

# 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**.

### Corruption

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

**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 or **Financial Loss** is incurred beginning immediately following an **Accident** and continuing for a period no longer than the Indemnity Period shown in the **Schedule**.

**Property Insured**

**Computer Equipment Computer Media and Auxiliary Equipment.**

**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.

**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**.

**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 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.

## 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

Provided that **the Insurers** liability for 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**

### 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
  - ii. been incurred or
- 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 not performed for the sole purpose of safeguarding life or protecting any part of the supply system

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

C. the inability of the supplier to maintain the supply system due to industrial action

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. the deliberate act of any telecommunications supplier to withhold or restrict operation of the system or the inability of the supplier to maintain the system due to industrial action

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 or **Financial Loss** commencing more than 12 months 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. War and Kindred Risks

- A. loss damage or **Corruption** directly or indirectly caused by war invasion act of foreign enemy hostilities (whether war be declared or not) civil war rebellion revolution insurrection or military or usurped power confiscation nationalisation or requisition or destruction of or damage to property by order of the Government Public Municipal or Local Authority.
- B. in the case of **Insured Property** 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 lockout persons taking part in labour disturbances or malicious persons acting on behalf of or in connection with any political organisation.

### 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. **Terrorism**

loss damage or **Corruption** directly or indirectly caused by resulting from or in connection with

A. in respect of England Wales and Scotland but not the territorial seas adjacent thereto as defined by the Territorial Sea Act 1987:

- i. any act of **Terrorism** regardless of any other cause or event contributing concurrently or in any other sequence to the loss
- ii. any action taken in controlling preventing suppressing or in any way relating to any act of **Terrorism**

In respect of **A.** above an act of **Terrorism** means:

Acts of persons acting on behalf of or in connection with any organisation which carries out activities directed towards the overthrowing or influencing by force or violence of Her Majesty's government in the United Kingdom or any other government de jure or de facto.

B. in respect of territories other than those stated in a above:

- i. any act of **Terrorism** regardless of any other cause or event contributing concurrently or in any other sequence to the loss
- ii. any action taken in controlling preventing suppressing or in any way relating to any act of **Terrorism**
- iii. riot or civil commotion in Northern Ireland

In respect of **B.** above an act of **Terrorism** means:

Any act including but not limited to the use of force or violence and/or the threat thereof of any person or group(s) of persons whether acting alone or on behalf of or in connection with any organisation(s) or government(s) committed for political religious ideological or similar purposes including the intention to influence any government and/or to put the public or any section of the public in fear.

In any action suit or other proceedings where the **Insurer** allege that by reason of this **Exclusion** any loss damage or liability is not covered by this **Section** the burden of proving the contrary shall be on **the Insured**.

In the event any part of this **Exclusion** is found to be invalid or unenforceable the remainder shall remain in full force and effect.

## Exclusions (continued)

This **Section** does not cover

### 19. **Cyber Event**

**A.** Damage to, loss, destruction, distortion, erasure, corruption, alteration, theft or other dishonest, criminal, fraudulent or unauthorised manipulation of **Electronic and Digital Data** due to **Computer Attack** or loss of use, reduction in functionality, loss, cost, expense and/or fee of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss or damage.

**B.** However, in the event that an **Insured Event** listed below results from any of the matters described in a. above, this **Section**, subject to all its terms, provisions, conditions, exclusions and limitations, will cover a direct physical damage and/or a consequential loss therefrom occurring during the **Period of Insurance to Property Insured** by this **Section** directly caused by such an **Insured Event** to the extent covered and not otherwise excluded under this Section.

#### **Insured Event:**

Any loss or damage other than loss or damage due to or caused by malicious persons

For the purposes of this **Exclusion**

**Electronic and Digital Data** means data of any kind including, but not limited to, facts, concepts, or other information in a form useable by computers or other electronic or electromagnetic data processing equipment. **Electronic and Digital Data** shall also include computer software and all other coded instructions for the processing or manipulation of data on any equipment.

**Computer Attack** means any malicious direction of network traffic, introduction of malicious computer code, **Virus or Similar Mechanism, Hacking** or other malicious attack directed at, occurring within, or utilising the computer system or network of whatsoever nature.

This **Exclusion** does not apply to **Cover Four**

### 20. **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**.

21. **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. 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

### 3. 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

### 4. 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**.

### 5. 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**.

## Section Claims Conditions (continued)

### 6. 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**.

### 7. 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**.

### 8. 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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