



## Product Recall

This Risk Insight provides an overview of the basic elements that you can implement when completing an effective product recall of unsafe or unfit products from the marketplace.

In May 2015, Takata announced the recall of thirty million air bags made by ten different automakers; one of the largest auto defects recorded. Eight fatalities and more than a hundred injuries were linked to Takata airbags. In August 2008, Maple Leaf Foods recalled a number of meat and deli products after an outbreak of listeriosis. This resulted in four fatalities and several people sick. Organizations such as Loblaws, McDonald's, and Mr. Sub were affected. Four years later, in September 2012, XL Foods Inc. recalled beef contaminated with E. coli; the largest beef recall in Canadian history. 1,800 products were removed from the markets and 18 consumers became ill. In July 2013, Big Lots recalled Holiday Pathway Lights (Christmas tree lights) due to fire hazards. There were 29,500 units affected. In 2012, there were 3,253 product recalls in the U.S., as reported by Stericycle ExpertRECALL Quarterly Recall Index. These incidents occurred within various industries, such as pharmaceuticals, food, consumer products, children's and infant products, and medical devices.

It is critical to establish an effective product recall program for unsafe consumer products in the marketplace. This process is often inadequate or overlooked. By removing unsafe products from use, you minimize the risk of illness, injury, or death. You need to track and retrieve as many defective products from the marketplace quickly in order to minimize the cost and inconvenience to customers, external and internal stakeholders, and your organization's reputation.

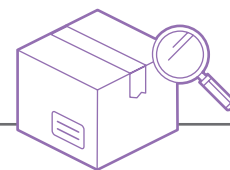
A product recall is the process of removing a defective product from distribution, sale, or consumer use. Typically, these products are not in compliance with Canadian legislation, and pose as an unacceptable risk to the health and safety of consumers or users of the product.

Each year, there has been a rise in the number of product recalls, as well as lawsuits filed against manufacturing companies of all sizes and types. Play a key role in your company's success by effectively preventing and managing product recalls through a product recall program.



# Risk Insights

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### ◎ Broad solution

Organizations involved in importing, manufacturing, advertising, or selling consumer products should ensure that their products are safe for consumer use, and in compliance with applicable local requirements, statues, and legislation. In Canada, this includes the Hazardous Products Act and Cosmetic Regulations under the Food and Drug Act.

Initiate a product recall immediately when your organization becomes aware of a defective and unsafe product. Unfit products cause illness, injury, or death to consumers and/or do not comply with legislative requirements. There are other circumstances that may lead to initiating a product recall.

Product recall program guidelines:

- Assign and assemble qualified personnel with sufficient authority to coordinate the recall.
- Notify and report the defective product to applicable federal authority representatives, such as a Health Canada Product Safety Officer, a Canadian Food Inspection Agency Representative, etc.
- Identify all products to be recalled including all makes, models, brands, etc.
- Identify, quarantine, and clearly mark recalled products in the warehouse or excess stock.
- Track the products that have been distributed.
- Determine the action that your clients or consumers must take.
- Prepare and distribute a recall notice to all clients or consumers including a press release, if required.
- Verify the effectiveness of the recalled products.
- Properly repair, correct, or dispose of the recalled products.
- Monitor the effectiveness of the recall program.
- Fix the cause of the recall if it was not executed appropriately.

In conclusion before any emergencies arise, establish and thoroughly train staff about your organization's product recall program. Speedy decision-making can limit your company's exposure to liability. If action is not taken promptly, defective products may lead to product liability lawsuits, with potentially adverse verdicts in court. In which case, your organization may suffer from reputational damage and financial loss.

Convey your professionalism and concern towards customers, vendors, regulators, and the general public, by addressing recalls efficiently, honestly, and proactively. This approach was highlighted in the Maple Leaf Foods recall in August 2008. Conversely, the XL Foods recall in September 2012 took the opposite approach.

Importers, manufacturers, distributors, wholesalers, and/or retailers have the best intentions to sell safe consumer goods in the marketplace. Despite these best intentions, a product that is defective, not in compliance with Canadian legislation, and/or poses an unacceptable health and safety risk, can slip by the most effective Quality Management Program. Should this occur, an established and effective product recall program can provide the assurance that unsafe products will be removed from the marketplace promptly and efficiently.

### About Us

Northbridge Insurance is a leading Canadian commercial insurer. Working with our broker partners, we focus on understanding the needs of our customers and on creating solutions that make a difference to their success.

For more information on making your business safer, contact Risk Services Department at **1.855.620.6262**.