
CATLIN

Product Contamination Insurance

Form SJC112009PCI – 02 (UK)

Policy

Product Contamination Insurance

Policy Number:

Insured:

Address:

Period of Insurance:

From:

To:

Both days at 12.01 am Local Standard Time at the Insured s address as above stated.

Limits of Liability:

Section 1.1	Accidental Contamination	
Section 1.2	Malicious Tampering	
Section 1.3	Products Extortion	
Section 1.4	Denial of Access - Terrorism	25% sub-limit each Insured Event and in the aggregate during the Period of Insurance being part of the Malicious Tampering limit, up to a maximum of GBP500,000. This sub-limit does not increase the limit of liability per Insured Event.
Section 1.5	Public Utilities - Terrorism	25% sub-limit each Insured Event and in the aggregate during the Period of Insurance being part of the Malicious Tampering limit, up to a maximum of GBP500,000. This sub-limit does not increase the limit of liability per Insured Event.
Section 2.4	Rehabilitation Expense	25% sub-limit each Insured Event and in the aggregate during the Period of Insurance being part of the Accidental Contamination or Malicious Tampering limit, as the case may be. This sub-limit does not increase the limit of liability per Insured Event.
Section 2.6	Consultants costs	Unlimited

Section 3.10 (xiii) Third party recall costs GBP each Insured Event and in the aggregate. This sub-limit does not increase the limit of liability per Insured Event.

Section 3.10 (xiv) UK Retailer costs GBP 50,000 each and every loss and in the annual aggregate. This sub-limit does not increase the limit of liability per Insured Event.

GBP Each Insured Event and in the aggregate for the policy period.
The total Limit of Liability of Section 1.4 and 1.5 not to exceed GBP 500,000 each Insured Event and in the aggregate for the policy period

Self-Insured Retention:

Section 1.1 GBP per Insured Event

Section 1.2 GBP per Insured Event

Section 1.3, 1.4, 1.5 NIL per Insured Event

Section 2.6 NIL per Insured Event

Co-Insurance: NIL

Policy Territory: World-wide

Specified Insured Product(s): As per Application form signed and dated and held on file with the Insurers.

Premium: GBP (PLUS IPT @ 5%)
Inclusive of GBP for Section 1.4 and 1.5

Effected Through:

Law and Jurisdiction of the Policy:

Law: English Jurisdiction: England

Endorsements Effective Inception and Forming Part of the Policy:
 SJCPCI Crisis 112009 What to do in a Crisis?

The following actions by the Insured are necessary to comply with the conditions of the policy.

1 Immediate Use of the Crisis Line provided by the Insurers to reduce Risk of Loss

In the event an incident appears to have happened that may be covered under the terms of the policy, contact the Emergency Exchange 24-hour Crisis Line within 48 hours quoting the policy number when calling.

Country Calling from	Number
USA (toll free)	1 800 318 1909
UK	0769 970 2654
Europe	+44 769 970 2654

Security Exchange Ltd are available globally, to advise, assist and respond to emergency situations involving extortion, malicious tampering and kidnap. They also have consultants to respond on all non-US and non-Canadian product recall and contamination issues.

RQA Inc, to respond on accidental and malicious US and Canadian product recall and contamination issues.

Fleishman Hillard, provide crisis public relations response and assistance globally.

These services are paid for by the Insurers as part of the cover provided under the policy, however, you are not obliged to take the advice given you by these consultants or accept any involvement by them in the management of the crisis but may use other providers with the Insurers' prior consent, in which case their costs will likewise be borne by the Insurers.

In the unlikely event that **Emergency Exchange** as above cannot be contacted, one of the following Insurer representatives is to be notified immediately:

Representative	Business	Mobile
Neil Evans	+44 20 7648 8159	+44 7899 994 159
David Burke	+44 20 7648 8155	+44 7900 054 791
Ian Bailey	+44 20 7105 3149	+44 7717 508 789

Notification of a claim or circumstance to emergency exchange does not constitute notification of a claim under the policy.

The role of crisis consultants is limited to providing immediate assistance and guidance to the assured in the event of an actual or threatened insured event. Consultants do not have the authority on behalf of underwriters to deal with matters of policy coverage or the application of policy terms and conditions.

2 Making a Claim for Loss

When it is clear that an Insured Event has definitely happened, verbal notice and formal written notice of loss must be given to:

David Pusiak
Catlin Underwriting Agencies
3 Minster Court, Mincing Lane
London, EC3R 7DD
+44 (0)20 7648 8204
E:mail: david.pusiak@catlin.com

SJC 45 day - Consultant communications

The following actions are necessary to comply with the conditions of the policy.

Within forty-five (45) days of policy inception the insured will meet or discuss with the Consultants in order to establish a communications protocol, which will ensure a timely response in the event of an insured incident.

As part of this initial contact, the Consultants will, together with the Insured, review that part of the Insured's crisis management plan which relates to the notification process and the procedures given in 5.20 Notice of an Incident and 5.21 Notice of a Claim.

The Insured is not required to avail themselves of any ancillary services offered by the Consultants; nor subvert any existing relationship with consultants.

These services are paid for by the Insurers as part of the cover provided under the policy.

All other Terms and Conditions of this Policy remain unchanged.

Product Contamination Insurance

Policy

In consideration of the premium paid and in reliance on the warranties and representations made by the Insured in the Application for this insurance, which is incorporated into and forms a part of this insurance, the Insurers agree as follows:-

1 Insured Events

The Insurers will reimburse the Insured for its Loss excess of the applicable Self- Insured Retention, but not exceeding the limits of liability stated in the Schedule, caused by or resulting from any of the following Insured Events first discovered during the Policy Period and reported to the Insurers in accordance with Condition 5.21 Notice of Claim, provided that as of inception of this insurance the Insured were not aware and could not reasonably have been aware of circumstances which could produce Loss under this insurance. Only Insured Events for which a Limit or Sub-Limit of Liability is specified in the Schedule are covered. Only Insured Events for which a Limit or Sub-Limit of Liability is specified in the Schedule are covered.

1.1 Accidental Contamination

Any accidental or unintentional contamination, impairment or mislabelling of an Insured Product(s), which occurs during or as a result of its production, preparation, manufacture, packaging or distribution; provided that the use or consumption of such Insured Product(s):

- a. has resulted in or would result in clearly identifiable internal or external physical symptoms of bodily injury, sickness, disease or death of any person(s) within three hundred and sixty five days (365) days following such consumption or use or
- b. has caused or would cause physical damage to or destruction of tangible property other than damage to or destruction of Insured Product(s).

1.2 Malicious Tampering

Any actual, alleged or threatened intentional, malicious and wrongful alteration or contamination of the Insured s Product(s), 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.

For the purposes of this clause 1.2 and any applicable exclusions malicious means circumstances where there is clear evidence that the person committing the act or threat to alter or contaminate the Insured Product has an intention to cause loss or damage to the Insured or Insured Products or where a person uses any such Insured Products as a means to attempt to or to cause bodily injury or property damage.

1.3 Product Extortion

Any threat or connected series of threats to commit Malicious Tampering, for the purpose of demanding Ransom Monies, communicated to the Insured. Only Loss falling within clause 2.5 and 2.6 is included in respect of Product Extortion.

1.4 Denial of Access - Terrorism

Necessary interruption of business caused by an Act of Terrorism, to property within 1 km radius of the Insured property and where damage prevents the use or access of the Insured property whether damaged or not, for a period not to exceed 30 days, commencing twenty four (24) hours after such damage and not limited by the expiration of this Policy.

This extension shall not apply to property of any supply undertaking from which the Insured obtains electricity, gas, water or telecommunication services.

For the purpose of this Extension, an Act of Terrorism means an act or series of acts, including the use of force or violence, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s), committed for political, religious or ideological purposes including the intention to influence any government and/or to put the public in fear for such purposes. However, an Act of Terrorism shall not include any act which involves the direct use of a nuclear detonation or explosion or dispersal or release of any biological, chemical, bio-chemical or radioactive material.

1.5 Public Utilities - Terrorism

Necessary interruption of business caused by an Act of Terrorism, to gas, electric, water, and telephone facilities supplying the Insured's premises. Loss arising from transmission distribution or feeder lines, however, will be limited to such lines located within 1km of the Insured's premises. Cover will apply for a period not to exceed 30 days, commencing twenty four (24) hours after such damage and not limited by expiration of this Policy.

For the purpose of this Extension, an Act of Terrorism means an act or series of acts, including the use of force or violence, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s), committed for political, religious or ideological purposes including the intention to influence any government and/or to put the public in fear for such purposes. However, an Act of Terrorism shall not include any act which involves the direct use of a nuclear detonation or explosion or dispersal or release of any biological, chemical, bio-chemical or radioactive material.

2 Loss

Loss under this policy includes only the following reasonable and necessary expenses or costs incurred by the Insured directly and solely in connection with a covered Insured Event and subject to the limits of liability stated in the Schedule. Except as otherwise provided with respect to Business Interruption and Extortion Costs, Loss is limited to expenses or costs incurred within twelve (12) months of the Insured Event first becoming known to the Insured. In no event will any amounts claimed and paid under one Insured Event be recoverable under another Insured Event.

2.1 Pre-Recall Expenses

Chemical analysis and/or physical examination in order to ascertain whether the Insured Product(s) has been contaminated and/or to ascertain the potential effect of Malicious Tampering, Accidental Contamination or Product Extortion.

2.2 Recall Costs

Recall Costs

2.3 Business Interruption

Loss of Gross Revenue and Extra Expense.

2.4 Rehabilitation Expense

Expenses to re-establish the Insured Product(s) to the reasonably projected level of sales or market share anticipated prior to the Insured Event.

The Sub-limit of liability for all such Rehabilitation Expense will be the amount stated in the Schedule. This does not increase the Limit of Liability as stated in the Schedule nor impose any additional Self-Insured Retention on the Insured.

2.5 Extortion Costs

Extortion Costs paid in response to a demand made upon the Insured under threat to commit a Malicious Tampering.

2.6 Consultants Costs

Fees and costs of any of the crisis experts referred to in the What to do in a Crisis? endorsement attached hereto hired to assist the Insured in responding to an Insured Event whether such costs are incurred before or after recall and/or withdrawal is initiated. Consultants Costs shall not include any costs more specifically described in 2.1 to 2.5 above.

3 Definitions

As used in this policy:

3.1 Extortion Costs means

- a. Ransom Monies paid by the Insured as a direct result of a Product Extortion discovered during the Policy Period,
- b. In-transit/delivery loss due to the destruction, disappearance, confiscation or wrongful appropriation of Ransom Monies while being handled or conveyed by anyone who is authorised by the Insured to have custody thereof; provided, however, that the Product Extortion which gave rise to the delivery is insured hereunder,
- c. Extortion expenses, which include any expenses incurred and paid by the Insured solely as a direct result of a Product Extortion provided that such Product Extortion is insured hereunder, including but not limited to:
 - (i) the amount paid by the Insured as a Reward to an Informant for information relevant to an Insured Event,
 - (ii) interest costs for a loan from a financial institution made to the Insured for the purpose of paying Ransom Monies,
 - (iii) costs of travel and accommodations incurred by or on behalf of the Insured while attempting to negotiate a Product Extortion,
 - (iv) medical services and hospitalisation costs incurred by any person(s) directly involved in the handling or negotiating of a Product Extortion and/or the handling of Ransom Monies and paid by the Insured as the direct result of a Product Extortion within thirty six (36) months following the last credible extortion threat discovered during the Policy Period, including any costs for treatment by a neurologist or psychiatrist, costs for cosmetic surgery and expense of confinement for such treatment,
 - (v) fees and expenses of independent forensic analysts engaged by the Insured,
 - (vi) fees and expenses of a qualified interpreter assisting the Insured in connection with a Product Extortion;
 - (vii) increased costs of security due to a Product Extortion, including hiring of security guards, hiring of armoured vehicles and overtime pay to existing security staff for a period of up to ninety (90) days, provided however that a crisis expert referred to in the What to do in a Crisis? endorsement attached hereto or other specialist consultant approved by the Insurers in writing has specifically recommended such security measures.

3.2 Extra Expense

means the excess of the total cost of conducting business activities during the period of time necessary to clean or repair the location owned or operated by the Insured where the incident occurred for the sole purpose of reducing Loss and which are over and above the cost of such activities during the same period of time had no incident occurred. Such Extra Expense may include:

- a. costs of cleaning the machinery or location involved in the contamination or handling of the contaminated product in order to recreate an environment in which safe products can be manufactured or handled,

- b. costs required in maintaining the salaries of the workforce to the extent required by statute or union or other work contract for a maximum period of six (6) months; the cost to maintain a minimum work force at a minimal percentage of salary in order to be able to open the plant without delay as soon as possible after a shutdown imposed by the Health and Safety Executive or other national or local governmental organisation or body having jurisdiction over health and safety in the workplace or of products,
- c. the increased cost of subcontracting some or all of the manufacturing process to a contract manufacturer for a period of time necessary to restore the Insured s facilities to a state in which products can be manufactured or handled safely.

3.3 Informant means

any person, other than an employee, director, officer or agent of the Insured, providing information not otherwise obtainable, in return for a Reward offered by the Insured.

3.4 Insurer means

Catlin Insurance Company (UK) Limited

3.5 Insured means

the sole proprietorship, partnership or corporation stated in the Schedule.

3.6 Insured Event means

any of the events described in clauses 1.1, 1.2 and 1.3, 1.4, 1.5

3.7 Insured Product(s) means

- a. all topical and ingestible products for human consumption or any of their ingredients or components, that are identical with or similar to and requiring the same manufacturing processes and infrastructure as products reported to the Insurers on the Application on file with the Insurers or by addendum to such Application and which are specified as Specified Insured Product(s) in the Schedule AND are
 - (i) a. in production by the Insured or
 - (ii) have been manufactured, handled or distributed by the Insured or
 - (iii) manufactured by any contract manufacturer for the Insured or
 - (iv) are being prepared by the Insured for or are available for sale,
- b. any product(s) which are newly introduced or newly developed by the Insured provided that:
 - (i) written notice is given to the Insurers as soon as practicable and in any event no less than ninety (90) days prior to the introduction for sale and
 - (ii) the Insured did not know nor could reasonably have been expected to know as of the date of the written notice to the Insurers that an Insured Event affecting the new product(s) had occurred and
 - (iii) the Insurers have given written acceptance of such new product(s). Such acceptance will not be deemed given solely because the Insurers have not responded in writing to the notice within thirty (30) days of receipt, however, the Insurers shall respond within a reasonable period of time. At the option of the Insurers, such acceptance by the Insurers may be accompanied by changes in one or more of the terms, conditions or premium of the policy with respect to such new product(s).

Variations of existing products and/or new blends are not classed as a newly developed product and are automatically covered.

3.8 Loss of Gross Revenue means:

- a. the Insured s sales revenue as could have been reasonably projected immediately prior to the happening of an Insured Event, but which has been lost during a period not exceeding 12 months from the date of an Insured Event solely and directly as a result of that Insured Event, LESS

- b. the variable costs that would have been incurred during the same period, but which have been saved as a result of not making those sales (including the cost of raw materials and all other saved costs), LESS
- c. the increased sales, if any, of another Insured Product(s) within the same product line as the affected product(s) claimed in the loss as a result of an Insured Event.

Any Loss of Gross Revenue shall be computed in accordance with Condition 5.27 Computation of Loss below

3.9 Ransom Monies means

any monies which the Insured has paid or lost in transit under circumstances described in Insured Event 1.3. The term Ransom Monies includes cash, monetary instruments, bullion or the fair market value of any securities, property or services.

3.10 Recall Costs means

any reasonable and necessary costs incurred by the Insured to inspect, withdraw, destroy or replace affected Insured Product(s), including:

- a. the cost of newspaper, magazine or any printed advertising, radio and television announcements or commercials, as well as the cost of correspondence, necessary to effect the recall,
- b. essential transportation and accommodation costs directly attributable to the recall,
- c. the cost of hiring additional person(s), other than regular employees of the Insured, devoted exclusively to effect the recall of the Insured Product(s),
- d. overtime paid to regular employees of the Insured for work devoted exclusively to the recall,
- e. the out-of-pocket expenses of personnel under paragraphs (c) and
- f. above, including transportation, incurred exclusively for the purpose of the recall,
- g. expense of renting or hiring additional warehouse or storage space for the recall for a maximum period of twelve (12) months,
- h. expense incurred in properly disposing of the unused packaging and point of purchase marketing material of recalled product if it cannot be used or reused,
- i. inspection costs including the costs of chemical analysis or other such efforts to identify the cause(s) or potential effect of contamination,
- j. the cost of redistributing any recalled or restored Insured Product(s),
- k. 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,
- l. the cost of restoring the Insured Product(s) to merchantable quality or replacing any recalled Insured Product(s) that have been destroyed, are unsellable or are unfit for their original use, with product(s) of similar value,
- m. retailers and other third party recall costs incurred during the recall of the Insured Product(s).

n. In the event that the Insured Product(s) become an ingredient or component part in a product manufactured, distributed or handled by a customer of the Insured, coverage shall apply to Recall Costs (a) to (j) enumerated above for such products only if the Insured becomes obligated to reimburse the customer for such recall costs. The amount the Insurers will pay the Insured for a customer's expenses as described above will not exceed the expenses the Insured would have incurred in recalling the aforementioned customer's products.

The Sub-limit of liability for all such costs stated in 3.10 (m) will be the amount stated in the Schedule. This does not increase the Limit of Liability as stated in the Schedule nor impose any additional Self-Insured Retention on the Insured.

o. Reasonable and necessary Recall Costs incurred by the Insured as a result of an Insured Event and extended to include unsubstantiated recall costs, demonstrated as being strictly related to the recall, incurred by Retailers that the Insured is contractually liable to pay.

The Sub-limit of liability for all such costs stated in 3.9 (xiv) will be the amount stated in the Schedule. This does not increase the Limit of Liability as stated in the Schedule nor impose any additional Self- Insured Retention on the Insured.

3.11 Reward means

monies offered for information in an effort to mitigate Loss.

3.12 Sub-Limit means

the maximum amount the Insured can collect under a specified section of the Policy.

3.13 Corporate Act of the Insured means

any deliberate act, including any dishonest, wilful, illegal, fraudulent, criminal or malicious act, which has been expressly or impliedly approved, condoned, ratified or endorsed by any two or more members of the Insured's Management and which results directly or indirectly in an Insured Event or Loss.

3.14 Insured's Management

- a. For the purpose of any act which constitutes a Corporate Act of the Insured, Insured's Management means the Insured's past or present Chairman, Chief Executive Officer, President, Managing Director, any executive or non-executive Director of the Insured and any person who holds or has held an equivalent position or who has or had authority to make decisions about the operation or management of the Insured's business on behalf of the Insured.
- b. For the purpose of any other reference to the Insured's Management herein, Insured's Management means, in addition to those named in Definition (a) above any Department or Division of the Insured, including any legal, compliance, risk management, internal audit or insurance department or division.

3.15 Terrorism means

an act of actual, alleged or threatened, intentional, malicious and wrongful alteration or contamination of any product(s), not limited to Insured Product(s), of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes, including the intention to influence any government and/or to put the public or any section of the public in fear.

4 Exclusions

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

4.1. Accidental Contamination

- a. of a product of a competitor which is similar to an Insured Product(s),

- b. gradual deterioration, decomposition or transformation of the chemical structure of the Insured Product(s) unless such deterioration, decomposition or transformation is a result of a sudden, identifiable event occurring at a specific time and location during the Policy Period
- c. arising out of failure by any party other than the Insured to adhere to procedures prescribed by the Insured regarding the storage, consumption or use of an Insured Product(s),
- d. arising out of:
 - (i) bioengineering, genetic engineering or genetic modification of any Insured Product(s) or
 - (ii) hormone treatment of any Insured Product(s) or
 - (iii) irradiation of any Insured Product(s) or
 - (iv) Transmissible Spongiform Encephalopathies (TSE),
- e. arising out of Insured Product(s) containing a carcinogen, regardless of whether such carcinogen is shown to have other non-carcinogenic effects,
- f. that occurs after the Insured has actual or constructive knowledge of a defect or deviation in the production, preparation or manufacture of Insured Product(s) or circumstance(s) which have resulted or are likely to result in such deviation or defect and fails to take effective corrective action,
- g. where Loss arises out of a change in governmental regulations or public perceptions with respect to the safety of any Insured Product(s) or intended ingredients,
- h. arising out of a Government advisory or official recall order by the component authorities,

4.2 A Malicious Product Tamper

- a. of a product of a competitor which is similar to an Insured Product(s),
- b. involving the use of any counterfeit or fraudulent or substandard ingredient or component of an Insured Product supplied to the Insured by any other party without malicious intent,

4.3 changes in population, customer tastes, economic conditions, seasonal sales variations or competitive environment,

4.4 Corporate Act of the Insured,

4.5 injury, damage or claim made by a third party arising out of or in connection with the use or consumption of the Insured Product(s), including defence costs related to a third party lawsuit,

4.6 intentional violation by the Insured of any governmental regulation in connection with the manufacture, sale or distribution of any Insured Product(s) or from the use of materials or substances in the manufacturing process which have been banned or declared unsafe by any governmental entity,

4.7 nuclear reaction or nuclear radiation or radioactive contamination (except a radioactive tampering specifically aimed at the Insured Product(s)), all whether controlled or uncontrolled or resulting from any act or condition incident to any of the foregoing,

4.8 war, invasion, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military or usurped power,

4.9 costs or expenses of any litigation or any proceedings before any governmental body as a result of an Insured Event or otherwise,

4.10 loss or diminution in value of land (including land on which property is located), water, growing crops or lawns, crop failure due to weather, pest or other cause or contamination of livestock,

4.11 costs associated with the expense to design or redesign, engineer or reengineer any product or Insured Product(s),

- 4.12 an event, series of events or circumstance of which an officer or director of the Insured had actual or constructive knowledge prior to the policy inception date,**
- 4.13 actual or alleged act of Terrorism except where the Insured or an Insured Product is the direct target of the act or alleged act of Terrorism,**
- 4.14 fines or penalties imposed by third parties, courts or governmental organisations or agencies.**
- 4.15 arising out of the failure of any Insured Product(s) to accomplish their intended purpose.**
- 4.16 arising out of any breach of the warranties of fitness, quality, efficacy or efficiency.**

5 Conditions

5.1 Action against the Insurers

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 be commenced within twenty four (24) months after a final statement of loss has been submitted to the Insurers by the Insured.

5.2 Additional Exposures

The Insured will give the Insurers written notice as soon as practicable or permissible of any

- a. consolidation or merger with or
- b. acquisition of the majority stock ownership of or
- c. acquisition of the assets of or
- d. creation of

any other entity whose revenues are in excess of 10% of the gross revenue of the Insured as of the date of consolidation, merger, creation or acquisition.

Additional exposure such as is otherwise covered by this policy resulting from any of the above will be covered automatically from the date of consolidation, merger, creation or acquisition, as the case may be, but only until

- (i) the Insurers notify the Insured in writing of their election to reject such additional exposure
- (ii) the Insured and the Insurers agree new terms and conditions for the permanent cover of the additional exposure or
- (iii) 90 calendar days have elapsed

whichever occurs first.

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

5.3 Assistance and Co-Operation

The Insured will cooperate with the Insurers in all matters relating to this Insurance, including 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.

5.4 Authorisation Clause

By acceptance of this policy, the first Insured listed on the Schedule agrees to act on behalf of all other Insureds with respect to the giving and receiving of any return premiums that may become due under this policy, the acceptance of endorsements and the giving or receiving of any other notice provided for in this policy; all other Insureds agree that the first Insured listed on the Schedule will act on their behalf.

5.5 Calculation of the Amount Payable under a Sub-Limit Any amount payable for Loss under any Sub-limit of this policy will be calculated as follows:

First the apportioned Self-Insured Retention as calculated under Condition 5.2 will be subtracted from the applicable section of loss. Second, the applicable coinsurance will be deducted from the balance. The amount payable will be the lesser of either the Sub-limit or the amount remaining. No amount of loss will be paid in excess of the Sub-limit.

5.6 Cancellation

This policy may be cancelled by the Insured by the surrender of this policy to the Insurers or by giving at least ten (10) days advance written notice to the Insurers, stating when thereafter such cancellation will be effective. This policy may be cancelled by the Insurers by delivering to the Insured or by mailing to the Insured by registered or certified mail, at the Insured's address stated in the Schedule, written notice stating when, not less than one hundred and 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 the Insurers will provide at least fifteen (15) days 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 cancelled by the Insured, the Insurers will retain the short rate portion of the premium hereon as determined by the table appended but not less than the amount of any claims paid or outstanding at the date of cancellation. If this policy is cancelled by the Insurers, the Insurers will retain the pro-rata portion of the premium hereon. Payment or tender of any unearned premium by the Insurers will not be a condition precedent to the effectiveness of cancellation, but such payment will be made as soon as practicable.

5.7 Changes

Notice to any representative of the Insurers or knowledge possessed by any representative or by any person will not effect a waiver or a change in any part of the policy or stop the Insurers 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 an authorised representative of the Insurers.

5.8 Choice of Law and Forum

The construction, validity and performance of this policy will be governed by the laws of the country or state specified for the purpose in the Schedule. The Insurers and the Insured hereby expressly agree that all claims and disputes will be litigated in the court or courts specified for the purpose in the Schedule.

5.9 Coinsurance

The Insured will bear the Coinsurance amount stated in the Schedule of each covered Loss in excess of and in addition to the Self-Insured Retention. The Coinsurance amount will be calculated by multiplying the covered Loss in excess of the Self-Insured Retention by the Coinsurance amount. The Insurers will pay covered Loss in excess of the Self-Insured Retention subject to the Limit of Liability stated in the Schedule after deduction of the Coinsurance amount from the covered Loss.

5.10 Concealment, Misrepresentation, Non-Disclosure and Fraud

Without prejudice to the Insurers other rights, howsoever arising, this policy is null and void in case of concealment, misrepresentation or non-disclosure by any Insured, whether or not fraudulent, of a material fact concerning:

- a. this insurance or the procurement thereof or
- b. the Insured Product(s) or the Insured's interest in the Insured Product(s) or
- c. any Insured Event or any Loss or claim under this policy.

5.11 Confidentiality

The Insured will not disclose the existence of this policy to any person or party whether within or outside the Insured except insofar as is required in order to comply with the terms of the policy or by law.

5.12 Self-Insured Retention

The Self-Insured Retention stated in the Schedule will apply separately to each and every Loss. The Self-Insured Retention is to be borne by the Insured and remain uninsured.

5.13 Due Diligence

The Insured will exercise due diligence to do all things reasonable and practical to avoid any happening or circumstances covered by this policy and to make all reasonable efforts to mitigate any Loss arising as a result of an Insured Event.

5.14 Examination under Oath

The Insured, as often as may be reasonably required, shall exhibit to any person designated by the Insurers all affected Insured Product(s) whether salvageable or otherwise and shall submit to examinations under oath by any person named by the Insurers 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 the Insurers or their representative and shall permit extracts and copies thereof to be made.

5.15 Excess Insurance

The Insured may purchase other insurance over the Limit of Liability set forth in this policy without prejudice to this policy, provided that the Insurers are notified in writing of the details of such other excess insurance at the time such other insurance is acquired. The existence of such other insurance, if any, will not reduce the Insurers liability under this policy.

5.16 Inspection and Audit

The Insurers may examine and audit the Insured's business documents relating to the subject matter of this insurance until three (3) years after this policy has expired or has been cancelled. Any premium due for exposures which exist but were not reported will be determined through audit by the Insurers.

5.17 Limits of Liability

The Insurers liability hereunder will be limited to the amounts stated in the Schedule.

5.18 Non-Accumulation of Liability

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, the aggregate liability of the Insurers 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, the aggregate Limit of Liability of the Insurers for Loss(es) sustained by any or all of them will not exceed the amount for which the Insurers would be liable if all Loss(es) were sustained by any one of them.

5.19 Non-Assignment

This policy may not be assigned or transferred without the written consent of the Insurers.

5.20 Notice of an Incident

Upon discovery of a potential or actual event or incident which may give rise to an Insured Event that the Insured will make every reasonable effort to:

- a. firstly, within 48 hours contact the Emergency Exchange 24-hour Crisis Line (as per notification procedures attached); and
- b. having given verbal notice under (i), determine whether an Insured Event has actually occurred.

5.21 Notice of a Claim

Upon determination that an Insured Event has actually occurred under Condition 5.20, the Insured shall give written notice to the Insurer (as per notification procedures attached) within 5 days of a director or officer of the Insured becoming aware of an Insured Event with periodic and timely updates concurrent with activity occurring during the incident; and if it appears to be in the best interest of the Insured or to be required by law, notify law enforcement authorities or any other governmental agencies having jurisdiction over the matter.

5.22 Notice

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 Schedule.

5.23 Other Insurance

The Insured may purchase other insurance written on the same terms and conditions as this policy provided the Self-Insured Retention as described in Section 5.13 herein remains uninsured. The insurance provided under this policy will be primary in all instances except where a Kidnap and Ransom or Extortion policy exists, in which case this insurance will co-insure all losses where coverage is also provided by such Kidnap and Ransom/Extortion policy.

5.24 Salvage

Any salvage or other recovery, after expenses incurred in salvage or recovery are deducted, will accrue entirely to the benefit of the Insurers until the sum paid by the Insurers has been recovered. In case of damage to property bearing a brand or trademark 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 or trademarks 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. The Insurers right to salvage will not be 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 the Insurers.

5.25 Severability, Construction and Conformance to Statute

- a. If any provision contained in this policy is, for any reason, held to be invalid, illegal or unenforceable in any respect, it is deemed to be severed and to have no effect on any other valid legal and enforceable provision of this policy.
- b. If any provision contained in this policy can be construed as being invalid, illegal or unenforceable for any reason, it will be construed by limiting it so as to be valid, legal and enforceable to the extent compatible with applicable law.
- c. Any provisions of this policy which are in conflict with the statutes or regulations of the state or country wherein this policy is issued are hereby amended to conform to such statutes or regulations.

5.26 Territory

This Policy applies to an Insured Event anywhere in the world unless specifically limited by the Insurers through endorsement or where prohibited by applicable Law.

5.27 Computation of Loss

- a. In the event of any insured losses, detailed claims for payment by the Insurers shall be made by the Insured as soon as practicable and shall be accompanied by a computation of loss, which sets out in detail how the loss has been calculated and what assumptions have been made. The Insured shall produce any documentary evidence, books of account, bills, invoices and other vouchers and copies of the same which Insurers or their representatives, including forensic accountants, may require and the Insured shall afford them every assistance in their investigations including reasonable access to the Insured premises, personnel and necessary documents for the purpose of the computation of loss.
- b. The Insurers shall determine the amount of any insured losses, taking into account any savings or recoveries or offsetting or make-up of losses which have been made or which the Insured could reasonably have been expected to make and the ability of the Insured to resume operations.
- c. Loss of Gross Revenue shall be assessed by the Insurers based on an analysis of the profits generated by the affected Insured Products and other Insured Products which lost sales as a direct result of the Insured Event, during each month of the twelve months prior to the Insured Event and taking into account:-
 - (i) the future profitability of such product(s) had no Insured Event occurred and
 - (ii) all material changes in market conditions of any nature whatsoever which would have affected the future marketing of and profits generated by the Insured Products or other affected Insured Products.
- d. In determining the amount of any insured losses, Insurers shall apply standard accounting principles as recognised by the relevant regulatory authorities in the Insured's jurisdiction. Where an Insured is present in more than one jurisdiction the relevant principles to be applied will be those of the jurisdiction in which the entity that has suffered the loss is based.
- e. Where insured losses are paid by the Insurers in currency other than the currency in which the premium is paid, the rate of exchange for payment of loss shall be based on the published wholesale exchange rate on the date written notice of the Insured Event is received by the Insurers.
- f. Whether or not any partial payments have been made, a final statement of loss with respect to all items of Loss other than loss of Gross Revenue must be submitted to the Insurers 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 loss of Gross Revenue 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.

Nothing in the clause shall be deemed to override the provisions of the Notice of Loss clause.

5.28 Valuation Clause

In determining the amount of Gross Revenue, Extra Expense and other insured loss, such adjustments shall be made as may be necessary to provide for the trend of the business and for variations in or special circumstances affecting the business either before or after the Insured Event so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the Insured Event would have been obtained during the period after the Insured Event during which the business has been affected.

5.29 Subrogation

In the event of any payment under the policy, the Insurers will be subrogated to the extent of such payment to all the Insured's rights of recovery. 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 the Insurers effectively to bring suit in the name of the Insured.

5.30 Policyholder Complaints

Catlin Insurance Company (UK) Limited is dedicated to providing a high quality service and wants to ensure that it maintains this at all times. If the Insured feels that Catlin has not offered a first class service or if the Insured has any questions or concerns about the policy or the handling of a claim the Insured should, in the first instance, contact its broker through whom this insurance was placed.

If the Insured is unable to resolve the situation and wishes to make a complaint, the Insured can do so at any time by referring the matter to:

Compliance Department
Catlin Insurance Company (UK) Limited
3 Minster Court
London
EC3R 7DD
Tel No: 020 7743 8487
E-mail: catlinukcomplaints@catlin.com

Complaints that cannot be resolved by the Compliance Department may be referred to the Financial Ombudsman Service at:

South Quay Plaza
183 Marsh Wall
London
E14 9SR
Tel No: 0845 080 1800
E-mail: complaint.info@financial-ombudsman.org.uk

5.30 Short rate cancellation

In the event of cancellation by the Insured the earned premium shall be computed as follows

Days Insurance in Force	Per Cent. of One Year Premium	Days Insurance in Force	Per Cent. of One Year Premium
1-10	10	165-167	56
11-12	11	168-171	57
13-14	12	172-175	58
15-16	13	176-178	59
17-18	14	179-182	60
19-20	15	183-187	61
21-22	16	188-191	62
23-25	17	192-196	63
26-29	18	197-200	64
30-32	19	201-205	65
33-36	20	206-209	66
37-40	21	210-214	67
41-43	22	215-218	68
44-47	23	219-223	69
48-51	24	224-228	70
52-54	25	229-232	71
55-58	26	233-237	72
59-62	27	238-241	73
63-65	28	242-246	74
66-69	29	247-250	75
70-73	30	251-255	76
74-76	31	256-260	77
77-80	32	261-264	78
81-83	33	265-269	79
84-87	34	270-273	80
88-91	35	274-278	81
92-94	36	279-282	82
95-98	37	283-287	83
99-102	38	288-291	84
103-105	39	292-296	85
106-109	40	297-301	86
110-113	41	302-305	87
114-116	42	306-310	88
117-120	43	311-314	89
121-124	44	315-319	90
125-127	45	320-323	91
128-131	46	324-328	92
132-135	47	329-332	93
136-138	48	333-337	94
139-142	49	338-342	95
143-146	50	343-346	96
147-149	51	347-351	97
150-153	52	352-355	98
154-156	53	356-360	99
157-160	54	361-365	100
161-164	55		

6 Warranties

6.1 It is warranted that all Premiums due to the Underwriters under this Policy are paid within 60 days from Inception.

Non-receipt by Underwriters of such premiums by Midnight on the Premium Due date shall render this Insurance Policy void with effect from Inception.

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