

Product: Product Recall

Manufacturer Information	
Product information	
<p>In the event of a product contamination event, our policies are designed to get the customer trading again as quickly as possible by managing the crisis, paying for the costs of the recall and the subsequent loss of revenue. This product is aimed at companies operating in the food and beverage sector, as well as cosmetics, pharmaceuticals, and nutraceutical industries.</p>	
<p>Coverage available includes:</p> <ul style="list-style-type: none"> - Accidental contamination: any accidental or unintentional contamination, impairment or mislabeling of an insured product(s) which occurs during or as a result of its production, preparation, manufacture, packaging or distribution. - Malicious product tampering: any actual, alleged or threatened, intentional, malicious, and wrongful alteration or contamination of the product(s), so as to render it unfit or dangerous for its intended use or consumption or to create such impression to the public. - Product extortion: any threat or connected series of threats to commit a malicious tampering, for the purpose of demanding ransom monies, communicated to the Insured. 	
<p>Coverage can also be expanded to include optional extensions of cover such as:</p> <p>Government recall: the recall of an Insured Product which has been initiated as a result of an order by a governing body who has determined reasonable probability for the Insured's product to cause bodily injury or property damage.</p> <p>Adverse publicity: the reporting of an actual or alleged Accidental Product Contamination or Malicious Product Tampering during the policy period in local, regional, or national media or any governmental publication where the Insured's product(s) is specifically named.</p> <p>Customer loss of profit: the client's gross profit that would have been expected from the sale of the affected product had the loss not occurred, or the increased working costs incurred by the client to avoid a fall in sales.</p> <p>Third party recall liability: damages arising out of the recall or withdrawal of a product which becomes an ingredient or component in a product manufactured, processed or distributed by a third party.</p> <p>Product rehabilitation expenses: sales and marketing expenses, to re-establish the sales level and the market share of Insured Products affected by an Insured Event to the level reasonably projected prior to the Insured Event.</p>	
<p>Target market</p> <p>The Product Recall Insurance product is specifically designed for companies operating in sectors where product contamination or tampering poses significant financial and reputational risks. It targets businesses that require comprehensive crisis management support and financial protection to mitigate the impact of product recall events.</p> <p>Key Characteristics:</p> <p>(1) Business Size & Type</p> <ul style="list-style-type: none"> - Micro enterprises, small businesses, mid-sized commercial entities, and large corporates engaged in manufacturing or processing. - Primary industries include: 	

- (a) Food & Beverage
- (b) Cosmetics
- (c) Pharmaceuticals
- (d) Nutraceuticals

(2) Insurance Profile

- Customers with commercial manufacturing or processing risks who seek protection against accidental contamination, malicious tampering, and product extortion.
- Policies tailored to cover recall costs, loss of revenue, and crisis management expenses.
- Optional extensions available for government-mandated recalls, adverse publicity, customer loss of profit, and product rehabilitation.

(3) Customer Needs & Behaviours

- Businesses that value rapid response and expert guidance during a contamination or recall crisis.
- Customers likely to require:
 - (a) Funding for recall and disposal costs
 - (b) Support for crisis management and communication
 - (c) Coverage for loss of revenue and rehabilitation expenses
- Particularly suited to companies with contractual obligations (e.g., supermarket requirements) or strong brand reputation concerns.

(4) Geographic Scope

- Distributed outside the UK and EEA; available in Australia, New Zealand, and Rest of World markets.
- Not approved for distribution in the UK or EEA.

(5) Distribution Channel

- Sold via specialist insurance brokers through coverholder arrangements.
- Distribution involves face-to-face, telephone, and email channels; not available via aggregators or online quote-and-bind platforms.
- Both advised and non-advised sales processes, ensuring suitability checks even when advice is not provided.

(6) Circumstances Where Product Delivers Greatest Value

- Following accidental contamination or malicious tampering events that could lead to bodily injury or property damage.
- Situations where swift crisis management and financial support can prevent reputational harm and restore market confidence.
- Particularly valuable for businesses with complex supply chains or high-volume production.

This product appeals to manufacturers and processors in high-risk sectors who need robust financial protection and expert crisis management to safeguard their operations and brand reputation during product recall events.

Types of customer for whom the product would be unsuitable

The Product Recall Insurance product is not appropriate for:

- (1) Non-Manufacturing or Non-Processing Entities
 - Individuals or businesses that do not manufacture, process, or distribute products.
 - Service-based businesses or those without exposure to product contamination or recall risks.
- (2) Industries Outside the Scope of Coverage
 - Customers operating in sectors such as automotive, consumer durables, electronics, or other industries not associated with food, beverage, cosmetics, pharmaceuticals, or nutraceuticals.
- (3) Geographic Restrictions
 - Risks domiciled or located in the UK or EEA, as the product is not authorised for distribution in these regions.
- (4) Low-Risk or Non-Contamination Exposures
 - Businesses with no potential for bodily injury or property damage arising from product contamination.
 - Customers seeking cover for quality-based issues only (e.g., taste changes without health risk).

(5) Personal or Consumer Use

- Individuals acting in a personal capacity rather than as part of a commercial enterprise.

(6) Customers Without Crisis Management Needs

- Businesses that do not require financial protection for recall costs, loss of revenue, or reputational rehabilitation following a contamination event.

Any notable exclusions or circumstances where the product will not respond

Exclusions include but not limited to:

- where there is no potential for bodily injury or property damage
- any product of a competitor similar to an insured product(s)
- deterioration, decomposition, or transformation of the chemical structure of the insured product(s) and any quality-based contamination (ie change to taste without bodily injury potential)
- fines and penalties
- intentional violation of any governmental regulation
- fraud
- nuclear/radioactive contamination
- sanctions
- war and terror

Limit of liability:

This will vary by policy depending on the Insured's requirements and information provided. An example of how the limit may be expressed would be NZD 1,000,000 each Insured Event and in the aggregate for the policy period.

Excess:

Product Recall policies generally use deductibles instead of excesses (practical impact is the same).

Deductible:

This will vary by policy depending on the Insured's requirements and information provided.

Other information which may be relevant to distributors

This product is permitted for sale via the following distribution chain:

- Lloyd's Broker;
- a delegated authority arrangement with a coverholder; and
- by brokers which have been approved by the coverholder as suitable distributors for the target market.

No further distributors in the chain are permitted without TMKS' approval. Any such approval will include consideration of their impact on product value.

Where Distributor 1 sells this Product via multiple other distributors (via sub-delegation or sub-broking), it is their responsibility to ensure all distributors have been provided this document, have reviewed it and understand the content. If there is any additional remuneration, including commissions, fees or other 'non-standard' remuneration charged to the customer by other distributors, it is the responsibility of Distributor 1 to inform TMK of these details accurately and in full.

This product should be sold in line with FCA regulations and can be sold with & without advice by a regulated insurance distributor.

Distributors are expected to fully understand the eligibility criteria, covers and exclusions of the product.

This product can be sold face to face, via telephone or electronic communication or a mix of these methods, as long as customers are provided with sufficient information to make an informed decision regarding the suitability of the product.

Commission & Fees

The coverholder is expected to ensure that maximum commission rates do not exceed those stipulated within the Binding Authority Agreement.

Brokers can select commission rates from a range set by the coverholder, so that remuneration can be aligned to their own distribution costs. The maximum commission rate set cannot be exceeded.

The coverholder is expected to maintain oversight of all broker commissions and, where there may be a risk to product value and remedial action taken whenever necessary including notification to Tokio Marine Kiln.

Brokers are reminded of their own regulatory obligations in relation to remuneration under PROD 4.3.6 as well as the requirements to make all necessary disclosures to the customer.

How value is assessed

Value is assessed based on a number of metrics, including underwriting, claims, complaints information, customer feedback as well as through broker and coverholder engagement.

Remuneration paid as set out in our agreements with distributors has been considered as part of the value assessment.

If additional add-ons (including premium finance) are sold alongside this product or additional remuneration is charged, this may affect the value for the customer.

Further information on our product approval processes can be obtained on request.

Date Fair Value assessment completed	January 2026
Expected date of next assessment	January 2027