



# CONTAMINATED PRODUCTS INSURANCE (CPI) PRODUCT OVERVIEW



Food and drink, cosmetics, pharmaceuticals, tobacco products, packers and distributors are all exposed to the risk of their product being contaminated. This can be either accidental or deliberate-through malicious product tampering. Such incidents are increasingly common. When they occur, they can attract media interest with potentially disastrous impact on the public's confidence in the affected product or brand name.

Considerable costs can be incurred in recalling, replacing or destroying the contaminated product, and in rebuilding confidence. Many times however the long term costs (e.g. loss of profits, brand rehabilitation and the loss of a major customer) are even more substantial and can hit the company's balance sheet.

AMG understand the varying requirements of Contaminated Products which we have experience many years in this class of insurance. The team has designed, placed the programmes, advising on key issues and dedicated claims handling personnel who will manage a claim on behalf of a client.

## WHAT DOES CONTAMINATED PRODUCT INSURANCE COVER?

Contaminated Products Insurance provides coverage for liabilities resulting from incidents involving accidental product contamination, malicious contamination, and product extortion.

This insurance cover for expense of recalling contaminated products, replacing or destroying the contaminated product, rehabilitating the reputation of the insured, loss of gross profits, and the cost of a customer's expenses if the insured's product contaminated the customer's product.

## INDUSTRIES PRONE TO CONTAMINATION RISKS:

### Food and Beverage Industry

The food and beverage sector is highly susceptible to contamination risks due to factors such as complex supply chains, perishable goods, and extensive regulatory requirements.

### Pharmaceutical and Healthcare Industry

Pharmaceuticals and medical device manufacturers are subject to rigorous safety standards. However, despite stringent quality control measures, the risk of contamination can still exist.

### Consumer Goods Industry

Consumer goods companies, including cosmetics, personal care, and household products, also face contamination risks. This includes situations such as the presence of harmful substances, faulty packaging, or contamination during production.

## CPI POLICY TRIGGERS:

### Accidental Contamination

Any accidental or unintentional contamination, impairment or mislabeling, or any adverse publicity implying such, which occur during or as a result of its production, preparation, manufacture, processing, blending, mixing, compounding, packaging or distribution of an insured product. This coverage would trigger providing that the use or consumption of the insured product would result in physical symptoms of bodily injury, sickness, disease or death.

### Malicious Product Tampering

Any actual, alleged or threatened, intentional, malicious and wrongful alteration or contamination of the insured's product that renders it unfit or dangerous for use or consumption, or creates that impression to the public, whether caused by employees of the Insured or not.

### Governmental Recall

Any official recall order issued by the competent authorities in order to comply with regulations on food safety or a recall order by the competent authorities in order to comply with regulations on food safety is imminent.

### Product Extortion

Any threat or connected series of threats to commit a Malicious Product Tampering that is communicated to the Insured for the purpose of demanding cash, monetary instruments, property or services.

## COVERAGE INCLUDES:\*

- Pre-recall expenses & recall expenses
- Third party recall expenses
- Business interruption
- Products/brand rehabilitation
- Increased cost of working
- Adverse publicity
- Retailers' expenses
- Replacement costs
- Consultancy costs
- Clean-up costs
- Redistribution
- Warehousing and transportation
- Additional staff costs
- Repackaging

\*Note: The above is not an exhaustive list, and in the policy wording this is preceded by the term 'all reasonable and necessary costs' from a recall expense standpoint.

This information contained in this publication provides only a general overview of subjects covered, is not intended to be taken as advice regarding any individual situation, and should not be relied upon as such. Insured should consult their insurance, legal and other advisors regarding specific coverage issues. All insurance coverage is subject to the terms, conditions, and exclusions of the applicable individual policies. amginsure cannot provide any assurance that insurance can be obtained for any particular client or for any particular risk.

## ABOUT AMG

We are professional insurance broker and risk consultant. We advise businesses and individuals on how to prepare for the unexpected.

We provide risk management, risk consulting, insurance broking, insurance program management and claims advocacy services related advice, brokerage and associated services for clients across a wide range of business sectors.

We work with clients of all sizes to identify risks, create risk management, benefits optimization, insurance programs management and deliver innovative solutions to better qualify and manage risk.

## LEARN MORE

For more information about AMG, visit [amgib.com](http://amgib.com) or contact your AMG representative.

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