

At a
Glance

August
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Contaminated Products Insurance



No matter what its size, industry, location or reputation, a company will be affected if it does not manage a product contamination well by proactively managing their contamination risks prior to an incident. Product contamination can be either accidental, or deliberate through malicious product tampering with incidents becoming increasingly common. When they occur they can tarnish a company's brand name and their profitability.

Standard & Poor's

AA

(Very Strong), reaffirmed
Feb 2015

A.M.Best

A+

(Superior), reaffirmed
Aug 2015

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Allianz Global Corporate & Specialty helps clients to evaluate their insurance and risk management with regard to the risk of product contamination. With the help of Allianz Risk Consulting and in partnership with the crisis management assistance company red24 we can offer a full range of crisis management planning, loss prevention and incident response services.

red24assist, red24's Product Safety and Recall business unit, provides a range of worldwide crisis support services. Their consultants possess a wealth of expertise so clients can get the best possible assistance to prevent or respond effectively to a crisis. red24's services have been developed to help clients assess and mitigate risks across their organisation with a range of procedural review, training and auditing services.

A 24/7 crisis support service is available to provide immediate support in the event that a client experiences a product related issue. A team of over 85 worldwide specialists, who are experts in their respective fields, will advise and support the technical, legal / regulatory and communications considerations required to deal with the issue.

The cost in recalling, replacing or destroying a contaminated product can be substantial, coupled with the cost in restoring confidence. 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 government recall will also be included, subject to assessment of the risk and geography the insurance product is provided for.

Food and Beverage,
Cosmetics,
Pharmaceuticals,
Tobacco Products,
Packers and Distributors
are all vulnerable to
product contamination.

Coverage

The programme covers up to six parts

1. Accidental Contamination
2. Malicious Product Tamper
3. Adverse Publicity
4. Government Recall
5. Intentionally Impaired Ingredients
6. Product Extortion

1. Accidental Contamination

Any accidental or unintentional contamination, impairment or mislabelling of an insured product(s), which occurs during or as a result of its production, preparation, manufacture, packaging or distribution.

2. Malicious Product Tamper

Any actual, alleged or threatened intentional, malicious and wrongful alteration or contamination of the insured product(s), whether or not by an employee of the insured, with the intention to render it unfit or dangerous for its intended use or consumption or to create such impression to the public.

3. Adverse Publicity

The reporting of an alleged but not actual accidental contamination or malicious product tamper during the period of insurance in local regional or national (including but not limited to radio, television, newspapers, magazines or the internet) or any governmental publication provided that the insured product is specifically mentioned.

4. Government Recall

Any accidental or unintentional contamination, impairment or mislabelling of an insured product(s) which occurs during or as a result of its production, preparation, manufacture, packaging or distribution and has been deemed by a competent authority to be unfit for human consumption by reason of being injurious to health and has resulted in a recall such insured product by such authority in compliance with regulations on food safety.

5. Intentionally Impaired Ingredients

Any contamination or impairment of an insured product(s), which occurs as a result of an ingredient supplied to the insured by a third party where such contamination or impairment was intentional or wrongful but not malicious. Provided that such contamination or impairment renders the insured product unfit or dangerous for its intended use or consumption.

6. Product Extortion

Any threat or series of connected threats to commit malicious product tamper for the purpose of demanding extortion money, or other financial or material gain, communicated to the named insured.

Coverage Components and Optional Extensions

- Recall costs (First and Third Party)
- All reasonable expenses to inspect, withdraw, destroy and replace the product
- Business Interruption (loss of gross profit)
- Rehabilitation costs
- Consultancy costs
- Third Party Recall Liability
- Customer loss of profits
- Unsubstantiated recall costs
- Preparation of crisis management plans

Specialised policies

- Bespoke programmes for certain Food and Beverage sectors
- Contamination programmes for Water Utility Companies

Client Profile

Companies from the following industry sectors

- Consumer Goods
- Cosmetics
- Food and Beverage
- Pharmaceuticals
- Retailers/Supermarkets
- Tobacco

Risk Prevention Services

- Crisis management plans development
- Crisis simulation exercises
- Risk assessments
- Program review and development

Crisis support

- Product recall and traceability
- Product testing
- Legal support
- Crisis Team support
- Crisis communications
- Technical product expertise
- Malicious product tampering investigations and support