

## **Client Information Sheet – Electronic Equipment Insurance**

Electronic equipment insurance is a specific type of insurance policy that is designed to cover damage to and consequential costs of claims for electronic equipment. Electronic equipment insurance can be purchased as a standalone insurance policy or as a section within some business pack insurance policies.

The extent of cover from one insurance company's policy to another can vary greatly but generally speaking, most insurers issue a basic cover.

### **What is electronic equipment?**

Electronic equipment includes computers and data processing equipment and central processing units and supporting equipment, Video display units, printers, hard drives, floppy disk drives, micro disk drives including read and write heads, electro/mechanical motors and passive components. Electronic equipment also includes other machinery that can be described and defined insurance policy.

### **Basic Cover provided:**

Cover under an electronic equipment insurance policy can include the following –

- Damaged by fire and perils, such as lightning, storm, malicious damage, water damage
- Accidental damage (As defined in the policy wording)
- Theft or attempted theft
- Damage caused by voltage peaks or surges
- Damage caused by operator error and/or misuse
- Damage due to vermin
- Damage due to breakdown or fusion of motors, switchgear, or other moving parts
- Damage caused by contamination, pollution, erosion, subsidence, wet and dry rot, dampness of atmosphere or of the variation of temperature, evaporation, inherent vice,
- Damage due to or caused by latent defect, smoke, error in plan design or specification, faulty workmanship.

**Benefits payable:**

As with all insurance policies, there are a number of exclusions and extensions under an electronic equipment insurance policy. However, most policies provide benefits payable under a claim for an electronic equipment insurance policy which include the costs to repair or restore or replace the damaged equipment, costs incurred in restoring electronic data, increased costs of working, relocation costs, and freight costs.

Insurers will also extend cover for equipment on the loan, (excluding breakdown of such items.)

Electronic equipment claims that result in the need to demolish or construct supporting structures may be claimed with some insurers, having certain sub-limits or maximums amount payable for this type of loss. Insurers can also provide sub-limits of cover for the costs of cleaning up hazardous substances.

**Specified or blanket cover:**

Equipment insured under an electronic equipment insurance policy can either be specified, noting the make model serial number and an individual replacement sum insured or alternatively, a blanket policy can be arranged. Under a blanket policy, no specific equipment is listed but generally the various types of equipment are listed with estimates of the number of pieces of equipment for each type. Blanket policies work well for businesses that have vast numbers of small equipment.

**Fixed or movable equipment:**

Type of equipment insured under an electronic equipment insurance policy can be either fixed in one location or movable around the country. Where the equipment is movable, cover extends to include loss or damage during transit.

**Standard exclusions to cover:**

Electronic equipment insurance policies do not cover claims arising from fair wear and tear, known faults or defects, costs for expendable or consumable parts, damage caused radioactive contamination, damage caused by acts of terror or war or civil commotion, lawful seizure or confiscation, deliberate or dishonest acts

**Special conditions:**

For any claim for breakdown to be payable by an insurance company, the insured equipment must be the subject of a comprehensive maintenance agreement with a reputable industry specific maintenance company or repairer.