

CRISIS MANAGEMENT // RECALL NEWSLETTER
AUSTRALIA

Product Recall Monitor July to December 2018

OCTOBER 2018

The Liberty Specialty Markets (Liberty) Product Recall Monitor summarises recent product recalls that have taken place across a variety of industries in Australia. We also share what's new in our Product Recall insurance offering.

In this edition we share the latest recalls in:

- ▶ Home & living
- ▶ Food & groceries
- ▶ Microbiological contamination
- ▶ Infants & children
- ▶ Health & lifestyle

TRENDING
TOPICS

AUSTRALIA

What's new?

Insurance cover for the Food & Beverage Industry

Liberty Specialty Markets ("Liberty") has introduced a new Food and Beverage Insurance Policy that 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 contaminations and also the need to withdraw their product due to manufacturing error or quality control issues.

In the past food and beverage manufacturers have relied on Contaminated Products policies, which only offer protection in the event of an incident that could cause bodily harm to a consumer.

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 Food Codes
- ▶ A nil Self-Insured Retention is automatically applied
- ▶ Option to add endorsements for Business Interruption and Rehabilitation Expenses
- ▶ Cover for Replacement Costs once the product has left the client's physical possession





More than 363 of product recalls were reported in Australia in the second half of 2018. The Australian Competition & Consumer Commission report into Product Safety in Australia reveals the diversity of goods recalled, ranging from babies bibs and paint cans to mayonnaise

Compare the covers

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

Incident	Liberty Food & Beverage Policy	Traditional Contaminated Products Policy
Contamination by listeria, e-coli, salmonella or other food pathogens	Yes	Yes
Glass, metal or plastic contamination	Yes	Yes
Taste/inedible product due to manufacturing error	Yes	No
Product unfit for consumption due to manufacturing error, with no bodily injury	Yes	No

Fast track your claims

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.

Home and living

Recalls due to injury and fire account for over a half of the total recalls in this category. Some recent examples include:

19 December, 2018 – Wine Chiller Stick

Manufacturing inconsistencies could cause the components of the product to rupture during or after freezing. If the product ruptures, fragments could propel outwards with the potential to injure customers or damage property.

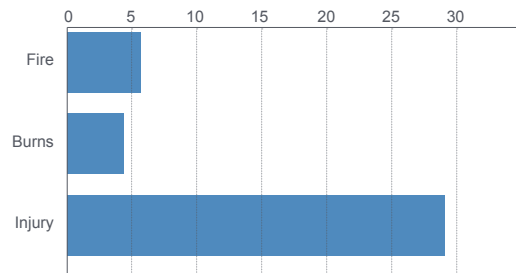
5 November, 2018 – Paint cans

The cans may have a fine wire thread protruding from the top seam. A person trying to pull a thread off with a bare hand may receive a minor cut

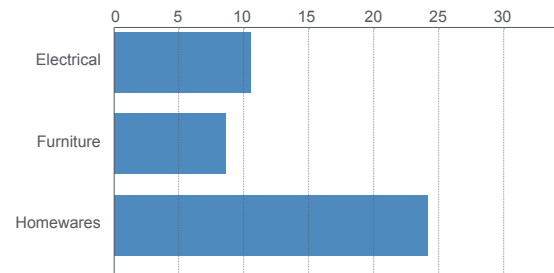
26 July, 2018 – LED Light Driver

There is a risk that if the maximum stated and permissible load for the product is exceeded the housing of the driver may overheat. If the housing of the driver overheats, direct contact with the skin may cause burns or in extreme situations, the driver may catch fire. If the housing is ruptured there is the risk of possible electric shock.

Home and living – Reasons for recalls
1 July 2018 to 31 December 2018



Home and living – Category of recalls





Food and grocery

Recalls due to allergens account for over half of the total recalls in the food and grocery category. Some recent examples include:

6 December, 2018 – Mayonnaise

The recall is due to faulty packaging and potential for glass breakage. Faulty packaging could cause injury or result in glass contamination.

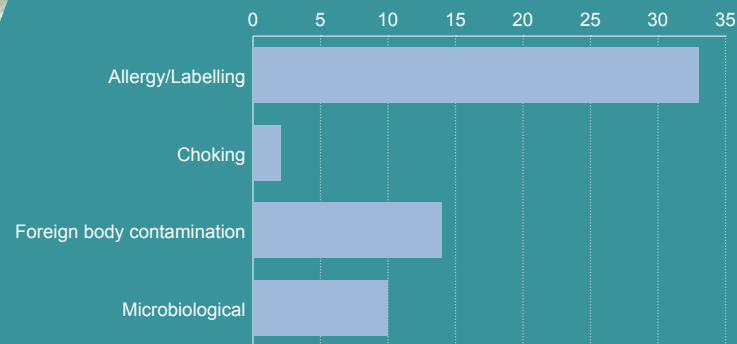
4 September, 2018 – Salad Kits

The recall is due to the presence of an undeclared allergen (soy). Any consumers who have a soy allergy or intolerance may have a reaction if the product is consumed.

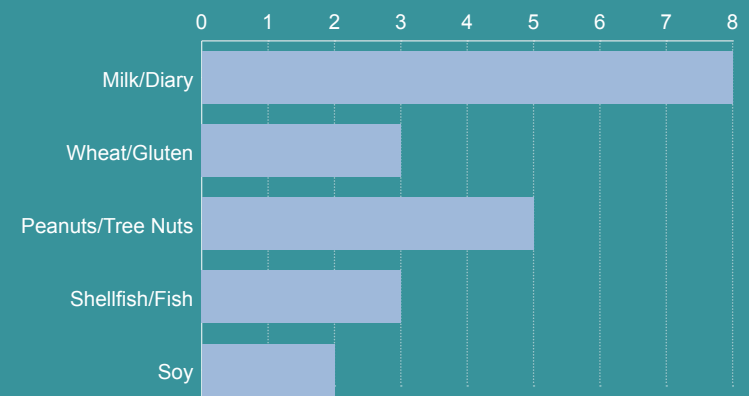
10 July, 2018 – Frozen Vegetables

The recall is due to possible microbial (*Listeria monocytogenes*) contamination. *Listeria* may cause illness in pregnant women and their unborn babies, the elderly and people with low immune systems.

Food and grocery – Reasons for recalls
1 July 2018 to 31 December 2018



Allergen – Categories for recalls
1 July 2018 to 31 December 2018



Microbiological contamination

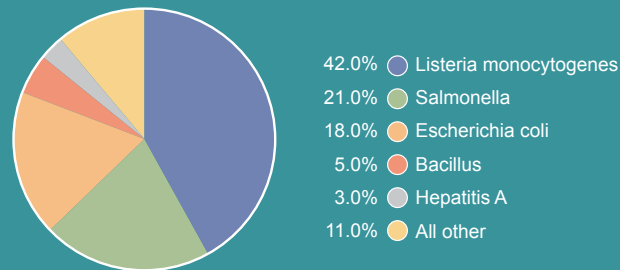
Contamination is the next threat

Microbiological contamination is the second largest cause of recalls. The most common of these contaminations are *Listeria monocytogenes*, *Salmonella* and *Escherichia coli* (E.coli) – combined these account for 81% of all microbiological recalls.

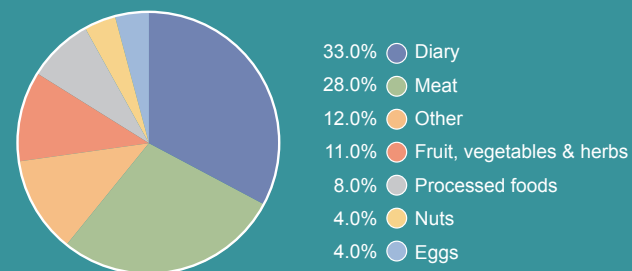
Given the right conditions, millions of bacteria can grow on common, everyday foods. These conditions are:

- ▶ Time – a single bacterium can multiply to over two million in just seven hours
- ▶ Warmth – the ‘danger zone’ temperatures at which bacteria grow best are between 5°C and 63°C
- ▶ Food – like any other living things, germs need food to grow. High-risk foods that bacteria love best include dairy products, meat, poultry, fish and shellfish
- ▶ Water – bacteria need moisture to grow. This includes moisture in ‘wet’ foods such as juicy meats, sandwich fillings, soups, sauces and dressings

Causes of microbiological contamination recalls 2008 to 2017*



Listeria, salmonella & e. coli – Products recalled 2008 to 2017*



For a healthy adult the probability of getting sick from contaminated food is dependent on both the type and number of harmful microorganisms present in the food. For those who are susceptible, namely the very young, and those who are sick or pregnant, where their immune systems are less effective, lower numbers of microorganisms may be required to cause illness.

Read more about microbiological food safety risks at www.safefood.eu





Babies and kids

Choking hazards and injury are the most common reason for recalls in Australia. There were a total of 45 recalls in Australia for this period and this category was just under 25 of the total recalls as declared in this newsletter. Some recent examples include:

14 November, 2018 – babies bib

The care label is not securely stitched into the binding of the bib. If the care label becomes detached from the bib, it may pose a choking hazard if ingested by a baby.

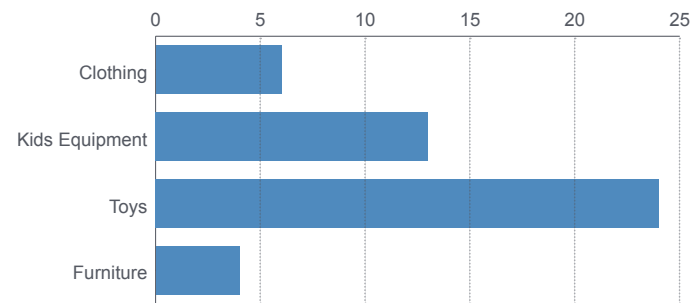
14 September, 2018 – Trike

The product has features of a stroller, but is unsafe for use as a stroller as it does not come with a tether strap. When used as a stroller to transport children, the product may cause injury to a child if the product rolls in an uncontrolled manner or if a child falls out of the product.

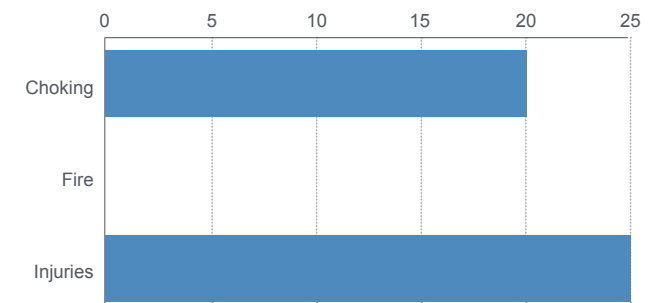
29 August, 2018 – Whistle

The mouthpiece may separate from the instrument while in use. Potential choking hazard.

Babies and kids – Category of recalls



Babies and kids – Reasons for recalls
1 July 2018 to 31 December 2018



Health and lifestyle

Injury is the most common reason for recalls in this category. Some recent examples include:

13 September, 2018 – Backrest

The backrest support telescoping bars could fail in certain instances. The user could fall back if one or both back support telescoping bars fail, leading to a potential injury.

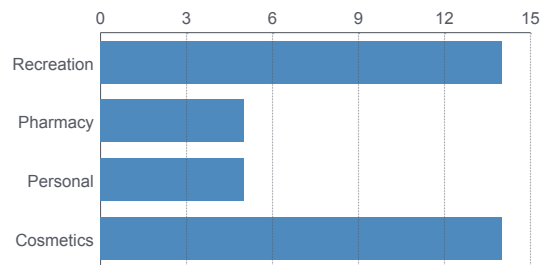
21 August, 2018 – Liquid foundation

These products have an unacceptable level of bacterial contamination. Bacterial contamination can cause infection and may cause vomiting in some users.

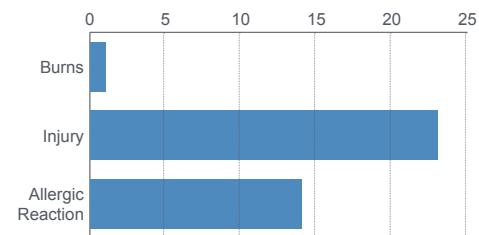
24 July, 2018 – Shampoo

Products may have been contaminated with foreign materials during the manufacturing process and could contain particles of metal or glass. There is a risk the foreign materials may enter users' eyes.

Health and lifestyle – Category of recalls



Health and lifestyle – Reasons for recalls
1 July 2018 to 31 December 2018





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Contact us

If you're looking for more information on insuring the food and beverage industry, please get in touch with our specialist crisis management underwriters. Our full team is listed on our websites.

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