

System Failure

Optional Coverage Extension (the Additional Coverage Section)

This insurance cover is subject to the **Policy** terms, conditions and exclusions which are incorporated and are part of and are expressly applicable to this **Additional Coverage Section**, and is also subject to the additional terms, conditions, definitions and exclusions set out below.

All insurance covers under this **Additional Coverage Section** are written specifically on a primary basis and are provided solely for **Insured Events** first arising during the **Policy Period** and reported to the **Insurer** as required by this **Policy**.

This **Additional Coverage Section** only applies if shown as purchased on the Schedule.

1 INSURANCE COVER

1.1 System Failure Network Interruption Loss

The **Insurer** will pay to the **Company** any **Network Loss** (not to exceed the sublimit stated at Item 7 of the Schedule) incurred by the **Company** and resulting from a **System Failure Interruption** to a **Company's Computer System**. Provided that such **Network Loss** is incurred:

- (i) after the **System Failure Waiting Hours Period** has expired and during the **System Failure Interruption** (but subject to a maximum period of 120 days commencing from the expiry of the **System Failure Waiting Hours Period**); and
- (ii) for a period of 90 days commencing from the resolution of the **System Failure Interruption**.

1.2 Interruption and Mitigation Costs

The **Insurer** will pay to or on behalf of the **Company** any **Network Interruption Costs** (not to exceed the sublimit stated at Item 7 of the Schedule) incurred after half the **System Failure Waiting Hours Period** has expired in mitigating the impact of a **System Failure Interruption** to a **Company's Computer System**.

Such **Network Interruption Costs** can only be incurred during the **System Failure Interruption** (but subject to a maximum period of 120 days commencing from the expiry of the **System Failure Waiting Hours Period**).

2 DEFINITIONS

2.1 Network Interruption Costs

The reasonable and necessary costs and expenses that the **Company** incurs to:

- (i) minimise the **Network Loss**; and/or
- (ii) reduce the duration of a **System Failure Interruption** of the service provided by a **Company's Computer System**, excluding the cost of any forensic or IT consultants.

2.2 Network Loss

- (i) the reduction in net profit (whether or not arising from reduction in customers) that would have been earned but for the **System Failure Interruption**; and
- (ii) expenses incurred, including payroll, in order to ensure continuation of the **Company's** normal operating procedures during the **System Failure Interruption**.

Network Loss shall not include any financial loss resulting from fluctuations in market conditions or the value of assets or other unfavourable business conditions during the **System Failure Interruption**.

2.3 System Failure Interruption

- (i) the suspension or degradation of the service provided by the **Company's Computer System** solely caused by a **System Failure**; or
- (ii) the inability of the **Company** to access **Data** due to such **Data** being deleted, damaged, corrupted, altered or lost but only where such deletion,

damage, corruption, alteration or lost is solely caused by a **System Failure**.

2.3 System Failure

- (i) any unintentional and unplanned outage of a **Company's Computer System** including but not limited to:
 - (a) failures in power supply, but only if the power supply is under direct operational control of the **Insured**;
 - (b) over and under voltage;
 - (c) electrostatic build-up and static electricity;
 - (d) overheating;
 - (e) a failed system upgrade;
 - (f) a software error;
 - (g) an internal network failure;
 - (h) hardware failure; or
- (ii) any negligent act or failure to act by an employee of the **Company**, related to any operating, maintaining or upgrading of a **Company's Computer System**, but excluding any operating, maintaining or upgrading of any cloud service used by the **Company** or any employee "Bring Your Own Device" used to access a **Company's Computer System** or **Data** contained therein.

2.4 System Failure Waiting Hours Period

the number of hours set forth in Item 7 of the Schedule, commencing at the beginning of a **System Failure Interruption**.

3 EXCLUSIONS

This **Additional Coverage Section** shall not cover any **Network Interruption Costs** or **Network Loss** arising out of, based upon or attributable to:

3.1 Infrastructure

Any:

- (i) electrical or mechanical failure of infrastructure not under control of the **Company** including any electrical power interruption, surge, brown out or black out; However, this does not apply to a **Company's Computer System**;
- (ii) failure of telephone lines, data transmission lines or other telecommunications or networking infrastructure not under the control of a **Company**;
- (iii) satellite failure.

3.2 Betterment

- (i) Any updating, upgrading, enhancing or replacing any **Company's Computer System** to a level beyond that which existed prior to the occurrence of a **System Failure Interruption**; or
- (ii) the removal of software program errors or vulnerabilities.

3.3 Government Entity or Public Authority

Any seizure, confiscation, nationalisation or destruction of any **Company's Computer System** by order of any government entity or public authority.

3.4 Third Parties

Any:

- (i) **Claims** made by **Third Parties** or **Regulator**;
- (ii) **Regulatory Investigation**; or
- (iii) fines or penalties payable to **Third Parties**;

3.5 Natural Disasters

Any Act of God, earthquake, explosion, fire, flood, hail, landslide, lightening, smoke, tidal wave, volcanic eruption, water, wind, or any other physical event howsoever caused.

4 CONDITIONS

4.1 Proof of Loss

In addition to the requirements to give notice to the **Insurer** under Section 4.1 (Notice and Reporting) of this **Policy**, and before coverage under this **Additional Coverage Section** shall apply, the **Company** must also:

- (i) complete and sign a written, detailed and affirmed proof of loss within one hundred and eighty (180) days after the resolution of the **System Failure Interruption** (unless this period is otherwise extended in writing by the **Insurer**) which will include:
 - (a) a full description of the **Network Interruption Costs** or **Network Loss** and the circumstances of such **Network Interruption Costs** or **Network Loss**;
 - (b) a detailed calculation of any **Network Loss**; and
 - (c) all underlying documents and materials that reasonably relate to or form a part of the basis of the proof of the **Network Interruption Costs** or **Network Loss**;
- (ii) upon the **Insurer's** request promptly respond to requests for information.

All adjusted claims are due and payable forty five (45) days after:

- (i) the presentation of the satisfactory written proof of **Network Loss** and **Network Interruption Costs** as provided for in (a) and (b) above; and
- (ii) the subsequent written acceptance thereof by the **Insurer**.

The costs and expenses of establishing or proving **Network Loss** and/or **Network Interruption Costs** under this **Additional Coverage Section**, including those associated with preparing the proof of loss, shall be the obligation of the **Company** and are not covered under this **Policy**. The **Insurer** will, however, meet the reasonable costs of the **Company's** auditors or external accountants in attending meetings and interviews and in providing such information as the **Insurer** shall request to verify and adjust the claim for **Network Loss** and/or **Network Interruption Costs** (as applicable).

All other Terms, Conditions and Exclusions of the Policy remain unchanged.