



# SURVIVING A FOOD CONTAMINATION CRISIS: Creating a Successful Financial Recovery Strategy

Protecting consumers from products that may cause harm is a top concern for food and beverage companies and restaurant chain operators. And it should be their top priority. Far too often, the same companies put a great deal of money and effort into operational planning for the response to a product contamination event, but considerably less time than is necessary planning for the financial recovery.

## Creating a Successful Financial Recovery Strategy in Four Easy Steps:

### 1. Communicate Effectively Across Every Department

Appoint a cross-disciplinary cost recovery team to ensure comprehensive understanding across departments, responsibilities and roles in the event of an incident.

### 2. Build a Responsive Risk Program

Implement a system for contractual risk transfer (including insurance), ensuring all potential risk exposure areas have been accounted for and addressed within a larger group setting.

### 3. Understand Your Insurance Program and How It Responds

Contamination events can trigger multiple policies with varying limits and deductibles at one time. Recognize the differences between policies, how policies interact and where gaps are created to understand the associated risk in each scenario.

### 4. Practice Real Crisis Management Scenarios

Schedule crisis response scenarios from a cost recovery perspective for participation by leadership and cross-disciplinary teams, including regularly running the numbers, to expose potential gaps in your strategy that can be closed before an event occurs.

## Most Common Food Crisis Cost Recovery Obstacles:

- Limited recall claims experience and resources
- Failure to financially plan for an event (it's not if, but when)
- Misunderstanding/misapplying contractual language
- Gaps in or confusion about insurance coverage
- Poor communication across departments
- Underestimation of impact on brand
- Impact on supplier relationships



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## Additional Insurance Contract Considerations:

- Is there a contract with a contract manufacturer, ingredients supplier or customer that may effect this loss scenario?
- Can I contractually limit my food safety risk?
- How much coverage does my business need?
- How much risk should I self-insure?
- What should I be requiring of my ingredient suppliers in terms of indemnity or insurance?
- Whose form governs (supply side vs. distribution side)?
- Does the contract specifically address and allocate recall liability?
- What policy is triggered after a contamination event?

Limited recall claims experience and resources can cause confusion surrounding coverage program gaps and triggers that can do permanent damage.

Gallagher's Product Recall experts specialize in developing custom programs to proactively and comprehensively map out a financial recovery strategy (beyond just transactional insurance placement) and response plan for a contamination event.

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

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