

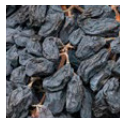
Total paid	\$1,000,000
Replacement costs	\$858,913
Retailer and customer recall costs: (policy limit reached)	\$526,121



Recall of pesto
Estimated annual turnover \$147m

The product supplier substituted cashew nuts with peanuts in two types of pesto. This wasn't declared on the labels. Any consumer with a peanut allergy or intolerance may have had a reaction if the product was consumed.

Total paid	\$428,084
Replacement costs	\$221,095
Recall expense	\$203,381
Pre-recall costs	\$3,608



Recall of dried fruit vines
Estimated annual turnover \$69m

Dried fruit vines were provided to Coles, Woolworths and IGA. These were recalled due to broken glass found in the trays.

Total paid	\$78,995
Replacement costs	\$71,667
Loss of gross profit	\$7,328



Recall of tofu
Estimated annual turnover \$10m

Recall due to incorrect labelling not declaring nuts in the product. Any consumers who have a nut allergy or intolerance may have had a reaction if the product was consumed.

Total paid	\$209,700
Business interruption	\$198,877
Replacement costs	\$10,823

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