

What became of the claim?

Lack of product quality triggers a recall



Event

A boutique craft brewery labelled 7,200 limited-edition beer bottles as having an ABV (Alcohol by Volume) of 6.5%. After several customer complaints of the beer tasting "stronger than expected," internal quality control revealed an error in yeast management, causing over-fermentation and increasing the ABV between 8.5% and 9%.



Impact

Customers felt let down, voicing their opinion on social media, and causing the story to be picked up by a large media outlet and the Office of Liquor and Gaming Regulation (OLGR). The impact was felt immediately, with costs incurred to initially test and then recall the effected product, including customer refunds, PR and media handling. In addition, the brewery faced scrutiny from further audits from OLGR. Overall, the financial impact was circa \$100K, significantly impacting their balance sheet and cash reserves.



Response

The insured notified Delta as soon as the issue was discovered. Delta engaged loss adjuster to meet with insured, discuss preliminary steps outlining critical things to be done, followed by managing the recall and engaging additional response services such as PR, legal. Delta reimbursed the insured for all costs and expense incurred, with no excess paid.



Outcome

The claim was able to be assessed, reviewed and paid quickly allowing the insured to continue to rebuild their reputation without financial pressure. The way the recall was handled by the insured also illustrated to their customers and the market that they take safety and quality seriously. By acting quickly, transparently, and reinforcing their internal quality controls, the brewery retained most of its loyal customer base and avoided severe legal repercussions. Delta's product recall (Consumables product wording) with low limit, Nil retention and targeted pricing allowed the insured to be suitably covered in this event.



Product Recall



As with many product recall incidents, this event was caused by human error. Stricter staff training and quality assurance protocols, as well as a conservative labelling policy and mock recall drills, could have prevented this incident.



**This case study has been modified to deidentify any real-life individuals, events, or organisations (May 2025).*