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> Pharmaceutical recalls are among the industry's highest operational and financial risks

Pharmaceutical Product Recall insurance

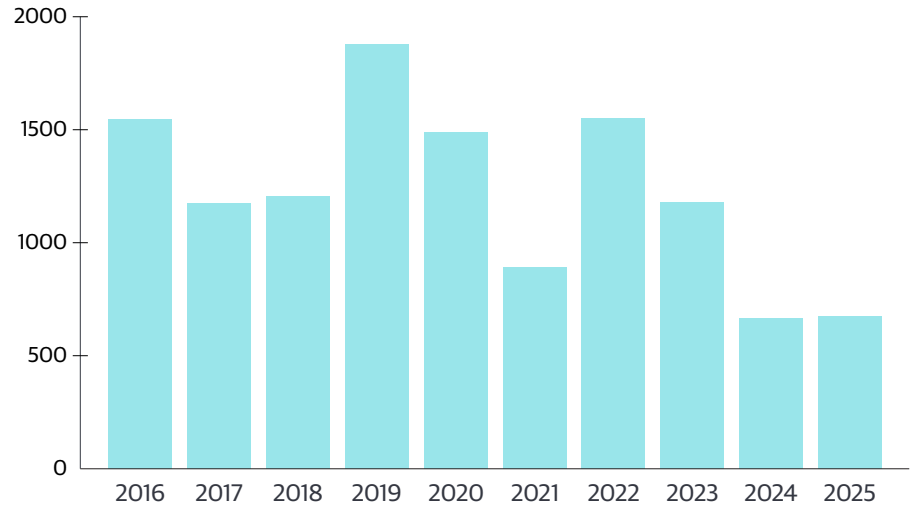
Technical specifications

Recall risk in pharmaceuticals is especially severe: medicines impact patient safety and operate under strict regulatory scrutiny, making recalls among the industry's highest impact operational and financial risks.

Over the past decade, the U.S. averaged over 1,200 drug recalls per year. Australia has also seen more recalls; 2025 was a record year with 108, the highest on record.

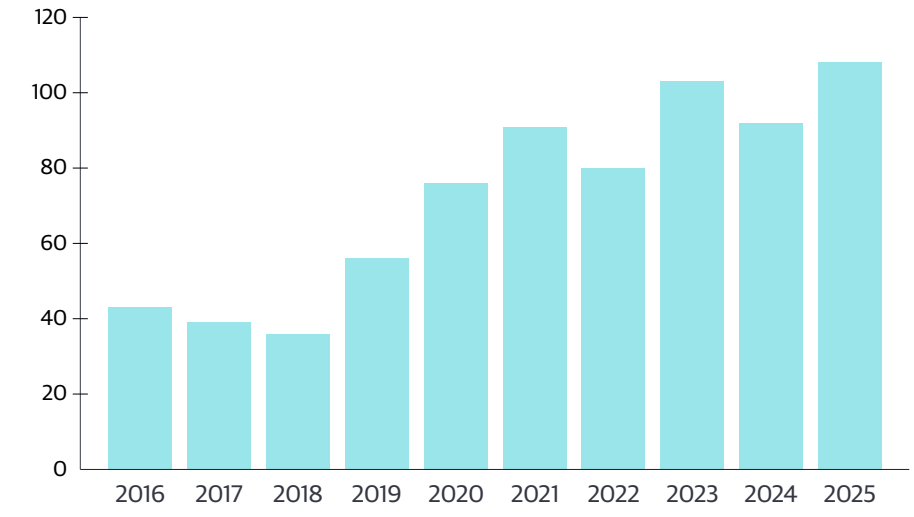
Recall data – medicines

United States



Source: US.Food & Drug Administration

Australia



Source: Therapeutic Goods Administration



To date, the market has not offered a fully comprehensive solution designed specifically for the pharmaceutical industry. Weak market appetite for pharmaceuticals and policy wordings that fail to reflect the sector's unique risks have left many pharmaceutical companies vulnerable to coverage gaps and uninsured losses.

Protecting all parts of the pharmaceutical value chain

Liberty's Pharmaceutical Product Recall policy fills that gap, protecting all parts of the pharmaceutical value chain against:

- Class I and Class II recalls
- Government-mandated recalls
- Malicious product tampering
- Alleged contamination
- Efficacy issues
- Product Guarantee (Class III recalls, interaction with other drugs, adverse side effects)

A pharmaceutical-specific recall wording matters

Industry specific language	Broader, clearer coverage
Contaminated Products insurance (CPI) wordings were developed for the food and beverage sector and use food-focused terminology that does not always meet the needs of pharmaceutical risks. Liberty's wording uses pharmaceutical-specific language for greater clarity.	CPI conditions and exclusions can create cover gaps when applied to pharma. Risks that are irrelevant in food can be material in pharmaceuticals; Liberty's Pharmaceutical Product Recall policy addresses those gaps.

Key difference in triggers

Liberty's pharmaceutical recall policy aligns with industry terminology and follows the FDA, TGA, EMA and MHRA recall classification (Class I and Class II) to determine cover.

Many CPI wordings frame coverage around "accidental contamination," which can be narrower or less applicable to pharmaceutical scenarios.

How each wording respond to real-case scenarios

Examples	Standard CPI cover	Liberty's Pharmaceutical Product Recall cover
Stainless-steel impurities in vaccines	✓	✓
Suspected tampering of complementary medicines (different capsule appearance)	✓	✓
Impurities in high-blood-pressure medicines with potential mutagenic properties	✗ (365-day bodily injury condition)	✓
OTC product recalled after new evidence shows the active ingredient increases pregnancy risk	✗ (No actual product contamination)	✓
Medication for treatment of stomach acid recalled due to contamination with a known carcinogen	✗ (carcinogenic exclusion)	✓
Broken or split tablets that may produce an ineffective dose	✗ (efficacy exclusion)	✓

✓ Coverage provided ✗ Coverage not provided



Experts in crisis management

Liberty has the largest recall team in Australia, comprised of experienced underwriters with more than 20 years experience.

Exceptional service, risk engineering and local claims handling

We understand the need for a quick turnaround. Liberty has Crisis Management underwriters in all eastern states and can meet with clients when needed the most.

Our local claims handling is managed out of Sydney by our senior claims specialist, James Paul.

We have a dedicated Risk Engineer, Luis Gonzalez, who provides technical support to underwriters regarding risk. Luis is available to meet with your client to help ensure we fully understand your client's business.

24/7 support

You will receive 24/7 support from our dedicated crisis management consultants. We provide access to leading crisis management consultants, and PR experts to assist you with the prevention, management and recovery from a product recall event.

> We're part of the Liberty Mutual Group, a Fortune Global 500 company that's been in business since 1912 with an S&P A+ financial strength rating

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 offers a breadth of world-class insurance and reinsurance services to brokers and insured clients. We bring value and solutions to business and government organisations across Australia – helping protect what they earn, build and own.

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