

## Tailored insurance cover for the food and beverage industry

**Our Food & Beverage Insurance policy is a recall cover specifically tailored for the food and beverage industry. Designed to address both product recalls and withdrawals, it protects manufacturers from the risk of contamination and also the need to withdraw their product due to a manufacturing error or quality control issue.**

In the past food and beverage manufacturers have relied on contaminated product policies, which only offer protection in the event of an incident that could cause bodily harm to a consumer. However food and beverage production is a fine art and sometimes problems on the manufacturing line can leave a product safe, but tasting different or unfit for consumption.

Liberty Specialty Markets (Liberty) Food and Beverage cover offers a holistic industry solution. It's a Contaminated Product policy combined with a Product Withdrawal cover.

### What's covered?

We've worked with food and beverage producers for many years and have rolled the most commonly required covers into one convenient industry policy:

- ▶ Automatic inclusion of Product Withdrawal cover
- ▶ Triggers are closely aligned to the legal requirements to recall under the Australian Consumer Law, and the Australian Foods Codes
- ▶ A nil Self Insured Retention is automatically applied
- ▶ Cover for replacement costs once the product has left the client's possession
- ▶ Cover for finished food and beverage products for human use or consumption.

### What is a product withdrawal?

Product withdrawals are caused by quality related factors. They are recalls that have no potential for bodily injury – and therefore are not covered by typical product recall or contaminated product policies.

Examples include a cake with a missing ingredient, or a manufacturing error such as incorrect baking temperature affecting the look or taste of a product. It might be a product labelled with the wrong weight, or a drink that was meant to be fizzy turning out to be flat. They are often factors that could impact the reputation of a product if it were sold to consumers, but they wouldn't cause injury or harm.

While not dangerous, they can be very expensive and if not handled correctly can deter customers and cause long term brand damage. It is not unusual to have retailers seek in excess of \$100,000 from manufacturers for product withdrawals.

## Compare the covers

Here's a quick summary of how your food and beverage clients can enjoy extra protection:

	Liberty Food & Beverage policy	Traditional contaminated products policy
Contamination by listeria, e-coli, salmonella or other food pathogens	✓	✓
Glass, metal or plastic contamination	✓	✓
Taste/inedible product due to manufacturing error	✓	✗
Product unfit for consumption due to manufacturing error, with no bodily injury	✓	✗

✓ Coverage provided ✗ Coverage not provided

### Case study one

An experienced yoghurt manufacturer received a phone call from a retailer that stocked their product advising that the yoghurt had a faulty lid that wasn't closing correctly.

There was no likelihood of any consumers becoming ill, but the retailer chose to withdraw the product from their shelves. The yoghurt manufacturer was charged for the associated costs of the withdrawal.

Typical magnitude of this type of incident:

- ▶ 2000 units affected
- ▶ Retailers withdrawal cost \$150,000

### Case study two

A Liberty insured was a distributor of spring rolls manufactured in China. During the production process, vegetable oil was substituted with peanut oil. Our client was not made aware of the substitution and the product label did not include peanut oil, a known allergen.

The product was consumed by a person with a peanut allergy who subsequently suffered an allergic reaction. Liberty's Crisis Management consultants assisted our insured in determining the cause of the suspected contamination.

The product was recalled from sale as it posed a threat of injury if consumed.

Typical magnitude of this type of incident:

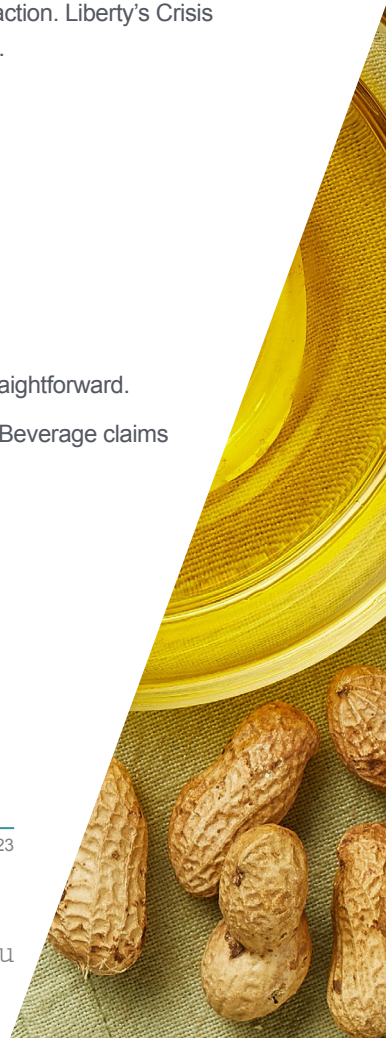
- ▶ Replacement cost \$141,000
- ▶ Product recall cost: \$55,000

## Fast track your claim

We know that when you have a claim you want it paid fast. Some claims are complex, yet others are straightforward.

If indemnity can be granted and all the supporting documents are received, Liberty can settle Food and Beverage claims up to \$75,000 within three business days.

Our goal is to make things simple, and we quickly settle small claims.



## Why choose us?

### We are available when you need us most.

As part of your policy you have exclusive use of our panel of consultants who can assist you in the event of a claim. We will pay these costs for 12 months from date of loss.

The panel consist of food technologists, crisis management consultants, malicious product tamper experts and PR consultants.

You can reach our hotline 24/7 on 1800 220 470. We are available outside of business hours to assist.

### Global reach. Financial strength. Local authority.

Distinct, complex and constantly evolving – every business is as unique as their insurance needs. To confidently progress in the face of risk and uncertainty requires a level of security you can only achieve through working with specialists.

Liberty Specialty Markets offers a breadth of world-class insurance and reinsurance services to brokers and insured clients. We bring value and solutions to more than 26,000 of Asia Pacific's most significant business and government organisations – helping protect what they earn, build and own.

We're part of the global Liberty Mutual Group, a Fortune 100 company that's been in business since 1912 with a Standard and Poor's 'A' (strong) rating.

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