



A VL real life **claim example**

Public & Products Liability

Supply of Faulty Food Ingredients

The Insured, a food chemicals processor and supplier to the industry in NZ, imported a chemical ingredient for infant formula from an overseas supplier. It was then on-sold to a NZ manufacturer who incorporated the ingredient in its product and subsequently exported.

The Insured received complaints from its customer that its infant formula had developed a fishy smell. This resulted in its withdrawal and recall. The allegation was that the Insured's ingredient was the cause of the undesirable odour. Scientific analysis in NZ was unable to detect any contaminant in the Insured's product but the weight of other evidence pointed to the ingredient in question as being the cause of the fishy odour.

The value of the claim for replacement of the affected product plus recall costs was \$900,000. Technical and legal expertise were engaged to negotiate a settlement contribution of \$300,000 including costs.

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