

Product Contamination Insurance

Food and drink, cosmetics, pharmaceuticals, tobacco products, packers and distributors are susceptible to product contamination. This can be either accidental or deliberate - through malicious product tampering. Such incidents are increasingly common. When they occur they can attract media interest with potentially disastrous impact on the public's confidence in the affected product or brand.

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Considerable costs can be incurred in recalling, replacing or destroying the contaminated product, and in rebuilding confidence. However the long term costs, eg loss of profits, brand rehabilitation and the loss of a major customer, are even more substantial and will hit the company's balance sheet.

Contaminated Products Insurance provides cover for recall costs, loss of gross profits and rehabilitation costs following either accidental or malicious contamination (whether actual or threatened). Adverse publicity and governmental recall are additional triggers which have recently been introduced and will be automatically included, subject to the geography the insurance product is provided for.

Crisis management planning and loss prevention services are also available and will be partly funded by the insurance contract. Specialty response consultants will be made available to contain and manage the incidents on behalf of the Insured.

Coverage

The programme comprises four parts:

1. Accidental contamination
2. Malicious product tampering
3. Governmental recall
4. Product extortion

1. Accidental contamination

Any accidental or unintentional contamination, impairment or mislabelling, or any adverse publicity implying such, which occurs during or as a result of its production, preparation, manufacture, processing, blending, mixing, compounding, packaging or distribution.

The bodily injury trigger is the critical factor determining a covered loss.

2. Malicious product tampering

Any actual, alleged or threatened, intentional, malicious, and wrongful alteration or contamination of the Insured Product(s) by any person, whether or not by an employee of the Insured, so as to render it unfit or dangerous for its intended use or consumption or to create such impression to the public.

3. Governmental recall

Any official recall order issued by the competent authorities in order to comply with regulations on food safety; or a recall order by the competent authorities in order to comply with regulations on food safety is imminent.

Again, the bodily injury trigger is the critical factor determining a covered loss.

4. Product extortion

Any threat or connected series of threats to commit a Malicious Product Tampering that is communicated to the Insured for the purpose of demanding cash, monetary instruments, property or services.

Coverage components

- Recall costs (first and third party)
- All reasonable expenses to inspect, withdraw, destroy, and replace the product
- Interaction losses
- Business interruption (lost gross profit)
- Rehabilitation costs
- Consultancy costs (no deductible applies)
- Adverse publicity

Options

- Third party recall liability coverage
- Restaurant wording
- Preparation of crisis management plans

Client profile

Companies from the following industry sectors:

- Food & Beverage
- Tobacco
- Cosmetics/Pharmaceuticals
- Restaurant Chains/Fast food chains

Risk information

In order to evaluate insurability and premium assessment some details on the risk are required such as:

- Revenue of the Insured and product lines
- Packaging
- Claim Experience
- Crisis Plans/Recall Plans/Quality Management

Capacity

- Up to €200 million

Aon Contact

Christof Bentele
Global Managing Director
t +44 (0)20 7216 3759
e christof.bentele@aon.co.uk

Niclas Graf von Bernstorff
Placing Broker
t +44 (0)20 7086 0877
e niclas.graf.von.bernstorff1@aon.co.uk