

客戶申訴及24 小時服務專線：0800-053-588



兆豐產物保險股份有限公司

CHUNG KUO Specified Products and Completed Operations Liability Insurance Policy

99.5.14 兆產備 11309903907 號函備查

THIS IS A CLAIMS MADE POLICY. PLEASE READ IT CAREFULLY.

In consideration of the premium paid, the undertaking of the Named Insured to pay the applicable Deductible as described herein and in the amount stated in the Declarations, in reliance upon the statements in the application attached hereto and made a part hereof and the underwriting information submitted on behalf of the Insured, and subject to the terms, conditions and limitations of this policy, Underwriters and the Insured agree as follows:

The Insured

The unqualified word "Insured," either in the singular or plural, means:

- A. the Named Insured named in the Declarations;
- B. if the Named Insured stated in the Declarations is an individual, the person so named and his/her lawful spouse, but only with respect to his/her conduct of business as a sole proprietor;
- C. if the Named Insured stated in the Declarations is a partnership or joint venture, the partnership or joint venture so named and any partner or member thereof or his/her lawful spouse, but only with respect to the conduct of the partnership or joint venture business;
- D. if the Named Insured stated in the Declarations is a limited liability company, the limited liability company so named, and any manager thereof, but only with respect to their duties as manager of the limited liability company and any member thereof, but only with respect to the conduct of the business of the limited liability company;
- E. if the Named Insured stated in the Declarations is other than an individual, partnership, joint venture or limited liability company, the organization so designated and any executive officer or director thereof, but only with respect to his/her duties as an executive officer or director of such organization;
- F. any employee of the Named Insured, other than the executive officers of the Named Insured if the Named Insured is an organization other than a partnership, joint venture or limited liability company or managers of the Named Insured if the Named Insured is a limited liability company, solely while acting within the scope of his/her duties as such;

- G. the heirs, executors, administrators, assigns and legal representatives of each Insured in the event of death, incapacity or bankruptcy of such Insured, but only while acting within the scope of their duties as such on behalf of the Named Insured or of the Insured's estate.

This policy does not apply to Bodily Injury or Property Damage arising out of the conduct of any organization, partnership, joint venture or limited liability company which is not stated in the Declarations as a Named Insured.

Insuring Agreement

- A. Specified Products and Completed Operations Liability and Claims Made Clause: Underwriters shall pay on behalf of the Insured all sums in excess of the Deductible amount stated in the Declarations, which the Insured shall become legally obligated to pay as Damages as a result of Claims first made against the Insured during the Policy Period or during the Extended Reporting Period, if exercised, and reported to Underwriters pursuant to Section Claims A., Claim Reporting Provision, for Bodily Injury or Property Damage caused by an Occurrence and arising out of the Products Hazard or the Completed Operations Hazard to which this insurance applies, provided:

1. the entirety of such Bodily Injury or Property Damage and Occurrence happens during the Policy Period or on or after the Retroactive Date stated in the Declarations, and before the end of the Policy Period; and
2. such Bodily Injury or Property Damage arises out of only those products or operations specified in the Declarations; and
3. prior to the inception of the policy, no Insured was aware that such Bodily Injury or Property Damage and Occurrence had occurred, in whole or in part.

- B. Additional Insured-Vendors Clause:

In consideration of the premium paid, it is hereby understood and agreed that the policy is amended as follows:

1. Section THE INSURED is amended to include as an Insured the following:
 - (1) Any person, organization or entity that is a Distributor of the Named Insured's Products specified in the Declarations.
2. Any person, organization or entity that is a Distributor of the Named Insured's Products, provided, however, that this policy shall not apply to:
 - (1) any allegations of independent negligence by the Distributor;
 - (2) any person, organization or entity to whom a Distributor owes a duty to defend, indemnify or hold harmless for an Occurrence involving Bodily Injury or Property Damage for any reason;
 - (3) any express warranty of the Distributor, unauthorized by the Named Insured;
 - (4) any act of the Distributor which changes the condition of the product;

- (5) any failure of the Distributor to maintain the product in merchantable
 - (6) any failure to make such inspections, adjustments, tests or services as the Distributor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the product;
 - (7) products which after distribution or sale by the Named Insured have been labeled or relabeled or used as a container, part or ingredient of any other product, thing or substance by or for the Distributor ; or
 - (8) Bodily Injury or Property Damage occurring within the Distributor's premises.
3. The coverage afforded by this endorsement does not apply to any person, organization or entity, as insured, from whom the Named Insured has acquired such products or any ingredient, part or container, entering into, accompanying or containing such product(s).
4. Section DEFINITIONS is amended to add the following: Distributor means any person, organization or entity that takes possession, custody, control or ownership of or otherwise handles the Named Insured's Products for the purpose of reselling same after it leaves the Named Insured's possession, custody and control.

Definitions

- A. Aircraft Products means any aircraft whether or not heavier than air (including spacecraft and missiles) and any ground support, guidance, control or communications equipment used in connection therewith, and also includes parts, supplies, or equipment installed in or on or used in connection with aircraft, including tools, training aids, instructions, manuals, blueprints and other data, engineering and other advice, services and labor used in the operation, maintenance or manufacture of aircraft products.
- B. Automobile means a land motor vehicle, trailer or semitrailer designed for travel on public roads (including any attached machinery or equipment); provided, however, it does not include Mobile Equipment.
- C. Bodily Injury means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
- D. Claim means a written notice received by the Insured of an intention to hold the Insured responsible for Bodily Injury or Property Damage arising out of the Products Hazard or the Completed Operations Hazard and shall include the

service of suit or institution of arbitration proceedings against the Insured.

E. Claim Expenses means reasonable and necessary amounts incurred by Underwriters or by the Insured with the prior written consent of Underwriters in the defense of that portion of any Claim for which coverage is afforded under this policy, including costs of investigation, court and arbitration costs, costs of bonds to release attachments and similar bonds, but without any obligation of Underwriters to apply for or furnish any such bonds, and costs of appeals; provided, however, that Claim Expenses shall not include: (1) salary, wages, overhead, or benefit expenses of or associated with employees or officials of the Named Insured or employees or officials of Underwriters or (2) salary, wages, administration, overhead, benefit expenses, or charges of any kind attributable to any in-house counsel or captive out-of-house counsel for the Named Insured or Underwriters.

F. Completed Operations Hazard means Bodily Injury and Property Damage arising out of only those operations specified in the Declarations, after such operations have been completed or abandoned by the Insured and occurs away from premises owned by or rented to the Named Insured. Operations include materials, parts or equipment furnished in connection therewith, warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of those products and operations specified in the Declarations and the providing or failure to provide instructions related thereto. Operations shall be deemed completed at the earliest of the following times:

1. when all operations to be performed by or on behalf of the Insured under a contract with the Insured have been completed;
2. when all operations to be performed by or on behalf of the Insured at the site of the operations have been completed; or
3. when the portion of the work out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or sub-contractor engaged in performing operations for a principal as a part of the same project.

Operations which may require further service or maintenance work, or correction, repair or replacement, but which are otherwise complete, shall be deemed complete.

The Completed Operations Hazard does not include Bodily Injury or Property Damage arising out of:

1. operations in connection with the transportation of property, unless the Bodily Injury or Property Damage arises out of a condition in or on a vehicle not owned or operated by the Named Insured created by the loading or unloading thereof; or
2. the existence of tools, uninstalled equipment or abandoned or unused materials.

- G. Condition Precedent means that Underwriters shall not be under any obligation to settle any losses otherwise payable under this policy unless and until the requirements of the Condition Precedent are fully complied with.
- H. Damages means the monetary portion of any judgment, award or settlement; provided, however, that Damages shall not include: (1) multiplied portions of damages in excess of actual damages, including trebling of damages; (2) punitive damages and/or exemplary damages; (3) taxes, criminal or civil fines, or penalties imposed by law; (4) sanctions; (5) matters which are uninsurable under the law pursuant to which this policy shall be construed; or (6) the return, withdrawal, reduction or restitution or payment of any fees, profits, charges for services or consideration and/or any expenses paid to the Insured for products or operations.
- I. Gross Receipts means Sales and other income, exclusive of deductions, from any other source, insofar as the Sales or other income relate to or emanate from sale of products or operations specified in Item 6. of the Declarations performed during the Policy Period by or on behalf of the Insured.
- J. Grounding means the withdrawal of one or more aircraft from flight operations or the imposition of speed, passenger or load restrictions on such aircraft because of the existence of or alleged existence of a defect, fault or condition in any Aircraft Products.
- K. Mobile Equipment means any of the following types of land vehicles, including any attached machinery or equipment:
1. bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
 2. vehicles maintained for use solely on or next to premises the Named Insured owns or rents;
 3. vehicles that travel on crawler treads;
 4. vehicles, whether self-propelled or not, on which are permanently mounted:
 - (i) power cranes, shovels, loaders, diggers, or drills; or
 - (ii) road construction or resurfacing equipment such as graders, scrapers or rollers;
 5. vehicles not described in 1., 2., 3., or 4. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - (i) air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - (ii) cherry pickers and similar devices used to raise or lower workers;
 6. vehicles not described in 1., 2., 3., or 4. above maintained primarily for purposes other than the transportation of persons or cargo; provided,

however, that self-propelled vehicles with the following types of permanently attached equipment are not Mobile Equipment but will be considered Automobiles:

Equipment designed primarily for:

(i) snow removal;

(ii) road maintenance, but not construction or resurfacing; or

(iii) street cleaning;

- L. Named Insured's Products means products, other than real property, manufactured, sold, handled or distributed by the Named Insured or by others trading under the Named Insured's name, including any container thereof (other than a vehicle); provided, however, that Named Insured's Products shall not include a vending machine or any other property rented to or located for use of others but not sold.
- M. Occurrence means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
- N. Policy Period means the period from the inception date of this policy to the policy expiration date as stated in the Declarations, or its earlier cancellation or termination date.
- O. Products Hazard means Bodily Injury or Property Damage arising out of only those products specified in the Declarations which are the Named Insured's Products, including warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of those products specified in the Declarations and the providing or failure to provide instructions related thereto, occurring away from premises owned by or rented to the Named Insured and after physical possession of such products has been relinquished to others.
- P. Property Damage means:
1. physical injury to or destruction of tangible property, including consequential loss of use thereof; or
 2. loss of use of tangible property which has not been physically injured or destroyed; provided, however, such loss of use is caused by an Occurrence.

For purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

- Q. Sales means the gross amount of money charged by the Named Insured or by others trading under such Named Insured's name for all products sold or distributed during the Policy Period and charged during the Policy Period for installation, servicing or repair, and includes taxes, other than taxes which the Named Insured and such others collect as a separate item and remit directly to a governmental division.
- R. Single Occurrence means: where actual or alleged Bodily Injury(ies) and/or Property Damage(s) occur which are attributable directly, indirectly or allegedly to the same actual or alleged event, condition, cause, defect or hazard or failure to warn of such, all such actual or alleged Bodily Injury(ies) and/or Property Damage(s) shall be added together and the total amount of such Bodily Injury(ies) and/or Property Damage(s) shall be a Single Occurrence irrespective of the period or area over which the actual or alleged Bodily Injury(ies) and/or Property Damage(s) occur or the number of persons or entities alleging such actual or alleged Bodily Injury(ies) and/or Property Damage(s).

Exclusions

This policy does not apply to:

- A. any Claim based upon or arising out of Bodily Injury or Property Damage expected or intended from the standpoint of any Insured; provided, however, this exclusion does not apply to Bodily Injury resulting from the use of reasonable force to protect persons or property;
- B. any Claim against the Insured where any other Claim was first made against any Insured prior to the inception date of the Policy Period with regard to the same Occurrence;
- This exclusion shall apply regardless of whether the Insured's legal obligation to pay Damages has been established as of the inception date of this policy;
- C. any Claim based upon or arising out of Bodily Injury or Property Damage for which the Insured is obligated to pay Damages because of the assumption of liability in any contract or agreement to the extent that such liability is greater than it would have been under general law;
- D. any Claim based upon or arising out of loss of use of tangible property which has not been physically injured or destroyed resulting from:
- (i) a delay in or lack of performance by or on behalf of the Named Insured of any contract or agreement; or
 - (ii) a defect, deficiency, inadequacy or dangerous condition in the products

or operations of the Named Insured;

provided, however, this exclusion does not apply to loss of use of other tangible property resulting from the sudden and accidental physical injury to or destruction of the Named Insured's Products or work performed by or on behalf of the Named Insured after such products or work have been put to use by any person or organization other than an Insured;

- E. any Claim based upon or arising out of Property Damage to the Named Insured's Products arising out of it or any part of it, or for the cost of inspecting, repairing or replacing any defective or allegedly defective product or part thereof or for loss of use of any defective or allegedly defective product;
- F. any Claim for Damages for any loss, cost or expense incurred by the Named Insured or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of the Named Insured's Products or work completed by or for the Named Insured or of any property of which such products or work form a part, if such products, work or property are withdrawn from the market or from use by anyone because of any known or suspected defect, deficiency, inadequacy or dangerous condition therein;
- G. any Claim based upon or arising out of Bodily Injury or Property Damage arising out of ownership, maintenance, operation, use or entrustment to others or loading or unloading of any Automobile, aircraft or watercraft;
- H. any Claim based upon or arising out of Bodily Injury or Property Damage arising out of the ownership, maintenance, operation, use, loading or unloading of any Mobile Equipment;
- I. any Claim based upon or arising out of Bodily Injury or Property Damage arising out of the transportation of Mobile Equipment by an Automobile owned or operated by or rented or loaned to any Insured;
- J. any Claim based upon or arising out of Bodily Injury or Property Damage due to war, whether or not declared, civil war, insurrection, rebellion or revolution or to any act or condition incident to any of the foregoing with respect to liability assumed by the Insured under any contract or agreement;
- K. any Claim based upon or arising out of Aircraft Products including consequential loss of use thereof resulting from Grounding;
- L. any Claim based upon or arising out of any products manufactured, sold, handled, or distributed or work completed by the Insured or by others operating under the direction or control of the Insured in violation of any Federal, State, Province, Municipal or Local law, statute, ordinance, or regulation, promulgated by any governmental or quasi-governmental agency, authority or regulator;
- M. any Claim based upon or arising out of any demand, request, direction, order, statute or regulatory request by any governmental or quasi-governmental agency, authority or regulator to quarantine, seize, confiscate or otherwise prevent or prohibit the manufacture, sale or distribution of the Named Insured's Products;
- N. any Claim based upon or arising out of, or in any way involving Mold or Mold Event.

Mold means any permanent or transient fungus, mold, mildew or mycotoxin, or any of the spores, scents or by-products resulting therefrom that exist, emanate from or move anywhere indoors or outdoors, regardless of whether they are proved to cause disease, injury or damage;

Mold Event means any actual, alleged or threat of contact with, exposure to, or inhalation, ingestion, absorption, discharge, dispersal, seepage, migration, release, escape, presence, growth or reproduction of Mold;

- O. any Claim based upon or arising out of asbestos, asbestos fibers or any product or material containing asbestos in any form, under any theory of liability whatsoever;
- P. any Claim based upon or arising out of silica in any form or any product or material containing silica, under any theory of liability whatsoever;
- Q. any Claim for or costs or expenses of or in connection with:
 - (a) testing for, monitoring, cleaning up, containing, remediating, removing, treating, detoxifying or neutralizing any pollutants, or
 - (b) neutralizing, restoring, landfilling, cleaning up or inactivating any premises or any site or area which has been polluted due to the dumping, disposal, storage, treatment, destruction or reclamation of waste materials or by-products, or by any other means,whether such claims or costs or expenses arise out of any governmental direction or request, or otherwise.

Pollutants means: any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, toxic chemicals and waste materials. Waste materials include, but are not limited to, materials or substances to be recycled, reconditioned or reclaimed;
- R. any Claim based upon or arising out of, in whole or in part, the importation, manufacture, distribution or sale of Ephedra sinica, Ephedra E. equisetina, Mahuang, Ephedra Alkaloid, Pseudoephedrine, Ephedrine or any other Ephedra derivatives or extracts, whether as the primary ingredient or in combination with other ingredients; or
- S. any Claim based upon or arising out of any bacteria, virus(es), poisonous biological materials or substances, or any other biological or organic pathogen in any form under any theory of liability whatsoever.

Territory

The insurance afforded by this policy applies worldwide exclude USA/Canada, provided however that the Claim is not made and the suit or proceeding, if any, is not being prosecuted in any country that appears on the United States Department of Treasury, Office of Foreign Asset Control ("OFAC") Country Sanctions Program list at the time the Claim is made or the suit or proceeding is initiated.

Limits Of Liability

- A. **Limit of Liability-Each Occurrence:** The total liability of Underwriters for the combined total of Damages and Claim Expenses for all Claims insured herein because of all Bodily Injury or Property Damage sustained by one or more persons or entities as the result of any one Occurrence shall not exceed the Limit of Liability stated in the Declarations as applicable to Each Occurrence.
- B. **Limit of Liability - Policy Aggregate:** Subject to the above Limits of Liability A, the total liability of Underwriters shall not exceed the Aggregate Limit of Liability as stated in of the Declarations for all Damages and Claim Expenses arising out of all Claims first made during the Policy Period and the Extended Reporting Period, if exercised.
- C. **Deductible:** The applicable Deductible amount stated in the Declarations shall be paid by the Named Insured and shall be applicable to each Occurrence and shall include Damages and Claim Expenses, whether or not Damages payments are made. Such amounts shall, upon written demand by Underwriters be paid by the Named Insured within ten (10) days. The total payments requested from the Named Insured in respect of each Occurrence shall not exceed the applicable Deductible amount stated in the Declarations. Solely for the purpose of determining Underwriters' limit of liability, the applicable Deductible amount shall be deemed to be applied first to the Damages. The determination of Underwriters as to the reasonableness of the Claim Expenses shall be conclusive on the Named Insured.
- D. **Multiple Insureds, Claims and Claimants:** The inclusion herein of more than one Insured in any Claim or suit or the making of Claims or the bringing of suits by more than one person or organization shall not operate to increase the Limits of Liability stated in the Declarations.

More than one Claim first made within the Policy Period or Extended Reporting Period, if exercised, arising out of a Single Occurrence shall be subject to a single Each Occurrence Limit of Liability as stated in the Declarations.

In the event that this policy is renewed for one or more immediately successive policy period(s), all Claims made during the immediately successive renewal policy period(s) arising out of the same Single Occurrence for which a Claim was first made during this Policy Period shall be deemed first made during this Policy Period and shall be subject to the same Each Occurrence Limit of Liability as stated in the Declarations. In the event Underwriters or the Named Insured do not renew this policy with an immediately successive policy, or this policy is cancelled, Claims first made against the Insured after the Policy Period, or the Extended Reporting Period, if exercised, and arising out of the same Single Occurrence for which a Claim was first made during this Policy Period, shall not be deemed to be a Single Occurrence and any such subsequent Claim will not be covered hereunder.

Defense, Settlements And Claim Expenses

Underwriters shall have the right and duty to defend and investigate any Claim to which coverage under this policy applies. Underwriters may make such investigation and settlement of any Claim as they deem expedient. To the greatest extent permissible under law, Claim Expenses incurred in defending and investigating a Claim shall be a part of and shall not be in addition to the applicable Limits of Liability stated in the Declarations. Such Claim Expenses shall reduce the Limits of Liability and shall be applied against the applicable Deductible. Underwriters shall have no obligation to pay any Damages or to defend or to continue to defend any Claim or to pay Claim Expenses for Claims after the applicable Limit or Limits of Liability stated in the Declarations have been exhausted.

Claims

- A. Claim Reporting Provision: It is a Condition Precedent to the coverage afforded hereunder that:
- 1 the Insured shall give to Underwriters written notice as soon as practicable of any Claim first made against the Insured during the Policy Period or the Extended Reporting Period, if exercised.
 - 2 in the event suit is brought against the Insured, the Insured shall immediately forward every demand, notice, summons or other process received by him/her or by his/her representatives to the person(s) designated in the Endorsement attached hereto.
- B. Discovery Clause: If during the Policy Period, the Insured first becomes aware of a specific Occurrence which is reasonably expected to result in one or more Claims within the scope of coverage of this policy, then the Insured may provide written notice to Underwriters containing the information listed below. If such written notice is received by Underwriters during the Policy Period, then any Claim subsequently made against the Insured arising out of such Occurrence shall be deemed for the purpose of this insurance to have been made on the date on which such written notice is received by Underwriters.
- It is a condition precedent to the coverage afforded by this Discovery Clause that written notice be given to Underwriters containing the following information:
1. the description of the specific Occurrence;
 2. the date on which such Occurrence took place;
 3. the injury or damage which has or may result from such Occurrence;
 4. the identity of any injured persons; and
 5. the circumstances by which the Insured first became aware of such Occurrence.

Subject to the paragraph hereinabove, if during the Policy Period the Insured provides such written notice of a specific Occurrence which is reasonably expected to result in a Claim within the scope of coverage of this policy, the Underwriters at their sole option, may investigate such specific Occurrence. Such matter shall be subject to all terms, conditions and provisions in this policy as applicable to a Claim.

- C. Assistance and Cooperation of the Insured: The Insured shall cooperate with Underwriters and upon Underwriters' request, the Insured shall (1) make available all requested persons to submit to examination and interview by a representative of Underwriters, under oath if requested by Underwriters, and shall sign any transcript of such examination under oath; (2) attend hearings, depositions and trials; (3) assist in effecting settlement, securing and giving evidence, obtaining the attendance of witnesses in the conduct of suits; (4) give oral/and or written statement(s) to Underwriters' representatives and meet with such representatives for the purpose of determining coverage and investigating and/or defending any Claim, all without cost to Underwriters. The Insured shall further cooperate with Underwriters and do whatever is necessary to secure and effect any right of indemnity, contribution or apportionment which the Insured may have. The Insured shall not, except at his/her own cost, make any payment, admit any liability, settle any Claims, assume any obligation or incur any expense without the written consent of Underwriters. Compliance with this condition is material, the breach of which shall result in a forfeiture of coverage regardless of whether such breach is material or serious or results in prejudice to Underwriters.
- D. Underwriters' Payment Obligation: Provided all terms and conditions of this policy have been complied with by the Insured and subject to Underwriters agreeing liability and quantum of any Claim under this policy, Underwriters agree to pay indemnification to the Insured within 45 days of agreeing liability and quantum.
- E. Direct Payment by Underwriters: To the greatest extent permissible under law, it is agreed that Underwriters' obligations under this policy to indemnify and make payments to the Insured shall be discharged to the extent that Underwriters (or such nominee as they may appoint), at their option, make such payments directly to the persons or entities to whom they are owed and provide confirmation of such payments to the Insured.
- F. False or Fraudulent Claims: If any Insured shall commit fraud in proffering any Claim, this insurance shall become void as to such Insured from the date such fraudulent Claim is proffered.

Extended Reporting Period

- A. If the Named Insured nonrenews this policy or cancels this policy pursuant to Section Other Conditions A., or if Underwriters nonrenews this policy or cancels this policy pursuant to Section Other Conditions A., for reasons other than nonpayment of premium or Deductible or non-compliance with the terms and conditions of this policy, then the Named Insured shall have the right upon

payment of an additional premium calculated at that percentage stated in the Declarations of the full annual premium for the Policy Period, but in no event less than the percentage set forth in the Declarations of the annual premium stated in the Declarations, to extend the coverage granted under this policy, to Claims first made against the Insureds during: (1) twelve (12) months; (2) twenty-four (24) months; or (3) thirty-six (36) months; as elected by the Named Insured, and reported to Underwriters pursuant to Section Claims A., Claim Reporting Provision, following immediately upon the effective date of such cancellation or nonrenewal, for Bodily Injury or Property Damage which happened on or after the Retroactive Date and prior to the effective date of such cancellation or nonrenewal, caused by an Occurrence which happened on or after the Retroactive Date and prior to the effective date of such cancellation or nonrenewal and arising from those products, operations or premises specified in the Declarations and which is otherwise covered by this policy.

This period of months as elected by the Named Insured and described in this paragraph shall be referred to in this policy as the Extended Reporting Period.

If, however, this policy is immediately succeeded by similar claims made insurance coverage on which the Retroactive Date is the same as or earlier than that stated in the Declarations, the succeeding insurance shall be deemed to be a renewal hereof and, in consequence, the Named Insured shall have no right to purchase an Extended Reporting Period.

The quotation of a different premium and/or Deductible and/or Limit of Liability for renewal does not constitute a cancellation or refusal to renew for the purpose of this provision.

- B. As a pre-condition to the right to purchase the Extended Reporting Period, the Named Insured must have paid: (1) all Deductibles when due; (2) all premiums due for the Policy Period; and (3) all premium due on any other policy(ies) issued by Underwriters or any of its affiliated companies in an uninterrupted series of policies of which this policy is a renewal or replacement must have been paid. The right to purchase the Extended Reporting Period shall terminate unless a written request for the Extended Reporting Period is received by Underwriters within thirty (30) days after the effective date of cancellation or nonrenewal together with full payment for the Extended Reporting Period. If such written request and premium payment are not so received by Underwriters, there shall be no right to purchase the Extended Reporting Period at a later date.
- C. In the event of the purchase of the Extended Reporting Period the entire premium therefore shall be fully earned at its commencement.
- D. The Extended Reporting Period shall not in any way increase the Limits of Liability stated in the Declarations.

Other Conditions

- A. Cancellation: This policy may be cancelled by the Named Insured on behalf of all Insureds by mailing to Underwriters written notice stating when thereafter such cancellation shall be effective. If cancelled by the Named Insured, the

earned premium shall be computed at the customary short rate. Payment or tender of unearned premium shall not be a pre-condition to the effectiveness of cancellation, but such payment shall be made as soon as practicable.

This policy may be cancelled by Underwriters by mailing to the Named Insured, at the address stated in the Declarations, written notice stating when, not less than thirty (30) days thereafter, such cancellation shall be effective. However, if Underwriters cancel the policy because the Named Insured has failed to pay a premium or Deductible when due, including premium due on any other policy(ies) issued by Underwriters or any of its affiliated companies in an uninterrupted series of policies of which this policy is a renewal or replacement, this policy may be cancelled by Underwriters by mailing a written notice of cancellation to the Named Insured stating when, not less than ten (10) days thereafter, such cancellation shall be effective. The mailing of notice as aforementioned shall be sufficient notice and the effective date of cancellation stated in the notice shall become the end of the Policy Period. Such notice shall be conclusive on all Insureds. Delivery of such written notice by the Named Insured or Underwriters shall be equivalent to mailing. If cancelled by Underwriters, earned premium shall be computed pro rata. Premium adjustment may be made at the time cancellation is effected or as soon as practicable thereafter.

- B. Representations: By acceptance of this policy, the Insureds agree as follows:
1. that the information and statements contained in the application(s) are the basis of this policy and are to be considered as incorporated into and constituting a part of this policy; and
 2. that the information and statements contained in the application(s) are their representations, that they shall be deemed material to the acceptance of the risk or hazard assumed by Underwriters under this policy, and that this policy is issued in reliance upon the truth of such representations.
 3. If any Insured is aware of any fact, circumstance or situation which may give rise to a Claim covered under this policy but fails to disclose such fact, circumstance or situation in the application for this insurance, this policy shall not provide coverage for any Claim based upon or arising out of such fact, circumstance or situation. Where the failure to disclose is deliberate or intentional, the premium paid hereunder shall be forfeited.
- C. Entire Agreement: This policy, the Declarations, the application(s) and any written endorsements attached hereto shall be deemed to be a single unitary contract.
- D. Prevention of Loss: In the event of an Occurrence involving the products covered by this policy, the Insured shall promptly, at his/her expense, take all reasonable steps to prevent other Bodily Injury or Property Damage from arising out of the same or similar conditions. If the discovery of a defect in the Named Insured's Products shall reasonably suggest that a similar defect exists in other such products, the Insured shall, at its own expense, immediately investigate and rectify the defect in such other products. Otherwise, all

Claims arising out of such defect shall not be covered under this policy.

- E. Changes: Notice to any agent or knowledge possessed by any agent or other person acting on behalf of Underwriters shall not effect a waiver or a change in any part of this policy and shall not estop Underwriters from asserting any right under the terms of the policy. The terms of this policy shall not be waived or changed, except by written endorsement issued to form a part of this policy, and this policy embodies all agreements existing between the Insureds and Underwriters or any of its agents relating to this insurance.
- F. Assignment of Interest: Assignment of interest under this policy shall not bind Underwriters unless its consent is endorsed hereon.
- G. Subrogation: In the event of any payment under this policy, Underwriters shall be subrogated to the right of recovery of all Insureds to the extent of such payment. The Insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The Insured shall do nothing after the Claim to prejudice such rights.

Underwriters shall not exercise any such rights against any person, firms or corporations included in the definition of Insured. Notwithstanding the foregoing, however, Underwriters reserves the right to exercise any rights of subrogation against an Insured in respect of any Claim brought about or contributed to by the intentional, dishonest, fraudulent, criminal or malicious act or omission of such Insured.

Any amount so recovered shall be apportioned as follows:

Any recovery shall first be used for the repayment of expenses incurred toward subrogation; second, to any loss and expense payment by the Insured in excess of any Deductible(s); third, to any loss and expense payments by any excess carrier on behalf of the Insured; fourth, to any loss and expense payments by any primary carrier on behalf of the Insured; and, last, to repayment of the Insured's Deductible.

- H. Audit: The Underwriters may examine and audit the Insured's books and records at any time during the Policy Period, the Extended Reporting Period, if exercised and within three years after the final termination of this policy, as far as they relate to the subject matter of this policy.
- I. Inspection: Any of Underwriter's authorized representatives shall have the right and opportunity, whenever Underwriters so desire, to inspect at any reasonable time the Insured's products or operations, but Underwriters assume no responsibility or duty by reason of such inspection or the omission thereof. The Insured agrees to provide appropriate personnel to assist Underwriter's representatives during such inspection without cost to Underwriters.
- J. Dispute Against Underwriters: No proceedings in connection with this policy shall lie against Underwriters unless, as a pre-condition thereto, the Insured shall have fully complied with all the terms of this policy.

Nothing contained in this policy shall give any person or organization any right to join Underwriters as a co-defendant in any action against the Insured to determine the Insured's liability. Bankruptcy or insolvency of the Insured or of

the Insured's estate shall not relieve Underwriters of any of its obligations hereunder.

K. Authorization: By acceptance of this policy, the first person or organization named in Item 1. of the Declarations shall act on behalf of all Insureds with respect to the giving and receiving of all notices to and from Underwriters as provided herein; the exercising of the Extended Reporting Period; the cancellation of this policy in whole or part; the payment of premiums and Deductibles when due; the receiving of any return premiums that may become due under this policy; and the Insureds agree that such person or organization shall act on their behalf.

L. Reporting of Changes in Products and Operations: The premium charged for this policy is based on those products and operations identified in the underwriting information submitted to Underwriters on behalf of the Insured at the time of policy inception. The Insured shall report promptly to Underwriters any changes in those products or operations as described below, and Underwriters shall have the right to adjust the premium and/or Deductible(s) for such changes, based on its sole assessment of the additional exposure(s) presented.

Changes to report:

1. any changes to manufacturing or servicing premises requiring structural alterations, or acquisition of additional manufacturing or servicing premises;
2. any changes in manufacturing or servicing operations which is likely to result in an annual increase in payrolls of twenty-five percent (25%) or more;
3. any change in products or operations which are not accurately described by the description as specified in Item 6. of the Declarations.

This policy shall apply to only those products or operations specified in Item 6. of the Declarations, irrespective of any changes reported.

M. Choice of Law: This policy shall be governed by and construed in accordance with the laws of the Republic of China on Taiwan.

N. Arbitration: All disputes, controversies, differences or claims arising out of, relating to or connecting with this policy, or the breach, termination or invalidity thereof, shall be finally settled by arbitration referred to the Arbitration Association of the Republic of China (Chinese Arbitration Association, Taipei) in accordance with the Arbitration Law of the Republic of China and the Arbitration Rules of the Chinese Arbitration Association, Taipei.

The place of arbitration shall be in Taiwan.

The arbitration tribunal shall consist of three arbitrators. Within 14 days from the date of receipt of the Notice of Arbitration, the Claimant and Respondent shall each appoint one arbitrator. Where a party fails to appoint an arbitrator within the specified time period, the arbitrator shall be appointed by the Chinese Arbitration Association, Taipei. The third member of the arbitration

tribunal shall be jointly appointed by the two appointed arbitrators as soon as practicable (and no later than 14 days) after the appointment of the two party-appointed arbitrators. Where agreement can not be reached the appointment of the third arbitrator will be made by the Chinese Arbitration Association, Taipei. The arbitration tribunal shall be constituted upon the appointment of the third arbitrator.

The arbitrators shall be persons (including those who have retired) with not less than ten years' experience of insurance or reinsurance within the industry or as lawyers or other professionals serving the industry. The parties agree that arbitrators with these qualifications may be appointed or nominated whether or not they are on the panel of arbitrators of the Chinese Arbitration Association, Taipei.

The arbitration and all proceedings will be conducted in English. If a party submits a document or witness evidence in a language other than English, that party must also submit an accurate English translation of the same.

The award rendered by the arbitrators shall be in writing and be final and binding upon both parties concerned.

- O Separation of Insureds : Except with respect to the Limits of Liability stated in the Declarations, and any rights or duties specifically assigned to the First Named Insured stated in the Declarations, this policy applies:
 - a) as if each Insured were the only Insured; and
 - b) separately to each Insured against whom Claim is made or suit is brought.

P Cross Liability

The inclusion of more than one corporation, person, organization, firm or entity as a Named Insured in this policy shall not in any way affect the rights of any such corporation, person, organization, firm or entity either as respects any claims, demand, suit or judgment made or brought by, or in favor of any other Named Insured, or by, or in favor of any employee of such other Insured. This policy shall insure each corporation, person, or organization, firm or entity in this same manner as though a separate policy had been issued to each; but nothing herein contained shall operate to increase the company's liability as set forth elsewhere in this policy beyond the amount or amounts for which the company would have been liable if only one person or interest had been named as Insured.