

Product Recall / Contamination Insurance



BANKRUPTCY... THE DIFFERENCE BETWEEN THE INSURED AND THE UNINSURED

Product contamination claims and product recalls can bankrupt an uninsured company virtually overnight. The exposure to financial loss is rising at an alarming rate worldwide and especially in the USA where food contamination recalls are averaging 25 incidents per week. Financial loss resulting from product contamination incidents can be in the millions of dollars.

WHAT IS A RECALL?

A recall is the action taken by a firm to remove or withdraw a product from the market because it has caused, or has the likely potential to cause, bodily injury or property damage as a result of normal use or exposure.

Who's At Risk?

- Food and Beverage Processors/Manufacturers
- Farmers/Growers
- Livestock operations - Meat packers
- Distributors - Retailers
- Packagers - Labelers
- Food and Beverage Importers

MORE RISK THAN EVER

FOOD SAFETY MODERNIZATION ACT - The newly enacted Food Safety Modernization Act gives the government broader and far-reaching oversight in dealing with incidents of food safety and suspected contamination.

The \$1.4 Billion bill will:

- Permit the FDA to order recalls of food items that may be contaminated. No such requirement had existed previously – recalls could be recommended but not mandated.
- Permit increased numbers of inspections of food and beverage processing facilities including agricultural production sites
- Permit the FDA to establish new and more rigid safety standards for growers and food and beverage producers
- Permit the FDA to require certain processors and manufacturers to register with regulators
- Permit the FDA to require processors/manufacturers to initiate and file production safety plans and recall protocols

Under this new legislation the scrutiny of growers, processors and manufacturers of food and beverage products will be elevated and will likely result in significantly increased numbers of recalls.

PROTECTION FROM CATASTROPHIC LOSS

Product Recall/Contamination Insurance, not to be confused with Product Liability Insurance, protects the insured against losses incurred through:

Accidental Product Contamination · Malicious Product Contamination · Product Extortion

Covered Costs*

- Communications Announcing a Recall
- Product Testing and Temporary Storage
- Transportation and Other Costs of Product Withdrawal
- Product Disposal - Overtime Wages and Extra Help Salaries
- Brand Rehabilitation - Loss of Gross Revenue
- Public Relations Campaign
- Crisis Response Consultancy Fees
- Product Redistribution and Replacement
- Shelf Slotting and Advertising Cancellation Fees

*(Policy wordings vary from carrier to carrier. Not all companies provide the same coverages and coverage may be subject to sub-limits.)

CRISIS MANAGEMENT SERVICES

A crucial component of PR/PC Insurance.

- Notify and coordinate forensic and testing specialists
- Investigation – confirm recall is needed
- Crisis team assembly
- Arrange for additional consulting specialists
- Assist in and guide media announcements and communications
- Regulatory liaison
- Post incident assistance

These services are usually included in the premium. Other services, such as procedural reviews, crisis simulation, recall and HAACP plan review, mock recall, microbiological risk assessment and training can usually be purchased as fee for service.

Cooper & McCloskey is an independent, California based insurance brokerage firm that specializes in Product Recall and Contamination Insurance for agricultural, food and beverage clients throughout the Western States. CMI doesn't compete with the insureds insurance broker, we partner with them by providing them with the greatest access to Product Recall and Contamination Insurance.



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