

Contaminated products insurance for life science companies

Overview

In today's global marketplace, the risk of product recall has never been greater.

Increasing regulatory scrutiny, pressured margins, complex supply chains and changing technology can lead to an increase in the occurrence and severity of product recalls. Some product defect risk can be mitigated using technology during production, but errors can affect even the most prestigious, global product manufacturers and brands.

Crisis planning and high-standard quality controls are key to mitigating the risk of product recall. Insurance cannot replace effective business governance, but contaminated products insurance can support and complement an effective risk management strategy by minimising the financial repercussions of a product crisis and enabling brand recovery.

What can be covered?

Government recall/shutdown
Covers government-mandated recall and/or government shutdown of a manufacturing or processing facility.



Contamination, whether actual or threatened

Perils can include accidental contamination, wilful but not malicious, and/or malicious product tamper, product extortion and adverse publicity.



Packaging defect

Risks associated with errors in the design, manufacture, production or processing of packaging material.

How can contaminated products insurance help you?

Contaminated product insurance can help a company to protect:

- **Shareholder value:** product recalls can have a significant effect on a company's balance sheet, causing a cash shortage that can eliminate profit. We'll work with you to make sure that product recall protection is embedded in your wider risk management strategy so that you meet your fiduciary duty to protect shareholder value.
- **Brand and reputation:** when risk management systems and controls do fail, what matters is how you respond and manage the event. We'll help you ensure your investment in risk transfer includes any crisis support you may need to respond to crises, protect and rehabilitate your brand.
- **Costs expenditure:** whether incurred by your company or a third party such as a direct customer. The costs to cover labour, transportation and disposal due to a product recall can be expensive. A product recall policy would typically cover these types of costs.

Next, companies could face claims for financial damages suffered by its distributors (known as third party costs). These third party liability demands can include:

Customers' loss of gross profits	Customers' loss mitigation expenses	Customers' costs to comply with the recall notice requirements
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The insurance solution

Core coverages:

- **Accidental contamination:** accidental/unintentional contamination or mis-labelling which occurs during production, packaging or distribution
- **Malicious tampering:** actual, alleged or threatened alteration or contamination of products
- **Product extortion:** threat to commit malicious tampering for purpose of demanding ransom monies
- **Government recall:** Class I or Class II recall by a Government regulatory body
- **Product defect:** design or manufacturing error

What should be covered?

- Recall costs
- Insured's crisis response/PR consultants' costs
- Business interruption
- Explant coverage for permanent implants
- Rehabilitation expenses

We guard the present with one eye on the future.

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Life Sciences expertise throughout our global network. Specific information requirements for each country.

By country:

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WTW301775/03/2021

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