ELECTRONIC DATA PROCESSING SYSTEMS
SECTION I - EQUIPMENT

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words “you”, “your”, and “yours” refer to the Named Insured shown in the declarations. The words “we”, “us”, “our”, and “ours” refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have a special meaning. Refer to clause K - Definitions.

SECTION I - EQUIPMENT

A. COVERAGE

We will pay for “loss” to Covered Property from any of the Covered Causes of “Loss”.

1. COVERED PROPERTY, as used in Section I, means:
   “Data processing equipment”, including component parts of that equipment, which are:
   a. owned by you;
   b. leased or rented to you; or
   c. under your control;
   all as shown in the schedule attached to this policy.

2. PROPERTY NOT COVERED

Covered Property does not include:
   a. “data”, “media” or “computer programs” as defined in Section II;
   b. property you lease or rent to others while it is away from your premises;
   c. property while it is waterborne, unless on transporting vehicles aboard a regular ferry operating on inland waterways; or
   d. accounts, bills, evidences of debt, valuable papers, records, abstracts, deeds, manuscripts, or other documents.

3. COVERED CAUSES OF LOSS

Covered causes of “loss” means Risks of Direct Physical “loss” to Covered Property except those causes of “loss” listed in the exclusions.

4. EXTENSIONS OF COVERAGE

These extensions of coverage shall not increase the Limits of Insurance.

The Coinsurance clause applies to these extensions unless otherwise specifically stated.

a. Removal

If the “Covered Property” becomes in imminent danger of “loss” at a covered location we will pay for “loss” while the property covered is:
   (1) being removed;
   (2) while at a place of safety; and
   (3) while being returned from the places of safety;
   provided you give us written notice of removal and return within ten (10) days of removal.

b. Debris Removal

These clauses replace the Debris Removal Clause in the Inland Marine Special Conditions:
   (1) we will pay for the cost of removal of debris of the Covered Property if caused by a Covered Cause of “Loss”; but
   (2) we will not pay more than your actual cost of debris removal, or 10% of the applicable Limit of Insurance, or $100,000, whichever is least;
   (3) in no event will we pay any cost resulting from enforcement of any law or ordinance.

c. Additionally Acquired Property

You agree:
   (1) To report in writing:
additional property of the kind insured by this policy, acquired after the effective date of this policy;
within thirty (30) days from the date acquired; and
(2) to pay full premium for that property from the date acquired at pro rata of the policy rate for such property.

We agree:
(1) to cover such additional property when acquired, pending notice to us:
(a) for no more than the actual cash value of the acquired property; or
(b) for no more than 25% of the highest limit of insurance at any location shown in the Declarations, or $250,000, whichever is least;
(2) to cease to cover this property if it is not reported to us in writing within the thirty (30) day period.

This coverage applies only to a class of property covered by this policy at the time of acquisition.

The coinsurance clause in this policy does not apply to this extension of coverage.

d. New Location Coverage

You agree:
to report in writing property covered by this policy, which is transferred to a new location, within thirty (30) days from the date transferred.

The new location must have been acquired by you after the effective date of this coverage.

We agree:
(1) to cover this property, pending written notice to us:
(a) beginning with the date the property is physically transferred to your new location; and
(b) until such location is scheduled on this coverage;
(c) for no more than 25% of the highest Limit of Insurance at any location shown in the declarations, or $250,000, whichever is least;
(2) to cease to cover this property if the new location is not reported to us in writing within the thirty (30) day period.

This coverage applies only to property covered by this policy at time of transfer.
e. Transfer Between Locations Coverage

You agree:
to report in writing property covered by this policy, which is transferred between existing locations specified in this policy, within thirty (30) days from the date of transfer.

We agree:
(1) to cover this property, pending notice to us, for no more than 25% of the highest Limit of Insurance at any location shown in the declarations, or $250,000, whichever is least;
(2) to cease to cover this property if the changes in location are not reported to us in writing within the thirty (30) day period.

f. Fire Protection Devices

We will pay the cost to recharge or refill:
(1) any fire protection device which is designed specifically to protect Data Processing equipment; and
(2) other fire protection devices in the same room where covered Data Processing equipment is located; when these devices have been discharged as a result of a fire or explosion.

This coverage shall apply in addition to the coverage otherwise provided by this policy.

We shall not pay more than $25,000 for the expenses to refill or recharge fire protection devices.

The coinsurance clause in this policy does not apply to this extension of coverage.
We will not cover any property after the end of the policy term, or after cancellation or termination of this coverage.

B. EXCLUSIONS

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

   We will pay for acts of destruction ordered by the governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this coverage form.

   b. NUCLEAR HAZARD
   (1) Any weapon employing atomic fission or fusion; or
   (2) Nuclear reaction or radiation, or radioactive contamination from any other cause.

   We will pay for direct "loss" caused by resulting fire if the fire would be covered under this coverage form.

   c. WAR AND MILITARY ACTION
   (1) War, including undeclared or civil war;
   (2) Warlike action by a military force, including action taken in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
   (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

   d. Earthquake, volcanic eruption or effusion, earth sinking, earth rising or shifting, landslide or other earth movement.

   We will pay for direct "loss" caused by resulting fire if fire is otherwise covered by this policy.

   e. "Flood"
   We will pay for direct "loss" caused by resulting fire if fire is otherwise covered by this policy.

2. We will not pay for "loss" or damage caused by or resulting from any of the following:

   If another "loss" that we cover results we will pay for that resulting "loss".

   a. Acts or decisions, including the failure to act or decide, of any person, group, organization, or governmental body, and including enforcement of any ordinance or law regulating the construction, repair or demolition of building(s) or structure(s);

   b. Faulty, inadequate or defective:
   (1) planning, zoning, development; surveying or siting;
   (2) design, specification, workmanship, repair, construction, renovation, remodeling, grading, compaction;
   (3) materials used in repair, construction, renovation or remodeling; or
   (4) maintenance.

   c. Collapse of all or part of any building or structure.

3. We will not pay for a "loss" caused directly or indirectly by any of the following:

   a. collapse, subsidence, settling, cracking, shrinkage or expansion of walls, pavement, foundations, floors, roofs or ceilings;

   b. wear and tear, mold, rot;

   c. hidden or latent defect, or any quality in property that causes it to damage or destroy itself;

   d. insects, vermin, rodents;

   e. dryness or dampness of atmosphere, extremes of temperature, corrosion or rust, unless resulting from physical damage to the data processing system's air conditioning facilities by a cause of "loss" not excluded by this policy;
f. delay, loss of market, loss of use, interruption of business, consequential loss of any nature;
g. any change in electric power supply (such as interruption, brown out, or power surge) if the change originates more than 100 feet away from the premises containing the property;
h. actual work upon, installation or testing of property covered; or
i. dishonest or criminal acts:
   (1) by you, or by any of your employees;
   (2) by anyone authorized to act for you;
   (3) by anyone to whom the property is entrusted; or
   (4) all whether alone or in collusion with others and during the hours of employment or not.

This exclusion does not apply to a carrier for hire.

This exclusion does not apply to intentional acts of destruction by your employees, but under no circumstances is theft by an employee covered.

C. LIMITS OF INSURANCE
The most we will pay for a “loss” are the amounts stated in Section I of the Declarations.

D. DEDUCTIBLE
We will not pay for “loss” in any one occurrence until the amount of “loss” exceeds the Deductible amount shown in Section I of the Declarations. We will then pay the amount of “loss” in excess of the Deductible up to the applicable Limit of Insurance.

E. VALUATION
The Valuation Condition of the Special Commercial Inland Marine Conditions is replaced by the following:

1. If Actual Cash Value is indicated in Section I.C. of the Declarations then clause F.1 below shall apply.
2. If Replacement Cost is indicated in Section I.C. of the Declarations then clause F.2 shall apply, and the amount we will pay shall not exceed the smallest of the following:

a. the Limit of Insurance which applies to the property involved in the “loss”;
b. the amount you actually spend to repair or replace the property, or any part of it.

You may substitute property of a different kind or quality, but we won’t pay more than what it would cost to replace the damaged or destroyed property with substantially identical property.

We will not make any payment under this form until the property involved in the “loss” is actually repaired or replaced by you with due diligence or dispatch.

F. COINSURANCE
The Coinsurance Condition of the Special Commercial Inland Marine Conditions is replaced by the following:

1. The following shall apply if indicated in Section I.C.1. of the Declarations:
   All property that is covered by this policy must be insured for its total actual cash value at the time of “loss” or you will incur a penalty;
   The penalty is that we will pay only the proportion of any “loss” that the Limit of Insurance bears to the total actual cash value of the property at the time of “loss”;

2. The following shall apply if indicated in Section I.C.2. of the Declarations:
   All property that is covered by this policy must be covered for its total Replacement Cost at the time of “loss” or you will incur a penalty;
   The penalty is that we will pay only the proportion of any “loss” that the Limit of Insurance bears to the total Replacement Cost of the property at the time of “loss”.

G. RENTED OR LEASED PROPERTY

1. You must provide us with a copy of any lease or rental agreement that applies to any property covered by this policy:

We will cover only those Causes of “Loss” which the lessor has not assumed by the terms of lease or rental and which are not excluded by this policy.
You agree to give us advance notice of any cancellation, alteration, or termination of any such lease or rental agreement.

If you fail to notify us as agreed we shall be responsible for no broader coverage than what we would have been responsible under the last lease or rental agreement reported to us during the term of this coverage.

If no lease or rental agreements have been reported to us we will not cover leased or rented property.

H. RELEASE OF CARRIER’S LIABILITY
You are permitted to accept released value bills of lading from common carriers.

I. RECORDS AND INVENTORY
You will keep accurate records of your business and retain them for three years after the policy ends.

J. PROTECTIVE SAFEGUARDS
You must maintain the protective safeguards stated by you to be in effect at a location when this coverage began.

If you fail to maintain the protective safeguards:
1. in working condition; and
2. in operation;

coverage for which the protective safeguards apply is automatically suspended. This suspension will last until the equipment or services are back in operation.

K. DEFINITIONS
1. “Loss” means accidental loss or damage.
2. “Data processing equipment” means a network of machine components capable of accepting information, processing it according to plan, and producing a desirable result.

   This includes all of your hardware, including air conditioning equipment used exclusively in your data processing operation, but does not include software or the cost of reproducing software.

3. “Flood” means a temporary condition of partial or complete inundation of normally dry land areas as a result of:
   a. the overflow of inland or tidal waters; or
   b. the unusual and rapid accumulation or runoff of surface waters.

“Flood” does not mean:
   a. water which backs up through sewers or drains;
   b. water below the surface of the ground; or
   c. release of water impounded by a dam.