

COMMERCIAL PACKAGE POLICY GENERAL CONDITIONS

Various provisions of this Policy restrict coverage. Read the entire Policy carefully to determine rights, duties and what is and is not covered.

Throughout this Policy, the words Named Insured mean the person or organization stated in Item 1 of the Declarations. The word Insurer means Liberty Mutual Insurance Company, the company providing this insurance. This Policy means this document, the Declarations and any Endorsements.

Other words and phrases in this Section having special meaning appear in “quotation marks” and are defined in the **DEFINITIONS** Section or in the specific Policy provision in which they appear.

In consideration of the payment of the premium and in reliance upon the statements in the Declarations and any application for insurance, the Insurer agrees to provide coverage as follows:

1. **Action Against Insurer:**

No action shall lie against the Insurer unless, as a condition precedent thereto, there shall have been full compliance with all the terms of this Policy, nor until the amount of the “Insured’s” obligation to pay shall have been finally determined either by judgment against the “Insured” after actual trial or by written agreement of the “Insured”, the claimant and the Insurer. Every action or proceeding against the Insurer shall be commenced within one year next after the date of such judgment or written agreement and not afterwards. Nothing contained in this Policy shall give any person or organization any right to join the Insurer as a co-defendant in any action against the “Insured” to determine the “Insured’s” liability.

2. **Appeals:**

At its option, the Insurer can initiate or participate in an appeal of a judgment against any “Insured”. If the Insurer initiates or participates in an appeal, the Insurer will pay the costs of the appeal. These payments will be in addition to the Limits of Liability of this Policy.

3. **Arbitration**

If the “Insured” and the Insurers fail to agree as to the value or amount of loss then on written demand of either, each then selects a competent and disinterested arbitrator and notifies the other of the arbitrator selected within twenty (20) days of such demand. The arbitrators shall first select a competent disinterested umpire; and failing for fifteen (15) days to agree upon such umpire, then, on request of the “Insured” or the Insurers such umpire shall be selected by a judge of a court of competent jurisdiction in the province or territory in which the property covered is located. The arbitrators shall then appraise the loss, stating separately cash value and loss to each item and failing to agree, shall submit their differences, only, to the umpire. An award in writing, so itemized, of any two when filed with the Insurers, shall determine the amount of cash value and loss. Each arbitrator shall be paid by the party selecting him and expense of arbitration and umpire shall be paid by the parties equally.

4. **Audit of Books and Records:**

The Insurer may audit the “Insured’s” books and records at any time during the “policy period” and any extension thereof, and during a one-year period following termination or expiry.

5. **Automatic Reinstatement**

Any loss hereunder shall not reduce the Limits of Liability under this Policy, however this shall not serve to alter any aggregate provision in the Policy.

6. Bankruptcy or Insolvency:

Bankruptcy, insolvency or inability to pay of the “Insured” or the “Insured’s” estate will not relieve the Insurer of its obligations under this Policy. Under no circumstances will such bankruptcy, insolvency or inability to pay require the Insurer to drop down and replace the applicable Deductible as shown on Item 10, Schedule of Insurance, of the Declarations page or assume any obligation associated with said Deductible.

7. Breach of Conditions

Conditions of this Policy relating to matters prior to the happening of a loss, the breach of which would disentitle the “Insured” to recover under this Policy:

- a. as respects Section 1 and 3: shall be severable so that in the event of a loss, breach of such conditions in any portion, shall not disentitle the “Insured” to recover in respect of claim for loss to other portions of the property hereby covered that are “damaged”, but in which no breach of such conditions has occurred.
- b. as respects Section 2: The breach shall not disentitle the “Insured” from recovery if the “Insured” established that the loss was not caused or contributed to by the breach of condition or if the breach of condition occurred in any portion of the “premises” over which the “Insured” had not control.

8. Cancellation

This Policy can be cancelled at any time at the request of the “Insured”, in which case the Insurer shall, upon demand and surrender of this Policy, refund the excess paid premium above the customary short rate earned premium for the expired term. This Policy may be cancelled at any time by the Insurer by giving to the “Insured” sixty (60) days written notice by registered mail of cancellation or, in the event of cancellation due to nonpayment of the premium by the “Insured”, fifteen (15) days with or without tender of the excess of paid premium above the Insurer's normal pro-rata earned premium for the expired time, which excess, if not tendered, shall be refunded on demand.

9. Canadian Currency Clause:

All limits, premiums and other amounts expressed in this Policy are in Canadian currency unless otherwise stated in an Endorsement to this Policy.

10. Deductible and Waiting Period

The Deductibles and Waiting Periods are as shown on Item 10, Schedule of Insurance, of the Declarations page unless a differing amount is stated in the following Policy wording.

- (a) Each loss or series of losses arising out of one event shall be adjusted separately and from the amount of such adjusted loss the sum shown as the Deductible in the Schedule of Insurance shall be deducted.
- (b) If the Deductible amount is a percentage, in no event shall this Insurer be liable hereunder for an amount exceeding its' proportion of the amount stated if loss or “damage” exceeds that percentage which is shown above as the Deductible percentage. If the applicable coverage under the Policy is divided into two or more items, or shall cover under any item two or more “buildings” or structures and/or contents thereof, this Deductible percentage shall be applied separately to each such item, “building” structure and/or contents thereof.
- (c) In the event a loss or series of losses arising from one event could involve more than one of the above Deductibles, only the largest Deductible shall apply.

11. Inspection:

The Insurer has the right, but not the duty, to inspect the “Insured’s” “premises” and operations at any time during the “policy period” and any extension thereof. The Insurer’s inspections are not safety inspections and the Insurer does not warrant that the “premises” or operations comply with laws, regulations, codes or standards. The Insurer’s inspections relate only to the subject matter of this insurance and to the premium to be charged. The Insurer assumes no responsibility and waives no rights by reason of such inspection, examination, audit or the omission thereof.

12. Loss Procedures:

Notice of “Occurrence”

The “Insured” shall, as soon as practicable after knowledge has been received by the “Insured’s” Controller or similar role, at the “Insured’s” head office, report to the Insurer(s) every “occurrence” which, in the opinion of the “Insured”, may become a claim under this Policy and shall also file with the Insurer a detailed sworn proof of loss.

In case of actual or imminent loss or “damage”, it shall be lawful and necessary for the “Insured”, its factors, servants and assigns to sue, labour and travel for, in or about the defence, safeguard and recovery of property or any part thereof, without prejudice to this insurance, nor shall the acts of the “Insured” or the Insurer in recovering, saving and preserving the property insured, in case of loss or “damage” be considered a waiver or acceptance of abandonment. The expenses so incurred shall be borne by the Insurer proportionately to the extent of its interest and such expenses shall be considered an “occurrence” within the meaning of the deductible provisions contained elsewhere herein.

There shall be no abandonment of property or goods to the Insurer.

13. Liberalization

If, any authorized endorsements or filed rules or regulations affecting this Policy are revised by statute so as to broaden the insurance without additional premium charge, such extended or broadened insurance shall inure to the benefit of the “Insured” hereunder.

If within sixty (60) days prior to or during the “policy period”, the Insurer does a revision to the coverages provided under this Policy which would broaden such coverages without the need for any additional premium then such broadened coverage will immediately apply to this Policy.

14. Misrepresentation

This Policy shall be voided if a person applying for insurance falsely describes the property to the prejudice of the Insurer, or misrepresents or fraudulently omits to communicate any circumstance that is material to be made known to the Insurer in order to enable it to judge the risk to be undertaken.

15. Material Change in Risk

Any change material to the risk and within the control and knowledge of the “Insured” must be promptly notified to the Insurer or its local agent or else the contract, as to the part affected by the change is void. The Insurer when so notified may return the unearned portion, if any, of the premium paid and cancel the contract. Alternatively, the Insurer may notify the “Insured” in writing that, if the “Insured” desires the contract to continue in force, the “Insured” must within fifteen (15) days’ pay to the Insurer an additional premium. If such payment is not received the contract is no longer in force and the Insurer shall return the unearned portion, if any, of the premium paid.

16. No Benefit to Bailee

This Insurance shall in no way benefit directly or indirectly any carrier or bailee.

17. **No Control**

This Policy shall not be voided by failure to comply with any of its warranties or conditions in any portion of the “premises” over which the “Insured” has neither knowledge nor control.

18. **Other Insurance**

This Policy does not cover any loss which at the time of the happening of such loss is insured by any other existing valid Policy or policies under which payment of the loss is actually made, except in the respect of any excess beyond the amount or amounts of such payments under such other Policy or policies.

19. **Provincial Conditions**

This Policy shall be subject only to the Statutory Conditions of the province or territory in which the property insured is located and to such variations of the Statutory Conditions and such other terms and conditions as are herein printed or represented in writing.

20. **Premiums and Changes:**

The first Named Insured shown in the Declarations is solely responsible for making or receiving payments of premiums or adjustments of premium. The first Named Insured will act on behalf of all other “Insureds” for giving and receiving of notice of termination and for giving instructions to or agreeing with the Insurer with respect to alteration of this Policy.

21. **Language Clause**

English Text Clause

The “Insured” declare(s) and agree(s) that this Policy has been drawn in the English language in order to enable the coverages herein specified to be underwritten by Insurer offering the required coverages, thus permitting the use of the necessary applicable clauses in the language of their customary issuance and interpretation, thereby avoiding confusion, misinterpretation, and/or disparity of coverage which could otherwise be detrimental to their interest.

Clause De Texte

L'assuré déclare et convient que le présent document d'assurance a été rédigé dans la langue anglaise afin que la souscription des garanties exigées soit effectuée par des assureurs offrant les disponibilités requises, permettant ainsi l'usage des clauses nécessaires dans la langue de leur publication et de leur interprétation coutumière évitant toute confusion, erreur d'interprétation ou disparité de garantie qui pourraient autrement être préjudiciables à ses intérêts.

22. **Representations**

This Policy has been issued in reliance upon representations made to the Insurer by the “Insured” or on the “Insured’s” behalf. The Insured agrees that the statements made in the Policy Declarations are accurate and complete.

23. **Conformity with Laws, Trade Sanctions, or Embargoes**

This Policy does not provide any cover for any business or activity to the extent that such cover would expose the Insurer, its parent company or its ultimate controlling entity to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sections, laws or regulations, including Canada, the United States of America, the European Union or the United Kingdom.

24. Notice of Membership in Liberty Mutual Holding Company Inc.

1. While this Policy is in effect, the Named Insured is a member of Liberty Mutual Holding Company Inc. and is entitled to vote either in person or by proxy at any and all meetings of the members of said company. The Annual Meeting of Liberty Mutual Holding Company Inc. is held in Boston, Massachusetts on the second Wednesday in April each year at ten o'clock in the morning.
2. The Named Insured shall participate in the distribution of any dividends declared by us for this Policy. The amount of the Named Insured's participation is determined by the decision of our Board of Directors in compliance with any laws that apply.

25. Subrogation:

The Insurer shall be subrogated to all of the "Insured's" rights of recovery with respect to any payment made under this Policy. In this regard, the "Insured" shall execute any documentation required to enforce such rights and shall co-operate in all respects with the Insurer to assist in the enforcement of such rights. In witness whereof, we have caused this Policy to be executed and attested, but this Policy will not be valid unless countersigned by one of our duly authorized representatives, where required by law.

26. Waiver or Amendment:

Notice to any agent or knowledge possessed by any agent or by any other person will not affect a waiver or amendment in any part of this Policy. The terms of this Policy can only be waived or amended by a written Endorsement issued to form part of this Policy.

COMMERCIAL PACKAGE POLICY GENERAL EXCLUSIONS

This Policy does not insure under Section 1, 2 or 3:

1. War, Riot, Confiscation

- a) Loss or “damage” caused by hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual impending or expected attack;
 - by any government or sovereign power (de jure or de facto); or
 - by any authority maintaining or using military, naval or air forces; or
 - by military, naval or air forces;
- b) any weapon of war employing atomic fission or radioactive force whether in time of peace or war;
- c) insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an “occurrence”, seizure or destruction under quarantine or custom regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade;

2. Terrorism.

Loss or “damage”, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any act of terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss including any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism.

For the purpose of this exclusion an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

3. Mould and Fungus.

Loss or “damage” caused by, arising out of or related in any way, directly or indirectly, to any clean-up of, remediation of, containment of, removal of, abatement of, existence of, presence of, ingestion of, inhalation of, absorption of or exposure to:

- a) any “fungus(i)”, “mould(s)”, “spore(s)”, mildew or yeast;
- b) toxins created or produced by or arising out of or emanating from any “fungus(i)”, “mould(s)”, “spore(s)”, mildew or yeast;
- c) any substance, vapour, gas, or other emission or organic or inorganic body or substance produced by or arising out of, or emanating from any “fungus(i)”, “mould(s)”, “spore(s)”, mildew or yeast; or
 - (a) any material, product, building component, “building” or structure, or any concentration of moisture, water or other liquid within such material, product, building component, “building” or structure, that contains, harbors, nurtures or acts as a medium for any “fungus(i)”, “mould(s)”, “spore(s)”, mildew, yeast or toxins emanating therefrom.

As used in this Policy:

- (a) “fungus(i)” includes, but is not limited to, any plants or organisms belonging to the major group Fungi, lacking chlorophyll, and including “mould(s)”, rusts, mildews, smuts and mushrooms;
- (b) “mould(s)” includes, but is not limited to, any superficial growth produced on damp or decaying organic matter or on living organisms and “fungi” that produce “moulds”; and
- (c) “spore(s)” means any dormant or reproductive body created or produced by or arising out of or emanating from any “fungus/fungi”, “mould(s)”, mildew, plants, organisms or microorganisms.

4. Nuclear Energy Liability

Loss or “damage” or any liability:

- a) imposed by or arising under the Nuclear Liability Act or any other law, statute or regulation governing nuclear liability;
 - b) liability for which an “Insured” under this Policy is also insured under a contract of nuclear energy liability insurance issued by the Nuclear Insurance Association of Canada or by any other insurer or group or pool of insurers, regardless of whether or not:
 - (i) the “Insured” is named in such contract;
 - (ii) such contract is legally enforceable by the Insured; or
 - (iii) such Policy’s limits of liability have been exhausted;
- or
- c) liability based on, attributable to, arising out of or in any way related, either directly or indirectly, to any, “Nuclear energy hazard” due to:
 - a. the ownership, maintenance, operation or use of a “nuclear facility” by or on behalf of an “Insured”;
 - b. the furnishing by an “Insured” of services, materials, parts or “equipment” in connection with the planning, construction maintenance, operation or use of any “nuclear facility”; or
 - c. the possession, consumption, use, handling, disposal or transportation of “fissionable substances” or of other “radioactive material” used, distributed, handled or sold by an “Insured”, except radioactive isotopes located in a place other than a “nuclear facility” which have reached the final stage of fabrication so as to be useable for any scientific, medical, agricultural, commercial or industrial purpose.

As used in this Policy:

The term “Nuclear energy hazard” means the radiatory, toxic, explosive, or other hazardous properties of “Radioactive material”.

The term “Radioactive material” means uranium, thorium, plutonium, neptunium, their respective derivatives and compounds, radioactive isotopes of other elements or any other substance that the Canadian Nuclear Safety Commission (or any successor governmental organization) may designate as being a substance capable of releasing atomic energy or as being requisite for the production, use or application of atomic energy.

The term “Nuclear facility” means:

- (a) any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of plutonium, thorium and/or uranium;
- (b) any “equipment” or device designed or used for (i) separating the isotopes of plutonium, thorium and/or uranium processing or utilizing spent fuel, or (iii) handling, processing or packaging waste;
- (c) any “equipment” or device used for the processing, fabricating or alloying of plutonium, thorium or uranium enriched in the isotope uranium 233 and/or the isotope uranium 235, if at any time the total amount of such material in the custody of the “Insured” at the “premises” where such “equipment” or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235; or
- (d) any structure, basin, excavation, “premises” or place prepared or used for the storage or disposal of waste “Radioactive material”, and includes the site on which any of the foregoing is located, together with all operations conducted thereon and all “premises” used for such operations.

The term “Fissionable substance” means any substance capable of or from which can be obtained a substance capable of releasing atomic energy by nuclear fission.

5. Asbestos

Loss or “damage” or any liability based on, attributable to, arising out of or in any way related, either directly or indirectly, to:

- (a) asbestos, asbestos products, asbestos-containing materials or products, asbestos fibers or asbestos dust, including but not limited to manufacturing, mining, use, sale, installation, removal, or distribution activities;
- (b) exposure to, testing for, monitoring of, cleaning up, removing, containing or treating of asbestos, asbestos products, asbestos-containing materials or products, asbestos fibers, or asbestos dust;
- (c) any obligation to investigate, settle or defend, or indemnify any person against any claim or Suit arising out of, or related in any way, either directly or indirectly, to asbestos, asbestos products, asbestos-containing materials or products, asbestos fibers, or asbestos dust.

6. Silica Particles

Loss or “damage” or any liability based on, attributable to, arising out of or in any way related, either directly or indirectly, to:

- (a) the presence, ingestion, inhalation or absorption of or exposure to silica products, silica fibers, silica dust or silica in any form; or
- (b) to any obligation of the “Insured” to indemnify any party for “damages”, cost or expense arising out of the presence, ingestion, inhalation or absorption of or exposure to silica products, silica fibers, silica dust or silica in any form.

7. Dishonest or Criminal Acts

Loss or “damage” or any liability based on, attributable to, arising out of or in any way related, either directly or indirectly from or in connection with any dishonest, fraudulent or criminal acts by you, any of your partners, employees, officers, directors or trustees whether acting alone or in collusion with others, or occurring during or after the hours of employment except as provided under Section 3, Crime.

8. Detention, Confiscation and Forfeiture

Loss or “damage” or any liability based on, attributable to, arising out of or in any way related, either directly or indirectly from detention, confiscation and forfeiture of any property legally carried out by any Custom, policy Service, Crime Prevention Unit or any other official or authority.

COMMERCIAL PACKAGE POLICY COMMON DEFINITIONS

- A. “Actual Cash Value”** means the amount it would cost to repair or replace insured property with material of like kind and quality with a deduction for depreciation.
- B. “Building”** means the “building” (s) listed in Item 10 of the Declarations, Schedule of Insurance, and includes:
- a. fixed structures pertaining to the “buildings” and located on the “premises”;
 - b. additions and extensions in contact with the “building”;
 - c. permanent fittings and fixtures attached to and forming part of the “building”;
 - d. materials, “equipment” and supplies on the “premises” for maintenance, and normal repairs and minor alterations to the “building” or for building services;
 - e. growing plants, trees, shrubs or flowers inside the “building” used for decorative purposes when you are the owner of the “building”.
- C. “Contents of Every Description”** means office contents, “equipment” and “stock”.
- D. “Damage”** or means the direct physical loss of or “damage” to insured property at the insured “premises”.
- E. “Earthquake”** each loss by “earthquake” shall constitute a single claim hereunder; provided, if more than one “earthquake” shock shall occur within any period of one hundred and sixty-eight (168) hours during the term of this Policy, such “earthquake” shall be deemed to be a single “earthquake” within the meaning hereof. The Insurer shall be liable for any loss caused by any “earthquake” occurring for a period of up to one hundred and sixty-eight (168) hours after the expiration of this Policy provided that the first “earthquake” shock or “damage” occurs prior to the date and time of the expiration of this Policy.
- F. “Electronic Data”** means facts, concepts and information (including programmes, software and other coded instructions used for processing and manipulation of data) converted to a form useable for communications, interpretation or processing by “electronic data processing equipment”.
- G. “Electronic Data Processing Equipment”** means computers, “equipment” and related components and parts used for “electronic data” processing. “Electronic data processing equipment” does not include any computers, “equipment” and related components and parts being manufactured, held for sale or which have been sold.
- H. “Electronic Virus”** means any unauthorized intrusive code or programming that is entered by any means into an insured “electronic data processing equipment” which interrupts your operations at an insured “premises”.
- I. “Equipment”** means all contents usual to your business including furniture, furnishings, fittings, fixtures, machinery, tools, appliances and similar property of others in your care custody or control for which you are legally liable.
- J. “Flood”** means waves, tide or tidal water, and the rising (including the overflowing or breakage of barriers) of lakes, ponds, reservoirs, rivers, harbours, streams and similar bodies water whether wind driven or not.
- K. “Insured”** means the Named Insured stated in Item 1 of the Declarations
- L. “Money”** means currency, bank notes, bullion and coins in current use which have a face value.

M. “Occurrence” for the purpose of this insurance, where a series of losses occur which are attributable directly or indirectly to one disaster or event, all such losses shall be added together and treated as one “occurrence” irrespective of the period or area over which the losses occur.

Notwithstanding the foregoing any and all losses arising out of or contributed to by the perils of riot, riot attending a strike, civil commotion, malicious mischief, atmospheric disturbance, windstorm, “earthquake”, “flood” or subsidence occurring within a one hundred and sixty-eight (168) hour period shall be deemed to be one “occurrence” hereunder. The Insurer shall be liable for any loss caused by such peril occurring for a period of up to one hundred sixty-eight (168) hours after the expiration of this Policy provided that the inception of the riot, strike, civil commotion, malicious mischief, atmospheric disturbance, windstorm, subsidence, “flood” or the first “earthquake” shock or “damage” occurs prior to the expiration of this Policy.

N. “Policy Period” means the Period stated in Item 4 of the Declarations.

O. “Pollutants” means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapour, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

P. “Premises” means the entire area within the property lines at the locations insured hereunder, including areas under adjoining sidewalks and driveways.

Q. “Replacement Cost” is the cost of replacing, repairing, construction or reconstruction (whichever is less), the insured property with new property of like kind and quality and for like occupancy without deduction for depreciation.

R. “Securities” means all negotiable and non-negotiable contracts representing “money” or other property which includes revenue, stamps in current use, tokens and tickets, but does not include “money”.

S. “Sewer Back Up” means the backing up or overflow within the area bounded by the bearing walls and foundations of the “building”, of water from within sewers, sumps, septic tanks or drains other than roof drains. For the purposes of this definition, roadways, parking lots, retaining walls or permanently installed landscape structures are not considered to be part of the “building”.

T. “Stock” means include goods, wares and merchandise of every description, including all packing and wrapping and advertising materials and supplies kept or used by the “Insured” chiefly in connection with the business herein described, owned by the “Insured”, including similar property belonging to others held in trust, on consignment or commission, or sold but not removed, and which the “Insured” is under obligation to keep insured or for which the “Insured” is legally liable.

Commercial Package Policy

LIBERTY INTERNATIONAL UNDERWRITERS
(a division of Liberty Mutual Insurance Company)

Section 1: Commercial Property

1. PERILS INSURED

This Policy insures against all risks of direct physical loss or “damage” from any cause other than as hereinafter excluded. The Basis of Valuation for such insured property is stated in Section 1, Item 9.

2. LIMITS OF LIABILITY:

The Limits of Liability are as shown on Item 10, Schedule of Insurance, of the Declarations page unless a differing amount is stated in the following Policy wording. The Insurer(s) shall in no event be liable for more than the amount shown in the Declarations or Policy wording, arising out of any one loss, casualty or disaster. Including all salvage and expenses.

3. CO-INSURANCE

This clause applies separately to each item for which co-insurance is specified on Item 10 of the Declarations, Schedule of Insurance.

When a percentage for Co-Insurance is indicated on Item 10 of the Declarations, Schedule of Insurance, the “Insured” agrees to insure its covered property for a minimum amount of insurance. The required amount of insurance required is the “replacement cost” value of your covered property at the time a loss occurs multiplied by 80%.

If at the time of loss, the covered property is insured for less than the minimum required amount for “replacement cost” of the insured property, the “Insured” will only be entitled to recover that portion of any loss that the amount of insurance in force at the time of loss bears to the amount of insurance required to be maintained by this clause.

STATED AMOUNT CO-INSURANCE

When Stated Amount Co-Insurance is indicated on Item 10 of the Declarations, Schedule of Insurance, and subject to receipt of a statement of values attesting such values being received by the Insurer before the loss, if the covered property is insured for the amount shown on Item 10 of the Declarations, Schedule of Insurance, the Insurer will pay the amount of the covered loss up to the limit you are insured for.

4. “BUILDING” INFLATION PROTECTION CLAUSE

The amount of insurance on insured “buildings” shall automatically be increased during the “policy period” stated in Item 4 of the Declarations, by the proportion shown in the most recent Statistics Canada Construction Building Material Price Indexes (Non-Residential). If the “Insured” makes a change to the value of an insured “building” during the “policy period” the effective date of the automatic increase will be the effective date of such change.

5. PERILS EXCLUDED

This Policy does not insure:

- (1) wear and tear, gradual deterioration, latent defect, inherent vice, or the cost of making good faulty or improper material, faulty or improper workmanship, faulty or improper design, provided, however, to the extent otherwise insured and not otherwise excluded under this Policy, resultant “damage” to the property is insured;
- (2) loss or “damage” caused by insects, vermin, or rodents;
- (3) loss or “damage” to:
 - I. any pressure vessel having normal internal working pressure greater than 103 kilopascals (15 pounds per square inch) above atmospheric pressure;
 - II. any boiler, including the piping and “equipment” connected thereto, which contains steam or water under steam pressure (except tanks having an internal diameter of 610 millimeters (24 inches) or less used for the storage of hot water for domestic use);

caused directly indirectly by explosion, rupture, bursting, cracking, burning out of bulging of such property while connected ready for use, but this exclusion does not apply to:
 1. manually portable gas cylinders;
 2. explosion of natural, coal or manufactured gas;
 3. explosion of gas or unconsumed fuel within a furnace or within the gas passages therefrom to the atmosphere.
- (4) explosion (except with respect to explosion of natural, coal, or manufactured gas) collapse, rupture, bursting, cracking, burning out or bulging of the following property owned, operated or controlled by the “Insured”, unless fire ensues and then only for the loss or “damage” caused directly by such ensuing fire;
 - i. the portions containing steam or water under stern pressure of all boilers generating steam, and piping or other “equipment” connected to said boilers and containing steam or water under steam pressure;
 - ii. piping and apparatus or parts thereof normally containing steam or water under steam pressure from an external source and while under such pressure;
 - iii. other vessels and apparatus and pipes connected therewith while under pressure, or while in use or in operation provided their maximum normal internal working pressure exceeds 103 kilopascals (15 pounds per square inch) above atmospheric pressure but this exclusion does not apply to loss or “damage” resulting from the explosion of manually portable gas cylinders or of tanks having an internal diameter of 610 millimeters (24 inches) or less used for the heating and storage of hot water for domestic use;
 - iv. moving or rotating machinery or parts thereof;
 - v. any vessels and apparatus and pipes connected therewith while undergoing pressure test but this exclusion does not apply to other property insured hereunder that has been “damaged” by such explosion;
 - vi. gas turbines;
- (5) loss or “damage” caused by delay, loss of market or loss of use except to the extent as may be specifically insured under Section 2 Business Income hereto.

- (6) loss or “damage” caused directly or indirectly by dampness or dryness of atmosphere, changes of temperature, freezing, heating, shrinkage, evaporation, loss of weight, leakage of contents, exposure to light, contamination, change in colour or texture or finish, rust or corrosion, marring, scratching or crushing, but this exclusion does not apply to loss or “damage”, caused directly by fire, lightning, explosion, impact by aircraft, spacecraft or land vehicle, riot, strike, vandalism, malicious acts, smoke, leakage from fire protective equipment, windstorm or hail, rupture of pipes or breakage of apparatus not already excluded under this Policy hereof, theft or attempt thereat or accident to transporting conveyance provided such perils are not otherwise excluded under this Form. “Damage” to pipes caused by freezing is insured provided such pipes are not excluded under this Policy hereof;
- (7) Normal settling, shrinkage or expansion in “buildings” or foundations.
- (8) Any shortage disclosed solely by taking inventory or mysterious disappearance.
- (9) The cost of making good or repairing or replacing any part of the insured property lost or “damaged” because of any latent defect, error or omission in design, faulty workmanship, or faulty or improper material, but this exclusion shall not apply to loss or “damage” caused directly or resulting from a peril not otherwise excluded.
- (10) By centrifugal force, mechanical or electrical breakdown or derangement in or on the “premises”, unless fire ensues and then only for the loss or “damage” caused directly by such ensuing fire.
- (11) Loss or “damage” which is attributable to manufacturing or processing operations that result in “damage” to the property insured while said property is being processed, manufactured or otherwise being worked upon. This exclusion shall apply only to that part of the insured property that is actually being worked upon at the time of the loss or “damage” and shall not apply to ensuing “damage” to the remainder of the machine, “equipment”, structure or other property insured hereunder;
- (12) Loss or “damage” caused by seepage, leakage or influx of water derived from natural sources through basement walls, doors, windows or other openings therein, foundations, basement floors, sidewalks or sidewalk lights, or by the backing up of sewers, sumps, septic tanks or drains unless concurrently caused by a peril not otherwise excluded. This exclusion does not apply to loss caused by the backing up of sewers, pumps, septic tanks or drains if a Limit of Liability is shown under Item 10 of the Declarations, Schedule of Insurance for “sewer back up”;
- (13) Loss or “damage” caused by the entrance of rain, sleet or snow through doors, windows, skylights or other similar wall or roof openings unless through an aperture caused by a peril not otherwise excluded.
- (14) It is agreed notwithstanding anything contained herein to the contrary that the Policy does not apply to loss, “damage” or expense arising out of the discharge, dispersal, release or escape of smoke, vapours, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or “pollutants” into or upon land, the atmosphere or any water course or body of water.

This insurance also does not apply to any cost or expense arising out of any demand or request that an “Insured” test for, assess, monitor, clean-up, remove, contain treat detoxify, or neutralize any such irritants, contaminants or “pollutants” except as provided under SECTION 7 – COVERAGE EXTENSIONS, 3. J.

This Company shall not have the duty to defend any claim or suit seeking to impose such costs, expenses, liability for such “damages”, or any other relief.

Contaminants or “pollutants” means any material which after its release can cause or threaten “damage” to human health or human welfare or causes or threatens “damage”, deterioration, loss of value, marketability or loss of use to property insured hereunder, including, but not limited to, bacteria, “fungi”, virus, or hazardous substances.

- (15) Costs, fines, penalties or expenses, incurred or sustained by the “Insured” or imposed on the “Insured” at the order

of any Government agency, Court or Authority in connection with any kind or description of environmental impairment including seepage or pollution or contamination from any cause.

- (16) Loss or “damage” caused by “earthquake”, snowslide, landslide or other earth movement unless fire ensues and then only for the loss or “damage” caused directly by such ensuing fire or to “earthquake” only if a Limit of Liability is shown under Item 10 of the Declarations, Schedule of Insurance for “earthquake”. This exclusion does not apply to property in transit;
- (17) Loss or “damage” caused by “flood”, waves, tides, tidal waves, tsunamis or the rising of, breaking out or overflow of any body of water (natural or man-made), unless fire ensues and then only for the loss or “damage” caused directly by such ensuing fire or unless a Limit of Liability is shown under Item 10 of the Declarations, Schedule of Insurance for “flood”. This exclusion does not apply to property in transit;
- (18) Disturbance or erasure of electronic recordings due to electric or magnetic injury, except if caused by lighting; and
- (19) Loss or “damage” caused by any programming error or faulty machine instructions.

6. DEDUCTIBLE & WAITING PERIOD

The Deductibles and Waiting Periods are as shown on Item 10, Schedule of Insurance, of the Declarations page unless a differing amount is stated in the following Policy wording.

- (a) Each loss or series of losses arising out of one event shall be adjusted separately and from the amount of such adjusted loss the sum shown as the Deductible in the Coverage summary shall be deducted.
- (b) If the deductible amount is a percentage, in no event shall this Insurer be liable hereunder for an amount exceeding its' proportion of the amount stated if loss or “damage” exceeds that percentage which is shown above as the Deductible Clause Percentage. If the Policy to which the endorsement is attached is divided into two or more items, or shall cover under any item two or more “buildings” or structures and/or contents thereof, this Deductible Clause shall be applied separately to each such item, “building” structure and/or contents thereof.
- (c) In the event a loss or series of losses arising from one event could involve more than one of the above deductibles, only the largest deductible shall apply.

7. COVERAGE EXTENSIONS

The following extensions are subject to individual Limits of Liability shown in Item 10 of the Declarations, Schedule of Insurance. If no individual Limit of Liability is shown in the Declarations for a specific extension shown below, then no coverage is provided for such extension. The individual Limit of Liability is the most we will pay for each extension shown below.

1. The following extensions are part of and shall not increase the Limits of Liability shown in Item 10 of the Declarations, Schedule of Insurance for Sections 1, 2 and 3.
 - A. **“Earthquake”**. The Insurer will pay for loss or “damage” to insured property due to “earthquake” and resulting loss or “damage” due to an “earthquake” caused by wind, hail, rain or snow entering a “building” through an opening in a roof or walls.

This extension applies separately to each location for which “earthquake” is shown on Item 10 of the Declarations, Schedule of Insurance. Each loss by “earthquake” shall constitute a single claim hereunder; provided, if more than

one “earthquake” shock shall occur within any period of 168 hours during the term of this Policy, such “earthquake” shall be deemed to be a single “earthquake” within the meaning hereof. The insurer shall be liable for any loss caused by any “earthquake” occurring for a period of up to 168 hours after the expiration of this Policy provided that the first “earthquake” shock or “damage” occurs prior to the date and time of the expiration of this Policy.

This extension does not cover loss or “damage” caused by the following whether or not it is caused by or related to “earthquake”:

Fire, explosion, smoke, leakage from fire protective equipment, theft, vandalism, malicious acts, “flood”, including waves, tides, tidal waves, tsunamis or breakout or overflow of water (natural or artificial), waterborne objects or ice.

- B. “Flood”.** The Insurer will pay for loss or “damage” to insured property due to “flood” and resulting loss or “damage” due to a “flood” caused by wind, hail, rain or snow entering a “building” through an opening in a roof or walls.

This extension does not cover loss or “damage” caused by the following whether or not it is caused by or related to “flood”:

- I. The backing up or overflow of water within the area bounded by the foundation and bearing walls of the “building” insured from sewers, sumps, septic tanks or drains; or
- II. Water below the surface of the ground which flows, seeps or leaks through sidewalks, driveways, foundations, walls, basement or other floors, or through doors, windows or other openings in sidewalks, driveways, foundations, walls or floors; or
- III. Fire, explosion, smoke, leakage from fire protective equipment, theft, vandalism, malicious acts

- C. “Sewer Back Up”.** The Insurer will pay for loss or “damage” caused by “sewer back up”.

- D. “Building” By-Laws.** The Insurer will pay up to a maximum amount being no more than 25% of the sum insured for covered “buildings” or structures under this Policy as follows:

Any increase in the cost of repairing, adding to, replacing, constructing or reconstructing the “buildings” or “equipment” with one of like height, floor area and style and for like use or occupancy, where such increase in cost is incurred to meet the minimum requirements under such by-law, regulation, ordinance or law.

Any increase in the loss to the “Insured” under Section 2 of this Policy due to any additional period of time that would be required for repairing, adding to, replacing, construction or reconstructing or demolishing any portion of the “buildings” or “equipment” where such loss is occasioned by the enforcement of the minimum requirements of any such by-law, regulation, ordinance or law.

Demolition made necessary by “damage”, caused by a peril insured hereunder to such property or part thereof, including the value of any undamaged portion of the property insured requiring demolition or removal by reason of the application of any by-law, regulation or ordinance or law. However, the total liability of the Insurer(s) relating to the cost of demolition and the property loss shall in no event exceed the applicable limit of liability hereunder.

The coverage provided by this extension shall be considered in the determination or the valuation of the property insured for the purpose of applying the co-insurance clause

- E. Debris Removal.** In the event of loss or “damage” by perils insured under this Policy, this insurance shall

also pay the cost of removal of material and debris being an insured part of the property, including cost of removal or demolition of any portion of the insured property no longer useful for the purpose for which it was intended. Debris removal expense shall not be considered in the determination or the valuation of the property insured for the purpose of applying the co-insurance clause. Debris Removal coverage does not apply to the cost to extract “pollutants” from land, water or air or to remove, restore or replace polluted land, water or air.

2. **Blanket Sublimit of Insurance**

The following extensions are covered under the Blanket Sublimit of Insurance shown in Item 10. of the Declarations, Schedule of Insurance. At the time of loss, the “Insured” may elect to apportion such loss to one or any combination of the specific extensions listed under the Blanket Sublimit of Insurance, but in no event, shall the Insurer be liable for more than the amount shown as the Limit of Liability for the Blanket Sublimit of Insurance in the Policy aggregate.

However, if an individual Limit of Liability is purchased by the “Insured” and shown in Item 10. of the Declarations, Schedule of Insurance for a specific extension covered under the Blanket Sublimit of Insurance, then such specific Limit of Liability is in addition to the Blanket Sublimit of Insurance stated and such individual Limit of Liability is the most we will pay in the Policy aggregate for the specific extension shown.

A. Accounts Receivable Records.

We will pay for the following for loss or “damage” to account receivable records which are lost or “damaged” by a covered claim:

- any shortage in the collection of your accounts receivable records including those stored in an electronic form; or
- interest charges on a loan to offset uncollectable sums pending repayment of such uncollectable sums;
- unearned interest and services charges on past due payment accounts

We will not pay for the costs to reproduce, replace, restore or re-establish your accounts receivable records.

B. Exhibition.

Coverage for loss or “damage” to “equipment” and “stock” while temporarily on display at a location that is not at an insured location.

C. Fire Fighting Expenses.

- I. **Charges.** The charges incurred by the “Insured” as a direct result of calling fire departments for aid and assistance as a result of any one event.
- II. **“Equipment”.** The costs to refill the “Insured’s” fire protection equipment at an insured location if such equipment discharges as intended to control a loss that would be covered by this agreement.

Fire protection equipment includes tanks, water mains, hydrants, valves and any other equipment used for fire protection. It does not include:

- b. branch piping from a joint system which are used entirely for purposes other than fire protection, or
- c. from water mains located outside of the insured “premises” which form part of a public water distribution system, or
- d. any pond or reservoir in which the water is impounded by a dam.

D. Growing plants, trees, shrubs or flowers, walkways, sidewalks, driveways or parking areas in the open.

We will cover loss or “damage” to growing plants, trees, shrubs or flowers, walkways, sidewalks, driveways or parking areas in the open at an insured “premises” caused by an insured peril.

E. Leasehold Interest. Coverage for leasehold interest (the present value of the difference between the total rent payable over the unexpired portion of the lease and the total estimated rental value of the property during the

same period) sustained if the “Insured’s” lease is cancelled as a direct result of covered loss or “damage” to insured property.

- F. **Locks and Keys:** Coverage for repair, replacement or reprogramming of keys, locks and cards.
- G. **Outdoor Signs.** Loss or “damage” to outdoor signs on your property/“premises”.
- H. **Personal property of the “Insured’s” directors, officers or employees.** Personal property of the “Insured’s” directors, officers or employees (excluding motor vehicles), not otherwise insured but only for such loss or “damage” as occurs at the “premises” of the “Insured”. This limitation respecting the “Insured’s” “premises” is not applicable to employees’ tools or tools while on lease in connection with the “Insured’s” business.
- I. **Sales Representative.** Coverage for “equipment” and “stock” in the custody of the “Insured’s” Sales Representative while in Canada and the continental United States (including while in transit).
- J. **Temporary and Unnamed Locations.** Coverage for loss or “damage” to “equipment” and “stock” while it is away from an insured “premises” (except during transit) anywhere within Canada and the continental United States of America (excluding Alaska). There is not coverage under this extension for loss or “damage” at any location owned, rented or controlled in whole or in part by the “Insured.”
- K. **Valuable Papers.** Coverage for additional expenses necessarily incurred in the cost of replacing or reproducing books of account, original plans, blueprints, papers, documents, drawings or other records including film, tape, disc, drum, cell or other magnetic recording or storage media when such records are damaged by a covered loss.

3. Total Property of Every Description

The following extensions are in addition to the insured Limits of Liability shown for Property of Every Description on Item 10, of the Declarations, Schedule of Insurance.

This Policy shall extend to cover the following:

- A. **Blanket Exterior Glass.** At each insured location for coverage that includes encasing frames and all sign writing, ornamentation, foil or tape thereon caused by accidental breakage of such glass. This coverage shall also include the cost of boarding up damaged openings, installing temporary plates and removing or replacing obstructions when necessary. This extension does not apply to a vacant or unoccupied dwelling or during construction of, alteration of or addition to any insured location other than during ordinary repair or maintenance.
- B. **“Buildings” in the Course of Construction.** For covered loss in any one “occurrence” to new additions, “buildings” and structures when constructed on a “premises” intended for similar occupancy. This coverage will be provided for a maximum of thirty (30) days from the start day of construction, or at the inception of more specific insurance intended to cover this exposure, or at expiration of this Policy, whichever comes first.
- C. **Brands and Labels.** If branded or labelled merchandise is covered by this section and is damaged by a peril insured and the Insurer elects to take all or part of the property at an agreed or appraised value, the Insurer may extend the insurance that applies to such merchandise to pay the “Insured’s” expenses incurred to:
 - I. Stamp salvage on the merchandise or its containers, if the stamp will not physically “damage” the merchandise; or
 - II. Remove the brands or labels, if doing so will not physically “damage” the merchandise or its containers

- D. “Electronic Data Processing Equipment”.** Coverage for “equipment”, media (including converted data), components, connections, extensions and systems, and telephone systems, owned by or leased to or under the control of the “Insured” or for which the “Insured” is liable.

There shall be no liability hereunder caused by resulting from or arising out of any or all of the following:

- Artificially generated electrical current, short circuit, blow-out, or any other electrical disturbance.
- Loss or “damage” caused by or arising out of infidelity by an employee of the “Insured.” A willful act of malicious intent shall be deemed not to be an act of infidelity.
 - electrical or magnetic injury, disturbance or erasure of electronic recordings.
 - mechanical breakdown and machinery breakdown, including malfunction or component failure

- E. Hacking Event or Computer Virus Attack.** The Insurer will cover direct physical loss or “damage” to covered computer systems caused by a hacking event or computer virus attack.

For the purpose of this endorsement the following are added as Definitions:

- Computer Systems: is hardware of any kind, electronic computer programs, “electronic data processing equipment”, processing media, “electronic data”, operating system, computer network and networking equipment, firmware, servers, web sites, extranet, and all input, output, processing, storage, and off-line media libraries
- Computer Virus: is any corrupting, harmful or otherwise unauthorized instructions or code including, but not limited to, any maliciously introduced unauthorized instructions or code, program or otherwise, that propagate themselves through a computer system or network of whatsoever nature. Computer virus includes, but is not limited to, Trojan Horse, worms and time or logic bombs;
- Hacking Event: means the unauthorized access or use of a computer or telecommunications system by circumventing a security or procedure.

- F. Newly Acquired “Buildings” and Contents.** Automatic Coverage on the condition that notification of such acquisition shall be filed with the Insurer within thirty (30) days of such acquisition and any additional premium required by the Insurer shall be effected from the date of acquisition.

- G. Professional Fees.** The actual costs incurred by the “Insured”, of reasonable and necessary fees payable to the “Insured’s” accountants, architects, auditors, engineers, or other professionals, (excluding the cost of using the “Insured’s” employees), for producing and certifying any particulars or details resulting from an insured loss payable under this Policy for which the Insurer(s) have accepted liability.

Coverage will not include the fees and costs of attorneys and lawyers, public adjusters, insurance agents or brokers, and loss appraisers, all including any of their subsidiary, related or associated entities either partially or wholly owned by them or retained by them for the purpose of assisting them, nor the fees and costs of loss consultants who provide consultation on coverage or negotiate claims.

- H. Expedited Expenses.** The necessary and reasonable extra costs incurred to expedite the repair or replacement of property damaged by covered loss. Such property must be insured on a “replacement cost” basis.

In no event, will the Insurer pay any costs related to “equipment” or other property installed to replace the function of the damaged property on a temporary basis.

- I. Fine Arts.** The actual loss sustained by the “Insured” through direct physical loss of or “damage” to fine arts. In no event, will the Insurer pay for loss or “damage” arising out of the following:

- i. Breakage of glassware, statuary, marbles, brick-a-brac, porcelains and other fragile articles unless caused by fire, “earthquake”, explosion, falling object striking the exterior of a “building”, “flood”, impact by aircraft or land vehicle, lighting, riot, smoke, vandalism or malicious acts, windstorm or hail, or by

accident to land, water or air conveyances, or by theft or attempt thereat.

- ii. Loss or “damage” to any property while undergoing any process of while being actually worked upon and where any loss or “damage” is due thereof.

Fine Arts as described includes paintings, etchings, pictures, tapestries and other bona fide works of art (such as valuable rugs, statuary, marbles, bronzes, antique furniture, rare books, antique silver, manuscripts, porcelains, rare glass and bric-a-brac) of rarity, historical value or artistic merit.

- J. **Land and Water Pollutants Clean-up costs.** We will pay for expenses incurred by the “Insured” to clean up “pollutants” from the land or water at an insured “premises” provided the spill, discharge, emission, dispersal, seepage, leakage, release, migration or escape of such “pollutants” is:
 - 1. Occasioned by covered loss or “damage” to property at an insured location;
 - 2. Is sudden, fortuitous and unexpected; and
 - 3. First occurs during the “policy period”.
- K. **Off Premises Utility Failure.** Coverage for direct physical loss or “damage” to covered property resulting from the failure of a utility service provider to deliver utility services to an insured location. The failure must be caused by physical loss or “damage” to property that is owned, operated or controlled by the utility provider, located away from an insured location and used to deliver utility services to an insured location.
- L. **Off Premises Power.** Coverage against direct loss caused by interruption of power, heat, steam, water, air-conditioning or refrigeration resulting from “damage” by the perils insured against by this Policy, to any “equipment” whether owned or not owned by the “Insured”, situated away from the insured “premises”, used for refrigeration, cooling, humidifying, dehumidifying, air-conditioning, heating, generating or converting power, including all connections and supply or transmission lines and pipes or any electric generating power plants, transformer stations, sub-stations or switching stations located off the insured “premises”.
- M. **Tenants Improvements and Betterments.** Coverage physical loss or “damage” to improvements that the “Insured” makes to a “building” which belongs to the “Insured” and is insured under this Policy. For the purpose of this extension Improvements and Betterments means a permanent alteration, installation or addition that cannot legally be removed.
- N. **Transit.** Coverage for physical loss or “damage” to the “Insured’s” covered property while in transit in Canada and the continental United States of America.

Unless such property is under the control of a common carrier this extension does not cover theft from any unattended vehicle unless there are visible signs of forcible entry.

In no event, will the Insurer pay for loss under this extension once:

 - Such property has been accepted for delivery at its final destination
 - Such property has been checked during flight with a commercial airline

8. **PROPERTY EXCLUDED**

This Policy does not insure:

- a) Currency, “money”, deeds, evidence of debt, notes, “securities”, bullion, platinum and other precious metals and alloys;
- b) Growing plants, trees, shrubs or flowers all while in the open except as provided under 6.m above;
- c) Animals, fish or birds;
- d) Furs, fur garments, jewels, jewellery, watches, precious and semi-precious stones;

- e) Land, water except water which is normally contained within any type of tank, piping system or other process equipment, growing crops or standing timber, live animals or birds.
- f) Watercraft while waterborne, aircraft, railroad rolling stock or motor vehicles licensed for highway use. This exclusion does not apply to watercraft or motor vehicles held by the “Insured” as inventory or rented, leased or loaned to others by the “Insured”.
- g) Property sold by the “Insured” under conditional sale, trust agreement, installment plan or other deferred payment plan, after delivery to customers.
- h) Waterborne shipments except while on regular ferries or railway car transfer in connection with land transportation, or property covered under any ocean marine Policy(ies).
- i) Property more specifically insured except as provided under COMMERCIAL PACKAGE – GENERAL CONDITIONS 18. **OTHER INSURANCE** of this Policy.
- j) Sewers, drains or watermains located beyond the outside bearing walls or foundations of the insured property, outside communication towers, antennae (including satellite receivers) and “equipment” attached;
- k) Exterior signs, exterior glass except as provided in 7. COVERAGE EXTENSIONS 2.G and 3.A;
- l) Electrical devices, appliances or wiring caused by artificially generated electrical currents, including arcing, unless fire or explosion ensues and then only for such ensuing loss or “damage”.
- m) Underground property
- n) Property in the custody of a sales representative away from the “Insured’s” “premises” except as provided under 7. COVERAGE EXTENSIONS, 2.I;
- o) Property at locations which are known by the “Insured” to be vacant, unoccupied or shut down for more than thirty (30) consecutive days.
- p) Except for property located on an insured “premises”, property for the purpose of transmission or distribution of electrical power and all communication signals (audio or visual), above ground transmission and distribution lines, including wire, cables poles, pylons, standards towers and any other supporting structure and related “equipment”;
- q) Property or structures in the course of construction, erection or dismantling including any related materials and supplies
- r) Property illegally acquired, kept, stored or transported or any property seized or confiscated by any order of any public authority.

9. **BASIS OF VALUATION**

A. IN RESPECT OF ALL PROPERTY UNLESS OTHERWISE STATED BELOW:

Settlement shall be based on the cost of repairing, replacing or reinstating (whichever is the least) with materials or “equipment” of like kind and quality without deduction for depreciation. The foregoing shall be subject otherwise to all the terms, conditions and limitations of the Policy (including any endorsements thereon) and to the after noted additional provisions:

- Replacement shall be effected within two years from the date of loss.
- The repairs, replacement or reinstatement must be executed with due diligence and dispatch, by the “Insured”.
- Until repair, replacement or reinstatement has been effected the amount of liability under this Policy in respect to the loss shall be limited to the “actual cash value” of the property lost or damaged. Liability shall in no event exceed the actual repairs, replacement or reinstatement or the limit of liability sum insured stated in this Policy whichever is the lesser.
- Any other insurance effected by or on behalf of the “Insured” in respect to the perils insured against by this Policy on the property to which this clause is applicable shall be upon the identical basis of “replacement cost” as set forth herein.

- Replacement may be effected on the same or any other suitable site in Canada and/or the United States of America, at the option of the “Insured”.
- Failing compliance by the “Insured” with the obligations imposed by any of the foregoing provisions, the basis of valuation shall revert to the “actual cash value” of the property at the time and place of the “occurrence” with due deduction for depreciation.

B. RECORDS

The liability of the Insurer(s) for loss to:

- Books of account, drawings, card index systems and other records, other than as described in below, shall not exceed the cost of blank books, blank pages or other materials, plus the cost of actually transcribing or copying said records.
- Media, data storage devices, and program devices for electronic and electromechanical data processing or for electronically controlled “equipment”, shall not exceed the cost of reproducing such media, data storage devices, and program devices from duplicates or from originals of the previous generation of the media.

C. PROPERTY OF OTHERS

- In respect of property leased by the “Insured”, settlement shall be based upon the amount for which the “Insured” is legally responsible to insure as stated in the lease agreement but in no event exceeding the cost of repairing, replacing or reinstating (whichever is the least).
- In respect of all other property of others, settlement shall be based upon the amount for which the “Insured” is legally liable including the value of services performed by the “Insured” up to the time of loss.

D. “STOCK”

- On “stock” in process, the value of raw materials and labor expended plus the proper proportion of overhead charges.
- On finished goods manufactured by the “Insured”, the regular cash selling price at the location where the loss occurs, less all discount charges and allowances to which the merchandise would have been subject had no loss occurred.
- On materials, supplies and other merchandise not manufactured by the “Insured”, the “replacement cost” to be computed at the time of the “occurrence” bringing about the loss or “damage”.

E. ELECTRONIC EQUIPMENT

Settlement shall be based upon the “replacement cost” of the property at the time any loss or “damage” occurs and the loss or “damage” shall be ascertained or estimated on the basis of the “replacement cost” of property similar in kind to that insured at the place of the immediately preceding the time of such loss or “damage”, but in no event to exceed the limit of liability hereunder.

F. ELECTRONIC MEDIA

Settlement shall be based upon the actual reproduction cost of the property and if not replaced or reproduced the blank value of media.

G. ACCOUNTS RECEIVABLES

The basis of settlement shall be the percentage increase or decrease of the monthly average of accounts receivables for the twelve (12) months preceding the loss. Further adjustment will be made in accordance with any demonstrable variance

for that particular month in which the loss occurred.

H. PARTS.

In the event of loss or “damage” to any part of the insured property which when complete for use consists of several parts, settlement will be for the sum only of the part lost or damaged including any cost of installation.

I. PAIRS AND SETS

In the event of loss or “damage” to insured property which is part of a set, settlement will be for a reasonable and fair proportion of the total value of the set only

J. VALUABLE PAPERS AND RECORDS

The basis of settlement shall be the cost to repair or replace the property damaged or destroyed with due diligence and dispatch, but not exceeding the “actual cash value” of the property at the time of the “occurrence”

10. LOSS PROCEDURES

NOTICE OF OCCURRENCE

1. The “Insured” shall, as soon as practicable after knowledge has been received by the “Insured’s” controller at their head office, report to the Insurer(s) every “occurrence” which, in the opinion of the “Insured”, may become a claim under this Policy and shall also file with the Insurer a detailed sworn proof of loss.
2. In case of actual or imminent loss or “damage”, it shall be lawful and necessary for the “Insured”, its factors, servants and assigns to sue, labour and travel for, in or about the defence, safeguard and recovery of property or any part thereof, without prejudice to this insurance, nor shall the acts of the “Insured” or the Insurer in recovering, saving and preserving the property insured, in case of loss or “damage” be considered a waiver or acceptance of abandonment. The expenses so incurred shall be borne by the Insurer proportionately to the extent of its interest and such expenses shall be considered an “occurrence” within the meaning of the deductible provisions contained elsewhere herein.
3. There shall be no abandonment of property or goods to the Insurer.

11. RESTORATION OF PROPERTY

In the event of loss or “damage”, the “Insured” is at liberty to make repairs and to proceed to restore the property so damaged, it being agreed by the “Insured” that notice of such loss or “damage” will be given to Insurer as soon as practicable following the “occurrence”.

12. NO CONTROL

This Policy shall not be voided by failure to comply with any of its warranties or conditions in any portion of the “premises” over which the “Insured” has neither knowledge nor control.

13. DISPUTED LOSS AGREEMENT

If there is a recoverable loss to your property or other insured interest covered by this Policy and there is a disagreement between the Property Insurers and Boiler Insurer as to which Insurer is liable or as to the proportion of the loss to be paid by each Insurer, upon written request your loss will be settled in accordance with the Insurance Bureau of Canada's Property/Boiler Agreement respecting disputed losses.

14. SUE AND LABOUR

In case of loss, it shall be lawful and necessary for the “Insured”, his or their factors, servants and assigns, to sue, labour, and travel for, in and about the defense, safeguard and recovery of the property insured hereunder, or any part thereof,

without prejudice to this insurance, nor shall the acts of the “Insured” or the Insurer, in recovering, saving and preserving the property insured in case of loss be considered a waiver or an acceptance of abandonment. The expenses so incurred shall be born by the “Insured” and the Insurer proportionately to the extent of their respective interests. The Insurer's portion of such expenses shall be limited to the extent that such expenses reduce loss which would otherwise be payable under this form. This condition does not increase any amounts of limits of insurance provided by this Form.

15. PROPERTY PROTECTION SYSTEMS

The “Insured” must notify the Insurer of any change to, interruption to, flaw or defect in any sprinkler (or other fire extinguishing system), fire detection system or intrusion detection system. If you do not notify the Insurer, the Insurer is not obligated to pay for a loss that would otherwise be covered by this agreement, but only to the extent that such loss was made worse by such change, interruption, flaw, or defect.

16. STANDARD MORTGAGE CLAUSE – APPLICABLE TO BUILDINGS ONLY (approved by the Insurance Bureau of Canada) The following clauses shall apply for those loss payees having a Memorandum of Insurance specifically stating a Mortgage clause is applicable:

IT IS HEREBY PROVIDED AND AGREED THAT

Breach of Conditions by Mortgagor Owner or Occupant – this insurance and every documented renewal thereof – AS TO THE INTEREST OF THE MORTGAGEE ONLY THEREIN – is and shall be in force notwithstanding any act, neglect, omission or misrepresentation attributable to the mortgagor, owner or occupant of the property insured including transfer of interest any vacancy or non-occupancy of the occupation of the property for purposes more hazardous than specified in the description of the risk.

PROVIDED ALWAYS that the Mortgagee shall notify forthwith the Insurer(s) (if known) of any vacancy or non-occupancy extending beyond thirty (30) consecutive days or of any transfer of interest or increased hazard THAT SHALL COME TO THE KNOWLEDGE OF THE MORTGAGEE, and that every increase of hazard (not permitted by the Policy) shall be paid for by the Mortgagee – on reasonable demand – from the date that such hazard existed according to the established scale of rates for the acceptance of such increased hazard during continuance of this insurance.

Right of Subrogation – Whenever the Insurer(s) pays the Mortgagee any loss award under this Policy and claims that – as to the Mortgagor or Owner – no liability therefore existed, is shall be legally subrogated to all rights or the Mortgagee against the “Insured”, but any subrogation shall be limited to the amount of such loss payment and shall be subordinate and subject to the basic right of the Mortgagee to recover the full amount of its mortgage equity in priority to the Insurer(s), or the Insurer(s) may at its option pay the Mortgagee all amounts due to become due under the mortgage or on the security thereof and shall thereupon receive full assignment and transfer to the mortgage together with all “securities” held as collateral to the mortgage debt.

Other Insurance – if there be other valid and collectible insurance upon the property with loss payable to the Mortgagee – at law or in equity – then any amount payable thereunder shall be taken into account in determining the amount payable to the Mortgagee.

Who May Give Proof of Loss – in the absence of the “Insured”, or the inability, refusal or neglect of the “Insured” to give notice of loss or deliver the required Proof of Loss under the Policy then the Mortgagee may give the notice upon becoming aware of the loss and deliver as soon as practicable the Proof of Loss.

Termination – The term of this mortgage clause coincides with the term of this Policy.

PROVIDED ALWAYS that the Insurer(s) reserves the right to cancel this Policy as provided by Statutory provision, in Quebec by articles 2477 and 2478 of the Civil Code of Quebec, but agrees that the Insurer(s) will neither terminate/cancel nor alter/amend this Policy to the prejudice of the Mortgagee without the notice stipulated in such Statutory provision or articles of the Civil Code of Quebec.

Foreclosure (In Quebec, Transfer of Title) – Should title or ownership to said property become vested in the Mortgagee and/or assigns as owner or purchaser under foreclosure or otherwise this insurance shall continue until expiry or cancellation for the benefit of the said Mortgagee and/or assigns

SUBJECT TO THE TERMS OF THIS MORTGAGEE CLAUSE (and these shall supersede any Policy provisions in conflict therewith BUT ONLY AS TO THE INTEREST OF THE MORTGAGEE) loss under this Policy is made payable to the Mortgagee.

THE NOTICE BELOW APPLIES TO INSURANCE CONTRACTS CONTAINING NON-OWNED AUTOMOBILE LEGAL LIABILITY COVERAGE IN PROVINCES WHERE STATISTICAL DATA RELATING TO SUCH CONTRACTS MUST BE REPORTED TO THE SUPERINTENDENT OF INSURANCE.

NOTICE TO “INSUREDS” pursuant to the Freedom of Information and Protection of Privacy Act 1987

LEGAL AUTHORITY FOR COLLECTION

Insurance Act R S O 1990 c18 as amended section 101(1)

PRINCIPAL PURPOSE FOR WHICH PERSONAL INFORMATION IS INTENDED TO BE USED

Information collected by Insurers from “Insureds” or supplied to Insurers pertaining to the attached document will be used

To complete aggregate statistical data to be used in monitoring trends in the insurance industry

To develop statistical exhibits to be used in monitoring the insurance industry

To respond to requests for customized statistical information on the insurance industry

To respond to inquiries on statistical information made to Office of the Superintendent of Insurance, and

To use and disclose such information for purposes which are consistent with the previous clauses

THE PUBLIC OFFICIAL WHO CAN ANSWER QUESTIONS ABOUT THE COLLECTION IS

Manager Commercial Casualty Statistical Plan Ontario Insurance Commission 5160 Yonge Street 15th Floor, North York Ontario M2N 6L9 Telephone No. (416) 250 7250 Fax No (416) 590 7070

TERMINATION CLAUSE

It is agreed that the Statutory Termination Condition contained herein applies to the peril of fire and as modified or supplemented by riders or endorsements attached apply as termination condition to all other perils and coverages insured by this Policy. In Quebec this Policy may be cancelled in accordance with Articles 2477 and 2479 of the Civil Code of Quebec. If this Policy is terminated by the Insurer(s) for non-payment of premium the Statutory Termination Condition or Civil Code Cancellation Condition shall apply. If this Policy is terminated by the Insurer(s) for any other reason the notice period required by the Statutory Termination Condition of Code of Cancellation Condition shall be changed to read that number of days stated in the Declarations of this Policy whether given by Registered Mail or personally delivered. The absence of a number of days in the Declarations of this Policy denotes that the Statutory Condition of Civil Code General Conditions shall govern.

CURRENCY CLAUSE

All limits of insurance, premiums and other amounts expressed on this Policy are in Canadian Dollars unless otherwise stated.

Section 2: Business Income **(Loss of Profits, Rental Income and Extra Expense)**

1. LOCATIONS INSURED

All locations owned, controlled or operated by the “Insured” as shown on the Declarations page.

2. LIMIT OF LIABILITY

The Limits of Liability are as shown on Item 10, Schedule of Insurance, of the Declarations page. The Insurer(s) shall in no event be liable for more than the amount shown in the Declarations Page.

3. INSURING AGREEMENT

This Policy of insurance which is a contract of indemnity witness that in consideration of the “Insured” paying to the Insurers the premium stated herein:

The Insurer agrees with the “Insured” subject to the terms and conditions expressed herein that so long as this Policy shall be in force if any “building” or other property or any part thereof used by the “Insured” at the above described “premises” for the purpose of the business shall be destroyed or damaged by a peril insured against at any time before 12:01 A.M. standard time of the last day of the period of insurance and business carried on by the “Insured” at the said “premises” be in consequence thereof interrupted, the Insurer will pay the “Insured” the amount of loss resulting from such interruption in accordance with the provisions herein contained.

THE INSURANCE UNDER THIS Policy is limited to:

1. Loss of Gross Profit due to
 - (i) Reduction in Turnover and
 - (ii) Increase in Cost of Workingand
2. Loss of Rental Income
and
3. Extra Expense.

The amount payable as indemnity thereunder shall be:

1. (i) IN RESPECT OF REDUCTION IN TURNOVER

The sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period shall, in consequence of the destruction or “damage” by a peril insured against, fall short of the Standard Turnover,

(i) IN RESPECT OF INCREASE IN COST OF WORKING

The additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in Turnover which but for that expenditure would have taken place during the Indemnity Period in consequence of the destruction or “damage” by a peril insured against, but not exceeding the sum produced by

applying the Rate of Gross Profit to the amount of the reduction thereby avoided,

LESS any sum saved during the Indemnity Period in respect of such insured standing charges as may cease or be reduced in consequence of the destruction or “damage” insured against.

2. IN RESPECT OF REDUCTION OF RENTAL INCOME

The amount by which the Rental Income during the Indemnity Period shall, in consequence of the destruction or “damage” by a peril insured against, falls short of the expected Rental Income.

3. IN RESPECT OF EXTRA EXPENSE

The Extra Expense so incurred, for not exceeding such length of time, herein referred to as the Period of Restoration, commencing with the date of the loss and not limited by the date of expiration of this Policy, as shall be required with the exercise of due diligence and dispatch to repair, rebuild, or replace such part of said “building(s)” or additions thereto or contents thereof as may be destroyed or damaged.

4. **DEFINITIONS**

The following terms wherever used in this Section shall mean:

1. EXTRA EXPENSE means the excess (if any) of the total cost during the period of restoration for the purpose of continuing the “Insured’s” business over and above the total cost that would normally have been incurred to conduct the business during the same period had no loss occurred; the cost in each case to include expense of using other property or facilities of other concerns or other similar necessary emergency expenses. In no event, however, shall the Insurer(s) be liable under this extension for loss of income nor for Extra Expense in excess of that necessary to continue as nearly as practicable the normal conduct of the “Insured’s” business, nor for the cost of repairing or replacing the property that has been damaged or destroyed by the perils insured against, except cost in excess of the normal cost of such repairs or replacements necessarily incurred for the purpose of reducing the total amount of Extra Expense; liability for such excess cost, however, shall not exceed the amount by which the total Extra Expense otherwise payable under this extension is reduced. The Insurer(s) shall also be liable for Extra Expense incurred in obtaining property for temporary use during the period of restoration necessarily required for the conduct of the “Insured’s” business, any salvage value of such property remaining after resumption of normal operations shall be taken into consideration in the adjustment of any loss hereunder.
2. GROSS PROFIT - The sum produced by adding to the Net Profit the amount of the insured Standing Charges, or if there be no Net Profit the amount of the insured Standing Charges less such a proportion of any net trading loss as the amount of insured Standing Charges bears to all the Standing Charges of the business.
3. NET PROFIT - The net trading profit (exclusive of all capital receipts and accretions and all outlay properly chargeable to capital) resulting from the business of the “Insured” at the “premises” after due provision has been made for all Standing and other charges including depreciation, but before the deduction of any taxation chargeable on profits.
4. TURNOVER - The “money” paid or payable to the “Insured” for goods sold and delivered and for services rendered in course of the business at the “premises”.
5. INDEMNITY PERIOD - The period beginning with the “occurrence” of a peril insured against and ending not later than 12 months thereafter during which the results of the business shall be affected in consequence of the destruction or “damage” by a peril insured against, EXCEPT that if media for, or programming records pertaining to, “electronic data” processing or electronically controlled “equipment” including data thereon be destroyed or damaged by a peril insured against then the Indemnity Period in respect thereof shall not extend beyond:

- a. thirty (30) consecutive days after the “occurrence” of such destruction or “damage”; or
 - b. the date upon which liability ceases under this insurance for loss arising from other property destroyed or damaged by the same “occurrence”, whichever shall be the later.
6. RENTAL INCOME – The sum of “money” paid or payable to the “Insured” by tenants in respect of rental of an insured “premises”, plus a fair rental value of the proportion(s), if any, of the “building(s)” occupied by the “Insured”.

7. ALL STANDING CHARGES INSURED

EXCLUSIONS: The following shall in no event be deemed to be Standing Charges:

Depreciation of “Stock”

Bad Debts

8. PERIOD OF RESTORATION: Twelve (12) months.

9. SPECIAL CIRCUMSTANCES CLAUSE

RATE OF GROSS PROFIT

The rate of Gross Profit earned for the Turnover during the financial year immediately before the date of the destruction or “damage” by a peril insured against.

) To which such adjustments on) shall be made as may be) necessary to provide for the) trend of the business and) for variations in or special) circumstances affecting the) business either before or) after the destruction or) “damage” by a peril insured) against or which would have) affected the business had the) destruction or “damage” by a) peril insured against not

ANNUAL TURNOVER

The Turnover during the twelve months immediately before the date of the destruction or “damage” by a peril insured against.

STANDARD TURNOVER

Turnover during the twelve months Immediately before the date of the destruction or “damage” by a peril insured against which corresponds with the Indemnity Period.

) occurred, so that the figures) thus adjusted shall represent) as nearly as may be) reasonably practicable the) results which but for the) destruction or “damage” by a) peril insured against would) have been obtained during) the relative period after the) destruction or “damage” by a

EXPECTED RENTAL INCOME

The Rental Income during the twelve months Immediately before the date of destruction or “damage” by a peril insured against.

5. **PROVISIONS**

- A. If during the Indemnity Period goods shall be sold or services shall be rendered elsewhere than at the “premises” for the benefit of the business either by the “Insured” or by others on his behalf the “money” paid or payable in respect of such sales or services shall be brought into account in arriving at the Turnover during the Indemnity Period.
- B. If any Standing Charges of the business are not insured hereunder, then in computing the amount recoverable as Increase in Cost of Working that proportion only of the additional expenditure shall be brought into account which the sum of the Net Profit and the insured Standing Charges bears to the sum of the Net Profit and all Standing Charges.
- C. The Liability of the Insurer(s) shall in no case exceed the total sum insured hereunder.
- D. On the happening of any destruction or “damage” by a peril insured against in consequence of which a claim is or may be made under this Policy, the “Insured” shall with due diligence do and concur in doing and permit to be done all things which may be reasonably practicable to minimize or check any interruption of or interference with the business or to avoid or diminish the loss.
- E. As respects Loss of Gross Profit, unless shown otherwise in Item 10 of the Declarations, Schedule of Insurance, the Insurer(s) shall be liable for actual loss sustained, as covered hereunder, during the period of time, not exceeding four consecutive weeks from the date when, as a direct result of the peril(s) insured against, access to the “premises” described is prohibited by order of civil authority.

6. **RESUMPTION OF OPERATIONS**

As soon as practicable after any loss, the “Insured” shall resume complete or partial business operations of the property herein described and, in so far as practicable, reduce or dispense with such extra expenses as are being incurred.

7. **DEDUCTIBLE & WAITING PERIOD**

The Deductibles and Waiting Periods are as shown on Item 10. Schedule of Insurance, of the Declarations page unless a differing amount is stated in the following Policy wording.

Each loss or series of losses arising out of one event shall be adjusted separately and from the amount of such adjusted loss the sum shown as the Deductible in the Coverage summary shall be deducted.

If the deductible amount is a percentage, in no event shall this Insurer be liable hereunder for an amount exceeding its' proportion of the amount stated if loss or “damage” exceeds that percentage which is shown above as the Deductible Clause Percentage. If the Policy to which the endorsement is attached is divided into two or more items, or shall cover under any item two or more “buildings” or structures and/or contents thereof, this Deductible Clause shall be applied separately to each such item, building structure and/or contents thereof.

In the event a loss or series of losses arising from one event could involve more than one of the above deductibles, only the largest deductible shall apply.

8. **ADDITIONAL EXCLUSIONS APPLICABLE TO THIS SECTION**

The Insurer shall not be liable for:

- a. The suspension, lapse or cancellation of any lease, license, contract or order unless such suspension, lapse or cancellation results directly from the interruption of business, and then the Insurer shall be liable for only such loss as affects the “Insured's” earnings, during, and limited to, the Indemnity Period covered under this Policy; nor shall the Insurer be

liable for any other consequential or remote loss unless specifically covered by endorsement hereon.

- b. Any loss due to fines or damages for breach of contract for late or non-completion of orders, or for any penalties of whatever nature;
- c. Any loss or increase in loss, in excess of five thousand dollars (\$5,000) due to “damage” or destruction of media for, or programming records pertaining to “electronic data” processing or electronically controlled equipment, including data thereon;
- d. Any increase of loss directly or indirectly, proximately or remotely, resulting from, or contributed to by, the operation of any by-law, ordinance or law regulating zoning or the demolition, repair or construction of “buildings” or structures, unless the liability is otherwise specifically assumed by endorsement hereon.
- e. Any loss or increase in loss caused by the presence of strikers or labour disturbances on or about the insured “premises” which interfere with the rebuilding, repairing or replacing of the damaged insured property or which cause a reduction in the “Insured’s” business.

A. **RECOVERY**

Where the net amount recovered after deducting the costs of recovery is not sufficient to provide a complete indemnity for the loss or “damage” suffered, that amount shall be divided between the Insurer(s) and the “Insured” in the proportion in which the loss or “damage” has been borne by them respectively.

B. **COVERAGE EXTENSIONS**

Our Limit of Liability for the following shall not exceed the amount shown in Item 10. of the Declarations, Schedule of Insurance for each Extension listed below. Such extensions are the most the Insurer will pay for each extension and they are part of and will not increase the Limits of Liability shown in Item 10. Schedule of Insurance.

This Policy shall extend to cover the following:

I. **CONTINGENT AND ADJACENT PREMISES**

The coverage provided hereunder is extended to indemnify the “Insured” in the event of:

- a. any loss or “damage” to adjoining or adjacent “premises” which serves to interrupt or interfere with the business of the “Insured”; or
- b. any loss or “damage” to contingent “premises” which are locations not owned, leased or operated by the “Insured” but which contribute to the “Insured’s” business.

Unless shown otherwise on the Item 10. Schedule of Insurance shown on the Declarations page, the Insurers Limit of Liability under this extension shall not exceed 25% of the amount of insurance shown on the Declarations page for Business Income, maximum one hundred thousand dollars (\$100,000).

II. **OFF PREMISES POWER EXTENSION**

This Section, subject to a forty-eight (48) hour waiting period, is extended to insure against loss caused by interruption of power, heat, steam, water, air-conditioning or refrigeration resulting from “damage” by the perils insured against by this Policy, to any “equipment” whether owned or not owned by the “Insured”, situated away from the insured “premises”, used for refrigeration, cooling, humidifying, dehumidify, air-conditioning, heating, generating or converting power, including all connections and supply or transmission lines

and pipes or any electric generating power plants, transformer stations, sub-stations or switching station located off the insured “premises”.

Unless shown otherwise on the Item 10. Schedule of Insurance shown on the Declarations page, the Insurers Limit of Liability under this extension shall not exceed 25% of the amount of insurance shown on the Declarations page for Business Income, maximum one hundred thousand dollars (\$100,000).

III. INTERRUPTION BY A CIVIL AUTHORITY

This Section is extended to insure against loss caused by the order of a civil authority which prohibits access to the “Insured’s” “premises”, but only when such order is given as a direct result of covered loss or “damage” to a neighboring “premises”. This extension of coverage will be provided for a maximum period of one (1) month.

IV. ORDINARY PAYROLL

The liability of the Insurer(s) for Ordinary Payroll Expense, meaning the entire payroll expense for all employees of the “ Insured”, except officers, executives, department managers, employees under contract and other important employees is limited to such expense which must necessarily continue during the interruption of business for not exceeding the number of consecutive calendar days immediately following the date of the covered “damage” to or destruction of the insured property shown on Item 10 of the Declarations page.

Section 3: Crime Coverage

1. INSURING AGREEMENT

The Insurer agrees to pay to the “Insured” on behalf of the “Insured” for covered loss resulting from:

A. Employee Dishonesty.

The Insurer agrees to pay the “Insured” for loss or “damage” to “money” and “securities” and other property resulting directly from an employee acting alone or in collusion with others. The Insurer will only pay such loss if there is evidence that an employee(s) of the “Insured” intentionally acted and meant to cause the “Insured” harm and that the employee(s), or another person or organization, would financially benefit from such act.

B. Money and Securities.

a. The Insurer agrees to pay to the “Insured” for physical loss or “damage” of “money” and “securities” used in the “Insured’s” business operations that occurs:

- i. from within an insured location;
- ii. from within a bank/savings premises;
- iii. outside while enroute from a bank/savings institution;
- iv. while in the care and custody of the “Insured”, the “Insured’s” partners or employee who is authorized by the “Insured” to have the care, custody and control of “money” and “securities”;
- v. while in the care and custody of an armored motor vehicle company, and
- vi. while in a hotelsafe.

As respects ii and v above, the Insurer will only pay for the amount of loss the “Insured” cannot recover under the “Insured’s” contract with, or the primary insurance provided by the bank and/or the armored motor vehicle company.

b. The Insurer agrees to pay the “Insured” for physical “damage” to the “Insured’s” location caused by the actual or attempted illegal entry into the “Insured’s” location if the “Insured” is the owner or is legally liable for such “damage”.

C. Money Orders and Counterfeit Paper Currency Coverage

The Insurer agrees to pay to the “Insured” up to five thousand dollars (\$5,000) for loss due to the acceptance in good faith in exchange for merchandise, “money” or services, of any cash office or express money order, issued or purporting to have been issued by any post office or express company if such money order is not paid up presentation, or due to the acceptance in good faith in the regular course of business of counterfeit Canadian or United States currency.

D. Depositors Forgery

The Insurer agrees to pay to the “Insured” or to or any bank which is included in the “Insured’s” proof of loss and in which the “Insured” carries a chequing or savings account, in accordance with the conditions noted below in this section D, up to five thousand dollars (\$5,000) for loss sustained through forgery or alteration of, on or in any cheque, draft, promissory note, bill of exchange, or similar written promise, order or direction to pay a sum in “money” which includes:

- any cheque or draft made or drawn in your name, payable to a fictitious payee and endorsed in the name of such fictitious payee;
- any cheque or draft procured in a face to face transaction with the “Insured”, or with someone acting as the “Insured’s” agent, by anyway impersonating another and made or drawn payable to the impersonated person and endorsed by anyone other than the impersonated person;
- any payroll cheque, payroll draft or payroll order made or drawn by the “Insured”, payable to a bearer as well as to a named payee and endorsed by anyone other than the named payee without authority from such payee;

The “Insured” will be entitled to priority of payment over loss sustained by any bank. Loss under this insuring agreement, whether sustained by the “Insured” or by the bank, will be paid directly to the “Insured” in their own name, except in cases where the bank has already fully reimbursed the “Insured” for such loss. The Insurer’s liability to the bank for the loss shall be a part of and not in addition to the limit of liability of insurance the Insurer is providing to the “Insured” if this loss had been allocated to the “Insured” had such loss been sustained by the “Insured”.

E. Computer Fraud or Funds Transfer Fraud

The Insurer agrees to pay you up to five thousand dollars (\$5,000) for loss resulting from computer fraud or funds transfer fraud as follows:

Computer fraud means the wrongful abstraction of “money” and “securities” or other property which is related to the use of any computer to fraudulently cause the transfer of such property from inside the insured location or a banking location or similar recognized places of safe deposit to a person other than the “Insured’s” authorized representative, or to a place outside the “Insured’s” location.

Funds Transfer Fraud means fraudulent electronic, telegraphic, cable, teletype or telephone instructions issued to a financial institution directing such institution to debit a transfer account and to transfer pay or deliver the “Insured’s” “money” and “securities” from such transfer account, which instructions purport to have been transmitted by the “Insured” but were in fact fraudulently transmitted by someone other than the “Insured” without their knowledge or consent.

F. Credit Card Forgery

The Insurer agrees to pay the “Insured” up to five thousand dollars (\$5,000) for such loss the “Insured” shall sustain through forgery, falsification or alteration of any written document required to be used in conjunction with the use of any credit card issued by a duly licensed financial institution for the “Insured’s” business to the “Insured” or any partner, officer or employee working for the “Insured”, provided the “Insured” has fully complied with the provisions, conditions and other terms under which such credit card has been issued.

2. LIMITS OF LIABILITY

The Limits of Liability with respect to any one “occurrence” shall not exceed the amount stated in 1. **INSURING AGREEMENT** above, if stated, or as shown in Item 10 of the Declarations page, Schedule of Insurance for Crime coverage.

3. DEDUCTIBLE

The sum stated on Item 10 of the Declarations page, Schedule of Insurance is the deductible for Crime coverage and shall be deducted from each adjusted claim hereunder.

4. PERILS INSURED

This Coverage Section insures against all risks of direct physical loss or “damage” to the property covered, except as hereinafter excluded.

5. PERILS EXCLUDED

This Coverage Section does not insure against loss or “damage” caused by or resulting from:

- a. As respects 1.B only, dishonest or criminal acts by the “Insured”, or any of the “Insured’s” partners, employees, directors, officers, trustee or any authorized representative acting on the “Insured’s” behalf whether acting alone or in collusion with others;
- b. Errors in bookkeeping, accounting, or billing;
- c. Unexplained or mysterious disappearance or shortage found upon taking of inventory;
- d. As respects 1.B only, resulting from the giving or surrendering in any exchange or purchase;
- e. Forgery except as provided in 1D and 1F above;
- f. Unauthorized electronic instructions which electronically transfers “money” and “securities” to a person or place outside the insured location, except as provided in 1.E above;
- h. The “Insured’s” inability to realize potential income, including but not limited to interest and dividends;
- i. The “Insured’s” transfer or surrender of “money” and “securities” to a person or place away from the insured location as a kidnap, ransom or other extortion payment as a result of threat to do bodily harm or physical “damage”;
- j. Legal expenses, including but not limited to fees and costs;
- k. As respects 1.B b. only, physical “damage” to the “Insured’s” location caused by fire; and
- l. As respects 1.B b. only, physical “damage” to glass or “damage” to lettering, ornamentation, tapes or foils on the glass at the “Insured’s” location.

6. PROPERTY EXCLUDED

This Coverage Section does not insure:

- a. Personal property which would normally be covered under any other Section of this Policy;
- b. Animals;
- c. Growing plants;
- d. Accounts; bills; currency, numismatic properties or “money”; notes; “securities”; stamps; deeds; evidences of debt; letters of credit; credit cards; passports; railroad, airline or other tickets, unless endorsed hereon (except as covered under this Section as stated above);
- e. “Buildings”

- f. Aircraft;
- g. Watercraft;
- h. Automobiles;
- i. Film or tape, or recording or recording storage medium of any type;
- j. Railroad cars, locomotives, engines or railroad equipment unless otherwise endorsed hereon;
- k. Valuable papers, records, manuscripts or other documents.

II. VALUATION

The basis of determining the value of the property insured hereunder, shall be as follows:

- a. "Money" shall be determined by its face value. If the amount is not documented by the "Insured" before the loss occurs, payment will not exceed the amount that is reasonably estimated by the Insurer.
- b. "Securities" will be determined by their "actual cash value" at the close of business on the day the loss was discovered or the actual cost of replacing them, whichever is less.

GENERAL (STATUTORY) CONDITIONS

(Province of Quebec)

This Policy is subject to the Civil Code of the Province of Quebec, Title Fifth - Of Insurance (Replaced 1974, Bill 7, s.2)

References to the Code are for information only and are not necessarily intended to reflect its official wording. The General Conditions apply to all perils insured by this Policy.

EFFECTIVE DATE, POLICY PERIOD, TERMINATION

1. (1) Effective Date and Policy Period

This Policy is in force as of the date and for the period shown in the Declarations.

(2) Termination (Art. 2567,2569)

This contract may be terminated at any time:

- (a) By the Named Insured giving written notice. Termination takes effect upon receipt of the notice and the insured shall therefore be entitled to a refund of the excess of premium actually paid over the short-term rate for the expired time;
- (b) By the Insurer giving written notice. Termination takes effect fifteen days following receipt of such notice and the Insurer shall refund the excess of premium actually paid over the pro rat a premium for the expired time; the refund shall accompany the notice unless the premium is subject to adjustment or determination as to amount, in which case the refund shall be made as soon as practicable.

In this Condition the expression "premium actually paid" means premium actually paid by the insured to the Insurer or its agent, but does not include any premium or part thereof paid to the Insurer by an agent unless actually paid to the agent by the insured.

MISREPRESENTATION

2. (1) At Time Policy is Issued (Art. 2485, 2487, 2488)

Misrepresentation by the insured of, or omission on his part to disclose, any circumstances known to him and likely to materially influence a reasonable Insurer in the setting of premium, the evaluation of the risk or the decision to insure, avoids the contract at the option of the Insurer, even for losses not related to the risks so misrepresented or not fully disclosed.

However, in the absence of bad faith, the Insurer is liable for payment of the loss in the proportion that the premium collected bears to that which it should have collected, except where it is established that it would not have insured the risk had it known the true nature of the risk.

(2) While Policy is in Force (Art. 2489,2566)

The insured shall promptly notify the Insurer of any increase in the risk within his knowledge and control and which is likely to materially influence a reasonable insurer in the setting of the rate of premium, the evaluation of the risk or the decision to continue to insure it. The Insurer may then terminate the contract or notify the insured in writing that, if he desires the contract to continue in force, he must within thirty days of receipt of

the notice, pay to the Insurer the additional premium specified in the notice failing which the contract is no longer in effect.

Any failure by the insured to comply with the above gives rise to the same penalties as in Condition 2(1). Any increase in the risk resulting from a breach in warranty suspends coverage until accepted by the Insurer or until the breach has been remedied.

(3) In the Event of a Loss (Art. 2574)

Any willfully false statement in a proof of loss invalidates the rights of the person making it to any indemnity related to the risk so misrepresented.

CLAIMS

3. Duties of the Insured (Art. 2572,2573,2588,2589)

(1) In the event of any loss of or damage to the insured property, the insured or any interested person shall:

- (a) forthwith give notice thereof to the Insurer with fullest obtainable information at the time;
- (b) at the expense of the Insurer, take all reasonable steps to prevent further loss or damage to the insured property. Any such further loss or damage resulting directly or indirectly from the insured's failure to take such action shall not be recoverable;
- (c) not undertake any repair or shall not remove any physical evidence of the loss or damage without the written consent of the Insurer unless it is necessary to prevent damage to such property, or until the Insurer had reasonable time to examine the property;
- (d) deliver to the Insurer within ninety days of the loss a solemn declaration stating to the best of his knowledge or belief,
 - (i) where, when, and how the loss occurred and the amount of loss claimed,
 - (ii) the interest of the insured and of all others in the property with particulars of all the charges thereon,
 - (iii) all other insurances, whether valid or not, covering the insured property;
- (e) state that the loss did not occur through his willful act or neglect or his connivance;
- (f) produce at such place reasonably designated by the Insurer or its representative, all relevant documents in his possession or control and permit extracts and copies thereof to be made;
- (g) facilitate the salvage of the damaged property, provided the Insurer shall contribute pro rata towards expenses in connection with steps taken by the insured according to the respective interest of the parties;
- (h) promptly give notice to the police or other persons in authority of any loss caused by theft, burglary, robbery or any attempt thereat or by malicious act;
- (i) not abandon the property insured without the consent of the Insurer.

(2) In the event of bodily injury or property damage sustained by a third party, the insured shall:

- (a) forthwith give detailed notice thereof to the Insurer and of any claim resulting therefrom;

- (b) forthwith send to the Insurer every notice, letter or writ or document received from third parties;
- (c) not assume any obligation or settle any claim, except at his own cost;
- (d) not interfere in any settlement or legal proceeding;
- (e) upon the Insurer's request, cooperate with the Insurer in establishing the facts, securing and giving evidence and obtaining the attendance of witnesses;
- (f) assist the Insurer, except in a pecuniary way, in the defense of any action or proceeding or in the enforcement of any right of contribution or indemnity against any person or organization who may be liable to the insured because of injury or damage with respect to which insurance is provided under this Policy.

4. Who may give Notice and Proof

Notice of loss may be given and proof of loss may be made by the agent of the insured named in the contract in the event of absence or inability of such insured to give the notice or make the proof, such absence or inability being satisfactorily accounted for, or in the like case, or if the insured refuses to do so, by a person to whom any part of the insurance "money" is payable.

SETTLEMENT

5. Basis of Settlement

Unless otherwise provided, the Insurer shall not be liable for more than the "actual cash value" of the property at the time any loss or damage occurs.

6. Replacement (Art. 2586)

Except where an appraisal has been made, the Insurer instead of making payment, may repair, rebuild, or replace the property damaged or lost with other of like kind and quality, giving written notice of its intention to so within fifteen days after receipt of the proofs of loss. In that event the Insurer shall commence to so repair, rebuild or replace the property as soon as practicable after receipt of the proofs of loss, and shall thereafter proceed with all due diligence to the completion thereof.

7. Time of Payment of Insurance "money" (Art. 2575)

The Insurer shall pay claims within sixty days after receipt of notice of loss or proof of loss or of information required by the Insurer or, where arbitration is held within fifteen days from the arbitration award.

8. Salvage (Art. 2586)

Where a claim is settled on a total loss basis, the salvage shall vest in the Insurer, but there shall be no abandonment of the damaged property to the Insurer without its consent.

9. Premium (Art. 2571)

Where a premium is outstanding at the time of settlement of a loss relating to property insured, the Insurer may deduct it from the indemnity payable.

10. Disagreement (Art. 2587)

Any disagreement as to the nature, extent, amount of the loss or the adequacy of repairs or replacement, shall be determined by arbitration whether the right to recover on the contract is disputed or not.

The insured and the Insurer shall each select one appraiser and the two so chosen shall then select an umpire.

Thereafter the two appraisers together shall determine the matters in disagreement before them, specifying the property damaged and its value, and failing agreement shall submit their differences to the umpire.

If either party fails to name an appraiser within seven days after being served with written notice to do so, or if the appraisers fail to agree upon an umpire within fifteen days after their appointment, or if an appraiser or umpire refuses to act or is incapable of acting, a judge of a court having jurisdiction may appoint such appraiser or umpire on the application of the insured or of the Insurer.

The award shall be made in writing by a majority.

For the remainder, the procedure provided in sections 940 to 951 of the Quebec Code of Civil Procedure (R.S. 1977, c. C-25) applies mutates mutandis.

Each party shall pay the appraiser selected by him, and shall bear equally the other expenses of the arbitration and of the umpire.

11. Subrogation (Art. 2576)

The Insurer, upon making any payment or assuming liability there for under this Policy, shall be subrogated to all rights of recovery of the Insured against others and may bring action to enforce such rights. Notwithstanding the foregoing, all rights of subrogation are hereby waived against any corporation, firm, individual or other interest with respect to which insurance is provided by this Policy. Where the net amount recovered, after deducting the costs of recovery, is not sufficient to provide a complete indemnity for the loss or damage suffered, that amount shall be divided between the Insurer and the Insured in the proportion in which the loss or damage has been borne by them respectively. Any release from liability entered into by the Insured prior to loss shall not affect the right of the Insured to recover.

12. Other Insurance

(1) Property Insurance (Art. 2585)

Where several valid insurance contracts have been made without fraud on the same property and against the same risks, each shall attach in proportion to all the insurance in force up to the amount of the loss.

The Insurers are not allowed to invoke the benefit of division against the insured; the latter may sue each of them for the full amount of the coverage he has contracted for until he has been fully indemnified.

(2) Liability Insurance

The liability insurance provided by this contract is primary insurance except when stated to apply in excess of, or contingent upon the absence of, other insurance. When this insurance is primary and the insured has other insurance which is stated to be applicable to the loss on an excess or contingent basis the amount of the Insurer's liability under this contract shall not be reduced by the existence of such other insurance. When both this insurance and other insurance apply to the loss on the same basis, whether primary, excess or contingent, the Insurer shall not be liable under this contract for a greater proportion of the loss than that stated in the applicable contribution provision below:

(a) Contribution of Equal Share:

If all of such other collectible insurance provides for contribution by equal shares, this Insurer shall not be liable for a greater proportion of such loss than would be payable if each Insurer contributes an equal share until the share of each Insurer equals the lowest applicable limit of liability under any one contract or the full amount of the loss is paid, and with respect to any amount of loss not so paid the remaining Insurers then continue to contribute equal shares of the remaining amount of the loss until each such Insurer has paid its limit in full or the full amount of the loss is paid.

(b) Contribution by Limits:

If any such other insurance does not provide for contribution by equal shares, this Insurer shall not be liable for a greater proportion of such loss than the applicable limit of liability under this contract for such loss bears to the total applicable limit of liability of all valid and collectible insurance against such loss.

13. Limitation of Actions (Art. 2495)

Every action or proceeding against the Insurer under the contract shall be commenced:

- (1) Within three (3) years from the date the right of action has arisen in respect of loss of or damage to the Insured property:
- (2) Within one year from the time the insured's liability has been determined by agreement or judgment subject to any law on limitation of action in respect of injury or damage to third parties.

GENERAL PROVISIONS

14. Changes

The terms of this Policy shall not be waived or changed except by endorsement.

15. Inspection - Audit

The Insurer and its authorized representatives shall have the right to inspect the insured property and to examine the insured's books and records related to the subject matter of this insurance.

16. Assignment (Art. 2577,2578)

Assignment of interest under this contract shall not bind the Insurer until its consent is endorsed hereon; if, however, the named insured shall die or be adjudged bankrupt or insolvent or if there be a transfer of interest in the insurance from one insured to another, this contract shall cover the insured's heir, the trustee in bankruptcy or the remaining insured.

17. Waiver

Neither the Insurer nor the insured shall be deemed to have waived any term or condition of this Policy by any act relating to arbitration or to the completion and delivery of proof of loss, or to the investigation or adjustment of the claim.

18. Action against Insurer

The insured may not bring an action to recover the amount of a claim under this contract unless the requirements of this contract have been complied with nor until the amount of the loss has been ascertained by arbitration as therein provided, or by judgment against the insured or by agreement between the parties with the written consent of the Insurer.

19. Notice

Any written notice to the Insurer may be sent by registered mail or certified post or delivered to the Insurer or its authorized agent. Written notice may be given to the insured named in the contract by letter personally delivered to him or by mail addressed to him at his latest known address.

20. No Benefit to Bailee

It is warranted by the insured that this insurance shall in no wise ensure directly or indirectly to the benefit of any carrier or other Bailee.

21. Pair and Set

In the case of loss of or damage to any article or articles, whether scheduled or unscheduled, which are a part of a set, the measure of loss of or damage to such article or articles shall be a reasonable and fair proportion of the total value of the set, but in no event shall such loss or damage be construed to mean total loss of set.

22. Parts

In the case of loss of or damage to any part of the insured property, whether scheduled or unscheduled, consisting, when complete for use, of several parts, the Insurer is not liable for more than the insured value of the part lost or damaged, including the cost of installation.

23. Fire or Explosion Caused by Volcanic Eruptions, Earthquakes and Other Cataclysms

Notwithstanding Article 2593 of the Civil Code of the province of Quebec, the Insurer is liable for fires or explosions directly caused by volcanic eruptions, earthquakes and other cataclysms.

CONDITIONS

(Applicable to All Common-Law Provinces and Territories except Alberta, British Columbia and Manitoba)

The following Policy conditions, as modified or supplemented by the attached forms or endorsements, apply to all perils insured by this Policy (including fire).

1. **Misrepresentation**

If a person applying for insurance falsely describes the property to the prejudice of the Insurer, or misrepresents or fraudulently omits to communicate any circumstance that is material to be made known to the Insurer in order to enable it to judge the risk to be undertaken, the contract is void as to any property in relation to which the misrepresentation or omission is material.

2. **Property of Others**

Unless otherwise specifically stated in the contract, the Insurer is not liable for loss or damage to property owned by any person other than the Insured, unless the interest of the Insured in such property is stated in the contract.

3. **Change of Interest**

The Insurer is liable for loss or damage occurring after an authorized assignment under the Bankruptcy Act (Canada) or change of title by succession, by operation of law, or by death.

4. **Material Change**

Any change material to the risk and within the control and knowledge of the Insured avoids the contract as to the part affected by the change, unless the change is promptly notified in writing to the Insurer or its local agent. The Insurer, when so notified, may return the unearned portion, if any, of the premium paid and cancel the contract. Alternatively, the Insurer may notify the Insured in writing that, if the Insured desires the contract to continue in force, the Insured must, within fifteen days of the receipt of the notice, pay to the Insurer an additional premium. In default of such payment the contract is no longer in force and the Insurer shall return the unearned portion, if any, of the premium paid.

5. **Termination**

(1) This contract may be terminated,

(a) by the Insurer giving to the Insured written notice of termination at least:

- (i) five (5) days before the effective date of termination if personally delivered;
- (ii) fifteen (15) days before the effective date of termination if the contract is terminated by registered mail for nonpayment of premium; or
- (iii) thirty (30) days before the effective date of termination if the contract is terminated by registered mail for any other reason.

(b) by the Insured at any time on request.

(2) When this contract is terminated by the Insurer,

(a) the Insurer shall refund the excess of premium actually paid by the Insured over the proportionate premium for the expired time, subject to any minimum retained premium specified; and

- (b) the refund shall accompany the notice, unless the premium is subject to adjustment or determination as to amount, in which case the refund shall be made as soon as practicable.
- (3) When this contract is terminated by the Insured, the Insurer shall refund as soon as practicable the excess of premium actually paid by the Insured over the short rate premium for the expired time, but in no event shall the short rate premium for the expired time be deemed to be less than any minimum retained premium specified.
- (4) The refund may be made by money, postal or express company money order or cheque payable at par.
- (5) The fifteen (15) and thirty (30) days mentioned in clauses (1)(a)(ii) and (iii) of this condition commence to run on the day following the receipt of the registered letter at the post office to which it is addressed.

6. **Requirements after Loss**

- (1) Upon the occurrence of any loss of or damage to the insured property, the Insured shall, if the loss or damage is covered by the contract, in addition to observing the requirements of conditions 9, 10 and 11,
 - (a) immediately give notice of the loss or damage in writing to the Insurer;
 - (b) deliver as soon as practicable to the Insurer a proof of loss verified by a statutory declaration,
 - (i) giving a complete inventory of the lost or damaged property and showing in detail quantities, costs, “actual cash value” and particulars of amount of loss claimed,
 - (ii) stating when and how the loss occurred, and if caused by fire or explosion due to ignition, how the fire or explosion originated, so far as the Insured knows or believes,
 - (iii) stating that the loss did not occur through any willful act or neglect or the procurement, means or connivance of the Insured,
 - (iv) showing the amount of other insurances and the names of other Insurers,
 - (v) showing the interest of the Insured and of all others in the property with particulars of all mortgages, liens, encumbrances and other charges upon the property,
 - (vi) showing any changes in title, use, occupation, location, possession or exposures of the property since the issue of the contract,
 - (vii) showing the place where the insured property was located at the time of loss or damage;
 - (c) if required, give a complete inventory of undamaged property, showing in detail quantities cost, actual cash value;
 - (d) if required and if practicable, produce accounts, warehouse receipts, stock lists, invoices and other pertinent records, verified by statutory declaration, as well as any relevant contracts or agreements with others.
- (2) The evidence furnished under clauses (1) (c) and (d) of this condition shall not be considered proofs of loss within the meaning of conditions 12 and 13.

7. **Fraud**

Any fraud or willfully false statement in a statutory declaration in relation to any of the above particulars, vitiates the claim of the person making the declaration.

8. **Who May Give Notice and Proof**

In case of absence or inability of the Insured to give notice of loss or make proof of loss, notice of loss may be given and proof of loss may be made by the agent of the Insured. If the Insured fails to give notice immediately,

the notice of loss may be given and the proof of loss may be made by a person to whom any part of the insurance money is payable.

9. **Salvage**

- (1) The Insured, in the event of any loss or damage to any insured property, shall take all reasonable steps to prevent further damage to such property and to prevent damage to other insured property, including, if necessary, removal to a secure location.
- (2) The Insurer shall contribute proportionately, according to the respective interests of the parties, towards any reasonable and proper expenses in connection with steps taken by the Insured and required under subsection (1) of this condition.

10. **Entry, Control, Abandonment**

After loss or damage to insured property, the Insurer has an immediate right of access and entry by accredited agents sufficient to enable them to survey and examine the property, and to make an estimate of the loss or damage. After the Insured, has secured the property, the Insurer has a further right of access and entry sufficient to enable its agents to make appraisal or particular estimate of the loss or damage. The Insurer is not entitled to the control or possession of the insured property. There can be no abandonment of insured property to the Insurer without the Insurer's consent.

11. **Appraisal**

In the event of disagreement as to the value of the insured property or the value of the property saved or the amount of the loss, those questions shall be determined by appraisal as provided under the Insurance Act before there can be any recovery under this contract, whether the right to recover on the contract is disputed or not, and independently of all other questions. There shall be no right to an appraisal until a specific demand for one is made in writing and until proof of loss has been delivered.

12. **When Loss Payable**

The loss is payable within sixty days after completion of the proof of loss, unless the contract provides for a shorter period.

13. **Replacement**

- (1) The Insurer, instead of making payment, may repair, rebuild, or replace the property lost or damaged, giving written notice of its intention to do so within thirty (30) days after receipt of the proof of loss.
- (2) In that event, the Insurer shall commence to repair, rebuild, or replace the property within forty-five (45) days after receipt of the proof of loss, and shall proceed with all due diligence to completion of the work.

14. **Action**

Every action or proceeding against the Insurer for the recovery of any claim shall be absolutely barred unless commenced within one year after the loss or damage occurs, unless legislation provides otherwise.

15. **Notice**

Any written notice to the Insurer may be sent by registered mail or delivered to the chief agency or any office of the Insurer in Canada. Written notice may be given to the Insured by letter personally delivered to the Insured or by registered mail addressed to the Insured at the Insured's latest post office address as notified to the Insurer. In this condition, the expression "registered" means registered in or outside Canada.

16. **Contribution**

If on the happening of any loss or damage to property in consequence of which a claim is or may be made under this Policy there is in force more than one contract covering the same interest, the liability of the Insurer hereunder shall be limited to its rateable proportion of such claim.

STATUTORY CONDITIONS

(Applicable to Alberta and British Columbia only)

Misrepresentation

1. If a person applying for insurance falsely describes the property to the prejudice of the insurer, or misrepresents or fraudulently omits to communicate any circumstance that is material to be made known to the insurer in order to enable it to judge the risk to be undertaken, the contract is void as to any property in relation to which the misrepresentation or omission is material.

Property of others

2. The insurer is not liable for loss or damage to property owned by a person other than the insured unless
 - (a) otherwise specifically stated in the contract, or
 - (b) the interest of the insured in that property is stated in the contract.

Change of interest

3. The insurer is liable for loss or damage occurring after an authorized assignment under the *Bankruptcy and Insolvency Act* (Canada) or a change of title by succession, by operation of law or by death.

Material change in risk

4. (1) The insured must promptly give notice in writing to the insurer or its agent of a change that is
 - (a) material to the risk, and
 - (b) within the control and knowledge of the insured.(2) If an insurer or its agent is not promptly notified of a change under subparagraph (1) of this condition, the contract is void as to the part affected by the change.
(3) If an insurer or its agent is notified of a change under subparagraph (1) of this condition, the insurer may
 - (a) terminate the contract in accordance with Statutory Condition 5, or
 - (b) notify the insured in writing that, if the insured desires the contract to continue in force, the insured must, within fifteen (15) days after receipt of the notice, pay to the insurer an additional premium specified in the notice.(4) If the insured fails to pay an additional premium when required to do so under subparagraph (3)(b) of this condition, the contract is terminated at that time and Statutory Condition 5 (2)(a) applies in respect of the unearned portion of the premium.

Termination of insurance

5. (1) The contract may be terminated
 - (a) by the insurer giving to the insured fifteen (15) days' notice of termination by registered mail or five (5) days' written notice of termination personally delivered, or
 - (b) by the insured at any time on request.(2) If the contract is terminated by the insurer,

- (a) the insurer must refund the excess of premium actually paid by the insured over the prorated premium for the expired time, but in no event may the prorated premium for the expired time be less than any minimum retained premium specified in the contract, and
 - (b) the refund must accompany the notice unless the premium is subject to adjustment or determination as to amount, in which case the refund must be made as soon as practicable.
- (3) If the contract is terminated by the insured, the insurer must refund as soon as practicable the excess of premium actually paid by the insured over the short rate premium for the expired time specified in the contract, but in no event may the short rate premium for the expired time be less than any minimum retained premium specified in the contract.
- (4) The fifteen (15) day period referred to in subparagraph (1) (a) of this condition starts to run on the day the registered letter or notification of it is delivered to the insured's postal address

Requirements after loss

6. (1) On the happening of any loss of or damage to insured property, the insured must, if the loss or damage is covered by the contract, in addition to observing the requirements of Statutory Condition 9,
- (a) immediately give notice in writing to the insurer,
 - (b) deliver as soon as practicable to the insurer a proof of loss in respect of the loss or damage to the insured property verified by statutory declaration,
 - (i) giving a complete inventory of that property and showing in detail quantities and cost of that property and particulars of the amount of loss claimed,
 - (ii) stating when and how the loss occurred, and if caused by fire or explosion due to ignition, how the fire or explosion originated, so far as the insured knows or believes,
 - (iii) stating that the loss did not occur through any wilful act or neglect or the procurement, means or connivance of the insured,
 - (iv) stating the amount of other insurances and the names of other insurers,
 - (v) stating the interest of the insured and of all others in that property with particulars of all liens, encumbrances and other charges on that property,
 - (vi) stating any changes in title, use, occupation, location, possession or exposure of the property since the contract was issued, and
 - (vii) stating the place where the insured property was at the time of loss,
 - (c) if required by the insurer, give a complete inventory of undamaged property showing in detail quantities and cost of that property, and
 - (d) if required by the insurer and if practicable,
 - (i) produce books of account and inventory lists,
 - (ii) furnish invoices and other vouchers verified by statutory declaration, and
 - (iii) furnish a copy of the written portion of any other relevant contract.
- (2) The evidence given, produced or furnished under subparagraph (1) (c) and (d) of this condition must not be considered proofs of loss within the meaning of Statutory Conditions 12 and 13.

Fraud

7. Any fraud or willfully false statement in a statutory declaration in relation to the particulars required under Statutory Condition 6 invalidates the claim of the person who made the declaration.

Who may give notice and proof

8. Notice of loss under Statutory Condition 6 (1) (a) may be given and the proof of loss under Statutory Condition 6 (1) (b) may be made
 - (a) by the agent of the insured, if
 - (i) the insured is absent or unable to give the notice or make the proof, and
 - (ii) the absence or inability is satisfactorily accounted for, or
 - (b) by a person to whom any part of the insurance “money” is payable, if the insured refuses to do so or in the circumstances described in clause (a) of this condition.

Salvage

9. (1) In the event of loss or damage to insured property, the insured must take all reasonable steps to prevent further loss or damage to that property and to prevent loss or damage to other property insured under the contract, including, if necessary, removing the property to prevent loss or damage or further loss or damage to the property.
- (2) The insurer must contribute on a prorated basis towards any reasonable and proper expenses in connection with steps taken by the insured under subparagraph (1) of this condition.

Entry, control, abandonment

10. After loss or damage to insured property, the insurer has
 - (a) an immediate right of access and entry by accredited representatives sufficient to enable them to survey and examine the property, and to make an estimate of the loss or damage, and
 - (b) after the insured, has secured the property, a further right of access and entry by accredited representatives sufficient to enable them to appraise or estimate the loss or damage, but
 - (i) without the insured's consent, the insurer is not entitled to the control or possession of the insured property, and
 - (ii) without the insurer's consent, there can be no abandonment to it of the insured property.

In case of disagreement

11. (1) In the event of disagreement as to the value of the insured property, the value of the property saved, the nature and extent of the repairs or replacements required or, if made, their adequacy, or the amount of the loss or damage, those questions must be determined using the applicable dispute resolution process set out in the *Insurance Act*, whether or not the insured's right to recover under the contract is disputed, and independently of all other questions.
- (2) There is no right to a dispute resolution process under this condition until
 - (a) a specific demand is made for it in writing, and
 - (b) the proof of loss has been delivered to the insurer.

When loss payable

12. Unless the contract provides for a shorter period, the loss is payable within sixty (60) days after the proof of loss is completed in accordance with Statutory Condition 6 and delivered to the insurer.

Repair or replacement

13. (1) Unless a dispute resolution process has been initiated, the insurer, instead of making payment, may repair, rebuild or replace the insured property lost or damaged, on giving written notice of its intention to do so within thirty (30) days after receiving the proof of loss.
- (2) If the insurer gives notice under subparagraph (1) of this condition, the insurer must begin to repair, rebuild or replace the property within forty-five (45) days after receiving the proof of loss, and must proceed with all due diligence to complete the work within a reasonable time.

Notice

14. (1) Written notice to the insurer may be delivered at, or sent by registered mail to, the chief agency or head office of the insurer in the province.
- (2) Written notice to the insured may be personally delivered at, or sent by registered mail addressed to, the insured's last known address as provided to the insurer by the insured.

STATUTORY CONDITIONS

(Applicable to Manitoba only)

Misrepresentation

1. If a person applying for insurance falsely describes the property to the prejudice of the insurer, or misrepresents or fraudulently omits to communicate any circumstance that is material to be made known to the insurer in order to enable it to judge the risk to be undertaken, the contract is void as to any property in relation to which the misrepresentation or omission is material.

Property of others

2. The insurer is not liable for loss or damage to property owned by a person other than the insured unless
 - (a) otherwise specifically stated in the contract, or
 - (b) the interest of the insured in that property is stated in the contract.

Change of interest

3. The insurer is liable for loss or damage occurring after an authorized assignment under the *Bankruptcy and Insolvency Act* (Canada) or a change of title by succession, by operation of law or by death.

Material change in risk

4. (1) The insured must promptly give notice in writing to the insurer or its agent of a change that is
 - (a) material to the risk, and
 - (b) within the control and knowledge of the insured.(2) If an insurer or its agent is not promptly notified of a change under subparagraph (1) of this condition, the contract is void as to the part affected by the change.
(3) If an insurer or its agent is notified of a change under subparagraph (1) of this condition, the insurer may
 - (a) terminate the contract in accordance with Statutory Condition 5, or
 - (b) notify the insured in writing that, if the insured desires the contract to continue in force, the insured must, within fifteen (15) days after receipt of the notice, pay to the insurer an additional premium specified in the notice.(4) If the insured fails to pay an additional premium when required to do so under subparagraph (3)(b) of this condition, the contract is terminated at that time and Statutory Condition 5 (2)(a) applies in respect of the unearned portion of the premium.

Termination of contract

5. (1) The contract may be terminated
 - (a) by the insurer giving to the insured fifteen (15) days' notice of termination by registered mail or five (5) days' written notice of termination personally delivered, or
 - (b) by the insured at any time on request.(2) If the contract is terminated by the insurer,
 - (a) the insurer must refund the excess of premium actually paid by the insured over the prorated premium for the expired time, but in no event, may the prorated premium for the expired time be less than any minimum retained premium specified in the contract, and
 - (b) the refund must accompany the notice unless the premium is subject to adjustment or determination as to amount, in which case the refund must be made as soon as practicable.(3) If the contract is terminated by the insured, the insurer must refund as soon as practicable the excess of premium actually paid by the insured over the short rate premium for the expired time specified in the contract, but in no event, may the short rate premium for the expired time be less than any minimum retained premium specified in the contract.

- (4) The fifteen (15) day period referred to in subparagraph (1) (a) of this condition starts to run on the day the registered letter or notification of it is delivered to the insured's postal address.

Requirements after loss

6. (1) On the happening of any loss of or damage to insured property, the insured must, if the loss or damage is covered by the contract, in addition to observing the requirements of Statutory Condition 9,
- (a) immediately give notice in writing to the insurer,
 - (b) deliver as soon as practicable to the insurer a proof of loss in respect of the loss or damage to the insured property verified by statutory declaration,
 - (i) giving a complete inventory of that property and showing in detail quantities and costs of that property and particulars of the amount of loss claimed,
 - (ii) stating when and how the loss occurred, and if caused by fire or explosion due to ignition, how the fire or explosion originated, so far as the insured knows or believes,
 - (iii) stating that the loss did not occur through any willful act or neglect or the procurement, means or connivance of the insured,
 - (iv) stating the amount of other insurances and the names of other insurers,
 - (v) stating the interest of the insured and of all others in that property with particulars of all liens, encumbrances and other charges on that property,
 - (vi) stating any changes in title, use, occupation, location, possession or exposure of the property since the contract was issued, and
 - (vii) stating the place where the insured property was at the time of loss,
 - (c) if required by the insurer, give a complete inventory of undamaged property showing in detail quantities and cost of that property, and
 - (d) if required by the insurer and if practicable,
 - (i) produce books of account and inventory lists,
 - (ii) furnish invoices and other vouchers verified by statutory declaration, and
 - (iii) furnish a copy of the written portion of any other relevant contract.
- (2) The evidence given, produced or furnished under subparagraph (1) (c) and (d) of this condition must not be considered proofs of loss within the meaning of Statutory Conditions 12 and 13.

Fraud

7. Any fraud or willfully false statement in a statutory declaration in relation to the particulars required under Statutory Condition 6 invalidates the claim of the person who made the declaration.

Who may give notice and proof

8. Notice of loss under Statutory Condition 6 (1) (a) may be given and the proof of loss under Statutory Condition 6 (1) (b) may be made
- (a) by the agent of the insured, if
 - (i) the insured is absent or unable to give the notice or make the proof, and
 - (ii) the absence or inability is satisfactorily accounted for, or
 - (b) by a person to whom any part of the insurance money is payable, if the insured refuses to do so or in the circumstances described in clause (a) of this condition.

Salvage

9. (1) In the event of loss or damage to insured property, the insured must take all reasonable steps to prevent further loss or damage to that property and to prevent loss or damage to other property insured under the contract, including, if necessary, removing the property to prevent loss or damage or further loss or damage to the property.
- (2) The insurer must contribute on a prorated basis towards any reasonable and proper expenses in connection with steps taken by the insured under subparagraph (1) of this condition.

Entry, control, abandonment

10. After loss or damage to insured property, the insurer has
 - (a) an immediate right of access and entry by accredited representatives sufficient to enable them to survey and examine the property, and to make an estimate of the loss or damage, and
 - (b) after the insured has secured the property, a further right of access and entry by accredited representatives sufficient to enable them to appraise or estimate the loss or damage, but
 - (i) without the insured's consent, the insurer is not entitled to the control or possession of the insured property, and
 - (ii) without the insurer's consent, there can be no abandonment to it of the insured property.

In case of disagreement

11. (1) In the event of disagreement as to the value of the insured property, the value of the property saved, the nature and extent of the repairs or replacements required or, if made, their adequacy, or the amount of the loss or damage, those questions must be determined using the applicable dispute resolution process set out in the *Insurance Act*, whether or not the insured's right to recover under the contract is disputed, and independently of all other questions.
- (2) There is no right to a dispute resolution process under this condition until
 - (a) a specific demand is made for it in writing, and
 - (b) the proof of loss has been delivered to the insurer.

When loss payable

12. Unless the contract provides for a shorter period, the loss is payable within sixty (60) days after the proof of loss is completed in accordance with Statutory Condition 6 and delivered to the insurer.

Replacement

13. (1) Unless a dispute resolution process has been initiated, the insurer, instead of making payment, may repair, rebuild or replace the insured property lost or damaged, on giving written notice of its intention to do so within thirty (30) days after receiving the proof of loss.
- (2) If the insurer gives notice under subparagraph (1) of this condition, the insurer must begin to repair, rebuild or replace the property within forty-five (45) days after receiving the proof of loss, and must proceed with all due diligence to complete the work within a reasonable time.

Notice

14. (1) Written notice to the insurer may be delivered at, or sent by registered mail to, the chief agency or head office of the insurer in the province.
- (2) Written notice to the insured may be personally delivered at, or sent by registered mail addressed to, the insured's last known address as provided to the insurer by the insured.



Endorsement No. 1

PROGRAM ENDORSEMENT

Effective Date: As shown on the individual binder of insurance issued online under the Front Row Insurance Brokers Workplace Insurance Program

Policy Number: RMCBOP0000001

Issued to: As shown on the individual binder of insurance issued online under the Front Row Insurance Brokers Workplace Insurance Program

Issued by: Liberty Mutual Insurance Company

Broker: Front Row Insurance Brokers Inc.

This endorsement modifies insurance provided under this Policy as follows:

PROGRAM TERMS

Coverage under this Policy is provided on a program basis. Individual Coverages, Limits, Deductibles and Policy Periods for each insured covered under this program are as shown on the individual binders of insurance issued online under the Front Row Insurance Brokers Workplace Insurance Program.

The Limits of Insurance provided under this Policy apply separately to each Insured covered under this Program.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.



Endorsement No. 2

MISCELLANEOUS PROPERTY FLOATER

Effective Date: As shown on the individual binder of insurance issued online under the Front Row Insurance Brokers Workplace Insurance Program

Policy Number: RMCBOP0000001

Issued to: As shown on the individual binder of insurance issued online under the Front Row Insurance Brokers Workplace Insurance Program

Issued by: Liberty Mutual Insurance Company

Broker: Front Row Insurance Brokers Inc.

NOTE: Coverage for the following only applies if a Limit of Liability is shown for such coverage on the individual Binder of Insurance online:

Coverage under this Policy is extended to include the following:

Miscellaneous Property Floater: The Insurer agrees to cover property of the “Insured”, or the property of others for which the “Insured” may be liable as follows:

(a) While on land, against all risks of direct physical loss of or damage to the insured property from any external cause, except as excluded; and

(b) While waterborne on board any regular ferry while operating on inland or coastal waterways, against all risks of direct physical loss of or damage to the insured property

Limit of Liability

NOTE: This extension of coverage only applies if a Miscellaneous Property Floater Limit of Liability is shown on the Binder of Insurance issued to the Individual Insured online. The Insurer shall in no event be liable for more than the amount shown in the Declarations arising out of any one loss, casualty or disaster, including all salvage and expenses.

Deductible:

This extension of coverage is subject to the Deductible shown on Item 10, Schedule of Insurance, of the Declarations page.

Additional Property Exclusions:

The following additional Property Exclusions are added as respects this extension of coverage:

- Buildings;
- Contraband or property in the course of illegal transportation or trade;



- Aircraft, Watercraft, Motorcycles, Vehicles

Additional Perils Excluded:

The following additional Perils Excluded are added as respects this extension of coverage:

- neglect of the “Insured” to use all reasonable means to save and preserve the property at and after any disaster insured against or when the “Insured” has notice of an impending disaster;
- Breakage of glass or other brittle articles or parts

Territory

Coverage under this extension applies in Canada and continental United States of America.

Safeguards:

It is a condition of this insurance that the “Insured” shall maintain such protective safeguards as were represented by the “Insured” to be in effect at the time of the attachment of this Insurance. Failure to maintain such protective safeguards shall void this coverage to the extent of any loss resulting from or contributed to by the lack of such protective safeguards.

Locked Vehicle Warranty:

This Clause applies to property which is not under the control of a common carrier.

The “Insured” warrants that any vehicle in which the property insured is carried is equipped with fully enclosed compartments that are securely closed and locked, and the Insurer shall be liable in case of loss by theft from an unattended vehicle only as a direct result of forcible entry (of which there shall be visible evidence) into such body or compartment the doors and windows of which shall have been securely locked.

Property of Others – Loss Adjustment:

At the option of the Insurer, any covered loss for Property of Others may be paid to the “Insured” or adjusted with and paid to the owner of the property.

Limit Of Liability: \$ As per individual binder of insurance provided online

Deductible: \$ 1,500

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.