



兆豐產物保險股份有限公司
Chung Kuo Insurance Company, Limited

Chung Kuo Commercial General Liability Insurance Products recall expense insurance extension (Claims Made Form)

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免費申訴電話: 0800-053-588

108 年 06 月 21 日兆產備字第 1084300369 號函備查

IMPORTANT NOTICE

Please note that this Endorsement provides the coverage detailed herein on a claims made basis while the base Policy provides coverage on an occurrence basis. In order for the coverage of this endorsement to apply, each of the following must take place during the policy period: (i) the “date of recall” announcement which is registered in the local related authority; (ii) the date the Insured receives the recall notice from the third party and (iii) the Insured notifies “us” of such recall in writing.

DECLARATIONS

In consideration of the premium charged, it is hereby understood and agreed that the Product Liability Coverage Form (hereinafter called Original Policy) is amended to include the following:

1. Insured	:	
2. Mailing Address	:	
3. Coverage	:	
4. Policy Period	:	
5. Retroactive Date	:	
6. Cut-off Date	:	
7. Limits of Insurance	:	<p>1. <u>***,***</u> arising out of any one occurrence because of products recall expense.</p> <p>2. <u>***,***</u> annual aggregate arising out of all occurrences during policy period because of products recall expense.</p> <p>This is the sub-limit for the Product Recall Expense Insurance Extension under the Original Policy which this endorsement is attached to, the sub-limit shall be confined to the balance amount of the “Limit of Insurance” in the Original Policy. In no instance will this extension exceed the limits of the Original Policy. All payments made under this endorsement will contribute towards the exhaustion of the aggregate LIMIT OF INSURANCE of the Original Policy.</p>
8. Deductible	:	
9. Insured Products	:	
10. Coverage Territory and Jurisdiction	:	

I. INSURING AGREEMENT

"We" will reimburse "you", or incurred by others which "you" become legally obligated to pay, for "recall expense" arising out of the "recall" of "your product(s)" that takes place in the "coverage territory", the first time "you" have knowledge about this potential "recall" shall be after the Retroactive Date shown in the Declarations of this extension endorsement; also the "date of recall" occurred and reported to "us" in written form during the Policy Period, which occurs as a result of a "covered incident" and "your Products(s)" that is the subject of the "recall" must be produced after the "Cut-Off Date" shown in the Declarations of this extension endorsement. The amount we will pay is limited as described in declaration page of this extension endorsement.

II. DEDUCTIBLE

"You" will be responsible for the "deductible" amount shown in Item 8 of the Declarations. It is understood and agreed that the "deductible" is only applicable to "recall expenses" IV G. 1 to 9.

There is a minimum "deductible" amounting to (XXXX) which applies to each occurrence. The amount must be deposited by "you" in two weeks when recall claims have been reported. If "you" fail to pay the minimum "deductible" amount, this "Recall" extension endorsement will not be triggered.

"We" will only be liable for the amount of "recall expenses" arising from a "covered incident" in excess of the "deductible". The "deductible" amount shall be borne by "you" and shall remain uninsured with regard to all payment for which "you" shall be liable.

III. LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Product Recall Coverage Part Declarations, and the rules below, fix the most "we" will pay regardless of the number of:
 - a. insureds;
 - b. persons or organizations making claims or bringing suits;
 - c. "covered incidents"; or
 - d. "your product(s)".
2. The Aggregate Limit is the most "we" will reimburse "you" for all "recall expenses" covered under this Policy.
3. The Limits of Insurance for this Extension is the most "we" will reimburse "you" for all "recall expenses" resulting from any one "covered incident".
4. All "recall expenses" resulting from a "recall" and arising from the same, continuous, related, or repeated conditions or incidents will be treated as arising out of one "covered incident". The limits in effect when the first such claim is reported will apply.
5. In no event shall any "recall expenses" claimed and paid under one "covered incident" be recoverable under another "covered incident".

6. The Limit of Insurance shown in item 7 of the Declaration is the sub-limit for the Product Recall Expense Insurance Extension under the Original Policy which the endorsement is attached to, the sub-limit shall be confined to the balance amount of the "Limit of Insurance" in the Original Policy. In no instance will this extension exceed the limits of the Original Policy and this extension will erode the limits of the Original Policy.

Additional Definitions Applicable to this Coverage Extension Endorsement only

IV. DEFINITIONS

In addition to the Definitions contained in this Policy, the following additional Definitions shall also apply under this Extension Endorsement:

- A "Covered Incident" means:
1. Accidental omission of a component or substance in the manufacture of "your product(s)"; or
 2. Accidental introduction or accidental substitution of a component or substance during the manufacture of "your product(s)"; or
 3. Error by "you" in the designing (excluding manuals, labels and warning), manufacturing, packaging, blending, mixing, or storage of "your product(s)"; or
- provided that the use of "your product(s)" which is already in retail outlet for consumer purchase or in "consumer control" has resulted in or would result in "bodily injury" or widespread "property damage" to the property of others caused by or because of 1, 2, or 3 above.
- B. "Bodily Injury" means immediate "bodily injury", sickness or disease sustained by a person, including death resulting from any of the foregoing at any time. "Bodily injury" does not include emotional distress or mental anguish unless due to physical injury, sickness or disease.
- C. "Date of Recall" means the date that this "recall" has been announced by the local related authority that "your product(s)" should be withdrawn from any point of distribution or sale, where such withdrawal is directly caused by a "covered incident". Provided that the above announcement shall be kept in verifiable or recordable methods to ensure confirmation of the specified date for notice or agreement of the "recall" of products. The "Date of Recall" must be occurred during the policy period.
- D. "Deductible" means the amount shown in Item 8 of the Declarations.
- E. "Property Damage" means physical injury to tangible property.
- F. "Recall" means withdrawal from the stream of commerce of "your product(s)" which no longer in the physical possession of "you" or "your" agent(s) or "employee(s)" or any type of distributor. This policy covered costs and expenses for only those products in "consumer retail channel" or "consumer control".

G. "Recall Expenses" means any reasonable and necessary costs incurred within twelve (12) months by "you" or by others which "you" become legally obligated to pay, to inspect, withdraw, or destroy "your product(s)" after the "date of recall". "Recall Expenses" are limited to the following:

1. The cost of newspaper, internet, magazine or any printed advertising, radio and television announcements or commercials, as well as the cost of correspondence, necessary to effect the recall of an "your product(s)";
2. Essential transportation and accommodation costs directly attributable to the "recall";
3. Labor costs to hire additional person(s), other than "your" regular "employees", devoted exclusively to effect the "recall" of "your product(s)";
4. When necessary the costs to rent additional warehouse or storage space for the "recall" for a maximum period of twelve (12) months from the "date of recall", storage plan must be approved by "us";
5. The cost of shipping "your product(s)" from any purchaser, "consumer retail channel" or user to the place or places that must be approved or designated by "us"; before the actual shipping takes place;
6. Expense incurred to properly dispose of the unused packaging and point of purchase marketing material of any recalled product if such packaging or material cannot be used or reused; the use or reuse of packaging or point of purchase marketing material will be determined by "recall" plan or "recall" authority or us;
7. The actual cost of disposal of "your product(s)", but only to the extent that specific methods of destruction other than those usually employed for trash discarding or disposal are required to avoid "bodily injury" or "property damage" as a result of such disposal;
8. Reasonable and necessary fees and costs of independent specialist companies;
9. Any of "your" action that will add additional costs or expenses must be discussed and approved by us.

This "recall expenses" does not include any replacement/repair, disassembly or removal costs of "your product(s)".

H. "Consumer retail channel" means that the stores that sale the commodities to the consumers directly in the chains of selling, which will include but not limited to physical stores of localize, nationwide and/or international business operation in area or cyber store marketing and selling on webs.

- I. "Consumer control" means, any products in consumer control means the possession of product been shifted to consumer from other party by selling or other legal ways.
- J. "Your Product(s)" means any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - 1. "you";
 - 2. others trading under "your" name; or
 - 3. a person or organization whose business or assets "you" have acquired. physical possession of which has been transferred by "you" to others during the policy period or no more than 5 years prior to effective date of this Extension Endorsement.
- K. "Occurrence" means the "covered incident" which meets the definition as per item A of Definition, is caused by the same "product defect" in the "recall" of "your product(s)". Under this circumstance, no matter how many "covered incidents" arise due to the same defect/cause, they will be deemed to be one "Occurrence" with one limit and one deductible.
- L. "Cut off Date" as indicated in this Products Recall expenses Insurance extension means that "your products" should be produced or manufactured after the "Cut Off Date" as indicated in the declaration page of this extension endorsement for this policy to apply.

V. **EXCLUSIONS APPLICABLE TO THIS EXTENSION ENDORSMENT ONLY**

The **Product Recall Expense Insurance Extension** does not apply to any "recall expenses" caused by, arising out of, based upon, attributable to or involving, directly or indirectly, proximately or remotely:

- A. Any income loss that "you" suffer as a result of the "recall" of "your product(s)";
- B. Changes in population, customer tastes, economic conditions, seasonal sales variations, or competitive environment;
- C. Failure by any party other than "you" to adhere to procedures prescribed by "you" regarding the storage or use of "your product(s)";
- D. "Recall expenses" incurred by "you" because of a "recall":
 - (1) of a product of a competitor similar to "your product(s)"; or
 - (2) if "your product(s)" is similar to or has the same trade or brand name but is of a different batch than "your product(s)" that is subject to or about to be subject to a "recall" and is likely to result in a "covered incident";
- E. Any "recall" initiated by a third party or at the request of a third party where the accidental omission, accidental introduction or substitution or error in manufacturing, tampering or defective design is not attributable to "your product(s)";

- F. Removal of “your product(s)” from the stream of commerce for reasons unrelated to a “covered incident”;
- G. Any costs associated with the expense to design or redesign, engineering or re-engineering of any product;
- H. Any claim arising out of incidents or circumstances of which “you” had knowledge prior to the effective date of this Policy. Also the “date of recall” occurred after the expiry date of this policy;
- I. Any natural deterioration, decomposition or transformation of chemical structure, including but not limited to any combination, or reaction among or between the original ingredients, original packaging or any components thereof. This exclusion shall not apply if the deterioration, decomposition or transformation occurred as a direct result of an error or omission in the manufacture of “your product(s)”.
- J. Dishonest, willful, illegal, fraudulent, criminal or malicious act committed by any of “your” directors or officers;
- K. Deliberate failure by “you” to adhere to any governmental agency’s, industry or similarly recognized body’s regulations and requirements, for the design and manufacture of “your product(s)”, including but not limited to the complete testing of “your product(s)” as mandated by the relevant government agency and/or similarly recognized body;
- L. Violation by “you” of any governmental regulation in connection with the manufacture, sale, or distribution of “your product(s)” or the use of materials or substances in the manufacturing process which have been banned or declared unsafe by any governmental entity, including but not limited to asbestos or lead;
- M. Fines, penalties, punitive awards, civil liabilities, or exemplary damages;
- N. Nuclear reaction, nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, or resulting from any act or condition incident to any of the foregoing, whether such “recall expenses” be direct or indirect, proximate or remote, or be in whole or part caused by, contributed to, or aggravated by a “covered incident” or otherwise; or
- O. Any proximate or remote consequence whether direct or indirect, of war, invasion, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, or military or usurped power;
- P. Exclusion terms listed in Commercial General Liability Coverage Form are also applicable by this Product Recall Expense Insurance Extension.

VI. CONDITIONS APPLICABLE TO THIS EXTENSION ENDORSEMENT

A. DUE DILIGENCE

“You” will perform due diligence and exercise reasonable caution to avoid any “recall expenses” which may be covered under this Extension Endorsement and “you” will make all reasonable efforts to mitigate any “covered incident” as a result of a “recall”.

B. ARBITRATION

1. If “we” and “you” have any disagreement arising out of or relating to this Extension Endorsement, including any disagreement regarding coverage or the amount of coverage, that disagreement may be arbitrated if “we” and “you” agree to arbitration. In this event, each party will select an arbitrator. The two arbitrators will select a third arbitrator. If they cannot agree on the third arbitrator within thirty (30) days of their appointment, either arbitrator may request that selection be made by a judge of a court having jurisdiction.
2. Each party will pay the expense it incurs and bear the expense of the third arbitrator equally.
3. Unless both parties agree otherwise, arbitration will take place in the country where this Extension Endorsement was issued. The arbitration rule shall be made in accordance with the laws of the country where this Extension Endorsement was issued. A decision agreed to by two of the arbitrators will be binding. Judgment based on that decision may be entered in any Court having jurisdiction.

C. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

In the event of any payment under this Extension Endorsement, “you” shall transfer to “us” all your rights to recovery, from any person or organization, of any of those amounts paid. “You” shall execute and deliver all instruments and papers and do whatever else is necessary to secure such rights for “us”. “You” shall do nothing to prejudice such rights. Any amounts recovered in excess of “our” total payment will be restored to “you”, less the cost to “us” of the recovery.

D. ASSIGNMENT

This Extension Endorsement can not be assigned or transferred without “our” prior written consent.

E. AUTHORIZATION

By acceptance of this Extension Endorsement, “you” agree to act on behalf of any of “your” subsidiaries with respect to the giving or receiving of any other notice provided for in this Extension Endorsement; and these subsidiaries agree that “you” will act on their behalf.

All other Terms, Conditions and Exclusions of the Policy shall remain unchanged.