

Contaminated Products Insurance claims 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 providing ingredients or distributing ready-to-eat products, significant costs can arise if the items are found to be unsafe for consumption and need to be recalled. These costs extend beyond the direct expenses associated with the company's recall efforts; they can also impact the supply chain, leaving many businesses financially out of pocket.

As these claims examples demonstrate, Contaminated Products Insurance from Liberty Specialty Markets (Liberty) can help to offer protection for a wide range of costs including:

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

Consider these claim examples



Recall of cake mix
Estimated annual turnover US\$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 eaten.



Recall of milk powder
Estimated annual turnover US\$1m

Milk powder was recalled due to the possibility of pathogen bacteria. Consumers may have experienced symptoms such as seizures and inflammation if the product was consumed.

TOTAL PAID	US\$341,000
Replacement costs:	\$187,000
Advertising costs:	\$25,000
Inspection & testing costs:	\$50,000
Third party recall costs:	\$79,000

TOTAL PAID	US\$1,000,000
Replacement costs:	\$850,000
Recall costs:	\$150,000



Recall of spring rolls

Estimated annual turnover US\$7m

A range of frozen spring rolls were recalled due to undeclared allergen. Peanut oil was substituted for vegetable oil in the production process, and not declared on the label. Anyone with a peanut allergy may have had a reaction if the product was consumed.



Recall of chicken sandwiches

Estimated annual turnover US\$3.7b

Bone fragments were discovered in chicken sandwiches, which were supplied by the insured to one of the largest coffee chains in the USA. The insured and their customers had to recall approximately 2000 pounds of chicken mince and multiple batches of chicken sandwiches.



Recall of baby yoghurt drops

Estimated annual turnover US\$20m

The yoghurt snack was recalled due to the size of the pieces of fruit in it which posed a choking risk for infants below 18 months of age.



Recall of mooncakes

Estimated annual turnover US\$10m

All batches of these mooncakes were recalled after detecting high levels of a bacterium linked to food poisoning. Consumers may have experienced symptoms such as nausea, vomiting, stomach cramps and diarrhoea if the product was eaten.

TOTAL PAID	US\$340,000
Loss of profit & rehabilitation:	\$144,000
Replacement costs:	\$141,000
Retailer & customer recall costs:	\$55,000

TOTAL PAID	US\$5,000,000
(policy limit reached)	\$11,000,000
Finished goods disposal costs:	\$1,000,000
Transportation costs:	
Disposal of raw materials:	\$5,000,000
Storage costs:	\$920,000

TOTAL PAID	US\$525,000
Public relations consultant costs:	\$50,000
Replacement costs:	\$250,000
Recall expense:	\$200,000
Pre-recall costs incl testing & analysis costs:	\$25,000

TOTAL PAID	US\$287,000
Business Interruption:	\$221,000
Replacement costs:	\$15,000
Recall & disposal costs:	\$51,000

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