


Coca-Cola recall: A reminder for insurers on product recall coverage

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In January 2025 certain Coca-Cola products, including cans of Coca-Cola Original Taste, Coca-Cola Zero Sugar, Diet Coke, Sprite and Appletiser were recalled due to the detection of high levels of chlorate.

Chlorate, a chemical that can be produced when chlorine-based disinfectants are used, poses health risks such as nausea, vomiting and more severe conditions like thyroid problems, particularly in children and infants. Despite these potential risks, Coca-Cola has reassured the public that the risk to consumers was minimal.

What does this mean for insurers?

While the Coca-Cola incident has had minimal health risks, it serves as a useful reminder of some key considerations for product recall policies. In the Coca-Cola case, the issue with the product was seemingly identified before the product caused any harm. In these situations, i.e. where a product is discovered to be defective (or potentially defective) but no injury or damage has been caused, most product liability policies will not respond. This is because product liability is generally designed to cover third party loss and damage but not the costs of recall, which are usually expressly excluded.

For recall costs cover, policyholders will ordinarily require a specific product recall policy (which is sometimes added by way of extension to an existing product liability policy). However, even where such a policy is in place, questions of coverage are not always straightforward. Where a product is recalled because it poses a risk of injury or damage, most recall policies will be engaged (subject of course to policy terms). However, where a product is recalled where there is no safety concern, but it simply doesn't conform to the correct specification or product description, many recall policies will respond. Where that is the case, unless that clear distinction has been made clear to the policyholder before taking out the policy, there is a risk of policyholders not receiving the outcome they expected.

Insurers would be advised to ensure that they are clear in their product literature as to the extent of any recall coverage, and as to any nuances as to precisely what constitutes a covered 'defect' for the purposes of determining coverage.

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