23 February 2022

Dear Hannes,

Business Policy : Office : H Gouws Renders (Pty) Ltd : Inception 12 January 2022

Further to our meeting with yourself of yesterday, we have confirmed our renewal discussions below for your ease of reference.

Initial list of items provided:

1) Computer and peripherals - Replacement value = R 65 000

2) 3 x Monitors - Replacement value = R15 000

3) Furniture - Replacement value = R 60 000

4) Kitchen Items - Replacement value = R 15 000

Risk Address Unit 10 - The Network. 19 Cactus Road, Fairview, Port Elizabeth 2075.

No alarm fitted , electric fencing, surveillance cameras, and a remote operated gate.

R 100 000 Office contents and R 100 000 documents

Theft first loss R 10 000

Public Liability R 5 000 000.

Amended Replacement Values provided by you:

1) Workstation PC = R33 623.00

2) Dell Monitor = R5 500.00

3) Samsung Monitor = R5000.00

4) UPS = R3 400.00

5) MSI GM30 Mouse = R 1000.00

6) Steelseries Apex 3 Keyboard = R 1500.00

7) Logitech Z607 5.1 Surround Sound = R 2000.00

You advised that surge protectors and UPS's fitted.

Workstation PC value increased to R 40 000

General Discussion Topics/ important Clauses and Warranties:

- **Insurable Interest:** In terms of the various contracting parties, please ensure that there is insurable interest at all times in favour of the listed Policyholder/s. Should an asset pass to a 3rd party and you remain responsible for the item, this must be disclosed in advance.
  - When in doubt, disclose all material facts that may affect our risk.

- **Average Condition/ Under Insurance:** All assets must be insured for their correct replacement value at all times under Fire, Buildings Combined, Office Contents, Business All Risks and Electronic Equipment sections, for example. In the event of an item being insured for less than the replacement value, an average penalty will be applied according to the percentage of under insurance. All assets (excluding stock and motor vehicles) must be insured for their full replacement value including VAT.

Example: Flood damage to stock amounting to R 200 000, following heavy rains :
Current Sum insured R500 000 x claimed amount R200 000 = Payment of claim will be only R100 000
Actual Value at Risk R1000 000 (50% under insurance applied)

- **Wear and Tear/ Gradual Causes**: No section of your policy will cover damage as a result of these causes

- **Duty of Care / Risk Management / Risk improvement:** It remains your responsibility to take all reasonable steps to secure your property and prevent loss or damage where possible. When in doubt, disclose. Examples: renovations to the building, changes to your business processes, expansion of your business, change of your physical address.

- **Hot Work Permit:** As we are all now aware Hot Work Permit systems will become a general requirement for ALL businesses, except Panel beaters & Engineering risks where Hot Work is part of their daily processes. Even if your business has a Hot Work Permit system in place, please be advised that it must be maintained and updated regularly to keep in line with regulations.

- **Electronic Equipment** : New property, less than 7 years old will be **replacement value** for new equipment. Property older than 7 years shall be settled at market value (a minimum of 40% of current new replacement) Where no **market value** is available settlement will be as follows :
  - New replacement value less 20% for the first year after date of purchase; 10% per year for each succeeding year. ***Definition : Replacement Value****:* The amount that you would have to pay to replace an asset at the present time, according to its current worth. ***Definition : Market Value*** The price at which you would trade an item in a competitive auction setting or Gumtree for example. Also called *fair value* or *fair market value*.
  - With the above age limitation you may elect to add cover to the Fire section only, or to delete items from cover where you feel that the premium does not warrant the value.

  - Please be aware of all excesses as stipulated and accepted in our quote

  - Items with a short life span such as fuses, bulbs, batteries or ANY similar short life part or component, will not be paid for in full and final replacement but rather for the time left of the life span on the items. Please inform us if you have any such items with a short life span so they may be charged for on a sliding scale.

Your new policy documentation together with the relevant insurer and Spectrum Disclosure Notices will be sent to you as well.

Sections of Cover:

Please pay specific attention to covers marked as NOT INSURED or NOT SELECTED - Where we have recommended covers which you have declined, kindly be aware of the financial implications for not covering all your risks. You may be deemed your own insurer in instances of non-insurance or underinsurance. Our offices are available for further discussions or explanation should any aspect be unclear.

Fire: INSURED UNDER OFFICE CONTENTS This section covers damage to the property insured under this section that is owned by the insured or for which they are responsible. It will include stock, plant and machinery as well as alterations or improvements done by you as tenants of the building. The following perils are covered:

Office Contents: Covers loss of or damage caused by perils, as stated under the Fire section, to the office contents and documents of the insured including landlord's fixtures and fittings for which the tenant is responsible but excluding ALL electronic equipment. Limited theft cover may be included at an additional premium if selected. Alarm warranty and Average clause apply.

Business Interruption: **NOT INSURED** Cover follows an insured loss in terms of the Fire Section. The sum insured represents the actual gross profit for the current period adjusted for future trend. The insurer requires that we look at today's figures to predict future losses. The cover is subject to an indemnity period, namely the maximum duration the policy will assist in a loss situation. Please ensure that your accounts furnish us with the latest gross profit figures so we may update the cover and avoid under insurance penalties in the event of a claim. The BI calculator tool is available to you for your accountants to complete to assist with the process.

Buildings Combined: **NOT INSURED** Cover provided for structures, geysers and damage to buildings occupied mainly for administrative purposes, sectional title and homeowners associations as defined.

Theft: Cover is for loss of or damage to all contents as a result of theft accompanied by visible signs of forcible and violent entry into or exit from the building. Included is cover for damage to the building as a result of such theft. No cover for items in the open. First Loss amount to be selected according to your needs.

- Pilfering theft/ theft without force, shop lifting – NOT INSURED
- First Loss R 10 000

Money: NOT INSURED Loss of money at the insured premises.

Glass NOT INSURED All internal, external glass including fixed mirrors. Average and under insurance applies.

Business All Risks: **NOT SELECTED** items that are used away from the premises frequently. Examples Cell phones; tools; GPS systems; light box signage, motorcycle helmets, protective gear. Any items that move around different premises , sites, or in vehicles should be specified, to be covered.

- Please note cellphones should be insured for replacement of the exact same model and not for an upgraded model. Only if your current model is discontinued may you replace it for the next model. This insurance is not intended to provide you with a higher model then you currently have.
- Average and under insurance conditions to apply.

Electronic Equipment: This section caters for the costs of reinstatement of the operating system and set up costs, limited to the sum insured noted. Software can be insured if appropriate. Theft from a vehicle is subject to restrictions.

- Please check with your supplier or retailers regarding the current new replacement value of your equipment.
- Average and under insurance conditions to apply
- All serial numbers are required in order for you to submit a valid claim – please ensure that you have supplied us with all serial numbers.
- All items transported in a vehicle must be kept in a locked, concealed compartment when the vehicle is left unattended, and if kept in a vehicle overnight, the vehicle storing the goods must be housed in a locked garage.
  - New property, less than 7 years old will be replacement value for new equipment. Property older than 7 year shall be settled at market value (60% less than original purchase price). Where no market value is available settlement will be as follows :New replacement value less 20% for the first year after date of purchase 10% per year for each succeeding year
  - With the above age limitation you may elect to add cover to the Fire section only, or to delete items from cover where you feel that the premium does not warrant the value.
  - Items with a short life span such as fuss, batteries or ANY similar short life part or component, will not be paid for in full and final replacement but rather for the time left of the life span on the items. Please inform us if you have any such items with a short life span so they may be charged for on a sliding scale.

Goods in Transit: NOT INSURED Covers loss or damage to property owned by you, in the course of transit to or from place of purchase or delivery. Theft from an unattended vehicle is excluded unless it is completely housed in a locked garage – all theft subject to forcible and visible signs of entry or exit. This cover would be recommended if you transported stock such as a retailer would.

Machinery breakdown: NOT SELECTED Subject to a maintenance contract being in place with a reputable service provider and of which proof can be provided. This would cover fridges and large machinery for breakdown if it was part of your business operation.

Accidental Damage: NOT SELECTED Accidental physical loss of or damage to property at the premises not insured under any other section. Excludes cover caused by breakdown, electrical, electronic and or mechanical derangement, amongst others. This is recommended if you carry or display stock.

Liability Section:

- **Public Liability:** cover is for damage to person or property caused through negligence of the insured for which they become legally liable. Often referred to as 'slip and trip' liability. It is a risk directly linked to the risk address stated in the policy. Covers the public - and as such employees and members of the insured's household are not indemnified. Please do not admit liability or offer any payment to third parties – report all matters to us first and foremost as soon as possible. Cover is NOT to be confused with Professional Indemnity which is a specialist cover for <u>advice</u> given. Liability resulting from pollution is limited to "sudden, unintended and unforeseen occurrence". I.e. no gradual pollution/ contamination
  There is a "contractor's exclusion" in terms of work performed away from the insured premises. There is a territorial limit on the policy in respect of RSA jurisdiction and excludes claims arising from the USA or Canada.
  - Public Liability Sum Insured(SI) : R 5000 000
  - Umbrella Liability NOT SELECTED
  - We have discussed this section and also once again confirmed that no admission or offer of payment should be made to any third party ever. All incidents must be reported to us immediately.

Fidelity Guarantee: NOT SELECTED Commercial Crime / Fraud or theft by staff

ADDITIONAL PRODUCTS : NOT INSURED: COVER PRESENTED BUT DECLINED:
PLEASE NOTE THAT YOU MAY REQUEST A QUOTE AT ANY TIME SHOULD YOU BE INTERESTED IN THE SPECIAL COVERS BELOW

CYBER LIABILITY COMMERCIAL CRIME : NOT INSURED
Please be advised that any Cyber Liability, Commercial Crime or Computer related liabilities are excluded from your normal cover.

However, please note that we are able to source specialised cover for your business regarding cyber risks and commercial crime with insurers offering Cyber Risks and Commercial Crime covers.

These value-added products are available to you as separate covers to enhance your protection.

It is our intention to ensure that you are satisfied and familiar with your cover at all times.

The entire summary should be ready in conjunction with your policy schedule and the full policy wording. Should you wish to discuss any additional cover or amendments to your policy, please contact me.

Regards

SPECTRUM
value through knowledge

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Since 1976