

Obsolete equipment clause

It is hereby understood and agreed, subject otherwise to the terms, conditions and exclusions of the Policy and endorsed hereon that the value of Insured Property shall be determined as the cost of repairs or replacement with new, of the like kind and of similar quality at the time and place of loss. However, should the property be technologically obsolete or unavailable because it is no longer in production, and should the property be actually replaced by another system/ property, then the Insurer shall be liable for the replacement cost of new equipment including connected accessories and peripherals which will at least perform substantially the same functions as the original equipment. The choice of replacement shall be governed by the availability of the replacement equipment with features closely mirroring the damaged equipment and not an equipment with vastly superior features. The Insured shall justify the selection of replacement equipment with detailed report on the alternative equipment's available in the market, their features and the costs. The Company shall be at liberty to accept or not accept the choice of the Insured in case and recommend alternatives which do not compromise either the functionality of the equipment or the quality of output. In case the Insured decides to replace the equipment against the recommendations of the Company, the Company shall indemnify the costs that are equivalent to the cost of equipment that was recommended by the Company. However nothing stated herein shall be held against the Company and the Company shall not be held liable for the functioning or performance of the replaced equipment.

The Company shall not deduct towards accessories and peripherals (other than salvage value if any) rendered redundant although not damaged by the insured perils arising out of replacement by new property/ system. The liability of the Company shall not be reduced by any amount of betterment inherent in the design of such functionally equivalent equipment. However, the indemnification shall not exceed the value insured for the system/ equipment replaced.