

## Retailers Withdrawal Insurance claims examples

**Companies providing consumer goods to any of the major retailers in Australia can incur costs if they choose to voluntarily recall products from the stream of commerce.**

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

As these Australian claims examples demonstrate, Retailers Withdrawal Insurance from Liberty Specialty Markets (Liberty) can offer protection for a wide range of costs including:

- ▶ stock replacement costs
- ▶ product disposal
- ▶ legal expenses
- ▶ retailer & customer recall costs
- ▶ essential transportation cost



### **Recall of cakes**

#### **Estimated annual turnover \$24m**

Faulty packaging of a range of lemon, raspberry and hummingbird loaf cakes caused moisture to build up which broke down the icing.

**NET PAID: \$75,000**

The maximum sublimit of \$75,000 was paid, with the total claim of manufacturing costs exceeding \$225,000, less the Self Insured Retention.



### **Recall of chicken nuggets**

#### **Estimated annual turnover \$250m**

A product with a spicy profile was manufactured before the affected product, leading to traces of the spicy flavour found on the chicken nuggets.

**NET PAID: \$53,896**

Cost included retailer withdrawal costs of \$63,670 and returned product costs of \$5,226 less the Self Insured Retention.



**Recall of UHT products**  
**Estimated annual turnover \$40m**

Consumers complained about the “bitter taste” of the product. Insured identified the source of the problem to be a faulty stabiliser added to the product in the premix.

**NET PAID: \$75,000**

The maximum sublimit of \$75,000 was paid, with the total claim of rejected product exceeding \$116,000, less the Self Insured Retention.



**Recall of lentil chips**  
**Estimated annual turnover \$5.5m**

Lentil chips were withdrawn from Coles due to chemical and oil rancidity which caused an abnormal texture and inferior taste in the product.

**NET PAID: \$43,845**

Recall costs were a combination of retailer withdrawal costs of \$48,852 and dumping costs of \$4,993, less the Self Insured Retention.



**Recall of Christmas cakes**  
**Estimated annual turnover \$8.5m**

Almonds on Christmas cakes were found to have mould on them.

**NET PAID \$45,976**

Costs limited to replacement costs of \$55,976 less the Self Insured Retention.

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