



Product Recalls on the Rise

The number of product recalls reached a 20-year high in the third quarter of 2022, according to the U.S. product recall index released by Sedgwick Claims Services Management Inc. Across the five industries tracked in the index, 1.22 billion product units have been involved in recalls, up from the previous record set in 2018 of 1.20 billion.

There are several reasons why regulators issued more recalls in 2022. For instance, the Food Safety Modernization Act of 2011 gave regulators more oversight of different food and products, and new technology, including artificial intelligence tools, allowed regulators to identify potential harms sooner. In addition, ongoing effects from the COVID-19 pandemic, such as increased employee turnover and staff shortages, increased the chance for human error.

Third Quarter Highlights

The driving factor behind the record-breaking number was the increases in the average recall size for the pharmaceutical and medical device industries, both of which saw their average recall size increase by more than 500%. While medical device recalls decreased in the third quarter of 2022, the number of units impacted increased by 411%. Similarly, pharmaceutical recalls fell 13.8% in the third quarter, but the industry saw 107.2 million units impacted.

Other highlights from the third quarter recall data include:

- Automotive recalls increased by 2.9%, but the number of impacted vehicles fell from 9.21 million in the second quarter to 5.23 million in the third quarter.
- The number of consumer product unit recalls decreased by 19.2%.

- U.S. Food and Drug Administration food and beverage recalls fell 18.3%, but the average number of units recalled rose by nearly 159%.

Mitigating Product Recalls

As manufacturers continue to face challenges relating to regulatory activity, ongoing geopolitical issues, supply chain disruptions and an uncertain economic future, it's important for organizations to take the following steps to reduce the threat of a product recall:

- **Commit to quality.** Commitment to turning out the highest quality products is the best countermeasure to the threat of a product recall crisis.
- **Prepare a contingency plan.** Research indicates that the first 48 hours of a major product incident are more crucial than the next 48 days. Every company should have a workable product recall and crisis management plan.
- **Focus on training.** Contingency plans aren't of much use if they haven't been tested and honed under simulated conditions to ensure the plan is effective.
- **Respond with expertise and decisiveness.** Even with a good team and plan, there is a place in a recall crisis for professional consultants.
- **Transfer risk where possible.** The last line of defense is a solid product recall insurance program—one that indemnifies the host of extra expenses and losses in revenue that come with product withdrawals.

As the number of products recalled continues to increase, organizations must be proactive in reducing their risk. Contact us today for more risk management guidance.

Active Shooter Prevention and Response Measures

An active shooter incident occurs when an individual or group of individuals enters a populated area to kill or attempt to kill their victims, generally with firearms. These incidents—sometimes called mass shootings—have become increasingly common in the United States. According to the FBI, the number of active shooter incidents increased by 96.8% between 2017 and 2021. These incidents have also grown in severity, with 3 out of the 5 deadliest mass shootings in U.S. history occurring in the past decade.

Impact on Organizations

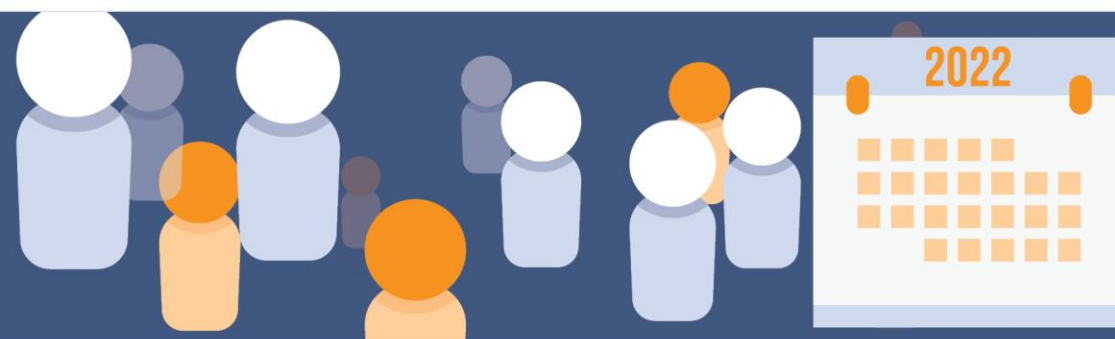
In addition to the loss of life that may result from an active shooter incident, organizations targeted in active shooter incidents could experience a variety of ramifications. In the aftermath of these incidents, targeted organizations will likely face costs related to medical and funeral bills for victims, workers' compensation claims, counseling services provided on-site, necessary property repairs or replacements, business interruption or event cancellation concerns, and security upgrades. In addition, organizations may encounter regulatory penalties or potential lawsuits in response to active shooter incidents within their spaces.

Prevention and Response Measures

Considering the consequences organizations could face from active shooter incidents, it's crucial for them to implement effective prevention and response measures. Key measures for organizations to consider include:

- **Implement proper security protocols.** A threat assessment should be conducted to determine possible security vulnerabilities on-site and protocols should be implemented to remedy these concerns (e.g., setting up video surveillance, installing alarm systems and hiring dedicated security personnel).
- **Monitor applicable parties.** Employees, customers and other parties that frequent the property should be closely assessed for potentially dangerous or violent behaviors on-site.
- **Train employees.** Employees must be educated on how to respond to workplace violence with routine training.
- **Establish an employee assistance program (EAP).** Mass shootings should be addressed in an EAP. This portion should be practiced regularly through active shooter drills and updated as needed.
- **Consult law enforcement and legal counsel.** Law enforcement may be consulted for additional guidance on preventing and responding to active shooter incidents. Furthermore, applicable regulatory requirements regarding mass shooting preparedness can be discussed with legal counsel.

As active shooter incidents continue to rise in frequency and severity, organizations need to be prepared. By learning about these incidents and implementing effective prevention and response measures, organizations can help minimize losses stemming from mass shootings. Contact us today for more risk management guidance.



2022 experienced the
**SECOND HIGHEST
NUMBER**
of mass shootings on
record.