

AUSTRALIA

Product recall
and product liability
forensic accounting services

Sedgwick's experience and capability in product recall and product liability

Sedgwick forensic accounting services brings expert solutions to help our clients take better care of their customers when a recall event happens.

Our team of product recall and product liability loss quantification specialists have extensive experience in assessing product recall and product liability claims across many industries, but in particular:

- Food and beverage
- Pharmaceuticals and medical devices
- Retail
- Manufacturing
- Packaging
- Construction
- Transport
- Automotive (including components and accessories)

OUR CAPABILITY

- Crisis management
- Insurance claims
- Under excess losses
- Self-insured funds
- Liability investigation and determination
- Loss quantification, including loss of profits
- Surveying
- Recoveries from responsible parties

CONTACT US 24H FOR
EMERGENCY ASSISTANCE ON
1800 811 285

OUR APPROACH



The right team – Our dedicated accounting team have outstanding technical expertise and industry knowledge, enabling us to accurately and expertly review and assess the loss.



Responsiveness – With the support of Sedgwick's global network and over 40 accountants nationwide in Australia, we are able to respond rapidly to any loss situation.



Client focus – Our success is based on understanding our clients' needs and meeting these consistently and seamlessly.



Integrity and trust – These are essential elements of our relationships, giving our clients confidence that they have the right team for the job when they appoint Sedgwick's forensic accounting services team.



Recovery management – Our understanding of prospective recovery avenues ensures we approach our assessment collaboratively, with consideration of all stakeholders and with one common goal: the successful resolution of the claim, regardless of circumstances.

Key contacts

SYDNEY



Jillian Pancott

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Jillian has more than 15 years' experience working in forensic accounting across both Australia and Canada. Since relocating to Australia in 2012, her knowledge and expertise has led to her being recognised by her peers as a specialist in assessing and quantifying economic losses across a range of industries.

Jillian's experience includes quantification of damages relating to product liability and recall matters for manufacturers, retailers, pharmaceutical and healthcare providers. Her expertise is often called upon to identify the financial damages experienced due to faulty goods and substantiate the subsequent claims made by customers or other stakeholders in the supply chain.



David Gibson

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David Gibson has specialised in forensic accounting for more than 15 years, focusing on the quantification of economic damages for insurance and litigation purposes. He has worked on business interruption, stock loss and calculation of damages in a range of industries both in Australia and overseas.

His experience includes the quantification of stock loss and economic damages relating to product recalls affecting both manufacturers and retailers, including in the food & beverage and automotive industries. He has a particular specialty in the valuation of manufactured stock.



BRISBANE



Neil Ackerman

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Neil has over 20 years' of broad-based auditing and financial services experience gained in the United Kingdom, United States, Canada, South Africa and the Cayman Islands.

His experience covers insurance and assurance and advisory services across listed, multinational, private and public sectors spanning multiple industries, including consumer business, construction, financial services, manufacturing, pharmaceutical and mining.

Over the past 7 years, Neil has focused on forensic accounting, specialising in reviewing and assessing significant and complex business interruption, fidelity, stock, product liability and recall matters.

Neil's experience in product liability and recall includes quantifying losses across the manufacturing, retail, and pharmaceutical industries.

ADELAIDE



Vernon Sawers

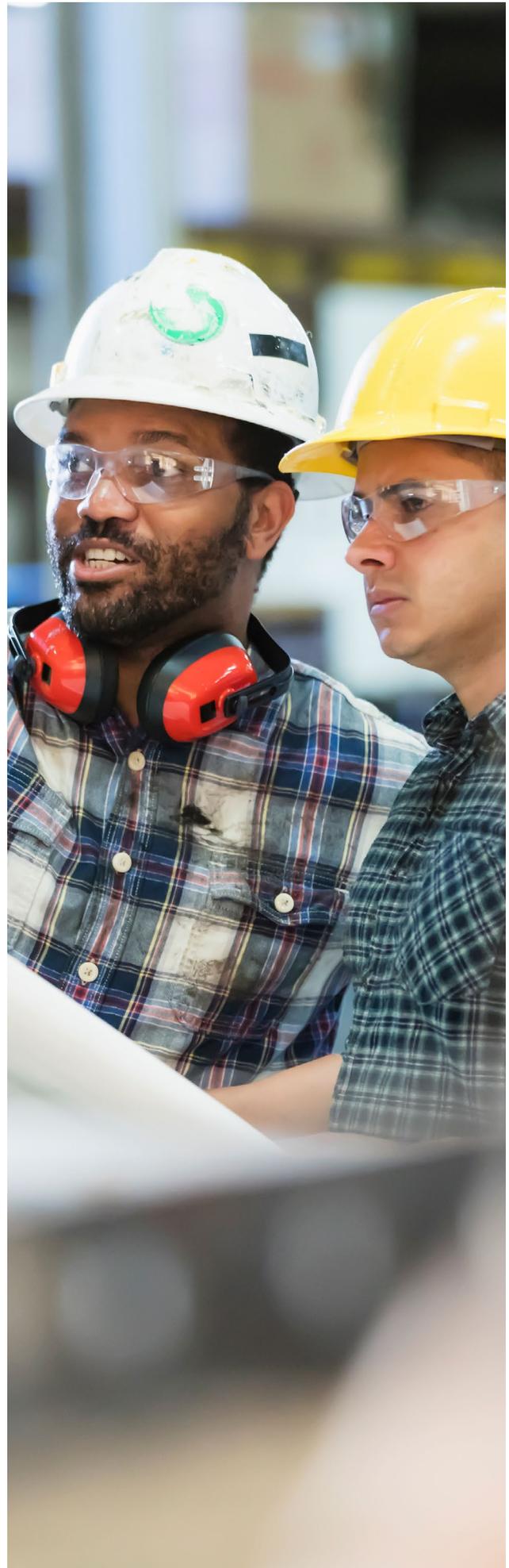
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Vernon is an accredited forensic accounting specialist with more than 25 years' experience in forensic accounting and loss adjusting areas across Australia, United Kingdom and South Africa.

He has quantified damages resulting from major recalls or withdrawals in the food & beverage, wine and fishing (abalone) industries, as well as recalls in the supply of defective packaging items.

These claims have included the quantification of losses in multinational corporations spanning operations in Australia, the United Kingdom, Europe and the United States.



Success stories



We were engaged by lawyers to review and assess the financial impacts resulting from a contaminated ingredient which formed part of children's pain relief medication.

The business suffered lost profits due to time off-shelf, and ongoing financial losses due to a reduction in market share following the recall of product from shelves. Further losses related to increased costs for manufacturing personnel overtime, and changes in marketing programmes following the recall.

As a result of our review, financial losses of more than \$3.4 million were quantified.



Over the course of their careers, our experts have assessed liability and recall claims arising within the wine and other industries, some exceeding \$10 million. Losses arose from various causes, ranging from erroneously mixing barrels during production, faulty bag in a box packaging to defective can packaging.

Our review encompasses:

- Costs of withdrawal from the market
- Cost of destroying the damaged stock
- Verification of actual costs incurred in the management and administration of withdrawal and replacement

- Loss of profits suffered by both the claimant and the customers in the supply chain (e.g. retailers or restaurants)



Following notification from suppliers of a foreign material contamination of a key ingredient to a finished food product, the insured recalled all product from retail stores and food establishments across Australia.

We were engaged to review the claim for the internal costs of re-manufacturing the product (locally and in New Zealand), lost profit from time off-shelf, and to verify claims made by customers for lost sales and other costs associated with the recall which totalled \$4.2 million.

As a result of our review, financial losses of \$3.1 million were ultimately quantified and agreed, and fully recovered from the supplier of the contaminated ingredient.



We were engaged by insurers to investigate the circumstances and causation of the delamination to the insured's metallised material used in the packaging of snack foods for their customer, an international corporation.

Additionally, we assessed the quantum of financial losses claimed relating to production costs of the faulty runs of packaging.

Claims received by the insured from their subcontractors totalled approximately \$1.6 million. Our review identified overstatement of standard unit costs which fell outside the scope of cover, the internal overhead costs unrelated to the incident and internal quality testing costs. This resulted in a final adjusted loss of \$246,000.



Our expert team has regularly reviewed product contamination claims for the aviation fuel industry, whereby fuel held in third-party storage gives rise to a liability claim.

Our review entails:

- The verification of the quantity of contaminated product
- Valuing the cost of contaminated product based on current market prices
- Assessment of contractual fines or penalties
- Costs to replace contaminated fuel
- Costs associated with the reprocessing of fuel and offsetting savings



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If you would like to learn more about how Sedgwick's product recall and liability experts can assist you, please contact:



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