



Product Profile

# Contaminated Products and Recall

Product recalls are often costly and complex events that result in significant first party losses, which is why any company that manufactures, imports or distributes products needs robust insurance coverage as part of their risk management solution.

Contaminated Products and Recall insurance is designed to protect companies against the financial loss caused by a product contamination or defect leading to a product recall. With more than 35 years' experience offering product recall insurance, AIG's underwriting expertise, market-leading loss prevention services and dedicated claims teams continue to set the standard for contaminated and defective product insurance globally.

This means your clients can rely on AIG to cover the real costs resulting from a contamination or defect, while leveraging the expertise of trusted crisis management and public relations consultants to guide them through the critical stages of a product recall event.

**Did you know?**

Product recall insurance is triggered when an insured product has the potential to cause bodily injury or property damage. The two types of product recall insurance are:

- **Contaminated product insurance** for ingestible or topical products
- **Defective product insurance** for finished consumer products

## Product Coverage and Key Features

AIG's contaminated product insurance and defective product insurance protect businesses from the potentially devastating effects of the following insured events:

### Contaminated Product Insurance

Insured events

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

### Defective Product Insurance

Insured events

 Defect	 Malicious Product Tampering
 Product Extortion	 Government Recall

More details about product coverage can be found on the following page.

## Contaminated Product Insurance

### Insured events



#### Accidental Contamination

Accidental contamination, impairment or mislabelling of the insured product which occurs during production, packaging or distribution, that could result in bodily injury or property damage.



#### Malicious Product Tampering

An actual, alleged or threatened malicious and wrongful alteration or contamination of the insured product to render it unfit or dangerous for use.



#### Product Extortion

Threat(s) to commit Malicious Product Tampering that are communicated to the insured for the purpose of demanding cash, monetary instruments, property or services.



#### Adverse Publicity

The reporting of actual or alleged Accidental Contamination and/or Malicious Product Tampering where the insured product is specifically named.



#### Intentionally Impaired Ingredients

Contamination or impairment of an insured product as a result of an ingredient supplied by a third party that was intentional and wrongful but not malicious.



#### Government Recall

An official recall order that has been issued by, or is imminent from, the regulatory authorities in order to comply with safety regulations arising from an accidental contamination, impairment or mislabelling of insured products.



## Defective Product Insurance

### Insured events



#### Defect

A defect that could result, or has resulted, in property damage or bodily injury.



#### Malicious Product Tampering

An actual, alleged or threatened malicious and wrongful alteration of the insured product to render it unfit or dangerous for use.



#### Product Extortion

Threat(s) to commit Malicious Product Tampering that are communicated to the insured for the purpose of demanding cash, monetary instruments, property or services.



#### Government Recall

An official recall order that has been issued by, or is imminent from, the regulatory authorities in order to comply with safety regulations arising from a defect in an insured product.



## Covered Costs

The direct costs of recalling a contaminated or defective product are only a fraction of the total financial impact a business can suffer – negative brand image, loss of public confidence and reduced perception of quality can have long-lasting, negative effects on business performance.

AIG's Contaminated Products and Recall insurance goes well beyond meeting the conventional recall costs, and can be tailored to provide cover for a wide range of losses:



### Business Interruption

- Loss of gross profit
- Extra expenses



### Consultant Costs

- Risk assessments
- Product safety improvements
- Product recall and crisis management planning
- Training programmes
- Simulations and exercises
- Incident response



### Product Extortion Costs

- Extortion monies
- In transit delivery
- Loan interest
- Interpreter
- Increased security
- Informant monies



### Rehabilitation Expenses

- Crisis communications
- Marketing and advertising
- Promotional offers



### Replacement Costs

- Restoration of affected product
- Product replacement



### Product Recall Costs

- Withdrawal
- Destruction
- Inspection
- Advertising
- Overtime
- Additional warehouse space
- Extra labour
- Third party recall costs (only for contaminated products)

## Our Claims Expertise

Our experienced claims professionals across Asia Pacific have in-depth knowledge and expertise in claims handling for a wide range of contamination and defect exposures. Below are just a few examples to illustrate how AIG's Contaminated Products and Recall cover has protected our clients against the unexpected.



### Scenario 1

Supplements sold by a distributor for a large Asian health foods brand were tested and found to contain plastic. After investigation, it was found that the distributor's manufacturer used industrial plastic instead of palm oil to produce the casing of the supplements in order to cut costs. AIG's crisis consultants supported the client through the decision to issue a recall in six countries.



### Scenario 2

A shrimp farm had their shrimp exports rejected when screened at entry points into the US, Canada and Japan. The shrimp tested was found to contain excess of an antibiotic used to treat bacterial disease and a herbicide used to control weeds originating from the farm's water supply. AIG assisted with managing all international stakeholders and logistics and covered destruction costs.



### Scenario 3

Dried coconut sold to a major chocolate manufacturer in the US was found to contain metal pieces caused by a repair on the assembly line during manufacturing. Despite having a process in place to remove foreign objects, these metal pieces were too small to be picked up in the sieve. AIG assisted with the investigation, settled the claim, and advised on corrective actions to prevent further incidents.



### Scenario 4

A homeware distributor imported bathmats from an overseas manufacturer. Following multiple customer complaints, it was found that the suction cups on the bathmats might fail to prevent slipping if not securely attached to the surface of the bath or shower, posing fall and injury hazards to users. AIG assisted with managing all stakeholders across the supply chain and helped facilitate the product recall.

## The AIG Advantage

AIG is a leading global insurance organisation with extensive experience in Asia Pacific. You can rely on our underwriting expertise, comprehensive services and deep understanding of product recall risks for insurance solutions that meet the needs of your clients.



### Local expertise

With one of the largest specialised product recall underwriting teams in the world, AIG's network of highly skilled locally-based professionals work with partners and clients to develop bespoke solutions with tailored coverage.



### Dedicated claims team

AIG offers clients dedicated claims support with deep experience in complex product contamination and defect claims, harnessing our local service capabilities across an extensive international network.



### Crisis management support

AIG clients can make informed decisions when managing a contamination or defect event, with 24/7 exclusive access to a worldwide network of crisis management consultants – including product safety, security and public relations consultants.

## Contact details

### Claire Richards

Underwriting Lead,  
Recall and CPI

M: +61 466 778 248

[claire.richards@aig.com](mailto:claire.richards@aig.com)

### Olivia Chung

Casualty Manager –  
Commercial Accounts

M: +61 434 660 283

[olivia.chung@aig.com](mailto:olivia.chung@aig.com)

### Mark Sbaglia

Casualty Manager –  
Major Accounts

M: +61 466 832 743

[mark.sbaglia@aig.com](mailto:mark.sbaglia@aig.com)



 [aig.com.au](https://www.aig.com.au)

American International Group, Inc. (AIG) is a leading global insurance organisation. AIG member companies provide insurance solutions that help businesses and individuals in approximately 70 countries and jurisdictions protect their assets and manage risks. AIG common stock is listed on the New York Stock Exchange. All products and services are written or provided by subsidiaries or affiliates of American International Group, Inc. Availability of coverage is subject to underwriting assessment. The precise scope and breadth of policy coverage is subject to the specific terms, conditions and exclusions of the policy wordings and any applicable module extension(s). Non-insurance products and services may be provided by independent third parties. In Australia, insurance is provided by AIG Australia Limited ABN 93 004 727 753, AFSL 381686.

© AIG, Inc. All rights reserved.

AUCACPRPPBR202310