

# **PRODUCT RECALL PLANNING AND PREPARATION FROM AN INSURER'S PERSPECTIVE**

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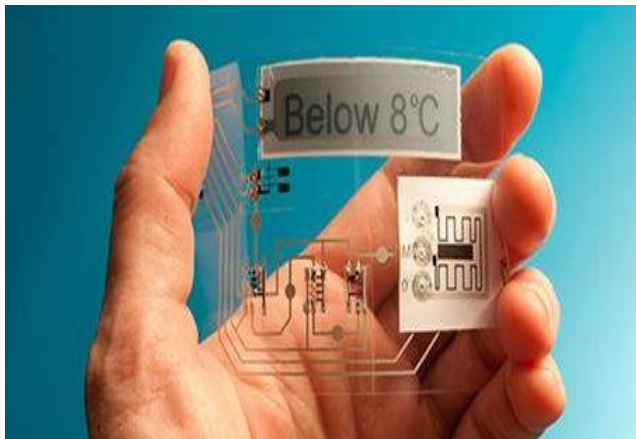


## **Product Recall planning and preparation from an Insurer's perspective**

- **How does an Insurer assess the readiness of a food & beverage industry company for a crisis recall event**
- **How can an Insurer assist companies both pre and post such an event?**
- **What is the extent of coverage provided by the Insurance market today?"**
- **What is the true cost to a client of a Crisis event?**

## Emerging issues for Insurers

- **The rise of Social Media and impact on Adverse Publicity coverage**
- **Geo political factors- Government Intervention, Political Radicalism/Activism**
- **3D Printing**
- **GM Foods**
- **Endocrine Disruptors**
- **Packaging Technology , Biosensors**
- **Food Fraud**
- **Global Regulatory Environment**



## Recall readiness- Underwriting Factors

- **Does the client make finished products, ingredients or a combination of the two?**
- **Quality Assurance & HACCP**
- **Batch Coding & Traceability**
- **Food Safety Certification**
- **Suppliers Risk Management/Supply Chain integration**
- **Management of subcontractors/contract manufacturers**
- **Number of Product Lines/Product diversification**
- **Geographical spread of risk**
- **Processing or Packaging technology used**
- **MPT- high profile risk /tamper evident packaging**
- **Recall incident and claims history- Client response events**



## How can an Insurer assist companies both pre and post such an event?

- **Access to independent Food Safety / Public Relations / Extortion Consultants to help plan & validate/test recall plans**
- **Training & Recall Simulations**
- **Assistance in assessment of Product Liability & Contamination risk**
- **Site visits can provide a further source of support & validation of a company's food safety management**
- **24 hour Crisis Hot Line**
- **Can support company's own resource post incident in successfully negotiating a crisis event and mitigating its extent & cost**
- **Claims Expertise**
- **Validation of action plans taken to minimise or prevent re-occurrence**



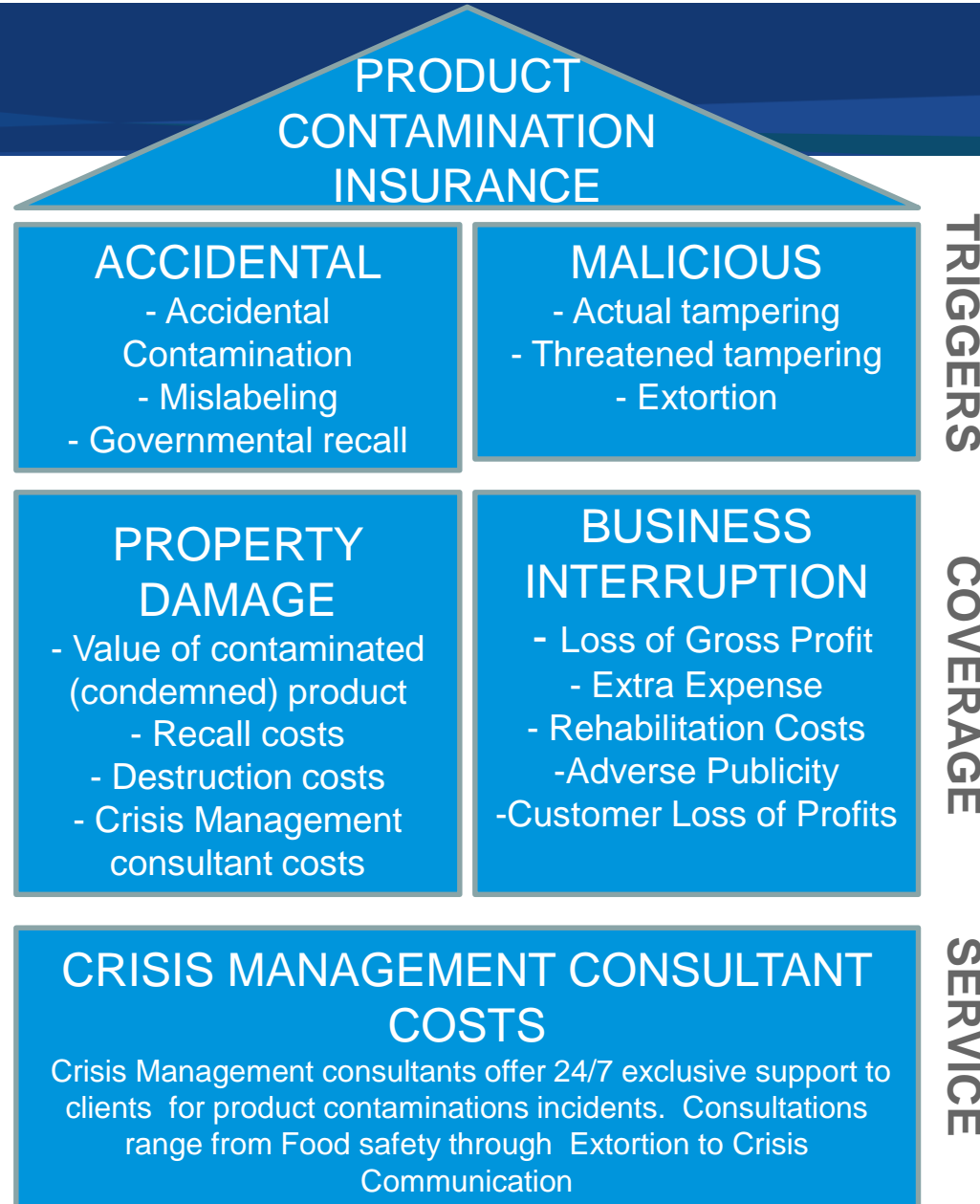
## What is the extent of coverage provided by the Insurance market today?

- **Throughout EMEA, insurance markets typically offer the following options:**
- **Recall Costs only cover ( usually with some Consultant Costs cover) embedded within Public & Products Liability insurance product**
- **Stand alone Contaminated Product Insurance for the Food & Beverage Industry**
- **Wordings are very broad and high profile claims have led to litigation around intent and extent of certain policy coverage**
- **Common exclusions are GMO, Carcinogens, BSE/CJD, Counterfeit Products, Growing Crops, Design Error**

## CPI insurance

- **Is a predominantly a first party coverage, which means that the company will be covered for its own losses**
- **The Insurer pays the insured's directly**
- **Includes some elements of third party liability coverage, but this is often sub-limited**
- **May vary from country to country to conform with the local market**
- **Should be a "catastrophe loss" insurance, meaning that it is not meant to provide coverage for small incident.**
- **The goal is to avoid covering the ordinary incidents that would occur during the manufacturing process and can be easily absorbed by the client as operating expense**

# CPI insurance



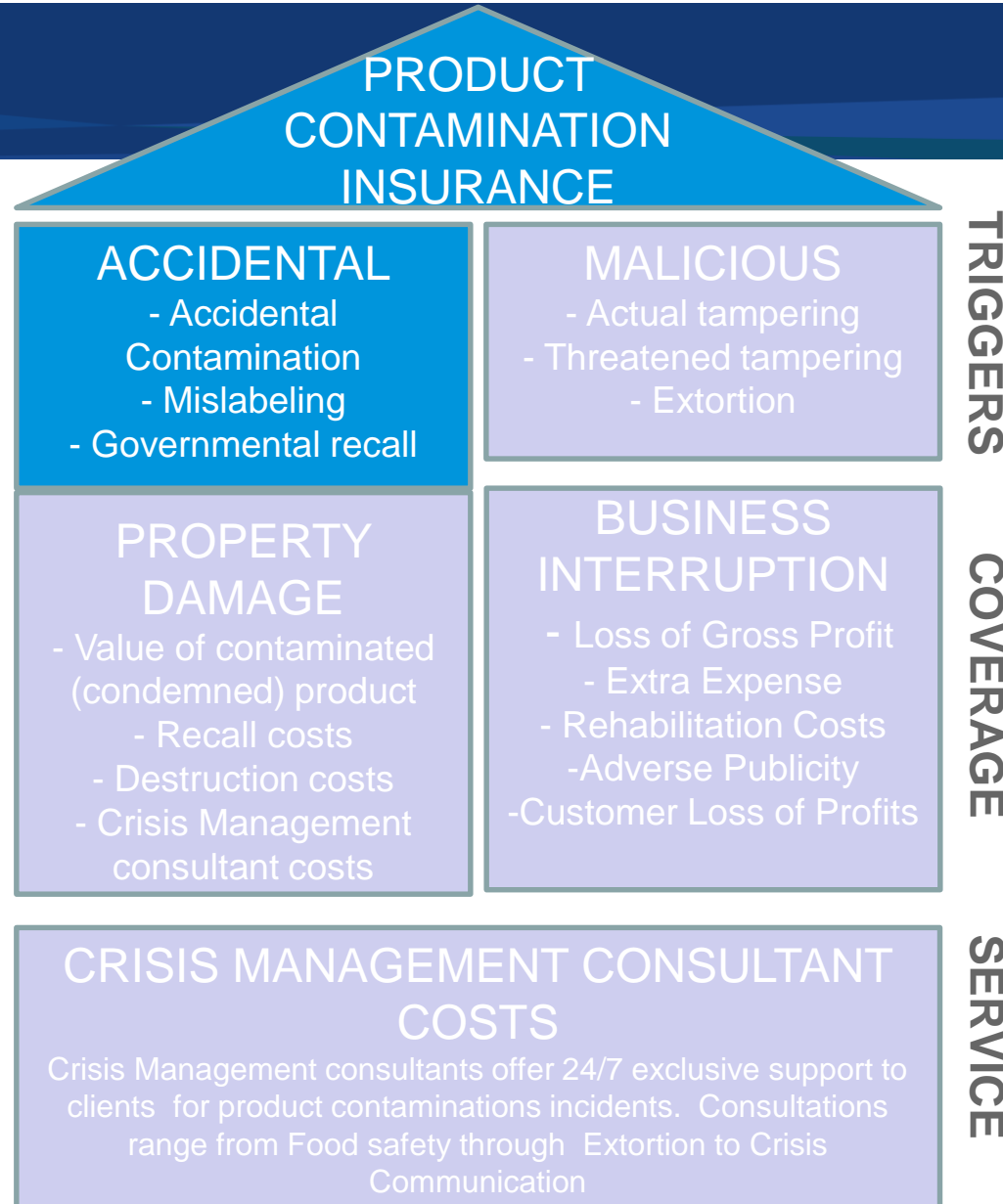
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COVERAGE

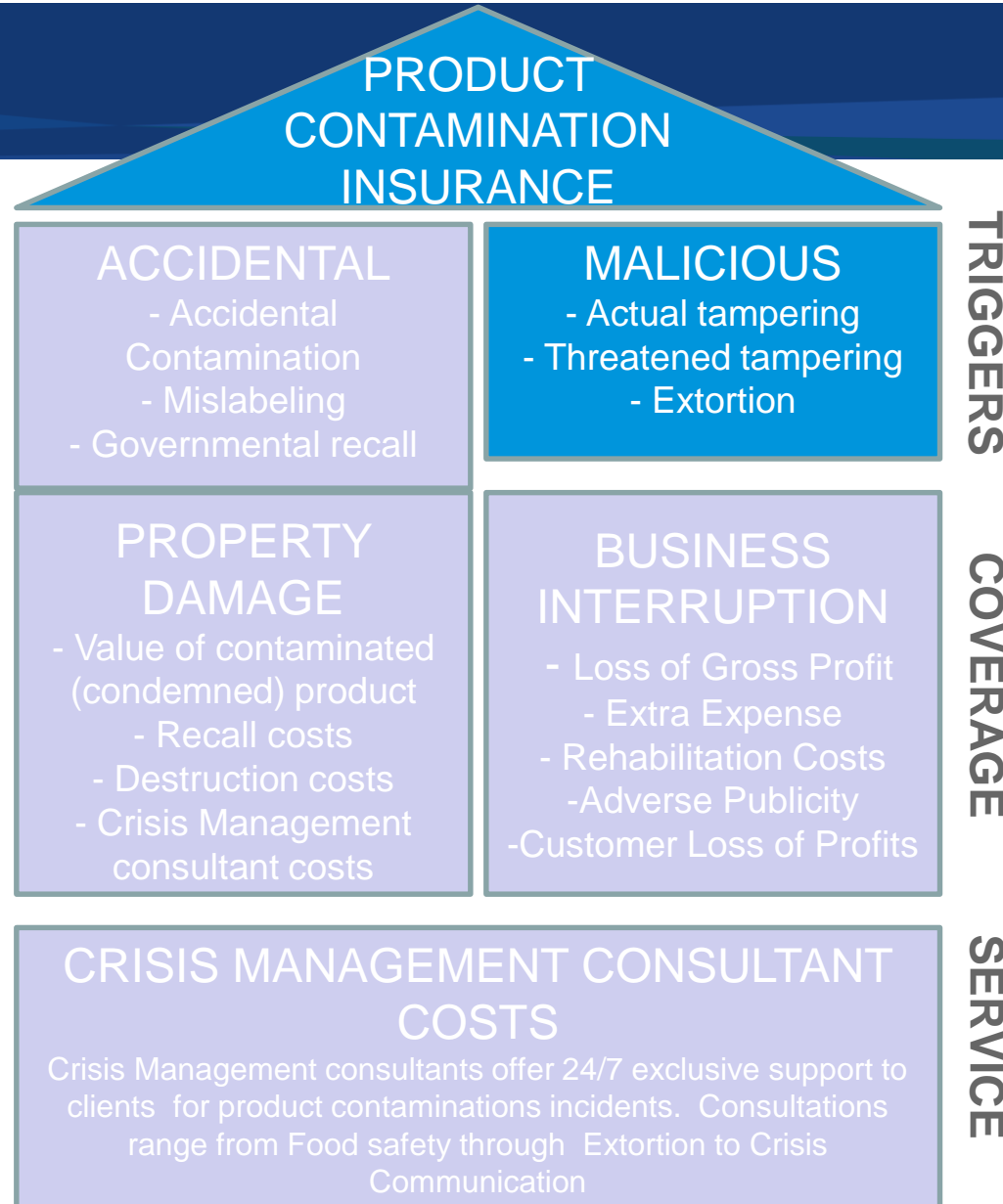
SERVICE



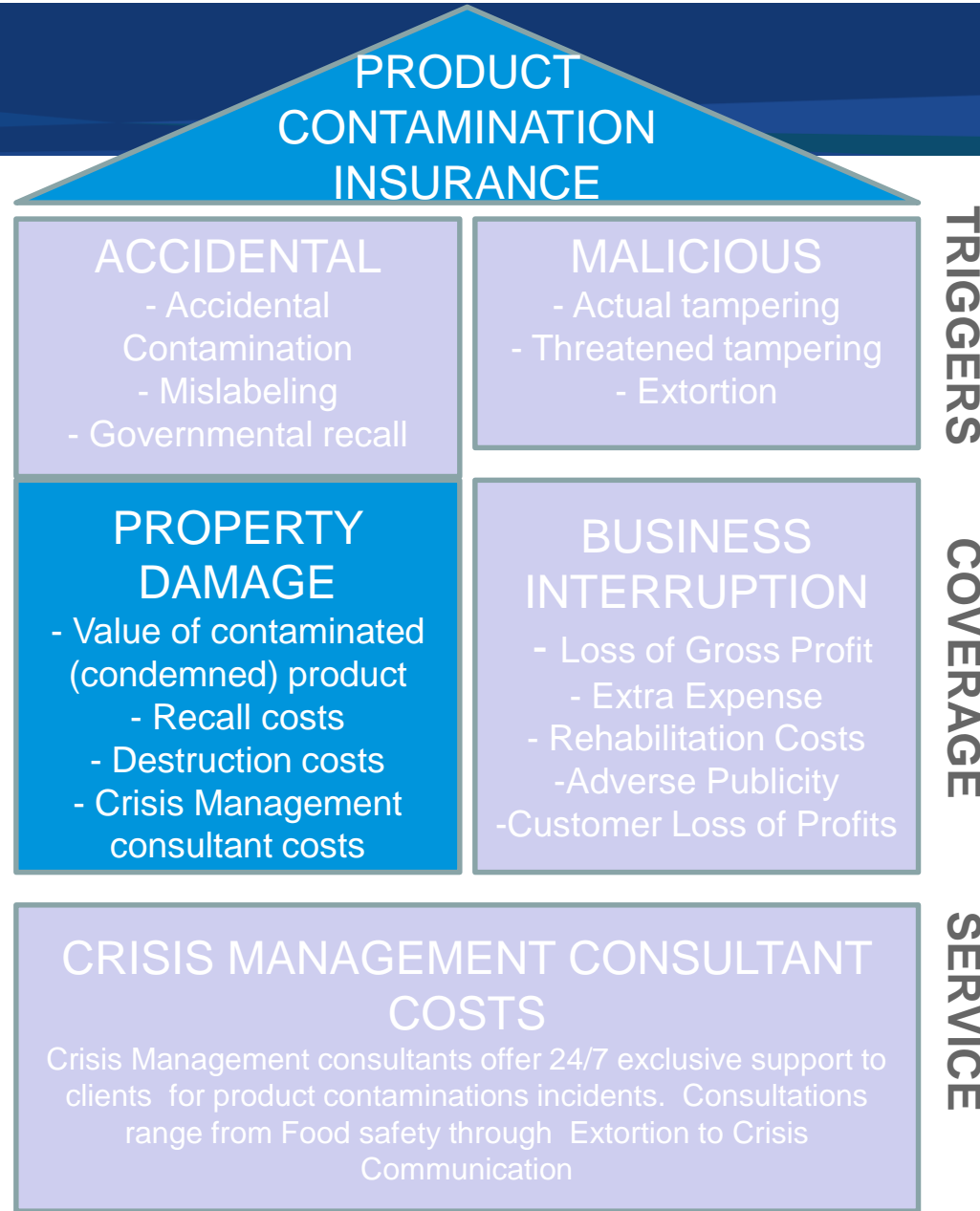
# CPI insurance



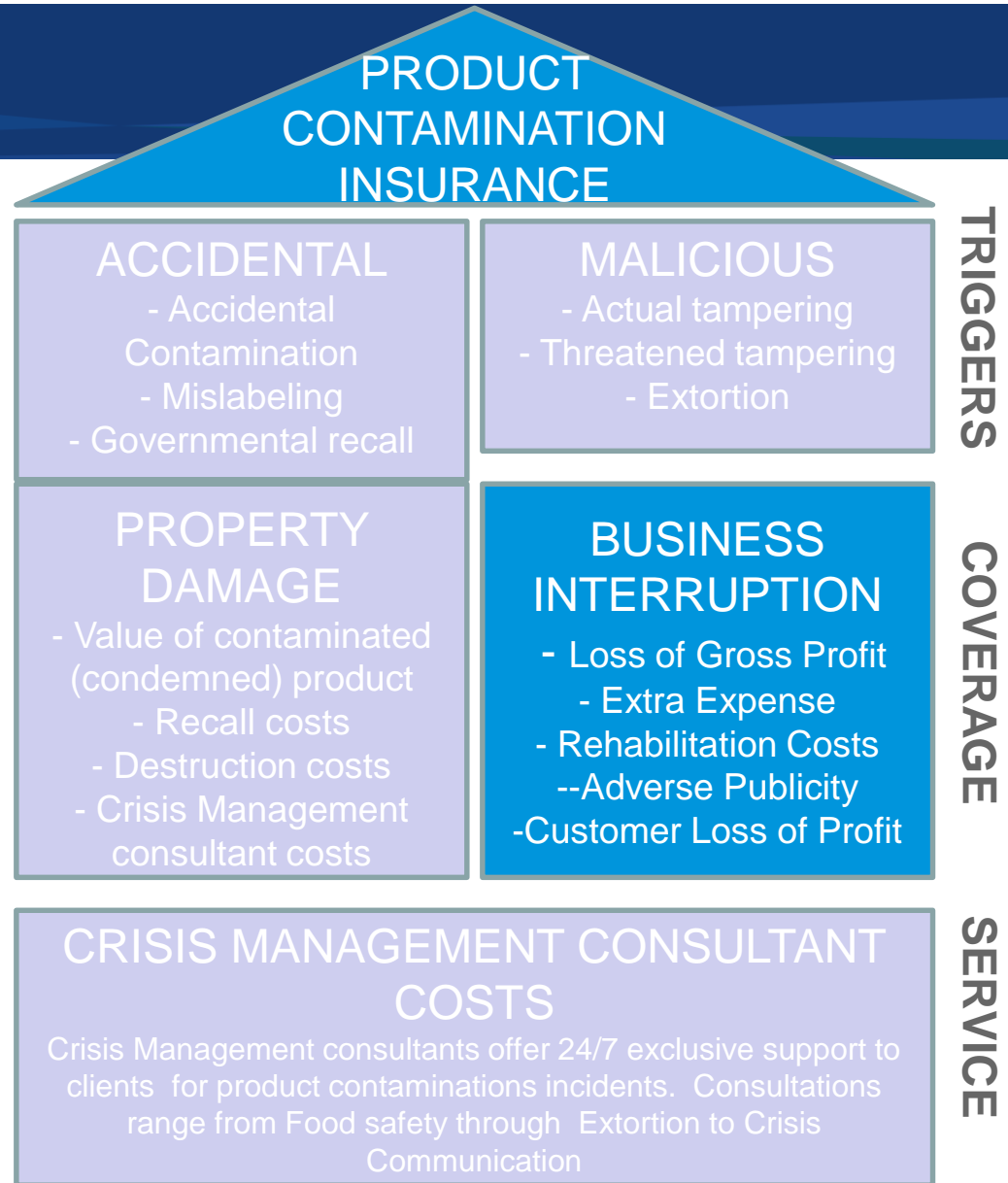
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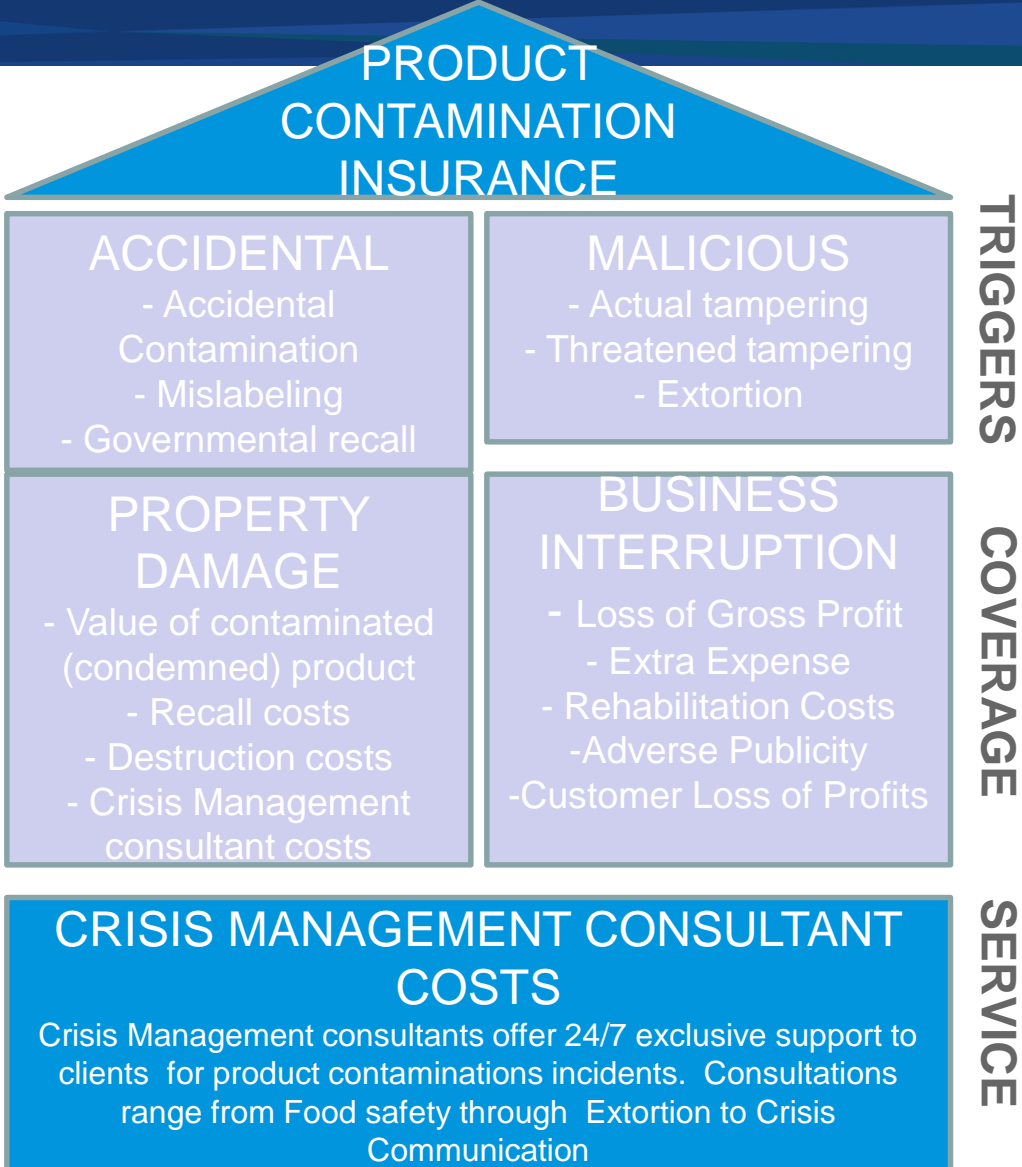


TRIGGERS

COVERAGE

SERVICE

# CPI insurance



## What is the true cost to a client of a Crisis event?

- **Insurance markets do not provide coverage for all costs of a recall event**
- **How do clients assess their true exposure to loss?**
- **What is their strategy to ensure they can survive not just frequency and larger losses but the true catastrophic loss ?**
- <https://www.youtube.com/watch?v=E7hUW76vUAW>
- <https://www.youtube.com/watch?v=zLcwFH6G8rU&feature=youtu.be>

**Thank You for listening.  
Questions?**