

## **PRODUCT RECALL INSURANCE POLICY**

### **PROSPECTUS**

#### **Scope of Cover**

Despite a company's best efforts to design, manufacture and sell safe and reliable products, the possibility still exists that products may cause or possess a potential threat of accidents resulting in bodily injury or property damage. As a result, unfavourable publicity may result in loss of sales and damage to the company's reputation, unless appropriate action is taken promptly.

Product recall insurance covers expenses associated with recalling a product from the market primarily to cover costs such as customer notification, shipping costs, cost of warehouse, and disposal costs, to name a few. Coverage generally applies to the firm itself, though additional coverage can be purchased to cover the costs of third parties.

"Product recall" means the recall or recall

- (a) from the market; or
- (b) from use by any other person or organization; of "your products", or products which contain "your products", because of known or suspected "defects" in "your product", or known or suspected "product tampering", which has caused or is reasonably expected to cause "bodily injury" or physical injury to tangible property other than "your product".

#### **Extent of Insurance Cover**

A recall policy protects you from incurring the cost of recalling a product which is identified as a possible cause of damage or injury which has occurred or has a potential to occur. This policy is bought in conjunction with the product liability and cannot be purchased independently. The costs associated with recalling include the cost of transportation, storage and destruction of the product apart from public relations cover to guard your firm and product reputation. They do not pay for recall of a faulty product design or rejection of product by the customer. They also do not pay for modification or replacement of the faulty product. Having a recall policy in place helps buy the cover at optimal costs.

### Eligible for Insurance : Who can take the policy?

The Policy can be taken by Manufacturers of Automobile, FMCG Companies, Manufacturers of Electrical and Electronic equipment etc.

### Eligible Discounts

Insured will be eligible for maximum discounts on premium. Criteria for such discount may include but not limited to the following:

#### Rating Factors

1. Business description
2. Type of products
3. Product: Criticality of the product, State of safety functions employed, Likely chances of misuse / abuse, technical requirements
4. Geographical split of turnover
5. Loss history
6. Recall preparedness
7. Limit of indemnity / Sum insured
8. No. of years in business
9. Recall history for industry

### What is covered under the Policy?

#### **Coverage A: COVERAGE A- "PRODUCT RECALL EXPENSE"**

##### **1. Insuring Agreement**

a) We will reimburse you, subject to any Deductible and Participation Percentage, for "product recall expenses" incurred by you because of a "product recall" to which this insurance applies.

The amount of such reimbursement is limited as described in Section III – Limit of Insurance. No other obligation or liability to pay sums or perform acts or services is covered.

b) This insurance applies to a "product recall" only if the "product recall" is initiated in the "coverage territory" during the policy period because:

You determine that the "product recall" is necessary;

c) We will reimburse "product recall expenses" only if:

1. The expenses are incurred within 12 months of the date the "product recall" was initiated;
2. The incident is reported as soon as possible and 12 month period will commence from the date of the initial notice to us .
3. The product that is the subject of the "product recall" was produced after the Retroactive date designated in the Schedules. Other words and phrases that appear in quotation marks have special meaning. Refer to Section V –Definitions of policy wordings

d) The initiation of a "product recall" will be deemed to have been made only at the earliest of the following times:

When you first announced, in any manner, to the general public, your vendors or to your employees (other than those employees directly involved in making the determination) your decision to conduct or participate in a "product recall". This applies regardless of whether the determination to conduct a "product recall" is made by you or is requested by a third party;

e) "Product recall expenses" incurred to withdraw "your products" which contain the same or substantially similar "defects" will be deemed to have arisen out of the same "product recall".

### **Exclusions – Coverage A**

This insurance does not apply to "product recall expenses" arising out of:

#### **a. Breach of Warranty and Failure to Conform to Intended Purpose**

Any "product recall" initiated due to the failure of "your products" to accomplish their intended purpose, including any breach of warranty of fitness, whether written or implied. This exclusion does not apply if such failure has caused or is reasonably expected to cause "bodily injury" or physical damage to tangible property other than "your product".

#### **b. Infringement of Copyright, Patent, Trade Secret, Trade Dress or Trademark**

Any "product recall" initiated due to copyright, patent, trade secret, trade dress or trademark infringements.

c. **Fraudulent, Dishonest &/or Criminal Act:**

Arising from your dishonest, wilful, wanton, fraudulent, criminal or malicious act, error or omission;

d. **Deterioration, Decomposition or Chemical Transformation**

Any "product recall" initiated due to the transformation of a chemical nature, deterioration or decomposition of "your product". This exclusion does not apply if it is caused by:

1. An error in manufacturing, design, or processing;
2. Transportation of "your product";

e. **Goodwill, Market Share, Revenue, Profit or Redesign**

The costs of regaining goodwill, market share, revenue or "profit" or the costs of redesigning "your product".

f. **Expiration of Shelf Life**

Any "product recall" initiated due to expiration of the designated shelf life of "your product".

g. **Assumed Liability**

Which you are obligated to pay by reason of an assumption of liability in a contract or agreement that you would not have in the absence of the contract or agreement.

h. **Known Defect**

A "product recall" initiated due to a "defect" in "your product" known to exist by the Named Insured or the Named Insured's "executive officers", prior to the date when this Product Recall Coverage Part was first issued to you or prior to the time "your product" leaves your control or possession.

i. **Governmental Ban**

A recall when "your product" or a component contained within "your product" has been:

1. Banned from the market by an authorized government entity prior to the policy period; or
  2. Distributed or sold by you subsequent to any governmental ban.
- j. Solely as a result of intervention by any governmental or public authority.
- k. Cost or expense to repair, recondition, decontaminate or otherwise treat the recalled products so as to render them marketable.
- l. Arising out of any product which is intended for incorporation into the structure, machinery or controls of any aircraft.
- m. Arising out of deliberate or alleged contamination, tamper or adulteration.

n. **Defense of Claim**

The defense of a claim or "suit" against you for liability arising out of a "product recall".

o. **Third Party Damages, Fines and Penalties**

Any compensatory damages, fines, penalties, punitive or exemplary, or the multiplied portion of multiplied damages or other non-compensatory damages imposed upon the insured.

p. **Pollution-Related Expenses**

Any loss, cost or expense due to any:

1. Request, demand, order, 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
  2. Claim or suit by or on behalf of a governmental authority for damages 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".
- q. For "bodily injury" or "property damage".

r. **War & Terrorism**

Any loss, cost or expense due to:

1. War, including undeclared or civil war;
2. Arising directly or indirectly out of or in any way involving any act of terrorism
3. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
4. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

This also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to the above.

Where we allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this Policy the burden of proving the contrary shall be upon you.

- s. Arising out of the manufacture of, mining of, use of, sale of, installation of, removal of, distribution of, or exposure to asbestos products, asbestos fibres or asbestos dust, or to any obligation of the Insured to indemnify any party because of damages arising out of the manufacture of, mining of, use of, sale of, installation of, removal of, distribution of, or exposure to asbestos products, asbestos fibres or asbestos dust.
- t. Arising out of the presence, ingestion, inhalation or absorption of or exposure to lead in any form or products containing lead or leaded materials.
- u. Arising prior to the unqualified acceptance of **Your Product(s)** by or on behalf of your customers.
- v. Arising directly or indirectly out of:  
Any actual or alleged failure, malfunction or inadequacy of:
  1. Any of the following, whether belonging to any Insured or to others:
    - I. Computer hardware, including microprocessors;

- ii. Computer application software;
  - iii. Computer operating systems and related software;
  - iv. Computer networks;
  - v. Microprocessors (computer chips) not part of any computer system; or
  - vi. Any other computerized or electronic equipment or components; or
2. Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed above,

due to the inability to correctly recognize, process, distinguish, interpret or accept any date change.

### **Coverage B: "PRODUCT RECALL LIABILITY"**

Policy pays those sums that the insured becomes legally obligated to pay as damages for "product recall expenses" incurred because of a "product recall" as per Policy's terms and conditions.

#### **1. Insuring Agreement**

a. We will pay those sums subject to any Deductible and Participation Percentage, that the insured becomes legally obligated to pay as damages for "product recall expenses" incurred because of a "product recall" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages to which this insurance does not apply. We may, at our discretion, investigate any "product recall" and settle any claim or "suit" that may result. But:

- 1. The amount we will pay for damages is limited as described in Section III—Limits Of Insurance; and
- 2. Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverage B.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments: Coverage B

- b. This insurance applies to damages for "product recall expenses" incurred because of a "product recall" only if the "product recall" is initiated in the "coverage territory" during the policy period

and the product that is the subject of the "product recall" was produced after the Retroactive date designated in the Schedules

- c. The initiation of a "product recall" will be deemed to have been made only at the earliest of the following times:
  - 1. When a third party conducts or participates in a "product recall"; or
  - 2. When a third party first announces, in any manner, to the general public, their decision to conduct or participate in a "product recall".
- d. Damages incurred due to the recall of "your products" which contain the same or substantially similar "defects" will be deemed to have arisen out of the same "product recall".

## **2. Exclusions– Coverage B**

This insurance does not apply to "product recall expenses" arising out of:

- a. **Breach of Warranty and Failure to Conform to Intended Purpose**

Any "product recall" initiated due to the failure of "your products" to accomplish their intended purpose, including any breach of warranty of fitness, whether written or implied. This exclusion does not apply if such failure has caused or is reasonably expected to cause "bodily injury" or physical damage to tangible property.

- b. **Infringement of Copyright, Patent, Trade Secret or Trademark**

Any "product recall" initiated due to copyright, patent, trade secret or trademark infringement.

- c. **Fraud , Dishonest & /or Criminal Act:**

Arising from your dishonest, wilful, wanton, fraudulent, criminal or malicious act, error or omission;

- d. **Deterioration, Decomposition or Chemical Transformation**



Any "product recall" initiated due to transformation of a chemical nature, deterioration or decomposition of "your product". This exclusion does not apply if it is caused by:

1. An error in manufacturing, design, processing;
2. Transportation of "your product";

e. **Goodwill, Market Share, Revenue, Profit, or Redesign**

1. The costs of regaining goodwill, market share, revenue or "profit" or the costs of redesigning "your product"

f. **Expiration of Shelf Life**

1. Any "product recall" initiated due to expiration of the designated shelf life of "your product".

g. **Known Defect**

1. A "product recall" initiated due to a "defect" in "your product" known to exist by the Named Insured or the Named Insured's "executive officers", prior to the date when this Product Recall Coverage Part was first issued to "you" or prior to the time "your product" leaves your control or possession.

h. **Governmental Ban**

- a. A recall when "your product" or a component contained within "your product" has been:
2. Banned from the market by an authorized government entity prior to the policy period; or
3. Distributed or sold by you subsequent to any governmental ban.
- i. Solely as a result of intervention by any governmental or public authority.
- j. Cost or expense to repair, recondition, decontaminate, or otherwise treat the recalled products so as to render them marketable.
- k. Arising out of any product which is intended for incorporation into the structure, machinery or controls of any aircraft.

**l. Fines and Penalties**

Any fines, penalties, punitive or exemplary or the multiplied portion of multiplied damages or other non-compensatory damages imposed upon the insured.

m. Arising out of deliberate or alleged contamination, tamper or adulteration.

**n. Intercompany Suits**

1.Any claim for damages by any Named Insured against another Named Insured.

**o. Contractual Liability**

Any "product recall" expense or cost for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

**p. Pollution**

The actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

**q. Pollution-Related**

Any loss, cost or expense due to any:

- 1.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
- 2.Claim or "suit" by or on behalf of a governmental authority for damages 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".

**r. War & Terrorism**

Any loss, cost or expense due to:

- 1.War, including undeclared or civil war;
- 2.Arising Directly or indirectly out of or in any way involving any act of terrorism

3. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

4. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

This also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to the above.

Where we allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this Policy the burden of proving the contrary shall be upon you.

**s. Bodily Injury or Property Damage**

"Bodily injury" or "property damage".

t. Arising out of the manufacture of, mining of, use of, sale of, installation of, removal of, distribution of, or exposure to asbestos products, asbestos fibres or asbestos dust, or to any obligation of the Insured to indemnify any party because of damages arising out of the manufacture of, mining of, use of, sale of, installation of, removal of, distribution of, or exposure to asbestos products, asbestos fibres or asbestos dust.

u. Arising out of the presence, ingestion, inhalation or absorption of or exposure to lead in any form or products containing lead or leaded materials.

v. Arising prior to the unqualified acceptance of Your Product(s) by or on behalf of your customers.

w. Arising directly or indirectly out of:

Any actual or alleged failure, malfunction or inadequacy of:

1. Any of the following, whether belonging to any Insured or to others:

- i. Computer hardware, including microprocessors;
- ii. Computer application software;

- iii. Computer operating systems and related software;
  - iv. Computer networks;
  - v. Microprocessors (computer chips) not part of any computer system; or
  - vi. Any other computerized or electronic equipment or components; or
2. Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed above,

due to the inability to correctly recognize, process, distinguish, interpret or accept any date change

### **SUPPLEMENTARY PAYMENTS – COVERAGE B**

We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

1. All expenses we incur.
2. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to INR17,500a day because of time off from work.
3. All court costs taxed against the insured in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against the insured.
4. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
5. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance. These payments will not reduce the limits of insurance

## Clauses/ Endorsements

### 1. CRISIS CONSULTANT COSTS ENDORSEMENT

It is hereby agreed and declared that, only in respect of Coverage A-**Product Recall Expense**.

#### i. Consultants Costs

is added to 10 "Product Recall Expense" under **Section V DEFINITIONS** as follows:

"Consultant and advisor costs" means the reasonable and necessary fees and costs of our preapproved crisis management or public relations consultants or advisors, engaged for the purpose of responding to a "Product Recall" to the extent such fees and costs are incurred directly and solely for such response.

This cover is subject to Sub Limits Of Insurance mentioned below:

INR -----Each Incident and INR----- in the Aggregate

For the avoidance of doubt, the limit applicable here is a component of, and payments made thereunder shall erode the Coverage A- **Product Recall Expense** Limit of the Policy. The stated policy deductible and participation percentage will apply to these expenses.

**All other terms and conditions remain unchanged.**

### 2. COST TO REFUND, REPAIR OR REPLACE YOUR PRODUCT ENDORSEMENT

It is hereby agreed and declared that Section I, **Exclusions Coverage A**, which reads as follows:

i. Cost or expense to repair, recondition, decontaminate or otherwise treat the recalled products so as to render them marketable.

is deleted in its entirety.

It is further agreed that only in respect of Coverage A- **Product Recall Expense**, 10 “Product Recall Expense” under **Section V DEFINITIONS**, is amended by the addition of the following sub-paragraphs:

- j. The total amount of refunds you give to purchasers, not to exceed the cost of goods sold.
- k. The cost to repair “Your Product”, including the cost to return “Your Product” to the purchaser, and the cost to repair unsold finished stock.
- l. If “Your Product” is replaced, the cost to produce or acquire a like replacement product, including the cost to return “Your Product” to the purchaser, not to exceed the cost of goods sold; or
- m. If “Your Product” can not be repaired, reconditioned, decontaminated or otherwise treated so as to render it marketable, the cost of unsold finished stock.

This cover is subject to Sub Limits of Insurance mentioned below:

INR -----Each Incident and INR ----- in the Aggregate

For the avoidance of doubt, the limit applicable here is a component of, and payments made thereunder shall erode the Coverage A- **Product Recall Expense** Limit of the Policy. The stated policy deductible and participation percentage will apply to these expenses.

**All other terms and conditions remain unchanged.**

### **3. DISMANTLING AND FITTING EXPENSES ENDORSEMENT**

It is hereby agreed and declared that Section **V., Definitions, 10**, “Product Recall Expense”, f. which reads as follows: Costs of transportation, shipping or packaging; is deleted in its entirety and replaced with the following:

The cost of shipping “Your Product(s)” from any purchaser, distributor or user to the place or places you designate. Dismantling and fitting expenses arising out of a “Product Recall” are limited to the following:

- the removal of material which is connected or in any other way combined with “Your Product”
- the removal of “Your Product”
- the subsequent installing of “Your Product”
- the subsequent installing of material which has been removed earlier
- the “Property Damage” as an inevitable consequence of the abovementioned activities

The cover for dismantling and fitting expenses with respect to Coverage A- **Product Recall Expense** and Coverage B- **Product Recall Liability** is sub limited to:

INR -----Each Incident and INR ----- in the Aggregate

For the avoidance of doubt, the limit applicable here is a component of, and payments made thereunder shall erode the Coverage A- **Product Recall Expense** and/or Coverage B- **Product Recall Liability** Limit of the Policy. The stated policy deductible and participation percentage will apply to these expenses.

**All other terms and conditions remain unchanged.**

#### **4. SANCTIONS ENDORSEMENT**

The Insurer will not be liable to provide any coverage or make any payment hereunder if to do so would be in violation of any sanctions law or regulation which would expose the Insurer, its parent company, or its ultimate controlling entity to any penalty under any sanctions law or regulation.

**All other terms and conditions remain unchanged.**

#### **5. DESIGNATED/ YOUR PRODUCT ENDORSEMENT**

Notwithstanding anything contained in this policy to the contrary, the coverage under this policy shall only be limited to the products of the Insured, mentioned below:

<Insert Product>

**All other terms and conditions remain unchanged.**

#### **6. FINANCIAL LOSS**

It is hereby declared and agreed that the below coverage is added to the policy. Subject to all of the terms and conditions of this insurance, we will pay for any financial loss not arising from:

(a) accidental bodily injury (including death illness or disease) to any person and/or

(b) accidental loss of or damage to material property

which is incurred by customers or third parties as a result of any of your product (or any part thereof) which fails to perform the function for which it was manufactured, designed, sold, supplied, installed, repaired, altered, treated, dispatched or delivered by or on behalf of the Insured in the normal course of the insured's business as described in the Schedule.

The Financial Loss sub limit shown in the schedule is the most we will pay and which shall form part of the overall Total Aggregate Limit, mentioned in the Schedule of the policy.

**All other terms and conditions remain unchanged.**

#### **7. PRODUCT GUARANTEE**

It is hereby declared and agreed that the below coverage is added to the policy. Subject to all of the terms and conditions of this insurance, we will pay for the costs of removal, recovery, repair, alteration, treatment, replacement or destruction of any of your product (or part thereof) which fails to perform the function for which it was manufactured, designed, sold, supplied, installed, repaired, altered, treated, dispatched or delivered by or on behalf of the Insured in the normal course of the Insured's Business as described in the Policy Schedule.

The Product Guarantee sub limit shown in the schedule below is the most we will pay and which shall form part of the overall Total Aggregate Limit, mentioned in the Schedule of the policy.

**All other terms and conditions remain unchanged.**

#### **8. COVERAGE TERRITORY ENDORSEMENT**

Notwithstanding anything to the contrary mentioned in the policy or in any of the endorsements hereon, it is hereby declared that Section V DEFINITIONS 2 "Coverage Territory" stands deleted and replaced as below:



"Coverage territory" means anywhere in the world with the exception of any country or jurisdiction which is subject to trade or other economic sanction or embargo by the United States of America.

**All other terms and conditions remain unchanged**

#### **9. COVERAGE JURISDICTION ENDORSEMENT**

Notwithstanding anything to the contrary mentioned in the policy or in any of the endorsements hereon, it is hereby declared that this insurance applies to "Product Recall Expense" only if any claim or suit is made or brought in the "coverage territory" only.

**All other terms and conditions remain unchanged**

#### **10. SPECIFIC MATTER ENDORSEMENT**

It is hereby agreed and declared that

**All other terms and conditions remain unchanged.**

#### **11. Tie-In Limit Clause**

It is hereby understood and agreed that the combined total aggregate Limit of Insurance that the Company shall be liable to pay for any Claim under all insurance covers combined involving all the policies list below shall be INR XXX any one claim and in the aggregate inclusive of Costs and Expenses.

**All other terms and conditions remain unchanged.**

#### **12. Batch Clause**

For the purpose of this policy, where two or more Insured Events happen within twelve months after the First Discovery of such Insured Event and are attributable to the same event, cause, incident or occurrence, all Costs attributable to such Insured Event shall be deemed to have been incurred at the time of the First Discovery, irrespective of when the subsequent Insured Events have actually happened.

## Conditions

### 1. **Bankruptcy**

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

### 2. **Duties In The Event of a Claim or Suit or a Defect or 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 governmental investigation, that may result in a "product recall" or a claim. 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 "product recall" is initiated, you must:

1. Immediately record the specifics of the "product 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 "product recall" as soon as practicable.

c. You must promptly take all reasonable steps to mitigate the expenses associated with a "product 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. If a claim is made or "suit" is brought against any insured, you must:

1. Immediately record the specifics of the claim or "suit" and the date received; and
2. Notify us as soon as practicable.

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

e. You and any other involved insured must:

1. Immediately send us copies of any pertinent correspondence received in connection with the

- "product recall", claim or "suit";
2. Authorize us to obtain records and other information;
  3. Cooperate with us in the investigation of the "product recall";
  4. Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
  5. Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of a "product recall" to which this insurance may also apply.

### 3. **Suit Outside of India**

- a. If a "suit" is brought in a part of the "coverage territory" that is outside India, and we are prevented by law, or otherwise, from defending the insured, the insured will initiate a defense of the "suit". We will reimburse the insured, under Supplementary Payments, for any reasonable and necessary expenses incurred for the defense of a "suit" seeking damages to which this insurance applies, that we would have paid had we been able to exercise our right and duty to defend

If the insured becomes legally obligated to pay sums because of damages to which this insurance applies in a part of the "coverage territory" that is outside India, and we are prevented by law, or otherwise, from paying such sums on the insured's behalf, we will reimburse the insured for such sums.

b. All payments or reimbursements we make for damages because of judgments or settlements will be made in equivalent INR at the prevailing exchange rate at the time the insured became legally obligated to pay such sums. All payments or reimbursements we make for expenses under Supplementary Payments will be made in equivalent INR at the prevailing exchange rate at the time the expenses were incurred.

### 4. **Legal Action Against Us**

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

#### **4. Other Insurance**

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages **A or B** of this Coverage Part, our obligations are limited as follows:

a. **Primary Insurance**

This insurance is primary. Our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in Paragraph b. below.

b. **Method of Sharing**

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach, each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

#### **5. Premium Audit**

a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.

b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.

c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

#### **6. Representations**

By accepting this policy, you agree:

1. The statements in the Schedules are accurate and complete;
2. Those statements are based upon representations you made to us; and
3. We have issued this policy in reliance upon your representations.

#### **7. Concealment or Fraud**

We will not provide coverage under Coverage A of this Coverage Part to you, or any other insured, who at any time:

1. Engaged in fraudulent conduct; or
2. Intentionally concealed or misrepresented a material fact concerning a "product recall" or "product recall expenses" incurred by you under Coverage A of this Coverage Part.

#### **8. Transfer of Rights of Recovery Against Others To Us**

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

#### **9. When We Do Not Renew**

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Schedules written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

#### **10. Confidentiality**

You will use all reasonable efforts not to disclose the existence of the insurance provided under this Policy, unless required to do so by law.

#### **11. Due Diligence**

You will use due diligence and assist in doing all things reasonably practicable to avoid or mitigate any "Product Recall Expense" or damages under "Product Recall Liability".

## 12. Cancellation

We may cancel this policy by giving 30 days written notice of such cancellation to your last known address and in such event, we will refund a pro-rata portion of premium (subject to retaining the minimum premium prescribed under the policy) for the unexpired policy period.

Notice shall be deemed to be duly received if sent by pre-paid letter post properly addressed to your or your broker's last known address.

This policy may also be cancelled by you giving 30 days written notice to us in which event we will retain premium at the short period scale produced below, (subject to retaining the minimum premium prescribed under the policy) provided that no “product recall” has occurred during the policy period in which case no refund of premium shall be allowed.

<b>Table of Short Period Rates</b>	
<b>Period of Risk</b>	<b>Amount of Premium to be Retained by Company</b>
Upto 1 month	15% of Annual Premium
Above 1 month and upto 2 months	25% of Annual Premium
Above 2 months and upto 3 months	35% of Annual Premium
Above 3 months and upto 4 months	45% of Annual Premium
Above 4 months and upto 5 months	55% of Annual Premium
Above 5 months and upto 6 months	65% of Annual Premium
Above 6 months and upto 7 months	75% of Annual Premium
Above 7 months and upto 8 months	85% of Annual Premium
Above 8 months and upto 9	95% of Annual Premium

months	
Above 9 months	100% of Annual Premium

The grounds for cancellation of the policy , for the insurer, can be only on the grounds of misrepresentation, non-disclosure of material facts, fraud or non-co-operation of the insured.

### **13.Arbitration**

The parties to the contract may mutually agree and enter into a separate Arbitration Agreement to settle any and all disputes in relation to this policy. Arbitration shall be conducted under and in accordance with the provisions of the Arbitration and Conciliation Act, 1996.

### **14.Fraudulent Claims**

If any claim under this Policy is in any respect fraudulent all benefit under this Policy shall become void.

### **15.Joint and Several Liability**

Our obligations under this Policy are several and not joint and are limited solely to the extent of our individual subscriptions. We are not responsible for the subscription of any co-subscribing Insurer who for any reason does not satisfy all or part of its obligations.

**M**

### **Major Exclusions under the Policy**

- Breach of Warranty and Failure to Conform to Intended Purpose
- Infringement of Copyright, Patent, Trade Secret or Trademark
- Deterioration, Decomposition or Chemical Transformation
- Goodwill, Market Share, Revenue, Profit, or Redesign
- Expiration of Shelf Life
- Known Defect

- Governmental Ban
- Fines and Penalties
- Intercompany Suits
- Contractual Liability
- Pollution
- War
- Bodily Injury or Property Damage

**Exclusions specific to the policy, which can be covered on payment of additional premium:**

1. Product Guarantee
2. Financial Loss

## CLAIMS PROCEDURE

**In the event of any circumstances likely to give rise to a claim Insured must follow the following:**

Immediately lodge a written complaint/FIR with the police station (Indicative: depending on case merits) and parallelly report the matter to USGICL customer care no. Toll Free Number: 1800-22-4030 or 1800-200-4030, alternatively you can notify your claim by sending mail to <contactclaims@universalsompo.com>.

**Followed by notification of a claim, insured is expected to follow the following procedures.**

Insured should evaluate the loss situation and accordingly accumulate the facts with supporting documents in regard to the following in line to the nature of business:

- a. Injury, which means death, bodily injury, illness or disease of or to any person and
- b. Damage, which means loss of possession or control of or actual destruction (whether full or partial) to tangible property and
- c. Pecuniary loss

The liability policy shall compensate claimant's costs, fees and expenses incurred with USGI's consent in defending any claim made against the insured. However, these are payable within the



limit of liability, unless otherwise specified. Legal liability to be established.

Basic documents to be submitted by insured for claim settlement (To be submitted by insured after reporting of loss)

#### 1. Policy Documents

- Insurance Policy: The full insurance policy document to understand the coverage terms and conditions.
- Endorsements: Any endorsements or riders attached to the policy.

#### 2. Product Information

- Product Description: Detailed description of the recalled product, including specifications and uses.
- Manufacturing Details: Information about the manufacturing process, including location, dates, and batch numbers.

#### 3. Recall Information

- Recall Notice: The official recall notice issued by the company or a regulatory body.
- Reason for Recall: Detailed explanation of why the product is being recalled.
- Timeline: Chronological timeline of events leading up to the recall.

#### 4. Financial Documentation

5. Cost Estimates: Detailed estimates of the costs associated with the recall (e.g., notification, logistics, product disposal).

- Invoices and Receipts: Proof of expenses incurred due to the recall.
- Financial Impact Report: Analysis of the financial impact on the business, including lost sales, brand damage, and other indirect costs.

#### 5. Communication Records

- Customer Notifications: Copies of notifications sent to customers, distributors, and other stakeholders.
- Regulatory Correspondence: Any communications with regulatory bodies regarding the recall.

#### 6. Internal Reports

- Incident Reports: Internal reports detailing how the issue was discovered and investigated.

- Corrective Action Plans: Plans outlining steps taken to address the issue and prevent future occurrences.

#### 7. Legal Documentation

- Legal Correspondence: Any legal notices or correspondence related to the recall.
- Compliance Documentation: Evidence of compliance with relevant laws and regulations.

#### 8. Claim Forms and Supporting Evidence

- Claim Form: The official claim form provided by the insurance company.
- Supporting Evidence: Any additional evidence that supports the claim, such as expert reports or independent assessments

#### Escalation Matrix

Level 1 - [contactclaims@universalsompo.com](mailto:contactclaims@universalsompo.com)

Level 2 - [grievance@universalsompo.com](mailto:grievance@universalsompo.com)

Level 3 - [gro@universalsompo.com](mailto:gro@universalsompo.com)

### Grievances

If You have a grievance about any matter relating to the Policy, or Our decision on any matter, or the claim, You can address Your grievance as follows:

#### ➤ Step 1

##### a. Contact Us

1-800-224030/1-800-2004030

##### b. E-mail Address: [Contactus@universalsompo.com](mailto:Contactus@universalsompo.com)

##### c. Write to us Customer Service Universal Sampo General Insurance Company Limited

Unit No. 601 & 602, 6th Floor, Reliable Tech Park, Thane- Belapur Road, Airoli, Navi Mumbai, Maharashtra - 400708

##### d.Senior Citizen Number: 1800 267 4030

#### ➤ Step 2

If the resolution you received, does not meet your expectations, you can directly write to our Grievance Id. After examining the matter, the final response would be conveyed within two weeks from the date of receipt of your complaint on this email id.

Email Us- [grievance@universalsompo.com](mailto:grievance@universalsompo.com)

Drop in Your concern

Grievance Cell: Universal Sampo General Insurance Co. Ltd, Unit No. 601 & 602, 6th Floor, Reliable Tech Park, Thane- Belapur Road, Airoli, Navi Mumbai, Maharashtra - 400708

Visit Branch Grievance Redressal Officer (GRO)

Walk into any of our nearest branches and request to meet the GRO

- We will acknowledge receipt of your concern immediately
- Within 2 weeks of receiving your grievance, we will respond to you with the best solution.
- We shall regard the complaint as closed if we do not receive a reply within 8 weeks from the date of our response

➤ **Step 3:**

In case, You are not satisfied with the decision/resolution of the above office or have not received any response within 15 working days, You may write or email to:

Chief Grievance Redressal Officer

**Universal Sampo General Insurance Company Limited**

Unit No. 601 & 602, 6th Floor, Reliable Tech Park, Thane- Belapur Road, Airoli, Navi Mumbai, Maharashtra - 400708

Email : [gro@universalsompo.com](mailto:gro@universalsompo.com)

For updated details of grievance officer, kindly refer the link

<https://www.universalsompo.com/resource-grievance-redressal>

➤ **Step 4.**

**Bima Bharosa Portal link :** <https://bimabharosa.irdai.gov.in/>

**Insurance Ombudsman**

You can approach the Insurance Ombudsman depending on the nature of grievance and financial implication, if any. Information about Insurance Ombudsmen, their jurisdiction and powers is available on the website of the Insurance Regulatory and Development Authority of India (IRDAI) at [www.irdai.gov.in](http://www.irdai.gov.in), or of the General Insurance Council at

<https://www.gicouncil.in/>, the Consumer Education Website of the IRDAI at <http://www.policyholder.gov.in>, or from any of Our Offices.

The updated contact details of the Insurance Ombudsman offices can be referred by clicking on the Insurance ombudsman official site:

<https://www.cioins.co.in/Ombudsman>

**Note:** Grievance may also be lodged at IRDAI <https://bimabharosa.irdai.gov.in/>

#### Contact Details

- **Website:** [www.universalsompo.com](http://www.universalsompo.com)
- **Toll Free Numbers:** 1800-22-4030, 1800-200-4030
- **E-mail :** [contactus@universalsompo.com](mailto:contactus@universalsompo.com)
- **Courier:** Universal Sampo General Insurance Co. Ltd, Unit No. 601 & 602, 6th Floor, Reliable Tech Park, Thane- Belapur Road, Airoli, Navi Mumbai, Maharashtra – 400708
- **Registered & Corp Office:** Universal Sampo General Insurance Company Ltd. 8th Floor & 9th Floor (South Side), Commerz International Business Park, Oberoi Garden City, Off Western Express Highway, Goregaon East, Mumbai 400063
- IRDAI Reg no: 134, CIN# U66010MH2007PLC166770

#### **INSURANCE ACT 1938 SECTION 41- Prohibition of Rebates**

No person shall allow or offer to allow either directly or indirectly, as an inducement to any person to take out or renew or continue an insurance in respect of any kind of risk relating to lives or property in India, any rebate of the whole or part of the commission payable or any rebate of the premium shown on the policy, nor shall any person taking out or renewing a policy accept any rebate, except such rebate as may be allowed in accordance with the published prospectus or tables of the insurer.

ANY PERSON MAKING DEFAULT IN COMPLYING WITH THE PROVISIONS OF THIS SECTION SHALL BE PUNISHABLE WITH FINE WHICH MAY EXTEND TO TEN LAKHS RUPEES.

**Disclaimer:** In the event of any question relating to interpretation of the insurance coverage, the policy document will prevail.