

PRODUCT CONTAMINATION

Even with the most careful procedures, product contamination can happen. Ensure your company is properly covered.

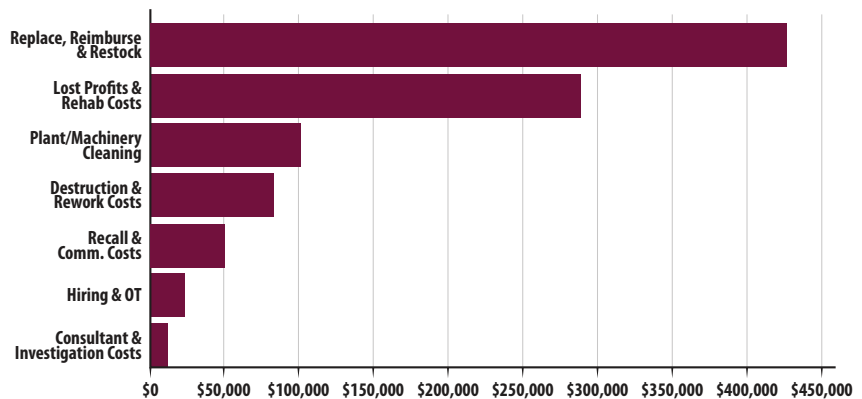
As a responsible food manufacturer, processor or distributor, your organization has taken careful and well-planned steps to ensure that your facilities and the products produced there are safe. Best practice food safety and quality assurance procedures are followed, and tedious testing procedures all but eliminate any chance of your product becoming contaminated. However, the unfortunate truth is that all food producers are at risk of facing a potentially devastating product recall.

In 2015, there were 644 food recalls according to the USDA. That's almost two recalls every day of the year! Managing your product recall risk does not end with good food safety practices. A well-rounded risk management program should include a combination of effective preventative controls and insurance. Product recall/contamination insurance is the most effective means of protecting your business from an unlikely but potentially devastating situation.

Product Contamination Coverage Can Help With:

- **Recall Costs** – Necessary costs incurred by the insured to inspect, withdraw, destroy or replace and recalled insured product including customers recall costs.
- **Rehabilitation Expenses** – Necessary expenses incurred by the insured to re-establish the insured product to the projected level of sales anticipated prior to the recall.
- **Consultant and Advisor Costs** – Costs of independent security, advisors or public relations consultants.
- **Raw & Finished Stock** – Provides coverage for adulterated goods still in the care, custody, and control of the insured.
- **Gross Earnings Loss** – Identifies the insured for loss of gross earnings as a result of the recall.
- **Third Party Liability Cover Provides** – Will indemnify the insured's customer in the event of a recall. Coverage for

Product Contamination Costs Manufacturers an Average Cost of \$808,000



Based on an average loss of \$808,000. This material is provided for illustrative purposes only and is not specific to any company or claim. We do not make any representations that any of our markets will treat other incidents in a similar fashion.

certain third party damages arising out of a product recall attributable to the insured's product. Including coverage for the legal obligation to pay certain compensatory damages and the insured's legal defense costs resulting from the investigation, negotiation, settlement or defense of a claim or suit.

- **Extortion Costs** – Expenses incurred by the insured as a result of Product Extortion (money paid by the insured in response to an extortion demand).

RECENT RECALLS

- **August 2017** – Kentucky-based ice cream manufacturer, Comfy Cow, had to recall 10 of their ice cream products due to pathogen contamination. After product testing, several of their popular flavors were found to have high counts of coliform bacteria - a bacteria that indicated the presence of pathogens from fecal origin - or tested positive for the E. Coli bacteria.
- **April 2018** – Eggs were recalled multiple times throughout the year due to salmonella concerns. In April, more than 200 million white eggs that were distributed by Rose Acres Farms in Seymour, Indiana, were recalled after officials traced multiple illnesses back to the company's facility in North Carolina. More egg recalls were later issued after it was discovered the farm was infested with mice.
- **October 2018** – Cedar's Mediterranean Foods, of Ward Hill, MA, is voluntarily recalling Cedar's Chickpea Salad 8 oz. because it may contain undeclared edamame (soy). Cedar's initiated the recall when it was discovered that misprinted labels omitted the edamame ingredient and allergy statement.

A TEAM OF EXPERTS

At Johnson Financial Group we have the knowledge and expertise to help you navigate the challenges of a product recall. Contact Johnson Financial Group today to learn more.

For more information, please visit johnsonins.com or call 1.800.236.5546.

Below is a comparison between a standard market's coverage and a stand alone policy specific to Product Contamination.

Status	Admitted	Non-Admitted
Coverage Territory	US, Puerto Rico & Canada	Worldwide
Triggers		
Malicious Product Tampering	Yes	Yes
Accidental Product Contamination	Yes	Yes
Government Recall Wording	Yes	Yes
Adverse Publicity	No	Yes
Product Refusal	No	Yes
Product Extortion Demand	No	Yes
Coverage		
First Party Recall Costs (Withdrawal Costs)	Yes	Yes
Third Party Recall Costs	Yes	Yes
Crisis Consultant Costs	No	Yes
Loss of Profit/Business Interruption	No	Yes
Unfinished Goods/Raw Stock	No	Yes
Replacement/Refund Costs	Yes	Yes
Brand Rehabilitation	Limited	Yes
Customer Lost Gross Profits	No	Yes
Customer Extra Expense	No	Yes
Customer Brand Rehabilitation	No	Yes
Defense Costs Relating to a Recall	No	Yes
Limit	TBD	TBD
Self Insured Retention/Deductible	\$1,000	TBD
Coinsurance	None	TBD

*Coverage will vary by carrier. Please review your policy for specific terms and conditions.