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 "loss" to Covered Property from any of the Covered Causes of Loss.

1. COVERED PROPERTY, as used in this Coverage Form, means the following type property that is owned, leased or rented to you and similar property of others for which you are liable that is in your care, custody and control, for which a Limit of Insurance is shown on the Computer Equipment and Media schedule:
   a. "Equipment"; and
   b. "Data" and "Media".

Covered Property is covered while:
   a. at your premises; or
   b. in transit and away from your premises, while in your possession or in the possession of an employee or a carrier for hire.

2. PROPERTY NOT COVERED

Covered Property does not include:
   a. Property you loan, rent or lease to others while it is away from your premises;
   b. Any "Media" or "Data" that cannot be replaced with substantially identical property
   c. Program support documentation, flowcharts, record formats, or narrative descriptions, unless this property has been converted to "media" form.
   d. Accounts, bills, evidences of debt, valuable papers, records, abstracts, deeds, manuscripts or other documents unless they are converted into data processing media form, and then only in that form; or
   e. Contraband or property in the course of illegal transportation or trade.
   f. Overhead or underground transmission lines
   g. Satellites, microwave towers and dishes, earth stations, telephone switching stations.

3. COVERED CAUSES OF LOSS

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL "LOSS" to Covered Property except those causes of "loss" listed in the Exclusions.
4. ADDITIONAL COVERAGE – COLLAPSE

The term Covered Cause of Loss includes the Additional Coverage - Collapse as described and limited below.

a. With respect to buildings:

(1) Collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose;

(2) A building or any part of a building that is in danger of falling down or caving in is not considered to be in a state of collapse:

(3) A part of a building that is standing is not considered to be in a state of collapse even if it has separated from another part of the building;

(4) A building that is standing or any part of a building that is standing is not considered to be in a state of collapse even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

b. We will pay for direct physical loss or damage to Covered Property, caused by collapse of a building or any part of a building that is insured under the IRFFNC Building and Personal Property Coverage Form or that contains Covered Property insured under this Coverage Form, if the collapse is caused by one or more of the following:

(1) Fire; lightning; windstorm or hail; explosion; aircraft or vehicles; riot or civil commotion; vandalism; breakage of building glass; falling objects; weight of snow, ice or sleet; water damage; all only as insured against in this Coverage Form;

(2) Decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse:

(3) Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;

(4) Weight of people or personal property;

(5) Weight of rain that collects on a roof;

(6) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

c. This Additional Coverage - Collapse, does not increase the Limits of Insurance provided in this Coverage Form.

4. COVERAGE EXTENSIONS

a. Newly Acquired "Equipment"

If during the policy period you acquire additional "equipment", we will cover this "equipment" for up to 90 days, but not beyond the end of the policy period.

You will report such "equipment" within 90 days from the date acquired and pay any additional premium that is due. If you do not report that "equipment" to us, coverage will end automatically 90 days after the date you acquire the "equipment," or at the end of the policy period, whichever occurs first.
b. **Newly Acquired Premises**

If during the policy period you acquire additional premises, we will cover "equipment" at the additional premises for up to 90 days, but not beyond the end of the policy period. You will report any additional premises within 90 days from the date acquired and pay any additional premium that is due. If you do not report the additional premises to us, coverage will end automatically 90 days after the date you acquired the premises or at the end of the policy period, whichever occurs first.

c. **Debris Removal Coverage**

1. We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss during the policy period; but
2. We will pay the lesser of your actual cost of debris removal or 10% of the Limit of Insurance, subject to a maximum of $100,000.
3. We will not pay any cost resulting from enforcement of any law or ordinance.
4. This Coverage Extension does not apply to costs to:
   (a) Extract "pollutants" from land or water; or
   (b) Remove, restore or replace polluted land or water.

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.

d. **Preservation of Property**

If you give us written notice within 10 days of removal of Covered Property because of imminent danger of "loss", we will pay for "loss" while it is:

(1) At a safe place away from your premises; or
(2) Being taken to and returned from that place.

This Coverage Extension is included within the Limits of Insurance applicable to the premises from which the Covered Property is removed.

e. **Duplicate "Data" or "Media" Coverage**

We will cover "data" and/or "media" duplicates while stored at a safe place away from your premises. The most we will pay in a "loss" under this Coverage Extension is the lesser of:

(1) 10% of the computer equipment and media limit of insurance shown on the computer equipment and media schedule; or
(2) $50,000.

f. **Fire Protection System Recharge**

We will pay up to $25,000 at any one location for costs you actually incur in recharging any automatic fire protection system which is designed specifically to protect Covered Property, even if discharged accidentally. The Deductible will not apply to this Coverage Extension.

g. **Mechanical Breakdown**

This policy is extended to cover direct physical "loss' caused by or resulting from:

(1) Mechanical failure, faulty construction or error in design of the Covered Property;
(2) Any repairing, servicing or processing operation; or
(3) Damage to "data" or "media" when "data" processing equipment or word processing equipment breaks down or malfunctions while "data" or "media" is being run through the system.
(4) Damage to "data" or "media" due to power failure (interruption of power supply, power surge, blackout or brownout) that occurs more than 1,000 feet from the building containing the Covered Property.
(5) Electrical disturbance to the covered property that originates less than 1,000 feet from the building in which the covered property is located.

(6) Electrical or magnetic injury to, or disturbance or erasure of data which occurs in, or less than 1,000 feet from, the building in which the covered property is located.

A $1,000 deductible applies to "losses" resulting from the above causes of "loss."

This coverage does not increase the Limits of Insurance.

h. Computer Virus

Provided that the Covered Property is protected by an anti-virus program with the most current anti-virus definitions installed:

(1) We will cover direct physical "loss" to Covered Property resulting from computer virus. Viruses are self-replicating electronic defects that contaminate or destroy "computer programs", "data," operating systems, "media" or computer "equipment."

(2) We will pay for the extra expense you incur to extract computer viruses from Covered Property, if during the policy period, you suffer direct physical "loss" to covered property as a result of computer viruses.

This is the only place under this policy where coverage is provided for computer viruses, regardless of any other cause or event that contributes concurrently on in any sequence to the loss.

A $1,000 deductible applies to "losses" resulting from computer viruses.

The most we will pay under this Coverage Extension is the lesser of the Limit of Insurance shown on the Computer Equipment and Media schedule or $25,000. Payment under this Coverage Extension does not increase the Limits of Insurance.

5. Coverage Option – Extra Expense

If a Limit of Insurance is shown on the Computer Equipment and Media Schedule for Extra Expense, we will pay necessary extra expenses you incur to continue normal operations which are interrupted due to "loss" caused by or resulting from a Covered Cause of Loss to:

a. Electrical systems necessary for the operation of covered "equipment";

b. The premises housing your Covered Property if the damage prevents you from using your Covered Property; or

c. The premises housing your Covered Property if access to your Covered Property is prohibited by order of civil authority.

We will only pay those extra expenses you incur during the "period of restoration" which you would not have incurred if there had been no "loss." But we will not pay more than 14 days of extra expense "loss" when a civil authority denies you access to your Covered Property.

But we will pay these necessary costs only for the period of time it reasonably takes you to restore your normal "operations".

The most we will pay for "loss" in any one occurrence under this Coverage Option is the applicable Extra Expense Limit of Insurance shown on the Computer Equipment and Media Schedule.
B. EXCLUSIONS

1. We will not pay for a "loss" caused directly or indirectly by any of the following. Such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss."

a. GOVERNMENTAL ACTION
   Seizure or destruction of property by order of governmental authority. But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the "loss" caused by the fire would be covered under this Coverage Form.

b. NUCLEAR HAZARD
   (1) Any weapon employing atomic fission or fusion; whether in time of peace or war, or
   (2) Nuclear reaction or radiation, or radioactive contamination however caused from any other cause. But we will pay for direct "loss" caused by resulting 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.

d. Off-Premises Power Failure
   (1) Interruption of power supply;
   (2) Power surge; or
   (3) Blackout or brownout;
   If the power failure occurs more than 1,000 feet from the building containing the Covered Property.

e. Water
   (1) Flood, surface water, rising water, waves, tidal waves, tsunami, tides, tidal water, storm surge, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
   (2) Mudslide or mudflow which are caused by flooding. A mudslide or mudflow involves a river of liquid and flowing mud on the surface of normally dry land areas as when earth is carried by a current of water and deposited along the path of the current;
   (3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;
   (4) Water under the ground surface pressing on, or flowing or seeping through:
      (a) Foundations, walls, floors or paved surfaces;
      (b) Basements, whether paved or not; or
      (c) Doors, windows or other openings; or
   (5) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow;
(6) The rising, overflowing or breaking of boundaries of natural or man-made bodies of water;

(7) The release of water held by a dam, levee or dike or by a water or flood control device;

(8) The release of water caused by the Acts, Errors or Omissions by you or others in the design, specifications, workmanship, repair, construction, or renovation of all or any part of a water or flood control device, levee, dam or dike; or

(9) Inundation of normally dry land by natural or man-made cause of at least two or more acres.

This exclusion applies regardless of whether any of the above, in paragraphs e.(1) through (9), is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

But if Water, as described in e.(1) through (9) above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

f. Earth Movement

(1) Earthquake, including any earth sinking, rising or shifting related to such event;

(2) Landslide, including any earth sinking, rising or shifting related to such event;

(3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

(4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in f.(1) through (4) above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

(5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or 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.

All volcanic eruptions that occur within any 168 hour period will constitute a single occurrence.

Volcanic action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.
2. We will not pay for a "loss" 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 acts by:
      (1) You, your employees or authorized representatives;
      (2) Anyone else with an interest in the property, or their employees or authorized representatives; or
      (3) Anyone else to whom the property is entrusted.
      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.
      But this exclusion does not apply to
      (1) Acts of destruction by your employees; but theft by employees is not covered.
      (2) Covered Property that is entrusted to others who are carriers for hire.
   c. Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
   d. Unauthorized instructions to transfer property to any person or to any place.
   e. Errors or omissions in programming or instructions to the equipment.
   f. Computer viruses. Viruses are self-replicating electronic defects that contaminate or destroy "computer programs," "data," operating systems, "media" or computer "equipment."
   g. Unexplained disappearance.
   h. Shortage found upon taking inventory.
   i. Lapse, suspension or cancellation of any lease, license, contract or order.
   j. Enforcement of any ordinance or law regulating or restricting the construction, use or repair of any property.
   k. Discharge, dispersal, seepage, migration, release or escape of "pollutants."
   l. Your neglect in protecting the Covered Property at the time of and after any "loss."

3. We will not pay for a "loss" caused or resulting from any of the following. But if "loss" by a Covered Cause of Loss results, we will pay for that resulting "loss."
   a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the "loss."
   b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
   c. Wear and tear, any quality in the property that causes it to damage or destroy itself, hidden or latent defect, gradual deterioration, depreciation, marring or scratching;
   d. Mechanical breakdown
   e. Insects, vermin or rodents.
   f. Faulty, inadequate or defective:
      (1) Planning, zoning, development, surveying, siting;
      (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
      (3) Materials used in repair, construction, renovation or remodeling; or
      (4) Maintenance;
   g. Collapse except as provided in the Additional Coverage – Collapse section of the Coverage Form.
h. Corrosion, rust, mold, rot, dampness or dryness of atmosphere, changes in or extremes of
temperature, cold or heat; but we will pay for such loss or damage resulting from direct
physical loss to the air conditioning system that services your data processing equipment.
The damage to such system must be caused by a covered cause of loss.

C. LIMITS OF INSURANCE

1. The most we will pay for "loss" in any one occurrence for:
   a. Covered Property while at your premises is the applicable Limit of Insurance shown on the
      Computer Equipment and Media schedule.
   b. Covered Property while in transit or away from your premises, is the lesser of
      (1) the applicable Limit of Insurance shown on the Computer Equipment and Media
      schedule; or
      (2) $100,000.
   c. "Extra Expense", is the applicable Limit of Insurance shown on the Computer Equipment
      and Media schedule.

2. The most we will pay for "loss" in any one occurrence for a Coverage Extension is the Limit of
   Insurance applicable to a Coverage Extension.

D. DEDUCTIBLE

If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If
the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the
adjusted amount of loss, and will pay the resulting amount or the Limits of Insurance, whichever is
less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits
of Insurance apply, the losses will not be combined in determining application of the Deductible.
But the Deductible will be applied only once per occurrence.

The deductible amount shall be subtracted from the total amount of money damages and claim
expenses including 1) loss payments and 2) investigation, adjustment, defense and/or appeal
expenses, whether or not loss payment is made, resulting from each occurrence. IRFFNC shall be
liable only for the amount in excess of the Deductible stated in the Declarations.

Where coverage for loss or damage to Covered Property, caused by a single occurrence, is provided
under the IRFFNC Building and Personal Property Coverage Form, IRFFNC Fine Arts Coverage
Form and/or IRFFNC Computer Equipment and Media Coverage Form, the deductible applied to
the covered loss shall be the greater of the applicable deductibles under all of the aforementioned
forms.

If this policy is endorsed to cover Flood under the Flood Coverage Endorsement (or if you have a
flood insurance policy), a separate Flood Deductible applies to loss or damage attributable to Flood,
in accordance with the terms of that endorsement or policy.

If this policy is endorsed to cover earthquake and volcanic eruption under the Earthquake and
Volcanic Eruption Endorsement (or if you have an earthquake insurance policy), a separate
Earthquake and Volcanic Eruption Deductible applies to loss or damage to earthquake and volcanic
eruption, in accordance with the terms of that endorsement or policy.

In the event of any recovery or salvage on a loss which has been paid hereunder, such recovery or
salvage shall accrue entirely to the benefit of IRFFNC until the sum paid by IRFFNC has been
recovered.
E. ADDITIONAL CONDITIONS

1. VALUATION

General Condition F. Valuation in the IRFFNC Inland Marine Conditions is replaced by the following:

a. "Equipment." The value of "equipment" will be its replacement cost (without deduction for depreciation). We will not pay more for any "loss" on a replacement cost basis than the least of:

(1) The Limit of Insurance applicable to the "equipment";
(2) The cost to replace the "equipment" with other "equipment":
   (a) of comparable material and quality; and
   (b) used for the same purpose; or

You may substitute property of a different kind or quality, but we will not pay more than what it would cost to replace the damaged or destroyed property with substantially identical property.

(3) The amount you actually spend that is necessary to repair the "equipment" with materials of like kind and quality.

We will not pay on a replacement cost basis for any "loss":

(1) Until the "equipment" is actually repaired or replaced;
(2) Unless the repairs or replacement are made as soon as reasonably possible after the "loss".
(3) To equipment not maintained in good or workable condition; or
(4) To equipment that is outdated or obsolete and is stored or not being used.

If the "equipment" is not repaired or replaced, the General Condition F. Valuation in the IRFFNC Inland Marine Conditions will apply.

In the event of "loss", the value of the "equipment" will be determined as of the time of "loss."

b. "Data" and "Media"

The value of the "data" or "media" will be the least of the following amounts:

(1) The Limit of Insurance shown on the Computer Equipment and Media schedule; or
(2) The actual cost of reproducing the "data" or "media" provided that the "data" is replaced or reproduced. However, if the "data" is not replaced or reproduced, we will pay the blank value of the "media" on which the "data" was recorded. On "media", we will pay the actual cost of repairing or replacing with material of the same kind and quality.

In the event of "loss", the value of the "data" and "media" will be determined as of the time of "loss."

c. "Extra Expense."

The value of "extra expense" will be based on:

(1) All necessary costs of "operations" you incur that are over and above the normal costs of "operations" that you would have incurred if there had been no "loss" to "equipment," "data" or "media" at your premises caused by or resulting from a Covered Cause of Loss,

(2) All necessary costs that reduce the "extra expense" otherwise incurred. But we will not pay those expenses that exceed the amount by which they reduce the "loss."

But we will pay these necessary costs only for the period of time it reasonably takes you to restore your normal "operations".
2. The following conditions apply in addition to the IRFFNC Inland Marine Conditions and the IRFFNC Common Policy Conditions.

a. COVERAGE TERRITORY
   We cover property wherever located within:
   (1) The United States of America;
   (2) Puerto Rico; and
   (3) Canada.

b. RECORDS
   You will keep accurate records of your business and retain them for three years after the policy ends.
   These records will consist of an inventory of all "equipment" covered under this Coverage Form.

c. LOSS PAYABLE
   For Covered Property in which both you and a Loss Payee shown in the Declarations have an insurable interest, we will:
   (1) Adjust "losses" with you; and
   (2) Pay any claim for "loss" jointly to you and the Loss Payee, as interests may appear.

F. DEFINITIONS
1. "Computer programs" means "data" used to direct computer equipment.
2. "Data" means information stored on media and includes facts, instructions and "computer programs" converted to a form usable in a data processing operation.
3. "Equipment" means electronic data processing and word processing computer equipment, telecommunications equipment and integral components used exclusively in your computer and telecommunications operations. The equipment must be property that you own, rent or are legally responsible for.
4. "Extra expense" means necessary expenses you incur to continue your normal "operations" that you would not have incurred if there had been no "loss" to property.
5. "Loss" means accidental loss or damage.
6. "Media" means the material on which data is recorded, such as magnetic tapes, disk packs, drums, paper tapes, cards and programs used in computer processing units.
7. "Operations" means your electronic data processing business activities occurring at your premises.
8. "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
   b. Ends on the date when the property at the covered location should be repaired, rebuilt or replaced with reasonable speed and similar quality.
   The expiration date of the policy will not limit the "period of restoration."
9. "Pollutants" means any Covered Property that becomes a 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.