



The ReposiTrak Advantage

Faster Insurance Payments

Written by: Joel Berrian and Joe Bermudez

Product recall losses begin the moment a company learns about the crisis. In an instant, a company is forced to shift most, if not all, of its resources to crisis response. Immediately, the C-Suite shifts focus from production management to crisis management. Survival rather than building brand and profit is the new order. The impact to the P&L statement is also instantaneous, as critical supply chains are severely disrupted and costs, expenses and losses grow as revenue and profits sink.

A recall requires the C-Suite and management to immediately determine crucial implementation of a company's critical resources. The CEO must quickly determine how to respond to governmental, media, customer, supplier and lender interrogations. Each singular effort is incessantly demanding and the total effort can be crushing. Simultaneously, the company's management must determine which resources will continue production, as customer and supplier contractual requirements must be met, while significant resources must be immediately diverted to the recall. And, the CFO is working hard to gain the resources to respond to fiscal demands, properly reply to supply chain inquisitions and determine the extent of the losses involved with the recall.

This last CFO responsibility may be the most decisive when a recall hits. Early understanding of the extent of the recall loss, from

destruction costs to customer loss of profits, is vitally important. Why? The earlier the quantification of the recall quantum, the earlier an interim payment under a product contamination insurance (PCI) or product recall insurance (PRI) policy – the primary financial resource to assist the company's recall survival.

While PCI/PRI can provide early financial assistance to a stricken company through reimbursement of recall-related costs, expenses and lost profits, the timing of reimbursement is directly tied to the distracted efforts of the besieged company. The sooner recall costs and expenses can be confirmed, the sooner the embattled company will start to receive critical PCI/PRI reimbursement monies.

ReposiTrak's Track & Trace can expedite a company's recall loss quantum quantification efforts. By tracking data from production, supply chain and distribution documents, Track & Trace allows a company to instantaneously begin collecting loss-related information. The faster a company can assemble the loss information, the faster the quantum quantification can be confirmed and the faster a crucial financial resource is in the hands of the CFO.



Learn more about product recall and other food industry risks.

Download the whitepaper:

insurance.leavitt.com/foodrisks



© Copyright 2016 Leavitt Group | CA License # OE22557



www.repositrak.com