

WORDS AND PHRASES IN QUOTATION MARKS HAVE SPECIAL MEANING AS DEFINED IN CLAUSE 8

1. INDEMNITY AGREEMENT

In the event that any of the property insured be lost or damaged by the perils insured against the Insurer will Indemnify the Insured against the direct loss so caused to an amount not exceeding whichever is the least of;

- (a) the actual cash value of the property at the time of loss or damage;
- (b) the Interest of the Insured in the property;
- (c) the amount of insurance specified on the "Declarations Page" in respect of the property lost or damage.

Provided, however, that where the Insurance applies to the property of more than one person or interest, the insurer's total liability for loss sustained by all such persons and Interests shall be limited in the aggregate to the amount or amounts of Insurance specified on the "Declarations Page".

2. PROPERTY INSURED

A. This Form insures the following but only those Items for which a Limit of Liability is specified on the "Declarations Page":

"EDP equipment and media"

"Extra Expense" incurred by the Insured in order to continue, as nearly as practicable, the normal operation of business, immediately following damage to or destruction of the Insured's Electronic Data Processing System. If Blanket coverage applies is indicated on the "Declarations Page", "EDP equipment and media" are insured for the amount of insurance so specified on the "Declarations Page"

B. This form also insures "Equipment and Media" but only those items for which an amount of Insurance is specified on the "Declarations Page"

Property at temporary locations: "Equipment and Media" other than at a specified location except while in transit, but there shall be no liability under this item at any location owned, rented or controlled in whole or in part by the Insured.

Property at newly acquired locations: "Equipment and Media" at any acquired location that is owned, rented or controlled by the Insured in whole or in part or in or on vehicles within 100 metres of such location. This limit of insurance attaches at the time of the acquisition and extends for a period of 30 days or to the date of endorsement of this form adding such location whichever first occurs, Property in transit: "Equipment and Media" In transit.

The insurance in this Clause 2.B. applies only while the described property is within Canada and the continental United States of America (excluding Alaska).

3. DEDUCTIBLE

The Insurer is liable for the amount by which the loss or damage caused by any of the perils Insured against exceeds the amount of the deductible specified on the "Declarations Page" in any one occurrence.

If Mechanical breakdown deductible is designated on the "Declarations Page", the Insurer is liable only for the amount by which the loss or damage caused by mechanical breakdown exceeds the mechanical breakdown deductible amount.

4. CO-INSURANCE

The insurer shall not be liable in the event of loss or damage for any greater proportion of any such loss or damage than the amount hereby insured bears to the percentage, if any, specified on the "Declaration Page", of the actual value of the property insured at the time such loss or damage shall happen.

5. PERILS INSURED

This Form, except as herein provided, insures against all risks of direct physical loss of or damage to the property insured.

6. PROPERTY EXCLUDED

This Form does not Insure:

- a) accounts, bills, evidences of debt, valuable papers, records, abstracts, deeds, manuscripts or other documents, except as they may be converted to data processing media form, and then only in that form, or any data processing media which cannot be replaced with other of like kind and quality;
- b) property rented or leased to others while away from the premises of the Insured,

7. PERILS EXCLUDED

This Form 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 the Insured, a partner therein, or an officer, director, or trustee thereof, whether acting alone or in collusion with others;
- c) delay or loss of market;
- d) accidental erasure of electronic recordings due to operator error;
- e) Interruption of power supply, power surge, black-out or brown-out which originates more than 305 metres (1000 feet) away from the Insured's location as shown on the "Declarations Page";
- f) war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military power;
- g) any nuclear incident as defined In the Nuclear Liability Act, nuclear explosion or contamination by radioactive material;
- h) earthquake, except for ensuing loss or damage which results from fire, explosion, smoke or leakage from fire protective equipment;
- i) flood, including waves, tides, tidal waves and the rising of, the breaking out or the overflow of any body of water, whether natural or man-made, but this Exclusion does not apply to ensuing loss or damage which results from fire, explosion, smoke or leakage from fire protective equipment or from a water-main;

Exclusions h) and i) do not apply to property in transit

NOR, SPECIFICALLY WITH RESPECT TO "EXTRA EXPENSES, this Form does not insure against loss, damage or expense caused directly or indirectly by:

- j) any local or provincial ordinance or law regulating construction or repair of buildings;
- k) the suspension, lapse or cancellation of any lease, license, contract or order;
- l) interference at premises by strikers or other persons with repairing or replacing the properly damaged or destroyed or with the resumption or continuation of the Insured's occupancy;
- m) error in machine programming or instructions to machine;
- n) gathering or assembling Information or data and the reproduction cost of processing media.

8. SPECIAL CONDITIONS

- A DIFFERENCE IN CONDITIONS - LEASED PROPERTY - 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 Form. The Insured agrees to give the Insurer thirty (30) days notice of any alteration, cancellation or termination of the above mentioned lease or rental agreement pertaining to the lessor's liability.
- B RESUMPTION OF OPERATIONS - As soon as practicable after any loss, the insured shall resume complete or partial business operation of the property herein described and, in so far as practicable, reduce or dispense with such additional charges and expenses as are being incurred,

9. DEFINITIONS

Whenever used in this Form:

- (a) "Declarations Page" means the Declarations Page applicable to this form,
- (b) "EDP Equipment and Media" means electronic data processing equipment and component parts whether owned, leased, rented or under the control of the Insured and active data processing media,
- (c) "Extra Expense" means the excess (if any) of the total cost during the period of restoration 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 Form, 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.