

# FOOD PROCESSORS: PRODUCTS RECALL & CONTAMINATION



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Whether your company processes complex recipes to make exotic foods or your operations involve fish or vegetable preservation, you have unique exposures that require unique insurance coverages. One pertinent and important coverage is Products Recall & Contamination.

This type of policy is designed to protect your company and your customers against a dreaded recall. It will not only cover the cost of the recall itself, but can provide income replacement to both you (“first party”) and your customers (“third party”). It protects you against accidental contamination, malicious product tampering, or extortion by disgruntled employees, unhappy customers and terrorist/extremist groups.

In the event of a contamination or recall, your company may incur multiple first party losses: loss of profits and increased expenses for transportation and warehousing costs, employee overtime, additional staffing, product testing and destruction costs, communication and media, advertising, brand rehabilitation, and public relations. All these risks are covered by a Products Recall and Contamination policy.

In addition to first party coverage, this insurance also includes third party coverage for your customers. Risks include the cost of the recall to your clients as well as the loss of income and extra expenses they may incur. In recent years, the need for third party Product Recall and Contamination coverage has grown substantially because “big box” stores increasingly put more demands on their suppliers, including replacement of income in the event of a product recall.

Many companies think they have this coverage as part of their General Liability policy, and some of these policies in fact do provide the recall coverage. However, the intent of a General Liability policy is to provide coverage for bodily injury or property damage to third parties. It is not designed to provide the broad coverages provided in a stand-alone Products Recall & Contamination policy.

For more information on Products Recall & Contamination coverages, please contact your Parker Smith & Feek Account Executive or Marty Bask, the head of our Food Industry Practice Group at [mbask@psfinc.com](mailto:mbask@psfinc.com)