Food Property Insurance for Undamaged Property

CHUBB®

In the fast moving, fiercely competitive Food industry, innovation is a must and companies face many risks. A strict regulatory environment creates even more challenges and complexity. Companies face potential loss scenarios in which property suffers a reduction in value despite not suffering direct physical loss or damage.

Many insurance policies lack affirmative coverage grants for undamaged property, exposing companies to the risk of absorbing a costly uninsured loss. Below are a few loss scenario's that showcase the types of exposures companies can face:

Condemnation of Undamaged Stock Loss Scenario

A small wastepaper basket fire in a food warehouse with $4 million of stock is quickly extinguished by the facility's sprinkler system. While $3 million of stock was damaged by fire, water or smoke, testing shows the remaining $1 million of stock suffered no direct physical loss or damage. However, because it is a consumer food product, the Food and Drug Administration (FDA) condemned all the property. Since there is no direct physical loss or damage to the $1 million worth of stock, most property insurance policies would not respond.

Chubb's Undamaged Stock Insurance Solution

Regulators act out of an abundance of caution in the interest of public safety, and you could find yourself and your business in a situation where you are directed to dispose of undamaged stock after a partial loss. Chubb's Condemnation of Undamaged Stock insurance fills this potential insurance need.

Failure to Meet Specifications Loss Scenario

A manufacturer of frozen pizza operates under Hazard Analysis Risk Based Preventive Controls requiring pizzas be cooked at 350 degrees for 15 minutes prior to blast freezing. Because of a partial mechanical breakdown, one of the burners in an oven failed to fire properly and, unbeknownst to the insured, temperatures dropped to 250 degrees, below the requirement temperature.

Because there was no physical damage to the products, most property policies would not insure the loss.

Chubb's Failure to Meet Specifications Insurance Solution

Chubb's Failure to Meet Specifications insurance does not require any direct physical loss or damage to property. If your undamaged property looses value because it falls outside of specifications (acceptance criteria established prior to loss, and required by law) due to a covered peril, this coverage grant may apply.

Why Chubb?

- **Experience:** Chubb has been a leader in offering state-of-the-art property and casualty insurance protection to Food companies for more than 30 years.

- **Expertise:** We have dedicated Food underwriters and risk engineering specialists focused exclusively on providing a broad range of precisely crafted, yet flexible global insurance solutions tailored for Food Processors and Distributors.

- **Global reach:** Chubb has offices in 54 countries, providing knowledge of local business conditions and trends, and helping assure a fast, personal response to claims anywhere in the world.

Chubb. Insured.SM