

Contaminated Products Insurance



## Is Your Client At Risk?

It is a problem that every food manufacturer and pharmaceutical company dreads. Contaminated products.

If a company produces, distributes or retails food items, beverages, cosmetics, pharmaceuticals, tobacco or any other product that a person ingests or applies topically, the risk of product contamination is ever-present. No manufacturer or distributor is immune.

No matter what safeguards are in place, or how sophisticated they might be, the problem of contamination can arise at any time. No quality control regimen is 100-percent effective. Not even HACCP<sup>1</sup> or ISO<sup>2</sup> certified processes.

Outbreaks of Salmonella, E-coli, Listeria and other contaminants are reported on a regular basis. When they occur, the cost of recall and replacement can be debilitating... both financially and in terms of public confidence.

### Any company can be targeted

Malicious tampering is another ever-present threat. All it takes is a single disgruntled employee, angry customer, unscrupulous extortionist or an extremist group fighting for a cause.

Incidents of malicious tampering are increasingly common and when they occur they often attract unwanted media interest that can undo years of hard work in the marketplace.

A single incident can trigger a media blitz that can weaken consumer confidence, imperil market share, jeopardize hard-won retail shelf space, endanger key contracts, destroy brand credibility and permanently mar a company's reputation.

Product contamination can have severe consequences even if no individual has yet been injured.

<sup>1</sup> Hazard Analysis Critical Control Point "HACCP"  
<sup>2</sup> International Organization for Standardization "ISO"

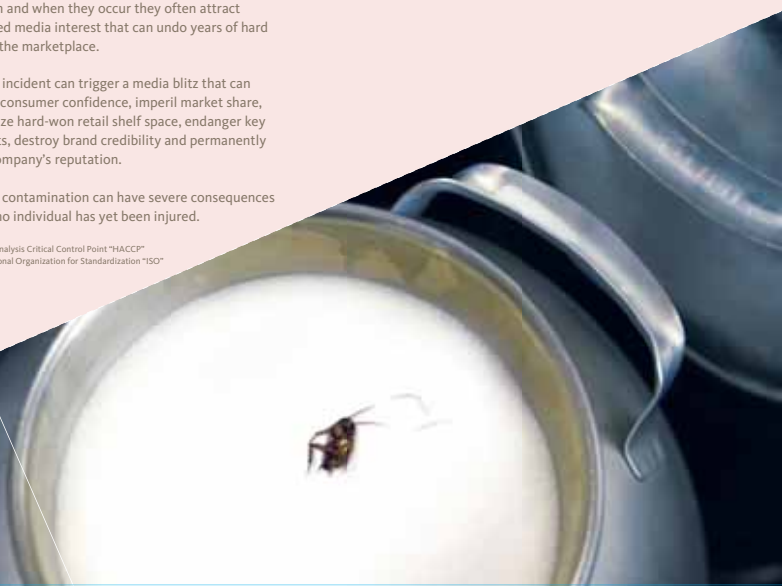
### Chartis Contaminated Products Insurance

Chartis is one of the world's leading providers of contaminated products insurance.

Specially designed Chartis policies provide essential protection against the direct and indirect costs of a product recall, including specialist consulting services for crisis management, planning, assistance and loss prevention -- in short all the essential tools a company needs to keep business alive and thriving.

### Industries Requiring this Protection

- Food & Beverage
- Cosmetics
- Pharmaceuticals / Nutriceuticals
- Tobacco
- Retailers





#### Common Questions:

- Q. My client's company does not have any product recall risk, what is the concern?
- A. All producers/ distributors of consumables have various levels of contamination risk: accidental during production or deliberate/ wrongful contamination by 3rd parties. In fact, considerable costs can be incurred in recalling and replacing damaged products and rebuilding public confidence. More small-to-medium sized companies are purchasing insurance protection since the financial downside of a recall incident is much greater for a company this size compared to a larger company that may be able to absorb the costs involved. If your client's business is one of the larger/ prominent brands, they are more susceptible to extortion threats.
- Q. Doesn't my client already have coverage under Products Liability Insurance?
- A. Coverage under Products Liability Insurance is generally limited to costs for 3rd party bodily injury and/ or property damage. In the vast majority of cases any direct/ indirect costs of a recall or consultants cost will not be covered under your client's products liability insurance. In addition, as a result of increased public awareness and regulatory activities globally, your client should have a CPI policy as part of their overall crisis/ recall plan so that they can react quickly and efficiently during a crisis/ recall event when time is of the essence.
- Q. Isn't this coverage extremely expensive?
- A. Premiums are competitive and affordable for specially designed coverage based on each client's individual exposures and coverage requirements.
- Q. What is the turnaround time for enquires or premium indications?
- A. With local underwriting authority and expertise, premium indications can be readily provided based on easy to access information.
- Q. Does my client need to have a crisis/ recall plan already in place to purchase this insurance?
- A. No, crisis/ recall plans are not a prerequisite for policy coverage as Chartis is confident that its consultants can work with clients to improve crisis/ recall awareness and overall readiness.

#### IMPORTANT NOTES:

- The availability of coverage is subject to underwriting assessment upon receipt of an application.
- Availability of coverage and the terms and conditions thereof may be subject to regulatory approval and/ or underwriter's determination.
- The terms and conditions available may vary depending upon the location of the applicant.
- Any claims examples stated herein are purely fictional and are for illustrative purposes only. Any relation to or reference to any actual person, party or events is purely coincidental. It is important to note that each actual claim is unique. The nature of the claims examples herein (if any) should not be construed as any comment on, or confirmation or extension of, coverage for any past, present or future claim. Furthermore, these examples should not be relied upon to predict the outcome of any actual claims as all claims are evaluated on their own individual merits and subject to the actual terms and conditions of the relevant insurance policies.
- This document is for your information and the description herein is a summary only. It does not include all terms, conditions and exclusions of the policies described. Please refer to the actual policies for complete details of coverage and exclusions.
- Coverage may not be available in all jurisdictions.
- In the event of any inconsistency between the English version and the translated version of this brochure, you should refer to the English version which prevails.
- This brochure is general in nature and should not be treated as advice. Should you require any advice on your insurance or coverage requirements, you should consult your professional insurance advisor.

## Coverage highlights

### Covered Perils:

#### 1. Accidental Contamination (ACI)

Policy coverage will respond to bodily injury within 360 days or property damage from the use / consumption of an insured product(s):

- as a result of any accidental or unintentional contamination, impairment or mislabeling or;
- implied by any adverse publicity

which occurs during production, preparation, manufacture, processing, blending, mixing, compounding, packaging or distribution.

#### 2. Governmental Recall

Policy coverage will respond to

- official recall order which has been issued by the competent authorities or;
- imminent recall order which has been order by the competent authorities

as a result of any accidental or unintentional contamination, impairment or mislabeling of an insured product(s) which occurs during production, preparation, manufacture, processing, blending, mixing, compounding, packaging or distribution that causes the Insured Product(s) to be injurious to health or unfit for human consumption.

#### 3. Malicious Product Tampering (MPT)

Policy coverage will respond to any actual, alleged or threatened, alteration or contamination of the Insured Product(s) by any person (including former or current employees) as a result of any intentional, wrongful and malicious act which renders the Insured Product(s) unfit or dangerous for its intended use / consumption or creates such impression to the public.

#### 4. Product Extortion

Policy coverage will respond to any threat(s) to commit Malicious Product Tampering that is communicated to the Insured for the purpose of demanding cash, monetary instruments, property or services.

### Covered Losses may include:

#### 1. Crisis Consultant Costs:

Free access to leading crisis management specialists worldwide 24/7 for accidental contamination; malicious product tampering and public relations

#### 2. Recall Costs (1st & 3rd Party)

- Communication costs
- Transportation & accommodation costs
- Costs of hiring additional persons
- Storage expense
- Retail slotting fees and promotion cancellation fees
- Inspection costs
- Replacement cost
- Destruction costs
- Redistribution costs

#### 3. Business Interruption Expense

- Loss of gross profit
- Extra expense

#### 4. Rehabilitation Expense

#### 5. Product Extortion Costs

Coverage scope and terms are subject to the terms and conditions of the policy. A specimen policy is available on request.

### Obtaining a premium indication:

The following information is required for a quick premium indication:

- Name / address of Insured
- Description of operations, products, total turnover by products / daily production
- Loss history

Please call or email if you have any questions or if you would like to obtain an application form.

## About Chartis

Chartis is one of the world's leading property-casualty and general insurance organizations. Serving more than 40 million commercial and personal clients in more than 160 countries and jurisdictions, Chartis has a 90-year history, one of the industry's most extensive ranges of products and services, and excellent financial strength.

Chartis is the marketing name for the worldwide property-casualty and general insurance operations of Chartis Inc.

## Chartis in Southeast Asia and Greater China

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