



Consumer recall extension

Questions & answers

Why purchase LIU's Consumer Recall Extension?

Standard Contaminated Products Insurance (CPI) policies typically require a contamination to occur during the production process for the policy to respond. Recalls occur for a number of reasons, including shortfalls in the production process or the identification of ingredients already present in a product that have been found to have long-term harmful effects.

Many of these recalls that do not involve contamination during the production process may not be covered under a standard CPI policy. In addition, a number of typical exclusions found in a standard CPI policy may also remove coverage for these types of incidents.

Liberty International Underwriters (LIU) has identified this as a significant gap in the coverage provided to clients and has seen a number of examples where the standard cover provided in the market falls short of clients' requirements and expectations. In response to this, LIU launched its Consumer Recall Extension to help provide additional cover for recalls that may not be covered by a standard CPI policy.

	LIU Consumer Recall Extension	Standard CPI policy
No requirement for contamination	✓	✗
No requirement for incident to occur during processing, production or distribution	✓	✗
Carcinogens exclusion removed	✓	✗
Wording aligned with Food Standards Australia New Zealand recall requirements	✓	✗

What are the key benefits of LIU's Consumer Recall Extension?

The key benefits of the cover include:

- Ability to offer limits up to \$5,000,000
- Covers consultant and advisor costs
- Covers recall costs, third party recall expenses, replacement costs
- Covers business interruption and rehabilitation expenses.

Case study one

A consumer heated a pre-packaged meal and consumed this for lunch. That night the consumer fell sick and was admitted to hospital where they were later diagnosed with botulism. In conjunction with the relevant State food authority, it was agreed to recall 5,012 packets of the product.

The managing director of the food producer, however, was not convinced the packets contained botulinum toxin when they left the production line, as the product that tested positive had been in a communal waste bin for five days before it had been tested.

In this case there could be some doubt about whether a standard CPI policy would respond to this incident as there would be a requirement to prove that the contamination occurred during the processing or production of the product.

LIU's Consumer Recall Extension does not require the client to prove that the contamination occurred during the production process and may therefore respond to this incident.

Case study two

Several manufacturers of sauces had to withdraw over 17 products after testing found they contained chloropropanols, a carcinogen, at levels up to 200 times the acceptable amount.

A standard CPI policy typically has a carcinogens exclusion and may not cover this incident.

LIU's Consumer Recall Extension does not have a carcinogens exclusion.

Case study three

A manufacturer of meat products instigated a nationwide recall of some of its products after an employee fell ill with the potentially fatal hepatitis A virus. The employee had fallen ill with the disease a month earlier, but hepatitis A was only diagnosed when the employee later attended hospital.

The recall was not the result of any failure in the manufacturer's practices, nor was it the fault of the employee.

A standard CPI policy may not cover this incident if there is a lack of evidence of the product actually being contaminated during the production process.

However, if there is a 'reasonable possibility' that consumption of the product would cause 'bodily injury', this incident may be covered by LIU's Consumer Recall Extension, which does not require the product to be contaminated during the production process to trigger coverage.

Aren't the above examples insured by a standard government recall cover?

No. Standard government recall cover under a CPI policy requires a contamination during the production of the product with the potential to cause bodily injury, which is very similar to a standard Accidental Contamination trigger.

LIU's Consumer Recall Extension does not require the insured to prove contamination.

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