



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PRODUCT RECALL EXPENSE COVERAGE

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM (WA6000)

FARM GENERAL LIABILITY COVERAGE FORM (WA6300)

1. The following is added to A. COVERAGES:

Coverage - Product Recall Expense

1. Insuring Agreement

- a. We will pay "product recall expenses" incurred by you because of a "recall" to which this insurance applies. But the amount we will pay is limited as described in **E. AMOUNTS OF INSURANCE**.
- b. This insurance applies to "product recall expenses" only if the "recall" is initiated in the "coverage territory" and during the policy period because:
 - (1) You determine such "recall" is necessary; or
 - (2) An authorized government agency has ordered you to conduct such "recall".
- c. The initiation of a "recall" will be deemed to have been made at the earlier of the following times:
 - (1) When you first announced in any manner to the general public, your vendors or your "employees" (other than those "employees" directly involved in making the determination) your decision to conduct or participate in a "recall". This applies regardless of whether the determination to conduct a "recall" was made by you or was requested by a third party; or
 - (2) When you first received, either orally or in writing, notification of an order from an authorized government agency to conduct a "recall".

2. Exclusions

This insurance does not apply to "product recall expenses":

Asbestos

Related to or arising from any actual or alleged liability for any legal remedy of any kind whatsoever (including but not limited to damages, interest, mandatory or other injunctive relief, statutory orders or penalties, legal or other costs, or expenses of any kind) in respect of actual or threatened loss, damage, cost or expense directly or indirectly caused by, resulting from, in consequence of or in any way involving, asbestos or any materials containing asbestos in whatever form or quantity.

This exclusion applies regardless of any other contributing or aggravating cause or event that contributes concurrently or in any sequence to the "recall".

Bodily Injury or Property Damage

Arising out of "bodily injury" or "property damage".

Copyright and Patent Infringement

Arising out of any copyright, patent, trade secret, trade dress or trademark infringement.

Failure to Accomplish Intended Purpose

Arising out of the failure of "your product" to accomplish its intended purpose, including any breach of warranty of fitness, whether written or implied.

"Wawanesa Insurance" is **The Wawanesa Mutual Insurance Company** and is the licensed insurer of this policy.

Goodwill, Product Redesign

Arising out of any cost to:

- (1) Regain goodwill, reputation or market share; or
- (2) Redesign "your product".

Known Defect

Arising out of a defect in "your product" known to exist by you or any of your "executive officers" prior to:

- (1) The inception date of this Product Recall Expense Coverage when it was first issued to you; or
- (2) The time "your product" left your control or possession.

Nuclear Hazard

Arising out of any nuclear radiation or reaction, or radioactive contamination.

Pollution

- (1) Arising out of the actual, alleged or threatened spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of "pollutants".
- (2) Any loss, cost or expense arising out of any:
 - (a) Request, demand, order, or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
 - (b) Claim or "action" by or on behalf of a governmental authority because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

Prior Ban on Product

Arising out of a "recall" when:

- (1) "Your product" or a component contained within "your product" was banned from the market by an authorized government agency prior to the policy period; or
- (2) "Your product" was distributed or sold by you subsequent to any ban by an authorized government agency.

Shelf Life Expiration

Arising out of the expiration of the designated shelf life of "your product".

Similar Products Not Damaged

Arising out of the "recall" of "your product" or batch of "your product" that is not damaged, defective or otherwise unfit for use, if a "recall" has been initiated in any similar product or batch of product.

Substitution

Arising out of the substitution or replacement of recalled product with similar product.

Terrorism

Arising directly or indirectly, in whole or in part, out of "terrorism" or out of any activity or decision of a government agency or other entity to prevent, respond to or terminate "terrorism". This exclusion applies regardless of any other contributing or aggravating cause or event that contributes concurrently or in any sequence to the "recall".



Transformation, Deterioration or Decomposition

Arising out of transformation of a chemical nature, deterioration, or decomposition of "your product". This exclusion does not apply if such transformation, deterioration or decomposition is caused by:

- (1) An error in manufacturing, design, or processing;
- (2) Transportation; or
- (3) "Tampering".

War Risks

Arising directly or indirectly, in whole or in part, out of war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military power. This exclusion applies regardless of any other contributing or aggravating cause or event that contributes concurrently or in any sequence to the "recall".

3. The following is added to E. AMOUNTS OF INSURANCE:

Product Recall Expense Coverage – Amounts of Insurance

The Product Recall Expenses Coverage Aggregate Amount shown in the Declarations is the most we will pay for all "product recall expenses" for which coverage is provided under this Product Recall Expenses Coverage. This amount is in addition to, and not included within, the Amounts of Insurance for Commercial General Liability shown in the Declarations.

Subject to the Product Recall Expenses Coverage Aggregate Amount, the Product Recall Expenses Coverage Each Recall Amount shown in the Declarations is the most we will pay for all "product recall expenses" for which coverage is provided under this Product Recall Expenses Coverage and arising out of any one "recall".

"Product recall expenses" that arise out of the same or substantially similar conditions will be deemed to have arisen out of one "recall".

4. The following is added to Paragraph 9. of E. AMOUNTS OF INSURANCE:

We will not make any payment under **Coverage - Product Recall Expense** until the amount of loss exceeds the Deductible: Product Recall Expense Coverage shown in the Declarations.

5. The following is added to F. COMMERCIAL GENERAL LIABILITY CONDITIONS:

Duties in the Event of a Product Recall

- a. You must see to it that we are notified as soon as practicable of any actual, suspected or threatened defect in "your product", or any investigation by an authorized government agency that may result in a "recall". To the extent possible, notice should include:

- (1) How, when and where the defect was discovered;
- (2) The names and addresses of any injured persons and witnesses; and
- (3) The nature, location and circumstances of any injury or damage arising out of use or consumption of "your product".

- b. If a "recall" is initiated, you must:

- (1) Immediately record the specifics of the "recall" and the date it was initiated; and
- (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the "recall" as soon as practicable.

- c. You must promptly take all reasonable steps to mitigate the expenses associated with a "recall". Any profit that you receive from mitigating the expenses will be deducted from the amount of reimbursement that you will receive for "product recall expenses".



d. You and any other involved insured must:

- (1) Immediately send us copies of pertinent correspondence received in connection with the "recall";
- (2) Authorize us to obtain records and other information; and
- (3) Cooperate with us in our investigation of the "recall".

6. The following is added to **G. DEFINITIONS**:

"Product recall expenses" means the reasonable and necessary expenses incurred by you as the result of a "recall", including the cost of:

- a. Telephone and other communications, advertising, radio announcements and television announcements;
- b. Stationery, envelopes, postage, facsimiles and production of printed announcements;
- c. Overtime paid to your regular non-salaried "employees" and costs incurred by your "employees", including costs for transportation and accommodation;
- d. Computer time;
- e. Hiring independent contractors and "temporary workers";
- f. Packaging and transportation of "your product", or other product that contains "your product", for destruction or proper disposal;
- g. Warehouse or storage space; or
- h. Proper disposal of "your product", or other product that contains "your product", that cannot be reused, but not exceeding your purchase price or your cost to produce the product.

"Recall" means the recall, and destruction or disposal, of "your product" arising out of:

- a. "Tampering"; or
- b. A determination by you or an authorized government agency that the use or consumption of "your product" may result in "bodily injury" or "property damage".

"Tampering" means an act of intentional alteration of "your product" that has caused or is reasonably expected to cause "bodily injury" or "property damage".

All other terms and conditions remain unchanged.