



**HISCOX**  
LONDON MARKET

Restaurant  
Contamination  
Insurance

# FOODBORNE ILLNESS Q&A



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Foodborne illness is a huge problem affecting vast numbers of people each year. Although preventable it is estimated that roughly one-in-six Americans (equivalent to 48 million people) get sick, 128,000 are hospitalised and 3,000 die of foodborne diseases each year (CDC – Centers for Disease Control and Prevention).

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Against this backdrop restaurants also have to contend with the negative publicity and inevitable fallout from such an event. As recent events have shown this publicity can exacerbate an issue and cause real problems for restaurant owners as the public turns its back on a company and chooses not to buy their products.

The sector is now estimated to be worth \$782 billion with over one million restaurant locations (as per the National Restaurant Association) – yet many do not buy foodborne illness cover.

This policy gives meaningful balance sheet and brand protection cover following a contamination or foodborne illness. Restaurant owners often cite this risk exposure as being the number one issue that could damage their business. What then surprises them when they have an incident is that their property and liability policies do not cover this risk exposure.

Hiscox underwriters have a deep understanding and knowledge of the sector over the past 15 years of writing this class.

This question and answer sheet is designed to give a detailed overview of key coverage and benefits of the product.

## What does the policy offer?

The policy is a specialist coverage giving balance sheet protection and crisis management for corporately owned, franchised or privately owned restaurants and responds to a wide range of foodborne illness outbreaks and/or contamination issues.

## What is the maximum capacity that can be purchased?

We can offer up to \$50 million on an individual restaurant risk or brand.

## How is the balance sheet protected?

There are eight different triggers to coverage. They include:

- foodborne illness
- supplier contamination
- public health authority announcement
- malicious tampering
- adverse publicity
- workplace violence
- product extortion
- disease outbreak.

### How is the brand protected?

One of the most difficult aspects of responding to any incident is how to deal with the general public and protect the company's brand and reputation. Our insurance product gives financial protection as well as the services of specialist expert crisis management consultants via a hotline manned 24/7.

No self-insured retention applies to this section of the policy and any costs accruing are covered automatically by the policy (and do not erode the main limit of indemnity purchased).

In addition pre-incident services are available to help clients prepare for a foodborne illness event. Each year a fund is set aside for such work totalling 5% of the net premium.

Finally in the event of an issue where there has been a downturn in sales, rehabilitation expenses are covered that allows a client to claim for marketing campaigns to try and offset the damaging effects of the incident.

### Once triggered what losses are covered?

- pre-incident expenses
- business interruption
- employee expense
- extortion cost
- brand rehabilitation
- recall costs
- consultant costs
- disease outbreak clean-up costs
- lost royalty income.

### What about losses caused by brand issues?

A key issue for franchisees is the potential impact of an issue at a non-owned location. This is addressed by the inclusion of a shared brand location definition – which broadens triggered events to include non-owned locations.

The resultant drop in sales from this scenario is now covered.

### Are supplier contaminations covered?

Yes – up to full policy limits.

### Is adverse publicity covered?

Yes – up to full policy limits (previously this was sub-limited).

### Is there coverage for pandemics?

Yes – the disease outbreak section gives cover for when a location is closed due to the presence of a person with a contagious disease.

### Are royalties covered for corporate exposures?

Yes this is covered up to full policy limits.

### What information do underwriters require?

To bind cover underwriters require a fully completed, signed and dated application form.

### Where can I access the wording?

Click [here](#) to download a copy or alternatively please contact the Hiscox Product Recall team.

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