

# Contaminated Products Insurance – Case Study



## Case Study

When a fruit juice manufacturer discovered a potentially deadly outbreak of salmonella at one of its manufacturing plants, it was nothing less than a crisis. Around 500 cases of salmonella poisoning had been reported to authorities after people had consumed the juice, and the large scale of the poisoning invoked a major crisis response.

The medium-sized company, with a turnover of around US\$8 million, was concerned about the effect on customers, as well as its business. It worked closely with the health authorities to recall its products from supermarkets and smaller retail outlets, and was prevented from trading for six weeks until the source of the outbreak could be found. Of course, this had a negative impact on its brand, which lost market share immediately and for some time following.

Eventually the salmonella was traced back through the supply chain to the supplier of the fruit. Nonetheless, the financial impact was felt sharply by the juice company, which suffered considerable losses, as follows:

Recall costs and Consultants/ Advisers Costs:	US\$ 404,800
Advertising Expenses:	US\$ 36,000
Loss of profits for first 12 months, over:	<u>US\$ 547,300</u>
Total Losses	US\$ 988,100

This company did not have insurance for such an incident. Fortunately, insurance protection is available, and LIU's Contaminated Products Insurance policy has been designed to protect companies against these types of exposures.

## Outstanding Service, Unparalleled Expertise

The LIU Crisis Management team are industry leaders, providing unparalleled underwriting expertise and individually tailored solutions for brokers and clients.

LIU works with specialist loss control and loss mitigation consultants to protect your clients before, during and after a crisis, while our locally based, integrated claims team ensures clients receive the highest level of service and support, when it's needed most.

## Crisis Management Consultants From Around the World

Utilising the expertise of specialist crisis response consultants, LIU helps companies respond swiftly and effectively to a product contamination incident, as well as planning for and managing the risks of a potential incident.

Whether the contamination is accidental or due to tampering or extortion, LIU and its crisis response consultants all work to protect a company's customers, employees and reputation.

## Coverage for Financial Loss

LIU Contaminated Products Insurance provides protection against:

- Accidental Contamination
- Malicious Product Tampering
- Product Extortion
- Alleged Contamination
- Government Recall
- Intentionally Impaired Ingredients
- Adverse Publicity

Covered Losses include:

- Business Interruption
- Replacement Costs
- Recall Costs
- Third Party Recall Costs
- Consultants & Advisor Costs
- Rehabilitation Expenses

## Target Market

Clients of all sizes involved in growing, manufacturing, importing, exporting, wholesaling, distributing and retailers of food, beverage, cosmetics and pharmaceutical products.

## About Liberty International Underwriters

LIU is part of the Boston-based Liberty Mutual Group, a global insurer established in 1912, which ranks 86th on the Fortune 500 ranking based on 2008 revenue. As of December 31, 2008, Liberty Mutual had more than US\$104.3 billion in consolidated assets, \$94.2 billion in consolidated liabilities and \$28.9 billion in annual consolidated revenue.

That scale, capacity and experience stands behind every policy we write. Just as importantly, LIU puts its trust in its people on the ground, wherever they are in the world. So clients get the benefit of local understanding and autonomy – quick, efficient underwriting and a more responsive claims service.

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