

## Contractual Arrangements for Liability Insurance for Damage Caused by a Product Recall

### Article I Scope of Insurance

1. It is agreed that the insurance shall cover, to the extent and under the conditions set out in these PREMIUM ZD PR, the **Costs of Recalling the Insured Product**, which are considered to be part of the damage to property for the purposes of insurance coverage.
2. **The Costs of Recalling the Insured Product** shall be covered by the insurance only if, as a result of an existing or anticipated defect of the **Insured Product**, the recall has been made in order to prevent imminent damage to health that could occur as a result of using or consuming the defective Insured Product.
3. The insurance shall cover the **Costs of Recalling the Insured Product** only if the **day of recalling the product** was during the insurance period and the recall of the **Insured Product** was notified to the Insurer during the insurance period. The insurance also only covers the **Costs of Recalling the Insured Product** in the territory specified in the insurance contract (excluding the territory of the USA and/or Canada).
4. The amount of the insured sum or the sub-limit for this insurance risk is specified in the insurance contract.

### Article II Insurance Exclusion

1. The insurance does not cover any costs in connection with recalling an Insured Product:
  - a) which was not specified in the insurance contract as the Insured Product;
  - b) which was delivered or otherwise put into circulation more than 3 years before the start of the insurance;
  - c) of which the insured person was aware or could have been aware before the start of the insurance;
  - d) as a result of the intentional conduct of the insured person or as a result of a breach of the regulations of public authorities;
  - e) resulting from the use of the Insured Product which had not been sufficiently tested in accordance with generally accepted scientific, technical or safety standards or norms;
  - f) due to the insufficient durability of the product or the expiry of the product expiration date, unless such expiry of the product expiration date would be the result of the incorrect labelling of the product by the insured person;
  - g) which was not put into circulation by the insured person;
  - h) which was made available on the market or put into circulation after the insured person had become aware of an actual or suspected defect, deficiency or unsafe condition of the product;
  - i) which was not or has not been used for the purpose for which it was intended or manufactured.
2. Furthermore, the insurance does not cover:
  - a) any claims for the reimbursement of costs in connection with proceedings with public authorities as to whether or not the product is defective;
  - b) any costs associated with the manufacture of a new product or with a product intended to replace the recalled product, including the price of such product;
  - c) any fines or sanctions;
  - d) any consequential financial damage/injury caused by recalling the product, including lost profits or reputational damage;
  - e) any costs related to recalling a product which has been intentionally tampered with in order to make the product unsafe;
  - f) any costs related to a product which has been genetically modified.

### Article III Interpretation of Terms

1. The **Insured Product** is the product specified in the insurance contract to which the insurance applies.
2. A **Product Defect** is an existing or suspected defect, including the contamination or mislabelling of the product, resulting from an error in technical specifications, performance, manufacture, mixing, packaging, or labelling.
3. The **Recall of the Insured Product** is a recall in accordance with the generally binding regulations of the respective country in order to prevent imminent damage to health as a result of the use or consumption of a defective Insured Product.
4. The **Recall Day** is the date of the first written notification by an official authority stating that the Insured Product must be recalled.
5. The **Costs of Recalling the Insured Product** are reasonable and economically incurred costs in connection with the search, recall, destruction, repair or replacement of the recalled Insured Product from the Recall Day, i.e., exclusively:

- a) Advertising costs for the publication of notices and calls in connection with recalling the defective product in print, on the Internet, radio, television or other notices to consumers or distribution channels;
- b) Costs incurred for locating or sorting the Insured Product, including the costs of inspecting the Insured Products to determine which products are defective;
- c) Costs for the transport, packaging and temporary storage of the Insured Product incurred to the insured person in direct connection with the recall of the Insured Product;
- d) Costs incurred in connection with testing the Insured Product in order to identify the appropriate measures (repair, replacement, destruction) necessary for the Insured Products;
- e) Costs incurred for repairs without replacing the Insured Product (without disassembly and assembly) and without the reconstruction of the defective Insured Product, provided that such repair is less costly than the delivery of a new product without defects;
- f) Costs incurred for dismantling the defective Insured Product and assembling the new product without defects, except for the costs of the new product itself;
- g) Costs incurred for delivering the repaired or replaced product back to the consumer/customer;
- h) Costs incurred for the destruction of the Insured Product, if its destruction is necessary;
- i) Costs incurred for work directly related to recalling the Insured Product by authorised persons other than the employees of the insured person, but only if the recall of the Insured Product could not be performed by the employees of the insured person;
- j) Travel costs of the employees of the insured person or other authorised persons, if it can be proven that the repair or replacement of the defective Insured Product directly by the consumer/customer is less costly than sending the Insured Product back;
- k) Costs incurred for independent experts for product recall and necessary consultations, agreed in advance by the insurer.

#### **Article IV Final Provisions**

1. The contractual arrangements form an integral part of the insurance contract and it is possible to deviate from them in the insurance contract.
2. In the event that the provisions of the insurance contract, contractual arrangements and insurance conditions differ, the provisions of the insurance contract shall take precedence (in the following order) over the contractual arrangements and insurance conditions, and at the same time the contractual arrangements shall take precedence over the insurance conditions.
3. These PREMIUM ZD PR contractual arrangements shall come into effect on **01.01.2019**.