COMPUTER SYSTEMS COVERAGE FORM

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” and “your” refer to the Named Insured shown in the Declarations. The words “we”, “us” and “our” refer to the Company providing this insurance.
Other words and phrases that appear in quotation marks have special meaning. Refer to Section F. Definitions.

A. Coverage

We will pay for direct physical loss of or damage to Covered Property from any of the Covered Causes of Loss.

1. Covered Property, as used in this Coverage Form, means:
   a. "Computer Equipment", "Data" and "Media" owned by you; and
   b. Similar property of others in your care, custody or control.

2. Property Not Covered

Covered Property does not include:

   a. Property leased or rented to others while away from your premises described in the Declarations;
   b. Accounts, bills, evidences of debt, valuable papers, abstracts, records, deeds, manuscripts or other documents, unless converted to "data" and then only in that form;
   c. Portable personal computers, including lap-tops and notebooks;
   d. Contraband, or property in the course of illegal transportation or trade; or
   e. Stock in Trade.

3. Covered Causes Of Loss

Covered Causes of Loss means Risks Of Direct Physical Loss Or Damage to Covered Property except those causes of loss listed in the Exclusions.

4. Additional Coverages

   a. Additional Acquired Premises

      If during the policy period you acquire an additional premises, we will provide coverage for Covered Property at such premises for up to 60 days. The most we will pay for loss or damage is the lesser of:

      (1) 25% of the total Limit of Insurance shown in the Declarations for all individually listed and described items; or

      (2) $100,000.

      You will report the values of such property to us within 60 days from the date you take possession and will pay any additional premium due. If you do not report such property, coverage will cease automatically 60 days after the date you take possession of the property or at the end of the policy period, whichever occurs first.

   b. Debris Removal

      (1) We will pay your expenses to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

      (2) The most we will pay under this Additional Coverage is 25% of:

         (a) The amount we pay for direct physical loss or damage to Covered Property; plus

         (b) The deductible in this policy applicable to that loss or damage;

      but this limitation does not apply to any additional debris removal limit provided in the Limits of Insurance Section.
c. Preservation Of Property

If it is necessary to move Covered Property from the premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct loss or damage to that property:

(1) While it is being moved or while temporarily stored at another premises; and

(2) Only if the loss or damage occurs within 30 days after the property is first moved.

d. Recharging The Fire Suppression System

We will pay up to $10,000 to recharge the fire suppression system protecting your premises if the system, for any reason, discharges.

e. Virus, Harmful Code Or Similar Instruction

(1) Under this Additional Coverage, electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

(2) Subject to the provisions of this Additional Coverage:

(a) We will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a virus, harmful code or similar instruction; and

(b) Subject to the provisions of the Business Income Coverage Form, if applicable, you may extend insurance that applies to Business Income to apply to a suspension of "operations" caused by an interruption in computer operations due to destruction or corruption of electronic data due to a virus, harmful code or similar instruction; introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.

(3) To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.

(4) With respect to Business Income coverage, if applicable, this Additional Coverage – Virus, Harmful Code Or Similar Instruction does not apply to loss sustained after the end of the "period of restoration", even if the amount of insurance applicable in Paragraph (5) below has not been exhausted.

(5) Unless a higher Limit of Insurance for this coverage is shown in the Declarations, the most we will pay under this Additional Coverage – Virus, Harmful Code Or Similar Instruction is $5,000 for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

The $5,000 (or higher) Limit of Insurance applies separately to direct physical loss or damage and to Business Income loss, if applicable.

f. Optional Coverage – Extra Expense
(1) If a Limit of Insurance is shown in the Declarations, we 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 building in which the Covered Property is located if the building is damaged to an extent that prevents access to the Covered Property;
(c) The air conditioning system that specifically services your "Computer Equipment"; 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;
   (iii) Expenses to minimize the suspension of your business if you cannot continue business operations; or

(b) 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 Optional Coverage.

The most we will pay for loss or damage under this coverage is the applicable Limit of Insurance shown in the Declarations.

B. Exclusions

1. We 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 or damage.

   a. Governmental Action

      Seizure or destruction of property by order of governmental authority.

      But we 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 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. But if nuclear reaction or radiation, or radioactive contamination results in fire, we will pay for the direct loss or damage caused by that 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 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.

Exclusions B.1.a. through B.1.c. apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:
   a. Delay, loss of use, loss of market or any other consequential loss.
   b. Dishonest or criminal act committed by:
      (1) You, any of your partners, employees, directors, trustees, or authorized representatives;
      (2) A manager or a member if you are a limited liability company;
      (3) Anyone else with an interest in the property, or their employees or authorized representatives; or
      (4) 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 or to acts of destruction by your employees. But theft by employees is not covered.
   c. Unauthorized instructions to transfer property to any person or to any place.
   d. 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.
      This exclusion applies except to the extent coverage is provided under Additional Coverage A.4.e. Virus, Harmful Code Or Similar Instruction.
   e. Work upon the property.
      But if work upon the property results in fire or explosion, we will pay for direct loss or damage caused by that fire or explosion if the fire or explosion would be covered under this Coverage Form.
   f. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

3. We 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, we will pay for the loss or damage caused by that Covered Cause of Loss.
   a. Wear and tear, depreciation.
   b. Any quality in the property that causes it to damage or destroy itself, hidden or latent defect, gradual deterioration.
   c. Insects, vermin or rodents.
   d. Corrosion or rust.

4. We will not pay for any Extra Expense loss caused by:
   a. Programming errors; or
   b. Incorrect instructions.

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

D. Payments under the Debris Removal Additional Coverage will not increase the applicable Limit of Insurance; but if:
   1. The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or
2. The debris removal expense exceeds the amount payable under the 25% limitation in Debris Removal Additional Coverage; we will pay up to an additional $10,000 in any one occurrence under the Debris Removal Additional Coverage.

E. Deductible
We 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 shown in the Declarations. We will then pay the amount of the adjusted loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

F. Additional Conditions
The Valuation General Condition in the Commercial Inland Marine Conditions is replaced by the following:

1. The value of "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", we will not pay more than the cost of reasonably restoring the property to its condition immediately prior to the loss.

2. The value of "data" will be the actual cost to reproduce. If the "data" is not replaced or reproduced, we will pay the cost of the value of the "media" with no stored "data".

3. The value of "media" will be the cost to repair or replace the "media" with substantially identical property.

G. The following conditions apply in addition to the Commercial Inland Marine Conditions and the Common Policy Conditions:

a. Coverage Territory
   (1) We cover property wherever located within:
      (a) The United States of America (including its territories and possessions);
      (b) Puerto Rico; and
      (c) Canada.
   (2) We also cover property being shipped by air within and between points in Paragraph (1).

b. Coinsurance
   If a Coinsurance percentage is shown in the Declarations, the following condition applies:

   With respect to "computer equipment", we will not pay the full amount of any loss or damage if the value of "computer equipment" at the location where the loss occurred at the time of loss or damage times the Coinsurance percentage shown in the Declarations is greater than the applicable Limit of Insurance for "computer equipment".

   Instead, we will determine the most we will pay using the following steps:
   (1) Multiply the value of "computer equipment" at the time of loss or damage by the Coinsurance percentage;
   (2) Divide the Limit of Insurance of the property by the figure determined in Step (1);
   (3) Multiply the total amount of loss or damage, before the application of any deductible, by the figure determined in Step (2); and
   (4) Subtract the deductible from the figure determined in Step (3).

   We will pay the amount determined in Step (4) or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.
H. Definitions

1. "Computer Equipment" means:
   a. 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
   b. Associated peripheral equipment that provides communication including input and output functions such as printing or auxiliary functions such as data transmission.

   It does not include "data" and "media".

2. "Data" means:
   a. Data stored on "media"; and
   b. Programming records used for electronic data processing or electronically controlled equipment.

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

4. "Period of Restoration" means the period of time that:
   a. Begins with the date of loss caused by or resulting from a Covered Cause of Loss at a covered location; and
   b. Ends on the date when the property at the covered location should be repaired, rebuilt or replaced with reasonable speed and similar quality.