

## 1 PROPERTY INSURED

### Section 1

Electronic Data Processing Systems including equipment and component parts thereof, the property of the Insured or the property of others leased, rented or under the control of the Insured and for which the Insured is liable.

### Section 2

Active data processing media, being property of the Insured or property of others for which the Insured may be liable. The term "active data processing media", wherever used in this contract, shall mean all forms of converted data and/or programs employed in the Insured's data processing operation or production, except all such Unused property, and the media specified in the "Declarations Page" which the Insured elects not to insure hereunder.

### Section 3

Valuable papers and records means written, printed or otherwise inscribed documents and records, including books, maps, films, drawing, abstracts, deeds, mortgages and manuscripts, but does not mean money or securities, or electronic data control tapes.

### Section 4

Necessary Extra Expense incurred by the Insured in order to continue as nearly as practicable the normal conduct of the Insured's business following damage to or destruction by an insured peril occurring during the term of this Policy of the data processing system including equipment and component parts thereof and data processing media therefor, owned, leased, rented or under the control of the Insured, but in no event to exceed the amount indicated in the "Declarations Page".

This section is also extended to include actual loss sustained:

- a) when as a direct result of a peril insured against the premises in which the property is located is so damaged as to prevent access to such property or
- b) when as a direct result of a peril insured against, the air conditioning system or electrical system necessary for the operation of the data processing equipment is so damaged as to reduce or suspend the Insured's ability to actually perform the operations normally performed by the data processing system.

The term "Extra Expense" wherever employed in this Insuring Agreement is defined as the excess (if any) of the total cost of the operation of the business over and above the total cost of such operation that would normally have been incurred during the same period had no loss occurred; the cost in each case to include expense of using other property or facilities of other concerns or other necessary emergency expenses. In no event, however, shall the Insurer be liable for loss of profits or earnings resulting from diminution of business, nor for any direct or indirect property damage loss insurable under Property Damage policies, or for expenditures incurred in the purchase, construction, repair or replacement of any physical property unless incurred for the purpose of reducing any loss under this Insuring Agreement not exceeding, however, the amount in which the loss is so reduced. Any salvage value of property so acquired which may be sold or utilized by the Insured upon resumption of normal operations, shall be taken into consideration in the adjustment of any loss hereunder.

## 2 PROPERTY EXCLUDED

- A. Accounts, bills, evidences of debt;
- B. Property rented or leased to others while away from the premises of the Insured;
- C. Property while waterborne, unless on transporting land conveyances aboard any regular ferry operating on inland waterways.

## 3 LIMITS OF LIABILITY

As shown in the "Declarations Page".

## 4 PERILS INSURED

This agreement insures against all risks of direct physical loss or damage to the property insured from any external cause (including general average and salvage charges on shipments covered while waterborne), except as hereinafter provided.

## 5 DEDUCTIBLE (Applicable only to Sections 1, 2 and 4)

Each claim for loss or damage separately occurring, shall be adjusted separately and to the amount of each such adjusted claim or the applicable limit of liability, whichever is less, the amount specified in the "Declarations Page" shall be deducted.

## 6 PERILS EXCLUDED

This agreement does not insure against loss, damage or expense caused directly or indirectly by:

- a) inherent vice, wear, tear, gradual deterioration or depreciation;
- b) any dishonest, fraudulent or criminal act by any Insured, a partner therein or an officer, director or trustee thereof whether acting alone or in collusion with others;
- c) delay, loss of market, loss of use or interruption of business;
- d) war risks or nuclear risks as excluded in the General Conditions of this Agreement;
- e) damage due to mechanical failure, faulty construction or error in design of the property insured hereunder unless fire or explosion ensues, and then only for loss, damage, or expense caused by such ensuing fire or explosion;
- f) dryness or dampness of atmosphere, extremes of temperature, corrosion, or rust, unless directly resulting from physical damage to the data processing system's air conditioning facilities caused by a peril not excluded by the provisions of this Agreement;
- g) short circuit, blow-out, or other electrical disturbance, other than lightning, within electrical apparatus, unless fire or explosion ensues and then only for loss, damage or expense caused by such ensuing fire or explosion;
- h) actual work upon the property covered, unless fire or explosion ensues, and then only for loss, damage, or expense caused by such ensuing fire or explosion;
- i) data processing media failure or breakdown or malfunction of the data processing system including equipment and component parts while said media is being run through the system, unless fire or explosion ensues and then only for the loss, damage or expense caused by such ensuing fire or explosion;
- j) electrical or magnetic injury, disturbance or erasure of electronic recordings, except by lightning.

## 7 ADDITIONAL EXCLUSIONS

A. Applicable only to Section 3.

This Agreement does not apply:

- a) to loss or damage directly resulting from errors or omissions in processing or copying unless fire or explosion ensues and then only for direct loss caused by such ensuing fire or explosion;
- b) to loss or damage of property not specifically declared and described in the "Declarations Page", if such property cannot be replaced with other of like kind and quality;
- c) to loss or damage of property held as samples or for sale or for delivery after sale.

B. Applicable only to Section 4.

The Insurer shall not be liable for Extra Expense incurred as a result of:

- a) any local or provincial ordinance or law regulating construction or repair of buildings;
- b) the suspension, lapse or cancellation of any lease, license, contract or order;
- c) interference at premises by strikers or other persons with repairing or replacing the property damaged or destroyed or with the resumption or continuation of the Insured's occupancy;
- d) error in machine programming or instructions to machine.

## 8 VALUATION

### Section 1

As indicated in the "Declarations Page" the following clause shall apply:

- a) Actual Cash Value: the Insurer shall not be liable beyond the actual cash value of the property at the time any loss or damage occurs and the loss or damage shall be ascertained or estimated according to such actual value with proper deduction for depreciation however caused, and shall in no event exceed what it would then cost to repair or replace the same with material of like kind and quality, but in no event to exceed the limit of liability herein before stipulated.
- b) Replacement Cost: the Insured shall not be liable beyond the actual retail replacement cost of the property at the time any loss or damage occurs and the loss or damage shall be ascertained or estimated on the basis of the actual cash retail replacement cost of property, similar in kind to that insured, at the place of and immediately preceding the time of such loss or damage, but in no event to exceed the limit of liability herein before stipulated.

### Section 2

The limit of the Insurer's liability for loss or damage shall not exceed:

- a) as respects property specifically described in the "Declarations Page", the amount per article specified therein, said amount being the agreed value thereof for the purpose of this insurance;
- b) as respects all other property, the actual reproduction cost of the property; if not replaced or reproduced, blank value of media; all subject to the applicable limit of liability stated in the "Declarations Page".

### Section 3

The limit of the Insurer's liability for loss shall not exceed the actual cash value of the property at time of loss nor what it would then cost to repair or replace the property with other of like kind and quality, nor the applicable limit of

insurance stated in the "Declarations Page", provided, as respects property specifically described, the amount per article specified therein is the agreed value thereof for the purpose of this insurance. The Insurer may pay for the loss in money or may repair or replace the property and may settle any claim for loss of the property either with the Insured or the owner thereof. Any property so paid for or replaced shall become the property of the Insurer. The Insured or the Insurer, upon recovery of any such property, shall give notice thereof as soon as practicable to the other and the Insured shall be entitled to the property upon reimbursing the Insurer for the amount so paid or the cost of replacement. Application of the insurance to property of more than one person shall not operate to increase the applicable limit of insurance.

## 9 SPECIAL CONDITIONS

- A. **DIFFERENCE IN CONDITIONS (Applicable only to Section 1)**  
It is a condition of this insurance that the Insured shall file with the Insurer a copy of any lease or rental agreement pertaining to the property insured hereunder insofar as concerns the lessor's liability for loss or damage to said property, and coverage afforded hereunder shall be only for the difference in conditions between those contained in said lease or rental agreement and the terms of this policy. The Insured agrees to give the Insurer thirty days advance notice of any alteration, cancellation or termination of the above mentioned leases or rental agreements pertaining to the lessor's liability.
- B. **PROTECTION OF VALUABLE PAPERS AND RECORDS (Applicable only to Section 3)**  
Insurance under this Agreement shall apply only while valuable papers and records are contained in the premises described, it being a condition precedent to any right of recovery hereunder that such valuable papers and records shall be kept in the receptacle described in the application at all times when the premises are not open for business, except while such valuable papers and records are in actual use or as stated in Paragraph 2 of the General Conditions and automatic extension below.
- C. **AUTOMATIC EXTENSION**  
Such insurance as is afforded by this agreement applies while the valuable papers and records are being conveyed outside the premises and while temporarily within other premises, except for storage, provided the Insurer's liability for such loss or damage shall not exceed ten percent of the combined limits of insurance stated in the "Declarations Page".
- D. **OWNERSHIP OF PROPERTY: INTERESTS COVERED**  
The insured property may be owned by the Insured or held by him in any capacity, provided the insurance applies only to the interest of the Insured in such property, including the Insured's liability to others, and does not apply to the interest of any other person or organization in any of said property unless included in the Insured's proof of loss.
- E. **INSURED'S DUTIES WHEN LOSS OCCURS**  
Upon knowledge of loss or of an occurrence which may give rise to a claim for loss, the Insured shall give notice thereof as soon as practicable to the Insurer or any of its authorized agents and, if the loss is due to a violation of law, also to the police.
- F. **ACTION AGAINST INSURER**  
No action shall lie against the Insurer unless, as a condition precedent thereto, there shall have been full compliance with all the terms of this Insuring Agreement, nor until thirty days after the required proofs of loss have been filed with the Insurer nor at all unless commenced within two years after the discovery by the Insured of the occurrence which gives rise to the loss. If this limitation of time is shorter than that prescribed by any statute controlling the construction of this Insuring Agreement, the shortest permissible statutory limitation in time shall govern and shall supersede the time limitation herein stated.
- G. **CHANGES**  
Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this Insuring Agreement or estop the Insurer from asserting any right under the terms of this Insuring Agreement nor shall the terms of this Insuring Agreement be waived or changed, except by endorsement issued to form a part of this Insuring Agreement.
- H. **RESUMPTION OF OPERATIONS (Applicable only to Section 4)**  
As soon as practicable after any loss, the Insured shall resume complete or partial business operations of the property herein described and, in so far as practicable, reduce or dispense with such additional charges and expenses as are being incurred.
- I. **INTERRUPTION BY CIVIL AUTHORITY (Applicable only to Section 4)**  
This Insuring Agreement is extended to include the necessary Extra Expense incurred by the Insured, as covered hereunder, during the length of time, not exceeding 2 consecutive weeks, when, as a direct result of damage to or destruction of property adjacent to the premises herein described by the peril(s) insured against, access to such described premises is specifically prohibited by order of civil authority.
- J. **DEFINITIONS (Applicable only to Section 4)**  
"Normal" wherever used in this section means: The condition that would have existed had no loss occurred.

## 10 GENERAL CONDITIONS

### A. TERRITORIAL LIMITS

This agreement covers only while the property is at locations and while in transit within and between Canada and the continental United States of America (excluding the State of Alaska).

### B. REMOVAL

Such insurance as is afforded by this agreement applies while the property insured is being removed to and while at place of safety because of imminent danger of loss, damage or expense and while being returned from such place, provided the Insured gives written notice to the Insurer of such removal within 10 days thereafter.

### C. OTHER INSURANCE

If there is available to the Insured or any other interested party any other insurance which would apply in the absence of this agreement, the insurance under this agreement shall apply only as excess insurance over such other insurance.

### D. SUE AND LABOUR

It is the duty of the Insured in the event that any property insured hereunder is lost to take all reasonable steps in and about the recovery of such property. The Insurer shall contribute pro rata towards any reasonable and proper expenses in connection with the foregoing according to the respective interests of the parties.

### E. SUBROGATION

The Insurer upon making any payment or assuming liability therefor under this agreement, shall be subrogated to all rights of recovery of the Insured against any person, and may bring action in the name of the Insured to enforce such rights. Where the net amount recovered after deducting the costs of recovery is not sufficient to provide a complete indemnity for the loss or damage suffered, that amount shall be divided between the Insurer and the Insured in the proportions in which the loss or damage has been borne by them respectively.

### F. AUTOMATIC REINSTATEMENT

Any loss hereunder shall not reduce the amount of the policy.

### G. DEBRIS REMOVAL

i) The Insurer will indemnify the Insured for expenses incurred in the removal from the Insured's "premises" of debris of the property insured, occasioned by loss or damage to such property, for which loss or damage insurance is afforded under this form.

The amount payable under this extension shall not exceed 25% of the total amount payable for the direct physical loss to property insured plus the amount of the applicable deductible.

ii) Removal of Windstorm Debris: The Insurer will indemnify the Insured for expenses incurred in the removal of debris or other property which is not insured by this form but which has been blown by windstorm upon a location specified on the "Declarations Page".

Extensions of coverage (i) and (ii) do not apply to costs or expenses:

- a) to "clean up" "pollutants" from land or water; or
- b) for testing, monitoring, evaluating or assessing of an actual, alleged, potential, or threatened spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of "pollutants".

Debris removal expense shall not be considered in the determination of actual cash value for the purpose of applying the Co-insurance Clause.

### H. CONFORMITY TO STATUTE

Terms of this agreement which are in conflict with the statutes of the Province wherein this agreement is issued are hereby amended to conform to such statutes.

General Conditions A. and D. above do not apply to Section 3.

## 11 GENERAL EXCLUSIONS

### A. WAR DAMAGE EXCLUSION

The Insurer shall not be liable under this agreement for loss from an accident caused directly or indirectly by war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military power,

### B. NUCLEAR ENERGY EXCLUSION

This agreement does not apply to loss, whether it be direct or indirect, proximate or remote:

- i) by any nuclear incident as defined in the Nuclear Liability Act or any other nuclear liability act, law or statute, or any law amendatory thereof or nuclear explosion, except for ensuing loss or damage which results directly from fire, lightning or explosion of natural, coal or manufactured gas;
- ii) by contamination by radioactive material.

## 12 DEFINITIONS

Wherever used in this form:

- a) "Clean Up" means the removal, containment, treatment, decontamination, detoxification, stabilization, neutralization or remediation of "pollutants" including testing which is integral to the aforementioned processes.
- b) "Declarations Page" means the Declarations Page applicable to this form.

- c) "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including odour, vapour, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- d) "Premises" means the entire area within the property lines and areas under adjoining sidewalks and driveways at the locations described on the "Declarations Page" and in or on vehicles within 100 metres (328 feet) of such locations.

**CHERS**  
Special Risks Inc.  
**SPECIALTY**