

Epidemic Failure Addendum

Whenever the Obligor is also a manufacturer or master distributor of Covered Equipment under this Agreement the following shall apply:

- a. In the event that the number of claims, losses or Mechanical Breakdowns from a common cause for a particular component or components (regardless of any updates or versions of said component or components) of any Covered Equipment expressed as a percentage of the earned number of units (pro-rata basis unless an alternative basis has been agreed to by us) declared during the term of this Agreement and on which the component is fitted, amounts to more than 10% this shall be considered an Epidemic Failure hereunder and will be the sole responsibility of the Obligor.
- b. The Obligor shall be liable for all claims, losses and Mechanical Breakdowns arising from an Epidemic Failure and any components, which are the cause or subject of any Epidemic Failure. The Obligor agrees to reimburse Company in full for any claims, losses or amounts Company may pay as the result of any Epidemic Failure.
- c. Without prejudice, if and when any epidemic failure has been permanently rectified, Company's liability hereunder will resume in accordance with the terms and conditions set forth herein.