

Computer Section

Definitions

Accident

- A. Loss of or damage to Property Insured under Cover One or Two A of this Section
- B. The failure of any telecommunications system used in connection with the Property Insured caused by accidental physical damage occurring within the United Kingdom
- C. The accidental failure or fluctuation of the supply of electricity to the Property Insured
- D. Denial of access to or use of the Property Insured by the insured due to loss of or damage to other property at or in the vicinity of the Premises shown in the Schedule
- E. Corruption.

Anti-Virus Software

A software program which is activated to protect the Property Insured and which

- A. updates Virus or Similar Mechanism definitions no less frequently than once every seven days
- B. scans as a minimum
 - i. all data downloaded to or received by the Property Insured including CD-ROMs floppy discs the Internet e-mails and attachments or any peripheral device
 - ii. the Property Insured no less frequently than once every seven days.

Auxiliary Equipment

Auxiliary equipment solely for use with Computer Equipment comprising temperature and environmental control equipment power supply voltage regulation and protective devices

Auxiliary Equipment is limited to property belonging to the Insured or leased hired rented or licensed or on Deferred Purchase to the Insured.

Breakdown

The actual breaking or failure of any part of the item while in use causing stoppage of its function and necessitating immediate repair or replacement of the item before it can resume normal working arising from

- A. a mechanical or electrical defect in the item
- B. an occurrence external to the item (other than damage resulting from impact) which causes or results in mechanical or electrical failure of the item.

Computer Equipment

Installed Computer Equipment and Portable Computer Equipment.

Computer Media

- A. data carrying materials of all types (other than paper records)
- B. software programs or data (other than paper licence agreements)
- C. licence agreements which are protected by a hardware key disk dongle or other physical encryption device used to prevent unauthorised copying sharing or other actions unacceptable to the manufacturer or vendor of the software programs or data

Computer Media is limited to property belonging to the Insured or leased hired rented or licensed or on Deferred Purchase to the Insured.

Computer System

- A. any computer, hardware, software, communications system, electronic device (including, but not limited to, smart phone, laptop, tablet, wearable device), server, virtual server, cloud or microcontroller, including any similar system or any configuration or networks of the aforementioned and including any associated input, output, data storage or processing device, networking equipment, internet, intranet, virtual private network or similar facilities, or back up facility, located anywhere in the world and irrespective of whether such computer system is owned or operated by the Insured or any Third Party;
- B. Computer Equipment, Auxiliary Equipment and Computer Media to the extent such equipment or media is not already included in paragraph (A) of this definition

Corruption

Loss distortion corruption or erasure of software programs or data forming part of Computer Media.

Cyber Act

Any unauthorised, malicious or criminal act (whether or not directed at the Insured), regardless of time and place, or the threat or hoax thereof, involving access to, processing, use, manipulation or operation of, or impairing any Computer System or Data, including but not limited to any unauthorised or malicious direction of network traffic or introduction of code, malware, virus or ransomware

Cyber Incident

- A. any error or omission involving access to, processing of, use of or operation of any Computer System, whether any such error or omission is made by or on behalf of the Insured or any Third Party;
- B. any partial or total unavailability or failure of or reduction in functionality or operability of any Computer System (whether temporary or permanent) or inability to access, process, use or operate any Computer System; or
- C. any partial or total inability to access, process, transmit, store or use any Data or any error or omission involving accessing, processing, transmitting, storing or using any Data, whether any such error or omission is made by or on behalf of the Insured or any Third Party

Cyber Loss

Any claim, loss, damage, destruction, cost, expense, or any consequential loss, directly or indirectly caused or contributed to by, or arising out of or in connection with any Cyber Act or Cyber Incident including, but not limited to, any action taken or advice given to control, prevent, suppress, or remediate any Cyber Act or Cyber Incident or to mitigate or otherwise reduce the effects of any Cyber Act or Cyber Incident

Data

Information, facts, concepts, code or any other information of any kind that is recorded or transmitted in a form which is (or is capable of being) used, accessed, processed, transmitted or stored by a Computer System.

Data is not limited to the Insureds Data but includes Data which is owned, accessed, processed, transmitted, stored or used by any Third Party anywhere in the world

Data Loss

Any loss, distortion, erasure, corruption, theft, alteration, or manipulation of Data (whether temporary or permanent) or loss of use, reduction in functionality or reduction in value of Data or the act of (and costs and expenses associated with) repairing, replacing, reinstating, recovering, restoring or reproducing any Data

Data Storage Media

Any tangible Computer Media insured by this Section on which Data can be stored but not the Data itself

Deferred Purchase

An agreement which the Insured enters into which entitles the Insured to defer payment for Property Insured for a period in excess of usual trade credit.

Firewall

Hardware software and procedures used to block and permit data traffic between the Property Insured and other IT equipment and networks as the Information Security Policy dictates.

Hacking

Unauthorised access to any computer or other equipment or component or system or item whether part of the Property Insured or not which processes stores transmits or retrieves data.

Information Security Policy

A formal written policy that is reviewed and updated in accordance with an ongoing and business embedded risk assessment process and which sets out the Insureds approach to managing information including but not limited to:

- A. authorisation rights access control and the use of passwords
- B. the proper use of computers and data including the use of e-mail and equipment excluding equipment controlling any manufacturing process
- C. action needed in the event of a breach of security
- D. disciplinary procedures for non compliance.

Installed Computer Equipment

Mainframes servers personal computers and other installed equipment used for the electronic processing communication and storage of data including

- A. fixed discs interconnecting wiring and telecommunications equipment
- B. printers scanners and other peripheral computer equipment excluding equipment controlling any manufacturing process.

Installed Computer Equipment is limited to property belonging to the Insured or leased hired rented or licensed or on Deferred Purchase to the Insured.

Indemnity Period

The period during which the additional expenditure is incurred beginning immediately following an Accident and continuing for a period no longer than the Indemnity Period shown in the Schedule.

Loss of Interest

Interest that the Insured

- A. would have earned on money that would have been received and/or
- B. would not have been incurred had the Accident not occurred.

Maintenance Agreement

A maintenance rental hire or lease agreement providing at an inclusive cost on-call remedial maintenance with free repair or replacement in the event of Breakdown arising out of normal use.

Non-Cyber Cause

A cause, other than:

- A. a Cyber Act, Cyber Incident or Data Loss, or
- B. any other cyber related cause,

which is not otherwise excluded by the Policy.

For the avoidance of doubt, a Non-Cyber Cause can include a mechanical or electrical defect in Computer Equipment or Auxiliary Equipment, to the extent that such defect results in Physical Damage to Tangible Property.

Physical Damage to Tangible Property

Accidental, physical loss, damage or destruction to tangible Property Insured under this Section which is owned by, or leased, hired, rented or on Deferred Purchase to the Insured, excluding any Data and intangible elements of Computer Systems

Portable Computer Equipment

Equipment used for the electronic processing communication and storage of data that is designed to be carried on or by a person consisting of

- A. laptops palmtops notebooks and tablet personal computers
- B. personal digital assistants and smartphones
- C. removable vehicle satellite navigation systems and digital cameras
- D. printers projectors broadband modems and other devices which connect to other Portable Computer Equipment

but excluding mobile devices where the sole or primary function of the item is to make send and receive telephone calls and SMS messages.

Portable Computer Equipment is limited to property belonging to the Insured or leased hired rented or licensed or on Deferred Purchase to the Insured.

Premises

The premises stated in the Schedule.

Property Insured

Computer Equipment Computer Media and Auxiliary Equipment.

Third Party

Any person or entity other than the Insured (including, but not limited to, information technology and computer service suppliers, data centre operators, internet service providers, customers or suppliers of the Insured, transport operators, infrastructure providers, utilities and supply undertaking service providers or producers, telecommunication service providers and persons or entities wholly unconnected with the Insured, its Business, its Computer Systems or any Data which it owns, uses or relies on)

Virus or Similar Mechanism

Program code programming instruction or any set of instructions intentionally constructed with the ability to damage interfere with or otherwise adversely affect computer programs data files or operations whether involving self replication or not. This includes but is not limited to viruses trojan horses worms and logic bombs.

Cover

Cover One

Option A - All Risks including Breakdown

Loss of or damage to Computer Equipment or Auxiliary Equipment occurring during the Period of Insurance while at any Premises shown in the Schedule within the United Kingdom.

Option B - Breakdown

Damage to Computer Equipment or Auxiliary Equipment while at any Premises shown in the Schedule within the Territorial Limits caused by Breakdown.

Cover Two - Computer Media

- A. Loss of or damage to data carrying materials
- B. The cost necessarily and reasonably incurred by the Insured in
 - i. recompilation of data or software programs from other records including with the prior consent of the Insurer the cost of employing a specialist company or consultant to assist in the recovery of data
 - ii. repurchase of proprietary software following Corruption occurring during the Period of Insurance anywhere in the world.

Cover Three - Additional Expenditure

Additional expenditure necessarily and reasonably incurred by the Insured during the Indemnity Period to prevent or minimise interruption of or interference with the operations of the Business carried out by the Computer Equipment in consequence of an Accident occurring during the Period of Insurance.

Cover Three does not cover any costs and expenses associated with repairing, replacing, reinstating, recovering, restoring, recreating or reproducing any Data, intangible elements of Computer Systems or any other intangible property or assets.

Where the Accident is a failure or fluctuation of the electricity supply or failure of any telecommunications system, notwithstanding anything contained in the Policy or Schedule to the contrary:

- A. the Indemnity Period will not exceed 1 month;
- B. the Insured will benefit from only one Indemnity Period where more than one failure or fluctuation arises out of or in connection with the same originating cause, in which case the single Indemnity Period will begin immediately following the first failure or fluctuation of the supply or system.

Cover Four - E Risks (not applicable where Cyber Section is selected)

A. Seek Destroy and Prevent

The cost necessarily and reasonably incurred by the Insured in

- i. locating and removing a Virus or Similar Mechanism contained in any insured host program or executable disk segment within the Computer Equipment or contained in Computer Media solely to avoid or minimise Corruption
- ii. employing professional consultants to recommend potential improvements to avoid a similar occurrence of Virus or Similar Mechanism or Hacking
- iii. re-working any data projects to incorporate improvements in the protection of data recommended under ii. above

Provided that:

1. the Insured became aware of the presence of the Virus or Similar Mechanism during the Period of Insurance
2. the Insurer has agreed to the actions being taken.

B. Malicious Code or Attack

The cost necessarily and reasonably incurred by the Insured

- i. in recompilation of data or software programs from other records including with the Insurers prior consent the cost of employing a specialist company or consultant to assist in the recovery of data
- ii. in repurchase of proprietary software
- iii. in respect of any additional expenditure during the Indemnity Period to prevent or minimise interruption of or interference with the operations of the Business carried out by the Computer Equipment

in consequence of Corruption occurring during the Period of Insurance anywhere in the world caused by or resulting from

1. Virus or Similar Mechanism
2. Hacking.

Provided that Cover One, Two and Three are shown as operative.

The cover available for additional expenditure under B(iii) of this Cover Four does not cover any costs and expenses associated with repairing, replacing, reinstating, recovering, restoring, recreating or reproducing any Data, intangible elements of Computer Systems or any other intangible property or assets.

Limit of Liability

The liability of the Insurers under this Section shall not exceed

Cover One, Cover Two and Cover Three

the Limits of Liability shown in the Schedule in connection with the cost arising from any one Accident or occurrence of loss or damage.

Except that the Insurers liability for:

A damage to Computer Equipment and Auxiliary Equipment which is not subject to a Maintenance Agreement caused by its own Breakdown or derangement arising from a single cause is limited to the lesser of £10,000 or the Limit of Liability shown in the Schedule;

B additional expenditure under Cover Three (Additional Expenditure) arising directly or indirectly out of failure or fluctuation of the supply of electricity or failure of any telecommunications system shall not exceed £25,000 in respect of all Accidents occurring in any one Period of Insurance

Cover Four

A. £5,000

B. during any one Period of Insurance the lesser of

- i. £100,000 or
- ii. 10% of the aggregate of the Cover Two and Cover Three Limits of Liability shown in the Schedule.

Extensions

the amounts shown in the Extensions in connection with the cost arising from any one Accident or occurrence of loss or damage or as more specifically stated in the Extension.

Basis of Settlement

Cover One

Reinstatement

A. Replacement of any item lost or damaged beyond repair by new property of equal performance and/or capacity or if this is not possible its replacement by new property having the nearest higher performance and/or capacity to the item lost or damaged.

On request the Insurer will

- i. subject to A. above replace any item lost or damaged beyond repair with an item from the same manufacturer
- ii. pay the cost incurred by the Insured in replacing the item or

B. Repair of any item otherwise damaged.

Provided that

1. reinstatement shall be carried out without delay and in the most economical manner
2. where any Property Insured is damaged or lost in part only the liability of the Insurer shall not exceed the cost of reinstatement had it been wholly lost
3. no payment shall be made until reinstatement has been carried out
4. the amount payable shall not exceed the new replacement value of the Property Insured that has been lost or damaged
5. if reinstatement is not carried out the Insurer reserves the right to pay the cost of indemnifying the Insured provided that such cost does not exceed the cost of reinstatement.

Basis of Settlement Adjustments

In calculating the most the Insurer will pay for any occurrence adjustments shall be made in accordance with the following clauses.

1. Transit

This Section is extended to cover Computer Equipment and Auxiliary Equipment insured under Cover One anywhere in the world

Provided that the liability of the Insurer shall not exceed

A. £100,000 while in or while in transit in the Territorial Limits or between countries belonging to the European Union or the European Free Trade Association including the Isle of Man and the Channel Islands

B. £50,000 while at any other situation in the world.

This Extension does not provide any cover or benefit for any business or activity to the extent that the provision of such cover, payment of any claim or provision of such benefit would expose the Insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America or any other applicable economic or trade sanction law or regulations

2. Debris Removal

This Section is extended to cover the cost necessarily and reasonably incurred by the Insured in

A. removing debris

B. dismantling and/or demolishing

C. shoring up propping and/or protecting

following damage insured by Cover One.

Provided that

i. this Extension excludes cost associated with complying with The Waste Electrical and Electronic Equipment (WEEE) Regulations 2009 including any subsequent amendments and revisions

ii. the liability of the Insurer shall not exceed £50,000.

3. Expediting Cost

This Section is extended to cover the cost necessarily and reasonably incurred by the Insured with the consent of the Insurer in making temporary repairs to and/or the expediting of the repair reinstatement or replacement of the Computer Equipment and Auxiliary Equipment following loss or damage insured under Cover One.

Provided that the liability of the Insurer shall not exceed £50,000.

4. Investigation Cost

This Section is extended to cover the cost (including the cost of consultants fees) incurred with the prior consent of the Insurer in conducting investigations and tests in respect of possible repair or replacement options following loss or damage insured under Cover One.

5. Additional Equipment

This Section is extended to cover additional items of Computer Equipment or Auxiliary Equipment

A. belonging to the Insured or leased hired rented or licensed or on Deferred Purchase to the Insured

B. on loan or trial for a continuous period not exceeding three months during the Period of Insurance.

Provided that

i. the value of equipment covered under this Extension shall not exceed 25% (twenty five percent) of the amount shown in the Schedule under Cover One or £350,000 whichever is less

ii. so far as the Insured is aware the additional equipment is free from any material defect

iii. the value of the equipment is included in the next declaration in accordance with Condition 6 Renewal Requirement.

6. Recharging of Gas Reservoirs

This Section is extended to cover the cost of recharging gas reservoirs installed solely for the protection of the Property Insured following accidental discharge following loss or damage insured under Cover One.

Provided that the liability of the Insurer shall not exceed £50,000.

7. Damage to Security Devices

This Section is extended to cover the cost incurred in repairing or replacing

A. security devices solely for the physical protection of the Computer Equipment

B. any table desk or trolley or other working surface to which security devices have been secured lost or damaged by theft or attempted theft of Computer Equipment insured under Cover One of this Section.

Provided that the liability of the Insurer shall not exceed the lesser of

i. £50,000 or

ii. 10% (ten percent) of the Cover One Limit of Liability.

8. Additional Lease or Rental Cost

This Section is extended to cover the cost of additional lease or rental charges arising out of the replacement of a lease or rental agreement in respect of Computer Equipment by a new agreement for similar equipment in consequence of loss or damage insured under Cover One.

Provided that

A. the period in respect of which additional charges shall be paid shall commence immediately after the occurrence of the loss or damage and shall end not more than two years later or on expiry of the original agreement whichever is earlier and

B. the liability of the Insurer shall not exceed £50,000.

9. Security Guard Cost

This Section is extended to cover the additional cost incurred in employing temporary professional security guards following an insured loss at any Premises by theft or malicious damage (including arson) insured under Cover One of this Section.

Provided that

A. the agreement of the Insurer has been obtained for employment of security guards for more than four days

B. the Insurers are satisfied that the employment of guards is necessary solely for the protection of Property Insured

C. the liability of the Insurer shall not exceed £10,000.

10. Fire Brigade Charges

This Section is extended to cover the cost of charges arising from the activities of the Fire Brigade in dealing with the consequences of loss or damage insured under Cover One.

Provided that the liability of the Insurers shall not exceed £50,000.

11. Waste Disposal Cost

This Section is extended to cover the cost necessarily and reasonably incurred with the consent of the Insurer in complying with The Waste Electrical and Electronic Equipment (WEEE) Regulations 2009 including any subsequent amendments and revisions following loss or damage to Computer Equipment or Auxiliary Equipment insured under Cover One.

Provided that

A. the Insurer is satisfied that the Insured is liable for the cost of disposal

B. the Insured provide a copy of the certificate evidencing disposal

C. the Insurers consent has been gained to dispose of the Computer Equipment or Auxiliary Equipment

D. the liability of the Insurer for the cost of disposal shall not exceed £25,000.

12. Cost of Recovery following Theft

This Section is extended to cover the cost of employing specialist investigators to aid the recovery of stolen or lost Computer Equipment that contains confidential or secret data or information following a loss insured under Cover One.

Provided that

- A. the prior agreement of the Insurer has been obtained for employment of the specialist investigators
- B. the Insurer is satisfied that the cost of employment of the specialist investigators is necessary and reasonable to protect the Insured against legal prosecution or commercial embarrassment that could result from the loss of confidentiality of the data or information
- C. the liability of the Insurer shall not exceed £10,000.

13. Incompatibility of Computer Media

This Section is extended to cover the cost of

- A. modification of Computer Equipment or
 - B. the replacement restoration or recompilation of Computer Media.
- whichever is the lesser cost to achieve compatibility in the event that loss of or damage to Computer Equipment insured under Cover One has resulted in undamaged Computer Media being unavoidably incompatible with replacement equipment.

Provided that

- i. Cover Two is insured
- ii. the liability of the Insurer shall not exceed £50,000.

14. Reward following Successful Recovery

This Section is extended to cover the cost incurred by the Insured in paying

- A. a financial reward for information that directly results in the Insurer recovering Property Insured following theft for which the Insurer has admitted liability and
 - B. the associated cost of advertising the reward
- following an insured loss by theft under Cover One of this Section.

Provided that the Insurer has approved the cost involved and

- i. the loss has occurred and the reward is paid within the United Kingdom
- ii. the Police are made aware of and have approved the offering of the reward and are in the course of pursuing prosecution
- iii. a receipt of the advertising cost and reward payment made is presented to the Insurer signed by the person(s) involved in arranging for the advertising and/or collecting the reward and showing their full name and address
- iv. the Insured their employees or relations of either do not benefit from any reward provided by this Extension
- v. the Insurers liability shall not exceed the lesser of 10% (ten percent) of the loss or damage or £10,000.

15. Reduction of Environmental Impact

Cover for Property Insured under Cover One includes an amount for the additional cost reasonably incurred by the Insured in replacing Computer Equipment or Auxiliary Equipment lost or damaged beyond repair with alternative equipment which performs the same primary functions but reduces the environmental impact of ownership and/or use

The additional cost incurred includes but is not limited to replacing the Computer Equipment or Auxiliary Equipment with equipment that uses

- A. less power and/or
- B. consumable materials more efficiently than the Computer Equipment or Auxiliary Equipment lost or damaged.

Provided that the total liability of the Insurer for loss or damage and additional cost shall not exceed the lesser of

- i. 110% (one hundred and ten percent) of the cost of replacement had the additional cost not been incurred or
- ii. the Cover One Limit of Liability shown in the Schedule.

16. Research and Development Cost

This Section is extended to cover the cost of re-writing any data processing research or software development project (including the cost of recollection of data and digital images that do not exist in other records) following Corruption insured under Cover Two to the stage reached immediately prior to the occurrence of the Corruption but excluding any benefit to the Insured which would have been obtained from the completion of the project had the Corruption not occurred.

Provided that

- A. the liability of the Insurer shall not exceed 20% (twenty percent) of the Cover Two Limit of Liability or £25,000 whichever is less
- B. Condition 2 Duplicate Records and Data Security of this Section is complied with in full
- C. solely for the purposes of this Extension Exclusion 6 Unproven Software is deleted.

17. Loss of Interest

This Section is extended to cover loss of Interest during the Indemnity Period solely in consequence of the occurrence of an Accident insured under Cover Three during the Period of Insurance.

Provided that

- A. the liability of the Insurer in respect of any one Period of Insurance shall not exceed 10% (ten percent) of the Limit of Liability shown in the Schedule under Cover Three
- B. Loss of Interest relates solely to identifiable transactions carried out or would but for the Accident have been carried out by the Computer Equipment.

18. Claims Preparation Cost (including Accountants Fees)

This Section is extended to cover the necessary and reasonable cost incurred in producing and certifying any particulars or details required by the Insurer in connection with additional expenditure and/or Financial Loss resulting from an Accident for which liability has been accepted but limited to

- A. additional cost incurred by employees of the Insured
- B. additional fees incurred by the usual auditors or accountants of the Insured
- C. cost of materials used in furnishing the requirements of the Insurer.

Provided that the liability of the Insurer shall not exceed £50,000.

19. Avoidance of Impending Damage

This Section is extended to cover the cost incurred by the Insured in taking reasonable but exceptional measures to avoid or mitigate impending loss or damage which would have resulted in a claim under this Section.

Provided that

- A. the impending loss or damage did not arise from any defect in the Property Insured
- B. the impending loss or damage did not arise from a reasonably foreseeable cause
- C. the loss or damage would have been the natural outcome to be expected in the absence of the measures taken
- D. the Insurer are satisfied that loss or damage which would have been insured under this Section has been avoided or reduced in consequence of the measures taken
- E. the liability of the Insurer shall not exceed the cost which would have been incurred had the measures not been taken and loss or damage insured by this Section had occurred.

20. Payments on Account

This Section is extended to cover payments as agreed between the Insured and the Insurer in advance of final settlement of a claim under this Section where the Insurer has admitted liability.

21. Inadvertent Omissions

Property Insured at any Premises owned or occupied by the Insured which has inadvertently not been declared to the Insurer by the Insured.

Provided that

A. the value of Insured Property at the Premises does not exceed £100,000

B. the premium which should have been paid in respect of the Insured Property is calculated from the date that the declaration should have been made to the Insurer and paid by the Insured.

22. Non Damage Denial of Access

This Section is Extended Additional Expenditure under Cover Three resulting from interruption of or interference with the Business in consequence of the prevention or hindrance of access to or use of the Insured Property by the actions or advice of the local authority, police or other statutory body in direct response to an Emergency Incident occurring during the Period of Insurance within a 1 mile radius of the Premises which is likely to endanger life or property

Provided that

A. the Insurer shall not be liable under this Basis of Settlement Adjustment for any interruption or interference directly or indirectly caused by, arising from or attributable to

- i. the type of Business carried on or activity taking place within the Premises or the condition of the Premises
- ii. the Insured's non-compliance with an order, direction or advice previously given by the local authority, police or any other statutory body
- iii. physical loss or destruction of or damage to property of any kind
- iv. drought, labour or trade disputes, strikes or picketing, the fear or threat thereof, or any action taken or advice given to prevent, reduce, control or mitigate the occurrence or effect of any drought, labour or trade dispute, strike or picketing
- v. any cause within the control of the Insured
- vi. the obstruction of roads, streets or other rights of way by weather or climatic conditions

B. the Insurer shall not be liable under this Basis of Settlement Adjustment for any Additional Expenditure

- i. that does not involve hindrance or prevention of access to or use of the Premises for at least 48 consecutive hours
- ii. incurred during any period other than the actual period of hindrance or prevention of access to or use of the Premises
- iii. arising out of an Emergency Incident which does not take place in its entirety at a specific place within a 1 mile radius of the Premises

C. for the purpose of this Basis of Settlement Adjustment only, the Maximum Indemnity Period shall be 3 months

D. the liability of the Insurer under this Basis of Settlement Adjustment for any one Emergency Incident and in the aggregate for all Emergency Incidents occurring during any one Period of Insurance shall not exceed the lesser of the Cover Three Limit of Liability shown in the Schedule or £25,000 in respect of Additional Expenditure irrespective of the number of Premises affected.

For the avoidance of any doubt, and notwithstanding any provision of the Basis of Settlement Adjustment to the contrary, the limit of liability will not be reinstated following a claim, such that any payment made on a claim under this Basis of Settlement Adjustment shall reduce the limit of liability available in respect of future claims.

For the purpose of this Basis of Settlement Adjustment

An Emergency Incident means a specific, identifiable event of short duration, which happens suddenly at a specific place and requires immediate emergency action.

Any reference to an Accident within the Section to which this Basis of Settlement Adjustment relates shall, for the purposes of this Basis of Settlement Adjustment, mean the prevention or hindrance of access to or use of the Premises by the actions or advice of the local authority, police or other statutory body in direct response to an Emergency Incident within a 1 mile radius of the Premises which is likely to endanger life or property. An Accident will be deemed to occur on the date on which the Emergency Incident first occurs, irrespective of whether:

- i. the consequent prevention or hindrance of access to or use of the Premises occurs immediately, or
- ii. any restrictions on access to or use of the Premises resulting from the Emergency Incident are lifted and then reimposed at a later date or otherwise varied over time.

However, the Section requirement that the Insured shall have in force an insurance covering its interest in the property at the Premises against such Accident shall be deemed to have been complied with if the Insured has a valid claim under this Basis of Settlement Adjustment.

Indemnity Period means the period during which the results of the Business shall be affected in consequence of the prevention or hindrance of access to or use of the Premises, beginning with the date of the Emergency Incident and ending not later than the Maximum Indemnity Period thereafter. The Indemnity Period shall comprise a single, continuous period. It cannot be divided into more than one period or increased so as to exceed the Maximum Indemnity Period, where restrictions on access to or use of the Premises resulting from an Emergency Incident are lifted and then reimposed at a later date or otherwise varied over time.

Exclusions

This Section does not cover

1. Excess

the amount or amounts stated in the Schedule as the Excess in respect of each and every occurrence for which the Insured is indemnified by this Section.

2. Exclusion Period If No Maintenance Agreement

Financial Loss incurred during the first 24 hours or any greater period stated as the Time Exclusion in the Schedule following Breakdown or derangement of any item of Property Insured for which a Maintenance Agreement is not in force.

3. Guarantee Maintenance Agreement or Manufacturers Responsibility

loss or damage

A. recoverable under any guarantee or Maintenance Agreement

B. insured under Cover One and caused by or arising from a defect in Computer Equipment or Auxiliary Equipment for which a manufacturer has accepted responsibility and agreed to rectify at their expense.

Paragraph B. of this Exclusion shall not apply to other Property Insured that suffers loss or damage and which is free from the defect.

4. Electricity Supply

additional expenditure or financial loss in consequence of a failure or fluctuation of the supply of electricity directly or indirectly due to:

A. a deliberate act of any person or entity, other than where such act is performed for the sole purpose of safeguarding life or protecting any part of the electricity supply system

B. the electricity supplier omitting to supply electricity or withholding or restricting the electricity supply, other than where necessary for the sole purpose of safeguarding life or protecting any part of the electricity supply system

C. a scheme of rationing not necessitated by accidental damage to the generating or supply distribution equipment

D. the inability of the supplier to maintain the electricity supply due to industrial action, riot, strike, lockout or civil commotion

E. drought or other atmospheric weather conditions, but this shall not exclude losses due to failure or fluctuation of the supply due to physical damage to the electricity supplier's equipment or property caused by such conditions

5. Perils

loss or damage by

A. fire howsoever caused

B. fire extinguishing fluid

C. explosion

D. lightning earthquake storm tempest flood inundation water aircraft or other aerial devices or articles dropped therefrom

E. subsidence or other ground movement or displacement

F. theft or attempted theft

G. riot strike lockout and civil commotion

H. accidental damage more specifically insured elsewhere.

This Exclusion shall not apply

i. when Cover One Option A is shown in the Schedule

ii. to Cover Two or Cover Three of this Section.

Exclusions (continued)

This Section does not cover

6. **Telecommunications Systems**

additional expenditure or financial loss in consequence of a failure of any telecommunications system directly or indirectly due to:

- A. the use by the Insured of equipment which is not approved by the telecommunications supplier
- B. failure of any satellite before it has obtained its full operating function or when it is in or past the final year of its design life
- C. atmospheric, solar or lunar conditions causing temporary interference with transmission to or from any satellite
- D. a deliberate act of any person or entity, other than where such act is performed for the sole purpose of safeguarding life or protecting any part of the telecommunications system
- E. the telecommunications supplier omitting to supply or withholding or restricting the services provided by it or the operation of the system
- F. the inability of the supplier to maintain the telecommunications system due to industrial action, riot, strike, lockout or civil commotion

7. **Unproven Software**

any cost incurred in consequence of the use by the Insured of software programs on which development has not been finalised or which has not passed all testing procedures and has not been successfully proven.

8. **Time Limitation**

additional expenditure commencing more than 12 months (or 1 month in the case of failure or fluctuation of the electricity supply or telecommunications system) after the date on which the Accident occurred.

9. **Wear and Tear or Gradual Deterioration**

the cost of rectification of wear and tear gradual deterioration due to atmospheric conditions or otherwise rust corrosion or oxidation or scratching of painted or polished surfaces.

10. **Value of Data**

the value to the Insured of data stored on Insured Property.

11. **Programming Errors or Design Defects**

the cost of rectifying programming errors or design defects in software and any additional expenditure or Financial Loss in consequence of such errors or defects.

This Exclusion shall not apply to additional expenditure or Financial Loss consequent on Corruption of other software caused by programming errors or design defects in any proprietary software.

12. **Inventory Losses and Unidentifiable Occurrence**

loss of the Property Insured cost or any additional expenditure or Financial Loss in consequence of

- A. disappearance or shortage only revealed when an inventory is made or
- B. the Property Insured being stolen or otherwise missing unless such loss is identifiable by the Insured with a specific occurrence which has been the subject of notification under the terms of the Claims Conditions including reporting the matter to the Police.

Exclusions (continued)

This Section does not cover

13. Other Consequential Loss

liquidated damages penalties for delay or detention or in connection with guarantees of performance or efficiency or any other form of consequential loss or damage not specifically provided for in this Section.

14. Property in Unattended Vehicle

loss damage cost additional expenditure or Financial Loss due to theft or attempted theft while the Property Insured is in an unattended vehicle unless

- A. the doors of the vehicle are locked and all its windows and other openings are fully closed and properly fastened
- B. the vehicle is in a locked garage or compound overnight
- C. the Property Insured is concealed from view
 - i. in a locked boot or covered luggage compartment in a motor car or
 - ii. in an enclosed luggage area of a van or lorry
- D. any alarm system fitted to the vehicle is activated.

15. Confiscation Civil Commotion and Similar Risks

- A. loss damage or Corruption directly or indirectly caused by confiscation nationalisation requisition or destruction of or damage to property by order of the Government or any Public Municipal or Local Authority.
- B. in the case of Property Insured outside Great Britain Northern Ireland the Isle of Man and the Channel Islands loss damage or Corruption directly or indirectly caused by warlike operations mutiny conspiracy martial law state of siege or any events or causes which determine the proclamation or maintenance of martial law or state of siege riot civil commotion strike lock-out persons taking part in labour disturbances or malicious persons acting on behalf of or in connection with any political organisation.
- C. loss damage or Corruption in Northern Ireland occasioned by or happening through or in consequence directly or indirectly of riot civil commotion and (except in respect of damage by fire and explosion) strikers locked out workers persons taking part in labour disturbances or malicious persons.

16. Radioactive Contamination

loss damage or Corruption directly or indirectly caused by or contributed to by or arising from

- A. ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel
- B. the radioactive toxic explosive or other hazardous or contaminating properties of any nuclear installation reactor or other nuclear assembly or nuclear component thereof
- C. any weapon or other device utilising radioactive material and/or matter and/or ionising radiation and/or atomic or nuclear fission and/or fusion or other like reaction.

17. Pollution or Contamination

loss damage or Corruption directly or indirectly caused by or contributed to by or arising from pollution or contamination.

This Exclusion shall not apply to cost arising from pollution or contamination of Insured Property caused directly by an occurrence which is insured by this Section.

Exclusions (continued)

This Section does not cover

18. Cyber and Data Events

- A. any Cyber Loss;
- B. any claim, loss, damage, destruction, cost, expense, or any consequential loss, directly or indirectly caused or contributed to by, arising out of or in connection with, or consisting of any Data Loss; or
- C. any cost, expense or fee incurred in replacing, reinstating, recovering, restoring or reproducing intangible elements of any Computer System, regardless of any other cause or event operating or contributing concurrently, independently or in any other sequence to cause the claim, loss or damage.

But, subject to all the terms, conditions, limitations, exclusions and endorsements to this Policy:

- i. this Exclusion will not apply to Physical Damage to Tangible Property at the Premises during the Period of Insurance by a Non-Cyber Cause which itself results from a Cyber Act or Cyber Incident, together with any additional expenditure solely and directly resulting from such Physical Damage to Tangible Property, provided always that the Policy will not cover:
 - a. any loss, costs or expenses comprising or consisting of Data Loss (including where resulting from Physical Damage to Tangible Property) other than as set out in sub-clauses (ii), (iii) and (iv) below;
 - b. any loss, distortion, erasure, corruption or alteration of or inability to access or use any other intangible property or assets or intangible elements of Computer Systems (including where resulting from Physical Damage to Tangible Property) other than as set out in sub-clauses (ii), (iii) and (iv) below;
 - c. any financial loss, business interruption or additional expenditure caused or contributed to by any Data Loss even if it results directly or indirectly from Physical Damage to Tangible Property (other than as set out in sub-clauses (ii), (iii) and (iv) below).
- ii. in the event of Corruption which is neither directly nor indirectly caused by a Cyber Act, this Exclusion will not apply to:
 - a. the costs of purchasing replacement, non-customised, off-the-shelf proprietary software;
 - b. the costs of copying the Insureds Data from back-up or from originals of a previous generation onto Data Storage Media, or of recovering the Insureds Data from other existing records, but only where such back-ups, originals of a previous generation or other Data records still exist and are accessible;
 - c. additional expenditure to the extent that it is covered under Cover Three,Provided always that the Policy will not cover:
 - d. any research and engineering costs (other than as set out in sub-clause (iii) below);
 - e. any costs of recreating, gathering or assembling Data;
 - f. any reduction in value of Data or any amount pertaining to the value of such Data to the Insured or any Third Party, even if such Data cannot be recreated, gathered, recovered or copied from back-up or from originals of a previous generation;
 - g. any financial loss or business interruption loss (with the exception of any additional expenditure covered under Cover Three) caused directly or indirectly by or contributed to by any Data Loss or by the recovery of Data or copying from back-ups or originals of any Data.
- iii. this Exclusion will not apply to research and development costs to the extent that they are covered under Basis of Settlement Adjustment Clause 16, unless such costs are incurred following Corruption which is caused directly or indirectly by a Cyber Act.

- iv. This Exclusion will not apply to Cover Four except that the Policy will not cover:
 - a. any research and engineering costs;
 - b. any costs of recreating, gathering or assembling Data;
 - c. any costs and expenses associated with recovering, restoring or recompiling any Data, other than the costs of copying the Insureds Data from back-up or from originals of a previous generation onto Data Storage Media, or of recovering the Insureds Data from other existing records, but only where such back-ups, originals of a previous generation or other Data records still exist and are accessible;
 - d. any reduction in value of Data or any amount pertaining to the value of such Data to the Insured or any Third Party, even if such Data cannot be recreated, gathered, recovered or copied from back-up or from originals of a previous generation;
 - e. any costs and expenses associated with recovering, restoring, recreating or recompiling intangible elements of Computer Systems or any other intangible property or assets, other than the costs of purchasing replacement, non-customised, off-the-shelf proprietary software;
 - f. any financial loss or business interruption loss (with the exception of any additional expenditure covered under Cover Four) caused directly or indirectly by or contributed to by any Data Loss or by the recovery of Data or copying from back-ups or originals of any Data;
 - g. any costs associated with ransomware, the payment of any ransom or financial reward or the payment of compensation to any Third Party.

For the purposes of this Exclusion

Any reference to the word 'loss' includes, but is not limited to, financial and business interruption loss, additional expenditure (including under any Extensions or Basis of Claims Adjustment Clauses), loss of interest, physical loss, loss of value, marketability or use of property (including intangible property), fines and penalties, other than where this exclusion refers specifically to a particular type of loss, such as 'physical loss' or loss comprising or consisting of loss of Data or loss of other intangible property, in which case the word 'loss' will be interpreted in the context within which it is used

19. Computer Date Recognition

loss damage or Corruption directly or indirectly caused by or consisting of or arising from the failure of any computer or other equipment or system for processing storing or retrieving data whether the property of the Insured or not

- A. correctly to recognise any data as its true calendar date
- B. to capture save or retain and/or correctly to manipulate interpret or process any data or information or command or instruction as a result of treating any date otherwise than as its true calendar date
- C. to capture save retain or correctly to process any data as a result of the operation of any command which has been programmed into any computer software being a command which causes the loss of data or the inability to capture save retain or correctly to process such data on or after any date

but this Exclusion shall not apply to subsequent loss or damage arising from or caused by fire lightning explosion aircraft or other aerial devices or articles dropped therefrom riot civil commotion strikers locked out workers persons taking part in labour disturbances malicious persons other than thieves earthquake storm flood escape of water from any tank apparatus or pipe theft or attempted theft impact by any road vehicle or animal which would but for the application of this Exclusion be insured by this Section.

Exclusions (continued)

This Section does not cover

20. Contagious and Infectious Disease

Loss, damage, destruction, cost, expense, or any consequential loss, directly or indirectly caused by, arising out of, attributable to, or contributed to by:

- A. a Contagious or Infectious Disease;
- B. the fear or threat (whether actual or perceived) of a Contagious or Infectious Disease;
- C. the presence or suspected presence of Pathogens at, in or on the premises or property of any person or entity; or
- D. any action taken or advice given (whether or not by a competent authority) to prevent, reduce, control or mitigate the occurrence, outbreak, spread or effects of a Contagious or Infectious Disease or any Pathogens,

irrespective of any other cause, occurrence or event operating concurrently, independently or in any sequence to cause the loss.

But this exclusion will not apply to Physical Damage or Corruption to Insured Property insured under the Section and any Additional Expenditure directly resulting from such Physical Damage or Corruption

For the purposes of this exclusion:

Loss includes, but is not limited to financial and business interruption loss, loss of value, marketability or use of property, fines and penalties. Cost or expense includes, but is not limited to any cost to:

- i. clean-up, detoxify, decontaminate, or remove Pathogens from any property where the property is or is feared to have been affected by Pathogens or a Contagious or Infectious Disease;
- ii. monitor or test for Pathogens or a Contagious or Infectious Disease; or
- iii. provide medical treatment for persons affected by a Contagious or Infectious Disease

Physical Damage means physical loss, physical damage or physical destruction. For the avoidance of any doubt, the presence of a Pathogen on property or contamination of property by a Pathogen does not constitute Physical Damage; Physical Damage does not include any damage, accidental or otherwise, that is not physical, to tangible Insured Property or include any legal liability, compensation or claimants costs for any loss, damage or injury

Contagious or Infectious Disease means

Any disease, illness or condition affecting humans or animals which is caused by or can be transmitted by means of any Pathogen, where the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms (including from one human to another, one animal to another, from an animal to a human or vice versa, or through contaminated water, faeces or food)

Pathogen means

Any pathogen, including but not limited to a virus, bacterium, parasite, fungus, other organism, micro-organism, any variation or mutation thereof, whether deemed living or not, or any other substance or agent capable of causing a Contagious or Infectious Disease

Section Conditions

1. Duplicate Records and Data Security

- A. The Insured shall
 - i. back up data records and update the records no less frequently than once every 7 (seven) days
 - ii. maintain up to date duplicate copies of software programs and data where possible
 - iii. store back up data records and up to date duplicate software programs away from the building where the original software programs and data is held.
- B. In respect of Cover Four the Insured shall also
 - i. verify the backed up data records for readability and where practicable restore them to the system at least once every 31 (thirty one) days and run in a full test of their integrity and ability to perform all the functions of the original data or software
 - ii. have in full effect at all times
 - 1. Anti-Virus Software
 - 2. a subscription to a virus alert service provided by Anti-Virus Software vendors
 - 3. a Firewall which applies to all connections between Property Insured and other IT equipment and networks which is reviewed at least once per month and updated where required
 - 4. a formal and written Information Security Policy
 - 5. where available a subscription to an automated update (patching) service for all software programs used by the Insured or on which they depend to operate their Business.

2. Observance of Policy Terms

The liability of the Insurer will be conditional on the Insured complying and as appropriate any other person entitled to indemnity complying as though they were the Insured with the terms of this Section.

3. Alteration In Risk

The Insured must notify the Insurer as soon as possible if during the Period of Insurance

- A. the business is wound up or carried on by a liquidator or receiver or permanently discontinued
- B. the interest of the Insured ceases other than by death
- C. there is any alteration to the facts or matters set out in the Schedule or otherwise comprising the risk presentation made by the Insured to the Insurer at inception renewal or variation of this Section which materially increases the risk of loss damage cost additional expenditure or Financial Loss.

Upon being notified of any such alteration the Insurers may at their absolute discretion

- i. continue to provide cover under this Section on the same terms
- ii. restrict the cover provided under this Section
- iii. impose additional terms
- iv. alter the premium
- v. cancel the Policy.

If the Insured fails to notify the Insurer of any material alteration of the risk the Insurer may

- 1. treat the Section as if it had come to an end as at the date of the alteration of the risk returning a proportionate amount of the premium for the unexpired Period of Insurance if the Insurer would have cancelled the Section had they known of the increase in risk
- 2. treat the Section as if it had contained such terms (other than relating to premium) or other restrictions (if any) from the date of the alteration in risk as the Insurer would have applied had they known of the increase in risk
- 3. reduce proportionately the amount paid or payable on any claim the proportion for which the Insurer are liable being calculated by comparing the premium actually charged as a percentage of the premium which the Insurer would have charged had they known of the increase in risk.

Section Conditions (continued)

4. Renewal Requirement

Within one month of expiry of each Period of Insurance the Insured shall supply details of

Cover One

- A. Premises where the Property Insured will be situated and the new replacement value of Installed Computer Equipment and Auxiliary Equipment at each of the Premises
- B. Portable Computer Equipment

Cover Two

the total cost of replacement or recompilation of Computer Media

Cover Three

the amount of additional expenditure relating to the chosen Indemnity Period

where the Indemnity Period exceeds twelve months (12) being less than the Estimate a pro rata return of premium not exceeding 50% (fifty percent) of the premium paid will be made in respect of the difference.

If the declaration proportionately increased where the Indemnity Period exceeds twelve months (12) is greater than the Estimate the Insured shall pay a pro rata additional premium in respect of the difference.

If any Accident shall have occurred giving rise to a claim under this Section the Insurer will increase the declaration for the purpose of premium adjustment by the amount by which the Gross Profit or the Revenue was reduced during the financial year in consequence of the Accident.

5. Non Invalidation

Where the risk of Accident is increased solely due to an act omission or alteration unknown to the Insured General Condition 1 Fair Presentation of Risk and Section Condition 3 Alteration In Risk shall not apply

Provided that

- A. immediately the Insured becomes aware of the act omission or alteration they provide notice to the Insurer and
- B. pay any additional premium required by the Insurer.

Section Claims Conditions

1. Options for Claims Settlement

- A. The Insurer may at their option repair reinstate or replace what is lost or damaged or pay for the loss or damage in money.
If any Property Insured is to be reinstated or replaced by the Insurer the Insured shall provide all such plans documents books and information as may reasonably be required and other than as provided for under Basis of Settlement 18 Claims Preparation Cost (including Accountants Fees) the Insured shall do so at their own expense.
The Insurer shall not be bound to reinstate exactly but only as circumstances permit and in a reasonably sufficient manner
- B. The Insurer shall not be liable for the cost of any repairs undertaken without their written consent except in urgent cases where it has been necessary to put minor repairs in hand
Provided that
1. the requirements of General Conditions 3 and Claims Condition 4 have been complied with and
 2. the repairs are carried out to the satisfaction of the Insurer
- C. Where loss or damage is confined to a part of an item the Insurer shall be liable for the value of that part plus the cost of any necessary dismantling and erection for which the Insured is responsible
- D. The Insurer shall only be liable for cost additional expenditure or Financial Loss resulting from the period of repair or replacement of the part plus necessary dismantling and erection for which the Insured is responsible
- E. The Insured shall not be entitled to abandon any property to the Insurer whether taken into the possession of the Insurer or not.

2. Additional Claims Conditions

In the event of any occurrence giving rise or likely to give rise to a claim under this Section the Insured shall at their own expense deliver to the Insurer

- A. within 30 (thirty) days after such occurrence (28 (twenty-eight) days in the case of loss or damage by riot civil commotion strikers locked-out workers persons taking part in labour disturbances malicious persons or theft) or such further time as the Insurer may allow in writing
- i. full information in writing of the Property Insured and the amount of loss or damage
 - ii. details of any other insurances on the Property Insured covered by this Section
- B. all such proof and information relating to the claim as may reasonably be required
- C. if required a statutory declaration of the truth of the claim and of any matters connected with it.

The Insurer will not pay for any claim unless the terms of this Claims Condition have been complied with and any payment on account already made shall be repaid to the Insurer.

3. Fraud or Wilful Act

If a claim is fraudulent in any respect or if fraudulent means are used by the Insured or by anyone acting on their behalf to obtain any benefit under the Section or if any loss or damage is caused by the wilful act or wilful neglect of the Insured all benefit under the Section shall be forfeited.

4. Other Insurance

The Insurer will not indemnify the Insured in respect of loss damage cost additional expenditure or Financial Loss which is insured by or any excess beyond the amount payable under the other policy or which would have been payable under the other policy had this insurance not been effected.

Section Claims Conditions (continued)

5. Subrogation

Any claimant under this Section shall at the request and expense of the Insurer take or permit to be taken all necessary steps for enforcing rights against any other party in the name of the Insured before or after any payment is made by the Insurer.

6. Arbitration

If any difference arises as to the amount to be paid under this Section such difference shall be referred to an arbitrator to be appointed by the parties in accordance with statutory provisions Where any difference is by this Condition to be referred to arbitration the making of the award shall be a condition precedent to any right of action against the Insurer.

7. Waiver of Subrogation Rights

Notwithstanding Section Claims Condition 4 Subrogation of this Section the Insurer agree to waive any rights against any parent company and/or subsidiary company whose activities are conducted and/or managed by the Insured in whole or in part and/or any shared time users of the Computer Equipment arising out of any payment made under this Section.

Provided that

- A. the Insured does not receive any form of indemnity or damages or other compensation from such company and/or user and
- B. any such company and/or user shall as though they were the Insured observe fulfil and be subject to the terms limitations and Conditions of this Section and Policy.

8. Alternative Premises

If during the Indemnity Period goods shall be sold or services shall be rendered elsewhere than at any Premises specified in the Schedule for the benefit of the Business either by the Insured or by others on their behalf the money paid or payable to the Insured in respect of such sales or services shall be brought into account in arriving at the Turnover or Revenue during the Indemnity Period.

9. Average

If at the time of the loss or damage the sum representing 85% (eighty five percent) of the new replacement value of Property Insured under Cover One exceeds the sums declared by the Insured for the purpose of calculation of premium the Insured shall be considered as being their own insurer for the difference and shall bear a rateable share of the loss or damage accordingly. For the purpose of this Condition reference to the Property Insured shall not include additional property for which insurance is provided by Basis of Settlement Adjustment 5 Additional Equipment.

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