



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

## Chung Kuo Commercial General Liability Insurance

### First & Third Party Recall Costs Endorsement(Claims-Made Form)

本商品經本公司合格簽署人員檢視其內容業已符合保險精算原則及保險法令，惟為確保權益，基於保險業與消費者衡平對等原則，消費者仍應詳加閱讀保險單條款與相關文件，審慎選擇保險商品。本商品如有虛偽不實或違法情事，應由本公司及負責人依法負責。

本公司財務及業務等公開資訊，歡迎至本公司網站 (<https://www.cki.com.tw>) 查閱，或親蒞本公司(10044 台北市中正區武昌街一段五十八號)及各分支機構洽詢。  
免費申訴電話: 0800-053-588

111 年 10 月 4 日兆產備字第 1114300518 號函備查

#### Section A - Insuring Agreement

Chung Kuo will indemnify the insured for its Loss:

- (a) in excess of the deductible, but not exceeding the Limits of Liability; and
- (b) caused by, or resulting from, any of the Insured Events listed in this endorsement which were first discovered during the Endorsement Period, and were reported to Chung Kuo:
  - (i) during the Endorsement Period; or
  - (ii) up to sixty (60) days after the expiry of the Endorsement Period;

provided that, as of the Inception date of this endorsement, the Insured was not aware, and could not reasonably have been aware, of circumstances which could produce a Loss under this endorsement. All terms, conditions, definitions and exclusions of the insurance apply to the insurance provided by this endorsement extension unless otherwise expressly amended.

#### Section B - Insured Events

This endorsement provides coverage for Loss arising out of the following:

Accidental Defect and Accidental Contamination

Any Product Recall arising out of an Accidental Defect or Accidental Contamination of an Insured Product which occurs during, or as a result of, its production, preparation, manufacture, labelling, packaging or distribution, provided that the use or consumption of such Insured Product has caused, or is likely to cause:

- (a) Personal Injury; and/or
- (b) Property Damage.

#### Section C - Loss

This Endorsement provides coverage for any of the following reasonable and necessary costs which are incurred by the Insured directly and solely as the result of a covered Insured Event and subject to the Limits of Liability as stated in Item 3 of the First & Third Party Recall Costs Endorsement schedule:

All reasonable and necessary;

1. Insured Product Recall Costs – deemed to be equivalent to the Recall Costs incurred by the Insured as a result of an Insured Event.

**2. Third Party Recall Costs** – Insured Product Recall Costs that have been reasonably incurred by a customer of a the Insured in the event that the Insured Product are distributed or handled by such customer and where the Insured is legally obligated to reimburse the customer for such Recall Costs. However, the amount of such costs shall not exceed the total costs the Insured would have incurred in recalling such customers products. Coverage under this section is subject to the Limits of Liability stated in Item 3 of the First & Third Party Recall Costs Endorsement schedule.

**3. Defence Costs** - fees, costs and expenses incurred by or on behalf of a Insured with the prior written consent of Chung Kuo for litigation, arbitration, mediation, adjudication or any other process of dispute resolution in connection with the Insured Event.

Under no circumstances shall any amount claimed and paid under one Insured Event be recoverable under another Insured Event. Loss does not include matters that may be deemed uninsurable under the law pursuant to which this endorsement is construed.

## **Section D - Definitions**

- 1. Accidental Contamination** means the unintentional presence of foreign substances, deficiency, impairment or mislabelling of an Insured Product that renders it harmful in normal use.
- 2. Accidental Defect** means the unintentional fault, deficiency, imperfection or labelling of an Insured Product that renders it harmful in normal use.
- 3. Personal Injury** means the personal injury, death, disease, illness, disability but excluding nervous shock or mental injury, unless suffered as a consequence of a Personal Injury.
- 4. Deductible** means the limit above which Chung Kuo will become liable for Losses up to the amount of the Limit of Liability, and is the amount shown at Item 5 in the schedule for which the Insured will be responsible and which will be deducted from all claims settlements under this endorsement.
- 5. Employee** means:
  - (a) any person under a contract of service, employment or apprenticeship with the Insured;
  - (b) any self-employed person working under a contract with, and under the direction of, the Insured;
  - (c) any person hired by the Insured from another employer, subject to an agreement under which the person is deemed to be employed by the Insured; or
  - (d) any student or person undertaking work for the Insured under a work experience or similar scheme.
- 6. First Inception Date** means the date stated in Item 4 of the First & Third Party Recall Costs Endorsement schedule.
- 7. Insured** shall mean the legal entity stated in Item 1 of the First & Third Party Recall Costs Endorsement schedule.
- 8. Insured Product** means:
  - (a) All topical and ingestible products for human consumption, or any of their ingredients; or
  - (b) Any finished products, or any of their components;  
that:
    - (i) have been reported to Chung Kuo for the Endorsement Period; and/or
    - (ii) are first marketed for sale after the First Inception Date specified in Item 4 the First & Third Party Recall Costs Endorsement schedule; and/or

(iii) are in production or being prepared for sale or have been manufactured, handled or distributed by the Insured, or any manufacturer contracted to the Insured.

(c) Any new product outside the existing product line reported to Chung Kuo, provided that:

- (i) written notice is given to Chung Kuo no less than forty-five (45) days prior to marketing for sale; and
- (ii) the Insured did not know, or could not reasonably have been expected to know, as of the date of the written notice to Chung Kuo that an Insured Event affecting the new product had occurred; and
- (iii) Chung Kuo has given written acceptance of such new product within 30 days of receipt of the written notice. Such acceptance will not be unreasonably denied. At the discretion of Chung Kuo, such acceptance may be accompanied by changes in one or more of the terms or conditions, or the premium, of this endorsement.

A reference to Insured Product in the singular includes a reference to its plural form, Insured Products, and vice versa.

**9.** Limits of Liability shall mean the amount stated in Item 3 of the First & Third Party Recall Costs Endorsement schedule.

**10.** Loss is listed and defined in Section C of this endorsement.

**11.** Endorsement Period shall mean the dates specified at Item 7 of the First & Third Party Recall Costs Endorsement schedule.

**12.** Product Recall shall mean the removal from production, distribution, sale, users or consumers of an Insured Product for inspection, disposal, replacement or modification.

**13.** Property Damage shall mean physical damage to, or destruction of, tangible third party property.

**14.** Recall Costs shall mean the following reasonable and necessary costs incurred by the Insured;

- (a) The cost of additional communications including crisis consultants, media announcements, media advertising and emergency response telephone lines.
- (b) The cost of direct customer returns and other additional transportation and storage expenses incurred in recalling or withdrawing Insured Products.
- (c) The cost of testing and examination of the Insured Product in order to determine whether replacement or rectification is necessary;
- (d) The reasonable costs and/or expenses associated with the return and/or disposal of the Insured Product;
- (e) The cost of overtime, other additional remuneration, accommodation, out of pocket expenses and travel expenses paid to regular Employees as well as the cost to hire additional persons to exclusively perform work in recalling or withdrawing Insured Products;

but only if such costs are incurred solely and directly as a result of an Insured Event.

## **Exclusions**

Chung Kuo shall not be liable under this endorsement in respect of any liability of whatsoever nature directly or indirectly caused by, in connection with or contributed to by or arising from:

- 1.** Accidental Defect or Accidental Contamination or Malicious Tampering or Product Extortion of a product of a competitor of the Insured or of products similar to an Insured Product(s)
- 2.** Natural or gradual deterioration, decomposition, or transformation of Insured Product(s), including, but not limited to, any combination or interaction among ingredients, components or packaging unless such

deterioration, decomposition or transformation is as a direct result of an act, error or omission in the manufacturing of the Insured Product(s).

- 3.** Changes in population, customer tastes, economic conditions, seasonal sales variations, or the Insured's competitive environment or arising out of a change in governmental regulations or public perceptions with respect to the safety of any Insured Product(s).
- 4.** Any injury, damage, or claim made by a third party arising out of or in connection with the use or consumption of the Insured Product(s). This includes any defence costs related to a third party lawsuit. This exclusion does not apply to third party claims for Recall Costs.
- 5.** Intentional violation by the Insured of any legislation or regulation issued by local, national, international or governmental authority in connection with the
  - (i)** testing, manufacture, sale, or distribution of any Insured Product(s)
  - (ii)** use of any ingredients, components, materials, substances and/or packaging in the manufacturing process
  - (iii)** maintenance of adequate documentation of the manufacturing process
- 6.** Costs or expenses of any litigation or any proceedings before any local, national, international or governmental authority as a result of an Insured Event or otherwise.
- 7.** Any Accidental Contamination or Accidental Defect arising out of;
  - (a)** Bioengineering, genetic engineering or genetic modification of any Insured Product(s) or
  - (b)** Hormone treatments of any Insured Product(s) or
  - (c)** Irradiation of any Insured Product(s) or
  - (d)** Transmissible Spongiform Encephalopathies (TSE)
  - (e)** Failure by any party other than the Insured to adhere to procedures prescribed by the Insured regarding the storage, consumption, or use of an Insured Product(s).
  - (f)** Any Accidental Defect or Accidental Contamination that occurs after the Insured has failed to take reasonable corrective or preventative action in the light of knowledge of a defect or deviation, or likely defect or deviation, in the production, preparation or manufacture of Insured Product(s).
- 8.** Any Accidental Contamination arising out of carcinogens, regardless of whether such carcinogens are shown to have other non-carcinogenic effects.
- 9.** Notwithstanding any provision in this endorsement, this endorsement does not insure against;
  - (a)** Loss to land, water, all land and water based growing crops, all land and water based livestock, and lawns or;
  - (b)** Crop failure due to weather, pest or other cause.
- 10.** Any costs associated with the expense to design or redesign, engineer or re-engineer or repair any product or Insured Product.
- 11.** Any Replacement Costs – the cost of restoring the Insured Product(s) to merchantable quality or replacing any recalled Insured Product(s) that have been destroyed, are un-sellable or are unfit for its original use, with products(s) of similar value.
- 12.** Any Rehabilitation Expenses – expenses actually incurred directly by the Insured as a direct result of an Insured Event to re-establish the Insured Products(s) to the reasonably projected level of sales or market share anticipated prior to the Insured Event.
- 13.** Any Business Interruption – being Loss of Gross Profit as a result of an Insured Event.

- 14. Any Expenses incurred in the removal and/or dismantling and/or repair of property in order to restore or replace an Insured Product which has or could give rise to an Insured Event and the subsequent expenses incurred in assembly with Insured Product that is free of Accidental Defects.
- 15. Insured that could have reasonably expected to produce a Loss under this endorsement
- 16. Matter or legal proceedings made or brought by or on behalf of any Insured against any other Insured(s)
- 17. Liability expressly assumed by the Insured under a provision in a contract or agreement and which would not have attached in the absence of such provision

**Conditions**

**1. Other Insurance**

If, at the time of any damage or occurrence, there be any other insurance or indemnity effected by or on behalf of the Insured applicable to such event Chung Kuo's liability shall be limited to its rateable proportion. If any other such insurance or indemnity is subject to any provision whereby it is excluded from ranking concurrently with this endorsement, whether in whole or in part or from contributing rateably, then Chung Kuo's liability shall be limited in respect of any damage or occurrence to any excess beyond the amount which would have been payable under such other insurance or indemnity had this endorsement not been effected

**2. Salvage**

Any salvage or other recovery, after expenses incurred in salvage or recovery are deducted, will accrue entirely to the benefit of Chung Kuo until the sum paid by Chung Kuo has been recovered. In case of damage to property bearing a brand or trademark, or which in any way carries or implies the guarantee or the responsibility of the Insured, the salvage value of such damaged property will be determined after removal in the customary manner of all such brands or trademarks or other identifying characteristics, the costs of which will be borne by the Insured. The goodwill and public image of the Insured will be considered in determining whether any Insured Product(s) should be involved in salvage recovery. Chung Kuo's right to salvage will not be unreasonably restricted by the Insured. The Insured will have full right to the possession of all goods involved in any Loss under this endorsement and will retain control of all damaged goods. There can be no abandonment of any property to Chung Kuo

First & Third Party Recall Costs Endorsement Schedule

Item 1	The Insured :	
Item 2	Coverage Territory :	
Item 3	Products Recall Expense : (a) each event's Liability (b) Aggregate Liability	
Item 4	First inception date:	
Item 5	Retroactive Date:	
Item 6	Deductible :	
Item 7	Endorsement Period :	From YYMMDD to YYMMDD