

PRODUCT RECALL EXPENSE INSURANCE



APPLICATION FORM

Applicant's Details

1. (a) Name of company and all subsidiary companies to be insured under this policy:

(b) Company address: _____

(c) Web site: _____

(f) Please indicate:

- Individual Partnership Corporation Others (please specify)

(g) Please indicate:

- Manufacturer Wholesaler Retailer Importer
- Exporter Assembler Others (please specify)

(h) Date first established: _____

(i) Prior experience in this business under any other name: Yes No

If "yes" please provide name of business: _____

(j) Total number of plants/facilities in home country: _____ Facilities elsewhere: _____

Products and Sales Date

2. (a) List the turnover / sales figures for the past 5 years as well as the estimated turnover for the forthcoming year and indicate the approximate percentage split in turnover / sales per territory:

| Year | Turnover / Sales | USA / Canada in % | Japan / Australia / Europe in % | Other in % |
|------|------------------|-------------------|---------------------------------|------------|
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Is this the total turnover / sales for the whole of the proposed company? Yes No

If "no" please explain: _____

(b) Please indicate the approximate percentage of the overall turnover for the forthcoming year by type of product:

| Product Type | Use | Turnover in % | USA / Canada in % |
|--------------|-----|---------------|-------------------|
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(c) Please list any product discontinued or recalled during the last 5 years with a short explanation:

| Product | Date of Discontinuation / Recall | Explanation |
|---------|----------------------------------|-------------|
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(d) Please indicate the following with regards to your suppliers, distributors and vendors of your product:

- Do you purchase materials or components from others: Yes No
 Do you import products or component parts: Yes No
 Do you hold them harmless: Yes No
 Do they hold you harmless: Yes No

Exports

3. Details of overseas market:

| Products | Estimated annual value of export | Country / Origin | Representation |
|----------|----------------------------------|------------------|----------------|
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Product Design

4. (a) Do you operate a research and development department? Yes No

If "yes" please specify details and qualifications of personnel including design team:

- (b) Do you do your own design work? Yes No
 (c) Do you maintain records of design change and reasons? Yes No
 (d) Are our designs subject to independent external review, testing or certification? Yes No

(e) Are your products designed, tested, labelled and manufactured?

To meet or exceed all government and industry standards of the territories to which you are supplying?

Yes No

For optimum safety in spite of misuse or abuse?

Yes No

(f) Do you manufacture any of your products to the specification of your customer?

Yes No

(g) What is the life expectancy of your products (give numbers of years)?

Products

5. (a) Please list all products (in general terms) produced or supplied and to which this insurance is to apply:

| Nature of Products | Approximate Annual Turnover | Date First Marketed |
|--------------------|-----------------------------|---------------------|
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| | | |

*continue on additional pages as necessary

(b) If the answer to question 4. (a) does not represent your whole annual turnover, please explain why selected turnover only is shown:

Batch / Contract Size

6. (a) Please detail the monetary value and number of units of your normal production run / batch for products manufactured by own staff. Detail maximum batch / run for products:

(b) Taking question 5. (a) into account, please detail your three largest contracts in the last 24 months:

(c) Taking question 5. (a) into account, please detail your average / normal contract size, especially if you are a "supplier":

Failure Rate

7. What is the failure rate of each product after handover (please state in each case whether this is based on actual experience)?

Quality Control and Testing

8. (a) Are you accredited with any internationally recognised standards? Yes No

If "yes" please provide details: _____

- (b) Are written testing procedures in place and followed? Yes No

- (c) Do you have a quality control manger responsible only to top executive / management? Yes No

- (d) Suppliers and components:

Are they ordered to your specifications? Yes No

Have you determined which ones are critical to the safety of our final product? Yes No

Are warranties obtained from all suppliers? Yes No

What percentage is tested prior to incorporation? _____

- (e) Final Products:

Briefly describe test applied before sales: _____

What percentage is tested? _____

Are records of result of quality control tests kept so that you can identify at a later date what tests you applied to given products at a given time? Yes No

How far back do your records go (please give numbers of years)? _____

If your products are manufactured to the specification of our customer do they test the products upon receipt? Yes No

Do you receive an acceptance sign-off from your customer? Yes No

New Products

9. Will any new type of product be marketed during the next twelve (12) months? Yes No

If "yes" please give details: _____

Recall Preparedness

10. (a) Do you have a Recall Plan in place? Yes No

When were these plans last reviewed and / or updated? _____

- (b) Do you have a Crisis Management Plan in place? Yes No

When were these plans last reviewed and / or updated? _____

- (c) Would it be necessary for your distributors to co-operate in handling a recall? Yes No

If "yes" have they been briefed? Yes No

- (d) Have press or other announcements been prepared for retention on file? Yes No

(e) Is a batch coding system utilized? Yes No

If yes, please provide details (recorded by location, date, shift etc.): _____

(f) Has new bar / batch coding equipment been installed within the last 5 years? Yes No

(g) Is bar / batch coding equipment serviced annually? Yes No

(h) Do the products carry:

Your company name? Yes No

Your trade marks? Yes No

A part number? Yes No

A production batch number? Yes No

(h) Who can initiate a major product recall? _____

(j) If any of your products are incorporated into other products, would the other Manufacturer(s) initiate a recall? Yes No

(k) What is your estimate likely cost of recall: _____

Loss Information

11. Have any claims been made against you or any predecessors in business in the past ten (10) years? Yes No

If "yes" please give full details including amounts involved: _____

12. Other than any details indicated above, are you or any predecessor in business, after enquiry, aware of any circumstances which could give rise to a claim? Yes No

If "yes" please give full details: _____

13. Has any insurer ever cancelled, restricted or refused to renew your liability insurance? Yes No

If "yes" please explain: _____

**SIGNING THIS APPLICATION DOES NOT BIND
THE APPLICANT TO COMPLETE THIS INSURANCE**

Declaration

I declare that the statements and particulars in this application are true and that no material facts have been misstated or suppressed after enquiry. I agree that this application, together with any other information supplied shall form the basis of any contract of insurance effected thereon. I undertake to inform the Insurers of any material alteration to those facts occurring before completion of the contract of insurance. A material fact is one which would influence the acceptance or assessment of the risk.

Signed: _____

Title: _____
(to be signed by Chairman/Chief Executive or equivalent)

Company: _____

Date: _____

Please enclose with this Application Form:

- Recall Manuals
- Crisis Management Plan

Limits of Liability requested:

- Option I: _____ per event / annual
- Option II: _____ per event / annual
- Option III: _____ per event / annual

Self-Insurance Retention requested:

- Option I: _____ each and every loss
- Option II: _____ each and every loss
- Option III: _____ each and every loss

Territories to be covered::

- USA / Canada World Wide

Proposed effective date for this insurance:

FRAUD NOTICE

- Arkansas:** Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
- Colorado:** It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claiming with regard to a settlement or award payable for insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.
- District of Columbia:** WARNING: It is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.
- Florida:** Any person who knowingly and with intent to injure, defraud, or deceive any insurance company files a statement of claim containing any false, incomplete, or misleading information is guilty of a felony of the third degree.
- Hawaii:** For your protection, Hawaii law requires you to be informed that presenting a fraudulent claim for payment of a loss or benefit is a crime punishable by fines or imprisonment, or both.
- Kentucky:** Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime.
- Louisiana:** Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
- Maine:** It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines, or denial of insurance benefits.
- New Jersey:** Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.
- New Mexico:** Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to civil fines and criminal penalties.

New York: **All commercial insurance forms, except as provided for automobile insurance:** Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

Automobile insurance forms: Any person who knowingly makes or knowingly assists, abets, solicits or conspires with another to make a false report of the theft, destruction, damage or conversion of any motor vehicle to a law enforcement agency, the department of motor vehicles or an insurance company, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the value of the subject motor vehicle or stated claim for each violation.

Fire Insurance: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime. The proposed insured affirms that the foregoing information is true and agrees that these applications shall constitute a part of any policy issued whether attached or not and that any willful concealment or misrepresentation of a material fact or circumstances shall be grounds to rescind the insurance policy.

Ohio: Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

Oklahoma: WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

Pennsylvania: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

Auto: Any person who knowingly and with intent to injure or defraud any insurer files an application or claim containing any false, incomplete or misleading information shall, upon conviction, be subject to imprisonment for up to seven years and the payment of a fine of up to \$15,000.

Puerto Rico: Any person who knowingly and with the intention to defraud includes false information in an application for insurance or file, assist or abet in the filing of a fraudulent claim to obtain payment of a loss or other benefit, or files more than one claim for the same loss or damage, commits a felony and if found guilty shall be punished for each violation with a fine of no less than five thousands dollars (\$5,000), not to exceed ten thousands dollars (\$10,000); or imprisoned for a fixed term of three (3) years, or both. If aggravating circumstances exist, the fixed jail term may be increased to a maximum of five (5) years; and if mitigating circumstances are present, the jail term may be reduced to a minimum of two (2) years.

Rhode Island: **Property Insurance, Real Or Personal:** The insurance application form shall indicate the existence of a criminal penalty for failure to disclose a conviction of arson.

Tennessee: It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

Workers Compensation: It is a crime to knowingly provide false, incomplete or misleading information to any party to a workers compensation transaction for the purpose of committing fraud. Penalties include imprisonment, fines and denial of insurance benefits.

Virginia: It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

West Virginia: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.