

**FORM 9656 - COMMERCIAL BUILDING, EQUIPMENT AND STOCK BROAD
WORDS AND PHRASES IN QUOTATION HAVE SPECIAL MEANING AS DEFINED IN CLAUSE 17****PROPERTY INSURED**

1.A. This Form insures the following property but only those items for which an amount of insurance is specified on the "Declarations Page":

"BUILDING"
"EQUIPMENT"
"STOCK"

"CONTENTS OF EVERY DESCRIPTION"

"PROPERTY OF EVERY DESCRIPTION"

The insurance in this clause 1.A. applies only while at the location(s) specified on the "Declarations Page".

1.B. This form also insures "Equipment" and "Stock" but only those items for which an amount of insurance is specified on the "Declarations Page":

"TEMPORARY LOCATIONS": "Equipment" and "stock" other than at a specified location except while in transit, but there shall be no liability under this item at any location owned, rented or controlled in whole or in part by the Insured.

"NEWLY ACQUIRED LOCATION": "Equipment" and "stock" at any acquired location that is owned, rented or controlled by the Insured in whole or in part or in or on vehicles within 100 metres of such location. This limit of insurance attaches at the time of the acquisition and extends for a period of 30 days or to the date of endorsement of this Form adding such location whichever first occurs.

"PARCEL POST": "Equipment" and "stock" in any one package in course of transit by parcel post.

"OTHER TRANSIT": "Equipment" and "stock", in transit other than by parcel post.

"SALES REPRESENTATIVE": "Equipment" and "stock", whether in transit or otherwise, in the custody of a sales representative of the Insured.

The insurance in this Clause 1.B. applies only while the described property is within Canada and the continental United States of America (excluding Alaska).

DEDUCTIBLE

2. The Insurer is liable for the amount by which the loss or damage caused by any of the perils insured against exceeds the amount of the deductible specified on the "Declarations Page" in any one occurrence.

CO-INSURANCE

3. This clause applies separately to each item for which a co-insurance percentage is specified on the "Declarations Page" and only where the total loss exceeds the lesser of 2% of the applicable amount of insurance or \$5,000.

The Insured shall maintain insurance concurrent with this form on the property insured to the extent of at least the amount produced by multiplying the actual cash value of the property by the co-insurance percentage specified on the "Declarations Page", and failing so to do, shall 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.

PERILS INSURED

4. This Form, except as herein provided, insures against all risks of direct physical loss of or damage to the property insured.

EXCLUSIONS**5. A. PROPERTY EXCLUDED**

This Form does not insure loss of or damage to:

- (a) sewers, drains or water mains located beyond the outside bearing walls or foundations of the property insured, outside communication towers, antennae (including satellite receivers) and equipment attached thereto, street clocks, exterior signs, exterior glass or vitrolite and lettering or ornamentation thereon, but this exclusion does not apply to loss or damage caused directly by "Named Perils";
- (b) property at locations which to the knowledge of the Insured, are vacant, unoccupied or shut down for more than thirty (30) consecutive days;
- (c) electrical devices, appliances or wiring caused by artificially generated electrical currents, including arcing, unless fire or explosion as described in Clause 17 (i) ensues and then only for such ensuing loss or damage;
- (d) growing plants, trees, shrubs or flowers, all while in the open except as provided in the Extensions of Coverage Clause 6(c);
- (e) animals, fish or birds, but this exclusion does not apply to loss or damage caused directly by "Named Perils" or from theft or attempt thereat;
- (f) money, bullion, platinum and other precious metals and alloys, securities, stamps, tickets and tokens, evidence of debt or title;
- (g) automobiles, watercraft, amphibious or air cushion vehicles, aircraft, spacecraft, trailers, motors or other accessories attached to or mounted on such property, but this exclusion shall not apply to watercraft, amphibious or air cushion vehicles held for sale, unlicensed automobiles or unlicensed trailers used in the business of the Insured when on the "premises" of the Insured;
- (h) furs, fur garments, jewels, jewellery, costume jewellery, watches, pearls, precious and semi-precious stones and pre recorded video tapes, but this exclusion does not apply to:
- (i) the first one thousand dollars (\$1,000.) of any loss insured herein;
- (ii) any loss or damage caused directly by "Named Perils";
- (i) property insured under the terms of any Marine Insurance, and property while waterborne, except while on a regular ferry or railway car transfer in connection with land transportation;
- (j) property on loan or on rental or sold by the Insured under conditional sale, instalment payment or other deferred payment plan, from the time of leaving the Insured's custody, but this exclusion does not apply while such property is in the custody of a carrier or hire for the purpose of delivery at the risk of the Insured;
- (k) property in the custody of a sales representative outside the "premises" of the Insured, unless an amount of insurance is shown on the "Declarations Page" pertaining to "Sales Representative";
- (l) property illegally acquired, kept, stored or transported; property seized or confiscated for breach of any law or by order of any public authority;
- (m) (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 millimetres (24 inches) or less used for the storage of hot water for domestic use);

(iii) caused directly or indirectly by explosion, rupture, bursting, cracking, burning out or 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.

5. B. PERILS EXCLUDED

This Form does not insure against loss or damage caused directly or indirectly:

- (a) by earthquake, except for ensuing loss or damage which results directly from fire, explosion, smoke or leakage from fire protective equipment, all as described in Clause 17 (i);
 - (b) by flood, including waves, tides, tidal waves, tsunamis, or the rising of, the breaking out or the overflow of, any body of water, whether natural or man-made, but this exclusion does not apply to ensuing loss or damage which results directly from fire, explosion, smoke, leakage from fire protective equipment, all as described in Clause 17 (i) or leakage from a watermain; exclusions (a) and (b) do not apply to property in transit;
 - (c) (i) by seepage, leakage or influx of water derived from natural sources through basement walls, doors, windows or other openings, therein, foundations, basement floors, sidewalks, sidewalk lights, or by the backing up of sewers, sumps, septic tanks or drains, unless concurrently and directly caused by a peril not otherwise excluded in Clause 5.B. hereof;
 - (ii) by the entrance of rain, sleet or snow through doors, windows, skylights or other similar wall or roof openings unless through an aperture concurrently and directly caused by a peril not otherwise excluded in Clause 5.B. hereof;
 - (d) 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;
 - (e) by dampness or dryness of atmosphere, changes of temperature, freezing, heating, shrinkage, evaporation, loss of weight, leakage of contents, exposure to light, contamination, pollution, 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 "Named Perils", rupture of pipes or breakage of apparatus not excluded under paragraph (m) of Clause 5.A. hereof, theft or attempt thereof or accident to transporting conveyance. Damage to pipes caused by freezing is insured provided such pipes are not excluded in paragraph (m) of Clause 5.A. hereof;
 - (f) by smoke from agricultural smudging or industrial operations;
 - (g) by rodents, insects or vermin, but this exclusion does not apply to loss or damage caused directly by a peril not otherwise excluded in Clause 5.B. hereof;
 - (h) by delay, loss of market, or loss of use or occupancy;
 - (i) by war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military power;
 - (j) by any dishonest or criminal act on the part of the Insured or any other party of interest, employees or agents of the Insured, or a ny person to whom the property may be entrusted (bailees for hire excepted), but this exclusion does not apply to physical damage, caused directly by employees of the Insured, which results from a peril otherwise insured and not otherwise excluded under this form;
 - (k) to "buildings" by:
 - (i) snowslide, landslide, subsidence or other earth movement, except for ensuing loss or damage which results directly from fire, explosion, smoke or leakage from fire protective equipment, all as described in Clause 17 (i);
 - (ii) 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:
 - a) the portions containing steam or water under steam pressure of all boilers generating steam, and piping or other equipment connected to said boilers and containing steam or water under steam pressure;
 - b) piping and apparatus or parts thereof normally containing steam or water under steam pressure from an external source and while under such pressure;
 - c) 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 millimetres (24 inches) or less used for the heating and storage of hot water for domestic use;
 - d) moving or rotating machinery or parts thereof;
 - e) any vessels and apparatus and pipes connected therewith while undergoing pressure tests but this exclusion does not apply to other property insured hereunder that has been damaged by such explosion;
 - f) gas turbines;
 - (iii) settling, expansion, contraction, moving, shifting or cracking unless concurrently and directly caused by a peril not otherwise excluded in Clause 5.B. hereof;
 - (l) proximately or remotely, arising in consequence of or contributed to by the enforcement of any by-law, regulation, ordinance or law regulating zoning or the demolition, repair or construction of buildings or structures, which by-law, regulation, ordinance or law makes it impossible to repair or reinstate the property as it was immediately prior to the loss.
- NOR DOES THIS FORM INSURE:**
- (m) 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 Form, resultant damage to the property is insured;
 - (n) mysterious disappearance or shortage of "equipment" or "stock" disclosed on taking inventory;
 - (o) loss or damage sustained to "equipment" or "stock" while actually being worked upon and directly resulting therefrom or caused by any repairing, adjusting or servicing of "equipment" or "stock", unless fire or explosion as described in Clause 17 (i) ensues and then only for such ensuing loss or damage;
 - (p) disturbance or erasure of electronic recordings by electric or magnetic injury except by lightning.

EXTENSIONS OF COVERAGE

6. The following extensions of coverage shall not increase the amounts of insurance applying under this Form and are subject to all conditions of this Form.

- (a) **Personal Property of Officers and Employees:** At the option of the Insured, "equipment" also includes personal property of officers and

employees of the Insured. The insurance on such property:

- (i) shall not attach if it is insured by the owner unless the Insured is obliged to insure it or is liable for its loss or damage;
- (ii) is, in any event, limited to a maximum recovery of \$250 in respect of any one officer or employee;
- (iii) shall apply only to loss or damage occurring at a location specifically described on the "Declarations Page" or included in "Newly Acquired Location".

(b) **"Building" Damage by Theft:** This Form is extended to insure damage (except by fire) to that part of a "building" occupied by the Insured directly resulting from theft or any attempt thereat and from vandalism or malicious acts committed on the same occasion, provided the Insured is the owner of such "building" or is liable for such damage and the "building" is not otherwise insured hereunder. This extension of cover shall be limited to a maximum recovery of twenty-five hundred dollars (\$2,500.) in respect of any one loss. Glass and lettering or ornamentation thereon is excluded from this extension.

(c) **Growing Plants, Trees, Shrubs or Flowers in the Open:** This Form is extended to insure loss or damage to growing plants, trees, shrubs or flowers in the open caused directly by "Named Perils" (with the exception of windstorm or hail as described in clause 17(i)) or from theft or attempt thereat. This extension of coverage shall be limited to a maximum recovery of five hundred dollars (\$500.) for each growing plant, tree, shrub or flower in the open including debris removal expense.

PERMISSION

7. Permission is hereby granted:

- (a) for other insurance concurrent with this Form;
- (b) to make additions, alterations or repairs;
- (c) to do such work and to keep and use such articles, materials, and supplies in such quantities as are usual or necessary to the Insured's business.

BREACH OF CONDITIONS

8. Where a loss occurs and there has been a breach of condition relating to a matter before the happening of the loss, which breach would otherwise disentitle the Insured from recovery under this Form, the breach shall not disentitle the Insured from recovery if the Insured establishes 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 has no control.

REINSTATEMENT

9. Loss under any item of this Form shall not reduce the applicable amount of insurance.

PROPERTY PROTECTION SYSTEMS

10. It is agreed that the Insured shall notify forthwith the Insurer of any interruption to, or flaw or defect, coming to the knowledge of the Insured, in any:

- (a) sprinkler or other fire extinguishing system; or
- (b) fire detection system; or
- (c) intrusion detection system;

and shall also notify forthwith the Insurer of the cancellation or non-renewal of any contract which provides monitoring or maintenance services to any of these systems or of the notification of the suspension of police service in response to any of these systems.

PREMIUM ADJUSTMENT

11. This clause is applicable if a specific amount of insurance is shown on the "Declarations Page" for "Stock".

If within six months after the expiry or anniversary date of each period of insurance, the Insured shall file with the Insurer a Premium Adjustment Application Form showing, for the said period, the actual cash value of the "stock" insured on the last day of each month at each location as commented upon by the Insured's Accountant, the actual premium for the said period shall then be calculated at the rate applying to each location for the average amount of the total values declared. If the premium paid by the Insured for such "stock" exceeds the actual premium thus calculated, the Insurer shall refund to the Insured any excess paid, subject to a maximum refund of 50% of the premium paid. In the event of any monthly declared values being in excess of the amount of insurance, the amount of the excess shall not be included in the premium adjustment calculations.

VERIFICATION OF VALUES

12. The Insurer or its duly appointed representative shall be permitted at all reasonable times during the term of this Policy, or within a year after termination or expiration, to inspect the property insured and to examine the Insured's books, records and such policies as relate to any property insured hereunder. Such inspection or examination shall not waive nor in any manner affect any of the terms or conditions of this Form.

VALUATIONS

13. For the purpose of calculating the total value of the property for the application of Co-insurance, value reporting and for loss adjustment, the following valuation basis applies:

- (a) on unsold "stock" – the actual cash value of the property at the time any loss occurs, but in no event to exceed what it would cost to repair or replace with material of like kind and quality;
- (b) on sold "stock" – the selling price after allowance for discounts;
- (c) on property of others in the custody or control of the Insured for the purpose of performing work thereon – the amount for which the Insured is liable but in no event to exceed the actual cash value at the time and place of loss plus allowance for labour and materials expended to such time;
- (d) on tenant's improvements and records – as defined in paragraphs (a) and (b) of Clause 14;
- (e) on all other property insured under this Form and for which no more specific conditions have been set out – the actual cash value at the time the loss or damage occurs but in no event to exceed what it would then cost to repair or replace with material of like kind and quality.

SPECIAL BASIS OF SETTLEMENT

14. (a) **Tenant's Improvements:** The liability of the Insurer shall be determined as follows:

- (i) if repaired or replaced with due diligence and dispatch, the amount actually and necessarily expended but in no event exceeding the actual cash value of the tenant's improvements immediately prior to the time of destruction or damage;
- (ii) if not repaired or replaced with due diligence and dispatch after such loss, that portion of the original cost of the damaged or destroyed tenant's improvements which the unexpired term of the lease at the time of loss bears to the period(s) from the date(s) such tenant's

improvements were made to the expiration date of the lease.

(b) **Records:** The liability of the Insurer for loss or damage to:

(i) books of accounts, drawings, card index systems and other records, other than as described in (ii) below, shall not exceed the cost of blank books, blank pages or other materials, plus the cost of labour for actually transcribing or copying said records;

(ii) media, data storage devices, and programme devices for electronic and electro-mechanical data processing or for electronically controlled equipment, shall not exceed the cost of reproducing such media, data storage devices, and programme devices from duplicates or from originals of the previous generation of the media, but no liability is assumed hereunder for the cost of gathering or assembling information or data for such reproduction.

Whichever of the above is applicable shall be the basis to be adopted for the purpose of applying Co-insurance.

PROPERTY OF OTHERS

15. At the option of the Insurer, any loss may be paid to the Insured or adjusted with and paid to the customer or the owner of the property.

LOCKED VEHICLE WARRANTY

16. This Clause does not apply to property which is under the control of a common carrier.

Warranted by the Insured that any vehicle in which the property insured is carried is equipped with a fully enclosed metal body or compartment, 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.

DEFINITIONS

17. Wherever used in this Form:

(a) **"Declarations Page"** means the Declarations Page applicable to this Form.

(b) **"Building"** means:

the building(s) described on the "Declarations Page" and includes:

(i) fixed structures pertaining to the building(s) and located on the "premises";

(ii) additions and extensions communicating and in contact with the building(s);

(iii) permanent fittings and fixtures attached to and forming part of the building(s);

(iv) materials, equipment and supplies on the "premises" for maintenance of, and normal repairs and minor alterations to the "building" or for building services;

(v) growing plants, trees, shrubs or flowers inside the "building" used for decorative purposes when the Insured is the owner of the "building".

(c) **"Equipment"** means:

(i) generally all contents usual to the Insured's business including furniture, furnishings, fittings, fixtures, machinery, tools, utensils and appliances other than "building" or "stock" as herein defined;

(ii) similar property belonging to others which the Insured is under obligation to keep insured or for which he is legally liable;

(iii) tenant's improvements which are defined as building improvements, alterations and betterments made at the expense of the Insured to a "building" occupied by the Insured and which are not otherwise insured, provided the Insured is not the owner of such "building". If the Insured purchased the use interest in tenant's improvements made by a predecessor tenant, this Form applies as though such tenant's improvements had been made at the expense of the Insured;

(d) **"Stock"** means:

(i) merchandise of every description usual to the Insured's business;

(ii) packing, wrapping and advertising materials; and

(iii) similar property belonging to others which the Insured is under obligation to keep insured or for which he is legally liable;

(e) **"Contents of Every Description"** means: Equipment and Stock as defined above;

(f) **"Property of Every Description"** means: Building(s), Equipment and Stock as defined above;

(g) **"Premises"** means the entire area within the property lines and areas under adjoining sidewalks and driveways at the locations described on the "Declarations Page" and in or on vehicles within 100 metres (328 feet) of such locations.

(h) **"Fire Protective Equipment"** includes tanks, water mains, hydrants, valves and any other equipment whether used solely for fire protection or jointly for fire protection and for other purposes, but does not include:

(i) branch piping from a joint system where such branches are used entirely for purposes other than fire protection;

(ii) any water mains or appurtenances located outside of the described "premises" and forming a part of the public water distribution system;

(iii) any pond or reservoir in which the water is impounded by a dam.

(i) **"Named Perils"** means:

(A) **FIRE OR LIGHTNING**

(B) **EXPLOSION:** Except with respect to explosion of natural, coal or manufactured gas, there shall in no event be any hereunder for loss or damage caused by explosion, rupture or bursting in or of the following property owned, operated or controlled by the Insured:

(i) (a) the portions containing steam or water under steam pressure of all boilers generating steam, and piping or other equipment connected to said boilers and containing steam or water under steam pressure.

(b) piping and apparatus or parts thereof normally containing steam or water under steam pressure from an external source and while under such pressure;

(c) (the combustion chambers or fire boxes of steam generating boilers of the chemical recovery type and the flues or passage s which conduct the gases of combustion therefrom;

(d) smelt dissolving tanks;

(ii) 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 except that liability is specifically assumed for loss or damage resulting from the explosion of manually portable gas cylinders;

(iii) moving or rotating machinery or parts of same when such loss or damage is caused by centrifugal force or mechanical breakdown;

(iv) any vessels and apparatus and pipes connected therewith while undergoing pressure tests, but this exclusion shall not apply to other property insured hereunder that has been damaged by such explosion;

(v) gas turbines;

The following are not explosions within the intent or meaning of this section:

(a) electric arcing or any coincident rupture of electrical equipment due to such arcing;

(b) bursting or rupture caused by hydrostatic pressure or freezing;

(c) bursting or rupture of any safety disc, rupture diaphragm or fusible plug.

(C) **IMPACT BY AIRCRAFT, SPACECRAFT OR LAND VEHICLE:** The terms "Aircraft" and "Spacecraft" include articles dropped therefrom.

There shall in no event be any liability hereunder due to cumulative damage or for loss or damage:

- (i) caused by land vehicles belonging to or under the control of the Insured or any of his employees;
- (ii) to aircraft, spacecraft or land vehicles causing the loss;
- (iii) caused by any aircraft or spacecraft when being taxied or moved inside or outside of "buildings"

(D) **RIOT, VANDALISM OR MALICIOUS ACTS:** The term Riot includes open assemblies of strikers inside or outside the "premises" who have quitted work and of locked-out employees.

There shall in no event be any liability hereunder for loss or damage:

- (i) due to cessation of work or by interruption to process or business operations or by change(s) in temperature;
- (ii) due to flood or release of water impounded by a dam, or due to any explosion other than an explosion in respect of which there is insurance under Clause 17 (i)B;
- (iii) due to theft or attempt thereat.

(E) **SMOKE:** The term "Smoke" means smoke due to a sudden, unusual and faulty operation of any stationary furnace. There shall in no event be any liability hereunder for any cumulative damage.

(F) **LEAKAGE FROM FIRE PROTECTIVE EQUIPMENT:** The term Leakage From Fire Protective Equipment means the leakage or discharge of water or other substance from within the equipment used for fire protection purposes for the "premises" described on the "Declarations Page" or for adjoining premises and loss or damage caused by the fall or breakage or freezing of such equipment.

(G) **WINDSTORM OR HAIL:** There shall in no event be any liability hereunder for loss or damage:

- (i) to the interior of the "buildings" insured or their contents unless damage occurs concurrently with and results from an aperture caused by windstorm or hail;
- (ii) directly or indirectly caused by any of the following, whether driven by wind or due to windstorm or not: snow-load, ice-load, tidal wave, high water, overflow, flood, waterborne objects, waves, ice, land subsidence, landslide.

SAMPLE