

COMPUTER EQUIPMENT

SUBSECTION A: MATERIAL DAMAGE

Defined Events

Physical loss or damage to the property insured described in the schedule owned by the insured or for which they are responsible from any cause not hereinafter excluded whilst

- (a) At work or at rest anywhere within the Insured's premises as specified
- (b) In transit including loading and unloading or whilst temporarily stored at any premises or route
- (c) Temporarily removed from the Insured's premises to any other location for the purposes of repair, upgrade or temporary secondment.

Exceptions to Subsection A

The Company will not be liable to indemnify the Insured irrespective of the original cause in respect of:

1. The first amount payable as stated in the schedule in respect of Subsection A, of each and every occurrence giving rise to a claim. Where more than one item of property insured suffers from physical loss or damage in any one occurrence, the first amount payable shall be the highest single amount applicable to such property insured.
2. Derangement unless accompanied by physical damage otherwise covered by this section
3. Loss or damage recoverable in terms of any maintenance and/or leasing agreement affected by or on behalf of the Insured covering the insured equipment
4. Faults or defects known to the Insured (or their responsible employees) at the time this insurance was arranged or during the currency of the insurance and not disclosed to the Company or any consequences thereof
5. Wastage of material or the like or wearing out of any part of the property insured caused by or naturally resulting from ordinary usage or working or other gradual deterioration, development of poor contacts or scratching of painted or polished surfaces of a cosmetic nature
6. Parts having a short life such as (but not limited to) bulbs, valves, contracts, X-ray tubes, cathode ray tubes, thermionic emission tubes, fuses and sacrificial buffer circuits. If such parts are damaged as a result of physical loss or damage as provided for by this subsection to other parts of the property insured, the Company shall indemnify the Insured for the residual value prior to the loss of such exchangeable parts
7. The cost of reproducing data and/or programs whether recorded on cards, tapes, discs or otherwise unless specifically provided for in Subsection B hereof
8. Loss of use of the property or other consequential loss, damage or liability of whatsoever nature other than losses specifically provided for herein
9.
 - (a) loss by theft or by disappearance of the property insured unless accompanied by forcible and violent entry to or exit from the insured premises/situation
 - (b) Loss of the property insured by theft during transit or whilst temporarily removed from the insured premises unless identifiable by the Insured with a specific incident which has been immediately reported to the police and the Company.

The Company shall not indemnify the Insured for the theft of the property insured from any motor vehicle where the property insured has been

- (a) Left in the motor vehicle overnight unless the vehicle is housed in a securely locked building and entry to such vehicle or building is accompanied by forcible and violent entry or exit
- (b) Not contained in a fully locked compartment of the motor vehicle and is visible to passers-by

Provided that:

- (a) And (b) above shall not apply to theft of the property insured where the transport vehicle:
 - (i) Has been hijacked or
 - (ii) Has been involved in a road accident or sustains a breakdown and, due to circumstances beyond the control of the vehicle crew/driver, the property insured is of necessity left unprotected.

Basis of Indemnification

- (a) **Partial loss**
If the property insured is damaged and can be repaired, the Company will pay the restoration expenses reasonable and necessarily incurred to restore the computer to do exactly what it did before it was damaged.
- (b) **Total loss**
In cases where the property insured is totally lost or destroyed, the Company will pay for a new computer provided that the new computer may not be exactly the same as the damaged computer but it will be able to do everything that the damaged computer could do and will be of the same capacity. If this is not possible, then the computer will be replaced by the nearest higher performance and or capacity computer including any freight, dues and customs duties less the value of the salvage. The Company will not pay more than the sum insured stated in the schedule.
- (c) **Software and programs**
The Company will not pay more than the sum insured stated on the schedule for any specified item

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Specific Condition

Average

If at the time of repair, replacement or reinstatement the sum representing the cost which would have been incurred in repair, replacement or reinstatement if the whole of the property insured had been lost or damaged exceeds the sum insured thereon at the time of any loss of or damage to such property then the Insured shall be considered as being his own insurer for the difference and shall bear a rateable proportion of the loss accordingly. Each item of this section (if more than one) to which these conditions apply shall be separately subject to this provisions.

Limit of Liability

The amount of liability shall not exceed in respect of each or any of the items specified in the schedule the sums insured set opposite thereto respectively and in addition thereto, the following

- (a) **Architects' and other professional fees**
Professional fees necessarily and reasonably incurred in the repair or reinstatement of property following indemnifiable loss or damage provided that the total amount payable in respect of such fees does not exceed 15% of the total amount of the claim but shall not include expenses incurred in connection with the preparation of the Insured's claim.
- (b) **Clearance costs**
Costs necessarily and reasonable incurred by the Insured in respect of demolition or dismantling of property and/or removal of debris and in providing, erecting and maintaining hoardings and other similar structures required during demolition, dismantling, debris removal and reconstruction following indemnifiable loss of or damage to such property, provided that the total amount recoverable does not exceed 15% of the total amount of the claim.
- (c) **Express delivery and overtime**
Extra charges for express delivery, airfreight, overtime Sunday and holiday rates of wages are payable in respect of the necessary and reasonable additional costs incurred by the Insured for effecting repairs or replacement approved by the Company limited to 50% of the amount which the repair or replacement would have cost had these additional costs not been incurred.

Clauses and Extensions (applicable to Sub-Section A)

Power surge or lightning strikes

All loss or damage to the property insured by power surges or lightning strikes will be subject to an additional excess of 10% of the net amount payable for the items so damaged subject to a minimum of R2,000. However, should the property insured be appropriately and adequately protected by suitable safeguards against electrical supply fluctuations, then this additional excess will be waived.

The burden of proof that such property is suitably protected (as required) will rest with the Insured and such proof is to be submitted at the time of the claim.

Fire Extinguishing Charges Clause

Any costs relating to the extinguishing or fighting of fire, shall be deemed to be damage to the insured property and shall be payable in addition to any other payment for which the Company may be liable in terms of this section provided the Insured is legally liable for such costs and the insured property was in danger from the fire. The indemnity under this section is limited to R10,000 any one period of insurance.

Tenants

This insurance will not be invalidated by any act or neglect on the part of a tenant of the Insured (where the Insured owns the building) or another tenant or the owner of the building (where the Insured is a tenant) provided that the Insured notifies the Company as soon as such act or neglect comes to his knowledge and pays on demand the appropriate additional premium.

Hire purchase/Finance agreements

Where the Company has knowledge of the property insured or any individual item thereof being the subject of a suspensive sale or similar agreement, payment hereunder shall be made to the owner described therein whose receipt shall be a full and final discharge to the Company in respect of loss or damage indemnifiable by this subsection of the policy.

SUBSECTION B: CONSEQUENTIAL LOSS

Defined Events

The insurance provided by this subsection of the policy (if stated in the schedule) shall be subject to the limits of indemnity stated in the schedule and shall include

- (i) **Increased cost of working**
The insurance under this item is limited to the additional expenditure necessarily and reasonably incurred by the Insured during the indemnity period in consequence of the accident for the sole purpose of avoiding or diminishing the interruption of or interference with the normal business of the Insured

Less any sum saved during the indemnity period in respect of such of the charges and expenses of the business as may cease or be reduced in consequence of the accident.

The indemnity by this item shall not apply directly or indirectly to

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- (a) The cover provided for in item (ii) of this subsection of the policy
 - (b) The intrinsic value (including reinstatement value) of the property insured by Subsection A of this section.
- (ii) Reinstatement of data/programs
Costs and expenses necessarily and reasonably incurred by the Insured for the reconstitution or recompilation of data and/or Programs recorded on or stored in data-carrying media which is lost as a result of accidental erasure (which shall include the Events defined in the indemnity clause to Subsection A of this Policy) or by theft or by the deliberate wilful or wanton intention Of causing the cancellation or corruption of data or programs as provided for in Subsection A of this Policy Provided always that
- (a) the indemnity shall not extend to nor include such costs incurred due to program errors, incorrect entry or the inadvertent cancellation or corruption of data and/or
 - (b) In respect of each and every occurrence or series of occurrences arising out of or in connection with any one event indemnifiable by this item, the Insured shall bear the amount stated in the schedule as the first amount payable
 - (c) Where the Insured elects to insure programs (software), a schedule of such programs shall be lodged with the Company at the commencement of each period of insurance.

Definitions

Indemnity period

The period during which the results of the business shall be affected in consequence of the accident beginning the number of hours/days detailed in the schedule as the time exclusion after the occurrence of the accident and ending not later than the expiry of the period detailed in the schedule as the indemnity period after such occurrence.

The time exclusion shall not apply to loss or damage directly caused by fire, storm (excluding lightning), subsidence, wind or the collapse of buildings.

Accident

1. (Applicable to increased cost of working only) physical loss of or damage to the property insured described in the schedule of property insured from any cause as provided for under Subsection A of this Policy, liability under which subsection shall, except for the provisions relating to the first amount payable or the maintenance/lease agreements, be a condition precedent to liability hereunder.
2. Failure of the public supply of electricity at the terminal ends of the service feeders in the premises from any accidental cause other than
 - (a) The deliberate act of the Insured or any supply authority
 - (b) Drought or shortage of fuel at any electricity utility.

Special conditions applicable to failure of the public supply of electricity

- (a) The liability of the Company shall not exceed the sum insured by this subsection.
- (b) The indemnity period shall commence 12 hours after the failure and end not later than 30 days after such failure.

The Limit of Liability

The liability of the Company shall not exceed the amounts specified in the schedule (relating to Subsection B) in respect of any one accident or series of accidents arising out of or in connection with any one event.

In the event of the payments by the Company of any sum or sums in discharge of the Company's liability in terms of this subsection of this Policy, the sum(s) insured shall automatically be reinstated for the remainder of the current period of insurance.

The Insured shall pay to the Company the additional premium required by the Company calculated pro rata from the day of the accident to the end of the period of insurance.

Specific Exceptions to Subsection B

Unless specifically provided for

1. Fines and damages
The Company shall not be liable to indemnify the Insured in respect of fines or damages for breach of contract for late or non-completion of orders or any penalties of whatsoever nature
2. Loss of profit
The Company shall not be liable to indemnify the Insured in respect of loss of profit or consequential loss of whatsoever nature unless specifically provided for herein.

Clauses and Extensions

Reinstatement

Notwithstanding anything to the contrary contained in this subsection, it is hereby declared and agreed that, in the event of any interruption, following loss or damage, being aggravated by:

- (a) The Insured being unable or unwilling to replace or reinstate property destroyed or damaged, or failing to carry out such replacement or reinstatement within a reasonable time, or
- (b) Addition, alteration or improvements being effected to the property insured on the occasion of this repair,

The Company's liability under his section shall be related solely to the business interruption which would have arisen in the absence of (a) and (b).

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Voice and Data Access Lines (if stated in the schedule to be included)

Subject to the limits specified in the schedule, consequential loss as provided for under defined events (i) and (ii) of Subsection B arising from accidental failure of the voice and data access lines is included, provided always that the insurance under this extension shall be subject to the special conditions below.

Special Conditions Applicable to Voice and Data Access Lines

- (a) The liability of the Company shall not exceed the sum insured by this subsection.
- (b) The indemnity period shall commence 12 hours after the failure and end not later than 30 days after such failure.
- (c) The insurance provided does not cover loss occasioned by the deliberate act of any Access authority or by the exercise of such Access authority of its power to withhold or restrict access to its lines.

General Memoranda

Memo 1 – Capital additions and currency fluctuations

The indemnity by this section shall include

- (a) additional equipment or programs purchased by the Insured of a similar nature to that specified in the schedule, provided that, in respect of loss or damage due to electrical or mechanical breakdown or explosion, the insurance shall only commence after satisfactory completion of installation or commissioning/testing and put into use at the Insured's premises
- (b) provision for devaluation or revaluation of the currency of the republic of South Africa against that of the country of origin of the property insured and other inflationary trends, which may result in the escalation of the sum insured (representing the installed new replacement value) of the property insured

Provided that the increase shall not exceed, by more than 25% the total sum insured for Subsection A specified in the schedule, it being agreed that the Insured will advise the Company of such alterations at the expiry of the period of insurance and pay the appropriate premium thereon but not exceeding 50% of the difference.

Memo 2 – Prevention of access

If, during the indemnity period, the business at the premises be interrupted or interfered with in consequence of the Insured being prevented from having access to the property insured situated at the premises caused by damage to property within a 10 km radius of the insured premises as described in the schedule by fire, lightning, explosion, storm, tempest, flood, water inundation, earthquake or impact by vehicles, the Company shall indemnify the Insured for loss resulting from such interruption or interference in accordance with the provisions contained herein

Provided that

The Insured is not entitled to indemnity as provided for in this extension under any other policy or section of this Policy
This section shall not be brought into contribution with any other policy or section of this Policy bearing a like extension.

Special Exceptions (Applicable to Subsections A & B)

Viruses, Trojans and worms

The Company shall not indemnify the Insured for loss or damage of whatsoever nature arising directly or indirectly out of or in connection with the action of any ELECTRONIC EQUIPMENT virus, Trojan or worm(s) or other similar destructive media.

General Extension

Incompatibility covers (if stated in the schedule to be included)

Notwithstanding anything contained to the contrary in the policy, the indemnity by Subsection a & B of this section shall indemnify the Insured for costs incurred in respect of

- (a) Modifications or alterations to the property insured directly consequent upon indemnifiable loss or damage to ensure the operating integrity of the electronic system
- (b) Replacement or upgrading of legal programs to achieve compatibility with the modified or altered electronic system
- (c) the restoration of previously captured data which has become inaccessible due to the modifications to or alterations of the electronic system or in consequence of the replacement or upgrading of legal programs;

Provided always that

- (1) The costs provided for in (a), (b) and (c) above shall be necessarily and reasonably incurred to maintain normal working conditions
- (2) Such additional costs shall be incurred as a direct consequence of indemnifiable loss or damage in terms of Subsections A or B (item ii) of this section of the policy
- (3) The cover afforded hereunder shall be restricted to
 - (i) Parts or components of the electronic system which are not indemnifiable under Subsection A hereof
 - (ii) Programs or data reinstated not indemnifiable under item (ii) of Subsection B hereof;
- (4) the indemnity by this extension shall, in respect of any one event, be limited in the aggregate to twenty per cent (20%) of the applicable total sum insured under Subsection A – The limit of indemnity and Subsection B – item (ii) hereof or R25 000, whichever is the lesser.

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Specific Conditions

1. This section shall be avoidable if the nature of the risk is materially altered without the prior written consent of the Company.
2. Burglar Alarm Warranty (if stated in the schedule to be included)
If the Company requires an alarm system as noted in the policy schedule, the Company will only pay the Insured for theft and burglary if:
 - a) a radio alarm system is installed in the premises by an approved SAIDSA installation company
 - b) the radio alarm is linked to a control room at an armed response company. When the alarm is activated it will sound an alarm at the control room of the alarm company, which should trigger a response from the security company to attend to the premises. The Company will require proof in the event of a loss (report)
 - c) the alarm system is fully armed whenever the main building is left unattended and/or unoccupied or the Insured is not open for business unless the Insured or a member of the Insured's staff or family is on the premises. The Company will require proof in the event of a loss (report)
 - d) the alarm system is maintained in proper working order and must be tested AT LEAST ONCE EVERY 6 (SIX) MONTHS with the armed response company
 - e) the Company will not cover loss or damage to the Insured property following the use of the keys/ card key of the alarm or any duplicate key/ card key unless such keys/ card keys were obtained with violence or threat of violence to the Insured, the Insured's staff, guests or members of the Insured's family