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FDF and Marsh explore product recalls: What's causing them and what's changing?



Today's Speakers



Nick Pink

Chief Operating Officer

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UK Food and Beverage Industry Leader – Marsh

Selena holds a Masters in Business and marketing and is a Fellow of the CII and Chartered Insurance Broker. Selena holds the WSET Level 2 Award in Wine. She has worked in Insurance and risk management at Marsh for over 15 years.

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Sarah Crack

Product Recall Specialist, Marsh

Sarah is a qualified solicitor with 10 years' experience at Marsh. She specialises in developing policy wordings and advocating for clients in claims, drawing on her previous experience as an insurer's Legal Counsel.

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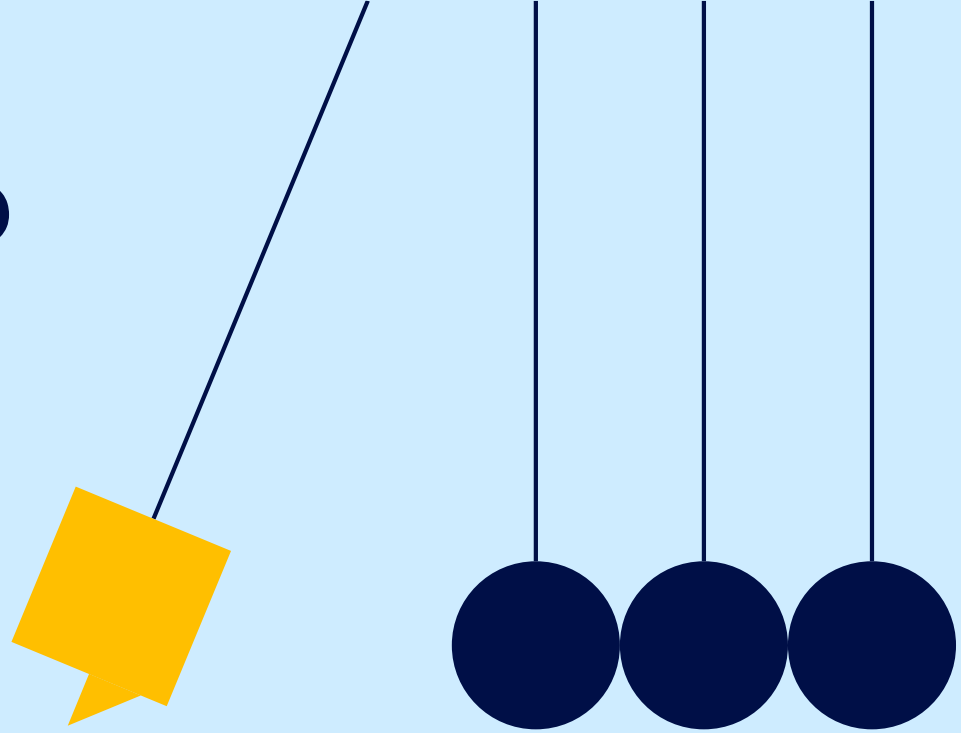
Q&A

Please submit your questions at the bottom of the screen. We'll follow up on any unanswered questions after the webinar.
Thank you.

Why are we here today?



Food Safety Recalls – Why, how and what

Why they happen, **how** to prevent them and **what** to do (and what not to do) should you find yourself in the middle of one.

We'll be discussing:

1. The factors that lead to food safety incidents and recalls
2. Insight into the primary reasons for the rise in recalls and how to avoid them
3. Real-world examples of good practice in food recalls and lessons learned
4. The costs associated with recalls and how to put yourself in the best position

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Who are Marsh? And what do we do in the F&B sector?

Providing Risk and Insurance solutions via our dedicated Food and Beverage Industry Practice

- We work with 66% of the top 50 Food and Beverage companies
- We work with 6 of the top 10 global alcoholic beverage manufacturers
- We work with the top 3 frozen food manufacturers in UK
- GBP 2Bn in food & beverage client premium placed globally
- GBP 138M in food & beverage client premium placed in the UK
- We serve four of the largest UK brewers
- We serve 6 of the top 10 whisky companies

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Main causes and origins of recalls

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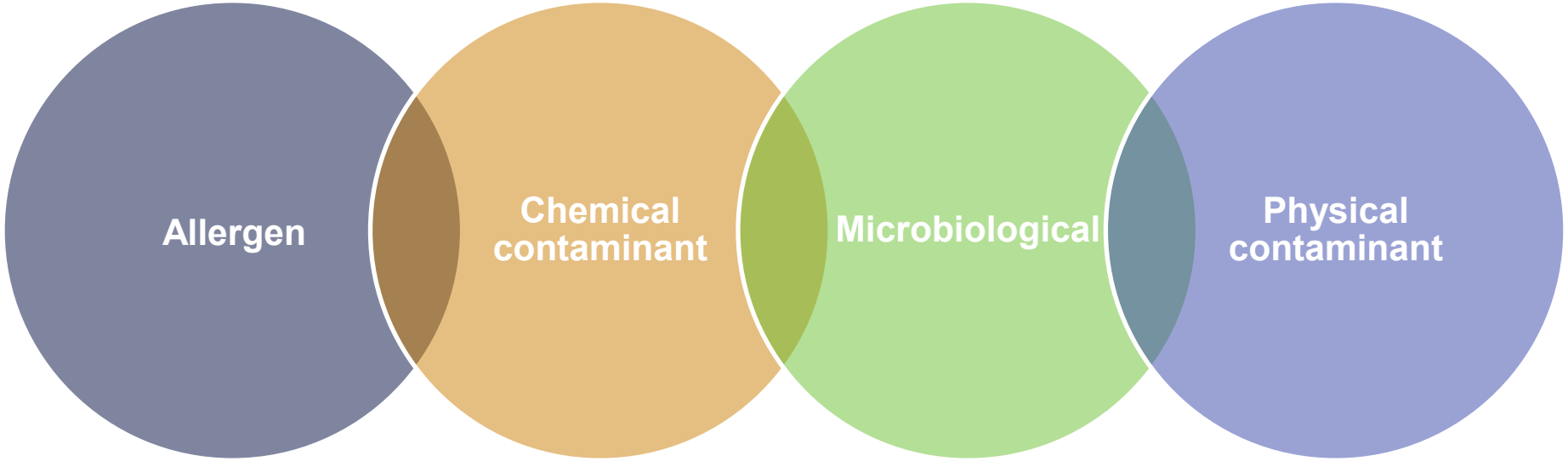
What do we mean by food safety incidents?

A food safety incident is any situation involving a **risk to consumers** from the consumption of food, often leading to a product withdrawal or a recall.



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Root Cause Analysis

- **Allergenic Contamination -** (milk, nuts, egg, etc.) – a food allergen sneaks into a dish it wasn't supposed to be in. For people with food allergies, even a tiny amount can trigger a reaction.

- **Chemical Contamination –** anything from pesticides to cleaning products in food prep areas or even chemicals leaching from food packaging. Unintentional (accidental) or Intentional e.g. Food additives – used in quantities that exceed safe limits. Can cause food poisoning or chronic diseases if consuming small amounts but over a long time.

- **Microbiological Contamination**– caused by pathogenic micro-organisms; including bacteria, viruses, parasites and fungi. Common foodborne bacterial pathogens include salmonella, E.Coli and Listeria.

- **Physical Contamination** – when unwanted objects get into food, anything from plastic or metal and can cause a choking hazard

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UK Data - FSA

Food recalls – What does the 2026 data show?

FSA

- The FSA recorded **2,073** food and feed safety incidents in 2025/26; **14% higher** than the **1,825** incidents recorded in 2024/25.
- **413** incidents involved Biological contamination in 2025/26. 206 Salmonella incidents, 92 Listeria incidents and 57 E. coli incidents.
- Allergens were the second-largest FSA incident category in 2025/26 (**281 incidents**);
- E.g. milk in lamb burgers. Nuts in coffee syrup.

Poll: “Has your business had a product contamination event that you are aware of?”

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Product recall trends

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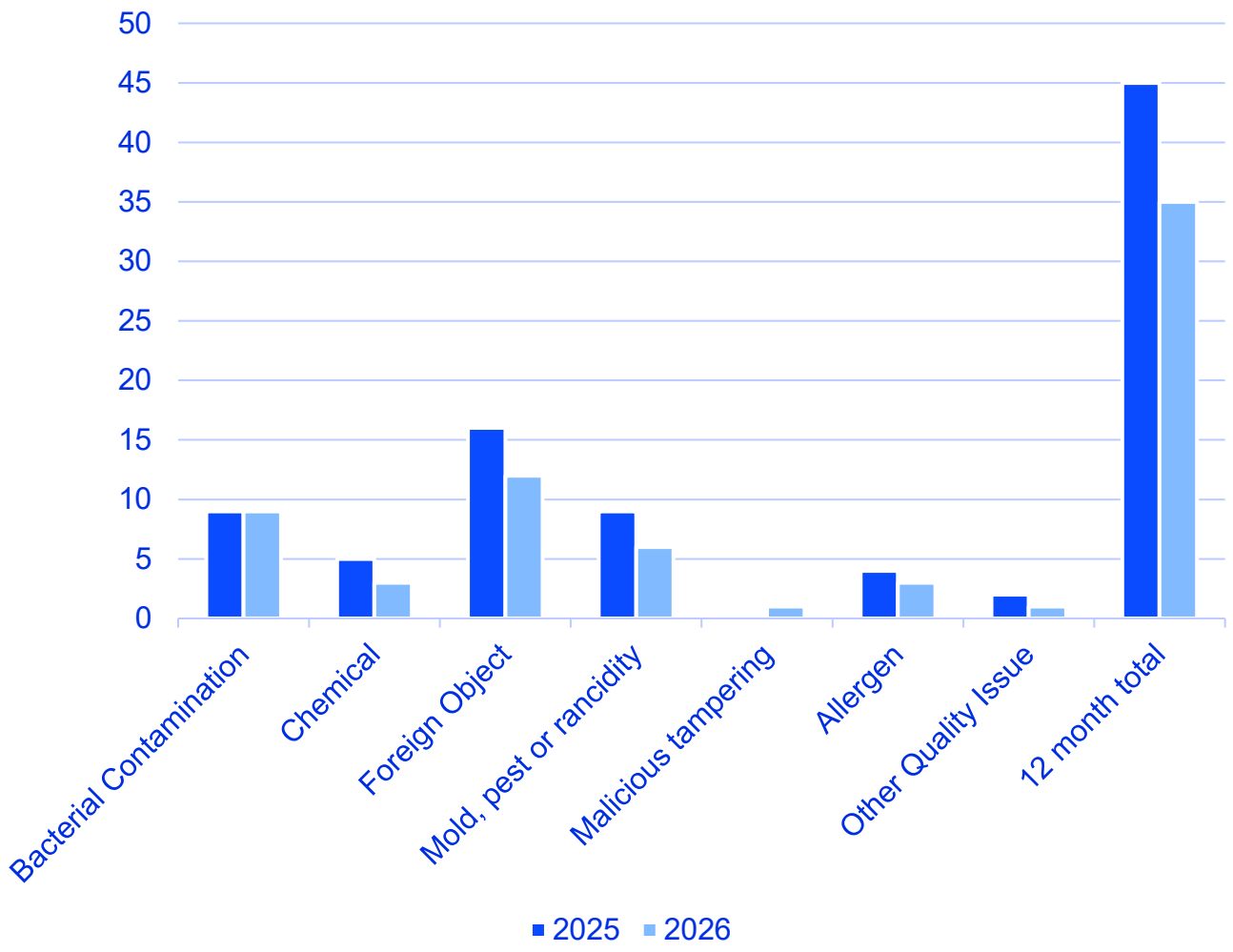
Causes of Food & Beverage Contamination for UK clients



- FSA : 14% higher in incidents in 2025/26, yet…
- Marsh data:

  – 30% reduction in notifications over 12 months

  - Different leading causes

Why?

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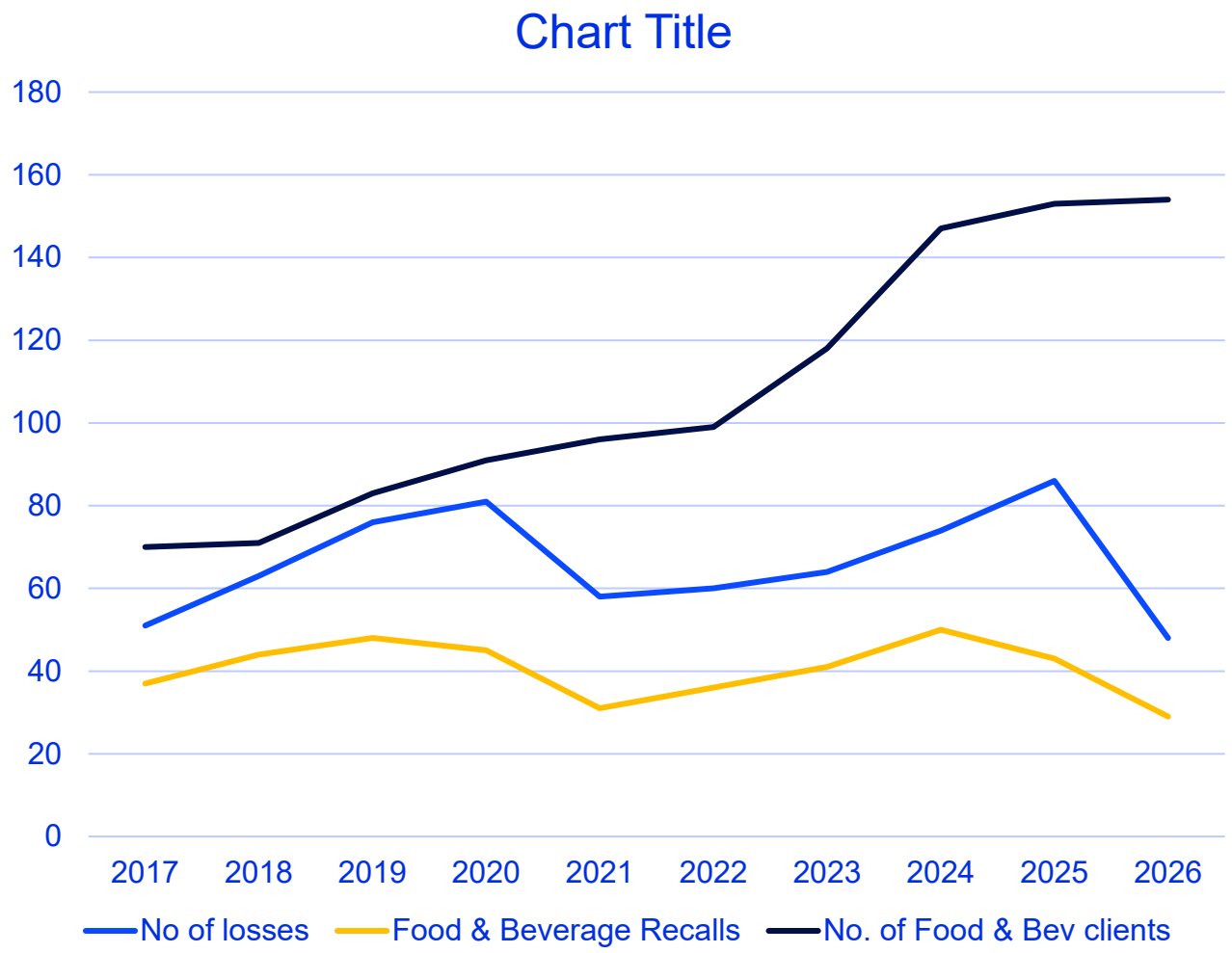
EU & UK Focus:

Are insurance claims aligned with reported trends?



- More incidents reported to the FSA
- More businesses insuring recall risk
- Food & Bev:
  - 50-70% of all claims notifications
  - following a steady 3-4 year pattern
- EU Product Liability Directive (2024/2853)
- Use of AI

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Are food & beverage recalls really on the rise?
And if they are, why are claims declining?

- Insurers underwrite well managed risks.
- Border stop and check - early warning of non-compliance.
- Improved regulatory guidance e.g.
  - *Regulation (EU) 2026/1932 - common controls and digital traceability for fish and seafood products*
  - *Regulation (EU) 2023/915 - Harmonized Maximum Levels for Contaminants*
  - *Food and Feed Safety Simplification Package ("Omnibus X"): Introduced by the European Commission in December 2025 to streamline and modernize reporting, hygiene, and official controls in the food chain.*
- Early reporting = better containment.
- Early loss mitigation e.g relabelling.

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Product recall incidents – case studies

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Claims Scenarios: Real Incident 1

Salmonella in chocolate from a supplier

- Chocolate put straight into production.
- Contamination reported by supplier 24 hours later.
- No product distributed; test results negative.
- Insured notified insurers and pursued supplier.
- Supplier offered $500K for product loss only - $700K loss of profit not covered by contractual indemnity.

<u>Insurer response</u>

- Insurers alleged prejudice.
- No evidence of contamination.
- No distribution, so no risk of consumption that *would cause Bodily Injury.*

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Claim Outcome: **Paid in full**

Salmonella in chocolate from a supplier

- Marsh reminded insurers that they were given notice of intent to pursue the supplier and had agreed not to adjust the claim. There was no prejudice, since no deal had been made. Upon consultation, they had passed control to the insured, anticipating a successful resolution and a saving on adjustment costs. **Ask your broker for claims advocacy support.**

- Although the Insured's own testing was negative, we directed insurers to the supplier's public webpage, which advised that the whole production site was contaminated with salmonella. We were able to evidence that production and delivery was within the quoted time period, and positive release was advised by the supplier and checked by the Insured. **Public Information, plus Good paperwork = good evidence.**

- We noted that the Insured had a duty of care to consumers and a duty to mitigate Insured Loss under the policy. If it distributed the product based on negative test results, there would be regulatory backlash and bad publicity at best, and at worst, deaths.

Your claim is a puzzle. You don't need all the pieces – just enough to build a picture.

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Claims Scenarios: Real Incidents 2 and 3

Chemical fumigation of crops with Ethylene Oxide

A. Ice Cream

– US client - Multinational recall of ice cream, contaminated with Ethylene Oxide (ETO).

– Root cause traced to vanilla flavouring.

B. Noodles

– Retailer detected 2-chloroethanol (2CE or ECH) in noodles sold by the Insured.

– Retailer mandated a recall.

– Root cause traced to spices in the seasoning mix.

- Product Contamination Insurance - carcinogen exclusion.
- ETO is a known carcinogen, 2CE is not.
- Banned in EU, but permitted for post harvest fumigation in US.
- 2CE alerts EU regulators to the use of ETO.

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Claim Outcomes: **Covered / Not Covered!**

Chemical fumigation of crops with Ethylene Oxide

Ice Cream claim

- Carcinogen exclusion - Accidental Contamination, not Government Recall.
- Insurers paid $20M – recovered in subrogation. Insured received $40M total.
- Evidencing the loss (c$65M) was a project – insured settled short to mitigate project costs.

Noodles claim

- Claim declined – if 2CE is evidence of ETO, carcinogen exclusion applicable.
- 2CE levels well below safety tolerances. FSA advice was precautionary.
- *No evidence of risk of bodily injury.*

Check your insurance is still best in class – enhancements may be available, subject to pricing.

Find a common interest with insurers – recovery.

Ask regulators to provide clarity on risk and consequences.

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Claims Scenarios: Real Incident 4

Naturally occurring chemicals in almonds

- Contract with leading supermarket for the supply of almonds, to be selected by weight and size.

- Pre-Christmas taste testers reported bitterness, and test results showed a high level of amygdalin, which can convert to hydrogen cyanide when consumed.

- Our Insured highlighted to the retailer that:
  - amygdalin is naturally occurring in almonds;
  - the sample was not representative and did not reflect levels present in the product; and
  - there was little to no risk of illness, even for a small child.

- Retailer mandated a precautionary recall.
- Faced with the potential loss of a major contract, with no opportunity to relist for 12 months + , our Insured reimbursed the costs and claim upon their insurance.

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Claim Outcome: **Unsupported**

Naturally occurring chemicals in almonds

- Insurers appointed a food safety expert to advise them on the risk of Bodily Injury.
- The expert noted that:
  – amygdalin is naturally occurring in almonds, and was not present as a result of contamination.
  – the almonds were to be selected based on size and weight, not by reference to acceptable levels of amygdalin, or by variety, and the contract specification had been met;
  – the sample sent for testing was not representative in any event, and did not provide evidence that consumption of the almonds *would cause Bodily Injury.*

- Insurers agreed with the Insured's own assessment, and concluded that reimbursement was a commercial decision, not an Insured Loss.

- **Communications are disclosable. Keep your policy in mind. Buy time to respond.**

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Consequences and lessons learned

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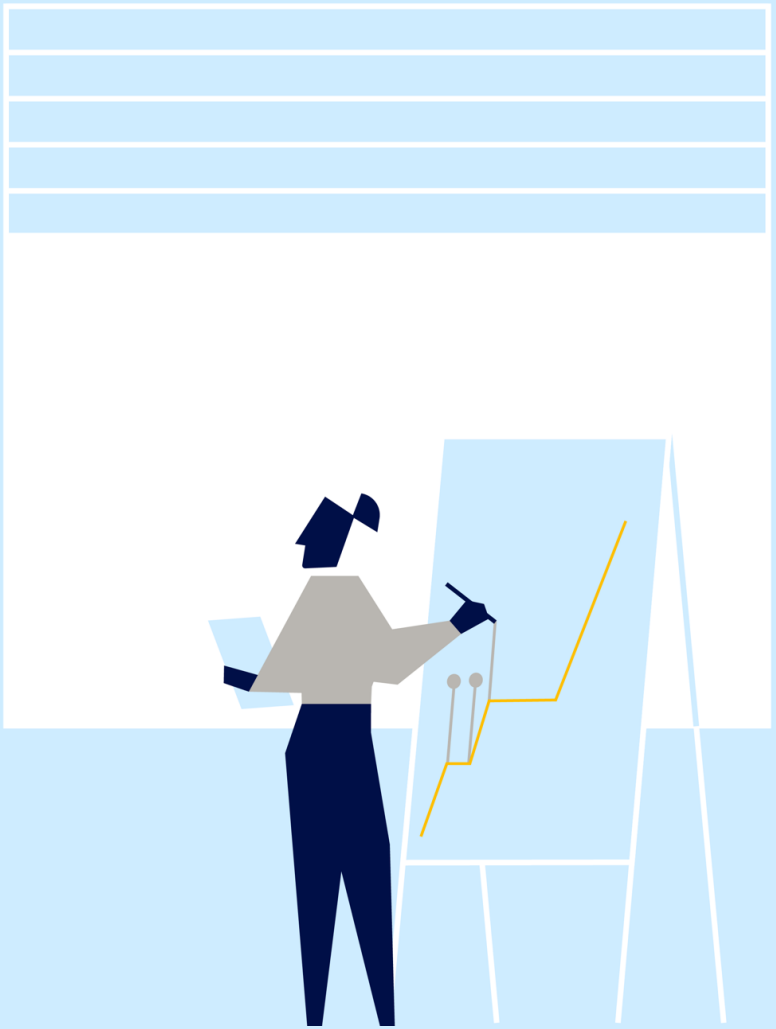
Lessons Learned

Key Takeaways

- Mundane paperwork is your friend.
- Report early and provide updates. Small concerns can escalate quickly.
- Request evidence and challenge 3rd party claims appropriately.
- Conduct your own Risk Assessment and Root Cause Analysis.
  - And manage your own expectations!.
- Not all insurance is the same. Ask your broker to ensure your wording is best in class and has no outdated restrictions.
- If you are an SME and at the whim of retailer decisions, speak with our brokers about Quality Defect cover



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Guidance for Food and Beverage Companies

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Recall Preparedness (Don’t panic..)

1. PREPARE

- Have a documented, regularly tested Crisis Management Plan.
- Establish a cross-functional Crisis Management Team with clear roles and responsibilities.
- Build a culture where mistakes and non-compliance are reported early.
- Plan for stakeholder communications and brand protection.

2. RESPOND

- Activate your Crisis Management Team and delegate responsibilities.
- Establish the facts, preserve evidence and conduct a root cause analysis.
- Understand your regulatory reporting obligations and engage with relevant authorities.
- Implement and document corrective actions.
- Bring in specialist technical, scientific, legal and communications expertise.

3. RECOVER

- Maintain a clear record of decisions, actions and incident-related costs.
- Consider how to mitigate losses and rebuild customer confidence.
- Review what happened and strengthen controls to prevent recurrence.

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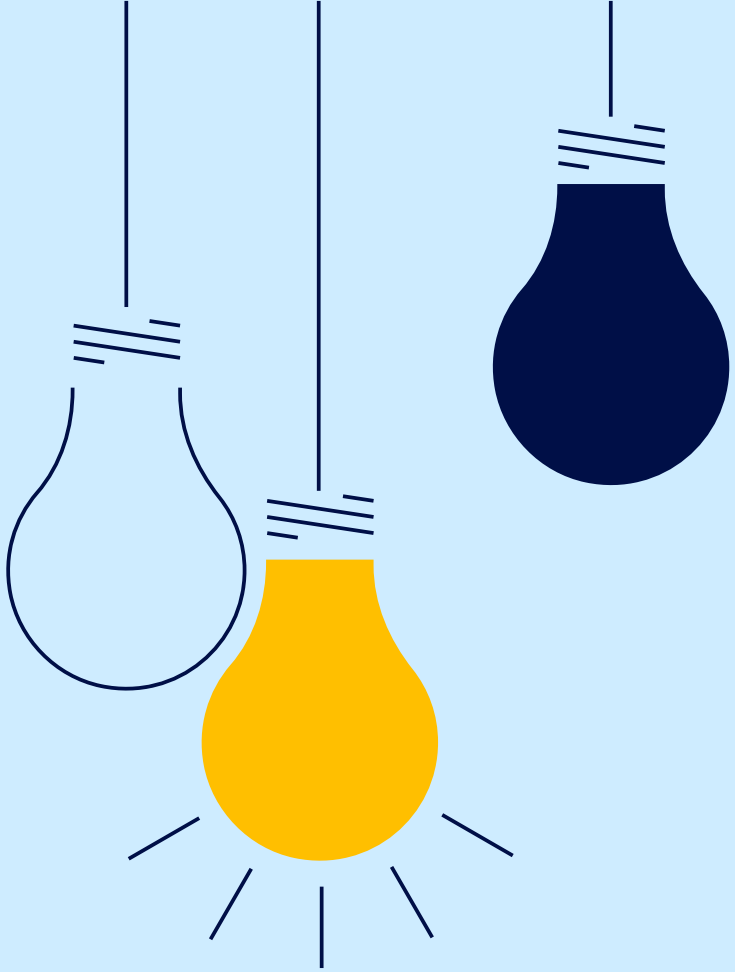
Key takeaways



1. Consumer trust can be lost quickly and recovered slowly – have a plan in place to manage a crisis scenario

2. Recalls can always happen, even with adequate controls in place – documented quality checks help with root cause analysis, and inform improvements that will help prevent future incidents re-occurring

3. Recall insurance is not a replacement for good risk management, it's a backstop

Remember to consult with the Food & Drink Federation Guidance (FDF) that offers a practical foundation for prevention

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Q&A

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