

ELECTRONIC DATA PROCESSING EQUIPMENT COVERAGE FORM

Various provisions in this policy restrict coverage, so you should 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. The word loss means accidental loss or damage.

Other words and phrases that appear in bold print and have "quotation marks" have special meaning. Refer to the DEFINITIONS section.

COVERAGE

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

Covered Property

Covered Property, as used in this Coverage Form, means "Electronic Data Processing Equipment".

The loss or damage must occur at the premises shown in the Declarations, or within 1,000 feet of the premises shown in the Declarations, unless otherwise stated.

Newly Acquired Electronic Data Processing Equipment

We will pay for direct physical loss or damage to newly acquired "Electronic Data Processing Equipment" at the premises shown in the Declarations caused by or resulting from a Covered Cause of Loss that occurs during the policy period, not to exceed the applicable Limit Of Insurance for Newly Acquired Electronic Data Processing Equipment shown in the Declarations.

This coverage applies until the first of the following occurs:

- you report the value of the newly acquired "Electronic Data Processing Equipment" to us;
- 90 days pass from the date you acquire the "Electronic Data Processing Equipment"; or
- this policy expires.

We will charge you additional premium for the reported values from the date you acquire the "Electronic Data Processing Equipment".

Newly Acquired Premises

We will pay for direct physical loss or damage to "Electronic Data Processing Equipment" at newly acquired premises caused by or resulting from a Covered Cause of Loss that occurs during the policy period, not to exceed the applicable Limit Of Insurance for Electronic Data Processing Equipment at Newly Acquired Premises shown in the Declarations.

This coverage applies until the first of the following occurs:

- you report the value of the "Electronic Data Processing Equipment" at the newly acquired premises to us;
- 90 days pass from the date you acquire the premises; or
- this policy expires.

We will charge you additional premium for the reported values from the date you acquire the premises.

Additional Coverages

Electronic Data Processing Equipment In Transit

We will pay for direct physical loss or damage to "Electronic Data Processing Equipment" while "in transit", including shipments by registered mail, caused by or resulting from a Covered Cause of Loss that occurs during the policy period, not to exceed the applicable Limit Of Insurance for Electronic Data Processing Equipment In Transit shown in the Declarations.

This Additional Coverage also includes direct physical loss or damage to "Electronic Data Processing Equipment" while "in transit" which is caused by or results from fraud perpetrated by any person or persons who represent themselves to be the proper party or parties to receive goods for shipments or accept goods for delivery, not to exceed the applicable Limit Of Insurance for Electronic Data Processing Equipment In Transit shown in the Declarations

This Additional Coverage does not apply to "Electronic Data Processing Equipment":

- a. shipped by mail, unless shipped by registered mail;
- b. import shipments, within the Coverage Territory, until such time as ocean marine insurance has ceased to cover such property;
- c. export shipments once:
 - (1) loaded on board any steamer or other watercraft; or
 - (2) ocean marine insurance has begun to cover such property, whichever first occurs; or
- d. owned by others when you are acting as a carrier for hire.

Off-Premises Portable Communication Equipment

We will pay for direct physical loss or damage to "Off-Premises Portable Communication Equipment" caused by or resulting from a Covered Cause of Loss that occurs during the policy period, not to exceed the applicable Limit Of Insurance for Off-Premises Portable Communication Equipment shown in the Declarations.

Instructional and Operational Manuals

If a Limit of Insurance is shown in the Declarations for this Additional Coverage, we will pay for the cost to replace Instructional and Operational Manuals used with covered "Electronic Data Processing Equipment" that are damaged or destroyed by a Covered Cause of Loss that occurs during the policy period.

We will not pay more than the applicable Limit Of Insurance for Instructional and Operational Manuals shown in the Declarations. This is an additional amount of insurance.

Preservation of Property

1. If it is necessary to move Covered Property from a premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss of or damage to that property:
 - a. While it is being moved to or while temporarily stored at another location; and
 - b. Only if loss or damage occurs within 90 days after the property is first moved.
2. This Additional Coverage does not increase the Limit of Insurance.

Preservation of Property – Expense Coverage

1. If it is necessary to move Covered Property from a premises to preserve it from further loss or damage by a Covered Cause of Loss, we will pay the actual expense to move the property to safety.
2. We will also pay any necessary rental fees for the temporary storage at premises of others for the period of days shown in the Declarations after the property is first moved.

Preservation of Property – Expense Coverage Limit of Insurance

This is additional insurance. The applicable per-occurrence Preservation of Property – Expense Coverage Limit of Insurance is shown in the Declarations.

Loss to Utility Provider

This policy covers direct physical loss to Covered Property caused by or resulting from a Covered Cause of Loss to public utility plants, switching stations, substations, transformers or other similar structures used to deliver utility services, including telephone services to the site where your equipment is located. We will not pay for loss caused by damage to or destruction of off-premises power transmission lines, utility poles, supporting structures and overhead communication, transmission, and distribution equipment.

The applicable per-occurrence Limit of Insurance for Loss to Utility Provider is shown in the Declarations.

Debris Removal

1. We will pay your expense 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 earlier of:
 - a. The date of direct physical loss or damage; or
 - b. The end of the policy period.
2. This Coverage does not apply to costs to:
 - a. Extract "pollutants" from land or water; or
 - b. Remove, restore or replace polluted land or water.
3. Debris Removal Limit of Insurance
 - a. Your Debris Removal Limit of Insurance applies to your Debris Removal Coverage, providing an excess Limit of Insurance.

- b. The most we will pay for debris removal is the lesser of:
 - (1) 25% of the covered direct physical loss or damage; or
 - (2) The remaining applicable Limit of Insurance for Covered Property shown in the Declarations after payment of the covered direct physical loss or damage.
- c. If the amount in b. above is insufficient to pay the debris removal, we will pay the remaining debris removal. However, this additional amount we pay is subject to the Debris Removal Limit of Insurance.
- d. Your Debris Removal Limit of Insurance is shown in the Declarations.

Expediting Expenses

We will cover the reasonable extra cost of temporary repair and of expediting the repair or replacement of Covered Property damaged directly by a Covered Cause of Loss.

Extra cost will include:

- 1. Overtime; and
- 2. The cost of express shipping or other rapid means of transportation.

Your Expediting Expenses Limit of Insurance is shown in the Declarations.

Inventory Or Appraisals

We will pay for the cost of inventory or appraisal that we require from you to determine the extent of direct physical loss or damage to "Electronic Data Processing Equipment", not to exceed the applicable Limit Of Insurance for Inventory Or Appraisals shown in the Declarations.

Pollutant Clean Up And Removal

- 1. We will pay your expense to extract "pollutants" from land or water if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results 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 when the Covered Cause of Loss occurs.
- 2. This Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effect of "pollutants" from the land or water. But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.
- 3. Pollutant Clean Up Limit of Insurance
 - a. Your Pollutant Clean Up Limit of Insurance applies to your Pollutant Clean Up and Removal Coverage. The aggregate liability of the Company shall not exceed this limit for all covered expenses arising during any single policy year. A policy year means the period from the inception or anniversary date to the expiration date or next anniversary date.
 - b. Your Pollutant Clean Up Limit of Insurance applies per location and is shown in the Declarations.

Covered Causes Of Loss

We will pay for Risks of Direct Physical Loss or Damage to Covered Property, unless excluded below.

EXCLUSIONS

Acts or Decisions

We will not pay for loss or damage caused by or resulting from acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body. But, if an excluded cause of loss results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Consequential Loss

We will not pay for loss or damage caused by or resulting from delay, loss of use, loss of market or any other consequential loss.

Dishonesty

We will not pay for loss or damage caused by or resulting from dishonest or criminal acts by you, any of your partners, employees, directors, trustees, authorized representatives or anyone (except carriers for hire) to whom you entrust the property for any purpose:

- a. Acting alone or in collusion with others; or
- b. Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees; but theft by employees is not covered.

Errors in System Programming

We will not pay for loss or damage caused by or resulting from errors in system programming or errors in instructions to a machine.

This exclusion does not apply to any ensuing loss or damage by a Covered Cause of Loss.

Governmental Action

We will not pay for loss or damage caused directly or indirectly by seizure or destruction of property by order of governmental authority. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. This exclusion applies whether or not the loss event results in widespread damage or affects a substantial area.

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.

Mistakes

We will not pay for loss or damage caused by or resulting from errors in the development, distribution, processing, manufacturing, testing, installation, alteration or repair of property.

However, this exclusion does not apply to:

- a. Any ensuing loss or damage by a Covered Cause of Loss; or
- b. "Accounts receivable", "valuable information property" or "fine arts".

Negligent Work

We will not pay for loss or damage caused by or resulting from faulty, inadequate, defective or negligent:

- a. Planning, zoning, development, surveying, siting;
- b. Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- c. Materials used in repair, construction, renovation or remodeling; or
- d. Maintenance;

of part or all of any property on or off the described premises.

But, if an excluded cause of loss results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Nuclear Hazard

We will not pay for loss or damage caused directly or indirectly by: any weapon employing atomic fission or fusion; nuclear reaction or radiation; or radioactive contamination; however caused. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. This exclusion applies whether or not the loss event results in widespread damage or affects a substantial area.

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.

Pollutants

We will not pay for loss or damage caused by or resulting from the discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

Processing or Work Upon the Property

We will not pay for loss or damage caused by or resulting from processing or work upon the property.

But we will pay for direct loss or damage caused by resulting fire or explosion if these causes of loss would be covered under this Coverage Form.

War and Military Action

We will not pay for loss or damage caused directly or indirectly by

- 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.

Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. This exclusion applies whether or not the loss event results in widespread damage or affects a substantial area.

Wear and Tear

We will not pay for loss or damage caused by or resulting from wear and tear, or depreciation. 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.

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.

DEDUCTIBLES

We will not pay for loss or damage in any one occurrence until the amount of adjusted loss or damage before applying the applicable Limit 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. If no other Deductible is shown in the Declarations, your Deductible is \$500.

If more than one deductible applies in any one occurrence, the largest applicable deductible will be used.

CONDITIONS

This Coverage Form is subject to the Common Policy Conditions, the Commercial Inland Marine Conditions, and the following Additional Conditions:

Valuation Basis

Subject to the applicable Limit Of Insurance for Electronic Data Processing Equipment shown in the Declarations:

- a. "Electronic Data Processing Equipment" is valued on a functional replacement cost basis as described in the Valuation Methods condition in the Commercial Inland Marine Conditions form, unless:
 - (1) the valuation basis shown in the Declarations is actual cash value; or
 - (2) otherwise stated under Valuation Exceptions; and
- b. "Electronic Data Processing Equipment" valuation includes costs you incur as described below under Extended Warranties.

Extended Warranties

"Electronic Data Processing Equipment" valuation includes the pro-rated cost for the unused portion of non-refundable extended warranties, maintenance contracts or service contracts that you purchased, which are no longer valid on lost or damaged "Electronic Data Processing Equipment" that you repair or replace.

Valuation Exceptions

- a. Media

"Media" which is used exclusively to control, process or monitor "Electronic Data Processing Equipment" is valued at the functional replacement cost at the time of direct physical loss or damage, if the "media" is actually replaced or reproduced. If the "media" is not replaced or reproduced, the value is based on the cost of blank materials.
- b. "Electronic Data Processing Equipment" Of Others

"Electronic Data Processing Equipment" not owned by you and in your care, custody or control is valued on the same basis as your "Electronic Data Processing Equipment" (subject to all other exceptions described under Valuation Exceptions) but we will not pay more than the amount for which you are legally liable.

DEFINITIONS

ACCOUNTS RECEIVABLE

"Accounts Receivable" means:

- a. All amounts due from your customers that you are unable to collect;
- b. Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
- c. Collection expenses in excess of your normal collection expenses that are made necessary by loss or damage; and

- d. Other reasonable expenses that you incur to re-establish your records of "accounts receivable" that result from direct physical loss or damage by any Covered Cause of Loss to your records of "accounts receivable".

"Accounts receivable" does not include "electronic data".

ELECTRONIC DATA

"Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from 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 here 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. This does not apply to your "stock" of prepackaged software.

ELECTRONIC DATA PROCESSING EQUIPMENT

1. "Electronic Data Processing Equipment" means "hardware", "media" and "electronic data" you own or is in your care, custody or control.
2. "Electronic Data Processing Equipment" does not mean:
 - a. accounts, bills, deeds, evidences of debt or other "valuable information property";
 - b. aircraft, motor vehicles, trailers, semi-trailers or watercraft;
 - c. "Off Premises Portable communication equipment"
 - d. "hardware", "media" and "electronic data" held for sale or distribution;
 - e. "hardware", "media" and "electronic data" in course of manufacture;
 - f. furniture, fixtures, furnishings, office machinery and equipment, stationery, tenants' improvements and betterments and property used to service buildings or other structures;
 - g. jewelry, watches, furs, garments trimmed with fur, bullion, precious metals, precious or semi-precious stones or gems, or stamps or coins whose value exceeds face value;
 - h. "money", notes or "securities"; or
 - i. property:
 - (1) being towed by aircraft or watercraft; or
 - (2) while submerged or underwater.

FINE ARTS

"Fine arts" means paintings, etchings, pictures, tapestries, other bona fide works of art, of rarity, historical value, or artistic merit such as valuable rugs, statuary, marbles, bronzes, antiques, furniture, rare books, antique silver, manuscripts, porcelains, rare glass and bric-a-brac.

FINISHED STOCK

"Finished stock" means stock you have manufactured.

HARDWARE

"Hardware" means a network of machine components including computer systems, telephone systems and electrical panels capable of accepting data, processing it through instruction by software, and producing the desired results.

IMPROVEMENTS AND BETTERMENTS

"Improvements and betterments" means fixtures, alterations, installations, or additions comprising a part of the building occupied by the Insured and made or acquired at the expense of the Insured exclusive of rent paid by the Insured, but which are not legally subject to removal by the Insured.

MEDIA

"Media" means all forms of electronic, magnetic and optical tapes and discs, drums, cells, paper tapes and cards, or other storage devices. "Media" does not include "electronic data".

MONEY

"Money" means:

- a. Currency, coins and bank notes in current use and having a face value; and
- b. Travelers checks, register checks and money orders held for sale to the public.

OFF PREMISES PORTABLE COMMUNICATION EQUIPMENT

"Off Premises Portable Communication Equipment" means laptop computers, cellular phones, pagers, personal digital assistants and other hand-held communications devices.

"Off Premises Portable Communication Equipment" does not include "electronic data processing equipment", "hardware", "media", or "electronic data".

POLLUTANTS

"Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

SECURITIES

"Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:

- a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
- b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include "money".

SINKHOLE COLLAPSE

"Sinkhole Collapse" means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:

- a. The cost of filling sinkholes; or
- b. Sinking or collapse of land into man-made underground cavities.

SPECIFIED CAUSES OF LOSS

"Specified causes of loss" means the following:

Fire; lightning; explosion, windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; "sinkhole collapse"; "volcanic action"; falling objects; weight of snow, ice or sleet; "water damage"; sonic boom and elevator collision.

STOCK

"Stock" means merchandise held in storage or for sale, raw materials and in-process or "finished stock", including supplies used in their packing or shipping.

VALUABLE INFORMATION PROPERTY

"Valuable information property" consists of property stored, inscribed, printed, recorded or built:

- a. Information;
- b. Prototypes, meaning the first or original model of a new type of design scheduled as such in the Declarations, and
- c. Research and development documents meaning documents, plans and records which are directly associated with your research and development, are scheduled as such in the Declarations

"Valuable information property" does not include "electronic data", "fine arts", "hardware", "money", "securities" or "stock".

"Valuable information property" is considered properly stored when it is kept in the receptacles (if any) scheduled in the Declarations whenever you are not open for business or are not actually using the items.

VOLCANIC ACTION

"Volcanic action" means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- a. Airborne volcanic blast or airborne shock waves;
- b. Ash, dust, or particulate matter; or
- c. Lava flow.

"Volcanic action" does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss of or damage to the described property.

WATER DAMAGE

"Water damage" means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.