

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Customer Loss of Gross Profit

This Endorsement modifies insurance provided under the following:

PRODUCT RECALL INSURANCE FOR SUPPLIERS & COMPONENT PARTS

1. It is understood and agreed that the definition of *Loss* under Section 2 is amended to include *Customer Loss of Gross Profit*.
2. It is further understood and agreed that Section 2., Definitions, is amended by the addition of the following definitions:
 - 2.1 *Customer Loss of Gross Profit* means *Loss of Customer Gross Profit* incurred by a direct customer of the *Insured*, and for which the *Insured* would be legally obligated to reimburse or pay that customer, and which is caused solely and directly by an *Insured Event*, for the period:
 - i. of 12 months beginning after the decrease in sales, or
 - ii. during which the sales revenue of the *Insured(s)* direct customer remains less than the level that was or could have been reasonably projected had the *Insured Event* not occurredwhichever shall be the period first to expire.
 - 2.2 *Customer Gross Profit* means the difference between:
 - i. the revenue of the *Insured(s)* direct customer that was or could have been reasonably projected prior to an *Insured Event*, but which has been lost solely and directly as a result of an *Insured Event*, and
 - ii. the variable costs that would have been incurred, but which have been saved as a result of not making those sales (including the cost of raw materials and all other saved costs).
3. It is further understood and agreed that Exclusion 3.19 is deleted in its entire.

It is a condition precedent to the *Insurer(s)* liability under this policy that the *Insured* provides satisfactory documentary evidence which sets out in detail how the *Customer Loss of Gross Profit* has been calculated by the *Insured(s)* direct customer(s). The *Insured* shall produce any such documentary evidence which the *Insurer* 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(s)* premises, personnel and necessary correspondence between the *Insured* and their direct customer(s) for the purpose of the computation of *Loss*.

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.