



Product Recall

November 2017

Product Recall

“I’ll be back!”



Overview

Learning Objectives

- Recall Trends
- Coverage Overview
- Recall in Action

Recall Trends.....10 Years on!

- We're back!
- What's changed?



AIG Product Recall

Inclusive & Stand Alone Solutions

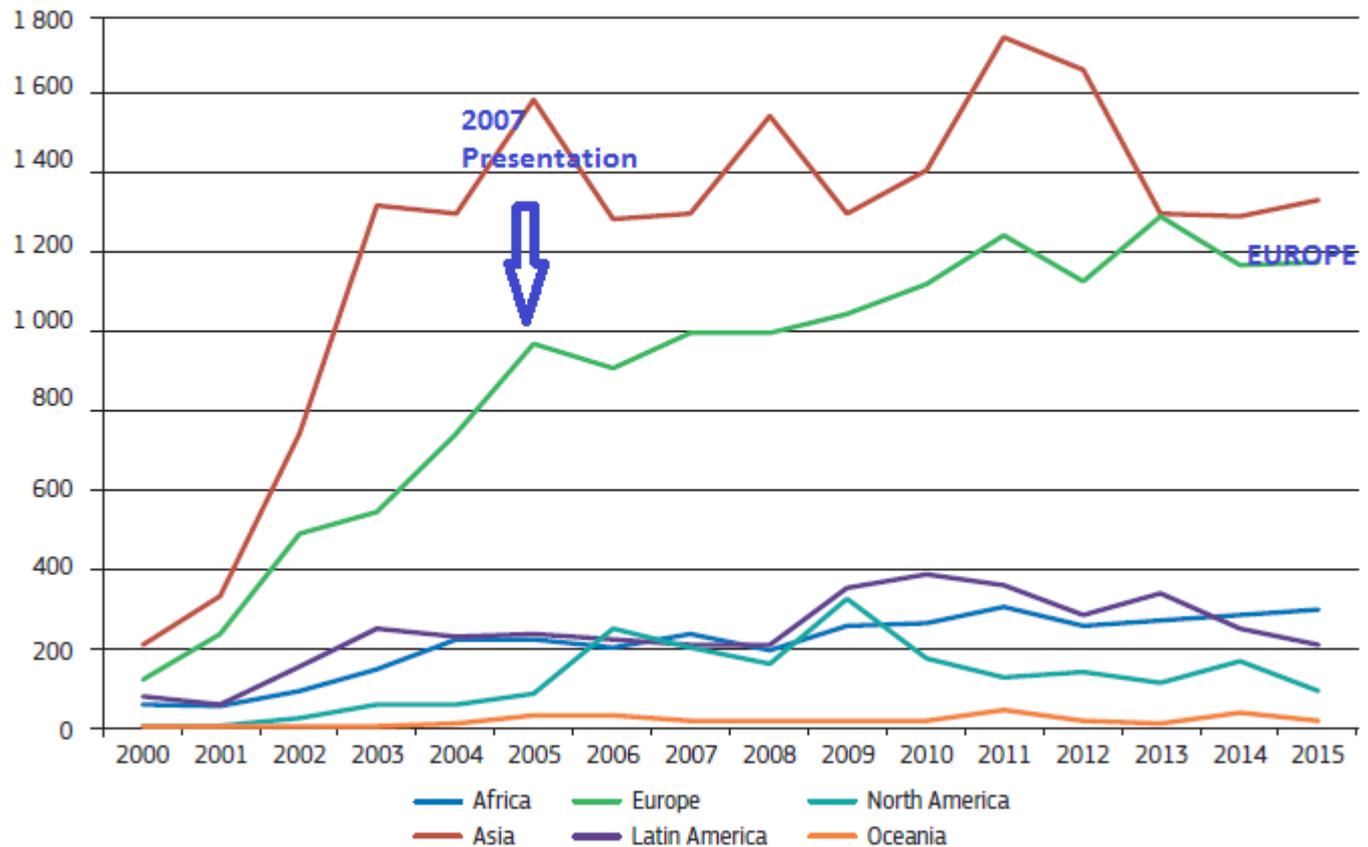
2007



Recall Trends – Numbers

- Food
 - Upward trend
 - Europe v RoW

2000-2015 notifications by world region



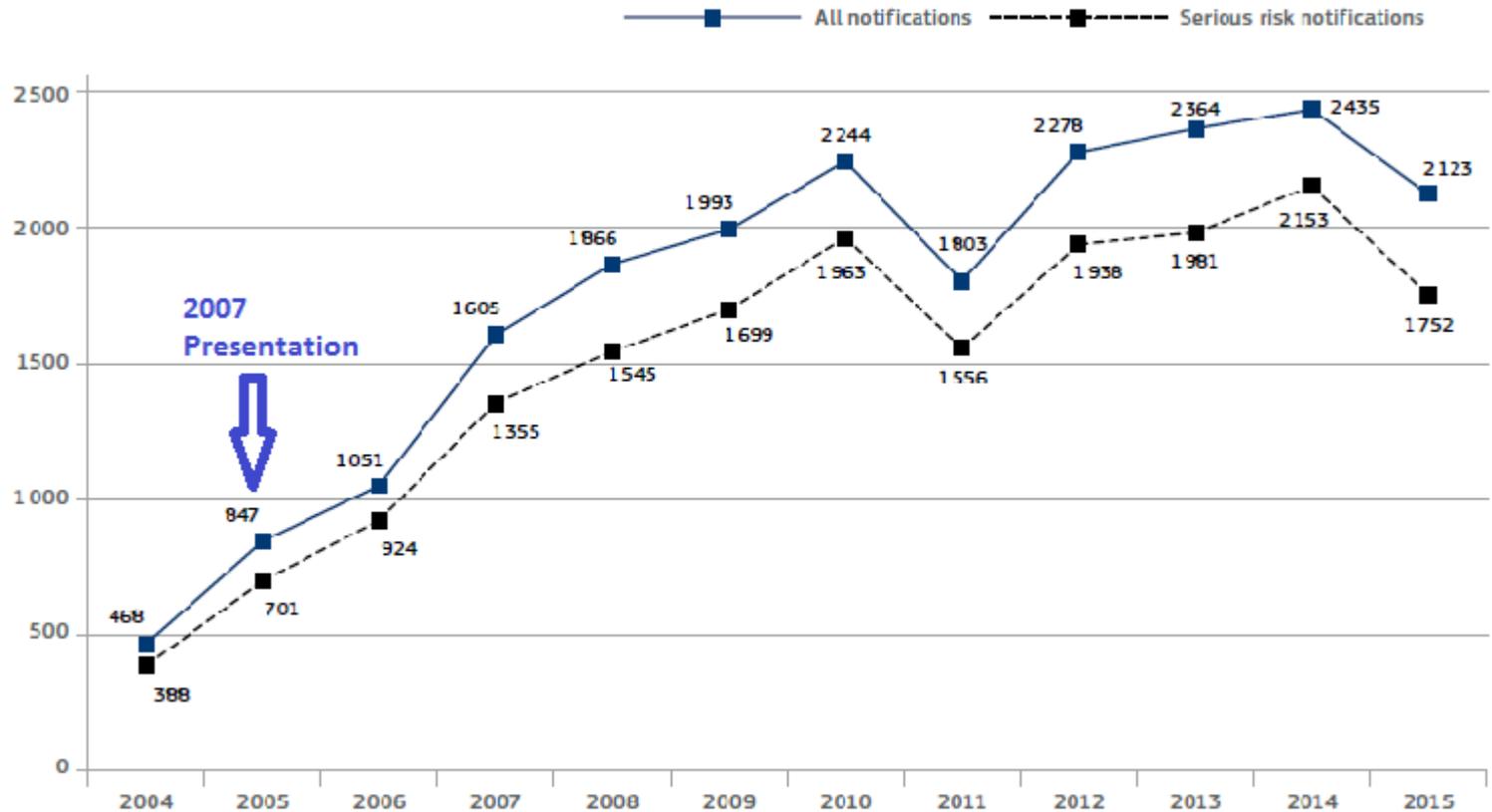
Recall Trends – Food

- Categories of Products
 - Food Alert Notifications
 - Usual suspects.....
 - Fish
 - Meat

Product category	Alert
Alcoholic beverages	4
Bivalve molluscs and products thereof	23
Cephalopods and products thereof	1
Cereals and bakery products	65
Cocoa and cocoa preparations, coffee and tea	12
Compound feeds	1
Confectionery	12
Crustaceans and products thereof	5
Dietetic foods, food supplements, fortified foods	46
Eggs and egg products	7
Fats and oils	5
Feed additives	
Feed materials	12
Feed premixtures	
Fish and fish products	104
Food additives and flavourings	1
Food contact materials	24
Fruits and vegetables	81
Gastropods	
Herbs and spices	40
Honey and royal jelly	1
Ices and desserts	3
Meat and meat products (other than poultry)	83
Milk and milk products	48
Non-alcoholic beverages	7
Nuts, nut products and seeds	46
Other food product/mixed	11
Pet food	6
Poultry meat and poultry meat products	62
Prepared dishes and snacks	17
Soups, broths, sauces and condiments	20
Wine	3

Recall Trends – Numbers

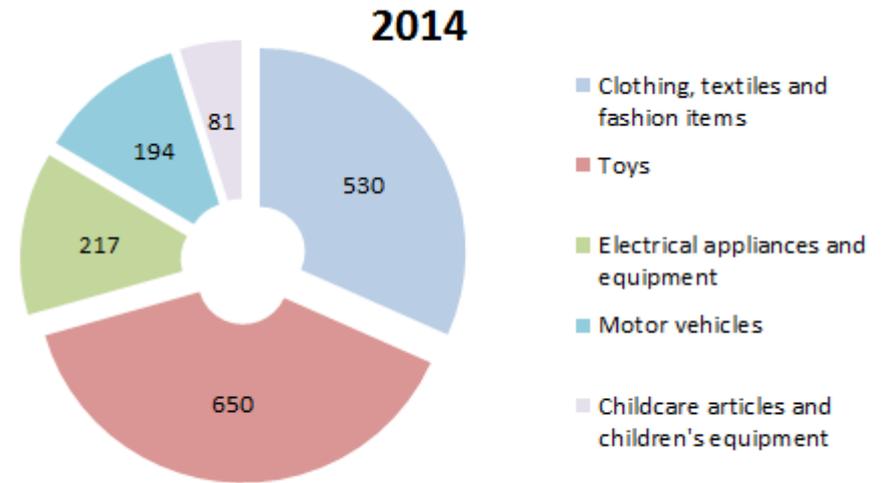
- Non-Food
 - Upward Trend



Recall Trends – Non-Food

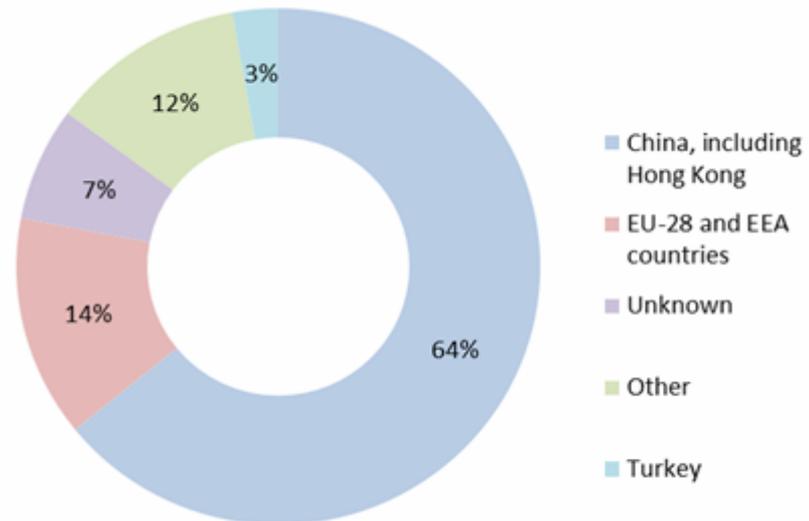
- Categories of Products

- Toys



- Countries of Origin

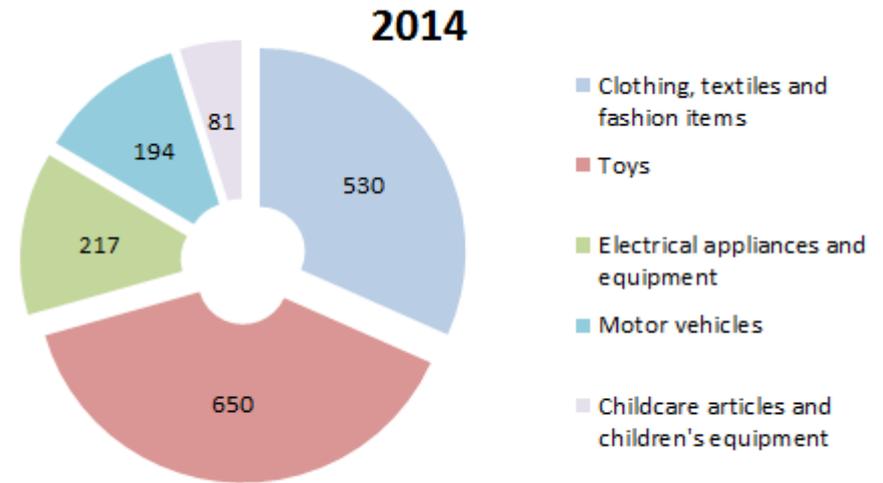
- Far East



Recall Trends – Non-Food

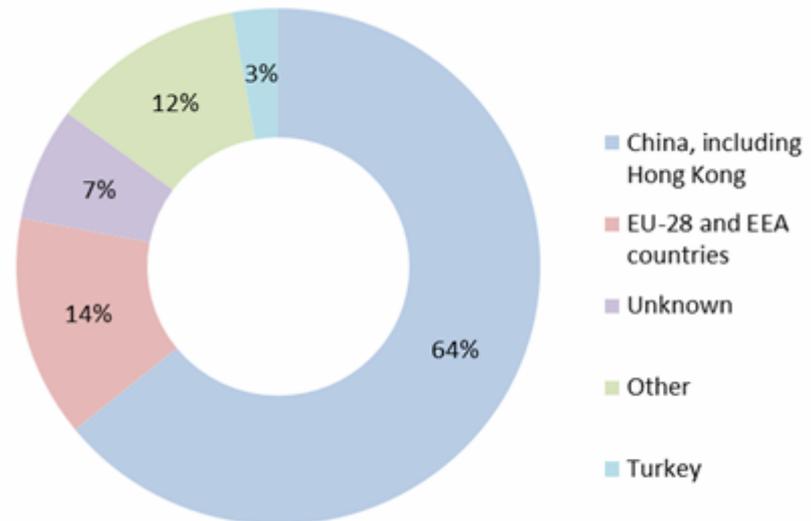
- Categories of Products

- Toys



- Countries of Origin

- Far East



Countries of Origin 2016

- Country of Origin enables tracing of the defective Product back to source/ manufacturer
- Allows the safety Authorities to take the appropriate actions
 - China – 1,069 over 3 per day
 - Germany - 126
 - United States – 102
 - All other countries reported less than 100
- Number of Reactions logged by Country to initial report of defective Product
 - Germany - 642
 - France - 575
 - China - 501
 - Japan - 388
 - United States - 365
 - United Kingdom - 213

Coverage Overview

- Defective Products Insurance (Non-Food & Drink)
 - Discovery Trigger
 - Insured Events
 - Defective Product
 - Malicious Tampering
 - Product Extortion
 - Losses
 - Recall Costs
 - First Party
 - Third Party
 - Business Interruption
 - Rehabilitation Expense
 - Consultant & Advisor Costs
 - Extortion Costs

Coverage Overview

- Contaminated Products Policy
 - Discovery Trigger
 - Insured Events
 - Accidental Contamination (Injury or Damage)
 - Malicious Tampering
 - Product Extortion
 - Losses
 - Recall Costs
 - First Party
 - Third Party (Limited)
 - Business Interruption
 - Rehabilitation Expense
 - Consultant & Advisor Costs
 - Extortion Costs

Coverage Overview

- Exclusions
 - Similar product or competitor product
 - Natural deterioration or decomposition
 - Failure of TPs to store, use or consume correctly
 - Failure to perform, crop failure, loss to land....
 - Changes in taste, population, economic conditions,
 - Carcinogens, BSE/TSE,
 - Intentional violation of government regulations
 - Failure to reasonable corrective action
 - Copyright, patent infringement,
 - War, Nuclear, Asbestos
- Other Extensions
 - Limits, Coinsurance & Deductibles
 - Extensions
 - Adverse Publicity
 - Government Recall
 - Contractual Obligations (Distributor Fees & Charges)

Consultant Services

- Inspection and Audit Services
- Technical Advisory and Testing Services
- Certification
- Consulting
- Training
- Crisis Management and Emergency Planning
- Food Fraud
- Supplier Performance Management

Recall in Action

- **Headline Recalls**
 - Mars
 - Perrier
 - Sudan 1
 - Automotive
 - Samsung Galaxy Note 7 Mobile Phone

- **Boiler Seals**
 - Supply of circular Rubber Seals
 - Seals formed water tight barrier between components in boilers
 - Within 12 months seals were failing and causing leaks
 - Source believed to be degradation of seal when boiler not earthed.
 - Rubber compound found to be unstable
 - Preventative and pro-active work now to be completed on fitted boilers
 - Claim value around GBP2.5 Million

Recall in Action

- Baby Food
 - Manufacturer of Baby food pouches
 - Manufacturing defect identified in pouches which resulted in contamination of food
 - Recall of certain flavours of product initiated as batches identified and specific to one retailer
 - No injuries reported
 - Claim value GBP175,328
- Steam Oven Components
 - Supply of key component for Steam Oven
 - Component found to be defective causing damage to the steam ovens becoming dangerous whilst in use.
 - Steam oven and supplied component subject to recall
 - Total claim value of €915,000
 - Claim settled included commercial settlements
 - Recovery from component supplier in China which prevented any subrogation by Insurer.

Recall in Action

- Cream
 - During collection of samples in Dairy higher levels of listeria contamination detected
 - Recall of cream product already distributed were recalled including own brand and supply to 3 retailers
 - Investigation on site identified leaks in pipework during engineering work allowing product to escape into service duct which had allowed listeria into the cream room
 - When discovered a deep clean and disinfection should have followed believed that jet/ high pressure washing was completed which allowed the bacteria to spread
 - Claim value of €1.5 million submitted
- Tomato
 - 2 Production Plants operating in Europe with over 40 lines in total Processing takes place between July and September
 - Tomatoes used for production of soup
 - Contamination of product discovered in a filling machine caused by metal plate not closing
 - None of contaminated product reached the end customer, other production lines used to maintain production. No recall required.

The Good



- Current Recall Plan
- Supplier Approved Programme
- Audit System
- HACCP in place if required
- Individuals and Roles identified
- Annual test of recall plan and follow up actions
- Quality Assurance testing

 Management Ethos

The Bad



- Audit what audit
- No recall plan just a list of telephone numbers
- No supply chain management – best price, quickest delivery
- No supply contracts, vetting or insurance confirmation
- Product testing as and when
- No internal management controls
- Retailers fees



