

## Contaminated Products Insurance Policy

### LIBERTY SURPLUS INSURANCE CORPORATION

(A member of Liberty Mutual Group and hereinafter “the Insurer”)  
55 Water Street, 18<sup>th</sup> Floor, New York, NY 10041  
Toll-free: 1-800-677-9163

### POLICY TERMS

Throughout this Policy the words **you** and **your** refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this Policy. The words **we**, **us** and **our** refer to the company providing this insurance. The word **insured** means any person or organization qualifying as such under **SECTION VI. DEFINITIONS**.

In consideration of the premium paid and in reliance on the warranties and representations made by the **insured** in the application, including all written statements and materials furnished to **us along** with such application, attached to and made a part of this insurance Policy, the **insured** and **we** agree as follows:

#### I. COVERAGE AGREEMENTS

We will reimburse the **insured** for **loss**, in excess of the applicable Self Insured Retention not to exceed the Limits of Insurance, arising out of any of the following Insured Occurrences first discovered and reported during the Policy Period or within 90 days thereafter.

##### A. Accidental Contamination

Any inadvertent or unintentional contamination of an **insured product(s)**, which occurs during or as a direct result of its production, preparation, manufacture, packaging or distribution, provided that the contamination arises out of any unintentional or inadvertent action, other than errors in formulation, design, or specifications; or **mislabeled**; and the use or consumption of an **insured product(s)** has resulted in or would result in **bodily injury** of any person(s), within three hundred sixty five (365) days following such consumption or use, or has caused or would cause physical damage to (or destruction of) tangible property.

##### B. Malicious Product Tampering

Any actual, alleged or threatened, intentional, **malicious**, and wrongful alteration or contamination of the **insured product(s)**, or the creation of **adverse publicity** implying such, whether or not by an employee of the **insured**, so as to render it unfit or dangerous for its intended use or consumption or to create such impression to the public.

##### C. Product Extortion

Any threat or connected series of threats to commit a Malicious Product Tampering of the **insured product(s)**, for the purpose of demanding **extortion monies**, communicated to the **insured**.

## II. LIMITS OF INSURANCE

The Limits of Insurance shown in the Declarations are the most we will pay regardless of the number of Insured's, Claims, Suits, or covered Loss or Persons or organizations making claims or bringing suit.

### A. Policy Aggregate

The policy aggregate as stated in item D of the Declarations is the most we shall reimburse the **Insured** for the sum of all **loss** paid under this policy.

### B. Accidental Contamination

The Accidental Contamination Annual Aggregate Limit stated in Item III. A) of the Declarations is the most **we** shall reimburse the **insured** for all **loss** covered under Accidental Contamination. The Per Accidental Contamination Limit stated in Item III. A) of the Declarations is the most **we** shall reimburse the **insured** for **loss** resulting from any one Accidental Contamination.

### C. Malicious Product Tampering

The Malicious Product Tampering Annual Aggregate Limit stated in Item III. B) of the Declarations is the most **we** shall reimburse the **insured** for all **loss** covered under Malicious Product Tampering. The Per Malicious Product Tampering Limit stated in Item III. B) of the Declarations is the most **we** shall reimburse the **insured** for **loss** resulting from any one Malicious Product Tampering.

### D. Product Extortion

The Product Extortion Annual Aggregate Limit stated in Item III. C) of the Declarations is the most **we** shall reimburse the **insured** for all **loss** covered under Product Extortion. The Per Product Extortion Limit stated in Item III. C) of the Declarations is the most **we** shall reimburse the **insured** for **loss** resulting from any one Product Extortion.

E. All **loss** resulting from an Insured Event and arising from the same, continuous, related, or repeated conditions or incidents shall be treated as arising out of one Insured Event.

F. **Consultant and advisor costs** may exceed the Limits of Insurance stated in the Declarations and shall have no maximum monetary limit. However, **loss** is limited to expenses or costs incurred within twelve (12) months after an Insured Event first became known to the **insured**. The Self Insured Retention shall not apply to **consultant and advisor costs**.

G. Except as otherwise provided with respect to **business interruption costs** and **extortion costs**, **loss** is limited to expenses or costs incurred within twelve (12) months after an Insured Event first became known to the **insured**. In no event will any **loss** claimed and paid under one Insured Event be recoverable under another Insured Event.

## III. SUB-LIMIT(S) OF INSURANCE

Any amount payable for **loss** under the Sub-limit(s) listed in Item VI. of the Declarations shall be calculated as follows:

A portion of the Self Insured Retention stated in Item IV. of the Declarations shall be subtracted from the applicable section of **loss** (the portion is calculated as indicated in the Self Insured Retention paragraph); Any applicable coinsurance will be applied to the balance; and The amount payable thereafter will be the lesser of either the Sub-limit or the product of the coinsurance and the balance. **We** will not pay **loss** in excess of the Sub-limit of Insurance.

The Sub-limit of Insurance for **rehabilitation expenses** is the amount stated in Item VI. of the Declarations. This Sub-limit shall not increase the Limit of Insurance as stated in the Declarations nor impose any additional Self Insured Retention on the **insured**.

The Sub-limit of Insurance for **raw stock** and **finished stock** is the amount stated in item VI. of the Declarations. This sub-limit shall not increase the Limit of Insurance as stated in the Declarations nor impose any additional Self Insured Retention on the **insured**. This sub-limit shall apply to Accidental Contamination only.

#### IV. SELF INSURED RETENTION(S)

The Self Insured Retention(s) stated in Item IV. of the Declarations shall apply separately to each **loss** and to each **Limit of Insurance** stated in Item III. of the Declarations. The Self Insured Retention(s) shall be borne by the **insured** and remain uninsured.

A portion of the Self Insured Retention will apply to any covered **loss** that is limited by a Sub-limit of Insurance. The portion of the Self Insured Retention that applies to the Sub-limit of Insurance is calculated by dividing the **loss** attributable to the Sub-limit of Insurance by the total amount of the **loss** under this Policy. The result is then multiplied by the Self Insured Retention.

#### V. COINSURANCE

The **insured** shall bear the Coinsurance amount stated in Item V. of the Declarations. The Coinsurance amount is uninsured. The insured, under the Accidental Contamination coverage is at risk for the Coinsurance amount for each covered **loss**, in excess of and in addition to the Self Insured Retention. The Coinsurance amount shall be calculated by multiplying the covered **loss** in excess of the Self Insured Retention by the Coinsurance percentage. **We** shall then reimburse the **insured** for **loss** in excess of the Self Insured Retention subject to the Limit of Insurance stated in Item III. A) of the Declarations after deduction of the Coinsurance amount from the covered **loss**.

#### VI. DEFINITIONS

- A. **Adverse publicity** means the reporting of an actual or alleged Malicious Product Tampering during the policy period in local, regional, or national media and internet or any governmental publication where the **insured product(s)** is specifically named.
- B. **Bodily injury** means physical injury or sickness or disease sustained by any person, including death resulting from any of the foregoing at any time. Emotional distress or mental anguish is included only when due to a physical injury, sickness or disease.
- C. **Business interruption costs** mean **gross earnings loss** and **extra expense** as a result of an Insured Event.

- D. **Consultant and advisor costs** refer to the reasonable and necessary fees and costs of **our** approved independent security or public relations consultants or advisors, or other independent security or public relations consultants or advisors, provided **we** have given prior consent to use other such independent consultants, for the purpose of responding to an Insured Event.
- E. **Extortion costs** refer to the following:
1. **Extortion monies** paid by the **insured** as a direct result of an actual or threatened Product Extortion first discovered and reported during the Policy Period.
  2. In transit/delivery loss, destruction, disappearance, confiscation or wrongful appropriation of **extortion monies** while being handled or conveyed by anyone who is authorized by the **insured** to have custody thereof; provided, however, that the Product Extortion which gave rise to the delivery is insured under this Policy.
  3. Extortion expenses, which include any reasonable and necessary expenses incurred and paid by the **insured** solely as a direct result of a Product Extortion provided that such Product Extortion is insured under this Policy.
- F. **Extortion monies** mean any monies which the **insured** has paid. **Extortion monies** include cash, monetary instruments, bullion, or the fair market value of any securities, property or services at the time payment is tendered.
- G. **Extra expense** means the excess of the total cost of conducting business activities during the period necessary to clean or repair the location, owned or operated by the **insured**, where the Insured Event has occurred for the sole purpose of reducing **loss**. This Policy only covers those expenses which are over and above the cost of such activities during the same period of time had no Insured Event occurred.

**Extra expense** is limited to the following:

1. Any **extra expense**:
    - a. necessary to clean the machinery and or the immediate site involved in the contamination or the handling of the contaminated product in order to recreate an environment in which safe products can be manufactured or handled; or
    - b. Maintain the salaries of the workforce as required by state laws, union or other work contract for a maximum period of six months.
  2. Your minimum payroll cost needed to reopen the plant as soon as possible after a shutdown imposed by the Food and Drug Administration (FDA), United States Department of Agriculture (USDA) or other governmental organization.
  3. Increased costs of subcontracting some or all of the manufacturing process to a contract manufacturer, in excess of the **insured's** own manufacturing cost, for the period of time necessary (not to exceed 24 months) to restore the **insured's** facilities to a state in which products can be manufactured or handled safely.
- H. **Finished stock** means any **insured product** manufactured by the insured in the ordinary course of the insured's business and that is ready for shipment or sale.

I. **Gross earnings loss** shall be:

1. The calculation of Gross earnings, for manufacturing operations, equals the net sales value of production less the cost of all raw stock, materials and supplies utilized in such production; for mercantile or non-manufacturing operations, gross earnings equals the net sales less the cost of merchandise sold and materials and supplies consumed in the operations or services rendered. Such calculation shall be applied to the difference between 12 months prior gross earnings and the twelve (12) month period beginning after a demonstrable decrease in sales attributable to and caused directly by an Insured Event, plus;
2. All actual, reasonable and necessary continuing expenses which cannot be discontinued attributable to the lost sales over the twelve (12) month period and caused directly by the Insured Event.

If during such twelve (12) month period the **gross earnings loss** of the **insured product** is offset by increased sales of another **insured product** within the same product category as the affected product(s) claimed in the **loss** as a result of an Insured Event, such offset shall reduce the actual **gross earnings loss** sustained.

The **gross earnings loss** calculation shall include the **loss** sustained by the individual product which was contaminated as well as any other **insured product** which demonstrably lost sales as a result of the Insured Event.

J. **Insured** means the entity stated in Item I. of the Declarations.

K. **Insured product(s)** means:

1. All topical and ingestible products for human consumption, or any of their ingredients or components, including **raw stock**, that have been reported to **us** on the application on file with **us** for the effective dates of this Policy or by addendum to such application that:
  - a. are in production; or
  - b. have been manufactured, handled or distributed by the **insured**; or
  - c. are manufactured by any contract manufacturer for the **insured**; or
  - d. is being prepared for or are available for sale, including **finished stock**.
2. Any new product(s) outside the covered existing product line(s) provided that:
  - a. written notice is given to **us** no less than ninety (90) days prior to its introduction for sale; and
  - b. the **insured** did not know nor could reasonably have been expected to know as of the date of the written notice to **us** that an Insured Event affecting the new product(s) had occurred; and
  - c. **We** have given written acceptance of such new product(s). Such acceptance will not be unreasonably withheld and will be given or refused within thirty (30) days of receipt of written notice. At **our** option, such acceptance by **us** may be accompanied by changes in one or more of the terms, conditions or premium of the Policy.

L. **Loss** includes the following reasonable and necessary expenses or costs incurred by the **insured** directly and solely as the result of a covered Insured Event:

1. **Business interruption costs;**

2. **Recall costs;**
  3. **Rehabilitation expenses;**
  4. **Consultant and advisor costs;** and
  5. **Extortion costs.**
- M. **Malicious** means an act to cause or create the impression of **bodily injury**, property damage or economic harm specifically directed toward the insured.
- N. **Mislabeling** means the omission, inclusion, or substitution of an ingredient part from the label of the **insured product(s)**.
- O. **Raw stock** means materials and supplies in the state in which the **insured** receives them for conversion by the **insured** into **finished stock** including supplies consumed in such conversion or in the service rendered by the **insured** at any **insured** location.
- P. **Recall costs** means reasonable and necessary costs incurred by the **insured** to inspect, withdraw, destroy, or replace any recalled **insured product**. **Recall costs** are limited to the following:
1. The cost of newspaper, Internet, magazine or any printed advertising, radio and television announcements or commercials, as well as the cost of correspondence necessary to effect the recall of an **insured product**;
  2. The essential transportation and accommodation costs directly attributable to the recall;
  3. Salary costs to hire additional person(s), other than regular employees of the **insured**, devoted exclusively to affect the recall of the **insured product**;
  4. Overtime paid to regular employees of the **insured** for work devoted exclusively to the recall of the **insured product**;
  5. The necessary out of pocket expenses of personnel under paragraphs (3) and (4) above, including transportation, incurred exclusively for the purpose of such recall;
  6. The necessary cost to rent or hire additional warehouse or storage space for the recall for a maximum period of twelve (12) months;
  7. Expense incurred to properly dispose of the unused packaging and point of purchase marketing material of any recalled product if such packaging or material cannot be used or reused;
  8. Inspection costs, including the costs of chemical analysis or other such efforts to identify the cause(s) or potential effect(s) of contamination of an **insured product**;
  9. The actual cost to redistribute any recalled or restored product(s);
  10. Retail slotting fees and cancellation fees for any advertising and/or promotion programs which were scheduled, but were unable to be executed, solely because of an Insured Event;

11. For any **insured product** that has been destroyed or is un-sellable or is unfit for its original use; the cost to restore the **insured product** to merchantable quality or to replace the **insured product** with product(s) of similar value.

Q. **Rehabilitation expenses** means the reasonable and necessary expenses incurred directly by the **insured** as a direct result of an Insured Event to re-establish the **insured product** to the reasonably projected level of sales or market share reasonably anticipated prior to the Insured Event.

**Rehabilitation expenses** do not include the cost to replace or upgrade defective or inadequately performing machinery or to make capital improvements.

R. Self Insured Retention **means the amount(s) set forth in the “Self Insured Retention” section of the Declarations and do not reduce the limit of insurance.**

## VII. EXCLUSIONS

The Policy does not apply to any **loss** arising out of, based upon, attributable to or involving, directly or indirectly:

A. Any **loss** arising out of:

1. Bioengineering, genetic engineering, or genetic modification of any **insured product(s)** unless such process as applied to **your product(s)** is approved by the relevant regulatory authorities; or
2. hormone treatment of any **insured product(s)** unless such process as applied to **your product(s)** is approved by the relevant regulatory authorities; or
3. irradiation of any **insured product(s)** unless such process as applied to **your product(s)** is approved by the relevant regulatory authorities; or
4. Transmissible Spongiform Encephalopathies (TSE); or
5. Avian Influenza Virus.

B. Carcinogenic contamination.

C. Any Accidental Contamination that occurs after the **insured** has knowledge of a defect or deviation in the production, preparation or manufacture of an **insured product(s)**, or any circumstance(s) which have resulted in or are likely to result in such deviation or defect, for which the **insured** fails to take corrective action.

D. This exclusion applies to Accidental Contamination only. Any change in governmental regulations or public perception with respect to the safety of any **insured product(s)** or its intended ingredients.

E. Notwithstanding any provision in this Policy:

1. land, water, growing crops or lawns, or;
2. any crop failure due to weather, pests, or other causes.

- F. Any Accidental Contamination or Malicious Product Tampering of a competitor's product that is similar to an **insured product**.
- G. This exclusion applies to Accidental Contamination only. Deterioration, decomposition, or transformation of the chemical structure of the **insured product** unless such deterioration, decomposition, or transformation is a result of an Accidental Contamination.
- H. Changes in population, customer tastes, economic conditions, seasonal sales variations, or competitive environment.
- I. Any illegal act of any of the **insured's** directors, officers or trustees.
- J. Any injury, damage, or claim made by a third party arising out of or in connection with the use or consumption of the **insured product**, including any defense costs related to a third party lawsuit.
- K. Intentional violation by the **insured** of any governmental regulation in connection with the manufacture, sale, or distribution of an **insured product**, or the **insured's** use of materials or substances in the manufacturing process of an **insured product** which have been banned or declared unsafe by any governmental entity.
- L. Nuclear reaction, nuclear radiation or radioactive contamination, except in the case of a Malicious Product Tampering, all whether controlled or uncontrolled, or resulting from any act or condition incident to any of the foregoing, whether such **loss** be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by an Insured Event or otherwise.
- M. Any proximate or remote consequence, whether direct or indirect; of war, invasion, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, or military or usurped power.
- N. Costs or expenses of any litigation or any proceedings before any governmental body as a result of an Insured Event.
- O. This exclusion applies to Accidental Contamination only. Failure by any party other than the **insured** to adhere to procedures prescribed by the **insured** regarding the storage, consumption, use, production, preparation or manufacture of an **insured product**.
- P. Any costs associated with the expense to design or redesign, or engineer or re-engineer any product.
- Q. An event or series of events or circumstance(s) that increases or could increase the possibility of a **loss** under this insurance and for which a key employee, officer or director of the **insured** had actual or constructive knowledge of prior to the Policy inception date.
- R. **Adverse publicity** generated by any of the **insured's** directors, officers or trustees. This exclusion applies to Malicious Product Tampering only.
- S. Any **loss** arising out of any Accidental Contamination, Malicious Product Tampering, or Product Extortion of any blood product or derivative thereof.
- T. Any accidental contamination, impairment, or **mislabeling** of an **insured product**, or any **adverse publicity** implying such, which occurs from unintended or improper usage, dosage and consumption, including interaction with other drugs, or from the lack of efficacy of the **insured**

**product** or the unintended or improper usage, dosage and consumption, including interaction with other drugs, or from the lack of efficacy of the **insured product**.

- U. **Insured product** that has been produced or distributed for any type of usage or consumption that has not been approved for said type of usage or consumption by the Food and Drug Administration or any other governing body.

## VIII. CONDITIONS

- A. It is a condition precedent to coverage under this Policy that the **insured** has :

1. no knowledge at inception of the Policy Period of any undisclosed matter, fact or circumstance, actual or threatened, that increases or could increase the possibility of a **loss** under this insurance;
2. affirmed in the written application(s) that all information contained in the written application(s) and in documents supplied in support of such application(s) is full, true and complete. Further, the **insured** agrees that all such information is material and forms the basis of this insurance ;
3. advised **us** of any changes in the information described in items A and B above, which took place prior to the inception of the Policy Period ;
4. diligently endeavored to seek the assistance of and has cooperated with the appointed crisis management and/or public relations consultant.

- B. **ACTION AGAINST US:** No suit, action, or proceedings for recovery of any claim under this Policy will be sustainable in any court of law, equity, or other tribunal unless all the requirements of this Policy are complied with and the same is commenced within twenty-four (24) months after a final statement of **loss** has been submitted to **us** by the **insured**.

- C. **ADDITIONAL EXPOSURES:** The **insured** shall give **us** written notice within ninety (90) days of any potential additional exposure arising from:

1. Consolidation or merger with; or
2. Acquisition of the majority stock ownership of; or
3. Acquisition of the assets of;

any other entity whose revenues are in excess of ten percent (10%) of the gross revenue of the **insured** as of the effective date of such consolidation, merger, or acquisition.

**We** may elect to accept or reject such additional exposure. If the additional exposure is rejected, it will remain covered only until the **insured** is notified in writing of the rejection.

If **we** accept the additional exposure, the **insured** shall pay **us** additional premium as may be required, computed from the effective date of such consolidation, merger or acquisition, to the end of the current Policy Period unless otherwise specifically requested.

No claim arising out of the additional exposure will be covered unless the **insured**, at the time it gave notice thereof to **us**, did not know nor could reasonably have been expected to know of the Insured Event giving rise to the claim.

- D. APPRAISAL: In the event that the **insured** and **we** fail to agree on the amount of **loss**, the **insured** or **we** may make a written demand for appraisal within sixty (60) days after rejection of the final statement of **loss** by **us**. The **insured** and **we** shall both select a competent and disinterested appraiser and notify the other of the appraiser selected within twenty (20) days of such demand.

The appraisers shall first select a competent and disinterested umpire and failing for fifteen (15) days to agree on such umpire, then upon **our** request or the request of the **insured** such umpire shall be selected by a judge of a court of record in the State of New York. The **insured** and **we** will submit **our** cases to the appraisers and the umpire within thirty (30) days of the appointment of the umpire. An itemized award in writing of any two (2) appraisers will determine the amount of **loss**. The **insured** and **we** will each pay its chosen appraiser and will bear equally the other expenses of the appraisal and umpire. **We** will not be held to have waived any of **our** rights by any act relating to the appraisal.

- E. ASSISTANCE AND COOPERATION: The **insured** shall cooperate with **us** in all matters relating to this insurance. This may include, but is not limited to, attending hearings and trials, securing and giving evidence, obtaining the attendance of witnesses, assisting in effecting settlements, and in conducting litigation, arbitration, or other proceedings.
- F. CANCELLATION: This Policy may be canceled by the **insured** by the surrender of this Policy to **us** or by giving ten (10) days advance written notice to **us**, stating when thereafter such cancellation will be effective. This Policy may be canceled by **us** by delivering to the **insured** or by mailing to the **insured** by registered or certified mail, at the **insured's** address stated in Item I. of the Declarations, written notice stating when, not less than one hundred-twenty (120) days thereafter, the cancellation will be effective, except in the case of cancellation for non-payment of premium by the **insured**, in which case **we** will provide ten (10) days advance written notice. The mailing of such notice will be sufficient proof of notice and this Policy will terminate at the date and hour specified in such notice.

If this Policy is canceled by the **insured**, **we** will retain the short rate portion of the premium hereon. If this Policy is canceled by **us**, **we** will retain the pro-rata portion of the premium hereon. Payment or tender of any unearned premium by **us** will not be a condition precedent to the effectiveness of cancellation, but such payment will be made as soon as practicable.

- G. CHANGES: This Policy contains all the agreements between **you** and **us** concerning this insurance. Notice to any of **our** representatives or knowledge possessed by any of **our** representative(s) of **us** or by any other person will not effect a waiver or a change in any part of the Policy or stop **us** from asserting any right under the terms of this Policy, nor can the terms of this Policy be waived or changed unless agreed to in writing by **us** or **our** authorized representative.
- H. CHOICE OF LAW AND FORUM: The construction, validity and performance of this Policy will be governed by the laws of the United States and the State of New York without giving effect to provisions regarding choice of law. The **insured** and **we** agree that all claims and disputes will be brought for adjudication either in the Supreme Court of the State of New York in and for the County of New York or in the U.S. District Court for the Southern District of New York.
- I. CONCEALMENT, MISREPRESENTATION, NON-DISCLOSURE, OR FRAUD: This Policy shall be cancelled and coverage denied in the case of intentional concealment, misrepresentation or non-disclosure, or fraud by any **insured** of any material fact concerning:

1. This insurance or the procurement thereof; or
  2. Any **insured product**, or the **insured's** interest in any **insured product**; or
  3. Any Insured Event, or any **loss** or claim under this Policy.
- J. **CONFIDENTIALITY:** The **insured** will use all reasonable efforts not to disclose the existence of this Policy unless required by law to do so.
- K. **DUE DILIGENCE:** The **insured** shall perform due diligence and exercise reasonable caution to avoid any event which may be covered under this Policy and shall make all reasonable efforts to mitigate any **loss** arising as a result of an Insured Event.
- L. **DUTIES OF THE INSURED:** By acceptance of this Policy, the **insured** listed on the Declarations shall act on behalf of all other **insureds** with respect to the payment of all premiums and receiving of any return premiums, the acceptance of endorsements, and the giving or receiving of any notice provided for under this Policy; and all other **insureds** agree that the **insured** listed on the Declarations will act on their behalf.
- M. **EXAMINATION UNDER OATH:** The **insured**, as often as may be reasonably be required, shall exhibit to any person designated by **us** all affected **insured product(s)** whether salvageable or otherwise, and shall submit to examinations under oath by any person named by **us**, and subscribe the same; and, as often as may reasonably be required, shall produce for examination all books of account, vouchers, bills, invoices, schedules, accounting information, and any documentation relating to the **insured's** calculation of its **loss**, or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by **us** or **our** representative, and shall permit extracts and copies thereof to be made.
- N. **EXCESS INSURANCE:** The existence of excess insurance above this coverage , if any, will not reduce **our** insurance under this Policy.
- O. **INSPECTION AND AUDIT:** We may examine and audit the **insured's** documents relating to the subject matter of this insurance. Any premium due for exposures which exist but were not reported will be determined by company audit.
- P. **NON-ACCUMULATION OF INSURANCE:** Regardless of the number of years this Policy may continue in force, and of the number of premiums which may be payable or paid, or of any other circumstances whatsoever, **our** aggregate Limit of Insurance under this Policy with respect to any Insured Event(s) will not be cumulative from year to year or period to period. When there is more than one **insured**, **our** aggregate Limit of Insurance for **loss** sustained by any or all of the **insureds** will not exceed the amount for which **we** would be liable if all **loss** were sustained by any one of them.
- Q. **NON-ASSIGNMENT:** This Policy may not be assigned or transferred without **our** prior written consent.
- R. **NOTICE OF LOSS:** The **insured** shall make every reasonable effort to determine whether an Insured Event has actually occurred and shall give immediate oral and written notice to **us** with periodic and timely updates concurrent with activity occurring during the incident, and to preserve physical evidence of contaminated **insured product(s)** for which the claim is being made. If it

appears to be in the best interest of the **insured** or to be required by law, the **insured** shall notify law enforcement authorities or any other governmental agencies having jurisdiction over the matter.

1. INITIAL STATEMENT OF **LOSS**: The **insured** shall submit to **us** no later than ninety (90) days from the date the **insured** becomes aware of the event, an initial statement of **loss**, stating the full particulars of the **loss** and its initial calculations and/or projections of the elements and composition of the **loss**.
2. FINAL STATEMENT OF **LOSS**: Whether or not any partial payments have been made, a final statement of **loss** with respect to all items of **loss** other than **gross earnings loss** must be submitted to **us** in writing no earlier than twelve (12) months and no later than twenty four (24) months after an Insured Event first becomes known to the **insured**.

A final statement of **loss** with respect to **gross earnings loss** must be submitted no later than twenty four (24) months after the beginning of a reduction in sales of the **insured product(s)** caused by an Insured Event.

- S. NOTICES: Except as indicated to the contrary herein, all notices, applications, demands or requests provided for in this Policy will be in writing and will be given to or made upon either party at its address shown in the Declarations.
- T. OTHER INSURANCE: The insurance provided under this Policy will be excess over any other valid and collectible bond or insurance.

If **you** have other insurance against expenses or damages covered by this Policy, we shall not be liable under this Policy for a greater proportion of such expenses or damages than the applicable Limit of Insurance stated in the Declarations bears to the total applicable limit of insurance of all valid and collectible insurance against such expenses or damages. If **you** have other insurance provided by a Liberty Mutual Group member company against expenses or damages covered by this Policy, the maximum Limit of Insurance under all policies will not exceed the highest applicable Limit of Insurance available under any one Policy.

- U. SALVAGE: Any salvage or other recovery, after expenses incurred in salvage or recovery is deducted, will accrue entirely to **our** benefit until any sum paid by **us** has been recovered. In case of damage to property bearing a brand, trademark, proprietary designation, or which in any way carries or implies the guarantee or the responsibility of the **insured**, the salvage value of such damaged property will be determined after removal in the customary manner of all such brands, trademarks, proprietary designations or other identifying characteristics, the costs of which will be borne by the **insured**. The goodwill and public image of the **insured** will be considered in determining whether any **insured product(s)** should be involved in salvage recovery. **Our** right to salvage will not be unreasonably restricted by the **insured**. The **insured** will have full right to the possession of all goods involved in any **loss** under this Policy and will retain control of all damaged goods. There can be no abandonment of any property to **us**.
- V. VIOLATIONS OF APPLICABLE LAW: Notwithstanding the "TERRITORY" provision or anything else to the contrary no matter where located, if coverage for a claim under this policy is in violation of any applicable economic, trade or other sanction or law, including without limitation any sanction administered or enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"), then coverage for that claim shall be null and void.
- W. SUBROGATION: In the event of any payment under this Policy, **we** will be subrogated to the extent of such payment to all the **insured's** rights of recovery including but not limited to any rights

of recovery that the **insured** may have against any third party that supplies ingredients or other products to the **insured**. Such rights will not be compromised or settled in any way without **our** prior written approval. In such case, the **insured** will execute all documents required and will do everything necessary to secure and preserve such rights including the executions of such documents necessary to enable **us** to effectively bring suit in the name of the **insured**.

- X. TERRITORY: This Policy applies to an Insured Event anywhere in the world.
- Y. TITLES OF PARAGRAPHS: Titles of paragraphs are inserted solely for the convenience of reference and will not limit, expand, or otherwise affect the provisions to which they relate.
- Z. VALUATION CLAUSE: In determining the amount of **gross earnings loss**, continuing or **extra expenses** and other compensable **loss**, due consideration will be given to the experience of the business before the Insured Event and the probable experience thereafter, had the Insured Event not occurred. The probable level of sales and experience of the business had the **loss** not occurred must be demonstrated with reasonable certainty by the **insured**.

By signing below, **our** President and Secretary agree on **our** behalf to all the terms of this Policy.

President

Secretary

This Policy shall not be valid unless signed at the time of issuance by **our** authorized representative on the Declarations page of the Policy.