

SECTION VII. B. ELECTRONIC DATA PROCESSING

I. COVERAGE

Underwriters will pay for direct physical loss of or damage to Covered Property from any of the Covered Causes of Loss. The loss or damage must commence during the policy period.

a. Covered Property, as used in this Coverage, means:

- (1) "Computer Equipment", "Data" and "Media" owned by you; and
- (2) Similar property of others in your care, custody or control and for which you are legally liable.

b. Property Not Covered

Covered Property does not include:

- (1) Property leased or rented to others while away from your premises described in the Declarations;
- (2) Accounts, bills, evidences of debt, valuable papers, abstracts, records, deeds, manuscripts or other documents, unless converted to "Data" and then only in that form;
- (3) Contraband or property in the course of illegal transportation or trade; or
- (4) Stock in Trade.

c. Covered Causes of Loss

- (1) With respect to "Media", Covered Causes of Loss means risks of direct physical loss or damage to Covered Property except those causes of loss listed in the Exclusions.
- (2) With respect to "Computer Equipment" and "Data", Covered Causes of Loss means:
 - (a) Mechanical Breakdown;
 - (b) Artificially Generated Electrical Current creating a short circuit or other electric disturbance within an article covered under this Coverage;
 - (c) Dryness or dampness of atmosphere, changes in or extremes of temperature, or rust or other corrosion directly caused by direct physical loss of or damage to the air-conditioning system that specifically services the "Computer Equipment".

This Cause of Loss applies only when the direct physical loss or damage to the air-conditioning system is caused by Mechanical Breakdown or Artificially Generated Electrical Current described in (a) and (b) above.

d. Additional Coverage

Extra Expense

- (1) Underwriters will pay the actual and necessary Extra Expense you sustain due to direct physical loss of or damage to:
 - (a) Covered Property at your premises or in transit;
 - (b) The air conditioning system that specifically services your "Computer Equipment";

- (c) The building in which the Covered Property is located if the building is damaged to an extent that prevents access to the Covered Property; or
 - (d) The electrical system that specifically services your data operation if the damage to the system occurs inside, or within 100 feet of, the building housing your "Computer Equipment".
- (2) Extra Expense means the following necessary expenses you incur during the "Period of Restoration" that you would not have incurred if there had been no direct physical loss or damage to property:
- (a) Expenses to avoid or minimize the suspension of business and to continue your business operations at:
 - (i) The described premises; and
 - (ii) Replacement premises or temporary premises. These expenses include relocation expenses and costs to equip and operate the replacement or temporary locations;
 - (b) Expenses to minimize the suspension of your business if you cannot continue business operations; or
 - (c) Expenses to:
 - (i) Repair or replace any Covered Property; or
 - (ii) Research, replace or restore the lost information stored on Covered Property;
- to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage.
- (3) If you intend to continue your business operations at the described premises, you must resume your business operations as quickly as possible.
- (4) The amount Underwriters will pay for loss or damage under this Additional Coverage is included in the applicable Limit of Insurance for this Electronic Data Processing Coverage.

II. EXCLUSIONS

- a. Underwriters will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss:
- (1) Seizure or destruction of property by order of governmental authority.

But Underwriters will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a Covered Cause of Loss in order to protect Covered Property.
 - (2) (a) War, including undeclared or civil war;

(b) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

(c) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.
 - (3) (a) Any weapon employing atomic fission, atomic fusion or radioactive force; or

- (b) Nuclear reaction or radiation, or radioactive contamination from any other cause. But if nuclear reaction or radiation, or radioactive contamination results in fire, Underwriters will pay for the direct loss or damage caused by that fire if the fire would be covered under this Coverage.

Exclusions a.(1) through a.(3) apply whether or not the loss event results in widespread damage or affects a substantial area.

b. Underwriters will not pay for loss or damage caused by or resulting from any of the following:

- (1) Delay, loss of use, loss of market or any other consequential loss.
- (2) Dishonest or criminal acts committed by:
 - (a) You, any of your partners, members, officers, managers, employees, leased employees, directors, trustees or authorized representatives;
 - (b) Anyone else with an interest in the property, or their employees or authorized representatives; or
 - (c) Anyone else to whom the property is entrusted for any purpose.

This exclusion applies whether or not such persons are acting alone or in collusion with other persons or such acts occur during the hours of employment.

This exclusion does not apply to Covered Property that is entrusted to others who are carriers for hire.

- (3) Unauthorized instructions to transfer property to any person or to any place.
- (4) Virus, harmful code or similar instruction introduced into or enacted on a computer system (including "Data") or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation.
- (5) Programming errors or incorrect instructions.
- (6) Work upon the property.

But if work upon the property results in fire or explosion, Underwriters will pay for direct loss or damage caused by that fire or explosion if the fire or explosion would be covered under this Coverage.

- (7) Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

c. Underwriters will not pay for loss or damage caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, Underwriters will pay for the loss or damage caused by that Covered Cause of Loss:

- (1) Wear and tear, depreciation.
- (2) Any quality in the property that causes it to damage or destroy itself, hidden or latent defect, gradual deterioration.
- (3) Insects, vermin or rodents.

d. Underwriters will not pay for any Extra Expense loss caused by suspension, lapse or cancellation of any license, lease or contract.

III. LIMITS OF INSURANCE

The most Underwriters will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

IV. DEDUCTIBLE

Underwriters will not pay for loss or damage in any one occurrence until the amount of the adjusted loss or damage before applying the applicable limits of insurance exceeds the deductible amount shown in the Declarations for Electronic Data Processing Coverage. Underwriters will then pay the amount of the adjusted loss or damage in excess of the deductible, up to the applicable limit of insurance.

V. CONDITIONS

Except as described below, this Coverage is subject to the Loss Conditions and General Conditions contained in the forms made a part of this policy.

Except as described below, this Coverage is not subject to the Special Conditions and Additional Conditions contained in the forms made a part of this policy.

a. Insurance to Value

This Condition, if contained in the forms made a part of this policy, does not apply to this Coverage.

b. Method of Valuation

(1) The value of your "Computer Equipment" will be:

- (a) The cost of replacing the equipment with new property functionally identical to the damaged equipment if replaced; or
- (b) Actual cash value if the property is not repaired or replaced.

In the event of partial damage to an item of "Computer Equipment", Underwriters will not pay more than the cost of reasonably restoring the property to its condition immediately prior to the loss.

(2) The value of "Computer Equipment" owned by others will be actual cash value or in accordance with contractual conditions or as you are obligated to pay by common law.

(3) The value of "Data", whether owned or not, will be the actual cost to reproduce. If the "Data" is not replaced or reproduced, Underwriters will pay the cost of the value of the "Media" with no stored "Data".

(4) The value of "Media", whether owned or not, will be determined as follows:

- (a) The value of each item of property that is specifically declared and described in the Declarations is the applicable Limit of Insurance shown in the Declarations for that item.
- (b) The value of other property is the cost to repair or replace the "Media" with substantially identical property.

(5) (a) The amount of your Extra Expense Loss will be determined based on all covered expenses you incur during the "Period of Restoration" that you would not have incurred if there had been no direct physical loss or damage to property.

(b) Underwriters will reduce the amount of your Extra Expense loss:

- (i) By the salvage value that remains of any property bought for temporary use as a result of the direct physical loss or damage; and
 - (ii) To the extent you can return your business operations at the described premises to normal and discontinue such Extra Expense.
- (c) If you do not resume your business operations at the described location, or do not resume such operations as quickly as possible, Underwriters will pay based on the length of time it would have taken to resume the operations as quickly as possible.

c. Policy Period

Underwriters cover loss or damage commencing during the policy period stated in the Declarations.

d. Premium

This Coverage is subject to the Premium Condition described in the forms made a part of this policy.

VI. DEFINITIONS

For the purposes of this Coverage:

a. "Computer Equipment" means:

- (1) Your programmable electronic equipment that is used to store, retrieve and process data. It includes their component parts and air conditioning, fire suppression equipment and electrical equipment used exclusively in your computer operations; and
- (2) Associated peripheral equipment that provides communication including input and output functions such as printing or auxiliary functions such as data transmission.

"Computer Equipment" does not include "Data" or "Media".

b. "Data" means

- (1) Data stored on "Media"; and
- (2) Programming records used for electronic data processing or electronically controlled equipment.

c. "Media" means electronic data processing, recording or storage media such as software, films, tapes, discs, drums or cels.

d. "Period of Restoration" means the period of time that:

- (1) Begins with the date of loss caused by or resulting from a Covered Cause of Loss at a covered location; and
- (2) Ends on the date when the property at the covered location should be repaired, rebuilt or replaced with reasonable speed and similar quality.