

FOOD CONTAMINATION

Not as simple as one bad apple spoil the whole barrel

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According to the Centers for Disease Control, (CDC), each year roughly 1 in 6 Americans (or 48 million people) get sick, 128,000 are hospitalized, and 3,000 die from food borne illnesses. Food borne illnesses are caused when people consume contaminated food or beverages. Symptoms can range from mild to severe, and as noted above, food contamination is sometimes fatal. If two or more people get the same illness from the same contaminated food or drink, it is considered an outbreak.

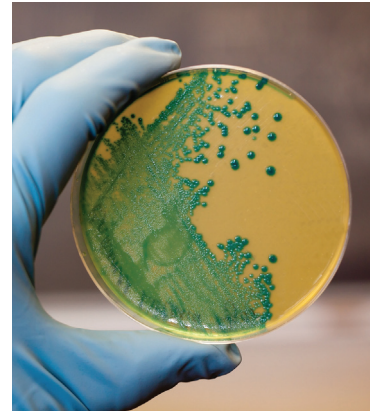
Food borne illnesses represent one of the greatest financial threats to everyone in the food chain, including growers, processors, transporters and sellers. In addition to liability for illness caused to third parties, costs to recall the product from the market can be substantial. For insurers, it is important to understand the scope of exposure. Although the actual coverage under standard insurance policies may be limited, the cost of defense in cases involving multiple lawsuits can be substantial. Even entities not responsible for the contamination are adversely impacted.

General liability and property coverage forms usually include exclusions for fungi, mold and bacteria. Companies involved in food production, transportation, and sales need to purchase coverage, such as product recall insurance, for such possibilities.

In addition, even when coverage is provided, there may be per occurrence limits—all outbreaks related to the same “batch” would be treated as one occurrence. The per occurrence limit may also apply in cases where restaurants prepare and serve the tainted food at more than one location. Contamination caused by a processor’s negligence may be excluded as “your work.” Loss of sales and reputation can threaten the continued viability of the business.



In 2006, 71 people who had eaten at Taco Bell got sick, eight whose illness was life threatening. The outbreak, caused by tainted lettuce, resulted in \$76 million in costs and lawsuits that continued for five years. Taco Bell originally blamed green onions for the problem, and pulled the ingredient from their menu, even after the true culprit (lettuce) was determined. Taco Bell was subsequently sued for libel by the green onion farmer for loss of business and reputation.



The most common sources of food contamination are bacteria and viruses. Other sources include parasites, allergens in the food (such as peanut products), mold, toxins and other contaminants. A 2011 report by CDC showed that 58 percent of food borne illness, affecting over five million people, was caused by Norovirus. The other pathogens rounding out the top five include Salmonella, Clostridium, Campylobacter and Staphylococcus.

Most reported food borne illnesses occur during food distribution, rather than in the food preparation process.



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Somewhere along the way, the product has been unknowingly contaminated or tainted. Tracing the origin of the contamination can be challenging, and the issue of food borne illnesses not always being reported makes it even more difficult to determine the source of the problem. Packaged produce such as pre-mixed bagged salads and greens, meat, poultry, and various frozen food are some of the most common culprits in food contamination events. Outbreaks at fast food establishments are also usually linked to the manufacturing and transportation/delivery process rather than final preparation onsite.

Social media can be a useful tool when underwriting or selecting a restaurant. People often report problems with restaurants on sites such as Yelp, but fail to take the next step and report to the proper authorities. The New York City Department of Health and Mental Illness, in conjunction with Columbia University, decided to see if they could find unreported outbreaks. They reviewed 294,000 Yelp restaurant reviews from July 2012 to March 2013. The research brought to light three previously unknown outbreaks that made a total of 16 people sick.

Restaurant workers touching food with their bare hands was a major problem, as well as “cross-contamination”—storing raw food (such as chicken) with fresh foods such as vegetables or other food that is ready-to-eat. Results of the study were published in May 2014, in CDC’s Morbidity and Mortality Report. Both federal and state regulations govern food safety. For example, a recent law in California requires workers handling ready-to-eat food, such as sushi and cold cuts, to wear gloves.

There are more than 90,000 food service establishments in New York State, including restaurants, mobile food services such as food trucks, institutional operations including schools and hospitals, food and beverage vending machines, and temporary operations such as fairs and special events. Information on New York’s food regulations is available at www.health.ny.gov. In New York, suspected food poisoning should be reported by calling 311.

Buying locally is not always the answer. A 2013 survey conducted by Penn State University in Pennsylvania tested 200 chickens. Of 100 that were purchased from stores, 50

were organic. Another 100 were purchased from farmers’ markets. The chickens from the farmers’ markets contained a higher percentage of harmful bacteria, namely Salmonella and Campylobacter, than those from the stores. One potential reason behind this finding is that farms processing less than 20,000 chickens annually are not required to be inspected by the Department of Agriculture.

Another area of concern is unpasteurized dairy products, including raw milk. A CDC study found that 122 outbreaks in 30 states were reported from 1993–2006. Of these 122 outbreaks, 60 percent were linked to unpasteurized dairy products. People younger than 20 years old were the most significantly impacted.

Laws regarding sale of unpasteurized dairy products vary by state. In New York, it is illegal to sell raw milk on a retail basis, but it can be sold directly to consumers by the producing farms. Legislation was introduced in 2013–2014 in 23 states, including New York, proposing legalization of retail sales of raw milk.

Food borne illness is a global problem. Food purchased and consumed in the United States has worldwide origins. Unfortunately, there has not been much research conducted on an international basis. The World Health Organization has started a process to more accurately measure the global impact of food borne illness. Insurable or not, food borne illness and safety should be a concern for everyone.

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