

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Product Extortion

This Endorsement modifies insurance provided under the following:

PRODUCT RECALL INSURANCE FOR CONSUMER GOODS & PRODUCTS

1. It is understood and agreed that the definition of *Insured Event* under Section 2 is amended to include *Product Extortion*.
2. It is further understood and agreed that the definition of *Loss* under Section 2 is amended to include *Extortion Costs*.
3. It is further understood and agreed that Section 2., Definitions, is amended by the addition of the following definitions:
 - 3.1 *Extortion Costs* means:
 - i. *Extortion Monies* paid by the *Insured(s)* in direct response to a *Product Extortion* demand made.
 - ii. In transit/delivery *Loss* due to the destruction, disappearance, confiscation or wrongful appropriation of *Extortion Monies* while being handled or conveyed by anyone who is authorized by the *Insured(s)* to have custody thereof; provided that the *Product Extortion* demand which gave rise to the delivery is covered hereunder.
 - iii. Expenses or fees which are incurred and paid by the *Insured* solely as a direct result of a *Product Extortion* demand including but not limited to:
 - a. the amount paid by the *Insured* as a *Reward* to an *Informant* for information relevant to a specific *Product Extortion* demand. Notwithstanding, no *Reward* will be paid by the *Insurer* to any director, officer, trustee, member or partner of the *Insured* or to any individual holding similar responsibilities;
 - b. interest costs for a loan from a financial institution made to the *Insured* for the purpose of paying *Extortion Monies*;
 - c. reasonable costs of travel and accommodations incurred by or on behalf of the *Insured* while attempting to negotiate a *Product Extortion* demand;
 - d. reasonable increased costs of security due to a *Product Extortion* demand including but not limited to hiring of security guards, hiring of armored vehicles, and overtime pay to existing security staff for a period of up to 90 days, provided however that the pre-approved security consultant has specifically recommended such security measures.
 - 3.2 *Extortion Monies* means any monies which the *Insured(s)* has paid or was lost in transit subsequent to a *Product Extortion* demand. For the purpose of this policy the term monies includes cash, monetary instruments, bullion, or the fair market value of any securities, tangible property or services.
 - 3.3 *Informant* means any person providing information not otherwise obtainable, in return for a *Reward* offered by the *Insured*.

- 3.4 **Product Extortion** means any threat or connected series of threats to commit an intentional, malicious and wrongful alternation of the **Insured Product(s)**, for the purpose of demanding **Extortion Monies**, communicated to the **Insured(s)**.
- 3.5 **Reward** means monies paid for information which results in **Extortion Costs** mitigation.

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of this policy except as set forth above.

All other terms, conditions and exclusions remain unchanged.