



INSURANCE COMPANY (BARBADOS) LIMITED

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COMPUTER INSURANCE PROPOSAL

Note to Proposer

Notice to Insured on the Nature and Effect of the Pro Rata Condition of Average (Average Clause)

Please note that any property that is insured or to be insured under the policy mentioned above is subject to the **pro rata condition of average (Average Clause)**. This means that, under certain circumstances, if the property covered under this policy is, at the time of any loss or damage from an insured peril, of greater value than the sum for which the property is insured, you will only be entitled to recover under this policy such proportion of the loss as the sum insured under this policy bears in relation to the total value of the property. You are said to be under-insured because the sum insured at the time of the loss is less than the actual value of the insured property and so a part of the insured loss will not be covered under this Policy. In this case, you are considered as being your own insurer for the part of your loss which is not covered under this policy.

For example, should you have a property, which has a value of \$10,000,000 and you decide to insure it for \$7,000,000 and you suffer a loss from an insured peril, there are three possible scenarios depending on the size of the loss. The formula that is applied in each case is the same as set out below:

$$\frac{\text{Sum Insured} \times \text{Amount of the loss}}{\text{Value}} = \frac{\text{Amount Recoverable}}{1}$$

Example 1 Where loss is less than value and less than Sum Insured

- Assume the loss is \$5,000,000

$$\frac{\$7,000,000}{\$10,000,000} \times \frac{\$5,000,000}{1} = \frac{\$3,500,000}{1}$$

You will be paid \$3,500,000 or 70% of your loss less any deductible stated in the policy

Example 2 Where loss is less than value but greater than Sum Insured

- Assume the loss is \$8,000,000

$$\frac{\$7,000,000}{\$10,000,000} \times \frac{\$8,000,000}{1} = \frac{\$5,600,000}{1}$$

You will be paid \$5,600,000 or 70% of your loss less any deductible stated in the policy

Example 3 Where loss is equal to replacement value

Should you have a total loss that is, \$10,000,000 then you will only receive the amount you insured the property for that is, \$7,000,000 less any deductible stated in the policy.

Under certain circumstances where you under-insure, you may be entitled to the full amount of the insured loss if the sum insured is equal to or more than 85% of the value. This will depend on the terms of your policy.

Please review the terms of your policy carefully, including checking on the adequacy of the sum for which the property is insured or to be insured. This will enable you to identify whether you are or will be under-insured in a manner which will cause the **pro rata condition of average** detailed in your policy to be applied. You may check with your insurer, agent or broker for further clarification on the terms of your policy and the nature and effect of the pro rata condition of average contained therein.

This notice is given to you in fulfillment of the legal requirement to provide you with information on the nature and effect of the **pro rata condition of average** stated in your policy to be inserted in the policy of insurance mentioned above.

Please note that the extent to which the condition applies is governed by the terms of your policy.

.....
Proposer's Signature

.....
Date

Broker		Policy No.	
CSR			

Please complete in BLOCK CAPITALS throughout

Full Name of Proposer			
Address			
Postal Code		Telephone No.	

Address at which computer is situated if different from above			
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Occupation			
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Purpose for which computer is used.			
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Period of Insurance	From:	Day		Month		Year		Liability does not commence until this Proposal has been accepted by the Company and the premium paid, except as provided by an official covering note issued by the said Company.
	To:	Day		Month		Year		

SECTION A	Equipment and Computer System's Records to be Insured							
	N.B. 1. Reinstatement and Average <i>In the event of the property being lost or damaged, the basis of settlement will be reinstatement as new. If the sums insured represent less than the full reinstatement value, a proportionate part of the loss will be borne by the policyholder. It is, therefore, essential that the sum insured makes allowances for these factors</i> 2. <i>If equipment is destroyed or damaged, the expense of Consulting Engineers' Fees necessarily incurred in the reinstatement of equipment (other than fees in preparing a claim) and the expense of removing debris, dismantling or demolishing and shoring up or propping up of equipment consequent upon destruction or damage is covered. When considering sums insured to apply in respect of equipment, an allowance should be included for these factors.</i>							

Loss of or damage to:

ITEM NO.	DESCRIPTION	MAKE	IDENTIFICATION NUMBER	YEAR OF MANF.	SUM TO BE INSURED (\$)
1.	Electronic data processing equipment belonging to the Proposer or for which the Proposer is responsible consisting of:				
2.	Peripheral equipment such as card punchers, tape decks, card sorters, printers and tabulators, belonging to the Proposer or for which the Proposer is responsible consisting of:				
3.	Other equipment belonging to the Proposer or for which the Proposer is responsible consisting of: (a) Air Conditioning plant (b) Motor Generator (c) Other equipment (to be specified)				
4.	Computer System's Records belonging to the Proposer or for which the Proposer is responsible:				
				TOTAL \$	

SECTION B	Business Interruption
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(I) LOSS OF REVENUE

ITEM NO.	DESCRIPTION	SUM TO BE INSURED	
1.	<p>Revenue- annual income earned directly from computer operation</p> <p><i>N.B. Cover includes loss of revenue and increase in cost of working. The sum insured by term 1 is subject to average, which means that if the annual equivalent of the sum insured is less than the revenue, which, but for the loss or damage would have been earned during the twelve months after the date of such loss or damage, the Company's liability shall be proportionally reduced.</i></p> <p><i>The sum insured should be based on the annual revenue income if the indemnity period is twelve months or less, but proportionately increased for longer indemnity periods. Cover includes a limited amount of increased cost of working expenditure.</i></p>		
2.	<p>Additional Expenditure</p> <p><i>N.B. Limited additional expenditure which exceeds the amount recoverable as increased cost of working under item 1.</i></p> <p><i>Auditors' or Professional Accountants' fees for production and certifying details in connection with a claim under this section are included within the cover under items 1 and 2.</i></p>		
3.	Computer System's Records- cost of reinstatement of data on data carrying materials. The indemnity period after the occurrence of the damage:		
	(a) Fire, lightning, explosion, aircraft, riot, civil commotion, malicious damage, earthquake, storm, tempest, flood, bursting and overflowing of water apparatus, impact and theft		Months
	(b) Failure of public supply of electricity		
	(c) Any other damage for which indemnity is provided		
		TOTAL \$	

(II) INCREASE IN COST OF WORKING

ITEM NO.	DESCRIPTION		SUM TO BE INSURED
1.	Increase in Cost of Working (where computer is used to service Proposer's own business activities)- weekly limit per computer*		
	*Indicate if the limit is to vary for different computers Number of computers		
	N.B. <i>Cover relates to additional expenditure incurred in producing by other means, information which but for the interruption would have been produced by the computer. The sum insured, but if the indemnity period is 12 months or less, should be calculated by multiplying the annual equivalent of weekly limit per computer by the number of computers. The annual figure must be proportionately increased for longer indemnity periods.</i> <i>Auditors' or Professional Accountants' fees for producing and certifying details in connection with a claim under this section are included within the cover under item 1 above.</i>		
2.	Computer System's Records- cost of reinstatement of data and data carrying materials		

General Particulars

1. Give full details of any losses sustained by you during the last five years in connection with the risks proposed for insurance.					
Date of Loss	Amount \$	Cause:			
2. Are you at present or have you previously been insured for this class of insurance? <input type="checkbox"/> Yes <input type="checkbox"/> No					
If yes, state insurer(s)					
3. Has any insurer in connection with this class of Insurance				If yes in any case, give details	
(i) declined your proposal?		<input type="checkbox"/> Yes	<input type="checkbox"/> No	(i)	
(ii) cancelled the insurance?		<input type="checkbox"/> Yes	<input type="checkbox"/> No	(ii)	
(iii) either refused to renew or not invited renewal?		<input type="checkbox"/> Yes	<input type="checkbox"/> No	(iii)	
(iv) increased the premium or stipulated special conditions?		<input type="checkbox"/> Yes	<input type="checkbox"/> No	(iv)	
4. (a) Give name and address of manufacturers and/or suppliers and/or maintainers of the property to be insured under items 1, 2, and 3 of section A.					
Manufacturer					
Supplier					
Maintainer					
(b) Ref No. of Maintenance Agreements				Date	
(c) Does the Maintenance Agreement apply throughout each 24 hours?		<input type="checkbox"/> Yes	<input type="checkbox"/> No		
If no, state hours of application.					

A copy of the Maintenance Agreements must be lodged with the Company.

5. Is any equipment other than standard, i.e. was any built or modified for your particular requirements? <input type="checkbox"/> Yes <input type="checkbox"/> No					
If yes, give details					
6. State (a) name of Fire Insurer at address at which equipment is situated.					
(b) name of Business Interruption Insurer if a policy is in force in respect of the business.					
7. Give details of any work other than computer related operations carried on in the computer room.					
8. Is the Computer room air-conditioned? <input type="checkbox"/> Yes <input type="checkbox"/> No					
9. Are the computer room and adjoining processing area protected by:					
(a) automatic smoke and heat detectors? <input type="checkbox"/> Yes <input type="checkbox"/> No					
(b) An automatic or manual CO ₂ , BTM or BCF flooding installation? <input type="checkbox"/> Yes <input type="checkbox"/> No					
If yes in either case, give details					
10. Do you retain:			If so, state oldest generation.		
(a) previous generations of magnetic media ('father', 'grandfather', etc.)? <input type="checkbox"/> Yes <input type="checkbox"/> No					
(b) a duplicate of all current programming instructions? <input type="checkbox"/> Yes <input type="checkbox"/> No					
Is each generation (including the current generation) and each set of instructions (current and duplicate) kept in a separate location, no one location being subject to the same risk (e.g. fire) as another? <input type="checkbox"/> Yes <input type="checkbox"/> No					
11. How frequently are production tapes, cards or other units of records updated?					
12. Are there any alternative arrangements in the event of failure of equipment to be insured? <input type="checkbox"/> Yes <input type="checkbox"/> No					
13. Are Computer System's Records normally processed at any address other than that at which the computer is situated? <input type="checkbox"/> Yes <input type="checkbox"/> No					
If yes, give details					

DECLARATION

Very Important.

You are reminded of the need to disclose any facts which the insurer would take into account in the assessment and acceptance of this proposal. If you have any doubts as to whether certain facts are relevant, please ask your insurance broker or local General Accident office. Failure to disclose all relevant facts may invalidate your policy or may result in your policy not operating fully.

I/We declare that the information given in this proposal is to the best of my/our knowledge and belief correct and complete in every detail and will be the basis of the contract between me/us and General Accident.

Date: _____

Signature: _____

[Print Form](#)