

CRISIS MANAGEMENT // NEWSLETTER //
AUSTRALIA

Product Recall Monitor January to June 2020

JULY 2020

The Liberty Specialty Markets (Liberty) Product Recall Monitor summarises recent product recalls that have taken place across a variety of industries in Australia. We also share what's new at Liberty by introducing our Automotive Component Recall insurance offering.

In this edition we share the latest recalls in:

- ▶ Food & beverage
- ▶ Allergens
- ▶ Microbiological
- ▶ Home & living
- ▶ Babies & kids

TRENDING
TOPICS

AUSTRALIA

What's new at Liberty?

Insurance cover for Automotive Component Recalls

Liberty understands the financial costs and stress of an automotive component recall and how quickly it can get out of control.

We have introduced our Automotive Component Product Recall insurance to help businesses insure against the risk and associated costs of a product recall.

Original Equipment Manufacturers (OEM) are increasingly shifting the costs and expenses of a recall to their suppliers through contractual obligations, and so a product recall can cause a heavy financial strain on automotive component manufacturers. Small to medium suppliers are most vulnerable to the financial impact of an OEM recall.

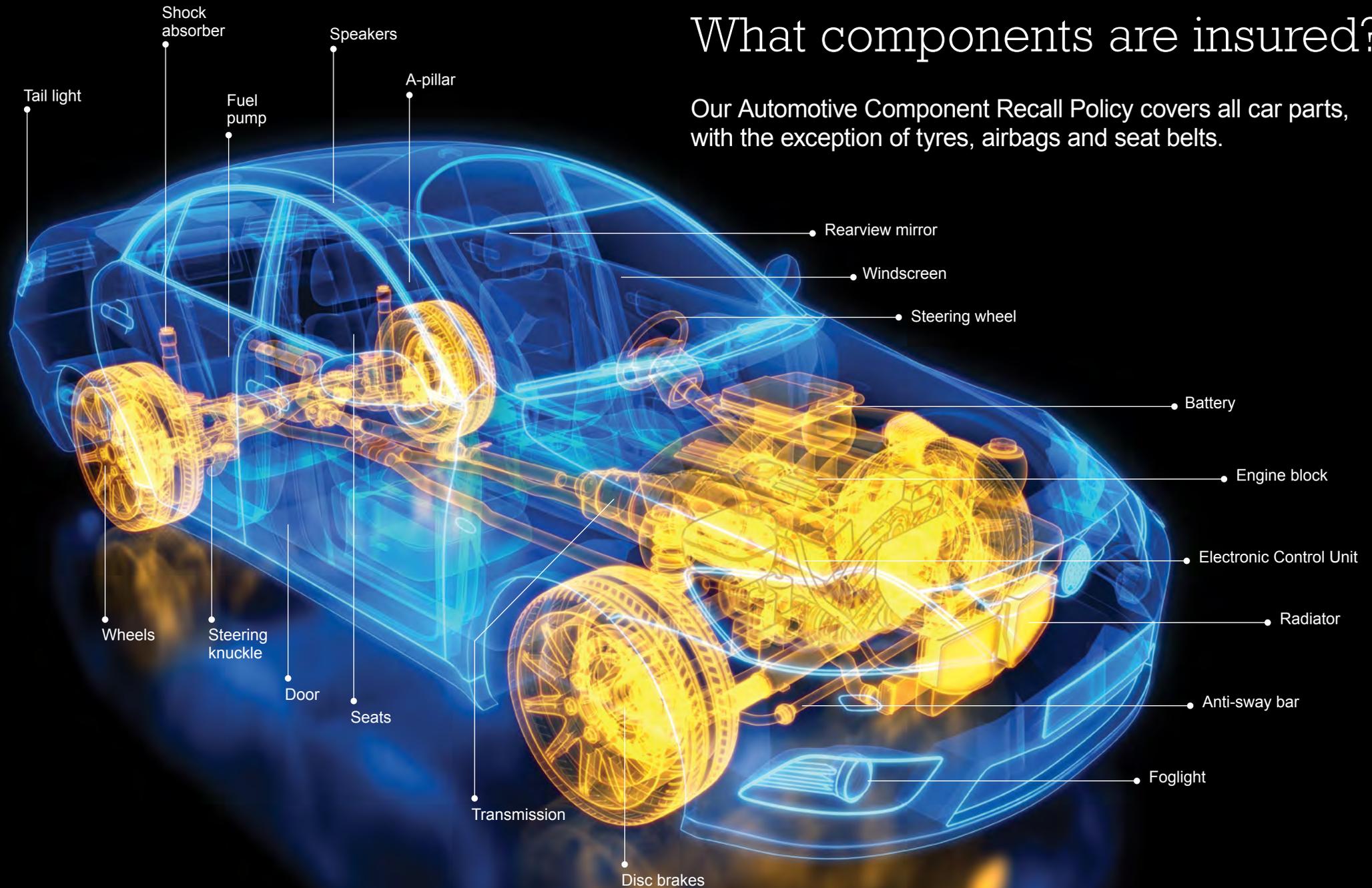
What are the costs associated with a recall event?

- ▶ Logistics and transportation costs to withdraw the product from the market
- ▶ Additional labour and staff costs
- ▶ Uninstallation and reinstallation costs
- ▶ Repair and replacement costs, including remanufacturing costs
- ▶ Product inspection costs
- ▶ Redistribution costs of restored products
- ▶ Public relations

All our policies come with Product Guarantee cover, which means that we can help to insure for some of the consequences of defective products that fail to perform their intended purpose. This is especially relevant for components that make up safety critical systems such as brakes, suspension, ADAS (Advanced Driver-Assistance Systems). Our Product Guarantee cover also extends to insuring non-safety related components where their functions are to increase the quality and comfort in a car. Examples are interior lighting, air-conditioning systems and car interior materials.

What components are insured?

Our Automotive Component Recall Policy covers all car parts, with the exception of tyres, airbags and seat belts.



What's been recalled this year in Australia

Food and beverage examples

13 January 2020 – Fruit roll ups

The recall is due to the presence of foreign matter (metal fragments). Food products containing metal fragments may cause injury if consumed.

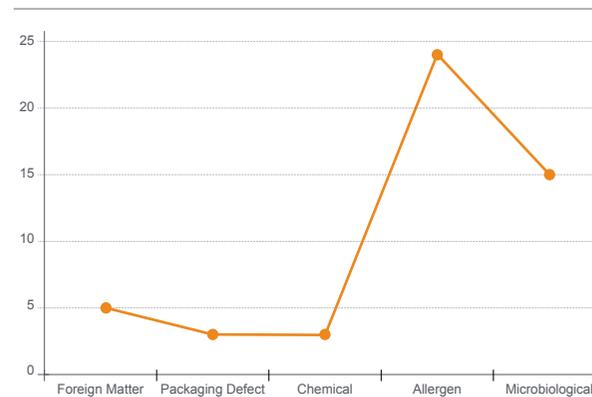
13 February 2020 – Lentils

The recall is due to the presence of foreign matter (small stones). Food products containing small stones may cause injury if consumed.

16 June 2020 – Bottled water

The recall is due to a packaging fault, there is potential for the top to snap off when the cap is removed. If the water's top snaps off when the cap is removed, this could result in a potential choking hazard.

Food and Beverage – Reasons for recalls
January to June 2020



Allergens

What allergens are causing recalls?

From 2010 to 2019 dairy was the most common cause, followed by peanuts, wheat/ gluten and finally tree nuts.

When someone has a food allergy, their immune system wrongly sees the food as hostile and the body's defence mechanism springs into action. This produces a range of symptoms which can vary from mild itching to severe breathing difficulties or even shock. These symptoms usually happen

immediately after eating the food. Read more about allergy intolerance at www.safefood.eu

Allergen recalls are predominately coming from processed foods, confectionary and baked foods. This is no surprise considering the large number of ingredients in processed products. The more ingredients, the harder it is to ensure they are free from potential allergens.

Australian population-based research has shown that up to 10% of infants have confirmed food allergies. Around 85% of children with an early allergy to foods – including eggs, cow's milk, wheat and soy – will develop tolerance to these foods by five years of age. Allergies to peanuts and tree nuts, on the other hand, are typically lifelong. Read more about allergy intolerance in children at data.growingupinaustralia.gov.au

Allergen examples

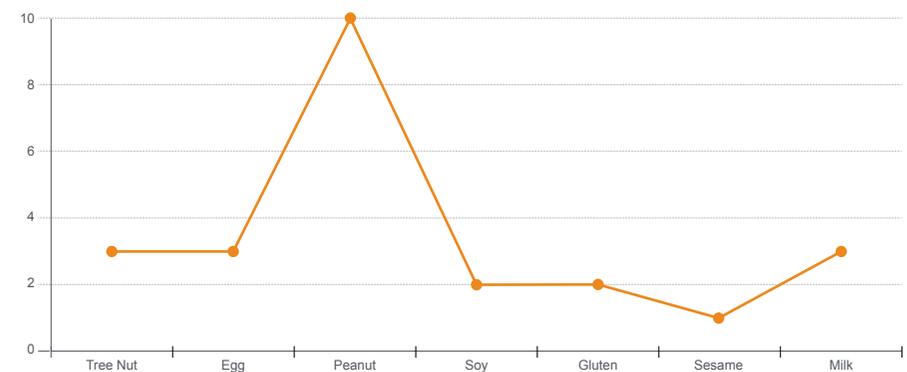
10 January 2020 – Basil and sun dried tomato pesto

The recall is due to the presence of an undeclared allergen (peanut). Consumers who have a peanut allergy or intolerance may have a reaction if the product is consumed.

31 May 2020 – Rice Puffs

The recall is due to the presence of undeclared allergens (wheat and soy). Consumers who have a wheat or soy allergy or intolerance may have a reaction if the product is consumed.

Allergens – Categories for recalls
January to June 2020



Microbiological contamination

Contamination is the next biggest threat

Microbiological contamination is the second largest cause of recalls.

The most common of these contaminations are *Listeria monocytogenes*, *Salmonella* and *Escherichia coli* (E.coli) – combined these account for 81% of all microbiological recalls. Given the right conditions, millions of bacteria can grow on common, everyday foods.

These conditions are:

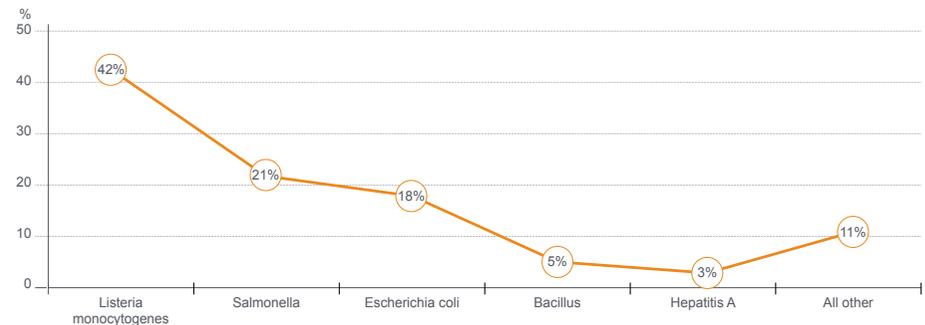
- ▶ Time – a single bacterium can multiply to over two million in just seven hours
- ▶ Warmth – the ‘danger zone’ temperatures at which bacteria grow best are between 5°C and 63°C
- ▶ Food – like any other living things, germs need food to grow. High-risk foods that bacteria love best include dairy products, meat, poultry, fish and shellfish
- ▶ Water – bacteria need moisture to grow. This includes moisture in ‘wet’ foods such as juicy meats, sandwich fillings, soups, sauces and dressings.

For a healthy adult the probability of getting sick from contaminated food is dependent on both the type and number of harmful microorganisms present in the food. For those who are susceptible, namely the very young, and those who are sick or pregnant,

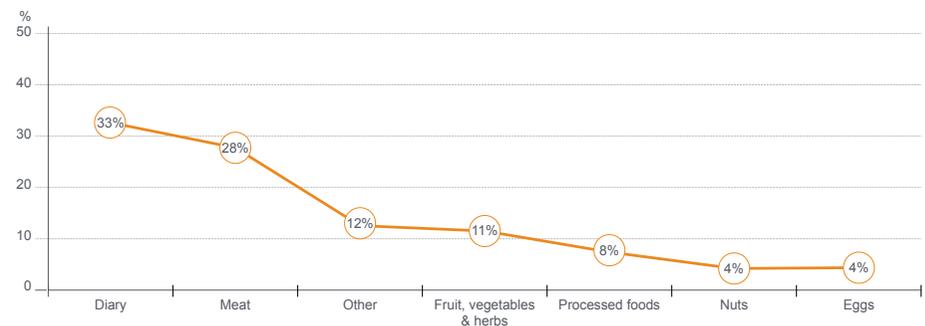
whose immune systems are less effective, lower numbers of microorganisms may cause illness.

Read more about microbiological food safety risks at www.safefood.eu

Causes of microbiological contamination recalls January to June 2020



Listeria, salmonella & e. coli – Products recalled January to June 2020



Microbiological examples

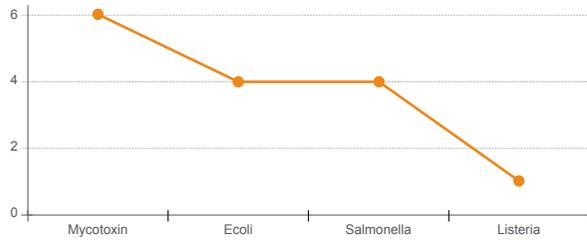
14 February 2020 – Full cream milk

The recall is due to microbial (E.coli) contamination. Food products contaminated with E.coli may cause illness if consumed.

24 March 2020 – Salad mix

The recall is due to microbial (Salmonella) contamination. Food products contaminated with Salmonella may cause illness if consumed.

Microbiological Contamination – Categories for recalls January to June 2020



Home and living examples

18 February 2020 – Facial cleansing brush

It has been identified that the charging component of the product may not be sealed properly and may allow water exposure, causing the increased risk of an electric shock.

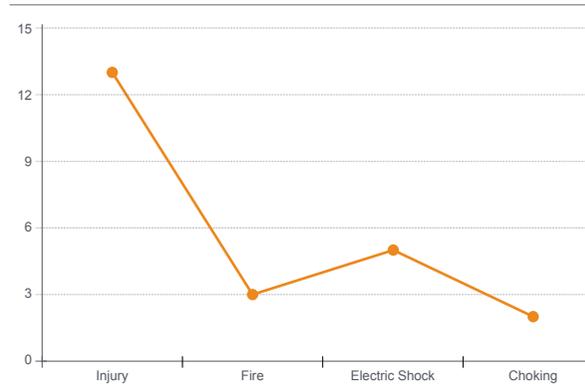
19 March 2020 – Handheld and stick vacuum cleaner

The battery inside the product may overheat during or after charging, which can result in a fire. If a fire occurs, there is a risk of serious injury to the user and other household occupants and damage to property.

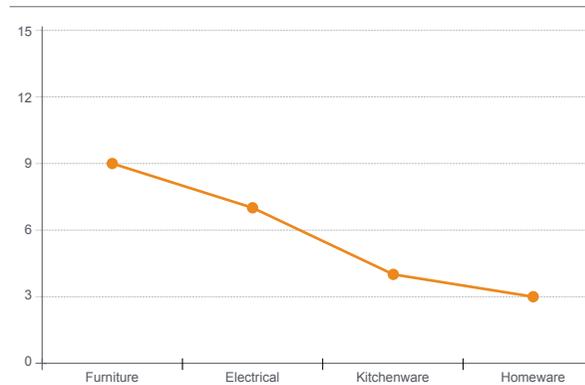
2 April 2020 – Food blender

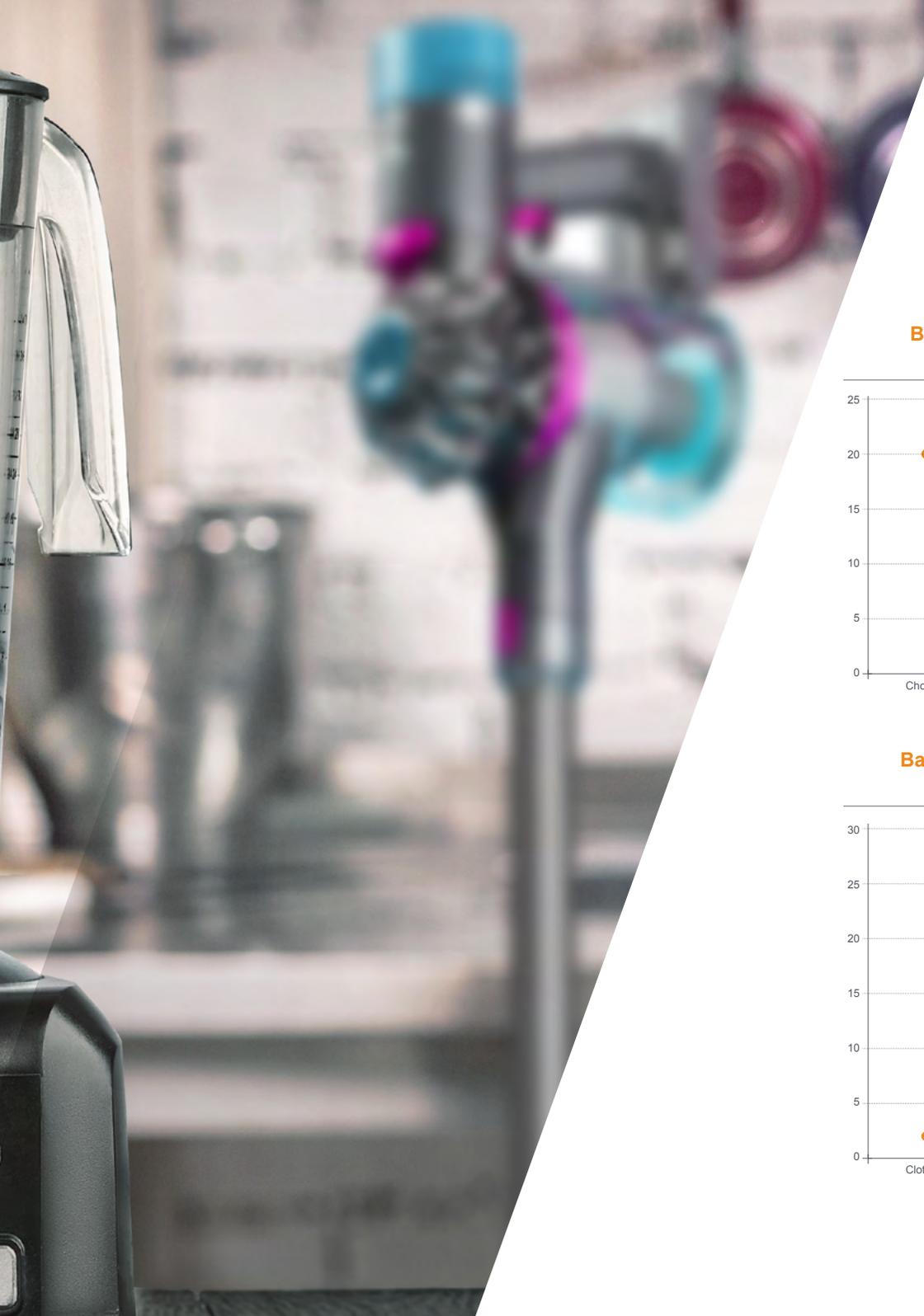
The glass jug can separate from the plastic base when the blender is in use, exposing dangerous rotating blades. Risk of serious injury including laceration.

Health and Lifestyle – Reasons for recalls
January to June 2020

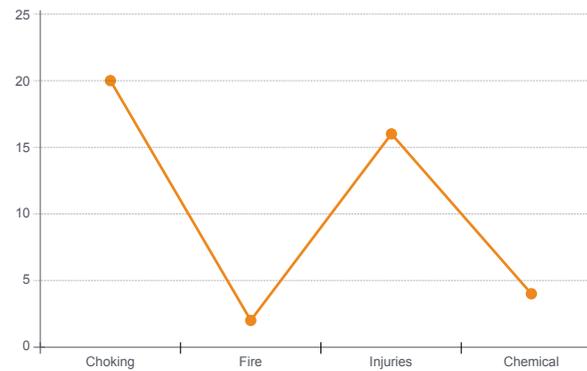


Health and Lifestyle – Categories for recalls
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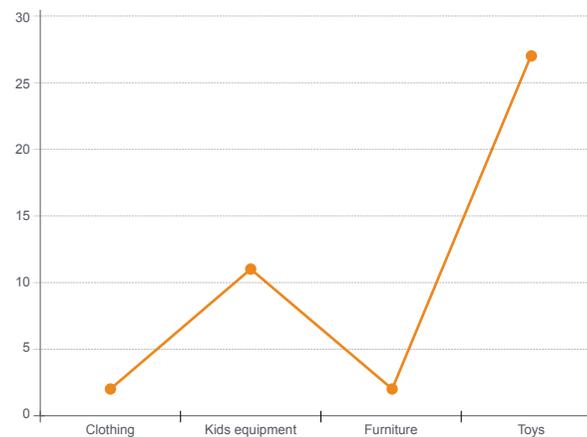




Babies and Kids – Reasons for recalls January to June 2020



Babies and Kids – Categories for recalls January to June 2020



Babies and kids

13 February 2020 – Toy plane

The product may break, releasing small parts. Small parts may pose a choking or suffocation hazard for young children.

24 February 2020 - Folding bed rail

The seam strength of the bed rail may not be sufficient and the fabric may tear with use. Risk of fall or entanglement if the fabric tears, resulting in a possible injury.

11 June 2020 - Folding trike

The waist strap is not permanently fixed, there is no tether strap, and there are incorrect warning labels. When used as a stroller to transport children, the product may cause injury to a child if the product rolls in an uncontrolled manner or if the child falls out of the product.



Contact us

If you're looking for more information on insuring the food and beverage industry, please get in touch with our specialist crisis management underwriters.

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☒ Meet our Crisis Management Team Members

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