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## QScheme Wording 0716

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### DEFINITIONS

For the purposes of this Policy the words or terms that appear in **bold** will be interpreted as follows:

#### **Circumstance**

Shall mean any circumstance or state of affairs or event which might reasonably be expected to give rise to a claim against the **Insured** or a claim by the **Insured** under the Policy.

#### **Computer system**

Shall mean any computer, data processing equipment, media or part thereof, or system of data storage and retrieval, or communications system, network, protocol or part thereof, or any computer software (including but not limited to application software, operating systems, runtime environments or compilers), firmware or microcode, or any electronic documents utilised in the ownership, security and management of the **Insured's** electronic communications system, world-wide web site, internet site, intranet site, extranet site or web address(es).

#### **Defence costs and expenses**

All costs and expenses incurred, with the prior consent of the **Insurer**, in the investigation, defence and settlement of any claim first made against the **Insured** or of any **Circumstance** first notified during the **Period of insurance**.

#### **Deliverables**

Shall mean any hardware, firmware, peripherals, software, cabling or electronic equipment.

#### **Employee**

Is

- a) any person employed by the **Insured** under a contract of service, training or apprenticeship, and
- b) any voluntary worker, and
- c) any locum, seasonal or temporary personnel, and
- d) any self employed person, who is not an independent contractor, and
- e) any person supplied or remunerated through a contract hire company or agency, who is not an independent contractor but is employed by the contract hire company on a supply only basis, working as a member of the **Insured's** staff,

but only if such person is working under the **Insured's** direction, control and supervision.

#### **Excess**

Is the first amount paid in respect of each claim as stated in the Schedule. The **Excess** is not payable in respect of **Defence costs and expenses**.

#### **Financially associated person or entity**

Shall mean:

- a) any business controlled or managed by the **Insured** or in which the **Insured** has an executive interest;
- b) any company in which the **Insured** directly or indirectly owns or controls more than 15% of the issued share capital;
- c) any person having an executive or managerial role in the **Insured** or who would be considered to be a shadow director (as defined in s.251 of the Insolvency Act 1986) of the **Insured**;
- d) any company that directly or indirectly owns or controls any of the issued share capital of the **Insured** or any of whose issued share capital is directly or indirectly owned or controlled by any other company or person who directly or indirectly owns or controls any of the issued share capital of the **Insured**.



**Indemnity limit**

shall mean the **Insurer's** total liability to pay damages, claimant's costs, fees and expenses, and shall not exceed:

- a) in the case of any claim arising directly or indirectly from any **Virus** the sum stated in the Schedule inclusive of **Defence costs and expenses** in respect of any one claim or series of claims arising out of one originating cause and in total for all claims first made during the **Period of insurance**;
- b) in all other cases (except where specific sums are stated in the Insuring Clauses of the Policy) the sum(s) stated in the Schedule in respect of any one claim or series of claims arising out of one originating cause regardless of the number of persons claiming an indemnity from the **Insurer** under the terms of this Policy.

If more than one person is entitled to an indemnity under the terms of this Policy then the **Insurer's** total liability to all such persons shall not exceed the **Indemnity limit**. For the avoidance of doubt, **Indemnity Limit** (a) is not additional to and shall not increase the sum(s) stated in the Schedule.

**Insured**

Is any person or firm stated in the Schedule and includes any current or previous partner, director, principal, member or **Employee** of any firm or company stated in the Schedule and any other person who becomes a partner, director, principal, member or **Employee** of the firm.

**Insurer**

Means HCC International Insurance Company PLC.

**IT Services**

means any services provided in the ordinary course of the **Insured's Professional business** including but not limited to data processing, data warehousing, domain name registration, the provision of outsourced services, systems analysis and design, telecommunications and data services, website design and web hosting services.

**Period of insurance**

Is that as stated in the Schedule.

**Personal appointment**

Is any individual appointment of a professional nature arising out of the ordinary professional activities of the **Insured** other than any appointment as a director or officer of a company or as a trustee.

**Professional business**

Is the business of the **Insured** as stated in the Schedule including the holding of any **Personal appointment**.

**Proposal**

Shall mean the written proposal and any renewal declaration signed by the **Insured** together with any other information supplied by the **Insured** to the **Insurer** before inception or renewal of this Policy.

**Virus**

Shall mean any unauthorised executable code that replicates itself through a **Computer system** or network whether termed a virus, logic bomb, worm, Trojan Horse or known by any other name.



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## INSURING CLAUSES

In consideration of the premium having been paid to the **Insurer**, the **Insured** is indemnified as follows:

### 1. Indemnity

Up to the **Indemnity limit** for claims first made against the **Insured** during the **Period of insurance** for which the **Insured** is legally liable to pay damages (including claimant's costs and expenses) and arising out of the ordinary course of the **Professional business**, in consequence of:-

- a) Breach of professional duty;
- b) Breach of a contract to design or supply **Deliverables** or **IT Services** caused by:
  - a) any failure of the **Deliverables** or **IT Services** to conform with any written specification incorporated into a contract in which contract the **Insured** has warranted that the **Deliverables** or **IT Services** will conform with the specification;
  - b) the existence of a material defect in the **Deliverables** or **IT Services**;
  - c) the failure of the **Deliverables** or **IT Services** to meet any term implied by statute as to quality, fitness for purpose or the safety of the **Deliverables** or **IT Services**;
- c) Libel or slander;
- d) Unintentional breach of confidentiality or privacy;
- e) Unintentional infringement of intellectual property rights.

### 2. Defence costs and expenses

In respect of Insuring Clause 1), other than claims arising directly or indirectly from any **Virus**, the **Insurer** will pay in addition to the **Indemnity limit** all **Defence costs and expenses** provided that

- a) if a paid claim exceeds the **Indemnity limit** the **Insurer** will only be liable for that proportion of the **Defence costs and expenses** which the **Indemnity limit** bears to the amount of the paid claim.
- b) in the event that the **Insurer** elects to make a payment to the **Insured** pursuant to Notification and Claims Condition 2.2 then the **Insurer** shall have no liability to pay **Defence costs and expenses** incurred after the date upon which such payment is made.

### 3. Indemnity to Principals

If the **Insured** so requests, **Insurers** will indemnify any Principal with whom the **Insured** has entered into an agreement as far as is necessary to meet the requirements of such agreement but only in respect of liability incurred to independent third parties arising directly from the services performed by the **Insured** and subject always to the terms and conditions of this Policy.

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## EXCLUSIONS

The **Insurer** shall not be liable to indemnify the **Insured** against any claim:

### 1. Employers Liability

Arising directly or indirectly from bodily injury, sickness, disease, psychological injury, emotional distress, nervous shock or death sustained by any **Employee** arising out of or in the course of their employment by the **Insured**, or for any breach of any obligation owed by the **Insured** as an employer to any partner, principal, director, member or **Employee** or applicant for employment;

### 2. Bodily Injury/Property Damage

For bodily injury, sickness, disease, psychological injury, emotional distress, nervous shock or death sustained by any person or any loss, damage or destruction of property unless such claim emanates from negligent advice, design, specification, formula or other breach of professional duty by the **Insured**;



**3. Land Buildings etc**

Arising directly or indirectly from the ownership, possession or use by or on behalf of the **Insured** of any land, buildings, aircraft, watercraft, vessel or mechanically propelled vehicle;

**4. Dishonesty**

Arising directly or indirectly from any dishonest, fraudulent, malicious or illegal act or omission of the **Insured** or any **Employee**;

**5. Contractual Liability**

Arising directly or indirectly

- a) from any breach or alleged breach of any contractual duty or duty of care owed or alleged to have been owed by the **Insured** to any third party and which is more onerous than any duty that would otherwise be implied by common law or statute except as covered by Insuring Clause 1b);

from any contract where, before entering into or extending a contract, the **Insured** failed to take reasonable steps to ensure that it could fulfil all of its obligations in accordance with the terms of the contract or any representations made by or on behalf of the **Insured**;

**6. Products**

Arising out of or relating to:

- a) goods or products sold, supplied, repaired, altered, manufactured, installed or maintained other than **Deliverables**; or
  - b) buildings, building works or physical structures constructed, repaired, installed, erected, removed or demolished
- by the **Insured** or any related company or sub-contractor of the **Insured**;

**7. Insolvency/Bankruptcy of Insured**

Arising out of or relating directly or indirectly to the insolvency or bankruptcy of the **Insured**;

**8. Seepage and Pollution**

Based upon, arising out of or relating directly or indirectly to, in consequence of or in any way involving seepage, pollution or contamination of any kind;

**9. Circumstances known at inception**

Arising out of any **Circumstance** of which the **Insured** was, or ought reasonably to have been, aware at inception of this Policy, whether notified under any other insurance or not;

**10. Other Insurance**

In respect of which the **Insured** is entitled to indemnity under any other insurance except in respect of any excess beyond the amount which is payable under such other insurance;

**11. Geographical Limits**

In respect of work carried out outside the Geographical Limits stated in the Schedule;

**12. Legal Action**

In respect of an action for damages

- a) brought outside the Jurisdiction stated in the Schedule (the "Jurisdiction") (including the enforcement within the Jurisdiction of a judgment or finding of another court or tribunal that is not within the Jurisdiction),
- b) in which it is contended that the governing law is outside the Jurisdiction,
- c) brought outside the Jurisdiction to enforce a judgment or finding of a court or other tribunal in any other jurisdiction.

Where no Jurisdiction is specified in the Schedule then the Jurisdiction shall be Worldwide but excluding



1. the United States of America, its territories and/or possessions or
2. Canada;

**13. Fines and Penalties**

For penalties, fines, multiple, exemplary, liquidated or other non-compensatory damages awarded other than in actions brought for defamation as far as they are covered by the Policy;

**14. Claims by Financially associated persons or entities**

Made upon the **Insured** by any **Financially associated person or entity** whether alone or jointly with any other person or entity. However, this exclusion shall not apply to any claim brought against such **Financially associated person or entity** by an independent third party and which would, but for this exclusion, be covered by this Policy;

**15. Retroactive Date**

Made by or against the **Insured** arising from any act or omission that occurred prior to the Retroactive Date stated in the Schedule;

**16. Radioactive contamination or explosive nuclear assemblies**

Directly or indirectly caused by or contributed to by or arising from

- a) ionising radiation or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel or
- b) the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof;

**17. Excess**

For an amount less than the **Excess**. The **Excess** shall be deducted from each and every claim paid under the Policy.

**18. War**

Arising directly or indirectly out of, happening through or in consequence of, war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalisation or requisition or destruction of or damage to property by or under the order of any government or public or local authority;

**19. Terrorism**

Arising directly or indirectly out of, happening through or in consequence of any act or acts of force or violence for political, religious or other ends directed towards the overthrowing or influencing of any government, or for the purpose of putting the public in fear by any person or persons acting alone or on behalf of or in connection with any organisation.

In the event of any dispute as to whether or not this exclusion applies the **Insured** shall have the burden of proving that this exclusion does not apply;

**20. Asbestos & Toxic Mould**

Arising directly or indirectly out of or resulting from or in consequence of or in any way involving:

- a) Asbestos or any materials containing asbestos in whatever form or quantity; or
- b) the actual, potential, alleged or threatened formation, growth, presence, release or dispersal of any fungi, moulds, spores or mycotoxins of any kind; or
- c) any action taken by any party in relation to the actual, potential, alleged or threatened formation, growth, presence, release or dispersal of (to include the investigation of, testing for, detection, monitoring, treating, remediating or removal of) any fungi, moulds, spores or mycotoxins of any kind whether in response to any governmental or regulatory order, requirement, directive, mandate, decree or otherwise.

In the event of any dispute as to whether or not this exclusion applies the **Insured** shall have the burden of proving that this exclusion does not apply;



**21. Other Appointments**

Made against any **Insured** in the capacity of:

- a) director or officer of the **Insured** or of any other company or arising out of the management of the **Insured** or of any other company or
- b) trustee of any trust or as officer or employee of any pension fund or any other employee benefit scheme, whether for the benefit of members or **Employees** of the **Insured** or otherwise;

**22. Trading Losses**

Arising out of:

- a) any trading loss or trading liability incurred by any business managed or carried on by the **Insured** (including the loss of any client account or business);
- b) the actual or alleged over-charging or improper receipt of fees by the **Insured**;

**23. Virus**

Arising directly or indirectly from any **Virus** provided that this exclusion shall not apply in respect of any claim made for loss suffered by an independent third party as a result of the transmission of a **Virus** unless the **Virus** was created by the **Insured**;

**24. Patents**

Notwithstanding Insuring Clause 1e) arising directly or indirectly from the infringement of any patent;

**25. Obscenity**

Arising directly or indirectly from any obscenity, blasphemy or pornographic material;

**26. Libel and Slander**

For damages for libel or slander arising directly or indirectly from statements made or published by the **Insured** unless the **Insured** can demonstrate that it neither knew nor ought reasonably to have known that the statement was defamatory at the time that it was published;

**27. Restricted Recovery Rights**

Where the **Insured's** right of recovery from any third party in respect of that claim has been restricted by the terms of any contract entered into by the **Insured**;

**28. Recall costs**

For the costs and expenses incurred in the recall, repair, replacement of any service provided or **Deliverables** or the refund of any money paid by a third party in connection with the recall of any **Deliverables**;

**29. Third Party Default**

Arising directly or indirectly from

- a) a defect in any **Deliverable** supplied by a third party;
- b) any failure by a third party to supply any **Deliverable** or provide any service;

**30. Contractual Remedies**

For any award of, or liability to pay, compensation or damages where the **Insured** has assumed an obligation to pay compensation or damages in excess of any amount that would otherwise be awarded under statute or common law;

**31. Financial Advice**

Arising directly or indirectly from the provision by the **Insured** of any financial advice or arrangements made by or on behalf of the **Insured** in respect of any finance, credit or leasing agreement.



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### 32. Deliberate acts

Arising directly or indirectly from any deliberate or reckless breach, act, omission or infringement committed, condoned or ignored by the **Insured**.

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## NOTIFICATION AND CLAIMS CONDITIONS

### 1. Claim/Circumstance Notification

As conditions precedent to their right to be indemnified under this Policy the **Insured**

- 1.1 shall inform the **Insurer** as soon as possible, and in any event within 10 working days (provided always that such notification is received by the **Insurer** before the expiry of the **Period of insurance**) of the receipt, awareness or discovery of:-
- a) any claim made against them
  - b) any notice of intention to make a claim against them
  - c) any **Circumstance**
  - d) the discovery of reasonable cause for suspicion of dishonesty or fraud.

Such notice having been given as required in b), c) or d) above, any subsequent claim made shall be deemed to have been made during the **Period of insurance**;

- 1.2 shall not, in the event of a claim, or the discovery of information which may give rise to a claim, admit liability for or settle any claim, or incur any costs or expenses in connection therewith, without the written consent of the **Insurer**; and
- 1.3 shall, as soon as practicable given the circumstances, give all such information and assistance as the **Insurer** may require and provide their full co-operation in the defence or settlement of any such claim.

Every letter of claim, writ, summons or process and all documents relating thereto and any other written notification of claim shall be forwarded, unanswered, to the **Insurer** immediately they are received. The **Insured** shall at all times, in addition to their obligations set out above, afford such information to and co-operate with the **Insurer** to allow the **Insurer** to be able to comply with such relevant Practice Directions and Pre-Action Protocols as may be issued and approved from time to time by the Head of Civil Justice.

### 2. Conduct of Claims

- 2.1 Following notification under condition 1. above the **Insurer** shall be entitled at its own expense to take over and within its sole discretion to conduct in the name of the **Insured** the defence and settlement of any such claim.

Nevertheless neither the **Insured** nor the **Insurer** shall be required to contest any legal proceedings unless a Queens Counsel (to be mutually agreed upon by the **Insured** and the **Insurer**) shall advise that such proceedings should be contested.

- 2.2 The **Insurer** may at any time in connection with any claim made, pay to the **Insured** the **Indemnity limit** (after deduction of any sums already paid) or any lesser sum for which, in the sole opinion of the **Insurer**, the claim can be settled and upon such payment being made the **Insurer** shall relinquish the conduct and control of and have no further liability in connection with the claim. For the avoidance of doubt the **Insurer** shall have no liability to pay **Defence costs and expenses** incurred after the date upon which any such payment is made





## GENERAL CONDITIONS

### 1. Policy Construction and Disputes

Any phrase or word in this Policy and the Schedule will be interpreted in accordance with the laws of England and Wales. The Policy and the Schedule shall be read together as one contract and any word or expression to which a specific meaning has been attached in any part of this Policy or the Schedule shall bear such specific meaning wherever it may appear.

Any dispute concerning the interpretation of the terms, Conditions or Exclusions contained herein is understood and agreed by both the **Insured** and the **Insurer** to be subject to the laws of England and Wales. Each party agrees to submit to the jurisdiction of any court of competent jurisdiction within England and Wales and to comply with all requirements necessary to give such court jurisdiction. All matters arising hereunder shall be determined in accordance with the law and practice of such court.

### 2. Waiver of subrogation against Employees

The **Insurer** shall not exercise any right of subrogation against any former or present **Employee**, unless the **Insurer** shall have made a payment brought about or contributed to by any act or omission of the **Employee** or former **Employee** which was dishonest, fraudulent or malicious or the **Employee** or former **Employee** conspired to commit or condoned any such dishonest, fraudulent or malicious act.

### 3. Fraudulent Claims

If the **Insured** shall make any claim knowing the same to be fraudulent or false as regards the amount or otherwise (including the provision of false or fraudulent documents or statements) then The **Insurer** will:

- i. refuse to pay the whole of the claim; and
- ii. recover from the Insured any sums that it has already paid in respect of the claim.

The **Insurer** may also notify the **Insured** that it will be treating (all sections of) this policy as having terminated with effect from the date of the earliest of any of the fraudulent act. In that event the **Insured** will:

- a. have no cover under the Policy from the date of termination; and
- b. not be entitled to any refund of premium.

### 4. Contracts (Rights of Third Parties) Act 1999

The **Insured** and the **Insurer** are the only parties to this contract and no other person has any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Policy but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

### 5. Cancellation

This Policy may be cancelled by or on behalf of the **Insurer** by fourteen days notice given in writing to the **Insured**.

### 6. Invalidity

If any provision of this Policy is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable this will not affect the other provisions of this Policy which will remain in full force and effect.

### 7. Notices

Notice shall be deemed to be duly received in the course of post if sent by pre-paid letter post properly addressed to:





- a) in the case of the **Insured**, either to the **Insured's** last known address or the last known address of the **Insured's** broker.
- b) in the case of the **Insurer**, to HCC International Insurance Company PLC at Fitzwilliam House, 10 St Mary Axe, London EC3A 8BF.

**8. Reasonable steps to avoid loss**

Without prejudice to the Notification and Claims Conditions in this Policy, the **Insured** shall take all reasonable steps to avoid or mitigate any loss, damage or liability that may result in any claim or **Circumstance** notifiable under this Policy.

**9 Sanctions and Embargo**

The **Insurer** will not provide cover, be liable to pay any claim or provide any benefit if to do so would expose the **Insurer** (or any parent company, direct or indirect holding company of the **Insurer**) to any penalty or restriction (including extraterritorial penalties or restrictions so far as such do not contradict laws applicable to the **Insurer**), arising out of any trade and economic sanctions laws or regulations which are applicable to it.

**10. Complaints**

We are dedicated to providing you with a high quality service and we want to ensure that we maintain this at all times. If you feel that we have not offered you a first class service please write and tell us and we will do our best to resolve the problem. If you have any questions or concerns about your policy or the handling of a claim you should follow the Complaints Procedure below:

Complaints regarding claims, please contact in the first instance:

*Compliance Officer*  
*Tokio Marine HCC – International Group*  
*1 Aldgate*  
*London*  
*EC3N 1RE*

For any other complaints please contact in the first instance:

*The Nominated Complaints Handler*  
*Qdos Broker & Underwriting Services Limited*  
*Windsor House, Troon Way Business Centre*  
*Humberstone Lane, Thurmaston*  
*Leicestershire*  
*LE4 9HA*

Tel: 01455 852050

Email: [feedback@qdosunderwriting.com](mailto:feedback@qdosunderwriting.com)

The Financial Ombudsman Service (FOS)

Should you be dissatisfied with the outcome of your complaint, you may have the right to refer your complaint to the Financial Ombudsman Service. The FOS is an independent service in the UK for settling disputes between consumers and businesses providing financial services. Contacting the FOS does not affect your right to take legal action.

The FOS's contact details are as follows:

Financial Ombudsman Service  
Exchange Tower  
London E14 9SR

Email: [complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk)

Telephone: +44 (0)30 0123 9123

Website: [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

The European Commission Online Dispute Resolution Platform (ODR)



If you were sold this product online or by other electronic means and within the European Union (EU) you may refer your complaint to the EU Online Dispute Resolution (ODR) platform. Upon receipt of your complaint the ODR will escalate your complaint to your local dispute resolution service – this process is free and conducted entirely online. You can access the ODR platform on <http://ec.europa.eu/odr>. This platform will direct insurance complaints to the Financial Ombudsman Service. However, you may contact the FOS directly if you prefer, using the details as shown above.

**Data protection notice**

Please note that any information provided to us will be processed by us and our agents in compliance with the provisions of the Data Protection Act 1998, for the purpose of providing insurance and handling claims, if any, which may necessitate providing such information to third parties. We may also send the information in confidence for process to other companies acting on their instructions including those located outside the European Economic Area.