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United Ajod Insurance Limited

United by Trust

(Former: **United Insurance Co. (Nepal) Ltd. & Ajod Insurance Limited**)

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ELECTRONIC EQUIPMENT INSURANCE POLICY

Whereas the Insured named in the schedule hereto has made to the **United Ajod Insurance Ltd.** (hereinafter called "the Company") a written proposal by completing a questionnaire which, together with any other statements made in writing by the Insured for the purpose of this Policy, is deemed to be incorporated herein,

Now this Policy of Insurance witnesses that, subject to the Insured having paid to the Company the premium mentioned in the schedule and subject to the terms, exclusions, provisions and conditions contained herein or endorsed hereon, the Company will indemnify the Insured in the manner and to the extent hereinafter provided.

This Policy applies whether the insured items are at work or at rest, or being dismantled for the purpose of cleaning, overhauling or of being shifted within the premises, or in the course of the aforesaid operations themselves, or during subsequent re-erection, but in any case only after successful commissioning.

GENERAL EXCLUSIONS

The Company shall not indemnify the Insured in respect of loss or damage directly or indirectly caused by, arising out of or aggravated by

- a) war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, mutiny, riot, strike, lock-out, civil commotion, military or usurped power, a group of malicious persons or persons acting on behalf of or in connection with any political organization, conspiracy, confiscation, commandeering, requisition or destruction or damage by order of any government *de jure* or *de facto* or by any public authority;
- b) nuclear reaction, nuclear radiation or radioactive contamination;
- c) wilful act or wilful negligence of the Insured or his representatives.

In any action, suit or other proceeding where the Company alleges that, by reason of the provisions of Exclusion a) above, any loss, destruction or damage is not covered by this Policy, the burden of proving that such loss, destruction or damage is covered shall be upon the Insured.

GENERAL CONDITIONS

1. The due observance and fulfilment of the terms of this Policy, in so far as they relate to anything to be done or complied with by the Insured, and the truth of the statements and answers in the questionnaire and proposal made by the Insured shall be a condition precedent to any liability of the Company.
2. The schedule and the sections (s) shall be deemed to be incorporated in and form part of this Policy and the expression "this Policy", wherever used in this contract, shall be read as including the Schedule and the section(s). Any word or expression to which a specific meaning has been attached in any part of this Policy, of the schedule or of the section(s) shall bear such meaning wherever it may appear.
3. The Insured shall at his own expense take all reasonable precautions and comply with all reasonable recommendations of the Company to prevent loss or damage and comply with statutory requirements and manufacturers' recommendations.
4.
 - 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 facsimile and in writing of any material change in the risk and cause at his own expense 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.

No material alteration shall be made or admitted by the Insured whereby the risk is increased, unless the continuance of the insurance confirmed in writing by the Company.
5. 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 facsimile as well as in writing, giving an indication as to the nature and extent of the 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;
 - e) inform the police authorities in the case of loss or damage due to 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 repairs or replacement any minor damage: in all other cases a representative of the Company shall have the opportunity of inspecting the loss or damage before any repairs or alterations are effected.

If a representative of the Company does not carry out the inspection within a period of time which could be considered adequate under the circumstances, the Insured is entitled to proceed with the repairs or replacement.

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

6. The Insured shall at the expense of the Company do and concur in doing and permit to be done all such acts and things as may be necessary or required by the Company in the interest of any rights or remedies, or of obtaining relief or indemnity from parties (other than those insured under this Policy) to which the Company are or would become entitled or which is or would be subrogated to them upon their paying for or making good any loss or damage under this Policy, whether such acts and things are or become necessary or required before or after the Insured's indemnification by the Company.
7. If any dispute or difference shall arise on claim under this Policy, the same shall be resolved in accordance with the provisions of the Insurance Act, 2049 of Nepal as amended from time to time and for the time being in force.
8.
 - a) If the proposal or declaration of the Insured is untrue in any material respect, or if any claim made is fraudulent or substantially exaggerated, or if any false declaration or statement is made in support thereof, then this Policy shall be void and the Company shall not be liable to make any payment hereunder.
 - b) In the event of the Company disclaiming liability in respect of any claim and if an action or suit is not commenced within three months after such disclaimer or (in the case of arbitration taking place in pursuance of Condition 7 of this Policy) within three months after the Arbitrators or Umpire have made their award, all benefit under this Policy in respect of such claim shall be forfeited.
9. If at the time any claim arises under this Policy there is any other insurance covering the same loss or damage, the Company shall not be liable to pay or contribute more than their rateable proportion of any claim for such loss or damage.
10. This Policy may be terminated at the request of the Insured at any time, in which case the Company will retain the customary short-period rate for the time this Policy has been in force. This Policy may equally be terminated at the option of the Company by seven days' notice to that effect being given to the Insured, in which case the Company will be liable to repay on demand a rateable proportion of the premium for the unexpired term from the date of cancellation less any reasonable inspection charges the Company may have incurred and less any long-term discount on premiums granted.
11. Under an insurance for a third party's account the Beneficiary shall be entitled to exercise, in his own name, the rights of the Insured. Without obtaining the Insured's approval, the Beneficiary shall further have the right to receive any indemnity paid under this Policy and to transfer the Insured's rights even if the Beneficiary is not in possession of this Policy. Upon payment of an indemnity the Company may require evidence of the Beneficiary having given his consent to the insurance and of the Insured having given his consent to the receipt of an indemnity by the Beneficiary.
12. The indemnity shall be payable one month after determination by the Company of the full amount due. Notwithstanding the above the Insured may, one month after the Company have been duly notified of the loss and have acknowledged their liability, claim as an instalment the minimum amount payable under the prevailing circumstances. The running of the periods shall be suspended for the time during which the indemnity is unascertainable or not payable due to reasons within the Insured's control.

The Company shall be entitled to withhold indemnification

- a) if there are doubts regarding the Insured's right to receive the indemnity, pending receipt by the Company of the necessary proof;
- b) if in connection with the claim an examination by the police or an inquiry under criminal law has been instituted against the Insured, pending completion of such examination or inquiry.

SECTION 1 - MATERIAL DAMAGE

Scope of cover

The Company hereby agrees with the Insured that if at any time during the period of insurance stated in the Schedule or during any subsequent period for which the Insured pays and the Company may accept the premium for the renewal of this Policy, the items or any part thereof entered in the Schedule suffer any unforeseen and sudden physical loss or damage from any cause, other than those specifically excluded, in a manner necessitating repair or replacement, the Company will indemnify the Insured in respect of such loss or damage, as hereinafter provided by payment in case, replacement or repair (at the Company's option) up to an amount not exceeding in any one year of insurance in respect of each of the items specified in the Schedule the sum set opposite thereto and not exceeding in all the total sum expressed in the Schedule as insured hereby.

Special Exclusion to Section 1

The Company shall not, however, be liable for

- a) the deductible 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 deductible applicable to such items;
- b) loss or damage directly or indirectly caused by or arising out of earthquake, volcanic eruption, tsunami, hurricane, cyclone or typhoon;
- c) loss or damage directly or indirectly caused by theft;
- d) loss or damage caused by any faults or defects existing at the time of commencement of this Policy within the knowledge of the Insured or his representatives, whether such faults or defects were known to the Company or not;
- e) loss or damage directly or indirectly caused by the failure or interruption of any gas, water or electricity service or supply;
- f) loss or damage as a direct consequence of the continual influence of operation (e.g. wear and tear, cavitation, erosion, corrosion, incrustation) or of gradual deterioration due to atmospheric conditions;
- g) 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;
- h) any costs incurred in connection with the maintenance of the insured items, such exclusion also applying to parts exchanged in the course of such maintenance operation;
- i) loss or damage for which the manufacturer or supplier of the insured items is responsible either by law or under contract;

- j) 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;
- k) consequential loss or liability of any kind or description;
- l) 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, sieves or fabrics, or any operating media (eg lubrication oil, fuel, chemicals);
- m) aesthetic defects, such as scratches on painted, polished or enamelled surfaces.

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

Provisions Applying to Section 1

Memo 1 - Sum Insured

It shall be a requirement of this insurance that the sum insured is equal to the cost of replacement of the insured items by new items of the same kind and capacity, which means their replacement costs including, e.g., freight, customs duties and dues, if any, and erection costs. If the sum insured is less than the amount required to be insured, the Company shall 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.

Memo 2 - Basis of Indemnity

- a) In cases where damage to an insured item can be repaired, the Company shall pay expenses necessarily incurred to restore the damaged items 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 and 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 shall 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, but the value of any salvage shall be taken into account.

If the costs of repairs as detailed hereinabove equal or exceed the actual value of the insured items 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 shall pay the actual value of the item immediately before the occurrence of the loss, including costs for ordinary freight, erection, customs duties and dues, if any, to the extent 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 shall also pay any normal charges for the dismantling of the item destroyed, but the value of any salvage shall be taken into account. The destroyed item shall no longer be covered under this Policy, and all necessary data on the relevant substitute item shall be indicated for its inclusion in the schedule. (The Company may agree - by application of the relevant endorsement - to extend this insurance to cover reimbursement of the full replacement value.)

As from the date of an indemnifiable 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.

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

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

The costs of any provisional repairs shall be borne by the Company if such repairs constitute part of the final repairs and do not increase the total repairs expenses.

The Company shall make payments only after being satisfied by production of the necessary bills and documents that the repairs have been effected or replacement has taken place, as the case may be.

SECTION 2 - EXTERNAL DATA MEDIA

Scope of cover

The Company hereby agrees with the Insured that if the external data media entered in the Schedule inclusive of the information stored thereon, which can be directly processed in EDP systems, suffer any material damage indemnifiable under Section 1 of this policy, the Company will indemnify the Insured, as hereinafter provided, in respect of such loss or damage up to an amount not exceeding in any one year of insurance in respect of each of the data media specified in the Schedule the sum set opposite thereto and not exceeding in all the total sum insured hereby, provided always that such loss or damage occurs during the period of insurance stated in the Schedule or during any subsequent period for which the Insured pays and the Company may accept the premium for the renewal of this Policy. This cover applies while the insured data media are kept on the Premises.

Special Exclusions to Section 2

The Company shall, however, not be liable for

- a) the deductible stated in the Schedule to be borne by the Insured in any one occurrence;
- b) any costs arising from false programming, punching, labelling or inserting, inadvertent cancelling of information or discarding of data media, and from loss of information caused by magnetic fields;
- c) consequential loss of any kind or description whatsoever.

Provisions Applying to Section 2

Memo 1- Sum Insured

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

Memo 2 - Basis of Indemnity

The Company shall 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 indemnifiable 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

SECTION 3 - INCREASED COST OF WORKING

Scope of Cover

The Company hereby agrees with the Insured that if material damage indemnifiable under Section 1 of this Policy gives rise to a total or partial interruption of operation of the EDP equipment entered in the Schedule, the Company will indemnify the Insured, as hereinafter provided, for any additional expenditure incurred for the use of substitute EDP equipment not covered under this Policy up to an amount not exceeding the agreed indemnification per day and not exceeding in all the sum insured in any one year of insurance, provided always that such interruption occurs during the period of insurance stated in the schedule or during any subsequent period for which the Insured pays and the Company may accept the premium for the renewal of this Policy.

Special Exclusions to Section 3

The Company shall however, not be liable for any additional expenditure incurred as a result of

- a) restrictions imposed by public authorities concerning the reconstruction or operation for EDP equipment insured;
- b) the necessary funds not being available to the Insured in time for repairing or replacing damaged or destroyed equipment.

Provisions Applying to Section 3

Memo 1 - Sum Insured

It shall be a requirement of this insurance that the sum insured stated in the Schedule is the amount which the Insured would have to pay as additional expenditure for 12 months' use of substitute EDP equipment of similar performance to the EDP equipment insured. The sum insured shall be based on the amounts agreed per day and per month as specified in the schedule.

The Company shall also reimburse the Insured for personnel expenses and costs for transportation of materials following upon any event giving rise to a claim under this section provided separate sums therefor have been entered in the schedule.

Memo 2 - Basis of Indemnity

In the event of failure of the EDP equipment insured the Company shall be liable for the additional expenditure that can be proved to have been incurred for the period during which the use of substitute EDP equipment is essential, but at the most for the indemnity period agreed.

The indemnity period shall commence as soon as the substitute equipment is put into use.

The Insured shall bear that proportion of each claim which corresponds to the time excess agreed.

If it is found following an interruption of the operation of EDP equipment insured that the additional expenditure incurred during the period of interruption is higher than the proportionate share of the annual sum insured, which is applicable to this period, the Company shall only be liable to indemnify the Insured in respect of that proportion of the agreed annual sum insured which is applicable to the period of interruption, duly taking into account the indemnity period agreed.

Any savings in cost shall be taken into account when calculating the indemnity amount to be paid by the Company.

As from the date of an indemnifiable 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.