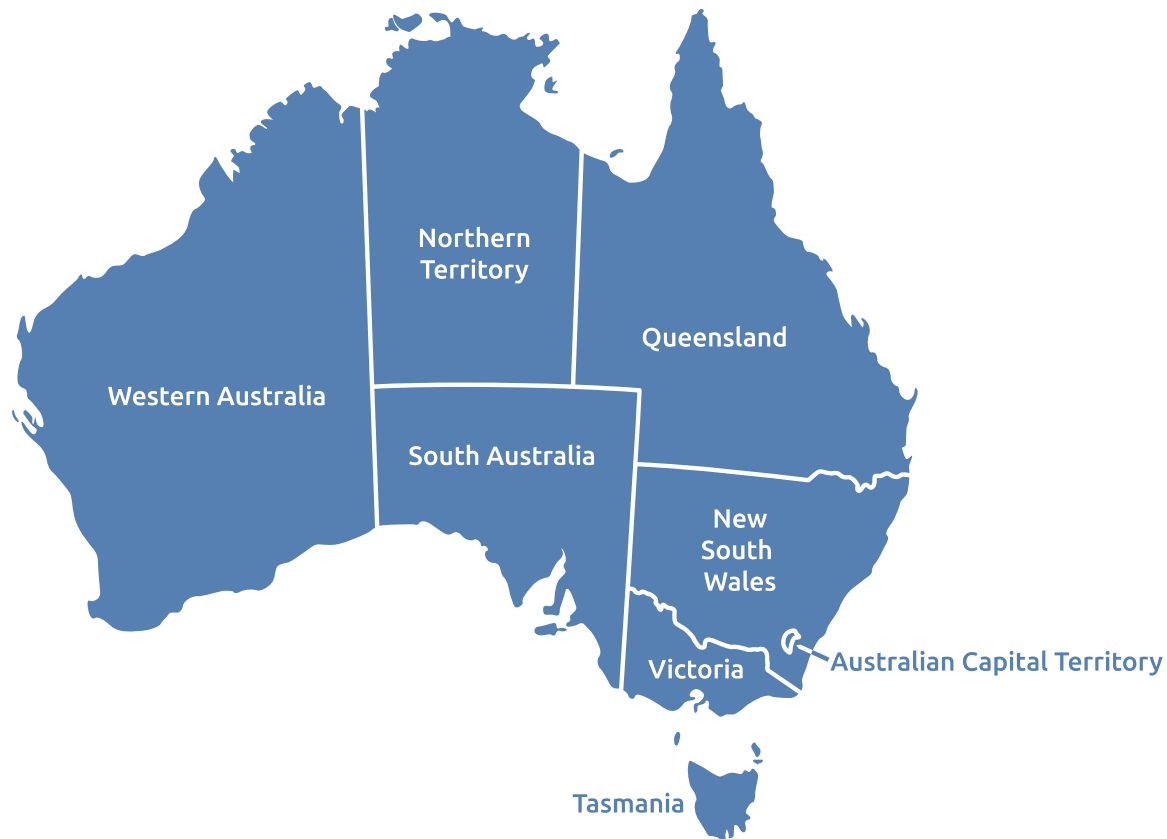




PRODUCT RECALL

AUSTRALIA
JANUARY to JUNE 2017



Home and Living



Food and Grocery



Allergen



Babies and Kids



Health and Lifestyle

What's new

Does your client have uninsured Product Recall exposures?

The most common misconception regarding product recall insurance is that it is covered under a public and products liability policy.

We have seen many examples where recall expenses offered by standard Product Liability Insurance policies cover less than 5% of a client's loss arising from a recall incident.

The substantial differences between the coverage provided by a standard Product Liability Insurance policy with recall expenses cover and LIU's Product Recall suite of products are outlined below

Cover	Product Recall policy
Recall costs	✓
Third party recall costs	✓
Replacement costs	✓
Rehabilitation expenses	✓
Business interruption	✓
Statutory fines and penalties	✓
Consultants and advisor costs	✓

The actual recall cost of an incident are most often the smallest costs incurred as a result of a recall. The expensive items usually include replacing the product and loss of profits.

The table below sets out the typical split of losses that we see in a recall incident:

Covered Loss	% of cost
Recall costs (including advertising, transport and destruction)	5%
Retailers recall costs	31%
Replacement	21%
Loss of profit	37%
Rehabilitation expense	6%

Product Recalls are highly emotional and can be catastrophic to a business if they are not handled correctly. LIU's suite of product recall policies not only offer the financial protection to the client in the event of an incident they also offer specialised consultants who can assist in the event of a crisis. Combined with locally based claims specialist who understand the complex nature of these claims, your client will have the protection that they require in the event of an incident.



Home and Living

Recalls due to fire and electric shock account for nearly half of the total recalls in this category. Some recent examples include:

30th May, 2017 - Ceiling fans

Conductive parts of the fan may not be effectively earthed, as the motor cover was not manufactured to specifications. In some instances the earth connection from the motor housing does not continue to the motor shaft. A potential electric shock could occur if a live wire were to come into contact with exposed unearthed metal parts.

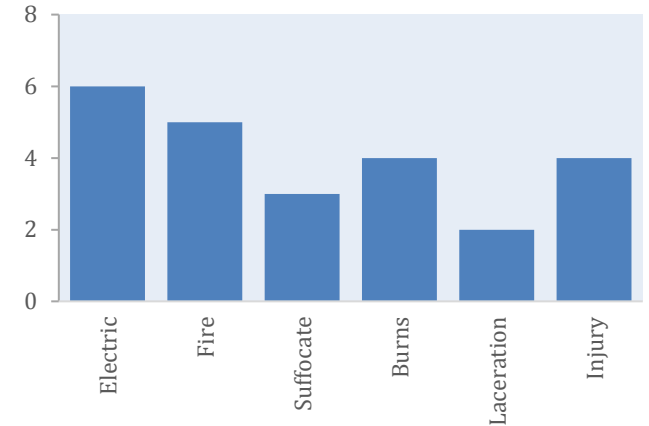
5th May, 2017 - Oil column heaters

A manufacturing defect may cause the heater to rupture when turned on allowing hot oil to leak or spray out. There is a risk of fire, scalding or burns from contacting hot oil.

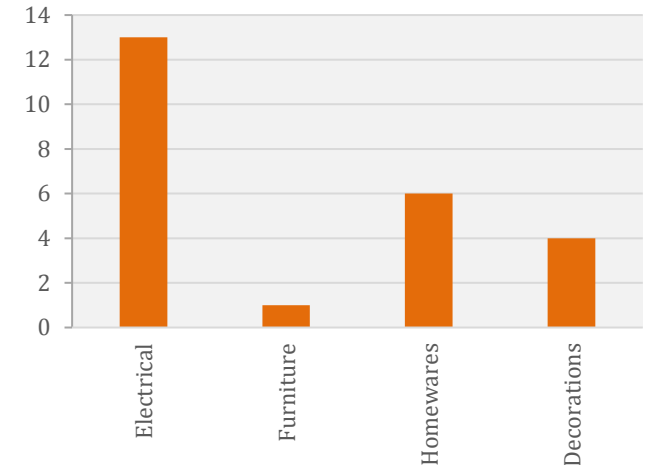
27th February, 2017 - Wireless door chimes

The back cover of the receiver unit may detach from the front cover exposing live parts. There is a risk of electric shock

Home and Living reasons for recalls –
1st January, 2017 to 30th June, 2017



Home and Living category of recalls





Food and Grocery

Recalls due to allergens account for nearly half of the total recalls in the food and grocery category. Some recent examples include:

21st June, 2017 - A Cookies 'n' Crème chocolate block

Presence of an undeclared allergen (wheat/gluten) and possible presence of almonds, which are not declared in the allergen statement. Consumers with a wheat/gluten allergy or intolerance or an almond allergy or intolerance may have a reaction if this product is consumed.

30th May, 2017 - Hot smoked salmon

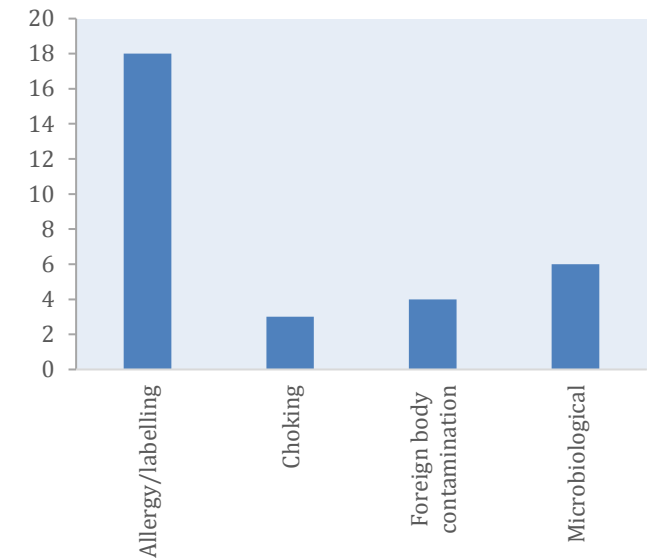
Microbial contamination (*Listeria monocytogenes*).

Listeria may cause illness in pregnant women and their unborn babies, the elderly and people with low immune systems.

9th January, 2017 - Golden crunch hash browns

The recall is due to the presence of foreign matter contamination (small blue plastic pieces). Food products containing small pieces of plastic may cause injury if consumed.

Food and Grocery reasons for recalls –
1st January, 2017 to 30th June, 2017





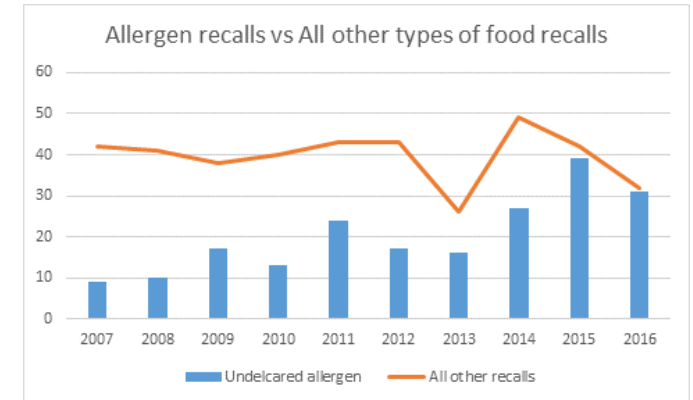
Allergens

The presence of allergens is the most common reason for triggering a product recall in Australia and data shows a disturbing trend. This trend is occurring at the same time as an increase in the number of allergen susceptible individuals.

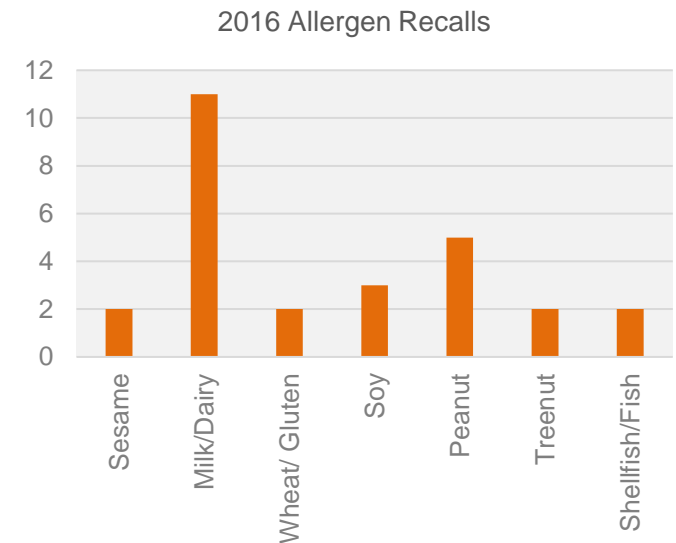
Recently released figures by the Australian Bureau of Statistics reveal that almost 4 million people in Australia reported avoiding a food type because of allergy or intolerance. Of those, about 560,000 were children aged between 2 and 18 years. In this group, girls were more likely than boys to be susceptible. The Australasian Society of Clinical Immunology and Allergy (ASCI) reports that food allergy occurs in around 1 in 20 children and in about 2 in 100 adults.

Over the last 10 years there has been a clear increase in the amount of recalls due to allergens. The number of allergen recalls in 2016 is over triple that for 2007 – **and in both 2015 and 2016 accounted for almost half of all food recalls.** The majority of allergens based recalls come from complex foods including processed foods (34%), confectionery (15%), baked goods (12%) and beverages (11%). These four groups account for nearly three quarters of all allergen calls.

These alarming trends pose concern with the regulators and within the food industry.



Allergens category of recalls





Babies and Kids

Choking hazards and injury are the most common reason for recalls in Australia. There were a total of 338 recalls in Australia for this period and this category was 15% of the total recalls. Some recent examples include:

19th May, 2017 - LED fidget spinner

The toy does not have a secured battery compartment. If young children gain access to the button batteries and ingest them, they may suffer internal burn injuries, which can result in serious illness and even death. In addition, the batteries may pose a choking hazard to young children.

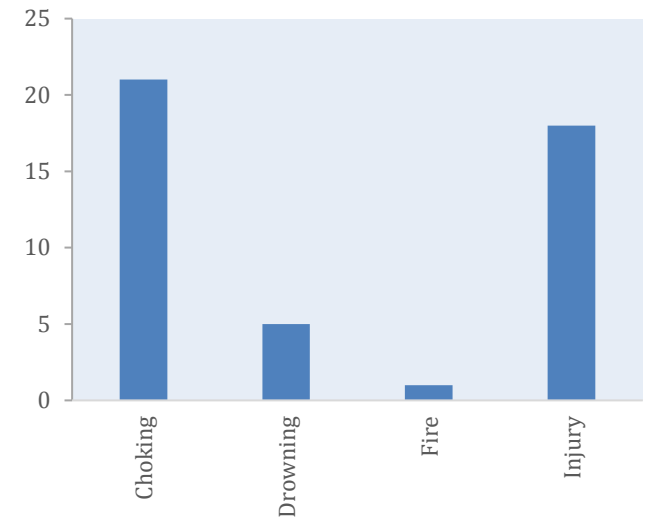
21st February, 2017 - Lively octopus toy

Small parts may detach from the product. If small parts are liberated during use, this poses a potential choking hazard to young children.

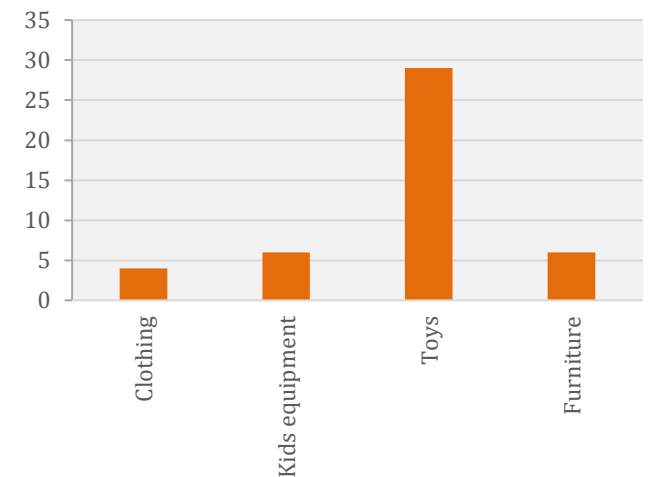
21st January, 2017 - Baby car bottle warmer

There is a possibility the warmer may overheat during use. If the warmer overheats it may pose a burn or fire hazard.

**Babies and Kids reasons for recalls –
1st January, 2017- 30th June, 2017**



Babies and Kids category of recalls





Health and Lifestyle

Injury is the most common reason for recalls in this category. Some recent examples include:

26th April, 2017 - Electric motorised caster board

The rear wheel may stop rotating and lock up while in use. If the rear wheel locks up, the rider may fall, posing as an injury hazard.

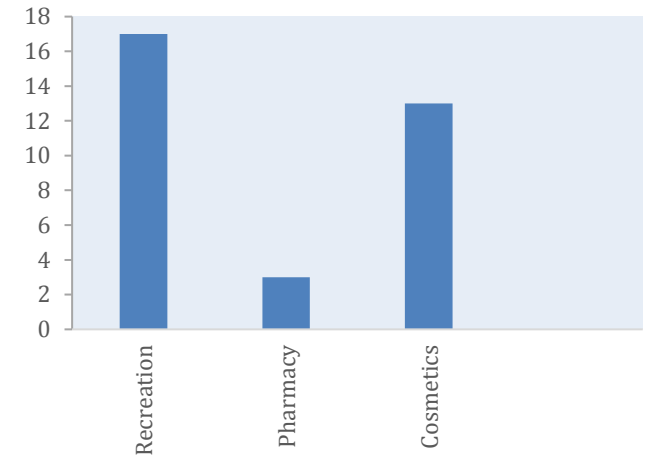
27th March, 2017 - Scented candles

In rare cases, when alight, the candle may give off excessive smoke, the glass may overheat, the glass encasing the candle may shatter, and/or the candle flame may flare up larger than expected. This may pose a risk of injury from broken glass and uncontained hot wax, as well as from fire and smoke.

13th February, 2017 - Pedal bicycles

If extreme force is applied to the handlebar the bicycle stem may crack. If the defect occurs while the bicycle is in use it could cause severe injury or death to the rider.

Health and Lifestyle reasons for recalls –
1st January, 2017 to 30th June, 2017



Health and Lifestyle category of recalls

