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Product+

# Product Contamination Insurance for the Nutraceutical Industry

The Protection You Need to Secure Your Brand's Reputation

## **Malicious Product Tampering, Accidental Product Contamination, Adverse Publicity, Government Recall**

For companies of all sizes, product contamination is a loss exposure that cannot be ignored. Companies involved in virtually any segment of the dietary and nutritional supplement industry face potentially devastating losses in connection with these contaminations — in the form of recall expenses, damage control costs or lost profits, to name a few. For many commercial enterprises, issues with copackers and the global sourcing of finished products or ingredients add a new dimension to the exposures facing those in the dietary and nutritional supplement manufacturing or distribution chain.



## Product Contamination Insurance

### How Tokio Marine HCC Can Help

Specialty Group's management team of underwriters and claims professionals are readily available to discuss coverages and design a comprehensive protection package for your company.

Specialty Group, a member of Tokio Marine HCC, specializes in small- to medium- size food / beverage and nutra risks and can tailor policies that address the needs of the "middle market" segment.

Our policy is designed to provide critical coverages for contamination incidents and related exposures not contemplated under the scope of traditional general liability or product extortion insurance.

Specialty Group's policy provides coverage to help companies deal with the financial consequences of a product contamination crisis, including reimbursement for recall expenses, value of contaminated products, third party recall expenses, increased cost of working, extortion costs, loss of gross profits, rehabilitation expenses and crisis consultant expenses from a retained recall specialist, Stericycle® ExpertSOLUTIONS™.

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### Coverages

- Recall-related expenses, including laboratory analysis, transportation, radio, internet and television announcements and third party recall expenses
- Loss of gross profit for a period of up to 18 months
- Rehabilitation expenses
- Value of contaminated products (whether recalled or not)
- Crisis response and consultant expenses including public relations and recall consultants
- Increased cost of working
- Extortion costs
- Government recall

### Optional Coverages / Services

- Government determination (enhanced)
- Comprehensive product refusal
- Customer loss of gross profit for a period of up to 18 months
- Third party expense indemnity
- Capacity of up to US\$10 million
- Excess capacity up to US\$15 million excess primary \$10 million
- Full policy limits for adverse publicity coverage
- Full policy limits for government recall
- Customer rehabilitation
- Multi-year policy periods available for select risks at a discounted rate
- No Self Insured Retention applying to crisis consultant expenses or extortion costs

Submissions can be turned around same day of receipt at Specialty Group.

Each new policy includes a Stericycle® ExpertSOLUTIONS™ workbook as well as an electronic subscription to periodic industry reports through ExpertINSIGHTS™.



## Crisis Response Services by Stericycle® ExpertSOLUTIONS™

To provide our policyholders with the finest possible complement of services, Specialty Group has partnered with Indianapolis-based Stericycle® ExpertSOLUTIONS™, long recognized as a leading firm in the field of pre- and post-crisis management, risk mitigation and recall management for the full spectrum of consumer goods.

With a dedicated 24/7 hotline, Stericycle® ExpertSOLUTIONS™ is the first point of contact for policyholders looking to report a product contamination incident.

Stericycle® ExpertSOLUTIONS™ can provide vital assistance during the critical early hours following the discovery of such contaminations.

But the capabilities of Stericycle® ExpertSOLUTIONS™ go far beyond post-crisis response for Specialty Group policyholders.

### Consulting / On Site Surveys / 10% Premium Allowance

Stericycle® ExpertSOLUTIONS™ is available to provide a full range of consulting services in all aspects of product manufacturing, processing, handling, packaging and testing.

In addition, the firm can offer guidance concerning contractual risk transfer procedures relating to policyholders' suppliers. And it can help food and beverage industry professionals navigate the regulations relating to the Food Safety Modernization Act and understand the responsibilities the act imposes.

Through on-site surveys and first hand analyses of operating procedures, Stericycle® ExpertSOLUTIONS™ can offer helpful recommendations regarding risk mitigation and risk improvement.

As an added benefit, our policyholders can use up to 10% of the premium for pre-crisis planning and consulting by Stericycle® ExpertSOLUTIONS™. Such consulting services include a comprehensive review of quality assurance / quality control / HAACP procedures, crisis management plans, equipment manufacturer, supplier and customer agreements, audits, testing and inspection protocol, security measures, delivery controls, allergen programs, environmental controls and regulatory controls, just to name a few.

Specialty Group's policy provides coverage to help companies deal with the financial consequences of a product contamination crisis.



## Stericycle® ExpertSOLUTIONS™ Impressive History

Management of over 5,000 product recalls globally, including some of the largest recalls in U.S. history involving infant formula, beef and pharmaceuticals:

- Management of over 10 locations in the United States and one in the United Kingdom
- 750 employees and consultants
- 175 combined years of regulator and recall execution experience on staff, including former senior personnel in the FDA, CPSC and NHTSA
- Handled the removal of over 250 million recalled units in the marketplace over the past decade

Stericycle® ExpertSOLUTIONS™ can provide a true "one-stop shop" for policyholders when they are faced with a crisis situation, including the following:

- **Affected Party Identification:** A proprietary Crisis Management System which helps ensure that customers can immediately identify and inform every person and supply chain partner involved in a recall
- **Recall Notification and Communication:** Establishing and implementing rapid, highly scalable recall communications services to notify directly affected parties and indirect customers who may have received recalled products
- **Recall Response:** Trained crisis contact representatives respond with expertise and sensitivity to quickly answer customer questions, schedule appointments, coordinate replacement product(s), manage website registration, respond to consumer complaints and document adverse events
- **Remedy Management:** Processing and tracking dangerous or defective products. From scheduling repair technicians, fulfilling replacement product and providing reimbursement to issuing consumer coupons, appropriate remedies are designed to meet each recall situation's specific needs
- **Resolution Management:** Offering regulatory compliant and witnessed destruction or disposal options including innovative recycling and sustainable solutions

- **Product Retrieval:** With an on-demand force of thousands of global field representatives, Stericycle® ExpertSOLUTIONS™ can assist in a global recovery of product from consumer homes, distribution centers/warehouses and retail stores. This global field force can be mobilized within 24 hours to retrieve product from all affected locations or to perform on-site effectiveness checks

- **Sustainability:** Innovative, sustainable solutions for transportation, dis-assembly, segregation, storage, recycling / destruction and disposal help to minimize the environmental impact of any recall event and achieve sustainability goals

We believe that ExpertSOLUTIONS™ is an outstanding addition to the arsenal of products and services Specialty Group offers in connection with our Product Contamination facility – and vastly enhances our capabilities in areas that are becoming increasingly important to producers and policyholders.

## Frequently Asked Questions\*

### Which events trigger coverage?

The insured events are accidental product contamination, malicious product tampering, adverse publicity and government recall. The trigger is discovery of the insured event during the policy period.

### Does the policy contain a carcinogen or genetically modified products exclusion?

No, Specialty Group's policy does not contain a carcinogen or genetically modified products exclusion.

### What are rehabilitation expenses?

Any reasonable expense incurred by the insured to restore the contaminated product to its original merchantable quality and/or to re-establish the brand reputation and market share of the product line that has been subject to a covered incident.

### What third party coverages does the policy provide?

The policy provides customer recall expense coverage. Customer loss of gross profit and third party expense indemnity are available — along with other selected third party coverages.

### What products are covered?

Specialty Group's standard approach is to cover all ingestible products for human or animal consumption, including all ingredients manufactured, distributed, or handled by the insured. Specialty Group will also customize the universe of covered products at the insured's request.

### What about coverage for new products?

All new products that an insured starts manufacturing, distributing or handling after policy inception are covered automatically — with no reporting provision.

### Does the policy cover adverse publicity?

Yes, adverse publicity is a standard feature in the policy and provides coverage up to the full policy limit.

### How does the Self Insured Retention function? Is there coinsurance?

The self insured retention applies per Insured Event against the sum total of all coverages applicable for each insured event and does not apply separately to each coverage.

Crisis consultant expenses and extortion costs while included within the limit per insured event, are not subject to the Self Insured Retention.

Generally, Specialty Group policies are not written with coinsurance.

### Who at Specialty Group handles a product contamination claim?

Specialty Group is committed to servicing a policyholder's needs in the event of a claim. To that end, Specialty Group has a dedicated crisis management claims department staffed with experienced claims professionals who will work closely with both the policyholder and its broker throughout the entire claims process.

\*This page is designed to provide a concise overview of the provisions that have been the subject of frequent inquiries. It is not designed to replace the policy itself. For a full description of applicable provisions, please consult the policy wording.



**Why Tokio Marine HCC**

Tokio Marine HCC is a leading specialty insurance group conducting business in approximately 180 countries and underwriting more than 100 classes of specialty insurance.

Headquartered in Houston, Texas, the company is made up of highly entrepreneurial teams – equipped to underwrite special situations, companies and individuals, and acting independently to deliver effective solutions. Our *Mind over risk* philosophy helps our customers take on formidable challenges without assuming formidable financial risks. We bring our philosophy to life every day through underwriting expertise and unique insurance products. Our products and capabilities set the standard for the industry, as many of our nearly 2,500 employees are industry-leading experts.

The company’s major domestic and international insurance companies have earned financial strength ratings of “AA- (Very Strong)” from Standard & Poor’s Financial Services LLC, “A+ (Superior)” from A.M. Best Company, Inc., and “AA- (Very Strong)” from Fitch Ratings.\*

Tokio Marine HCC is part of Tokio Marine, a premier global company with a market cap of approximately \$30 billion.

\*Ratings at the time of printing.

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A member of the Tokio Marine HCC group of companies

*To Be a Good Company*