

# KNOW YOUR LIMITS:

## Understanding Your Coverage Gaps Without Product Contamination and Product Recall Liability

Recall expansions, consumer awareness and increased government oversight from field to fork have heightened the contamination/recall risk for companies involved in the food chain. Designing a comprehensive risk management program is essential for growers, processors, wholesalers and distributors to best position themselves in order to limit or mitigate this catastrophic risk exposure.

### Breaking down your business.

Protecting your business from risk exposure starts with building an understanding of the internal and external factors that affect your liability. Taking into account some of the most basic questions (which are not requested within an insurance application) can give you the fundamental insight necessary to close coverage, contractual and risk gaps.

Approximately

# 80%

of a food and agribusiness loss from a contamination event applies to losses **not included** in the scope of a standard general liability policy.

### DOES YOUR COMPANY:

Have supplier/customer contracts that contain language that holds you liable for certain risks?

Sell ingredients?

Work with both domestic and foreign suppliers?

Manufacture branded products or contract-manufacture for a third party?

Have multiple locations (with excess capacity) or single or minimal locations (minimal excess capacity)?

Work with large customers or brands?

### What kind of loss can you expect in a quick time frame?

- Shelf life
- Component/ingredient into customer products
- Business continuity plans/recall preparedness
- Customer size
- Customer spread
- Distribution methods
- Traceability capabilities
- Contractual/legal liabilities

# In the event of a product contamination incident, what are the limitations of General/Product Liability coverage?

**General/Product Liability Insurance:** triggered by actual bodily injury or property damage.

**Covers:**

Suffering/anguish/expenses arising from bodily injury  
Damaged third-party property

**Excludes:**

Recall of products  
Your product value/replacement  
Business interruption  
Brand rehabilitation  
Crisis consulting  
Your customers' economic loss

**Product Contamination Insurance:** triggered by actual or imminent bodily injury or property damage due to an accidental or malicious contamination.

**Covers:**

Recall and replacement costs  
Business interruption  
Brand rehabilitation  
Crisis consulting  
Your customers' economic loss

**Excludes:**

General liability covered losses

Risk is unique for every company. Partnering with specialists in product contamination coverage with the expertise necessary to dive into your current risk to identify potential gaps and additional exposures is the most effective means of protecting your business in the event of a product contamination event.

Gallagher's product recall experts specialize in developing custom product contamination programs that protect your business in the event of a crisis.

To find out more, contact a member of our product recall team or visit [ajg.com](http://ajg.com).

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