

BUSINESS GUARD - COMMERCIAL

Electronic Equipment (Material Damage) Rider **Attached to and forming part of Business Guard-Commercial Policy No. _____**

Notwithstanding anything contained in the Policy or any of its Endorsements or Riders hereto, it is agreed and declared that in consideration of the full agreed premium being paid by the Insured to the Company the following Coverage Section is included under the Policy effective the date stated herein. Subject always to the terms and provisions including the General Conditions and General Exclusions of the Policy and all endorsements thereon.

COVERAGE SECTION H (Electronic Equipment)

Sub-Section A

the items or any part thereof entered in the Schedule shall suffer any unforeseen sudden physical loss or damage

Sub-Section B

the external data media entered in the Schedule inclusive of the information stored thereon, which can be directly processed in EDP systems, shall suffer any material damage caused

CONDITIONS

Sub-Sections A and B

1. The Insured shall at his own expense take all reasonable precautions and comply with all reasonable recommendations of the Company to prevent loss, damage or liability and comply with statutory requirements and manufacturers recommendations.
2.
 - a) Representatives of the Company shall at any reasonable time have the right to inspect and examine the risk and the Insured shall provide the representatives of the Company with all details and information necessary for the assessment of the risk.
 - b) The Insured shall immediately notify the Company by Telegram and in writing of any material change in the risk and cause at his own expenses such additional precautions to be taken as circumstances may require to ensure safe operation of the Insured items and the scope of cover and/or premium shall, if necessary, be adjusted accordingly.
3. In the event of any occurrence which might give rise to a claim under this Policy, the Insured shall:
 - a) Immediately notify the Company by telephone or telegram as well as in writing giving an indication as to the nature and external of loss or damage;
 - b) Take all steps within his power to minimize the extent of the loss or damage;
 - c) Preserve the parts affected and make them available for inspection by a representative or Surveyor of the Company;
 - d) Furnish all such information and documentary evidence as the Company may require;

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- e) Inform the police authorities in case of loss or damage due to theft or burglary.

The Company shall not in any case be liable for loss, damage or liability of which no notice has been received by the Company within 14 days of its occurrence.

Upon notification being given to the Company under this Condition, the Insured may carry out the repair or replacement of any minor damage not exceeding Rs. 5,000/- provided that the carrying out of such repairs without prejudice to any question of liability of the Company and that any damaged part requiring replacement is kept for inspection by the Company, but in all other cases a representative shall have the opportunity of inspecting the loss or damage before any repairs or alteration are effected.

The liability of the Company under this Policy in respect of any item sustaining damage shall cease if said item is kept in operation after a claim without being repaired in the satisfaction of the Company or if temporary repairs are carried out without the Company's consent.

Sub-Section A

PROVISIONS

1. SUM INSURED

It is a requirement of this insurance that the sum insured shall be equal to the cost of replacement of the insured property by new property of the same kind and same capacity, which shall mean its replacement cost including freight, dues and customs duties, if any and erection costs. The sum insured of the equipment insured under this section shall include the value of 'System Software'.

2. BASIS OF INDEMNITY

- a) In cases where damage to an insured item can be repaired the Company will pay expenses necessarily incurred to restore the damaged machine to its former state of serviceability plus the cost of dismantling and re-erection incurred for the purpose of effecting the repairs as well as ordinary freight to an from a repair shop customs duties and dues if any, to the extent such expenses have been included in the Sum Insured. If the repairs are executed at a workshop owned by the Insured, the Company will pay the cost of materials and wages incurred for the purpose of the repairs plus a reasonable percentage to cover overhead charges.

No deduction shall be made for depreciation in respect of parts replaced, except those with limited life, but the value of any salvage will be taken into account. If the cost of repairs as detailed herein above equals or exceeds the actual value of the machinery insured immediately before the occurrence of the damage, the settlement shall be made on the basis provided for in (b) below.

- b) In cases where an insured item is destroyed – the Company will pay the actual value of the item immediately before the occurrence of the loss, including costs for ordinary freight, erection and customs duties if any, provided such expenses have been included in the sum insured, such actual value to be calculated by deducting proper depreciation from the replacement value of the item. The Company will also pay any normal charges for the dismantling of the machinery destroyed, but the salvage will be taken into account.

Any extra charges incurred for overtime, night-work, work on public holidays, express freight, are covered by this insurance only if especially agreed to in writing.

In the event of the Maker's drawings, patterns and core boxes necessary for the execution of a repair not being available the Company shall not be liable for the cost of making any such drawings, patterns and core boxes.

The cost of any alterations, improvements or overhauls shall not be recoverable under this Policy.

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The cost of any provisional repairs will be borne by the Company if such repairs constitute part of the final repairs, and do not increase the total repair expenses.

- c) In cases where the insured item is subjected to total loss and meanwhile it becomes obsolete, all cost necessary to replace the loss or damaged insured item with a follow-up model (similar type) of similar structure/configuration (of similar quality) i.e. low, average or high capacity – will be reimbursed.

If the sum insured is less than the amount required to be insured as per Provision-1 herein above, the Company will pay only in such proportion as the sum insured bears to the amount required to be insured. Every item if more than one shall be subject to this Condition separately.

The Company will make payments only after being satisfied, with necessary bills and documents that the repairs have been effected or replacements have taken place as the case may be. The Company may, however, not insist for bills and documents in case of total loss where the insured is unable to replace the damaged equipment for reasons beyond their control. In such cases claims can be settled on 'Indemnity Basis'.

3. WARRANTY

It is warranted that the Maintenance Agreement in force at the inception of this Policy and no variation in their terms of the agreement shall be made without the written consent of the Company being obtained.

For the purpose of this Warranty the word 'Maintenance' shall mean the following:

- a) Safety checks,
- b) Preventive maintenance
- c) Rectification of loss or damage of faults arising from normal operation as well as from aging.

Sub-Section B

PROVISIONS

1. Memo 1-Sum Insured

It is a requirement of this insurance that the sum insured shall be the amount required for restoring the insured external data media by replacing lost or damaged data media by new material and reproducing lost information.

2. Memo 2-Basis of Indemnity

The Company will indemnify any expenses that can be proved to have been incurred by the Insured within a period of 12 months as from the date of the occurrence strictly for the purpose of restoring the insured external data media to a condition equivalent to that existing prior to the occurrence and necessary for permitting data processing operations to be continued in the normal manner.

If it is not necessary to reproduce lost data or information, or if such reproduction is not effected within 12 months after the occurrence, the Company shall only be liable to indemnify the expenses incurred for replacing the lost or damaged data media themselves by new material.

As from the date of an indefinable occurrence the sum insured shall be reduced for the remaining Period of Insurance by the amount of indemnity paid, unless the sum insured is reinstated.

EXCLUSIONS

The Company will not indemnify the Insured in respect of loss, damage or liability directly caused by or arising out of or aggravated by:

Sub-Sections A and B

1. Willful act or willful negligence of the Insured or his representative;
2. Cessation of work whether total or partial.
3. Cost Incurred/time involved in the movement of machinery and/or any other property and/or personnel outside the territorial limits of India other than the cost of delivery of replacement, for machinery lost or damaged.
4. Derangement of the Insured property not accompanied by damage otherwise covered by this Policy.
5. Loss of or damage to the property covered under this Policy falling under the terms of the Maintenance Agreement.
6. Loss destruction or damage directly occasioned by pressure wave caused by aircraft and other serial devices traveling at sonic or supersonic speeds.
7. Confiscation, commandeering by a group of malicious person or persons acting on behalf of or in connection with any political organisation, requisition or destruction or damage by order of any government de-jure or de-facto or any public, municipal or local authority

In any action, suit or other proceeding where the Company allege that by reason of the provisions of the above exclusions, any loss, destruction, damage or liability is not covered by this insurance, the burden of proving that such loss, destruction, damage or liability is covered shall be upon the Insured.

8. TERRORISM DAMAGE EXCLUSION WARRANTY:

Notwithstanding any provision to the contrary within this insurance it is agreed that this insurance excludes loss, damage cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any act of terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

For the purpose of this warranty an act of terrorism means an act, including but not limited to the use of force or violence and /or the threat thereof, of any person or group(s) of persons whether acting alone or on behalf of or in connection with any organisation(s) or governments(s) committed for political, religious, ideological or similar purpose including the intention to influence any government and/or to put the public, or any section of the public in fear.

The warranty also excludes loss, damage, cost or expenses of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or to in any way relating to action taken in respect of an act of terrorism.

If the Company alleges that by reason of this exclusion, any loss, damage, cost or expenses is not covered by this insurance the burden of proving the contrary shall be upon the Insured.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

9. EXCLUSION OF DAMAGE CAUSED BY FIRE AND ALLIED PERILS

Notwithstanding the conditions, provisions and other endorsements of this Policy, it is hereby agreed and understood that the Company shall not be liable to indemnify the Insured in respect of any loss, damage or liability directly or indirectly caused by or resulting from-

- I. Fire (including losses arising out of fire fighting and rescue work).
- II. Lightning
- III. Explosion / implosion.
- IV. Riot, strike and Malicious Damage.
- V. An act of terrorism committed by a person or persons acting on behalf of or in connection with any organization and / or the action of any lawfully constituted authority in suppressing or attempting to suppress any such act of terrorism or in minimizing consequences thereof.
- VI. Impact by any rail / road vehicle or animals.
- VII. Aircraft and other aerial and / or space devices and / or articles dropped therefrom.
- VIII. Storm, cyclone, typhoon, tempest, hurricane, tornado, flood, and inundation.
- IX. Subsidence and Landslide including Rockslide.
- X. Earthquake Fire and shock.

Sub-Section A

The Company shall not be liable for

- a) The Excess stated in the Schedule to be borne by the Insured in any one occurrence; if more than one item is lost or damaged in one occurrence, the Insured shall not, however, be called upon to bear more than the highest single Excess applicable to such items;
- b) Loss or damage caused by any faults or defects existing at the time of commencement of the present insurance within the knowledge of the insured, or his representatives, whether such faults or defects were known to the Company or not;
- c) Loss or damage as a direct consequence of the continual influence of operation (e.g. wear and tear, cavitations, erosion, corrosion, incrustation) or of gradual deterioration due to atmospheric conditions.
- d) Any costs incurred in connection with the elimination of functional failures unless such failures were caused by an indemnifiable loss of or damage to the insured items.
- e) Any cost incurred in connection with the maintenance of the insured items, such exclusion also applying to parts exchanged in the course of such maintenance operations;
- f) Loss or damage for which the manufacturer or supplier of the insured items is responsible either by law or under contract.
- h) Loss of or damage to rented or hired equipment for which the owner is responsible either by law or under a lease and/or maintenance agreement.
- i) Loss of or damage to bulbs, valves, tubes, ribbons, fuses, seals, belts, wires, chains, rubber tyres, exchangeable tools, engraved cylinders, objects made of glass, porcelain or ceramics, sleeves or fabrics, or any operating media (e.g. lubricating oil, fuel; chemicals).
- j) Aesthetic defects, such as scratches on painted polished or enameled surfaces.

In respect of the parts mentioned under i) and j) above the Company shall be liable to provide compensation in the event that such parts are effected by an indemnifiable loss of or damage to the insured items.

Sub-Section B

The Company shall, however, not be liable for:

1. the Excess stated in the Schedule to be borne by the Insured in any one occurrence;
2. any cost arising from false programming, punching, labeling or inserting, inadvertent canceling of information or discarding of data media, and from loss of information caused by magnetic fields;
3. consequential loss of any kind or description whatsoever.

PERILS SPECIFIED

Sub-Sections A and B

The Policy shall apply to the Insured items only after successful completion of their performance/acceptance test whether they are at work or at rest or being dismantled for the purpose of cleaning or overhauling or in the course of aforesaid operations themselves or when being shifted within the premises or during subsequent re-erection.

Sub-Section A

Any unforeseen sudden physical loss or damage from any cause, other than those specifically excluded, in a manner necessitating repair or replacement.

Sub-Section B

Any material damage caused by peril covered under Sub-Section A. This cover applies while the insured data media are kept on the Premises. Coverage against restoration of data hereunder is granted only if back-up system is available.
