

## COMMERCIAL GENERAL LIABILITY COVERAGE

# PRODUCT RECALL EXPENSES ENDORSEMENT

This Endorsement Changes the Policy. Please Read It Carefully.

Certain words and phrases in bold font have special meaning as defined below or in the Form to which this Endorsement is attached.

The titles of sections or paragraphs listed below should not be considered for purposes of interpreting the intent of this Form; these titles have only been inserted for ease of reading.

This Endorsement is attached to the Commercial General Liability Max Form and is subject to all terms, conditions, limitations and exclusions of such Form.

### 1. INSURING AGREEMENT

We will pay recall **expenses** if **your product** is withdrawn because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it, provided that:

- 1.1. The recall takes place in the **coverage territory** and begins during the **policy period**;
- 1.2. The **expenses** are incurred are reported to us within twelve (12) months of the date on which the recall began;
- 1.3. **Your product** was manufactured entirely in either Canada or the United States of America;
- 1.4. The recall is necessary to avoid **bodily injury, property damage, personal injury, advertising injury**; and
- 1.5. The recall has been ordered by either the manufacturer, a government entity or a legislative authority.

### 2. LIMIT OF INSURANCE

- 2.1. The Limit of Insurance on the Declaration Page(s) is the most we will pay under this Endorsement.
- 2.2. The Limit of Insurance for this Endorsement is:
  - 2.2.1. An Aggregate amount which is the most we will pay under this Endorsement during the **policy period**; and
  - 2.2.2. Part of, and not in addition to, the Limit of Insurance shown in the Declaration Page(s) for Commercial General Liability Max Form.

### 3. EXCLUSIONS

This insurance does not apply to:

- 3.1. **Expenses** incurred for the recall or withdrawal of **your product** because of prior knowledge of the Insured at the inception of this Policy of any defect, deficiency, inadequacy or dangerous condition in **your product** known to you when such products were still in your possession; or the cost of rectifying said defect, deficiency, inadequacy or dangerous condition in **your product**;
- 3.2. The loss of use of **your product** that has been recalled;
- 3.3. The cost of rehabilitating the reputation of **your product**;
- 3.4. Pecuniary losses resulting from the recall, including, but not limited to, operating losses, missed delivery dates, decline in sales, and damage your public image;
- 3.5. Recall costs that result from your failure to observe any statutory regulation;
- 3.6. All costs resulting from the recall of **your products** where such recall arises out of any genetically modified organism(s);
- 3.7. Failure of **your product** to perform as intended or to serve an intended function or to meet any warranty of fitness, whether such warranty is actual or implied.
- 3.8. Asbestos – see Common Exclusions.
- 3.9. Fungi or Spores – see Common Exclusions.
- 3.10. Nuclear Energy Liability – see Common Exclusions.
- 3.11. Pollution – see Common Exclusions.
- 3.12. Terrorism – see Common Exclusions.
- 3.13. War Risks – see Common Exclusions.
- 3.14. Unsolicited Communication – see Common Exclusions.

### 4. SPECIAL CONDITIONS

You must, as soon as a recall is believed to be necessary or notified that **your product** must be withdrawn:

- 4.1. Notify us in writing immediately without delay; and
- 4.2. Assist us and any experts appointed by us in the investigation of any matter relative to Insuring Agreement and Exclusions of this Endorsement.

### 5. DEFINITIONS

For the purposes of this Endorsement:

- 5.1. **Expenses** means the reasonable and necessary costs incurred for:
  - 5.1.1. Newspaper, radio, internet and television announcements of the withdrawal or recall;
  - 5.1.2. Transportation of the recalled product from customers to you, or to the nearest appropriate place including qualified dealers, manufacturers, retailers and miscellaneous workshops, so that steps may be taken to rectify the defect in **your product**, or to destroy or replace **your product**;
  - 5.1.3. The return to the customer of the repaired product of the Insured or its replacement;
  - 5.1.4. Overtime payroll for regular **employees**;
  - 5.1.5. Cost to hire extra personnel or specialists on a temporary basis;
  - 5.1.6. Accommodation and transportation by **employees** engaged in searching out the recalled product;
  - 5.1.7. Rental expenses for additional warehouse space for **your product**;

- 5.1.8. Destruction of **your product**, if such action is deemed to be absolutely essential;
- 5.1.9. Inspection of the recalled product on the customers' premises or at the nearest appropriate place by or on behalf of the Insured.  
but only when such **expenses** are incurred exclusively for the purpose of recalling or withdrawing **your product**.

**All other terms and conditions of the Policy remain unchanged.**