



Contaminated Product Insurance

Could your client's business withstand the effects of product contamination or tamper, leading to a product recall?

Companies operating in the food and beverage industry are vulnerable to product contamination, tamper or extortion. Regardless of how sophisticated the food safety programme and quality management plans are, or how many precautions are taken, both accidental contaminations and product tampering can and do occur.

In some cases the problem may have a devastating effect on the company's reputation and financial viability, especially when the contamination has the potential to cause bodily injury, or affects a large volume of stock. A single incident and any subsequent media coverage can pose a significant threat to consumer confidence, hard-won retail space, important contracts, market share, brand credibility, reputation and profit.

AIG's Solution

AIG has developed an insurance solution that protects businesses from the potentially devastating effects of such incidents. Our comprehensive Contaminated Products Insurance ("CPI") cover provides the financial compensation and vital financial support for getting your business back on track.

Cash flow

The substantial costs of conducting a recall usually begin accruing just as cash flow suffers from the suspension of sales.

Our comprehensive cover is designed to meet the direct costs of a recall. This may include:

- initial product testing
- retrieval and reverse distribution of suspect stock
- destruction and disposal of faulty products
- additional human resources or storage space
- replacement or reworking of faulty product
- redistribution of new product

Preparation

Our clients have access to funded consultancy services (up to a pre-agreed limit) to help with loss prevention. This may include crisis planning or product recall simulation training, which can be conducted as part of a risk management programme to test the company's recall procedures.

Communication

Our CPI policy includes PR crisis consultancy services following an incident. This might be tactical communication advice, or hands-on drafting of a press release and other communications. Depending on the actual circumstances are, it may include communication with regulators, media, staff, suppliers, customers or investors.

Ability to act quickly

Our expert recall, food safety, security and PR consultants respond within hours to provide advice and assistance. All consultants are accessible by a single call to our 24/7 crisis response hotline.

Brand rebuilding

Following a recall, businesses need to turn to the expense of rehabilitation – and regaining precious market share. These costs could include maintaining staff salaries or perhaps overhauling the production environment to eliminate the source of the offending contamination.

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Policy Coverage

Our CPI policy covers you for the following possible events:

To meet rising demands businesses rely on mass production, diverse vendors and suppliers, as well as complex manufacturing processes. Product contamination and/or a defect can occur anywhere on the supply chain and is a prevalent risk for many organisations.

Malicious product tamper and product extortion can have significant consequences for a business. Disgruntled employees, political and social activism, sabotage and terrorism can all potentially result in intentional contamination of products. Having a robust plan in place is critical.

Accidental Contamination

Accidental or unintentional contamination, impairment or mislabelling of your insured product which occurs during production, packaging or distribution, that would result in property damage or bodily injury.

Malicious Product Tampering

An actual, alleged or threatened malicious and wrongful alteration or contamination of your insured product to render it unfit or dangerous for use (or to create such impression to the public).

Reported Contamination

False reporting of an alleged, but not actual, accidental contamination in the media or a government publication where your insured product is specifically named.

Intentionally Impaired Ingredients

Contamination or impairment of your insured product which occurs as a result of an ingredient supplied to you by a third party, provided that such contamination was intentional and wrongful (but not malicious).

Government Recall

An accidental contamination of your insured product that causes it to be injurious to health or unfit for human consumption, resulting in an official recall order by authorities.

Product Extortion

Malicious product tampering involving a demand for monies.



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Covered Losses

The following costs can be included under the policy:

Recall Costs

Withdrawal, destruction, inspection, advertising, extra labour, additional warehouse expense.

Business Interruption

Loss of gross profit and expenses incurred following an insured event.

Third Party Recall Costs

Costs incurred by a third party to recall where your insured product is an ingredient in their product.

Rehabilitation Expenses

Costs involved to re-establish product sales to estimated pre incident levels.

Consultant Costs

Costs associated with specialist recall/crisis consultants to provide expert advice and guidance in the event of an incident.

Product Extortion Costs

Ransom monies, negotiation costs, loan interest, increased security.

Replacement Costs

Restore or replace affected product.

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