



# Food Manufacturing Liability Insurance

Our Food Manufacturing Liability Insurance carries some unique coverage sections which are often not addressed under standard General Liability and Statutory Liability policies.

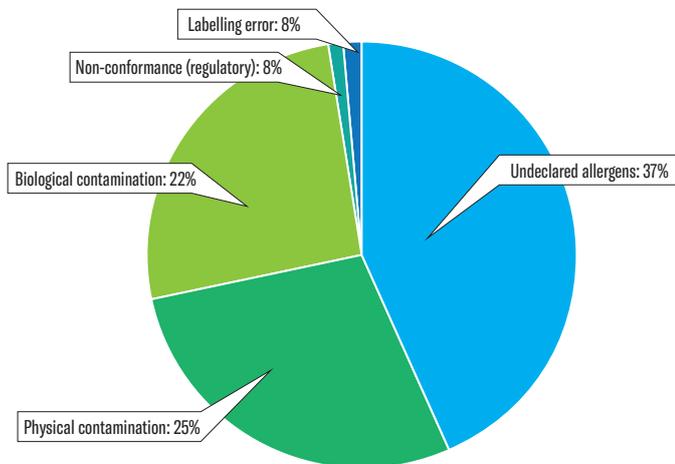
Along with standard Broadform Liability, this comprehensive liability package includes Product Recall, slow and gradual Pollution, Errors & Omissions and Crisis Management cover.

## STATISTICS

**1 in 5** Delta clients have made a claim on their food manufacturing policies

**50%** of food-related incidents resulted in an Errors & Omissions claim within the policy

## Recall Reasons



## BENEFITS & FEATURES

**The only tailored food manufacturing liability product in New Zealand**

**Product Recall** – provides cover for losses as a result of a defect or deficiency in the product which poses a danger to the user, including malicious product tampering. Covered losses include recall costs, replacement costs and compensation to third parties in the distribution chain.

**Errors & Omissions** – covers financial losses incurred by customers and third parties as a result of design, formulation or manufacturing.

**Pollution Damage** – provides cover for insured's own clean up costs and compensation to third parties from a pollution event, including sudden and accidental pollution events, and also extends to cover slow and gradual pollution.

**Crisis Management** – covers expenses incurred to help mitigate negative publicity generated by a crisis event.

**Consequential Losses** – covers business interruption losses resulting from a covered claim.



## RISK APPETITE

> food products

> beverages

> breweries & distilleries

> cosmetics, skincare & beauty products

> nutraceuticals



The information contained in this document is for illustrative purposes only and does not constitute advice. Coverage offered by Delta is subject to terms and conditions outlined and certain restrictions, limitations and exclusions contained in the policy of insurance. In the event of any conflict between the descriptions of coverage in this document and the policy of insurance, the provisions contained in the policy of insurance will govern. This document is accurate as at February 2021.



## COVERAGE

	ENVIRONMENTAL LIABILITY	PROPERTY INSURANCE	PROFESSIONAL INDEMNITY	GENERAL LIABILITY	PRODUCT RECALL INSURANCE	MANUFACTURING LIABILITY
Business interruption	●	●	●	●	●	●
Civil claim - gradual pollution damages	●	●	●	●	●	●
On-site pollution clean-up costs	●	●	●	●	●	●
Pure financial loss to third party	●	●	●	●	●	●
Product replacement	●	●	●	●	●	●
Packaging defect	●	●	●	●	●	●
Malicious product tamper	●	●	●	●	●	●
Crisis management costs	●	●	●	●	●	●
Product recall costs	●	●	●	●	●	●

● Cover provided ● Coverage possible ● No coverage

## CLAIMS SCENARIOS

### Scenario 1: Product recall

A boutique cheese manufacturer packed their cheese destined for overseas markets with dates longer than the intended shelf life. The error was picked up when the shipments reached the Chinese ports. The products were recalled as they posed a potential danger if consumed after the end of the shelf life. The product recall section covered the costs associated with recall and replacement of the cheese products. Total value of the cheese replaced was \$80,000 and the cost associated with the recall was another \$30,000.

### Scenario 2: Product recall-specific packaging defect extension

A chilled-food manufacturer used the wrong label for one of its ready-to-eat soup products. This mislabelling did not pose any danger to consumers but had the wrong ingredients and incorrect nutrition information on the label as a result. Generally, product recall policies will not respond as there is no foreseeable harm or threat to human health. But the packaging defect extension under Delta's Manufacturing Liability will respond to such scenarios and covers the costs involved in recalling and replacing the product or re-labelling it.

### Scenario 3: Manufacturer's errors & omissions

A contract manufacturer's packaging unit was faulty and caused the packaging to be defective which

resulted in food spoilage with the customer losing revenue as a result. The product recall section responded with recall and replacement of the product but their customer sued them for loss of revenue and expenses. This is covered under the errors and omissions section.

### Scenario 4: Pollution damage

A local authority investigated the contamination of a stream next to an abattoir and found that the contamination was the result of a long-term failure of containment of waste-water within the abattoir. The abattoir was ordered to compensate for the clean-up costs incurred by the local authority. In addition, the nearby businesses sued the abattoir for direct losses and expenses for additional disposal costs during the clean-up. Both claims were covered by the Pollution Damage section.

### Scenario 5: Consequential loss

During a WorkSafe NZ investigation of a food manufacturer following a workplace accident, the company was unable to operate for a week. The reparations and defence costs were paid by the company's Statutory Liability policy; the company, however, incurred a week of lost revenue. They claimed this amount on the Consequential Loss section of the policy.