

FOOD PROCESSORS PRODUCT RECALL COVERAGE ENDORSEMENT

INSURING AGREEMENT:

In consideration of the premium charged, the Insurer agrees to indemnify the Insured for expenses incurred by the Insured for:

- A. The withdrawal of the Insured's product, provided such withdrawal is made necessary by
 - 1) error or inadvertent omission in the processing or labelling of the Insured's food product(s) which render the food product(s) unfit for intended consumption, or
 - 2) actual or suspected contamination or infestation of the food product, provided such withdrawal of the Insured's Food Product occurs during the policy year.
- B. To reimburse the Insured for "extortion payments" as a result of "extortion demands" during the policy period made specifically against the Insured.

LIMIT OF LIABILITY:

The Insurer's limit of liability under this endorsement shall not exceed \$50,000.00 annual aggregate for expenses incurred for all losses in any one-policy year.

DEFINITIONS:

"Contamination" shall mean:

- 1. the unintentional alteration of a food product; or
- 2. the introduction of a foreign material or substance into the food product in such a way as to render the food product unfit for intended consumption as determined by any government authority.

"Expenses" shall mean the necessary and reasonable costs incurred by the Insured arising out of a "Withdrawal" of the Insured's food product(s): These expenses shall include:

- 1. telephone and telegraphic communications, radio and television announcements and newspaper advertising;
- 2. stationary, envelopes, production and printing of announcements and postage therefore;
- 3. remuneration paid to regular employees of the Insured for the necessary overtime to handle the recall;
- 4. cost of hire of persons other than regular employees of the Insured in order to handle the recall;
- 5. cost of transporting the Insured's withdrawn food product to the closest, most reasonable site for destruction or disposal;
- 6. destruction or disposal of the Insured's withdrawn food product.

"Withdrawal" means the recall and destruction or disposal of the Insured's food products arising out of a determination by the Named Insured or by any government authority that the use or consumption of such food products may result in bodily injury or property damage.

"Bodily Injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.

"Property Damage" means :

- 1 . physical injury to tangible property, including all resulting loss of use of the property; or
- 2. loss of use of tangible property that is not physically injured.

"Extortion Demand" means a threat or series of threats made against the Insured involving the "contamination" or other impairment to the Insured's food product(s), requiring payments of money or the monetary value of Property, or other Consideration, as a condition to remove such threat(s) or to identify such contaminated food product(s).

EXCLUSIONS:

COVERAGE A ONLY:

Coverage A does not apply to expenses incurred by the Insured for withdrawal of the Insured's food product(s) by reason of:

1. failure of the Insured's food product to perform as intended; or
2. improper, inadequate or faulty formula or design; or improper storage or transport; or
3. breach of warranties of fitness, quality, efficacy, or efficiency; or
4. deterioration, decomposition or transformation of chemical structure unless such deterioration, decomposition or transformation of chemical structure is the result of "Contamination" or of an error or omission in the processing of the Insured's food product; or
5. kindred products of the Insured which are determined during or following a product recall not to have the potential to cause bodily injury or property damage;
6. loss of revenue, profits, goodwill, decline of market share or any other costs to regain them; or
7. re-distribution of the withdrawn food product or replacement of the withdrawn food product by like or similar products or substitutions therefor; or
8. knowledge of the Insured prior to the inception of this endorsement of any pre-existing condition which may likely cause a loss under this endorsement; or
9. use of substances or materials in the Insured's food products which, prior to the inception of this endorsement, have been determined to be unsafe or which have been banned by any government authority.

COVERAGE B ONLY:

Coverage B does not apply to any loss due to any fraudulent, dishonest or criminal act by any officer, partner, director, person acting on the behalf of any Insured or person hired under the definition of "Expenses", all whether acting alone or in collusion with others.

DEDUCTIBLE:

Each claim for loss or damage shall be adjusted separately and from the amount of such adjusted claim, the amount shown in the Declarations of this policy as deductible amount shall be deducted.

CONDITIONS:

DUTIES IN THE EVENT OF LOSS:

The Insured must advise the Insurer as soon as practicable after discovery that any insured product must be withdrawn or that an "Extortion Demand" has been made. The Insured shall cease further release, shipment, consignment or other method of distribution of like or similar products, until it has been determined that all insured products are free from such defects as would cause loss under this endorsement. Within a reasonable time after loss, the Insured shall render to the Insurer a proof of loss, signed and sworn to by the Insured, stating the time and cause of loss and actual expenses incurred. Such expenditures shall be substantiated by submission with the proof of loss of all bills, invoices and other vouchers.

All other terms, conditions and General Provisions of the Policy remain unchanged.