

Policy Form # MP Wording - Rev July 2 2007.

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STATUTORY CONDITIONS

- 1. Misrepresentation:** If any person applying for insurance falsely describes the property to the prejudice of the Insurer, or misrepresents or fraudulently omits to communicate any circumstances that is material to be made known to the Insurer in order to enable it to judge of 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 therein is stated in the contract.
- 3. Change of Interest:** The Insurer shall be liable for loss or damage occurring after an authorized assignment under the Bankruptcy Act 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 voids the contract as to the part affected thereby, unless the change is promptly notified in writing to the Insurer or its local agent, and the Insurer when so notified may return the unearned portion, if any, of the premium paid and cancel the contract, or may notify the Insured in writing that, if he desires the contract to continue in force, he must, within fifteen days of the receipt of the notice, pay to the Insurer an additional premium, and in default of such payment the contract is no longer in force and the Insurer shall return the unearned portion, if any, of the premium paid.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 fifteen days' notice of termination by registered mail, or five days' written notice of termination personally delivered; or
 - (b) by the Insured at any time on request.
 - (2) Where this contract is terminated by the Insurer,
 - (a) the Insurer shall refund the excess of premium actually paid by the Insured over the pro rata premium for the expired time, but, in no event, shall the pro rata premium for the expired time be deemed to be less than any minimum retained premium specified; and 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.
 - (b) Where the contract is terminated by the Insured, the Insurer shall refund as soon as practicable the excess of the 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.
 - (3) Where the contract is terminated by the Insured, the Insurer shall refund as soon as practicable the excess of the 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 by cheque payable at par.
 - (5) The fifteen days mentioned in clause (a) of subcondition (1) commences 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 or damage to the insured property, the Insured shall, if such loss or damage is covered by the contract, in addition to observing the requirements of conditions 9, 10 and 11,
 - (a) forthwith give notice thereof 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 destroyed and 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 wilful act or neglect or the procurement, means or connivance of the Insured;
 - (iv) showing the amount of other insurance and the names of other insurers;
 - (v) showing the interest of the Insured and of all others in the property with particulars of all 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 property insured was at the time of loss;
 - (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 books of account, warehouse receipts and stock lists, and furnish invoices and other vouchers verified by statutory declaration, and furnish a copy of the written portion of any other contract.
 - (2) The evidence furnished under clauses (c) and (d) of subparagraph (1) of this condition shall not be considered proofs of loss within the meaning of conditions 12 and 13.
- 7. Fraud:** Any fraud or wilfully false statements in a statutory declaration in relation to any of the above particulars shall vitiate the claim of the person making the declaration.
- 8. 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 case of absence or inability of the Insured to give the notice or make the proof, and 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.
- 9. Salvage:**
 - (1) The Insured, in the event of any loss or damage to any property insured under the contract, shall take all reasonable steps to prevent further damage to such property so damaged and to prevent damage to other property insured hereunder including, if necessary, its removal to prevent damage or further damage thereto.
 - (2) The Insurer shall contribute pro rata towards any reasonable and proper expenses in connection with steps taken by the Insured and required under sub-paragraph (1) of this condition according to the respective interests of the parties.
- 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, and, after the Insured has secured the property, a further right of access and entry sufficient to enable them to make appraisal or particular estimate of the loss or damage, but the Insurer shall not be entitled to the control or possession of the insured property, and without the consent of the Insurer there can be no abandonment to it of insured property.
- 11. Appraisal:** In the event of disagreement as to the value of the property insured, 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; but there shall be no right to an appraisal until a specific demand therefore is made in writing and until after proof of loss has been delivered.
- 12. When Loss Payable:** The loss shall be 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 damaged or lost, giving written notice of its intention to do so within thirty days after receipt of the proofs of loss.

(2) In that event the Insurer shall commence to so repair, rebuild, or replace the property within forty-five days after receipt of the proofs of loss, and shall thereafter proceed with all due diligence to the completion thereof.

14. Action: Every action or proceeding against the Insurer for the recovery of any claim under or by virtue of this contract shall be absolutely barred unless commenced within one year after the loss or damage occurs.

15. Notice:

(1) Any 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 may be given to the Insured named in this contract by letter personally delivered to him or by registered mail addressed to him at his latest post office address as notified to the Insurer, and in this condition, the expression "registered" means registered in or outside Canada.

SAMPLE

STANDARD MORTGAGE CLAUSE

(Approved by The Insurance Bureau of Canada)

IT IS HEREBY PROVIDED AND AGREED THAT:

1. 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, or 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 (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 HIS KNOWLEDGE; and that every increase of hazard (not permitted by the policy) shall be paid for by the Mortgagee — on reasonable demand — from the date such hazard existed, according to the established scale of rates for the acceptance of such increased hazard, during the continuance of this insurance.

2. Right of Subrogation — Whenever the Insurer pays the Mortgagee any loss this policy and claims that — as to the Mortgagor or Owner — no liability therefore existed, it shall be legally subrogated to all rights of 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; or the Insurer may at its option pay the Mortgagee all amounts due or to become due under the mortgage or on the security thereof, and shall thereupon receive a full assignment and transfer of the mortgage together with all securities held collateral to the mortgage debt.

3. 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.

4. Who May Give Proof of Loss — In the absence of the Insured, or the liability, refusal or neglect of the Insured to give notice of loss to 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 to the Proof of Loss.

5. Termination

The term of this Mortgage Clause coincides with the term of the policy;

PROVIDED ALWAYS that the Insured reserves the right to cancel the policy as provided by Statutory provision but agrees that the Insurer will neither terminate nor after the policy to the prejudice of the Mortgagee without the notice stipulated in such Statutory provision.

6. Foreclosure — 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 MORTGAGE 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.

SECTION I – PROPERTY INSURANCE

1. COMMERCIAL BUILDING, EQUIPMENT AND STOCK

1.1 - COMMERCIAL BUILDING, EQUIPMENT AND STOCK

BROAD FORM

WORDS AND PHRASES IN QUOTATION HAVE SPECIAL MEANING AS DEFINED IN CLAUSE 17

THIS FORM ONLY APPLIES IF INDICATED "COVERED" AND LIMITS SHOWN ON THE DECLARATIONS PAGE(S).

PROPERTY INSURED

1.1.1A. 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 1.1.1 A. applies only while at the location(s) specified on the "Declarations Page".

1.1.1B 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 1.1.1 B. applies only while the described property is within Canada and the continental United States of America (excluding Alaska).

DEDUCTIBLE

1.1.2 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

1.1.3 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

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

EXCLUSIONS

1.1.5 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 1.1.17 (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 1.1.6(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 thereof;
- f) money, bullion, platinum and other precious metals and alloys, securities, stamps, tickets and tokens, evidence of debt or title; 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;
- g) 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 for 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); 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.

1.1.5 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 1.1.17 (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 1.1.17 (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 1.1.5 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 1.1.5 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 1.1.5 A. hereof, theft or attempt thereat or accident to transporting conveyance. Damage to pipes caused by freezing is insured provided such pipes are not excluded in paragraph (m) of Clause 1.1.5 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 1.1.5 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 any 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 1.1.17 (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 1.1.5 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 1.1.17 (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

1.1.6. 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 1.1.17(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

1.1.7 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

1.1.8 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

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

PROPERTY PROTECTION SYSTEMS

1.1.10 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

1.1.11. 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

1.1.12 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

1.1.13 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 1.1.14;
- (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

1.1.14

- (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

1.1.15 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

1.1.16 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

1.1.17 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 passages 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 1.1.17(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, landslip.

1.1.18 REPLACEMENT COST (Applicable only if specified on the Declarations page)

1. The Insurer agrees to amend the basis of settlement from actual cash value to replacement cost subject to the following provisions:
 - a) Replacement shall be effected by the Insured with due diligence and dispatch;
 - b) Replacement shall be on the same site or on an adjacent site;
 - c) Settlement on a replacement cost basis shall be made only when replacement has been effected by the Insured and in no event shall it exceed the amount actually and necessarily expended for such replacement;
 - d) Failing compliance by the Insured with any of the foregoing provisions, settlement shall be made as if this extension had not been in effect;
 - e) Any other insurance effected by or on behalf of the Insured in respect of the perils insured against by this policy on the property to which this extension is applicable shall be on the same basis of replacement cost as defined herein;
 - f) This extension applies separately to each item listed above.
 2. Any reference to actual cash value in a coinsurance clause in this policy is deemed to be a reference to replacement cost of the property insured.
 3. In this extension,
 - a) Replacement cost means the cost of replacing, repairing, constructing or reconstructing (whichever is the least) the property on the same site with new property of like kind and quality and for like occupancy without deduction for depreciation; and
 - b) Replacement includes repair, construction or reconstruction with new property of like kind and quality.
 4. In the event that new property of like kind and quality is not obtainable, new property which is as similar as possible to that damaged or destroyed and which is capable of performing the same function shall be deemed to be new property of like kind and quality for the purpose of this extension.
- 5. Exclusions**
This extension does not apply to:
- a) Stock;
 - b) Patterns, dies, moulds;
 - c) Paintings, etchings, pictures, tapestries, statuary, marbles, bronzes, antique furniture, rare books, antique silver, porcelain, rare glassware, bric-a-brac or other articles of art, rarity or antiquity;
 - d) Manuscripts and records meaning books of account, drawings, card index systems and other records, media, data storage devices, and programme devices for electronic electro-mechanical data processing or for electronically controlled equipment;
 - e) Any increase in the cost of replacement occasioned by a restriction or prohibition in any by-law, regulation, ordinance or law.

1.2 COMMERCIAL BUILDING, EQUIPMENT AND STOCK NAMED PERILS FORM

THIS FORM ONLY APPLIES IF INDICATED "COVERED" AND LIMITS SHOWN ON THE DECLARATIONS PAGE(S).

1.2.1 INDEMNITY AGREEMENT

In the event that any of the property insured be lost or damaged by the perils insured against, the Insurer will indemnify the Insured against the direct loss so caused to an amount not exceeding whichever is the least of:

- a) the actual cash value of the property at the time of loss or damage;
- b) the interest of the Insured in the property;
- c) the amount of insurance specified on the Declarations page in respect of the property lost or damaged.

Provided, however, that where the insurance applies to the property of more than one person or interest, the Insurer's total liability for loss sustained by all such persons and interests shall be limited in the aggregate to the amount or amounts of insurance specified on the Declarations page.

1.2.2 PROPERTY INSURED

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**
- Property of every description**
- Contents of every description**

The insurance applies only while at the location(s) specified on the Declarations page, and in or on vehicles within 100 metres of such location(s).

1.2.3 DEDUCTIBLE

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.

1.2.4 COINSURANCE CLAUSE

This clause applies separately to each item for which a coinsurance percentage is specified on the Declarations page.

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 coinsurance percentage specified on the Declarations page, and, failing so to do, shall only be entitled to recover the 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.

This clause applies only where the total loss exceeds the lesser of 2% of the applicable amount of insurance or \$5,000.

1.2.5 PERILS INSURED

This form insures against direct physical loss or damage caused by the following perils:

A) FIRE OR LIGHTNING

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

- 1) 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 passages which conduct the gases of combustion therefrom;
- d) Smelt dissolving tanks;
- 2) 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;
- 3) Moving or rotating machinery or parts of same when such loss or damage is caused by centrifugal force or mechanical breakdown;
- 4) 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;
- 5) 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:

- 1) Caused by land vehicles belonging to or under the control of the Insured or any of his employees;
- 2) To aircraft, spacecraft or land vehicle causing the loss;
- 3) Caused by any aircraft or spacecraft when being taxied or moved inside or outside building.

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:

- 1) Due to cessation of work or by interruption to process or business operations or by change (s) in temperature;
- 2) 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 1.2.5 B) above;
- 3) Due to theft of attempt thereof.

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:
- 1) 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;
 - 2) 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, landslip.

1.2.6 EXCLUSIONS

A. PROPERTY EXCLUDED

This form does not insure loss or damage to:

- a) Property at locations which to the knowledge of the Insured, are vacant, unoccupied or shut down for more than thirty consecutive days;
- b) Growing plants, trees, shrubs or flowers, all while in the open except as provided in the Extensions of Coverage Clause 1.2.7 c);
- c) Money, bullion, platinum and other precious metals and alloys, securities, stamps, tickets and tokens, evidence of debt or title;
- d) 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;
- e) Goods occasioned by or happening through their undergoing any process involving the application of heat;
- f) 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.

B. PERILS EXCLUDED

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

- a) By war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military power;
- b) 1) By any nuclear incident as defined in the Nuclear Liability Act or any other nuclear liability act, law or statute, or any law amendatory thereof or nuclear explosion, except for ensuing loss or damage which results directly from fire, lightning or explosion of natural, coal or manufactured gas;
- 2) By contamination by radioactive material.
- c) 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.

1.2.7 EXTENSIONS OF COVERAGE

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) **Debris Removal:** The Insurer will indemnify the Insured for expenses incurred in the removal from the Insured's premises of debris of the property insured, occasioned by loss or damage to such property for which loss or damage insurance is afforded under this form.
The Insurer will indemnify the Insured for expenses incurred in the removal of debris or other property which is not insured by this form but which has been blown by windstorm upon the location specified on the Declarations page.
Debris removal expense shall not be considered in the determination of actual cash value for the purpose of applying the Coinsurance Clause.
- b) **Removal:** If any of the insured property is necessarily removed from the location(s) specified herein to prevent loss or damage or further loss or damage thereto, that part of the insurance under this form that exceeds the amount of the Insurer's liability for any loss already incurred shall, for 7 days only, or for the unexpired term of the policy if less than 7 days, insure the property removed and any property remaining in the location(s) specified herein in the proportions which the value of the property in each of the respective location(s) bears to the value of the property in them all.
- 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 the perils insured (with the exception of windstorm or hail). This extension of coverage shall be limited to a maximum recovery of \$500 for each growing plant, tree, shrub or flower in the open including debris removal expense.
- d) **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:
 - 1) 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;
 - 2) Is, in any event, limited to a maximum recovery of \$250 in respect of any one officer or employee.

1.2.8 PERMISSION

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.

1.2.9 BREACH OF CONDITION

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.

1.2.10 REINSTATEMENT

Loss under any item of this form shall not reduce the applicable amount of insurance. In the event of a total loss the premium is fully earned.

1.2.11 SUBROGATION

The Insurer, upon making any payment or assuming liability therefore under this form, 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 form.

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.

1.2.12 PROPERTY PROTECTION SYSTEMS

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.

1.2.13 VERIFICATION OF VALUES

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.

1.2.14 VALUATIONS

For the purpose of calculating the total value of the property for the application of Coinsurance, 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 1.2.15;
- 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.

1.2.15 SPECIAL BASIS OF SETTLEMENT

a) Tenant's improvements

The liability of the Insurer shall be determined as follows:

- 1) 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;
- 2) 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:

- 1) Books of accounts, drawings, card index systems and other records, other than as described in 2) 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;
- 2) 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 Coinsurance.

1.2.16 PROPERTY OF OTHERS

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.

1.2.17 DEFINITIONS

Wherever used in this form:

- a) **Building** means the building(s) described on the Declarations page and includes:
 - 1) Fixed structures pertaining to the building(s) and located on the premises;
 - 2) Additions and extensions communicating and in contact with the building(s);
 - 3) Permanent fittings and fixtures attached to and forming part of the building(s);
 - 4) Materials, equipment and supplies on the premises for maintenance of, normal repairs and minor alterations to the building or for building services;
 - 5) Growing plants, trees, shrubs or flowers inside the building used for decorative purposes when the Insured is the owner of the building.
- b) **Contents of every description** means the equipment and the stock
- c) **Declarations Page** means the Declarations page applicable to this form.
- d) **Equipment** means:
 - 1) Generally all contents usual to the Insured's business including furniture, furnishings, fittings, fixtures, machinery, tools, utensils, signs, glass and appliances other than building or stock as herein defined;
 - 2) Similar property belonging to others which the Insured is under obligation to keep insured or for which he is legally liable;
 - 3) Tenant's improvements which are defined as building improvements, alterations and betterments made at the expense of 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.
- e) 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:
 - 1) Branch piping from a joint system where such branches are used entirely for purposes other than fire protection;
 - 2) Any water mains or appurtenances located outside of the described premises and forming a part of the public water distribution system;
 - 3) Any pond or reservoir in which the water is impounded by a dam.
- f) **Premises** means the entire area within the property lines and areas under adjoining sidewalks and driveways at the locations described on the Declarations page.
- g) **Property of every description** means the building, the equipment and the stock.
- h) **Stock** means:
 - 1) Merchandise of every description usual to the Insured's business;

- 2) Packing, wrapping and advertising materials; and
- 3) Similar property belonging to others which the Insured is under obligation to keep insured or for which he is legally liable.

1.2.18 REPLACEMENT COST (Applicable only if specified on the Declarations page)

1. The Insurer agrees to amend the basis of settlement from actual cash value to replacement cost subject to the following provisions:
 - a) Replacement shall be effected by the Insured with due diligence and dispatch;
 - b) Replacement shall be on the same site or on an adjacent site;
 - c) Settlement on a replacement cost basis shall be made only when replacement has been effected by the Insured and in no event shall it exceed the amount actually and necessarily expended for such replacement;
 - d) Failing compliance by the Insured with any of the foregoing provisions, settlement shall be made as if this extension had not been in effect;
 - e) Any other insurance effected by or on behalf of the Insured in respect of the perils insured against by this policy on the property to which this extension is applicable shall be on the same basis of replacement cost as defined herein;
 - f) This extension applies separately to each item listed above.
2. Any reference to actual cash value in a coinsurance clause in this policy is deemed to be a reference to replacement cost of the property insured.
3. In this extension,
 - a) Replacement cost means the cost of replacing, repairing, constructing or reconstructing (whichever is the least) the property on the same site with new property of like kind and quality and for like occupancy without deduction for depreciation; and
 - b) Replacement includes repair, construction or reconstruction with new property of like kind and quality.
4. In the event that new property of like kind and quality is not obtainable, new property which is as similar as possible to that damaged or destroyed and which is capable of performing the same function shall be deemed to be new property of like kind and quality for the purpose of this extension.

5. Exclusions

This extension does not apply to:

- a) Stock;
- b) Patterns, dies, moulds;
- c) Paintings, etchings, pictures, tapestries, statuary, marbles, bronzes, antique furniture, rare books, antique silver, porcelain, rare glassware, bric-a-brac or other articles of art, rarity or antiquity;
- d) Manuscripts and records meaning books of account, drawings, card index systems and other records, media, data storage devices, and programme devices for electronic electro-mechanical data processing or for electronically controlled equipment;
- e) Any increase in the cost of replacement occasioned by a restriction or prohibition in any by-law, regulation, ordinance or law.

2 RENT OR RENTAL VALUE FORM

THIS FORM ONLY APPLIES IF INDICATED "COVERED" AND LIMITS SHOWN ON THE DECLARATIONS PAGE(S).

2.1 Indemnity Agreement

This form insures up to the amount(s) stated in the Declarations, the rent and rental value of the building(s) and its additions and extensions communicating and in contact therewith as described in the Declarations and at the location(s) shown therein.

2.2 Measure of Recovery

The measure of recovery in the event of loss hereunder shall be the reduction in "gross rent and rental value" directly resulting from being untenable solely and directly due to destruction or damage by the perils insured against to the described building(s), less charges and expenses which do not necessarily continue during the period the building(s) is so untenable, for not exceeding such length of time as would be required with the exercise of due diligence and dispatch to rebuild, repair or replace such part of the building(s) described as has been destroyed or damaged, commencing with the date of such destruction or damage and limited to a period of 12 consecutive calendar months from the date of such destruction or damage, but not exceeding the actual loss sustained by the Insured resulting from the building(s) being untenable.

2.3 Co-insurance Clause

The Insured shall maintain insurance concurrent in form, range, and wording with this insurance to the extent of at least the percentage stated in the Declarations of the annual "gross rent and rental value" herein defined of the described building(s) and, failing to do so, the Insured 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.

2.4 Interruption by Civil Authority

This form is extended to include the actual loss as insured hereunder during the period of time, not exceeding two weeks, while access to the described premises is prohibited by order of civil authority, but only when such order is given as a direct result of damage to neighbouring premises by a peril insured against.

2.5 Reinstatement

Any loss hereunder shall not reduce the amount of insurance applicable to this form.

2.6 Exclusions

A. GENERAL ADDITIONAL EXCLUSIONS - The Insurer shall not be liable for:

- a. 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;
- b. any increase of loss caused by delays or loss of time due to the presence of strikers or other persons or to labour disturbances on or about the premises interfering with the rebuilding, repairing, or replacing of the property damaged or destroyed or the resumption or continuation of business or free access to or control of the premises or due to the action of sympathetic strikers elsewhere;
- c. loss due to the suspension, lapse or cancellation of any lease or license, contract or order, which may affect the Insured's "gross rent and rental value" after the period following any loss during which indemnity is payable;
- d. loss caused by war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military power;
- e. loss or damage caused directly or indirectly:
 - i. by any nuclear incident as defined in the Nuclear Liability Act or any other nuclear liability act, law or statute, or any law amendatory thereof or nuclear explosion, except for ensuing loss or damage which results directly from fire, lightning or explosion of natural, coal or manufactured gas;
 - ii. by contamination by radioactive material.

B. POLLUTION EXCLUSION - This form does not insure against:

- a. loss or damage caused directly or indirectly by any actual or alleged spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of "pollutants", nor the cost or expense of any resulting "clean up", but this exclusion does not apply:
 - i. if the spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of "pollutants" is the direct result of a peril not otherwise excluded under this form;
 - ii. to loss or damage caused directly by a peril not otherwise excluded under this form.
- b. cost or expense for any testing, monitoring, evaluating or assessing of an actual, alleged, potential or threatened spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of "pollutants".

2.7 Permissions

Permission is hereby granted:

- a. to make additions, alterations or repairs;
- b. 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.

2.8 Other Insurance

If at the time of the loss, there is other insurance covering the same interest (whether collectible or not), the Insurer shall be liable for no greater proportion of any loss than the amount of insurance applicable to this form bears to the total amount of insurance covering such interest.

2.9 Waiver of Term or Condition

No term or condition of this form shall be deemed to be waived by the Insurer in whole or in part unless the waiver is clearly expressed in writing signed by a person authorized for that purpose by the Insurer. Neither the Insurer nor the Insured shall be deemed to have waived any term or condition of this form by any act relating to the appraisal of the amount of loss or to the delivery and completion of proofs, or the investigation or adjustment of any claim under this form.

2.10 Subrogation

The Insurer, upon making any payment or assuming liability therefor under this form, 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 form. 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, the 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.

2.11 Deductible

The Insurer is liable for the amount by which the loss or damage caused by any of the perils insured under this form exceeds the deductible as stated in the Declarations in any one occurrence.

2.12 Breach of Conditions

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.

2.13 Property Protection Systems

- a. 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
 - i. sprinkler or other fire extinguishing system; or
 - ii. fire detection system; or
 - iii. 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.
- b. In regard to automatic chemical or CO₂ extinguishing systems protecting cooking areas, the Insured, if owner or lessee of the system, shall provide for regular inspection and maintenance of the equipment as recommended by the manufacturer, with a minimum of a semi-annual inspection of the system.

2.14 Definitions

Wherever used in this form:

- a. "GROSS RENT AND RENTAL VALUE" is defined as the sum of:
 - i. the actual total annual gross rent or rental value of the occupied portion(s) of the building(s);
 - ii. the estimated annual rental value of the unoccupied portion(s) of the building(s); and
 - iii. a fair rental value of the portion(s), if any, of the buildings occupied by the Insured.
- b. "PREMISES" means the entire area within the property lines at the locations described in the Declarations and areas under adjoining sidewalks and driveways.
- c. "POLLUTANTS" means any solid, liquid, gaseous or thermal irritant or contaminant, including odour, vapour, fumes, acids, alkalis, chemicals and waste. Waste includes material to be recycled, reconditioned or reclaimed.
- d. "CLEAN UP" means the removal, containment, treatment, decontamination, detoxification, stabilization, neutralization or remediation of "pollutants", including testing which is integral to the aforementioned processes.

3 BUSINESS INTERRUPTION INSURANCE

3.1 PROFITS ENDORSEMENT FORM

THIS FORM ONLY APPLIES IF INDICATED "COVERED" AND LIMITS SHOWN ON THE DECLARATIONS PAGE(S).

INDEMNITY AGREEMENT

3.1.1 This Form insures, up to the limit specified in the Declaration Page(s), against loss directly resulting from necessary interruption of the Insured's business caused by destruction or damage by the perils insured against, occurring during the term of this Policy, to building(s), structure(s), machinery, equipment or stock on the "premises" specified in the Declaration Page(s).

MEASURE OF RECOVERY

3.1.2 This insurance, subject to the limit of the amounts of insurance as stated in the Declarations, is limited to loss of "gross profit" due to (a) Reduction in Turnover and (b) Increase in Cost of Working and the amount payable shall be:

- (a) In Respect of Reduction in Turnover: The sum produced by applying the "rate of gross profit" to the amount by which the "turn over" during the "indemnity period" shall, in consequence of the destruction or damage by a peril insured against, fall short of the "standard turnover";
- (b) In Respect of Increase in Cost of Working: The additional expenditure (subject to Provisions Clause (b)) 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 of the "insured standing charges" as may cease or be reduced in consequence of the destruction or damage by the perils insured against; provided that if the amount of insurance be less than the sum produced by applying the "rate of gross profit" to the "annual turnover", the amount payable shall be proportionately reduced.

PAYROLL OPTION

3.1.3 Applicable only when an amount is shown in the Declarations.

The Insured's entire ordinary payroll expense is insured for a period of time not in excess of 90 consecutive days immediately following the date of loss, which may continue during a total or partial suspension of business, insuring only to the extent necessary to resume the "normal" business of the Insured with the same quality of service which existed immediately preceding the destruction or damage by the perils insured against, and which would have been earned had no destruction or damage by perils insured against occurred.

This Item does not insure any portion of salaries described under "insured standing charges".

The Insurer shall not be liable, in the event of loss, for a greater proportion of the loss under this Item than the amount hereby insured under the said Item bears to 80% of the Insured's entire ordinary payroll expense, excluding only salaries described under "standing charges", that would have been earned (had no destruction or damage by a peril insured against occurred) during the 90 consecutive days immediately following the date of damage to or destruction of the described property.

INSURED STANDING CHARGES

3.1.4 All standing charges are insured unless otherwise specified below.

The following shall in no event be deemed to be standing charges:

- (i) Depreciation of Stock;
- (ii) Bad Debts;
- (iii) Wages and salaries other than salaries to permanent staff and wages to foremen and important employees whose services would not be dispensed with should the business be interfered with or interrupted.

DEFINITIONS

- 3.1.5
- (a) "Gross Profit": the sum produced by adding to the "net profit" the amount of the "insured standing charges" or if there is no "net profit" the amount of the "insured standing charges" less such a proportion of any net trading loss as the amount of the "insured standing charges" bears to all standing charges of the business.
 - (b) "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.
 - (c) "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.
 - (d) "Indemnity Period": the period beginning with the occurrence of a peril insured against and ending no 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:
 - (i) 30 consecutive days after the occurrence of such destruction or damage; or
 - (ii) 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
 - (e) "Rate of Gross Profit": the "rate of gross profit" to which such adjustments shall be made as may be earned on the "turnover" during the financial year necessary to provide for the trend of the business and for immediately before the date of the destruction or variations in or special circumstances affecting the damage by perils insured against business either before or after the destruction or damage by perils insured against or which would have affected the
 - (f) "Annual Turnover": the "turnover" during the 12 months business had the destruction or damage by perils insured immediately before the date of the destruction or against not occurred, so that the figure thus adjusted damage by perils insured against shall represent as nearly as may be reasonably practicable the results which but for the destruction or damage by
 - (g) "Standard Turnover": the "turnover" during that period in perils insured against would have been obtained during the 12 months immediately before the date of the relative period after the destruction or damage by destruction or damage by perils insured against which perils insured against corresponds with the "indemnity period"

PROVISIONS

- 3.1.6 (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 service shall be brought into account in arriving at the "turnover" during the "indemnity period".
- (b) If any standing charges of the business be not insured by this Form, then in computing the amount recoverable hereunder 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 Insurer shall not be liable for 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.
- (d) The Insurer shall be liable for actual loss sustained as insured hereunder during the period of time, not exceeding two weeks, while access to the described premises is prohibited by order of civil authority but only when such order is given as a direct result of damage to neighboring premises by a peril insured against.
- (e) In case of loss or damage by a peril insured against, the insurance provided by this Form extends to insure any increase in loss resulting from, or contributed to by, the operation of any by-law, ordinance or law which regulates zoning or the demolition, repair or construction of damaged buildings or structures, but shall in no way operate to extend the "indemnity period" or to increase the amount of insurance.
- (f) 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 Form, 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.
- (g) No term or condition of this Form shall be deemed to be waived by the Insurer in whole or in part unless the waiver is clearly expressed in writing signed by a person authorized for that purpose by the Insurer. Neither the Insurer nor the Insured shall be deemed to have waived any term or condition of this Form by any act relating to the appraisal of the amount of loss or to the delivery and completion of proofs, or the investigation or adjustment of any claim under this Policy.

BUSINESS ADJUSTMENT

3.1.7 If within 12 months after the expiration of this Policy the Insured shall file with the Insurer a premium adjustment application form showing:

- (a) the total amount of insurance carried under this and all other policies insuring "gross profit" during the annual term of this Policy and that such amount of insurance was not decreased during the said annual term or period; and
- (b) that the "gross profit" certified by the Insured's Auditors as earned during the Insured's financial year most nearly concurrent with the annual term of this Policy was less than the total amount of insurance carried thereon, then the Insurer will allow in respect of its pro rata proportion of the difference a return of premium not exceeding 50% of the premium paid by the Insured under this insurance.

In the event of loss originating within the term of this Policy, the premium for the full term of this insurance on the full amount paid or payable for such loss shall be regarded as earned and no return premium shall be allowed in respect thereof.

The Insurer reserves the right to inspect the Insured's books, records and such policies as relate to this insurance for verification of any statement filed for the purpose of adjusting the premium of this insurance.

All other terms and conditions of this Policy remain unchanged.

3.2 GROSS EARNINGS MERCANTILE OR NON-MANUFACTURING

THIS FORM ONLY APPLIES IF INDICATED "COVERED" AND LIMITS SHOWN ON THE DECLARATIONS PAGE(S).

3.2.1 INDEMNITY AGREEMENT

This Form insures, up to the limit specified in the Declaration Page(s), against loss directly resulting from necessary interruption of the Insured's business caused by destruction or damage by the perils insured against, occurring during the term of this policy, to building(s), equipment or stock on the "premises" specified in the Declaration Page(s).

3.2.2 MEASURE OF RECOVERY

The measure of recovery in the event of loss hereunder shall be the reduction in "gross earnings" directly resulting from such interruption of business less charges and expenses which do not necessarily continue during the interruption of business, for not exceeding such length of time as would be required with the exercise of due diligence and dispatch to rebuild, repair or replace such part of the "premises" insured as specified in the Declaration Page(s) as has been destroyed or damaged, commencing with the date of such destruction or damage and not limited by the expiration date of this policy, but not exceeding the actual loss sustained by the Insured resulting from such interruption of business. Due consideration shall be given to the continuation of "normal" charges and expenses, including payroll, to the extent necessary to resume operations of the Insured with the same quality of service which existed immediately preceding the destruction or damage by a peril insured against.

3.2.3 RESUMPTION OF OPERATIONS

It is a condition of this insurance that if the Insured could reduce the loss resulting from the interruption of business:

- (a) by complete or partial resumption of operation of the property insured hereby, whether damaged or not, or
 - (b) by making use of merchandise or other property at the location(s) specified in the Declaration Page(s) or elsewhere;
- such reduction shall be taken into consideration in arriving at the amount of loss hereunder.

3.2.4 EXPENSES TO REDUCE LOSS

This Form also insures such expenses as are necessarily incurred for the purpose of reducing loss hereunder (except expense incurred to extinguish a fire), but in no event shall the aggregate of such expenses exceed the amount by which the loss under this Form is thereby reduced. Such expenses shall not be subject to the application of the Co-Insurance Clause.

3.2.5 CO-INSURANCE CLAUSE

In the event of loss hereunder, the Insurer shall not be liable for a greater proportion thereof than the amount insured hereby bears to the co-insurance percentage specified in the Declaration Page(s) of the "gross earnings" that would have been earned (had no loss occurred) during the twelve (12) months immediately following the date of damage to or destruction of the property insured hereby.

3.2.6 SPECIAL LIMITATION

With respect to loss resulting from damage to or destruction of media for, or programming records pertaining to, electronic data processing or electronically controlled equipment, including data thereon, by the perils insured against, the length of time for which the Insurer shall be liable under this form shall not exceed:

- (a) thirty (30) consecutive calendar days; or
- (b) the length of time that would be required to rebuild, repair or replace such other property insured hereby as has been damaged or destroyed; whichever is the greater length of time.

3.2.7 SPECIAL EXCLUSIONS

The Insurer shall not be liable for:

- (a) 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;
- (b) any increase of loss caused by delays or loss of time due to the presence of strikers or other persons or to labour disturbances or about the "premises" interfering with the rebuilding, repairing, or replacing the property damaged or destroyed or the resumption or continuation of business or free access to or control of the "premises" or due to the action of sympathetic strikers elsewhere;
- (c) loss due to fines or damages for breach of contract for late or non-completion of orders or for any penalties of whatever nature;
- (d) loss due to the suspension, lapse or cancellation of any lease or license, contract or order, which may affect the Insured's earnings after the period following any loss during which indemnity is payable.

3.2.8 INTERRUPTION BY CIVIL AUTHORITY

This Form is extended to include the actual loss as insured hereunder during the period of time, not exceeding two weeks, while access to the "premises" described in the Declaration Page(s) is prohibited by order of civil authority, but only when such order is given as a direct result of damage to neighbouring premises by a peril insured against.

3.2.9 PERMISSION

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 business of the Insured.

3.2.10 WAIVER OF TERM OR CONDITION

No term or condition of this policy shall be deemed to be waived by the Insurer in whole or in part unless the waiver is clearly expressed in writing signed by a person authorized for that purpose by the Insurer. Neither the Insurer nor the Insured shall be deemed to have waived any term or condition of this policy by any act relating to the appraisal of the amount of loss or to the delivery and completion of proofs, or the investigation or adjustment of any claim under this policy.

3.2.11 PREMIUM ADJUSTMENT

If within 12 months after the expiration of this Policy the Insured shall file with the Insurer a premium adjustment application form showing:

- (a) the total amount of insurance carried on "grossearnings" as defined herein, less the limit of liability on "ordinary payroll expense" if the Ordinary Payroll (90 or 180 day limitation) is in effect, or "ordinary payroll expense" if the Ordinary Payroll Exclusion is in effect, during the annual term of this Policy and that such amount was not decreased during the said annual term; and
- (b) that 80% of "gross earnings" as defined herein, less "ordinary payroll expense" if the Ordinary Payroll (90 or 180 day limitation) or the Ordinary Payroll Exclusion is in effect, certified by the Insured's Auditors as earned during the Insured's financial year most nearly concurrent with the annual term of the Policy was less than the total amount of insurance carried thereon;

then the Insurer will allow in respect of its pro rata proportion of the difference a return of premium not exceeding 50% (25% if the co-insurance requirement is less than 80%, where eligible) of the premium paid by the Insured under this Form in respect of such "gross earnings" (less "ordinary payroll expense", if the Ordinary Payroll [90 or 180 day limitation] or the Ordinary Payroll Exclusion is in effect).

In the event of loss originating within the term of this Policy, the premium for the full term of this insurance on the full amount paid or payable for such loss shall be regarded as earned and no return premium shall be allowed in respect thereof. The Insurer reserves the right to inspect the Insured's books, records and such policies as relate to this insurance for verification of any statement filed for the purpose of adjusting the premium of this insurance.

Furthermore, the length of time of necessary interruption of business for which indemnity is payable is limited, in addition to those provisions set out in this Form, to a maximum of 12 consecutive calendar months following the date of damage or destruction.

3.2.12 ADDITIONAL DEFINITIONS

Wherever used in this Form:

Gross Earnings means,

the sum of:

- (a) total net sales, and
- (b) other earnings derived from operations of the business

less the cost of:

- (a) merchandise sold, including packaging therefor,
- (b) materials and supplies consumed directly in supplying the service(s) sold by the Insured, and
- (c) service(s) purchased from outsiders (not employees of the Insured) for resale which do not continue under contract.

No other costs shall be deducted in determining "gross earnings".

In determining "gross earnings" due consideration shall be given to the experience of the business before the date of damage or destruction and the probable experience thereafter had no loss occurred.

Premises means,

the entire area within the property lines at the location(s) specified in the Declaration Page(s), including areas under adjoining sidewalks and driveways.

Normal means,

the condition that would have existed had no loss occurred.

3.3 EXTRA EXPENSE

THIS FORM ONLY APPLIES IF INDICATED "COVERED" AND LIMITS SHOWN ON THE DECLARATIONS PAGE(S).

3.3.1 INDEMNITY AGREEMENT

This Form insures, up to the limit specified in the Declaration Page(s), the necessary "extra expense" incurred by the Insured in order to continue as nearly as practicable the "normal" conduct of the Insured's business following damage to or destruction by the perils insured against to the building(s), equipment or stock on "premises" specified in the Declaration Page(s), 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 expiration date of this policy, as shall be required with the exercise of due diligence and dispatch to repair, rebuild or replace such part of the building(s), equipment or stock as may be destroyed or damaged.

3.3.2 AMOUNT OF INSURANCE

The liability of the Insurer shall in no event exceed that percentage of the amounts of this insurance (at the time of loss) which is stated below or specified on the Declarations Page for the determined "period of restoration":

40% when the "period of restoration" is not in excess of 1 "month";
70% when the "period of restoration" is in excess of 1 "month" but not in excess of 3 "months";
90% when the "period of restoration" is in excess of 3 "months" but not in excess of 6 "months";
100% when the "period of restoration" is in excess of 6 "months" but not in excess of 12 "months".

In the event that "Extra Expense" insured by the Insured during the longest "period of restoration" for which provision is above made does not exhaust the insurance hereby provided, then such unexhausted insurance shall apply for the remainder of the "period of restoration".

3.3.3 RESUMPTION OF OPERATIONS

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

3.3.4 INTERRUPTION BY CIVIL AUTHORITY

This Form is extended to include the actual loss as insured hereunder during the period of time, not exceeding two weeks, while access to the "premises" described in the Declaration Page(s) is prohibited by order of civil authority, but only when such order is given as a direct result of damage to neighbouring premises by a peril insured against.

3.3.5 SPECIAL EXCLUSIONS

The Insurer shall not be liable for:

- (a) 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;
- (b) any increase of loss caused by delays or loss of time due to the presence of strikers or other persons or to labour disturbances on or about the "premises" interfering with the rebuilding, repairing, or replacing the property damaged or destroyed or the resumption or continuation of business or free access to or control of the "premises" or due to the action of sympathetic strikers elsewhere;
- (c) loss due to fines or damages for breach of contract for late or non-completion of orders or for any penalties of whatever nature;
- (d) loss due to the suspension, lapse or cancellation of any lease or license, contract or order;
- (e) the cost of compiling books of account, abstracts, drawings, card index systems or other records including film, tape, disc, drum, cell or other magnetic recording or storage media for electronic data processing.

3.3.6 WAIVER OF TERM OR CONDITION

No term or condition of this policy shall be deemed to be waived by the Insurer in whole or in part unless the waiver is clearly expressed in writing signed by a person authorized for that purpose by the Insurer. Neither the Insurer nor the Insured shall be deemed to have waived any term or condition of this policy by any act relating to the appraisal of the amount of loss or to the delivery and completion of proofs, or the investigation or adjustment of any claim under this policy.

3.3.7 ADDITIONAL DEFINITIONS

Wherever used in this Form:

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 be liable under this Form 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 any of the described 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 Form is reduced.

The Insurer 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.

Premises means,

the entire area within the property lines at the location(s) specified in the Declaration Page(s), including areas under adjoining sidewalks and driveways.

Month means,

30 consecutive days.

Normal means,

the condition that would have existed had no loss occurred.

SAMPLE

4 - VALUABLE PAPERS AND RECORDS (ALL RISKS)

THIS FORM ONLY APPLIES IF INDICATED "COVERED" AND LIMITS SHOWN ON THE DECLARATIONS PAGE(S).

4.1 PROPERTY COVERED:

On Valuable Papers and Records (meaning written, printed or otherwise inscribed documents and records, including books, maps, films, drawings, abstracts, deeds, mortgages and manuscripts, but excluding money or securities), which are the property of the Insured or for which they may be responsible or liable to others, while located at the premises as cited in the Declarations of this Policy.

4.2 LIMIT OF LIABILITY:

The Insurer shall in no event be liable for more than the amount as cited in the Declarations of this Policy.

4.3 PERILS INSURED:

This Policy insures against All Risks of direct physical loss or damage except as herein provided.

4.4 LOSSES EXCLUDED:

This Section does not cover:

- (a) wear and tear, gradual deterioration, vermin or inherent vice;
- (b) loss or damage due to any dishonest, fraudulent or criminal act by any Insured, a partner therein or an officer, director or trustee thereof, whether acting alone or in collusion with others;
- (c) loss or damage to property, if such property cannot be replaced with other of like kind and quality;
- (d) loss or damage to property held as samples or for sale or for delivery after sale;
- (e) loss due to electrical or magnetic injury, disturbance or erasure of electronic recordings, except by lightning;
- (f) property illegally acquired, kept, stored or transported, or property seized or confiscated for breach of any law or by order of any public authority.

4.5 AUTOMATIC EXTENSION:

The insurance afforded by this Section also applies while any of the property covered is being conveyed outside the premises and while temporarily at other locations (except for storage) provided the Insurer's liability under this extension shall not exceed 10% (Ten Percent) of the combined Amounts of Insurance stated in Property Covered Clause or \$5,000 (Five Thousand Dollars), whichever is the lesser sum.

SPECIAL CONDITIONS

4.6 REMOVAL:

The insurance afforded by this Section applies while the property covered is being removed to and while at a place of safety because of imminent damage or loss and while being returned from such place, provided always the Insured gives written notice of such removal to the Insurer within 10 (Ten) days thereafter.

4.7 VALUATION: SETTLEMENT OPTION:

The limit of the Insurer's liability for loss shall not exceed the actual cash value of the property at time of loss nor what it would then cost to repair or replace the property with other of like kind and quality, nor the applicable limit of insurance stated in this Policy.

The Insurer may pay for the loss in money or may repair or replace the property and may settle any claim for loss of the property with the Insured or the owner thereof. Any property so paid for or replaced shall become the property of the Insurer. The Insured or the Insurer, on recovery of any such property, shall give notice thereof as soon as practicable to the other and the Insured shall be entitled to the property on reimbursing the Insurer for the amount so paid or the cost of replacement. Application of the insurance to property of more than one person shall not operate to increase the applicable limit of insurance.

4.8 LOSS ADJUSTMENT:

- (a) The Insured agrees, whenever so requested by the Insurer, to aid in securing information and evidence from any of his customers or clients whose property may have given rise to a claim under this Policy.
- (b) The Insurer shall have the right to settle any claim or suit brought by a customer or client of the Insured in the same manner as if the customer or client were an additional Named Insured under this Policy.

4.9 OWNERSHIP OR PROPERTY, INTERESTS COVERED:

The Insured property may be owned by the Insured or held by him in any capacity, provided the insurance applies only to the interest of the Insured in such property, including the Insured's liability to others, and does not apply to the interest of any person or organization in any of said property unless included in the Insured's proof of loss.

4.10 TERRITORIAL LIMITS:

This insurance covers only within the limits of Canada or the Continental United States of America.

4.11 PROTECTION OF VALUABLE PAPERS AND RECORDS:

Insurance under this policy section shall apply only while valuable papers and records are contained in the premises described, it being a condition precedent to any right of recovery hereunder that such valuable papers and records shall be kept in receptacle(s) at all times when the premises are not open for business except while such valuable papers and records are in actual use or as stated in the "Automatic Extension" or "Removal" clauses.

4.12 DEFINITIONS:

- (a) VALUABLE PAPERS AND RECORDS: The term "Valuable Papers and Records" means written, printed or otherwise inscribed documents and records, including books, maps, films, drawings, abstracts, deeds, mortgages and manuscripts, but does not mean money or securities.
- (b) PREMISES: Notwithstanding any definition of "Premises" which may be contained in any other section of this policy or the General Conditions applicable to this policy, the term "Premises" as used in this section of the policy means the interior of that portion of the building at the location cited in the Declarations of the Policy.

5 ACCOUNTS RECEIVABLE INSURANCE

THIS FORM ONLY APPLIES IF INDICATED "COVERED" AND LIMITS SHOWN ON THE DECLARATIONS PAGE(S).

5.1 SUBJECT OF INSURANCE

This policy section insures:

- (a) All sums due the Insured from customers, provided the Insured is unable to effect collection thereof as the direct result of loss of or damage to records of accounts receivable;
- (b) Interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectible by such loss or damage;
- (c) Collection expense in excess of normal collection cost and made necessary because of such loss or damage.
- (d) Other expenses, when reasonably incurred by the Insured in re-establishing records of accounts receivable following such loss or damage.

5.2 PERILS INSURED

All risks of loss of or damage to the Insured's records of accounts receivable, occurring during the Policy Period, except as hereinafter provided.

5.3 LIMIT OF LIABILITY

The Insurer shall not be liable under this Policy Section for more than the Limit of Liability as cited in the Declarations of this Policy.

5.4 REMOVAL

Such insurance as is afforded by the Policy Section applies while the records of accounts receivable are being removed to and while at a place of safety because of imminent danger of loss or damage and while being returned from such place, provided the Insured gives written notice to the Insurer of such removal within ten days thereafter.

5.5 EXCLUSIONS

This Policy Section does not apply:

- (a) to loss due to any fraudulent, dishonest or criminal act by any Insured, a partner therein, or an officer, director or trustee thereof, while working or otherwise and whether acting alone or in collusion with others;
- (b) to loss due to bookkeeping, accounting or billing errors or omissions;
- (c) to loss, the proof of which as to factual existence is dependent upon an audit of records or an inventory computation; but this shall not preclude the use of such procedures in support of claim for loss which the Insured can prove, through evidence wholly apart therefrom, is due solely to a risk of loss to records of accounts receivable not otherwise excluded hereunder;
- (d) to loss due to alteration, falsification, manipulation, concealment, destruction or disposal of records of accounts receivable committed to conceal the wrongful giving, taking, obtaining or withholding of money, securities or other property but only to the extent of such wrongful giving, taking, obtaining or withholding.
- (e) to loss due to electrical or magnetic injury, disturbance or erasure of electronic recordings, except by lightning.

5.6 CONDITIONS

5.6.1 DEFINITION.

"Premises" means the interior of that portion of the building at the location designated in the Declarations of the Policy. "Location and Occupancy of Premises", which is occupied by the Insured for business purposes.

5.6.2 JOINT INSURED.

If more than one Insured is named in this Policy Section, the Insured first named shall act for every insured for all purposes of this Policy Section. Knowledge possessed or discovery made by any insured shall constitute knowledge possessed or discovery made by every insured.

5.6.3 INSPECTION AND AUDIT.

The Insurer shall be permitted to inspect the premises and the receptacles in which the records of accounts receivable are kept by the Insured, and to examine and audit the Insured's books and records at any time during the Policy Period and any extension thereof and within three years after the final termination of this Policy Section, as long as they relate to the premium basis or the subject matter of this insurance, and to verify the statements of any outstanding records of accounts receivable submitted by the Insured and the amount of recoveries of accounts receivable on which the Insurer has made any settlement.

5.7 RECOVERIES.

After payment of loss all amounts recovered by the Insured on accounts receivable for which the Insured has been indemnified shall belong and be paid to the Insurer by the Insured up to the total amount of loss paid by the Insurer; but all recoveries in excess of such amounts shall belong to the Insured.

5.8 INSURED'S DUTIES WHEN LOSS OCCURS.

Upon the occurrence of any loss which may result in a claim hereunder, the Insured shall:

- (a) give notice thereof as soon as practicable to the Insurer or any of its authorized agents and, if the loss is due to a violation of law, also to the police;
- (b) file detailed proof of loss, duly sworn to, with the Insurer promptly within ninety days from the date on which the records of accounts receivable were lost or damaged.

At the Insurer's request, the Insured shall submit to examination by the Insurer, subscribe the same, under oath if required, and produce for the Insurer's examination all pertinent records, all at such reasonable times and places as the Insurer shall designate, and shall cooperate with the Insurer in all matters pertaining to loss or claims with respect thereto, including rendering of all possible assistance to effect collection of outstanding accounts receivable.

5.9 DETERMINATION OF RECEIVABLES: DEDUCTIONS.

When there is proof that a loss covered by this Policy Section has occurred but the Insured cannot accurately establish the total amount of accounts receivable outstanding as of the date of such loss, such amount shall be computed as follows:

- (a) determine the amount of all outstanding accounts receivable at the end of the same fiscal month in the year immediately preceding the year in which the loss occurs;
- (b) calculate the percentage of increase or decrease in the average monthly total of accounts receivable for the twelve months immediately preceding the month in which the loss occurs, as compared with such average for the same months of the preceding year;
- (c) the amount determined under (a) above, increased or decreased by the percentage calculated under (b) above shall be the agreed total amount of accounts receivable as of the last day of the fiscal month in which said loss occurs;

(d) the amount determined under (c) above shall be increased or decreased in conformity with the normal fluctuations of the amount of accounts receivable during the fiscal month involved, due consideration being given to the experience of the business since the last day of the last month for which statement has been rendered.

There shall be deducted from the total amount of accounts receivable, however established, the amount of such accounts evidenced by records not lost or damaged, or otherwise established or collected by the Insured, and an amount to allow for probable bad debts which would normally have been uncollectible by the Insured. All unearned interest and service charges shall be deducted.

SAMPLE

6 COMPUTER INSURANCE

THIS FORM ONLY APPLIES IF INDICATED "COVERED" AND LIMITS SHOWN ON THE DECLARATIONS PAGE(S).

6.1 PROPERTY COVERED

This Policy Section insures electronic data processing equipment and its component parts, which are property of the Insured or leased by, rented by or under the control of the Insured and for which the Insured is liable.

6.2 EXTENSIONS OF COVERAGE

This Policy is extended to cover:

- (a) Data and Media, the property of the Insured or for which the Insured is liable. The term "media" means the material on which data is recorded. "Data" is the information stored on the media, including computer programs.
- (b) The necessary extra expense incurred by the Insured to continue normal operations which are interrupted as a result of physical loss by a peril insured against to the property covered, but only for the period of time required with the exercise of due diligence and dispatch to restore normal operations.
- (c) Newly Acquired Equipment. This Policy Section is extended to cover, as of delivery date to the Insured, property of a similar nature to that covered, acquired by the Insured subsequent to the effective date of the policy. The Insured agrees to report such additions within 30 days from the date of such acquisition and to pay premium from the date acquired at pro rata of the policy rate.
- (d) Newly Acquired Locations. In the event the equipment that is already covered by this policy Section is moved to a new location occupied by the Insured, coverage will apply provided the Insured agrees to report to the company within 30 days from the date of occupancy.
- (e) Debris Removal. The company will pay for expenses incurred in the removal of all debris of the property insured which may be occasioned by loss caused by any of the perils insured against by this Policy Section. Insurance on such expenses shall apply in addition to insurance otherwise provided by this Policy Section.
- (f) Removal. Such insurance as is afforded by this Policy Section applies while the property insured is being removed to and while at place of safety because of imminent danger of loss or damage and while being returned from such place.
- (g) Transit. To cover the property while in transit.

The Insurer's liability for each extension stated above shall not exceed 25% of the total amount of insurance or \$50,000.00, whichever is the lesser amount except as may otherwise be provided in the Limits of Liability in the Declarations pursuant to this Policy Section.

6.3 PROPERTY EXCLUDED

This Policy Section does not cover:

- (a) Accounts, bills, evidence of debt, valuable papers, records, abstracts, deeds, manuscripts, or other documents except as they may be converted to data form, and then only in that form;
- (b) Property rented or leased to others while away from the premises of the Insured;
- (c) Any data or media which cannot be replaced with other of like kind and quality.

6.4 LIMITS OF LIABILITY

This Liability of the Insurer shall not exceed the amounts stipulated as the Limit of Liability in the Declarations of this Policy Section in any one loss, disaster or casualty, including salvage charges or other expenses or all combined.

6.5 PERILS INSURED

This Policy Section insures against all risks of direct physical loss of, or damage to, the property covered from any external cause, except as excluded herein.

6.6 PERILS EXCLUDED

This Policy Section does not insure against loss, damage or expense caused directly or indirectly by:

- (a) Inherent vice, wear and tear, vermin, insects, gradual deterioration or depreciation;
- (b) Any dishonest, fraudulent or criminal act by any Insured, a partner therein or an officer, director or trustee thereof, whether acting alone or in collusion with others;
- (c) Dryness or dampness of atmosphere, extremes of temperature, corrosion, or rust unless directly resulting from physical damage to the data processing system's air condition facilities caused by a peril not excluded by the provisions of this Policy Section;
- (d) Actual work upon the property covered, unless fire or explosion ensues, and then only for loss, damage, or expense caused by such ensuing fire or explosion;
- (e) Error in machine programming or instructions to machine;
- (f) The enforcement of any provincial or municipal law or ordinance unless such liability is specifically assumed elsewhere in this Policy Section;
- (g) Delay, loss of market, loss of use or interruption of business;
- (h) Loss or damage caused by war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military power;
- (i) Loss or damage caused by contamination by radioactive material directly or indirectly resulting from an insured peril under this Policy Section;
- (j) Interferences at premises by strikers or other persons with repairing or replacing the property damaged or destroyed or with the resumption or continuation of the Insured's operations.

6.7 VALUATION

6.7.1 EQUIPMENT:

Replacement Cost defined as follows: The Insurer shall not be liable beyond the actual retail 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 actual cash retail replacement cost of the property, similar in kind to that insured, at the place of and immediately preceding the time of such loss or damage, but in no event to exceed the Limit of Liability as stated in the Declarations of the Policy.

6.7.2 DATA & MEDIA:

- (a) As respects data, the actual cost of reproducing the data, if not replaced or reproduced, then the cost of blank value of the media.
- (b) As respects media, the actual cost to repair or replace the property with material of like kind and quality.

6.8 DEDUCTIBLE

Each claim for loss or damage separately occurring shall be adjusted separately and from the amount of each such adjusted loss or the applicable Limit of Liability, whichever is the lesser, the deductible amount shown in the Declarations of the Policy shall be deducted.

6.9 SYSTEMS BREAKDOWN INSURANCE EXTENSION

The Insurer agrees to extend the insurance provided by this Policy Section to insure against loss, damage or expense resulting from or caused by:
MECHANICAL BREAKDOWN OR MACHINERY BREAKDOWN;

SHORT CIRCUIT, BLOW-OUT, OR OTHER ELECTRICAL DISTURBANCE, except interruption of power supply, power surge, blackout or brown-out if the cause of such occurrence took place more than 100 feet (30.5 meters) from the Insured's location as cited in the Declarations of this Policy;

FAULTY CONSTRUCTION, ERROR IN DESIGN, OR ACTUAL WORK UPON PROPERTY COVERED, however this coverage does not apply to data processing media;

ELECTRICAL OR MAGNETIC INJURY, DISTURBANCE OR ERASURE OF ELECTRONIC RECORDS, except if damage occurs outside the Insured's location or if there is a change in the Insured's electrical power supply, such as interruption, power surge, or brown-out, which originates more than 100 feet (30.5 meters) from the Insured's location as cited in the Declarations of this Policy;

6.10 SYSTEMS BREAKDOWN COVERAGE DEDUCTIBLE

Each and every loss caused by a peril insured under this SYSTEMS BREAKDOWN INSURANCE EXTENSION portion of this Policy Section shall be adjusted separately and from the amount of each loss a sum equal to that amount cited in the Declarations of this Policy shall be deducted. This deductible does not apply to loss caused by lightning.

SAMPLE

7 SIGN FORM

THIS FORM ONLY APPLIES IF INDICATED "COVERED" AND LIMITS SHOWN ON THE DECLARATIONS PAGE(S).

PROPERTY COVERED

7.1. On property of the Insured, or for which the Insured is responsible, as described on the declaration page.

PERILS INSURED

7.2. This form insures against all risks of direct physical loss or damage except as herein provided.

EXCLUSIONS

7.3 This form does not insure:

- (a) loss or damage caused by wear and tear or mechanical breakdown, deterioration, inherent vice or latent defect;
- (b) loss or damage caused by electrical currents other than lightning, unless fire or explosion ensues and then only for the loss or damage caused by such ensuing fire or explosion;
- (c) loss or damage sustained while the property insured is actually being worked upon, including installation, repair or maintenance, and where any loss or damage is due thereto, unless fire or explosion ensues and then only for the loss or damage caused by such ensuing fire or explosion;
- (d) loss or damage caused by marring or denting unless directly caused by fire, explosion, theft, collision, upset or overturn of a transporting conveyance;
- (e) loss or damage caused by strikers, locked out workmen or persons taking part in labour disturbances, or riots, or civil commotions;
- (f) property illegally acquired, kept, stored or transported, or property seized or confiscated for breach of any law or by order of any public authority;
- (g) loss or damage caused by the 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 property is endangered by fire in neighboring premises;
- (h) loss or damage caused by dampness of atmosphere or extremes of temperature.

DEDUCTIBLE

7.4. The Insurer is liable only for the amount by which the loss or damage exceeds the sum of \$ (as per the Declaration page) in any one occurrence.

SPECIAL CONDITIONS

CO-INSURANCE CLAUSE

7.5 The Insurer shall not be liable for a greater proportion of any loss or damage to the property insured than the amount of insurance bears to 100% of the actual cash value of said property at the time such loss shall happen. If the insurance under this form applies to two or more items, the foregoing shall apply to each item separately.

TERRITORIAL LIMITS

7.6 This insurance insures only within the limits of Canada.

REINSTATEMENT

7.7 Any loss hereunder shall not reduce the amount of this policy.

8 GLASS RIDER
All Provinces except Quebec

THIS FORM ONLY APPLIES IF INDICATED "COVERED" AND LIMITS SHOWN ON THE DECLARATIONS PAGE(S).

INSURING AGREEMENTS

The Insurer agrees, in consideration of the payment of the premium and of the statements contained in the Declarations, subject to the limits, terms and conditions of this policy.

8.1 Indemnity for Damage:

To indemnify the Insured for all damage to the glass, lettering, ornamentation, tape or foil described in the Schedule below caused by accidental breakage of such glass which occurs during the policy period.

8.2 Exclusions:

The Insurer shall not be liable for loss or damage:

- (a) caused by fire in the Insured's premises or elsewhere;
- (b) caused by war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military power;
- (c) during construction of, alteration or addition to the premises described in the Declarations other than ordinary repair or maintenance;
- (d) while the premises containing such glass is, to the knowledge of the Insured, vacant or unoccupied for more than thirty consecutive days or being a manufacturing premises ceases to be operated and continues out of operation for more than thirty consecutive days;
- (e) or increased costs of repair due to the operation of any law regulating the zoning, demolition, repair or construction of buildings.

8.3 Limits of Indemnity:

The Insurer's liability is limited to the actual cost of replacement, including installation charges, of such glass, lettering, ornamentation, tape and foil at the time of the breakage, not exceeding the Limit of Insurance (if any).

8.4 SCHEDULE

The glass, lettering, ornamentation, tape and foil insured hereby are described and located as stated in the declaration page.

8.5 STANDARD CONDITIONS

8.5.1 Declarations:

By acceptance of this policy, the Named Insured agrees that the statements in the Declarations are his agreements and representations, that this policy is issued in reliance upon the truth of such representations and that this policy embodies all agreements existing between himself and the Insurer or any of its agents relating to this insurance.

8.5.2 Ownership of Property Insured:

The property covered hereby may be owned by the Insured or held by him in any capacity, whether or not the Insured is liable for such loss or damage as is covered hereby.

8.5.3 Changes:

Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this policy or estop the Insurer from asserting any right under the terms of this policy; nor shall the terms of this policy be waived or changed, except by endorsement issued to form a part of this policy.

8.5.4 Assignment:

Assignment of interest under this policy shall not bind the Insurer until its consent is endorsed hereon; if, however, the Named Insured shall die or be adjudged bankrupt or insolvent within the policy period, this policy, unless cancelled, shall, if written notice be given to the Insurer within sixty days after the date of such death or adjudication, cover the Named Insured's legal representative as the Named Insured.

8.5.5 Inspection:

The Insurer shall be permitted to inspect the premises at any reasonable time.

8.5.6 Payments and Replacements:

The Insurer shall replace, without necessary delay, any broken glass and any lettering or ornamentation, tape or foil thereon insured hereunder, or pay for the same in money within the limits provided herein, as the Insurer may elect. In either case the broken glass shall be the property of the Insurer. Whenever necessary, the Insured, at his own expense, shall remove and replace any fixtures or other obstructions to the replacement of the glass.

8.5.7 Notice of Breakage:

Written notice of any damage covered hereby, with full particulars so far as can be determined, shall be given to the Insurer as soon as practicable, and the Insured shall make all reasonable efforts to preserve the glass and to prevent further damage. The Insurer may require the Insured to file affirmative proof of damage under oath on forms provided by the Insurer, together with full particulars of such damage.

8.5.8 Other Insurance:

Where there is any other valid insurance providing indemnity for loss for which this policy provides indemnity, the Insurer shall be liable only for its rateable proportion of such loss.

8.5.9 Subrogation:

In the event of any payment under this policy, the Insurer shall be subrogated to all the Insured's rights of recovery therefore against any person or organization and the Insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The Insured shall do nothing after loss to prejudice such rights.

8.5.10 Reinstatement:

Upon replacement of any glass, lettering, ornamentation, tape or foil insured hereunder or payment therefor by the Insurer, the insurance hereunder shall continue automatically as respects the new glass, lettering, ornamentation, tape or foil to the end of the Policy Period, without additional premium. This rider is subject to the terms and conditions set forth herein together with such other terms and conditions as may be endorsed hereon or added hereto. No term or condition of this rider shall be deemed to be waived in whole or in part by the Insurer unless the waiver is clearly expressed in writing signed by a person authorized for that purpose by the Insurer.

9. COMPREHENSIVE DISHONESTY, DISAPPEARANCE, AND DESTRUCTION FORM

THIS FORM ONLY APPLIES IF INDICATED "COVERED" AND LIMITS SHOWN ON THE DECLARATIONS PAGE(S).

The Insurer agrees, subject to the Declarations made a part hereof, the General Agreements, Conditions and Limitations and other terms of this Form to pay the Insured for:

9.1. INSURING AGREEMENTS

I. Employee Dishonesty Coverage – Form A

Loss of Money, Securities and other property which the Insured shall sustain resulting directly from one or more fraudulent or dishonest acts committed by an Employee, acting alone or in collusion with others, to an amount not exceeding in the aggregate the amount stated in the Limits of Liability applicable to this Insuring Agreement I.A., as indicated in the Declarations.

Should a deductible amount be stated in the Declarations as applying to the insurance under Insuring Agreement I.A., then the Insurer shall not be liable under said Insuring Agreement on account of loss through fraudulent or dishonest acts committed at any time, whether before or after this Form is effective, by any Employee or in which such Employee is concerned or implicated, unless the amount of such loss, after deducting the net amount of all reimbursement and recovery, including any cash deposit taken by the Insured, obtained or made by the Insured, other than from any bond or policy of insurance issued by a surety or insurance company and covering such loss, or by the Company on account thereof prior to payment by the Company of such loss, shall be in excess of the deductible amount stated in the Declarations, and then for such excess only, but in no event for more than the amount of insurance carried under Insuring Agreement I.A. on such loss.

I. Employee Dishonesty Coverage – Form B

Loss of Money, Securities and other property which the Insured shall sustain resulting directly from one or more fraudulent or dishonest acts committed by an Employee, acting alone or in collusion with others, the amount of insurance on each of the Employees being the amount stated in the Limits of Liability applicable to this Insuring Agreement I.B., as indicated in the Declarations. Should a deductible amount be stated in the Declarations as applying to the insurance under Insuring Agreement I.B., then the Insurer shall not be liable under said Insuring Agreement on account of loss through fraudulent or dishonest acts committed at any time, whether before or after this Form is effective, by any Employee, unless the amount of such loss, after deducting the net amount of all reimbursement and recovery, including any cash deposit taken by the Insured, obtained or made by the Insured, other than from any bond or policy of insurance issued by a surety or insurance company and covering such loss, or by the Company on account thereof prior to payment by the Company of such loss, shall be in excess of the deductible amount stated in the Declarations, and then for such excess only, but in no event for more than the amount of insurance carried on such Employee under Insuring Agreement I.B.. If more than one Employee is concerned or implicated in such loss, such deductible amount shall apply to each Employee so concerned or implicated.

We agree to indemnify you, up to the limit shown in the Declaration, for loss of Money and Securities resulting directly from theft, disappearance or destruction. Separate limits shall apply to Loss Inside the Premise or Loss Outside the Premise, as follows:

II. Loss Inside the Premises Coverage

- (a) Loss of Money and Securities by the actual destruction, disappearance or wrongful abstraction thereof within the Premises or within any Banking Premises or similar recognized places of safe deposit.
- (b) Loss of other property by Safe Burglary or Robbery within the Premises or attempt thereat, and loss of a locked cash drawer, cash box or cash register by felonious entry into such container within the Premises or attempt thereat or by felonious abstraction of such container from within the Premises.
- (c) Damage to the Premises by such Safe Burglary, Robbery or felonious abstraction, or by or following burglarious entry into the Premises or attempt thereat, provided with respect to damage to the Premises the Insured is the owner thereof or is liable for such damage.

Insurance under this section shall be limited to the amount stated in the Limits of Liability applicable to this Insuring Agreement II as indicated in the Declarations.

Should a deductible amount be stated in the Declarations as applying to the insurance under Insuring Agreement II, then the Insurer shall not be liable under said Insuring Agreement on account of any loss, except to the extent such loss is in excess of the deductible amount stated in the Declarations, with the insurance then applying to such excess only, subject otherwise to the applicable limit of the Insurer's liability.

III. Loss Outside the Premises Coverage

- (a) Loss of Money and Securities by the actual destruction, disappearance or wrongful abstraction thereof outside the Premises while being conveyed by a Messenger or any armoured motor vehicle company or while within the living quarters in the home of any Messenger.
- (b) Loss of other property by Robbery outside the Premises or attempt thereat while such property is being conveyed by a Messenger or any armoured motor vehicle company or by theft while within the living quarters in the home of any Messenger.

Insurance under this section shall be limited to the amount stated in the Limits of Liability applicable to this Insuring Agreement III as indicated in the Declarations.

Should a deductible amount be stated in the Declarations as applying to the insurance under Insuring Agreement III, then the Insurer shall not be liable under said Insuring Agreement on account of any loss, except to the extent such loss is in excess of the deductible amount stated in the Declarations, with the insurance then applying to such excess only, subject otherwise to the applicable limit of the Insurer's liability.

IV. Money Orders and Counterfeit Paper Currency Coverage

Loss due to the acceptance in good faith in exchange for merchandise, money or services, of any post 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 upon presentation, or due to the acceptance in good faith in the regular course of business of counterfeit Canadian or United States paper currency, but limited to the amount stated in the Limits of Liability applicable to this Insuring Agreement IV as indicated in the Declarations.

V. Depositors Forgery Coverage

Loss which the Insured or any bank which is included in the Insured's proof of loss and in which the Insured carries a chequing or savings account as their respective interests may appear, shall sustain 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 certain in money, made or drawn by or drawn upon the Insured, or made or drawn by one acting as agent of the Insured, or purporting to have been made or drawn as hereinbefore set forth, including:

- (a) any cheque or draft made or drawn in the name of the Insured, payable to a fictitious payee and endorsed in the name of such fictitious payee;
- (b) any cheque or draft procured in a face to face transaction with the Insured, or with one acting as agent of the insured, by anyone impersonating another and made or drawn payable to the one so impersonated and endorsed by anyone other than the one so impersonated; and
- (c) any payroll cheque, payroll draft or payroll order made or drawn by the Insured, payable to bearer as well as to a named payee and endorsed by anyone other than the named payee without authority from such payee; whether or not any endorsement mentioned in (a), (b), or (c) be a forgery within the law of the place controlling the construction thereof, but limited to the amount stated in the Limits of Liability applicable to this Insuring Agreement V as indicated in the Declarations. Mechanically reproduced facsimile signatures are treated the same as hand-written signatures.

The Insured shall be entitled to priority of payment over loss sustained by any bank aforesaid. Loss under this Insuring Agreement, whether sustained by the Insured or such bank, shall be paid directly to the Insured in its own name, except in cases where such bank shall have already fully reimbursed the Insured for such loss. The liability of the Insurer to such bank for such loss shall be a part of and not in addition to the amount of insurance applicable to the Insured's office to which such loss would have been allocated had such loss been sustained by the Insured.

If the Insured or such bank shall refuse to pay any of the foregoing instruments made or drawn as hereinbefore set forth, alleging that such instruments are forged or altered, and such refusal shall result in suit being brought against the Insured or such bank to enforce such payment and the Insurer shall give its written consent to the defence of such suit, then any reasonable attorneys' fees, court costs, or similar legal expenses incurred and paid by the Insured or such bank in such defence shall be construed to be a loss under this Insuring Agreement and the liability of the Insurer for such loss shall be in addition to any other liability under this Insuring Agreement.

Computer Fraud:

This coverage is extended to pay an amount, not exceeding Five Thousand Dollars (\$5,000) in any one loss or series of losses arising out of any one occurrence, for loss due to Computer Fraud. For the purposes of this Form, Computer Fraud shall mean loss of money or property caused by the fraudulent input of electronic data, or the fraudulent modification or erasure of electronic data.

Safe Burglary:

Without increasing the amount of insurance shown in the Declaration, this coverage is extended to pay for loss of property caused by Burglary (as defined in Clause 2) or attempted burglary of a locked safe, vault, cash register, cash box or cash drawer located on the Premise.

Damage to the Premise

Without increasing the amount of insurance shown in the Declaration, this coverage is extended to pay for loss from damage to the Premise or its exterior resulting directly from an actual or attempted theft of your money or securities, if you are the owner of the premise or are legally liable for such damage.

Medical Expenses

This coverage is extended to pay an amount, not exceeding five thousand dollars (\$5,000) in any one loss or series arising out of any one occurrence, for Medical Expenses incurred by you or your authorized employee due to injury resulting from robbery or attempted robbery. For the purpose of this Form, Medical Expenses shall mean reasonable expenses for necessary medical, dental, surgical requirements, ambulance, hospital and professional nursing services, as well as for reasonable funeral expenses if such injury results in death, all incurred within twelve (12) months from the date of injury. However, we will not pay for any expenses payable under any Worker Compensation Law or any expenses where Federal or Provincial Health Insurance plans prohibit such payments.

9.2. GENERAL AGREEMENTS

(a) Consolidation-merger

If, through consolidation or merger with, or purchase of assets of, some other concern, any persons shall become Employees or if the Insured shall thereby acquire the use and control of any additional Premises, the insurance afforded by this Form shall also apply as respects such Employees and Premises, provided the Insured shall give the Insurer written notice thereof within thirty days (30) thereafter and shall pay the Insurer an additional premium computed pro rata from the date of such consolidation, merger or purchase to the end of the current premium period.

(b) Joint Insured

If more than one Insured is covered under this Form, the Insured first named shall act for itself and for every other Insured for all purposes of this Form. Knowledge possessed or discovery made by any Insured or by any partner or officer thereof shall, for the purposes of items 9, 10, and 17, constitute knowledge possessed or discovery made by every Insured. Cancellation of the insurance hereunder as respects any Employee as provided in item 17 shall apply to every Insured. If, prior to the cancellation or termination of this Form, this Form or any Insuring Agreement hereof is cancelled or terminated as to any Insured, there shall be no liability for any loss sustained by such Insured unless discovered within one year from the date of such cancellation or termination or, as respects Insuring Agreement I.B., within two years therefrom. Payment by the Insurer to the Insured first named of any loss under this Form shall fully release the Insurer on account of such loss. If the Insured first named ceases for any reason to be covered under this Form, then the Insured next named shall thereafter be considered as the Insured first named for all purposes of this Form.

(c) Loss under prior bond or policy

If the coverage of an Insuring Agreement of this Form other than Insuring Agreement V, is substituted for any prior bond or policy of insurance carried by the Insured, or by any predecessor in interest of the Insured, which prior bond or policy is terminated, cancelled or allowed to expire as of the time of such substitution, the Insurer agrees that such Insuring Agreement applies to loss which is discovered as provided in item 3 of the Conditions and Limitations and which would have been recoverable by the Insured or such predecessor under such prior bond or policy except for the fact that the time within which to discover loss thereunder had expired; provided:

- (i) the insurance under this General Agreement 2 (c) shall be a part of and not in addition to the amount of insurance afforded by the applicable Insuring Agreement of this Form;

- (ii) such loss would have been covered under such Insuring Agreement had such Insuring Agreement with its agreements, conditions and limitations as of the time of such substitution been in force when the acts or events causing such loss were committed or occurred; and
- (iii) recovery under such Insuring Agreement on account of such loss shall in no event exceed the amount which would have been recoverable under such Insuring Agreement in the amount for which it is written as of the time of such substitution, had such Insuring Agreement been in force when such acts or events were committed or occurred, or the amount which would have been recoverable under such prior bond or policy had such prior bond or policy continued in force until the discovery of such loss, if the latter amount be smaller.

Insuring Agreement V shall also cover loss sustained by the Insured at any time before the termination or cancellation of Insuring Agreement V, which would have been recoverable under the coverage of some similar form of forgery insurance (exclusive of fidelity insurance) carried by the Insured or any predecessor in interest of the Insured, had such prior forgery insurance given all of the coverage afforded under Insuring Agreement V; provided, with respect to loss covered by this paragraph:

- 1) the coverage of Insuring Agreement V is substituted on or after the date hereof for such prior forgery coverage and the Insured or such predecessor, as the case may be, carried such prior forgery coverage on the office at which such loss was sustained continuously from the time such loss was sustained to the date the coverage of Insuring Agreement V was substituted therefor;
- 2) at the time of discovery of such loss, the period for discovery of loss under all such prior forgery insurance has expired; and
- 3) if the amount of insurance carried under Insuring Agreement V applicable to the office at which such loss is sustained is larger than the amount applicable to such office under such prior forgery insurance, and in force at the time such loss is sustained, then liability hereunder for such loss shall not exceed the smaller amount.

Notwithstanding any other Conditions described in this Form the following Conditions and Limitations shall apply in respect of insurance provided by this Form.

THE FOREGOING INSURING AGREEMENTS AND GENERAL AGREEMENTS ARE SUBJECT TO THE FOLLOWING CONDITIONS AND LIMITATIONS:

9.3. POLICY PERIOD, TERRITORY, DISCOVERY

Loss is covered under this Form only if discovered not later than one year from the end of the Policy Period except that under Insuring Agreement I.B. loss is covered only if discovered not later than two years from the end of the Policy Period.

Subject to General Agreement 2 (c):

- (a) This Form, except under Insuring Agreements I.A., I.B. and V, applies only to loss which occurs during the Policy Period within Canada, any of the States of the United States of America, its territories or possessions.
- (b) Insuring Agreements I.A. and I.B. apply only to loss sustained by the Insured through Fraudulent or Dishonest Acts committed during the Policy Period by any of the Employees engaged in the regular service of the Insured within the territory designated above or while such Employees are elsewhere for a limited period;
- (c) Insuring Agreement V applies only to loss sustained during the Policy Period.

9.4. EXCLUSIONS

This Form does not apply:

- (a) to loss due to any fraudulent, dishonest, or criminal act by any Insured or a partner therein, whether acting alone or in collusion with others;
- (b) under Insuring Agreements I.A. and I.B., to loss, or to that part of any loss, as the case may be, the proof of which, either as to its factual existence or as to its amount, is dependent upon an inventory computation or a profit and loss computation; provided, however, that this paragraph shall not apply to loss of Money, Securities or other property which the Insured can prove, through evidence wholly apart from such computations, is sustained by the Insured through any fraudulent or dishonest act or acts committed by any one or more of the Employees;
- (c) under Insuring Agreements II and III, to loss due to any fraudulent, dishonest or criminal act by an Employee, director, trustee or authorized representative of any Insured, while working or otherwise and whether acting alone or in collusion with others; provided, this exclusion does not apply to Safe Burglary or Robbery or attempt thereat;
- (d) under Insuring Agreements II and III, to loss due to war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military power;
- (e) under Insuring Agreements II and III, to loss (i) due to the giving or surrendering of Money or Securities in any exchange or purchase; (ii) due to accounting or arithmetical errors or omissions; or (iii) of manuscripts, books of account or records;
- (f) under Insuring Agreement II, to loss of Money contained in coin operated amusement devices or vending machines, unless the amount of Money deposited within the device or machine is recorded by a continuous recording instrument therein;
- (g) under Insuring Agreement II, to loss of Money, Securities and other property which has been transferred by any computer to a person or to a place outside the insured premises on the basis of unauthorized electronic instructions;
- (h) under Insuring Agreement II, to loss, other than to Money, Securities, a safe or vault, by fire whether or not such fire is caused by, contributed to by or arises out of the occurrence of a hazard insured against;
- (i) under Insuring Agreement III, to loss of insured property while in the custody of any armoured motor vehicle company, unless such loss is in excess of the amount recovered or received by the Insured under:
 - (i) the Insured's contract with said armoured motor vehicle company;
 - (ii) insurance carried by said armoured motor vehicle company for the benefit of users of its service; and
 - (iii) all other insurance and indemnity in force in whatsoever form carried by or for the benefit of users of said armoured motor vehicle company's service, and then this Form shall cover only such excess;
- (j) under Insuring Agreement III, to loss due to the surrender of Money, Securities or other property away from the Premises as a result of the threat to do:
 - (i) bodily harm to the Insured or any other person; or
 - (ii) damage to the Premises or property owned by the Insured or held by the Insured in any capacity; provided, however, these exclusions do not apply:
 - 1) to Insuring Agreements I.A. and I.B., if coverage is afforded thereunder, or
 - 2) under Insuring Agreement III, to loss of Money, Securities or other property while being conveyed by a Messenger when there was no knowledge by the Insured of any such threat at the time the conveyance was initiated;

- (k) under any Insuring Agreement, to the defence of any legal proceeding brought against the Insured, or to fees, costs or expenses incurred or paid by the Insured in prosecuting or defending any legal proceeding whether or not such proceeding results or would result in a loss to the Insured covered by this Form, except as may be specifically stated to the contrary in this Form;
- (l) under any Insuring Agreement to:
 - (i) loss of potential income, including but not limited to interest and dividends, not realized by the Insured because of a loss covered under this Form;
 - (ii) all damages of any type for which the Insured is legally liable, except direct compensatory damages arising from a loss covered under this Form;
 - (iii) all costs, fees and other expenses incurred by the Insured in establishing the existence of, or amount of loss covered under this Form.

9.5. DEFINITIONS

The following terms, as used in this Form, shall have the respective meanings stated in this Item:

- (a) **"Fraudulent or Dishonest Acts"** as used in this Insuring Agreement shall mean only Fraudulent or Dishonest Acts committed by an Employee with the manifest intent:
 - (i) to cause the Insured to sustain such loss; and
 - (ii) to obtain financial benefit for the Employee, or for any other person or organization intended by the Employee to receive such benefit, other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment.
- (b) **"Money"** means currency, coins, bank notes and bullion;
- (c) **"Securities"** means all negotiable and non-negotiable instruments or contracts representing either Money or other property and includes revenue and other stamps in current use, tokens and tickets, but does not include Money.
- (d) **"Employee"** means any natural person (except a director or trustee of the Insured, if a corporation, who is not also an officer or employee thereof in some other capacity) while in the regular service of the Insured in the ordinary course of the Insured's business during the Policy Period and whom the Insured compensates directly or indirectly by salary, wages or commissions and has the right to govern and direct in the performance of such service, but does not mean any broker, factor, commission merchant, consignee, contractor or other agent or representative of the same general character. As applied to loss under Insuring Agreements I.A. and I.B., the above words "while in the regular service of the Insured" shall include the first 30 days thereafter; subject however, to Items 17 and 18.
- (e) **"Premises"** means the interior of that portion of any building which occupied by the Insured in conducting its business.
- (f) **"Banking Premises"** means the interior of that portion of any building which is occupied by a banking institution in conducting its business.
- (g) **"Messenger"** means the Insured or a partner of the Insured or any Employee who is duly authorized by the Insured to have the care and custody of the insured property outside the Premises.
- (h) **"Custodian"** means the Insured or a partner of the Insured or any Employee who is duly authorized by the Insured to have the care and custody of the insured property within the Premises, excluding any person while acting as a watchman, porter or janitor.
- (i) **"Robbery"** means the taking of insured property: by violence inflicted upon a Messenger or a Custodian; by putting him in fear of violence;
 - (i) by any other overt felonious act committed in his presence and of which he was actually cognizant, provided such other act is not committed by a partner or Employee of the Insured;
 - (ii) from the person in direct care and custody of a Messenger or Custodian who has been killed or rendered unconscious;
 - (iii) from within the Premises by means of compelling a Messenger or Custodian by violence or threat of violence while outside the Premises to admit a person into the Premises or to furnish him with means of ingress into the Premises; or
 - (iv) from a showcase or show window within the Premises while regularly open for business, by a person who has broken the glass thereof from outside the Premises.
- (j) **"Safe Burglary"** means the felonious abstraction of:
 - (i) a safe from within the premises; or
 - (ii) insured property from within a vault or safe the door of which is equipped with a combination or time lock, located within the Premises, by a person making felonious entry into such vault or such safe and any vault containing the safe, when all doors thereof are duly closed and locked by all combination locks or time locks thereon, provided such entry shall be made by actual force and violence, of which force and violence there are visible marks made by tools, explosives, electricity or chemicals upon the exterior of:
 - 1) all of said doors of such vault or such safe and any vault containing the safe, if entry is made through such doors; or
 - 2) the top, bottom or walls of such vault or such safe and any vault containing the safe through which entry is made, if not made through such doors.
- (k) **"Loss"** except under Insuring Agreements I.A., I.B. and V, include damage.

9.6. LOSS CAUSED BY UNIDENTIFIABLE EMPLOYEES

If a loss is alleged to have been caused by the Fraudulent or Dishonest Acts of any one or more of the Employees and the Insured shall be unable to designate the specific Employee or Employees causing such loss, the Insured shall nevertheless have the benefit of Insuring Agreement I.A. or I.B. subject to the provisions of item 4(b) of this Form, provided that the evidence submitted reasonably proves that the loss was in fact due to the Fraudulent Dishonest Acts of one or more of the said Employees, and provided, further, that the aggregate liability of the Insurer for any such loss shall not exceed the Limit of Liability applicable to Insuring Agreements I.A. or I.B.

9.7. OWNERSHIP OF PROPERTY; INTERESTS COVERED

The insured property may be owned by the Insured, or held by the Insured in any capacity whether or not the Insured is liable for the loss thereof, or may be property as respects which the Insured is legally liable; provided, Insuring Agreements II, III, and IV apply only to the interest of the Insured in such property, including the Insured's liability to others, and do not apply to the interest of any other person or organization in any of the said property unless included in the Insured's proof of loss, in which event the third paragraph of Item 10 is applicable to them.

9.8. BOOKS AND RECORDS

The Insured shall keep records of all the insured property in such manner that the Insurer can accurately determine therefrom the amount of loss.

9.9. PRIOR FRAUD, DISHONESTY OR CANCELLATION

The coverage of Insuring Agreements I.A. and I.B shall not apply to any Employee from and after the time that the Insured or any partner or officer thereof not in collusion with such Employee shall have knowledge or information that such Employee has committed any Fraudulent or Dishonest act in the service of the Insured or otherwise, whether such act be committed before or after the date of employment by the Insured.

If, prior to the issuance of this Form, any fidelity insurance in favour of the Insured or any predecessor in interest of the Insured and covering one or more of the Insured's Employees shall have been cancelled as to any of such Employees by reason of the giving of written notice of cancellation by the

Insurer issuing such fidelity insurance, whether the Insurer or not, and if such Employees shall not have been reinstated under the coverage of said fidelity insurance or superseding fidelity insurance, the Insurer shall not be liable on account of such Employees unless the Insurer shall agree in writing to include such Employees within the coverage of Insuring Agreements I.

9.10. LOSS – NOTICE – PROOF – ACTION AGAINST COMPANY

Upon knowledge or discovery of loss or of an occurrence which may give rise to a claim for loss, the Insured shall:

- (a) give notice thereof as soon as practicable to the Insurer or any of its authorized agents and, except under Insuring Agreements I.A., I.B., and V, also to the police if the loss is due to a violation of law;
- (b) file detailed proof of loss, duly sworn to, with the Insurer within four months after the discovery of the loss.

The Insured shall give the Insurer notice of any loss of the kind covered by Insuring Agreement I, whether or not the Insurer is liable therefore or for any part thereof, and upon the request of the Insurer shall file with it a brief statement giving the particulars concerning such loss.

Proof of loss under Insuring Agreement V shall include the instrument which is the basis of claim for such loss, or if it shall be impossible to file such instrument, the affidavit of the Insured or the Insured's bank of deposit setting forth the amount and cause of loss shall be accepted in lieu thereof.

Upon the Insurer's request, the Insured shall submit to examination by the Insurer, subscribe the same, under oath if required, and produce for the Insurer's examination all pertinent records, all at such reasonable times and places as the Insurer shall designate, and shall cooperate with the Insurer in all matters pertaining to loss or claims with respect thereto.

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 Form, nor until ninety days after the required proofs of loss have been filed with the Insurer, nor at all unless commenced within two years from the date when the Insured discovers the loss. If any limitation of time for notice of loss or any legal proceeding herein contained is shorter than that permitted to be fixed by agreement under any statute controlling the construction of this Form, the shortest permissible statutory limitation of time shall govern and shall supersede the time limitation herein stated.

9.11. VALUATION PAYMENT REPLACEMENT

In no event shall the Insurer be liable as respects Securities for more than the actual cash value thereof at the close of business on the business day next preceding the day on which the loss was discovered, nor as respects other property, for more than the actual cash value thereof at the time of loss; provided, however, the actual cash value of such other property held by the Insured as a pledge, or as collateral for an advance or a loan, shall be deemed not to exceed the value of the property as determined and recorded by the Insured when making the advance or loan, nor, in the absence of such record, the unpaid portion of the advance or loan plus accrued interest thereon at legal rates.

The Insurer may, with the consent of the Insured, settle any claim for loss of property with the owner thereof. Any property for which the Insurer has made indemnification shall become the property of the Insurer.

In case of damage to the Premises or loss of property other than Securities, the Insurer shall not be liable for more than the actual cash value of such property, or for more than the actual cost of repairing such Premises or property or of replacing same with property or material of like quality and value. The Insurer may, at its election, pay such actual cash value, or make such repairs or replacements. If the Insurer and the Insured cannot agree upon such cash value or such cost of repairs or replacements, such cash value or such cost shall be determined by arbitration.

9.12. RECOVERIES

- (a) Any recoveries, less the cost of obtaining them, made after settlement of loss insured by this policy will be distributed as follows:
 - (1) to the Insured, until the Insured is reimbursed for any loss that they have sustained that exceeds the Limit of Insurance and the deductible amount, if any;
 - (2) then to the Insurer, until they are reimbursed for the settlement made;
 - (3) then to the Insured, until they are reimbursed for that part of the loss equal to the deductible amount, if any.
- (b) Recoveries do not include recovery:
 - (1) from insurance, suretyship, reinsurance, security or indemnity taken for the Insurer's benefit; or
 - (2) of original "securities" after duplicates of them have been issued.
- (c) The Insured is entitled to the recovered property upon reimbursing the Insurer for the amount of indemnity paid to the Insured for such property. Whoever recovers such property will immediately notify the other party in writing.

9.13. LIMITS OF LIABILITY

Payment of loss under Insuring Agreements I.A., I.B., or V shall not reduce the Insurer's liability for other losses under the applicable Insuring Agreement whenever sustained. The Insurer's total liability (i) under Insuring Agreement I.A., for any loss caused by any Employee or in which such Employee is concerned or implicated or (ii) under Insuring Agreement I.B., as to each Employee or (iii) under Insuring Agreement V, for any loss by forgery or alteration committed by any person or in which such person is concerned or implicated, whether such forgery or alteration involves one or more instruments, is limited to the applicable amount of insurance specified in the Limits of Liability or endorsement amendatory thereto. The liability of the Insurer for loss sustained by any or all of the Insureds shall not exceed the amount for which the Insurer would be liable had all such loss been sustained by any one of the Insureds.

Except under Insuring Agreements I.A., I.B., and V, the applicable limit of liability stated in the Limits of Liability is the total limit of the Insurer's liability with respect to all loss of property of one or more persons or organizations arising out of any one occurrence. Any loss caused by any person or in which such person is concerned or implicated, or any loss incidental to an actual or attempted burglary or Robbery, shall be deemed to arise out of one occurrence.

Regardless of the number of years this Form shall continue in force and the number of premiums which shall be payable or paid, the limit of the Insurer's liability as specified in the Limits of Liability shall not be cumulative from year to year or period to period.

The Limits of Liability as expressed in the Form are in Canadian currency.

9.14. LIMIT OF LIABILITY UNDER THIS RIDER AND PRIOR INSURANCE

This Item shall apply only to Insuring Agreements I.A., I.B. and V.

With respect to loss caused by any person (whether one of the Employees or not) or in which such person is concerned or implicated or which is chargeable to any Employee as provided in Item 6 and which occurs partly during the Policy Period and partly during the period of other bonds or policies issued by the Insurer to the Insured or to any predecessor in interest of the Insured and terminated or cancelled or allowed to expire and in which the period for discovery has not expired at the time any such loss thereunder is discovered, the total liability of the Insurer under this Form and under such other bonds or policies shall not exceed, in the aggregate, the amount carried under the applicable Insuring Agreement of this Form on such loss or the amount available to the Insured under such other bonds or policies, as limited by the terms and conditions thereof, for any such loss, if the latter amount be the larger.

9.15. OTHER INSURANCE

Except in the province of Quebec, if there is available to the Insured any other insurance or indemnity covering any loss covered by Insuring Agreements I.A., I.B., or V, the Insurer shall be liable hereunder only for that part of such loss which is in excess of the amount recoverable or recovered from such other insurance or indemnity, except that if such other insurance or indemnity is a bond or policy of fidelity insurance, any loss covered under both such fidelity insurance and Insuring Agreement V shall first be paid under Insuring Agreement V. Any loss covered under any of Insuring Agreements I.A., I.B. and V shall first be paid under Insuring Agreement V and the excess, if any, shall be paid under Insuring Agreement I.A. or I.B. If this Form is governed by the law of Quebec, each of the Insurers under its respective contract is liable to the Insured for its rateable proportion of loss. The Insurer waives any right of contribution which it may have against any other insurance carried by any depository bank which is indemnified under Insuring Agreement V.

Under any other Insuring Agreement, if there is any other valid and collectible insurance which would apply in the absence of such Insuring Agreement, the insurance under this Form shall apply only as excess insurance over such other insurance, except in the province of Quebec where each of the Insurers under its respective contract is liable to the Insured for its rateable proportion of the loss, provided the insurance shall not apply:

- (a) to property which is separately described and enumerated and specifically insured in whole or in part by any other insurance; or
- (b) to property otherwise insured unless such property is owned by the Insured.

9.16. SUBROGATION

In the event of any payment under this Form, the Insurer shall be subrogated to all the Insured's rights of recovery therefor against any person or organization and the Insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The Insured shall do nothing after loss to prejudice such rights.

9.17. CANCELLATION AS TO ANY EMPLOYEE

Insuring Agreements I.A. and I.B. shall be deemed cancelled as to any Employee:

- (a) immediately upon discovery by the Insured, or by any partner or officer thereof not in collusion with such Employee, of any Fraudulent or Dishonest act on the part of such Employee; or
- (b) except in the province of Quebec at 12:01 am., standard time as aforesaid, upon the effective date specified in a written notice mailed to the Insured. Such date shall be not less than fifteen days after the date of mailing. The mailing by the Insurer of notice as aforesaid to the Insured at the address shown in this Form shall be sufficient proof of notice. Delivery of such written notice by the Insurer shall be equivalent to mailing. In the province of Quebec, cancellation shall be made by endorsement only.

9.18. ASSIGNMENT

The Insurer will not be liable to anyone other than the Insured unless the Insurer has been advised of a change of interest and consented to it. However, if the Insured dies, or is declared insolvent or bankrupt, this policy will insure the Insured's legal representative.

9.19. CHANGES

This policy contains all the agreements between the Insured and the Insurer concerning the insurance provided by this policy. The Insured may request changes to this policy however, such changes will be effective only upon the Insurer's consent as evidenced by their issuing an endorsement which will form part of this policy.

9.20. ALARM SYSTEM AND PROTECTIVE SERVICES

If for reasons beyond the Insured's control, the alarm system or any other protective service or equipment described in the Declarations is not maintained, the insurance under this Form shall apply only in the reduced amount which the premium for this Form would have purchased in the absence of such protection, in accordance with the Insurer's manual; except that the full amount of insurance under this Form shall apply if the Insured, until such time as the alarm system has been restored to proper working condition, provides at least one watchman within the premises at all times when such premises are not open for business.

The Insured, upon receipt of advice that alarm signals from the alarm system will be disregarded by police, shall give immediate notice thereof to the Insurer; the Insurer may suspend the Form by written notice. A pro rata refund will be allowed for the period of suspension.

9.21. REINSTATEMENT

The occurrence of a loss covered by this Form shall reduce the amount of insurance but, unless notice is given to the Insurer to the contrary as soon as practicable, the insurance shall be automatically reinstated as of the time of the loss as to acts committed or events occurring thereafter, and additional premium, on a pro rata basis, shall on demand become payable therefor.

9.22. CLAIM PROCEDURE FOR PROPERTY OF PERSONS OTHER THAN THE INSURED

In the event of a claim for loss involving property not owned by the Insured, the Insurer may adjust such loss or damage either with the Insured or with the owner of such property and payment of such loss or damage to the Insured or owner shall constitute full satisfaction of the claim. If legal proceedings are taken against the Insured to recover for such loss or damage, the Insured shall immediately notify the Insurer in writing and the Insurer may conduct and control the defence in the name and on behalf of the Insured.

9.23. ACCEPTANCE

By acceptance of this Form, the Insured agrees that:

- (a) the Insured has no similar coverage on the subject matter of this Form;
- (b) the Insured has not sustained, nor received indemnity for, any loss or damage insured hereby within the last three (3) years;
- (c) no similar coverage applied for or carried by the Insured has been declined or cancelled by any Insurer within the last three (3) years; and these statements are his or her agreements and representations, that this Form is issued in the reliance upon the truth of such representations and that this Form embodies all agreements existing between the Insured and the Insurer or any of its agents relating to this insurance.

The conditions, limitations, and other terms expressed in the Insuring Agreements, Exclusions, Definitions, and General Agreements shall prevail whenever they conflict with the Crime Standard Conditions contained in the policy.

10. BOILER & MACHINERY

THIS FORM ONLY APPLIES IF INDICATED "COVERED" AND LIMITS SHOWN ON THE DECLARATIONS PAGE(S).

SECTION A

10.1 PROPERTY DAMAGE

10.1.1. COVERAGE AGREEMENT

The Company agrees, respecting loss from an Accident, which occurs during the Policy Period, to an Object which is in use or connected ready for use at a named location described on the declaration as follows:

- a) to pay for loss to the Object, and
- b) to pay for loss to other insured Property directly damaged by the Accident

10.1.2. BASIS OF SETTLEMENT

The Company's liability for loss to Insured Property which is damaged is as follows:

- a) on Media and Data for electronic and electro mechanical data processing and production equipment, the cost of blank material plus the cost of transcription for duplicates or from originals;
- b) on exposed film, records, manuscripts, drawings and other valuable papers and records, the cost of blank material plus the cost of transcription from duplicates or from originals;
- c) on all other Insured Property, the lesser of the cost at the time of the Accident,
 - i) to repair the damaged property; or
 - ii) to replace the damaged property with similar property of like kind, capacity, size, quality and function.

The Company shall not be liable for:

- a) more than the amount actually expended by the Insured;
- b) the cost of repairing or replacing any part or parts of a piece of equipment which is greater than the cost of repairing or replacing the entire piece of equipment;
- c) more than the cost that would have been incurred to replace the damaged property with other property of like kind, capacity, size, quality and function in the event that replacement is by property of a better kind or quality or of a larger capacity or size;
- d) more than the cost that would be incurred to replace the damaged property at the same or an adjacent site; nor
- e) loss or damage to property which is useless or obsolete to the Insured.

If the damaged property is not repaired or replaced within twelve (12) months after the date of the Accident then the Company will only pay for the Actual Cash Value of the damaged property. Actual Cash Value is the cost of replacing the damaged property with property of similar kind, capacity, size, quality and function less depreciation however caused. The Company will consider such items as the age, condition and normal life expectancy of the damaged property in determining depreciation.

10.1.3. DEDUCTIBLE

It is agreed with respect to any One Accident, that from the total amount of loss and expense for which the Company is liable under this Coverage there shall first be deducted the amount specified in the Declarations as Deductible for this Coverage and the insurance shall not apply to such amount deducted.

If more than one Deductible is specified and is applicable to loss under this Coverage from any One Accident, only one Deductible shall be applied to this Coverage and that shall be the largest of the applicable Deductibles.

10.1.4. LIMIT OF LIABILITY

If more than one Limit of Liability is specified for this Coverage and is applicable to any One Accident the Company shall not be liable as a result of such One Accident for an amount exceeding the highest Limit of Liability applicable.

SECTION B

10.2 BUSINESS INTERRUPTION (LOSS OF PROFITS) – BOILER & MACHINERY

10.2.1. COVERAGE AGREEMENT

The Company agrees, with respect to the business at a Location specified in the declaration, that if the business carried on by the Insured at the Location be interrupted or interfered with solely as a result of an Accident, which occurs while this Coverage is in effect, to an Object which is in use or connected ready for use at an insured Location, the Company will pay the Insured the amount from such interruption, subject to the Limit of Liability specified in the Declaration for this Coverage.

10.2.2. BASIS OF INSURANCE

The insurance under this Coverage is limited to loss of Gross Profits due to:

- a) Reduction in Turnover and
- b) Increase in Cost of Working, and the amount payable as indemnity hereunder shall be:
 - a) in respect of Reduction in Turnover, the sum produced by applying the rate of Gross Profit to the amount which the turnover during the Indemnity Period shall in consequence of the Accident fall short of the Standard Turnover;
 - c) 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 solely as a result of the Accident 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 of the Insured Standing Charges as may cease or be reduced as a result of the Accident, provided that if the Limit of Liability be less than the sum produced by applying the rate of Gross profit to the Annual Turnover, (if the Indemnity Period is greater than twelve (12) months, then the Annual Turnover shall be multiplied by the factor which proportionately reflects the increased Indemnity Period) the amount payable shall be proportionately reduced.

10.2.3. ORDINARY PAYROLL

If a number of days is specified in the Declarations for Ordinary Payroll, this Coverage is extended to include the Insured's Ordinary payroll necessary to resume the operations of the insured with the same quality of service which existed immediately preceding the Accident but limited to the specified

number of consecutive days following the Commencement of Liability. The Company shall not be liable for more than the Limit of Liability specified in the Declarations for Ordinary Payroll. "Ordinary Payroll" as referred to herein is defined as wages and salaries, except wages and salaries for all officers, department managers, employees under contract and other important employees whose services could not be dispensed with should the business be interrupted or interfered with solely as a result of an Accident.

10.2.4. ADDITIONAL EXCLUSIONS

The Company shall not be liable for payment for any interruption or interference with business:

- a) for any time during which business would not or could not have been carried on if the Accident had not occurred;
- b) resulting from the failure of the Insured to use due diligence and dispatch and all reasonable means in order to resume business; or
- c) due to fines or damages for breach of contract, for late or non-completion of orders, or for any penalties of whatever nature.

10.2.5. LIMITATION – MEDIA AND DATA

With respect to loss resulting from damage to or destruction of Media for, or programming records pertaining to, electronic data processing or electronically controlled equipment, including Data thereon, resulting from the Accident, the length of time for which the Company shall be liable hereunder shall not exceed:

- a) thirty (30) consecutive calendar days; or
- b) the length of time that would be required to rebuild, repair or replace such other Insured Property as has been damaged or destroyed by the Accident whichever is the greater length of time.

10.2.6. DEFINITIONS

- a) "Gross Profit" shall mean the sum produced by adding the Net Profit the amount of all Standing Charges or if there be no Net Profit the amount of all standing charges less any net trading loss.
- b) "Net Profit" shall mean the net trading profit (exclusive of all capital receipts and accretions and all outlay property chargeable to capital) resulting from the business of the Insured at the Location after due provision has been made for all standing and other charges including depreciation but before deduction of any taxation chargeable on profits.
- c) The following shall in no event be deemed to be standing charges:
 - i) depreciation of stock,
 - ii) bad debts, or
 - iii) the entire payroll for all employees of the Insured, except wages and salaries for all officers, department managers, employees under contract and other important employees.
- d) "Turnover" shall mean the money paid or payable to the Insured for goods sold and delivered and for services rendered in the course of the business at the Location.
- e) "Indemnity Period" shall mean the period beginning with the Commencement of Liability and ending not later thereafter than the number of months specified in the Declaration during which the results of the business shall be affected solely as a result of the Accident.
- f) "Rate of Gross Profit" shall mean the percentage of Gross Profit earned on the Turnover during the financial year immediately before the date of the Accident.
- g) "Annual Turnover" shall mean the Turnover during the twelve months immediately before the date of the Accident
- h) "Standard Turnover" shall mean the Turnover during that period in the twelve months immediately before the date of the Accident which corresponds with the Indemnity Period.

With respect to the Rate of Gross Profit, Annual Turnover and Standard Turnover, adjustments 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 Accident or which would have affected the business had the Accident not occurred so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the Accident would have been obtained during the period after the Accident.

If during the Indemnity Period goods shall be sold or services shall be rendered elsewhere than at the Location 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.

10.2.7. RESUMPTION OF BUSINESS

As soon as possible after the Accident, the Insured shall continue or resume business, in whole or in part, and make up lost business within a reasonable period of time (not to be limited to the period during which the business is interrupted) through the use of every available means, including surplus machinery, duplicate parts, equipment, supplies and surplus or reserve stock, which may be owned or controlled by the Insured or obtainable by the Insured from other sources and through working extra time or overtime at the Location or at such other premises acquired for the purpose of making up lost business, all to the extent that the amount for which the Company would otherwise be liable under this Coverage is reduced. The Company may take such means as will in the opinion of the Company reduce or avert interruption of business at the Location or supply the functions of the Location in some other way.

10.2.8. COMMENCEMENT OF LIABILITY

The Commencement of the Company's liability under this Coverage shall be (1) the time of the Accident or (2) twenty-four (24) hours before notice of the Accident is received by the Company, whichever is later. If the time in effect at the address to which the notice is sent is different from that in effect at the Location where the Accident occurred, the time of the receipt of such notice, for the determination of the Commencement of Liability shall be considered on the basis of the time in effect where the Accident occurred.

10.2.9. WAITING PERIOD

If a number of hours is specified in the Declarations for this Coverage, but not otherwise, the Company shall not be liable for any loss and expense during any period prior to the specified hour after the Commencement of Liability as provided in Condition 10.2.8.

10.2.10. DEDUCTIBLE

If an amount is specified in the Declarations for this Coverage, but not otherwise, such amount shall be deducted from the total amount of any loss and expense for which the Company is liable under this Coverage for any One Accident, and no liability shall exist for such amount deducted.

10.2.11. ADJUSTMENT OF PREMIUM

If, within twelve (12) months of each of the annual anniversary dates of this policy, the Insured shall file with the Company a Standard Premium Adjustment Application Form showing as respects the immediately previous annual period of this policy that the Gross Profit earned during the Insured's financial year most nearly concurrent with such immediately previous annual period of this Coverage as certified by the Insured's auditors, or a multiple thereof to coincide with the Indemnity Period if this exceeds twelve (12) months, was less than the Limit of Liability specified for this Coverage in the

Declarations, then the Company will allow, in respect of the difference, a return premium to the Insured not exceeding 50% of the premium paid by the Insured under this Coverage for the immediately previous annual period.

In the event of loss originating under this Coverage during the term of the policy the premium for the full term of the policy on the full amount paid or payable for such loss shall be regarded as earned and no return premium shall be made in respect thereof.

The Company reserves the right to inspect the Insured's books and records for verification of any statement filed for the purpose of adjusting the premium for this Coverage.

SECTION B

10.3 COVERAGE: BUSINESS INTERRUPTION (GROSS RENT AND RENTAL VALUE)

10.3.1. COVERAGE AGREEMENT

The Company shall be liable under this Coverage for loss resulting from the necessary interruption of business conducted by the Insured at a Location specified on the Declarations Page, caused solely by an Accident, which occurs while this Coverage is in effect, to an Object which is in use or connected ready for use at an insured Location, subject to the Limit of Liability specified in the Declarations for this Coverage.

10.3.2. MEASURE OF RECOVERY

The measure of recovery in the event of loss hereunder shall be the reduction in "Gross Rent and Rental Value" directly resulting from the Location being untenable solely as a result of the Accident less charges and expenses which do not necessarily continue during the period the Location is untenable, for not exceeding such length of time as would be required with the exercise of due diligence and dispatch to rebuild, repair or replace such Insured Property as has been destroyed or damaged by the Accident, beginning with the Commencement of Liability and for a period not exceeding twelve consecutive calendar months thereafter.

10.3.3. EXPENSES TO REDUCE LOSS

The Company shall also be liable for such expenses as are necessarily incurred for the sole purpose of reducing loss under this Coverage and such expenses, in excess of normal, as would necessarily be incurred by the Insured to reduce loss under this Coverage but in no event shall the aggregate of such expenses exceed the amount by which the loss under this Coverage is thereby reduced. Such expenses shall not be subject to the application of the Coinsurance Condition.

10.3.4. ADDITIONAL EXCLUSIONS

The Company shall not be liable for payment for any interruption of business:

- a) for any time during which business would not or could not have been carried on if the Accident had not occurred;
- b) resulting from the failure of the Insured to use due diligence and dispatch and all reasonable means in order to resume business;
- c) due to the suspension, lapse or cancellation of any lease, license or contract, which may affect the Insured's "Gross Rent and Rental Value" after the period following any loss during which indemnity is payable; or
- d) due to fines or damages for breach of contract or for any penalties of whatever nature.

10.3.5. LIMITATION - MEDIA AND DATA

With respect to loss resulting from damage to or destruction of Media for, or programming records pertaining to, electronic data processing or electronically controlled equipment, including Data thereon, resulting from the Accident, the length of time for which the Company shall be liable hereunder shall not exceed;

- a) thirty (30) consecutive calendar days; or
- b) the length of time that would be required to rebuild, repair or replace such other Insured Property as has been damaged or destroyed by the Accident; whichever is the greater length of time.

10.3.6. DEFINITIONS

"Gross Rent and Rental Value" is defined as the sum of;

- a) the actual total annual gross rent of the occupied portion or portions of the Location;
- b) the estimated annual rental value of the unoccupied portion or portions of the Location, and
- c) a fair rental value of the portion, if any, of the Location occupied by the Insured. In determining Gross Rent and Rental Value, due consideration shall be given to the experience of the business before the Accident and the probable experience thereafter had no Accident occurred.

10.3.7. RESUMPTION OF BUSINESS

As soon as possible after the Accident, the Insured shall continue or resume business, in whole or in part, and make up lost business within a reasonable period of time (not to be limited to the period during which the business is interrupted) through the use of every available means, including surplus machinery, duplicate parts, equipment, supplies and surplus or reserve stock which may be owned or controlled by the Insured or obtainable by the Insured from other sources and through working extra time or overtime at the Location or at such other premises acquired for the purpose of making up lost business, all to the extent that the amount for which the Company would otherwise be liable under this Coverage is reduced. The Company may take such means as in the opinion of the Company reduce or avert interruption of business at the Location or supply the functions of the Location in some other way.

10.3.8. COMMENCEMENT OF LIABILITY

The commencement of the Company's liability under this Coverage shall be (1) the time of the Accident or (2) twenty-four (24) hours before notice of the Accident is received by the Company, whichever is later. If the time in effect at the address to which the notice is sent is different from that in effect at the Location where the Accident occurred, the time of the receipt of such notice, for the determination of the Commencement of Liability, shall be considered on the basis of the time in effect where the Accident occurred.

10.3.9. COINSURANCE

The Company shall not be liable under this Coverage for the payment of a greater proportion of the amount of loss resulting from any One Accident, than the Limit of Liability specified in the Declarations for this Coverage bears to the amount obtained by applying the Coinsurance Percentage specified in the Declarations for this Coverage to the "Gross Rent or Rental Value" of the Location estimated for the twelve month period immediately following the date of the Accident had the Accident not occurred.

10.3.10. WAITING PERIOD

If a number of hours is specified in the Declarations for this Coverage, but not otherwise, the Company shall not be liable for any loss and expense during any period prior to the specified hour after the Commencement of Liability as provided in Condition 10.3.8.

10.3.11. DEDUCTIBLE

If an amount is specified in the Declarations for this Coverage, but not otherwise, such amount shall be deducted from the total amount of any loss and expense for which the Company is liable under this Coverage for any One Accident, and no liability shall exist for such amount deducted.

10.3.12. ADJUSTMENT OF PREMIUM

If, within ninety (90) days of the annual anniversary dates of this policy, the Insured shall file with the Company a statement showing, as respects the immediately previous annual period of the policy, that the amount obtained from the product of (a) the Rent or Rental Value of the Location for such immediately previous annual period of the policy, ascertained by the Insured, and (b) the Coinsurance Percentage specified in the Declarations for this Coverage, is less than the Limit of Liability specified in the Declarations for this Coverage, then the Company will allow, in respect of the difference, a return premium to the Insured not exceeding 50% of the premium paid by the Insured under this Coverage for the immediately previous annual period. In the event of a loss originating under this Coverage during the term of the policy, the premium for the full term of the policy on the full amount paid or payable for such loss shall be regarded as earned and no return premium shall be made in respect thereof. The Company reserves the right to inspect the Insured's books and records for verification of any statement filed for the purpose of adjusting the premium for this Coverage.

SECTION B

10.4 COVERAGE: SPOILAGE

10.4.1. COVERAGE AGREEMENT

The Company hereby agrees:

- a) to pay the Insured the amount of loss to Specified Property of the Insured;
- b) to pay the amount of loss to Specified Property of others in the care, custody or control of the Insured and for which the Insured is legally liable; and
- c) to pay that amount of expense which is reasonably incurred by the Insured to reduce or avert such loss, but only to the extent that the total amount that otherwise would have been paid under parts a) and b) above is thereby reduced; provided such loss or expense is due to spoilage from lack of power, light, heat, steam or refrigeration, resulting solely from an Accident, which occurs while this Coverage is in effect, to an Object which is in use or connected ready for use at a Location(s) specified on the Declarations Page, subject to the Limit of Liability specified in the Declarations for this Coverage.

10.4.2. ADDITIONAL EXCLUSIONS

The Company shall not be liable for payment:

- a) for any loss resulting from the failure of the Insured to use due diligence and dispatch and all reasonable means to protect the Specified Property from damage, following the Accident;
- b) as respects the Specified Property damaged or destroyed, for more than the actual cash value thereof at the time of the Accident, with proper deductions for depreciation, however caused.

10.4.3. DEFINITIONS

"Specified Property" shall mean that Insured Property described in the Declarations for this Coverage only while at a Location(s) specified on the Declarations Page.

10.4.4. REDUCTION OF PAYMENT

As soon as possible after an Accident, the Insured shall utilize every available means to reduce the loss, including surplus machinery, duplicate parts, equipment, supplies and surplus or reserve stock, which may be owned, controlled or obtainable from other sources, all to the extent that the amount for which the Company would otherwise be liable under this Coverage is reduced.

The Company may take such means as will in the opinion of the Company reduce or avert the loss, in whole or in part, including the disposition of salvage of Specified Property. All extra expense so incurred by the Insured as permitted in part c) of the Coverage Agreement or by the Insured at the written direction of the Company or by the Company, shall be a part of and not in addition to the Limit of Liability specified in the Declarations for this Coverage.

10.4.5. COINSURANCE

If a Coinsurance Percentage is specified in the Declarations for this Coverage, the Company shall not be liable for the payment of a greater proportion of the amount of loss than the Limit of Liability specified in the Declarations for this Coverage bears to the amount obtained by applying the Coinsurance Percentage, to the total actual cash value, at the time of the Accident, of all Specified Property.

10.4.6. DEDUCTIBLE

The amount specified in the Declarations for this Coverage shall be deducted from the total amount of any loss and expense for which the Company is liable under this Coverage for any One Accident, and no liability shall exist for such amount deducted.

SECTION C

10.5 OTHER COVERAGES AND LIMITS

10.5.1. AUTOMATIC COVERAGE

The Company shall be liable for loss under Coverage described in Sections A and B from an Accident at a Location newly acquired by the Insured subject to the following conditions:

- a) the Insured notifies the Company in writing within ninety (90) days after the date the Location is acquired;
- b) the newly acquired Location is in Canada;
- c) the Insured agrees to pay an additional premium for insurance from the date the Location is newly acquired in accordance with the Company's Manual of Rates;

- d) the Deductible amount for such Coverage will be the highest amount shown in the policy for loss applicable to each Coverage; and the limit of the Company's liability shall be the lesser of:
- i) the Limit of Liability applicable to each Coverage; or
 - ii) the Limit of Liability specified in the Declarations for Automatic Coverage.

10.5.2. DEMOLITION AND INCREASED COST OF CONSTRUCTION

The Company shall be liable under Coverage described in Section A for the increased cost of repair or replacement of damaged and/or undamaged Insured Property (including any necessary demolition and site clearing costs) occasioned by the enforcement of any law, by-law, ordinance, regulation, rule or ruling which is in force prior to the time of the Accident and which regulates or restricts the repair, replacement, construction or installation.

The Company shall also be liable for loss under Coverage described in Section B of the policy during the additional time required, with the exercise of due diligence and dispatch, to effect such repair or replacement as a result of the enforcement of said law, by-law or ordinance.

The Company shall not be liable under Coverage described in Sections A or B for:

- a) any expense in excess of the cost at the time of the Accident to replace the said property on the same site or a site adjacent thereto with property of such kind, capacity, size, quality and function as will satisfy the minimum requirements prescribed by any law, by-law, ordinance, regulation, rule or ruling. In the event the replacement is by property of a better kind or quality or of a larger capacity or size, the liability of the Company shall not exceed the amount that would be paid if replacement had been made by property as would satisfy such minimum requirements.
- b) any increase in loss occasioned by enforcement of any law, by-law, ordinance, rule or ruling affecting the use or operation of the Location or any Object;
- c) loss or expense excluded by Section D, Exclusions 3(b) and or 3(c) of the Boiler policy;
- d) loss in excess of the Limit of Liability specified in the Declarations for Demolition and increased Cost of Construction.

10.5.3. HAZARDOUS SUBSTANCES

If a Hazardous Substance is involved in or released by an Accident, the Company shall be liable under Coverage described in Section A for the increase in cost to repair, replace, clean up or dispose of affected Insured Property, however the limit of the Company's liability for such increase shall not exceed the amount specified in the Declarations for Hazardous Substances.

The Company shall not be liable for any increase in loss under any Coverage described in Section B. The Company shall not be liable under this Coverage for loss or damage caused by Ammonia Contamination.

As respects this Coverage, the "Increase in Cost" or "Increase in Loss" shall mean that cost or loss beyond that which would have been incurred had no Hazardous Substance been present.

10.5.4. WATER DAMAGE

The limit of the Company's liability for loss under Coverage described in Section A for loss to Insured Property damaged by water, including salvage expense, as a direct result of an Accident to any piping described in the definition of Object shall not exceed the amount specified in the Declarations for Water Damage.

10.5.5. AMMONIA CONTAMINATION

Where ammonia is used as a refrigerant, the Company shall be liable under Coverage described in Sections A and B for loss or damage caused by ammonia contacting Insured Property as a direct result of an Accident to any refrigerating or air conditioning vessels and piping described in the definition of Object.

The limit of the Company's liability under Coverage described in Section A shall not exceed the amount specified in the Declarations for Ammonia Contamination. If a separate Deductible Amount is shown for Ammonia Contamination, such amount shall apply to loss under Coverage described in Section A.

10.5.6. PROFESSIONAL FEES

The Company shall be liable under Coverage described in Sections A and B for the reasonable and necessary fees authorized by the Company and payable to auditors, accountants, lawyers, architects, engineers or other professionals for producing and certifying information required by the Company to establish the amount payable under the policy. This Coverage does not apply to either the insured's own employees or to Public Adjusters.

The limit of the Company's liability under this Coverage shall not exceed the amount specified in the Declarations for Professional Fees

10.5.7. EXPEDITING EXPENSES

If there is an Accident the Company shall be liable for the reasonable extra cost, including overtime and the extra cost of express or rapid means of transportation, necessary to:

- a) make temporary repairs;
- b) expedite permanent repairs; or
- c) expedite permanent replacement of the object or other injured Property which was damaged.

The Company shall not be liable for the following costs:

- a) those related to equipment or other property installed to replace the function of the damaged property on a temporary basis; or
- b) those in excess of an amount equal to that payable under Coverage described in Section A.

10.5.8. DATA AND MEDIA RESTORATION

If, solely as a result an Accident to an Object, Data or Media is lost or damaged, the Company shall be liable under Coverage described in Section A for the additional costs or replacing such Data or Media, including the cost of gathering or assembling information.

The company shall not be liable for loss or damage caused by or resulting from programming errors, nor for loss in excess of the amounts specified in the Declarations for Data and Media.

10.5.9. SERVICE INTERRUPTION

With respect to Coverage described in section B, the Company shall be liable for loss under said Coverage from an Accident to equipment not owned or operated by the Insured, which is used to supply steam, gas, air, water, refrigeration, electricity or telephone services to the named location described on the Declaration provided that the equipment:

- (a) is of a type described in the definition of Object;
- (b) is located on or within three hundred (300) meters of the Location; and
- (c) is owned either by the building owner at the Location, a public utility or a company contracted by the insured for said services.

SAMPLE

SECTION D

10.6 EXCLUSIONS

This policy does not insure:

1. loss caused by or resulting from:
 - a) an Accident caused directly or indirectly by nuclear reaction, nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, or
 - b) nuclear reaction, nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, caused directly or indirectly by, contributed to or aggravated by an Accident, nor shall the company be liable for any loss covered in whole or in part by any contract of Insurance, carried by the Insured, which also covers any hazard or peril of nuclear reaction or nuclear radiation;
2. loss from an Accident caused by or resulting from:
 - a) war, bombardment, invasion, insurrection, rebellion, revolution, military or usurped power, enemy attack including any action or measure taken in resisting, combating or delaying the enemy,
 - b) operations or armed forces while engaged in hostilities, whether war be declared or not, or
 - c) riot, civil commotion or sabotage, but unless associated with the foregoing loss under the policy from an Accident caused by vandalism or malicious acts of others is covered;
3.
 - a) any increase in loss necessitated by any ordinance, law, regulation, rule or ruling regulating or restricting repair, replacement, alteration, use, operation, construction or installation,
 - b) any increase in loss as a result of damage, contamination or pollution by a substance declared to be a contaminant, pollutant or hazardous substance by an authorized governmental agency,
 - c) any increase in loss or additional expenses incurred for cleanup, repair, replacement or disposal of damaged, contaminated or polluted property. As used herein "additional expenses" shall mean expenses incurred beyond those for which the Company would have been liable had no contaminant, pollutant or hazardous substance been involved in the Accident, except as specifically provided under Coverage described in section C;
4. loss from an Accident caused by or resulting from:
 - a) earth movement, including but not limited to earthquake, landslide, mud flow, subsidence, volcanic eruption, tidal wave or tsunami,
 - b) wind, including but not limited to cyclone, tornado or hurricane
 - c) fire, smoke or combustion explosion;
 - d) water or other means used to extinguish a fire, or
 - e) lightning, if coverage for that cause of loss is provided by any other policy of insurance in effect at the time of the loss;
5. loss caused by or resulting from:
 - a) fire, smoke or combustion explosion that occurs concomitant with or that ensues from an Accident; however only with respect to any Object which is an electrical or electronic machine or apparatus this exclusion shall read "a) fire, smoke or combustion explosion outside the Object that occurs concomitant with or that ensues from an Accident"
 - b) flood, unless an Accident to an Object ensues then the company shall be liable only for loss from such ensuing Accident, or
 - c) escape of water resulting from an Accident if coverage is provided by any other policy of insurance in effect at the time of the loss;
6. loss caused by or resulting from:
 - a) delay or interruption of business, manufacturing or process,
 - b) lack of power, light, heat, steam or refrigeration, or
 - c) any other indirect result of an Accident, except as specifically provided under Coverage described in Section B.

thirty (30) days, unless a number of days is specified in the Declarations as Cancellation, before coverage ends if cancellation is for any other reason.

If cancellation by the Company is by mail, notice will be given by registered mail and the notice period will begin on the day after it arrives at the post office from which it is delivered to the insured. If the Insured cancels, the Company will refund to the Insured 75% of the pro-rata unearned premium. If the Company cancels, the Company will refund to the Insured the pro-rata unearned premium. Such refund will be made as soon as possible after the cancellation becomes effective.

SECTION E

10.7 DEFINITIONS AND SPECIAL PROVISIONS - PRESSURE, MECHANICAL AND ELECTRICAL EQUIPMENT (Excluding Production Machines)

DEFINITIONS

10.7.1 ACCIDENT

"Accident" shall mean a sudden and accidental breakdown of an Object or a part thereof, which manifests itself at the time of its occurrence by physical damage to the Object or a part thereof that necessitates its repair or replacement, but Accident shall not mean:

- a) depletion, deterioration, corrosion or erosion of material;
- b) wear and tear;
- c) leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
- d) vibration or misalignment;
- e) the breakdown of any structure or foundation supporting the Object or any part thereof;
- f) the functioning of any safety device or protective device; nor
- g) the cracking of any part of a gas turbine exposed to the products of combustion.

10.7.2. OBJECT

"Object" shall mean any equipment owned, leased, operated or controlled by the Insured and described below, subject to the exclusions specified herein:

- a) any boiler, any fired or unfired pressure vessel normally subject to vacuum or internal pressure other than static pressure of contents, any refrigerating or air conditioning vessels and piping or any other piping and its accessory equipment, but Object shall not include
 - i. any boiler setting, any refractory or insulating material;
 - ii. any part of a boiler or fired vessel that does not contain steam or water;
 - iii. any hose, buried piping, sewer piping, drainage piping, sprinkler system or its accessory equipment; nor
 - iv. any oven, stove, furnace or kiln but not excluding heat recovery piping or pressure vessels used therewith;

- b) any mechanical or electrical machine or electrical apparatus used for the generation, transmission or utilization of mechanical or electrical power, but Object shall not include:
- 1) any elevator, escalator, crane or hoist;
 - 2) any oven, stove, furnace or kiln;
 - 3) any maintenance machine; nor
 - 4) any complete production machine or apparatus which processes, forms, cuts, shapes, grinds or conveys raw materials, materials in process or finished product, any equipment forming a part of the driving or controlling mechanism for such production machine or apparatus; but not excluding
 - a. any pump, compressor, fan, blower, engine or turbine;
 - b. any separate enclosed gear set connected to such machine or apparatus by a coupling, clutch or belt;
 - c. any electrical equipment; nor
 - d. any electronic equipment used solely to start, stop, control or monitor one or more insured Objects;
 - i. any vehicle, power shovel, excavator, dragline or other mobile equipment, but not excluding any electrical equipment used with such machine or apparatus;
 - ii. any electronic equipment used for the generation, control, transmission, reception, recording, reproduction, playback or other use of television, radio or telephone signals;
 - iii. any electronic equipment used for research, diagnostic, treatment, experimental or other medical or scientific purposes;
 - iv. any electronic equipment used for computing, data processing, duplicating, inventory control, monitoring, scanning or other electronic office equipment but not excluding such equipment used primarily to start, stop, control or monitor one or more insured Objects; nor
 - v. any conveyor belt.

10.7.3. ONE ACCIDENT

If either an Accident to an Object causes an Accident simultaneously to another Object, or a series of Accidents occur simultaneously as a result of the same cause, they will be considered as One Accident

10.7.4. INSURED PROPERTY

Insured Property is:

- a) property owned by the Insured;
- b) property of others in the care, custody or control of the Insured for which the Insured is legally liable.

10.7.5. HAZARDOUS SUBSTANCE

A hazardous substance is any pollutant, contaminant or other substance declared by a governmental authority to be hazardous to health or the environment.

10.7.6. DATA

Data means facts, information, knowledge or software in a machine readable form capable of being processed by data processing or other computerized equipment.

10.7.7. MEDIA

Media means material on which Data is recorded, such as magnetic tapes, hard disks or floppy disks.

10.7.8. LOCATION

Location means the premises owned by, leased by or occupied by the Insured.

10.7.9. SPECIAL PROVISIONS

1. As respects any Object, the Company shall not be liable for loss from an Accident while such Object is undergoing any pressure test, an insulation breakdown test or is being dried out.
2. As respects any newly acquired Object, the Company shall not be liable for loss from an Accident until such Object has been installed at the Location, tested, including performance and operational testing, and contractually accepted by the Insured. This provision shall not apply to any Object which is acquired to spare existing operating equipment.
3. As respects any boiler or fired vessel, the Company shall not be liable for loss from an explosion of gas or unconsumed fuel within the furnace of such Object or within the passages from the furnace to the atmosphere, whether or not such explosion is (a) contributed to or aggravated by an Accident to any part of said Object that contains steam or water, or (b) is caused in whole or in part, directly or indirectly, by an Accident to any Object, or part thereof.
4. As respects any boiler of the chemical recovery type, the Company shall not be liable for loss from an explosion within the furnace of any such boiler or within the passages from the furnace to the atmosphere, whether or not such explosion (a) is contributed to or aggravated by an Accident to such boiler, or (b) is caused in whole or in part, directly or indirectly, by any Accident to any Object, or part thereof.
5. As respects any boiler which uses a heat transfer medium other than water, such heat transfer medium and its vapour shall be considered as substituted for the words "water" and "steam" wherever such words appear in the definition of Object.
6. As respects any unfired vessel which is used for the storage of gas or liquid and which is periodically filled, moved, emptied and refilled in the course of its normal service, such vessel shall be considered as "connected ready for use" within the terms of the policy.
7. As respects any oven, stove, furnace or kiln, the Company shall not be liable for loss from an explosion within said equipment whether or not such explosion (a) is contributed to or aggravated by an Accident to any Object, or (b) is caused in whole or in part, directly or indirectly by an Accident to any Object, or part thereof.
8. The Company shall not be liable for loss resulting from an Accident to any Object which is shown in the policy as an "Uninsured Object".

SECTION F

10.8 CONDITIONS

10.8.1. POLICY

The policy includes the Insuring Agreement, Declarations, any Forms and Endorsements specified in the Declarations together with any other Endorsements to the policy subsequently issued. Wherever in the policy reference is made to an Endorsement which has been cancelled and replaced by another Endorsement, such reference shall be understood to refer to the replacing Endorsement.

10.8.2. POLICY PERIOD

For the Company to be liable under the policy, the Accident must occur within the Policy Period shown in the Declarations. Coverage begins and ends at 00:01 Standard Time at the Location where the Accident occurs.

10.8.3. ADDITIONAL INSURED

Any person or organization named in the policy as an "Additional Insured" shall be considered as an Insured under the policy only as respects their interest in the Property Insured. The naming of any Additional Insured shall not serve to increase the liability of the Company under this policy for loss from any One Accident.

10.8.4. EXAMINATION OF BOOKS AND RECORDS

The Company may examine and audit the books and records of the Insured as they relate to the policy at any time during the Policy Period and up to three years thereafter.

10.8.5. INSPECTION

The Company has the right to inspect any Object at any reasonable time. Neither the right to make inspections nor the making of them is an undertaking to the Insured or others that such Object is safe and not hazardous or injurious to health.

10.8.6. SUSPENSION

Upon the discovery of any Object in or exposed to a dangerous condition, any representative of the Company may immediately suspend the insurance against loss from an Accident to that Object by giving written notice to the Insured either by mail, by facsimile or in person at the mailing address shown in the policy or at the Location of the Object. Once the insurance has been suspended, it can only be reinstated by an Endorsement to the policy issued by the Company. The Insured shall be allowed the unearned pro-rata portion of the premium for that Object for the period that the insurance is suspended, such allowance to be paid at the expiration of the policy period.

10.8.7. CHANGES

The policy contains all the agreements between the Company and the Insured concerning the insurance afforded. Notice to any agent or broker shall not effect a change in any part of this policy nor estop the Company from asserting any rights under the policy. The terms of the policy may be changed only by an Endorsement to the policy issued by the Company.

10.8.8. TRANSFER OF INTEREST

The interest of the Insured in the policy can only be transferred or assigned with the agreement of the Company in writing, except when bankruptcy, insolvency or death occurs. In such cases, the Company will cover the Insured's legal representative as the Insured if written notice is given to the Company within sixty (60) days after the date of the bankruptcy, insolvency or death.

10.8.9. MORTGAGEE INTEREST

If a Mortgagee is named in the policy with respect to any insured Location, loss on the property of the Insured at the Location shall be paid jointly to the Insured and the Mortgagee as their interest may appear. While the Company has the right to cancel the policy, if a Mortgagee is named, the Company agrees to mail to the Mortgagee at the address of the Mortgagee shown in the policy, a copy of the cancellation notice that has been mailed or delivered to the Insured, and as respects the interest of the Mortgagee, the cancellation shall be effective at the time specified in said notice but in no event earlier than fifteen (15) days after the date of mailing to the Mortgagee. If the Insured cancels the policy, the Company agrees to mail to the Mortgagee details of such request and as respects the interest of the Mortgagee, the cancellation shall not be effective until fifteen (15) days after the date of mailing of such details. Suspension of coverage, as described in Condition 6, will suspend all insurance including the Mortgagee's interest. However, the Company agrees to furnish a copy of the suspension notice to the Mortgagee at the address of the Mortgagee shown in the policy.

10.8.10. CANCELLATION

The policy may be cancelled at any time by the Company or by the Insured. The Insured may cancel by notifying the Company in writing of the date thereafter the cancellation will be effective. The Company may cancel either by mailing or delivering to the Insured, at the mailing address shown in the policy, written notice stating the date of cancellation of the policy. The Company will notify the Insured at least:

- a) fifteen (15) days before coverage ends if cancellation is for non-payment of premium; or
- b) thirty (30) days, unless a number of days is specified in the Declarations as Cancellation, before coverage ends if cancellation is for any other reason.

If cancellation by the Company is by mail, notice will be given by registered mail and the notice period will begin on the day after it arrives at the post office from which it is delivered to the Insured. If the Insured cancels, the Company will refund to the Insured 75% of the pro-rata unearned premium. If the Company cancels, the Company will refund to the Insured the pro-rata unearned premium. Such refund will be made as soon as possible after the cancellation becomes effective.

10.8.11. SPECIAL PROVISIONS

In the event that an Accident occurs to an Object to which any Special Provision applies, the Company's liability for loss under all Coverages shall be subject to such Special Provision.

10.8.12. NOTICE OF LOSS

When an Accident occurs which may result in loss under the policy, the Insured or his representative must notify the Company immediately and provide written confirmation by telegram, by letter or by facsimile as soon as possible. Any delay in notifying the Company may affect the amount of loss recoverable under the policy.

10.8.13. DUTIES IN THE EVENT OF LOSS OR DAMAGE

In the event of loss or damage which may result in a claim under this policy, the Insured:

- a) must take the measures necessary to salvage or protect Insured Property from further damage. The Insured must, however, allow the Company reasonable time and opportunity to examine the damaged property before repairs are undertaken or physical evidence of the Accident is removed;
- b) must assist the Company in investigating and adjusting the claim, including making property and records available and permitting the questioning of employees about any matter relating to the insurance or the claim;
- c) must send the Company a signed statement of loss containing the information the Company requires to settle the claim; and
- d) must not voluntarily incur any expense, other than at the Insured's own cost, except as expressly permitted in this policy.

10.8.14. LIMIT OF LIABILITY

With respect to any Coverage provided by this policy, the liability of the Company on account of any One Accident shall not exceed the Limit of Liability specified in the Declarations. The Limit of Liability specified for each Coverage under Sections A and B shall apply separately. The Limits of Liability specified for each Coverage under Section C shall be a part of and not in addition to the limits specified for the Coverage under Sections A and B to which they apply.

If more than one Insured is named in the policy, the Company shall not be liable for an amount in excess of that for which it would have been liable had only one Insured been named. Any payment for which the Company is liable with respect to any Coverage shall be considered a loss under that Coverage.

10.8.15. SUBROGATION

Upon assuming liability or making any payment under this policy, the Company shall be subrogated to the Insured's rights of recovery therefore against any person or organization. The Insured must provide any legal documents and other assistance required by the Company to pursue such rights. The Insured shall do nothing after the Accident to waive or prejudice these rights of recovery.

10.8.16. OTHER INSURANCE

If the Insured has other insurance which would apply to a loss covered by this policy had this policy not existed, then to the extent not in conflict with Guiding Principles, the insurance hereunder shall apply only as excess insurance over such other insurance, provided however,

- a) that in the event that such other insurance contains a similar excess other insurance clause, this Company shall be liable and only liable under this policy for the proportion of the said loss that the amount which would have been payable under this policy on account of the loss, had no other insurance existed, bears to the combined total of the said amount and the amount which would have been payable under all other insurance on account of the loss had there been no insurance under this policy;
- b) that in the event that such other insurance is insurance of a class other than boiler and machinery insurance, this Company shall be liable for and only for the proportion of the said loss set out in sub-paragraph (a) above.

10.8.17. INSURERS AGREEMENT

With respect to the insurance provided under this policy;

- a) if on the date of loss, there is valid property insurance in force covering property or other insurable interest of the Insured involved in the loss, and
- b) if there is a disagreement between the Company and the property Insurer as to either (a) which Insurer is liable, or (b) the proportion of loss to be paid by each Insurer, then, upon the written request of the Insured, the Company shall settle the loss in accordance with the "Agreement Respecting Disputed Losses Between Property Insurance and Boiler and Machinery Insurance Policies" of the Insurance Bureau of Canada providing the property Insurer is a signatory to that Agreement or has agreed in writing to be bound by its acts.

10.8.18. ACTION AGAINST THE COMPANY

No action may be taken against the Company in connection with this policy unless the Insured has first complied with all of its terms and conditions nor unless commenced within fourteen (14) months from the date of the Accident.

11. FLOOD INSURANCE ENDORSEMENT

This Form provides the following Extension of Coverage, but only when such Extension of Coverage is listed on the Declaration Page along with an applicable limit. This form is attached to the Building, Equipment & Stock Broad Form Wording.

IT IS HEREBY AGREED THAT:

This insurance is hereby extended to include loss or damage caused directly by the peril of flood subject to the following conditions:

FLOOD

For the purpose of this endorsement, flood shall mean the rising of, the breaking out or the overflow of any body of water whether natural or man-made and includes waves, tides and tidal waves and tsunamis.

DEDUCTIBLE

The Insurer is liable for the amount by which loss or damage caused by flood exceeds the amount of the deductible specified in the Declarations for Flood in any one occurrence.

EXCLUSIONS

This endorsement does not cover loss or damage caused directly or indirectly by:

- (a) water which backs up through sewers, sumps, septic tanks, or drains;
- (b) water below the surface of the ground including that which exerts pressure on or flows, seeps, or leaks through sidewalks, driveways, foundations, walls, basement or other floors, or through doors, windows, or other openings in such sidewalks, driveways, foundations, walls, or floors;
- (c) any of the following perils whether or not caused by or attributable to flood: fire, explosion, smoke, "leakage from fire protective equipment" or from a watermain, theft, riot, vandalism or malicious acts.

EXTENSIONS

The Insurer shall be liable for loss or damage to the property insured caused by wind, hail, rain, or snow entering a building through an opening in the roof or walls directly resulting from a flood.

ANNUAL AGGREGATE LIMIT

If an Annual Aggregate Limit is specified in the Declarations with respect to this endorsement, the said limit is the maximum payable by the Insurer in each "annual period".

DEFINITIONS

"Annual period" means that each consecutive period of one year commencing from the inception date of this policy, or if the last consecutive period is less than twelve (12) months, such period of less than twelve (12) months.

PRO-RATE CLAUSE

The Insurer shall only be liable for that proportion of a loss payable under this endorsement with the amount insured hereunder bears to the total amount of insurance covering the peril of fire on the same property. If the policy covers two or more items, this provision shall apply to each item separately.

EXCEPT AS OTHERWISE PROVIDED IN THIS ENDORSEMENT ALL TERMS, PROVISIONS AND CONDITIONS OF THE POLICY SHALL HAVE FULL FORCE AND EFFECT.

12. EARTHQUAKE ENDORSEMENT

This Form provides the following Extension of Coverage, but only when such Extension of Coverage is listed on the Declaration Page along with an applicable limit. This form is attached to the Building, Equipment & Stock Broad Form Wording.

This insurance is hereby extended to include loss or damage caused directly by the peril of earthquake subject to the following conditions:

EARTHQUAKE

For the purpose of this endorsement, earthquake shall include snowslide, landslide or other earth movements occurring concurrently with and directly resulting from an earthquake shock.

Each loss caused by earthquake shall constitute a single claim hereunder, provided that more than one earthquake shock occurring within any one hundred and sixty-eight (168) hours during the term of this policy shall be deemed a single earthquake within the meaning hereof. Notwithstanding the foregoing, the Insurer shall not be liable for any loss or damage caused by any earthquake shock occurring before this endorsement becomes effective nor for any loss or damage caused by any earthquake shock occurring after the expiration of this policy.

DEDUCTIBLE

The Insurer is liable for the amount by which the loss or damage caused by earthquake exceeds the amount of the deductible specified in the Declarations for Earthquake in any one occurrence. If a percentage is specified, the amount of the deductible shall be that percentage of the actual cash value (or for those items subject to a replacement cost endorsement, the replacement cost) of the insured property or interest, subject to a minimum dollar deductible if specified in the Declarations.

EXCLUSIONS

This endorsement does not cover loss or damage caused directly or indirectly by any of the following perils whether or not caused by or attributable to earthquake: fire, explosion, smoke, leakage from fire protective equipment, theft, riot, vandalism or malicious acts, flood of any nature, waves, tides, tidal waves, high water, waterborne objects or ice.

EXTENSIONS OF COVERAGE

The Insurer shall be liable for loss or damage to the property insured, caused by wind, hail, rain or snow entering a building through an opening in the roof or walls directly resulting from an earthquake.

ANNUAL AGGREGATE LIMIT

If an Annual Aggregate Limit is specified in the Declarations with respect to this endorsement, the said limit is the maximum payable by the Insurer in each "annual period".

DEFINITIONS

"Annual period" means each consecutive period of one year commencing from the inception date of this policy, or if the last consecutive period is less than twelve (12) months, such period of less than twelve (12) months.

PRO RATA CLAUSE

The Insurer shall only be liable for that proportion of a loss payable under this endorsement which the amount insured hereunder bears to the total amount of insurance covering the peril of fire on the same property. If the policy covers two or more items, this provision shall apply to each item separately.

Except as otherwise provided in this endorsement all terms, provisions and conditions of the policy shall have full force and effect.

13. SEWER BACK-UP ENDORSEMENT

This Form provides the following Extension of Coverage, but only when such Extension of Coverage is listed on the Declaration Page along with an applicable limit. This form is attached to the Building, Equipment & Stock Broad Form Wording.

This insurance is hereby extended to include loss or damage caused directly by the peril of sewer back-up subject to the following conditions:

SEWER BACK-UP

For the purpose of this endorsement, sewer back-up shall mean water which backs up through sewers, sumps, septic tanks or drains.

DEDUCTIBLE

The Insurer is liable for the amount by which the loss or damage caused by sewer back-up exceeds the amount of the deductible specified in the Declarations for Sewer Back-Up in any one occurrence.

EXCLUSIONS

This endorsement does not insure damage caused by:

- (a) continuous or repeated seepage or leakage;
- (b) occurring while the building is under construction or is vacant, even though permission may have been given for construction or vacancy.

Except as otherwise provided in this endorsement all terms, provisions and conditions of the policy shall have full force and effect.

SAMPLE

SECTION 2

BOAT DEALER'S INSURANCE POLICY

THIS FORM ONLY APPLIES IF INDICATED "COVERED" AND LIMITS SHOWN ON THE DECLARATIONS PAGE(S).

2.a. - Direct Damage

2.a.1. Property Covered

To cover in respect to all new and used private pleasure type inboard motor boats, sailboats, outboard motors, outboard motor boats, boattrailers, and marine supplies held for sale or used as demonstrators, the property of the Insured or the property of others for which the Insured may be legally liable.

This insurance covers while the said property is:

- (a) In transit to or from the premises of the Insured by approved carrier or the Insured's own conveyance within Canada or Continental Limits of the United States, including while on the premises of the manufacturer from the time title has passed to the Insured if this occurs prior to the time the property actually leaves the premises of the manufacturer;
- (b) Afloat or ashore at the Insured's premises situated at the locations shown in the Policy, but subject always to Lay-Up Warranty;
- (c) Navigating for the purpose of demonstration or testing;

Any runabout, utility or open skiff, powered by more than 50 horsepower and less than 24 feet in overall length shall be subject to the following:

Underwriters shall not be liable for any loss of or damage to any propeller, shaft, strut bearing, rudder or machinery inside or outside the hull unless caused by fire, collision with another vessel, or sinking from an accident insured against.

2.a.2 Perils Insured Against

The property covered by this policy is insured against all risks of direct physical loss or damage except as may be hereinafter excluded, providing such loss or damage has not resulted from want of due diligence by the Insured or their servants.

2.a.3 Exclusions

This insurance does not cover against loss or damage caused by or resulting from:

- (a) Wear and tear, gradual deterioration, inherent vice, marine borers, vermin, repair or replacement of a part in which a latent defect is found, loss or damage caused by or resulting from any lack of reasonable care in the maintenance or operation of the property.
- (b) Theft of equipment, unless coincident with theft of the entire boat or unless there be evidence of forcible entry.
- (c) Loss, damage or expense caused by or in consequence of ice and/or freezing while afloat.
- (d) Unexplained loss, mysterious disappearance or loss or shortage disclosed during the taking of inventory.
- (e) Misappropriation, secretion, conversion, infidelity or any dishonest act on the part of the Insured or his or their employees or others to whom the property may be entrusted (carriers for hire excepted) whether or not such act or acts occurred during the regular hours of employment.
- (f) Marring, scratching, denting, and chipping, while in transit by land, unless caused by fire, lightning, cyclone, tornado, windstorm, flood, collision, derailment, or overturn of the transporting conveyance.
- (g) Loss of time or market or damage or deterioration arising from delay, whether such delay be caused by a peril insured against or otherwise.
- (h) Loss of or damage to boats leased or chartered to others, or sold by the Insured under an instalment plan, conditional sale, mortgage or similar arrangement.

2.a.4 Collision Liability Clause

If any pleasure craft covered hereunder shall come into collision with any other ship or vessel and the Insured shall, in consequence thereof, become liable to pay and shall pay by way of damages to any other person or persons any sum or sums not exceeding in respect of any one such collision the value of such vessel as agreed to under the Valuation Clause, Underwriters will pay the Insured such sum or sums so paid up to the amount hereby insured. And in cases where the liability of the Insured has been contested, with the written consent of Underwriters, we shall also pay the costs thereby incurred or paid, but when both vessels are to blame, then unless the liability of the owners of one or both of such vessels becomes limited by law, claims under this clause shall be settled on the customary principles of Cross Liabilities, provided always that the foregoing clause shall in no case extend to any sum or sums which the Insured may become liable to pay or shall pay for removal of obstructions under statutory powers, for injury to harbours, wharves, piers, stages and similar structures, consequent upon such collisions, or in respect of the cargo or engagements of such vessel, or for loss of life or personal injury.

2.a.5 Sue and Labour

In case of any loss or misfortune, it shall be lawful and necessary for the Insured, their factors, servants and assigns, to sue, labour and travel for, in and about the defense, safeguard and recovery of the Property or any part thereof, without prejudice to this insurance; the charges whereof, Underwriters will pay, but, Underwriters' liability shall not exceed the vessel's value as agreed to under the Valuation Clause. And it is especially declared and agreed that no acts of the Insured or Underwriters in recovering, saving or preserving, the property insured, shall be considered as a waiver or an acceptance of abandonment.

2.a.6 New for Old

In the event of claims, cost of repairs to be paid without deduction "new for old". However, the Insured specifically agrees that in respect to loss or damage to:

1. The canvas outfit and all sails, if covered hereunder, adjustment shall be made on the basis of the actual cash value at the time of the loss or damage.
2. Any plywood, metal, plastic or fibreglass portions of the Boat, Underwriters shall not be liable for more than:
 - (a) the cost of making the repairs in accordance with the customary and generally accepted repair practices,
 - or
 - (b) an amount not exceeding the cost of making repairs in accordance with any specific and recommended repair specifications of the Manufacturers of the boat;whichever is the least amount. This principle shall also govern in determining whether or not the Boat is a constructive total loss.

2.a.7 Constructive Total Loss

No claim for constructive total loss shall be recoverable hereunder unless the expense of recovering and repairing the Property shall exceed the value as agreed to under the Valuation Clause and in no case shall Underwriters be liable for unrepaired damage in addition to a subsequent Total Loss sustained during the period covered by this Policy.

2.a.8 Release of Carrier

The Insured, by the acceptance of this Policy warrants and agrees that no special agreement will be made releasing or limiting the liability of any carrier or bailee. However, privilege is hereby granted the Insured to accept Ordinary Bills of Lading or Receipts issued by the carrier, but it is agreed that the Insured shall not enter into any special agreement releasing the carrier from its common law or statutory liability.

2.a.9 Valuation

It is understood and agreed that Underwriters shall not be liable for more than:

- (a) The Insured's cost (including freight, and other expenses) on any new boat as supported by the Insured's records;
 - (b) The actual cash value of any used or second-hand boat;
 - (c) The Insured's liability for any boat consigned to the Insured for sale, but not exceeding the actual cash value; whichever amount shall apply.
- With permission for vessels to participate at Boat Shows, including transit to and from such shows, on terms to be agreed, subject to prior notice to Insurer hereon.

2.a.10 Reporting

The Insured, by acceptance of this Policy, and with respect to coverage provided hereunder, warrants and agrees to keep complete and accurate records of property insured hereunder, which records shall be open to examination by representatives of Underwriters at all times during business hours and further agrees to report to Underwriters as indicated in the Policy.

2.a.11 Surveys

It is further understood and agreed that the Insured shall undertake to survey any vessel however acquired, in excess of ten years of age, and submit such surveys with relevant monthly reporting of values.

2.a.12 Warranted

Insured or competent employee of the Insured will always be on board during demonstrations of any vessel hereunder.

Demonstrations of vessels insured hereunder, shall not be considered to include demonstrations in races or tournaments.

Navigation in connection with coverage provided hereunder shall be confined to 25 statute miles of the Insured's location specified under "Location".

2.b Protection & Indemnity Insurance

If the Insured, by reason of his interest in any vessel covered under 2.a.1 Direct Damage of this policy, shall become legally liable to pay and shall pay any sum or sums in respect of any responsibility, claim, demand, damages, or expenses or shall become liable for any other loss arising from or occasioned by any of the following matters or things while the property is afloat and during the currency of this policy, that is to say:

2.b.1 Property Damage

Loss of or damage to any other ship or boat or goods, merchandise, freight or the things or interests whatsoever, on board such other ship or boat, caused proximately or otherwise by the said Boat insofar as the same is not covered by the Collision Liability Clause in 2.a.1 Direct Damage of the Policy, except that if this Policy is subject to a deductible clause, the amount deductible from claims under the said Collision Liability Clause shall not be recoverable hereunder;

Loss or damage to any goods, merchandise, freight or other things or interests whatsoever other than as aforesaid, whether on board said Boat or not, which may arise from any cause whatever;

Loss or damage to any harbour, dock (graving or otherwise), slipway, way, gridiron, pontoon, pier, quay, jetty, stage, buoy, telegraph cable or other fixed or moveable thing whatsoever, or to any goods or property in or on the same, howsoever caused;

Any attempt or actual raising, removal or destruction of the wreck of said Boat or the cargo thereof, or any neglect, or failure to raise, remove or destroy the same;

Underwriters will pay the Insured such sum or sums so paid, or which may be required to indemnify the Insured for such loss; provided always that the amount payable hereunder in respect to any one accident or series of accidents arising out of the same event shall not exceed the limit, "any one accident or occurrence" shown in the Policy.

2.b.2 Personal Injury

Loss of life or personal injury and payments made on account of life salvage:

Underwriters will pay the Insured such sum or sums so paid, or which may be required to indemnify the Insured for such loss; provided always that the amount payable hereunder in respect to any one accident or series of accidents arising out of the same event shall not exceed the limit, "any one accident or occurrence" shown in the Policy.

2.b.3 Costs

And in case the liability of the Insured shall be contested in any suit or action, Underwriters will also pay such ensuing costs as the Insured may incur with the consent in writing of this Company.

2.b.4 Exclusions

Notwithstanding the foregoing, Underwriters will not pay for:

- (a) Loss of life or personal injury to employees of the Insured;
- (b) Loss, damage or claim arising out of or having relation to water skiing, aquaplaning, or any sport in which objects or persons, or both, are towed;
- (c) Loss, damage or expense in connection with any property owned by the Insured except when the owned property is a boat used solely for demonstration purposes;
- (d) Loss, damage or claim with respect to boats while ashore;
- (e) Liability assumed by the Insured beyond that imposed by law; or assumed under contract or agreement;
- (f) Any obligation for which the Insured may be held liable under any Workmen's Compensation Law or under the U.S. Federal Longshoremen's and Harbour Worker's Compensation Act;

- (g) Liability for property damage or loss of life of or injury to any person that would be covered by the terms of a standard Comprehensive General Liability Policy or "property in the care, custody or control of the Insured", or "watercraft if the accident occurs away from premises owned by, rented to or controlled by the named Insured";
- (h) For any fine or penalty levied against the Insured by any national, state, provincial, or local government.

2 General Conditions applicable to this policy section

2.1 Assignment

Assignment of this Policy shall not be valid without the written consent of Underwriters.

2.2 Notice of Accident

It is agreed by the Insured that in the event of any occurrence likely to give rise to a claim hereunder, immediate notice thereof shall be given Underwriters, and that permanent repairs shall not be commenced without the consent of Underwriters.

Underwriters shall have the option of naming the attorneys who shall represent the Insured in the prosecution of defense of any litigation or negotiations between the Insured and third parties concerning any claim covered by this Policy, and shall have the direction of such litigation or negotiations. If the Insured shall fail or refuse to settle any claim as authorized by Underwriters, the liability of Underwriters shall be limited to the amount for which settlement could have been made. The Insured shall, at the option of Underwriters, permit Underwriters to conduct, with an attorney of Underwriters' selection, at Underwriters' cost and expense and under its exclusive control, a proceeding in the Insured's name to limit the Insured's liability to the extent, and in the manner provided by the present and any future statutes relative to the limitation of a shipowner's liability.

2.3 Assistance of Insured

Whenever required by Underwriters, the Insured shall aid in securing information, evidence, obtaining of witnesses, and cooperate with Underwriters (except in a pecuniary way) in all matters which Underwriters may deem necessary in the defense of any claim or suit or appeal from any judgement in respect of any occurrence as hereinbefore provided.

2.4 Compromise by Insured

Underwriters shall not be liable for any loss or damage which, without the express consent of Underwriters, shall be the subject of a settlement or compromise by the Insured with others who may be liable therefor.

2.5 Other Insurance

Where any specific insurance exists, in the name of the Insured or in which the Insured may have an interest, on property which this insurance covers or for which the Insured may be legally liable, the insurance hereunder shall be considered as excess insurance and shall not apply or contribute to the payment of any loss until the amount collectible from all such specific insurance shall have been exhausted and then shall be liable, subject to the terms and conditions of this Policy, only for the excess of the amount collectible from such other insurance.

2.6 Suit

No suit, or action or proceeding for the recovery of any claim under this Policy shall be sustainable in any court of law or equity unless the same be commenced within twelve (12) months next after discovery by the Insured of the occurrence which gives rise to the claim. Provided, however, that if by the laws of the Province within which this Policy is issued such limitation is invalid, then any such claims shall be void unless such action, suit or proceeding be commenced within the shortest limit of time permitted by the laws of such Province to be fixed herein.

2.7 Subrogation

Underwriters shall be subrogated to all the rights which the Insured may have against any other persons or entity, in respect of any claim or payment made under this Policy, the extent of such payment, and the Insured shall, upon request of Underwriters, execute all documents necessary to secure such rights to Underwriters.

2.8 Demonstration Warranty

It is warranted that the Insured or a competent employee of the Insured shall at all times be in charge of any vessel being navigated hereunder and it is further warranted that when any vessel is used for demonstration, the Insured will at all times comply with Federal, Provincial, and local rules and regulations pertaining to the carrying of passengers for hire.

2.9 Pollution Exclusion

This Policy shall in no case extend or be deemed to extend to include any claim for the payment, or discharge of:

- Fines or penalties
- Punitive or exemplary damages
- Liabilities contracted or assumed

arising directly or indirectly from pollution or contamination of any real or personal property or any person or thing whatsoever.

2.10 Paramount Exclusions

Unless physically deleted by Underwriters, the following exclusion shall be paramount and shall supersede and nullify any contrary provisions of this Policy.

2.11 F.C. & S. Warranty

Notwithstanding anything to the contrary contained in the Policy, this insurance is warranted free from any claim for loss, damage, or expense caused by or resulting from capture, seizure, arrest, restraint, or detainment, or the consequences thereof or of any attempt thereat, or any taking of the vessel, by requisition or otherwise, whether in time of peace or war and whether lawful or otherwise; also from all consequences of hostilities or warlike operations (whether there be a declaration of war or not), but the foregoing shall not exclude collision or contact with aircraft, rockets or similar missiles, or with any fixed or floating object (other than a mine or torpedo), stranding, heavy weather, fire or explosion unless caused directly (and independently of the nature of the voyage or service which the vessel concerned or, in the case of a collision, any other vessel involved therein, is performing) by a hostile act by or against a belligerent power, and for the purpose of this warranty "power" includes any authority maintaining naval, military or air forces in association with a power; also warranted free whether in time of peace or war, from all loss, damage or expense caused by any weapon of war employing atomic or nuclear fission and/or fusion or other reaction or radioactive force or matter.

Further warranted free from the consequences of civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, or piracy.

2.12 Strikes and Riots

Warranted free of loss or damage caused by strikers, locked out workmen or persons taking part in labour disturbances or riots or civil commotions.

2.13 Institute Radioactive Contamination Exclusion Clause

This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith.

In no case shall this insurance cover loss damage liability or expense directly or indirectly caused by or contributed to by or rising from:

- A) ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel
- B) the radioactive toxic explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof
- C) any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.

SAMPLE

SECTION 3

VESSELS - HULL and PROTECTION & INDEMNITY OWNED BOATS / WORK BOATS / RENTED TO OTHERS

THIS FORM ONLY APPLIES IF INDICATED "COVERED" AND LIMITS SHOWN ON THE DECLARATIONS PAGE(S).

3.a HULL INSURANCE

3.a.1 Property That is Covered:

This insurance covers the vessels and, if described in the Declarations, vessel's tender, dinghy, liferaft, auxiliary motor and trailer. This insurance will not cover more than \$10,000, or 4% of the Vessels value shown in the Declarations, whichever is the lesser, for any loss of or damage to your yacht's tender, dinghy, liferaft and auxiliary motor used with such tender or dinghy and any equipment pertaining thereto. This insurance also covers any of the furniture, tackle, boats, or other property of the vessel being separated and laid up on shore, but not exceeding the amount as stated in the Declarations of this policy.

3.a.2 General Average and Salvage Charges:

This insurance will cover General Average and Salvage Charges, where properly and reasonably incurred, but not exceeding the amount shown in the Declarations.

3.a.3 Causes of Loss That Are Covered:

This insurance will cover accidental direct physical loss or damage to the insured property from any cause. This includes physical damage that is caused directly from any defect in the yacht that could not have been discovered by a reasonably thorough inspection and which is not otherwise excluded in this Policy, but does not include the cost of repairing or replacing any defective part.

3.a.4 Causes of Loss That Are Not Covered:

This insurance will not cover loss or damage from any of the following:

- a) a lack of reasonable care in the maintenance or operation of the vessel, or an intentional misuse of the vessel;
- b) wear and tear, weathering and deterioration, inherent vice, insects, vermin, marine life and borers, mould, electrolysis, rust, corrosion, any defect in the design of the vessel, faulty workmanship, or the installation or use of improper or defective materials. But if a reasonably thorough inspection could not have discovered such a defect or condition, and such defect or condition causes or results in a loss not otherwise excluded, this insurance will pay for the resulting loss. In no this insurance will pay the cost to repair or replace the part or parts possessing the defect or condition. Nor this insurance will pay the cost of betterment or alteration in design.
- c) freezing damage unless the insured had taken reasonable precautions to protect the vessel and its machinery;
- d) failure of the insured to maintain the vessel in a reasonable manner;

3.a.5 VALUE OF PROPERTY

This insurance will pay the amount of insurance shown for the vessel, tender and tender's outboard motor shown in the Declarations, if there is a total loss. This insurance will pay that amount, if the reasonable expense of recovering and repairing the property equals or exceeds the amount of insurance. This insurance will pay losses without any amount for depreciation, with the exception of the following items:

- a. canvas boat covers, dodgers, sail covers and tarpaulins;
- b. sails, spinnakers and running rigging;
- c. batteries.

3.a.6 ACV CLAUSE - OUTBOARD MOTORS

Notwithstanding anything herein to the contrary Underwriters' liability in respect of loss and/or damage to outboard motor(s) shall not exceed the actual cash value of such motor(s) at time of loss.

3.a.7 UNREPAIRED DAMAGE

If the damage to the insured vessel or its equipment is not repaired:

- a) Underwriters will not be liable for more than the actual cash value of the damaged parts. That value will not exceed what it would cost to repair the damaged property with material of like kind and quality;
- b) This insurance will not pay for unrepaired damage in addition to a payment for a subsequent total loss of the vessel and its equipment
- c) Underwriters will not be liable for any unrepaired damage that amounts to more than the amount of insurance shown for the vessel at the time this insurance terminates.

3.a.8 TRAILERING

Permission is granted for the insured vessels to be trailered within Canada and the territorial limits are extended to include all inland lakes in Canada..

Warranted no coverage under this policy for theft of the insured vessel while the vessel is on the trailer and detached from the towing vehicle unless the following precautions are taken:

- a) Stored in a locked compound and/or
- b) Chained to an immovable object and/or
- c) Other means of security, only if approved by us.

3.a.9 GENERAL TERMS AND CONDITIONS APPLICABLE TO THIS POLICY SECTION

Premium: If the vessel is a total loss all premiums shall be earned by Underwriters.

If You Have Other Insurance: You may have other insurance which covers your loss. If so, the most Underwriters will pay for the loss will be calculated as follows:

1. Underwriters will add the total applicable coverage limits of all valid and collectible insurance covering the loss;
2. Underwriters will calculate what percentage our coverage limit is of this total;
3. Underwriters will multiply the amount of your loss by this percentage. The result is the most we will pay.

Cooperation With Underwriters : In the event of a loss covered by this policy, you must cooperate with Underwriters fully. Do not assume any obligations, admit any responsibility or make any settlement or payments without first getting our written permission. However, you must take the reasonable steps which are necessary to protect any damaged property.

Transfer of Your Interest: You agree not to do either of these things without Underwriters prior written permission:

- a. transfer any interest you may have in the vessel to another person or organization;
- b. transfer this policy, or any part of it, to any other person or organization.

"Transfer" includes any assignment or pledge as a security for debt.

Limitation of Actions: Every action or proceeding against Underwriters under this policy in respect of loss or damage shall be commenced within one year next after the happening of the loss and not afterwards.

Changes in Policy: This policy contains all the agreements between you and Underwriters. No changes may be made unless agreed by Underwriters in writing.

Conformity to Statutes: Any provision in this policy that conflicts with any provincial statute is hereby amended to conform to the minimum requirements of that statute.

3.b PROTECTION & INDEMNITY

The insurer agrees that if the Insured shall by reason of the ownership, use, or operation of any watercraft by or on behalf of the insured become liable to pay, and shall pay, any sum or sums in respect of any responsibility, claim, demand, damages, expenses or other loss arising from or occasioned by any of the following matters or things during the currency of this policy, that is to say:

3.b.1 PROPERTY DAMAGE

Loss or damage to any other ship or boat or goods, merchandise, freight or other things or interests whatsoever, on board such other ship or boat, caused proximately or otherwise by any vessel insured; Loss or damage to any harbour, dock (graving or otherwise), slipway, way, gridiron, pontoon, pier, quay, jetty, stage, buoy, telegraph cable or other fixed or movable thing whatsoever or to any goods or property in or on the same, howsoever caused, provided always that such property is not owned by the Insured; Any attempted or actual raising, removal or destruction of the wreck of the insured vessel or property thereon, or any neglect or failure to raise, remove or destroy the same; The Insurer will pay the Insured such sum or sums so paid or which may be required to indemnify the Insured for such loss; Provided always that the amount recoverable hereunder in respect to any one accident or series of accidents arising out of the same event shall not exceed the sum stated as the Limit of Liability in the Declarations of this policy.

3.b.2 PERSONAL INJURY

Loss of life or bodily injury and payments made on account of life salvage; the Insurer will pay the Insured such sum or sums so paid or which may be required to indemnify the Insured for such loss; Provided always that the liability of the Insurer, in respect to any person or persons is limited to the sum stated as the Limit of Liability in the Declarations of this policy, it being understood that this limit applies to any one accident or series of accidents arising out of the same event.

3.b.3 COSTS

And in case the liability of the Insured shall be contested in any suit or action, the Insurer will also pay their proportion of such ensuring costs as the Insured may incur with the consent in writing of the Insurer. No liability shall exist under this policy unless as a condition precedent thereto, all the stipulations, conditions and warranties of this policy have been fully complied with, and until the fact and 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 between the Insured, the claimant and the Insurer.

3.b.4 ASSUMPTION OF LIABILITY

This policy does not cover any liability assumed by the Insured under contract or otherwise if such liability is greater than different from liability imposed upon the Insured by law in the absence of such contract.

3.b.5 EXCLUDED USE

This policy does not cover any liability arising out of the ownership, use or operation by or on behalf of any insured of any watercraft while being used in any racing or speed contest or Poker run or in any stunting activity or in practice or preparation for any such contest or activity.

3.b.6 OTHER INSURANCE

If the Insured has other insurance against a liability covered by this policy, the Insurer shall not be liable under this policy for a greater proportion of such loss than the applicable limit of liability stated in this policy bears to the total applicable limit of liability of all valid and collectible insurance against such loss.

3.b.7 DEFINITION OF INSURED

As used in this policy section, the unqualified word "Insured" includes the Named Insured and at the discretion of the first Named Insured also includes:

- (a) any partner, executive officer or director thereof while acting within the scope of his or her employment as such or on the behalf of the Insured;
- (b) any employee of the Named Insured while acting within the scope of his or her employment as such, subject to the following additional exclusions:

The insurance afforded to any such employee does not apply:

- (i) to claims arising out of bodily injury, sickness or disease including death at any time resulting therefrom, sustained by (a) another employee of the Named Insured arising out of or in the course of his employment or (b) the Named Insured or, if the Named Insured is a partnership or joint

venture, any partner or member thereof, or (c) any person who at the time of the injury is entitled to benefits under any Provincial Workman's Compensation Act;

- (ii) to claims for damage to or destruction of or loss of use of property owned, occupied or used by, rented to, or in the care, custody or control of (a) another employee of the Named Insured or (b) the Named Insured, or, if the Named Insured is a partnership or joint venture, any partner or member thereof;
- (c) any party to whom, within the scope of the Named Insured's operations, the Named Insured is obligated by virtue of a contract or agreement to provide insurance such as afforded by this Policy Section;
- (d) any person, firm, corporation, or other legal entity who, with the prior permission of the Named Insured, may be operating a watercraft in the care, custody, or control of the Named Insured;

The inclusion of more than one corporation, person, organization, firm or entity as an Insured under this Policy Section shall not in any way affect the rights of such corporation, person, organization, firm or entity either as respects any claim, demand, suit or judgment made, brought or recovered, by or in favor of any other Insured, or by or in favour of any employee of such other Insured. This Policy Section shall protect each corporation, person, organization, firm, or entity in the same manner as though a separate Policy Section had been issued to each; but nothing herein shall operate to increase the Insurer's liability as set forth elsewhere in this Policy Section beyond the amount or amounts for which the Insurer would be liable if only one person or interest had been named as Insured.

3.c MEDICAL PAYMENTS INSURANCE

The Insurer agrees to pay to or for each person, except as hereinafter excluded, who sustains bodily injury caused by accident while in or upon, boarding or alighting from any vessel hereunder, the reasonable expense of necessary medical, surgical, ambulance, hospital and professional nursing services, and, in event of death resulting from such injury, the reasonable funeral expense, all incurred within one (1) year from the date of accident.

3.c.1 LIMIT OF LIABILITY

Notwithstanding the foregoing the Insurer shall not be liable hereunder for any expense or combined expenses incurred by a person or persons in excess of the sum stated in the Declarations of this policy as a result of any one accident or series of accidents arising out of the same event.

3.c.2 EXCLUSIONS

The coverage afforded by this Medical Payments Insurance section shall not apply:

- (a) to liability assumed by the Insured under any contract or agreement;
- (b) to bodily injury to or death of:
 - (1) any person to or from whom benefits are payable under any Worker's Compensation Laws because of such injury or death, or
 - (2) any employee of the Insured while engaged in the employment, other than domestic, of the Insured, or while engaged in the operation, maintenance, or the repair of any Insured vessel, or
 - (3) the Insured.

3.c.3 MEDICAL AND OTHER REPORTS EXAMINATION

Within forty five (45) days of the occurrence, the injured person or someone on his behalf shall furnish reasonable obtainable information pertaining to the accident and injury, and any treatment, and execute authorization to enable the Insurer to obtain medical reports and copies of records at such time. Authorizations for any subsequent additional treatment shall be provided within forty five (45) days of such treatment.

The injured person shall submit to physical examination by physicians selected by the Insurers when and as often as the Insurer may reasonably require.

Failure to comport with any of the above conditions shall terminate the injured person's right to reimbursement under the policy.

3.c.4 PROOF AND PAYMENT OF CLAIM

As soon as practicable after completion of the services or after the rendering of services which in cost equal or exceed the limit of liability for medical payments or after the expiration of one year from the date of the accident, whichever is the first, the injured person or someone on his behalf shall give to the Insurer written proof of claim under oath, stating the name and address of each person or organization which has rendered services, the itemized charges thereof and the amounts paid thereon. Upon the Insurer's request, the injured person or someone on his behalf shall cause to be given to the Insurer by each such person and organization written proof of claim under oath, stating the nature and extent and dates of rendition of such services, the itemized charges and the payments received thereon.

The Insurer shall have the right to make payments at any time to the injured person or to any such person or organization on the account of the services rendered, and a payment so made shall reduce to the extent thereof the amount payable hereunder to or for such injured person on account of such injury. Payment hereunder shall not constitute admission of liability of the Insured, except hereunder, of the Insurer.

3. GENERAL CONDITIONS APPLICABLE TO THIS POLICY SECTION

3.1 NOTICE OF PAYMENT OF LOSS

In the event of any accident, loss, damage or injury for which claim may be made under this policy, the Insured must give immediate notice thereof to the Insurer or his authorized agent, as soon as such loss or accident becomes known to the Insured.

3.2 NEGLIGENCE AND PRIVY

Personal negligence or fault of the Insured in the navigation of any insured vessel or privity or knowledge in respect thereto (excepting loss, damage or liability willfully or intentionally caused by the Insured unless committed for the purpose of protecting persons or property) shall not relieve the Insurer of liability under this policy.

3.3 HOSTILITIES

This policy does not apply to claims due to war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military power.

3.4 TERRITORIAL LIMITS

This policy covers vessels:

- a) whilst ashore anywhere in Canada and the Continental United States of America;
- b) whilst in due course of transportation (including while carried aboard ferries, freighters or similar water carriers) between points and/or places in Canada and/or the Continental United States of America; and
- c) whilst waterborne (other than as included in (b) above):

- i) In the Province of Ontario:
The Great Lakes, its tributaries, inland lakes and the interior waters of Ontario, including Georgian Bay and the St. Lawrence River but now below Quebec City, and the waters of the States of Minnesota, Wisconsin, Michigan, Vermont and New York but excluding New York Harbour and the Hudson River below the Tappan Zee Bridge.
- ii) In the Province of Quebec and Eastern Canada:

Canadian inland navigable waterways (excluding the Fraser River east of the mouth of the Sumas River) and coastal waters of Newfoundland, Prince Edward Island, Nova Scotia, New Brunswick and Quebec, south of the 52 latitude. Also, all United States navigable inland and coastal waterways east of 95 longitude and north of 40 north latitude (excluding New York Harbour and the Hudson River below the Tappan Zee Bridge). Coastal waters being within 100 miles of mainland.

- iii) In the Province of British Columbia and Western Canada:

- 1) The coastal waters of British Columbia and North-West Washington, not outside of lines drawn between the following points or places: Cape Flattery and Owen point: Cape Sutil and Mexicana Point Cape James and Allison Harbour. Not to navigate on the coastal waters and inlets of the west coast of Vancouver Island between Owen Point and Cape Sutil. Not to navigate on the Fraser River, east of the Sumas River.
- 2) The coastal waters of British Columbia, Puget Sound and adjacent waters, and the Straits of Juan de Fuca, with permission also to navigate in the Portland Canal but warranted not to navigate:
 - (a) outside a line drawn between Cape Flattery and Owen Point;
 - (b) outside a line drawn between Cape Sutil and Herbert Point. (note: if proceeding north of Herbert Point to points not beyond Portland Canal, warranted not to navigate inside waters only);
 - (c) on the Fraser River east of the mouth of the Sumas River.
- 3) The waters of British Columbia including the west coast of Vancouver Island and the west coast of Queen Charlotte Islands, Puget Sound and adjacent waters, and the Straits of Juan de Fuca, southeastern Alaska not west of Cape Spencer, but warranted not to navigate:
 - (a) on the Fraser River east of the Sumas River;
 - (b) on the Pacific coast of Washington south of the 48 north latitude.
- 4) The navigable inland waters of British Columbia (excluding Williston and Kimbasket Lakes), Alberta, Saskatchewan and Manitoba with permission to occasionally operate the navigable inland waters of the States of Washington, Idaho and Montana. If the vessel is primarily operated in Pitt Lake and/or Harrison Lake, please refer to Underwriters.

3.5 DEFINITION OF INSURED VESSEL

The term "Insured Vessel" as used herein shall mean a watercraft owned, used, or operated by or on behalf of the Insured.

3.6 DEDUCTIBLE

It is understood and agreed that the Insurer shall only be liable for that portion of property loss or property damage which is in excess of the deductible amount stated in the Declarations of the Policy.

SECTION 4

4 WHARVES AND FLOATS CLAUSES

THIS FORM ONLY APPLIES IF INDICATED "COVERED" AND LIMITS SHOWN ON THE DECLARATIONS PAGE(S).

4.1 PERILS INSURED:

This policy insures against all risks of direct physical loss or of damage to the insured property from any external cause, except as herein after excluded.

4.2 PERILS NOT COVERED:

This policy does not insure against any loss caused by or resulting from:

- a) Loss or damage resulting from wear and tear, gradual deterioration or depreciation, moth, vermin, or inherent vice, marine life, either animal or vegetable, latent defect or mechanical breakdown, other than loss or damage caused by or resulting from ensuing fire, explosion or water damage not otherwise excluded;
- b) Artificially generated electrical currents as respects electrical appliances or devices (including wiring) but this exclusion shall not apply to ensuing loss caused by or resulting from a peril not otherwise excluded;
- c) Actual work upon property insured and resulting from such work except with respect to ensuing loss caused by or resulting from fire, explosion, water damage not otherwise excluded, smoke or vehicles;
- d) Atmospheric conditions or changes in temperature, corrosion or rust;
- e) Loss or damage to resulting from misappropriation, secretion, conversion, infidelity, or any dishonest act on the part of the Insured or other party of interest, his or their employees or agents or any person or persons to whom the insured property may be entrusted (carriers for hire excepted);
- f) Loss or damage caused by or resulting from
 1. hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack
 - i) by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military or naval forces;
 - ii) military, naval, or air forces; or
 - iii) by an agent of any such government, power, authority or forces
 2. by any weapon of war employing atomic fission or radioactive force whether in time of peace or war;
 3. 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 customs regulations, confiscation by order of any government or public authority or risks of contraband or illegal transportation or trade.
- g) Loss by nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate or remote, or be whole or in part caused by, contributed to or aggravated by the peril(s) insured against in this policy; however subject to the foregoing and all provisions of this policy, direct loss by fire resulting from nuclear radiation or radioactive contamination, is insured against by this policy;
- h) Loss of use of any of the property insured from any cause whatsoever;
- i) Any mysterious or unexplained disappearance of property or any shortage disclosed taking inventory;
- j) Loss of or damage to boats, yachts and similar waterborne conveyance

4.3.a LIMIT OF LIABILITY

As per declaration page.

4.3.b LOSS OF RENTAL INCOME

1. If, in consequence of loss, damage or occurrence covered under Sections 1, 2, 3, and 4 affecting the insured berths occurring during the period of this insurance, the floating berth is prevented from earning income, as a result of which the Insured suffers a reduction in rental income, for a period in excess of 10 days after the full operating season has commenced, then this policy shall pay for that loss rental income subject to the limit stated on the Declarations page.
2. Underwriters shall be liable hereunder for the Actual Loss Sustained which shall be the reduction in gross earnings, directly resulting from the circumstances outlined in Clause 1, less charges and expenses which do not necessarily continue during the period that the floating berth is under repair. Under no circumstances shall Underwriters be liable for an amount exceeding the Loss of Rental Income Limit stated on the Declarations page.
3. 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.
4. In all cases where a recovery is obtained from third parties in respect of loss of gross earning, such recovery shall be apportioned between the Insured and the Underwriters as their respective interests may appear.
5. The expression "one accident" shall be deemed to include all heavy weather damage occurring on one passage as defined in Insuring Conditions forming part of this policy.
6. It is understood and agreed that if the berth is prevented from earning income during the operating season falling within this policy period or the next following operating season, resulting from an accident or occurrence during this policy period covered by a peril insured hereunder, the claim for loss of gross earnings, if any, shall fall under this policy.
7. In the event of the berth named herein is being sold or transferred to new management then this insurance is automatically cancelled. Underwriters agree to return pro rata net monthly premium provided that there are no claims on the floating berth during the term of this policy prior to cancellation. In no other event shall there be any return of premium.
8. The Insured shall effect, or cause to be effected, all repairs (temporary or permanent) with due diligence and dispatch. Underwriters to have the right to incur any expense which would reduce Underwriters' liability under this policy, provided such expense is for Underwriters' account.

4.4 DEDUCTIBLE CLAUSE

As per declaration page

4.5 VALUATION:

Underwriters shall not be liable beyond the actual cash value of the property at time of any loss or damage, and the loss or damage will be ascertained according to such actual cash value and shall in no event exceed the cost to repair or replace the same with material of like kind and quality.

4.6 CO-INSURANCE:

Underwriters shall be liable in the event of loss, for no greater proportion thereof than the amount insured hereunder bears to 90% of the actual value of the property scheduled herein at the time when such loss or damage shall happen, and in no event for an amount in excess of the amount insured hereunder in respect of each item asset forth either in case of partial or total loss or salvage or any other expense, or all combined.

4.7 OTHER INSURANCE:

This insurance does not cover any loss or damage which, at the time of the happening of such loss or damage, is insured by or would but for the existence of this policy, be insured by any other existing policy or policies except in respect of any excess beyond the amount which would have been payable under such other policy or policies had this insurance not been effected.

4.8 DEBRIS REMOVAL:

This policy shall cover the expense incurred in the removal of all debris at the property covered hereunder which may be occasioned by loss or damage from any of the perils insured against by this policy but the cost of removal of debris shall not be considered in determining the value of the property covered hereunder. The total liability of Underwriters for both loss to property and removal of debris, shall not exceed the amount of insurance applying under this policy to the property damaged or destroyed.

GENERAL CONDITIONS APPLICABLE TO THIS POLICY SECTION**4.A EXAMINATION UNDER OATH:**

The insured shall submit, and so far as is within his or their power shall cause all other persons interested in the property and members of the household and employees to submit, to examinations under oath by any persons named by Underwriters, relative to any and all matters in connection with a claim and subscribe the same, and shall produce for examination all books of account, bills, invoices, and other vouchers or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by Underwriters or their representatives, and shall permit extracts and copies thereof to be made.

4.B SUIT AGAINST UNDERWRITERS:

No suit, action or proceeding for the recovery of any claim under this policy shall be sustainable in any court of law or equity unless the same be commenced within twelve (12) months next after discovery by the Insured or the occurrence which gives rise to the claim. Provided, however, that if by the laws of the Province within which this policy is issued, such limitation is invalid, then any such claims shall be void unless such action, suit or proceeding be commenced within the shortest limit of time permitted by the laws of such Province to be fixed herein.

4.C SUE AND LABOUR CLAUSE:

In case of any loss or misfortune, 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 aforesaid subject matter of this insurance, or any part thereof, without prejudice to this insurance, the charges whereof the said Underwriters shall bear in proportion to the sum hereby insured.

4.D WAIVER CLAUSE:

It is expressly declared and agreed that no acts of the said Underwriters or Insured in recovering, saving or preserving the property insured shall be considered as a waiver or acceptance of abandonment.

4.E SUBROGATION:

In the event of any payment under this policy Underwriters shall be subrogated to all the Insured's rights of recovery therefore against any person organization and the Insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The Insured shall do nothing after loss to prejudice such rights.

4.F REINSTATEMENT:

Every claim paid hereunder reduces the amount of insurance from the date of the occurrence of the accident or disaster, by the sum paid unless same be reinstated with the consent of Underwriters by endorsement hereon and by payment of proper additional premium.

SECTION 5 – LIABILITY

COMMERCIAL GENERAL LIABILITY POLICY

THIS FORM ONLY APPLIES IF INDICATED "COVERED" AND LIMITS SHOWN ON THE DECLARATIONS PAGE(S).

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

DEFINITIONS

Throughout Sections 5.a, 5.b, 5.c and 5.d words and phrases that appear in quotation marks have a special meaning.

The following definitions apply and control with respect to this Section of the policy.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

The word "insured" means any person or organization qualifying as such under WHO IS AN INSURED. Other words and phrases that appear in quotation marks have special meaning.

"**Action**" means a civil proceeding in which compensatory damages because of "bodily injury", "property damage" or "personal injury" to which this insurance applies are alleged. "Action" includes an arbitration proceeding alleging such damages to which you must submit or submit with our consent.

"**Automobile**" means any self-propelled land motor vehicle, trailer or semi-trailer (including machinery, apparatus, or equipment attached thereto) which is principally designed and is being used for transportation of persons or property on public roads.

"**Bodily injury**" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.

"**Coverage territory**" means:

- a. Canada and the United States of America (including its territories and possessions);
- b. International waters or airspace, provided the injury or damage does not occur in the course of travel or transportation to or from any place not included in a. above; or
- c. All parts of the world if:
 - 1) The injury or damage arises out of:
 - a) Goods or products made or sold by you in the territory described in a. above; or
 - b) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; and
 - 2) The insured's responsibility to pay compensatory damages is determined in an "action" on the merits, in the territory described in a. above or in a settlement we agree to in writing.

"**Impaired property**" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:

- a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
- b. You have failed to fulfil the terms of a contract or agreement;

if such property can be restored to use by:

- 1) The repair, replacement, adjustment or removal of "your product" or "your work"; or
- 2) Your fulfilling the terms of the contract or agreement.

"**Insured contract**" means:

- a. A lease of premises;
- b. A sidetrack agreement;
- c. An easement or license agreement in connection with vehicle or pedestrian private railroad crossings at grade;
- d. Any other easement agreement;
- e. An indemnification of a municipality as required by ordinance, except in connection with work for a municipality;
- f. An elevator maintenance agreement; or
- g. That part of any other contract or agreement pertaining to your business under which you assume the tort liability of another to pay compensatory damages because of "bodily injury" or "property damage" to a third party, person or organization, if the contract or agreement is made prior to the "bodily injury" or "property damage". Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

An "insured contract" does not include that part of any contract or agreement that indemnifies an architect, engineer or surveyor for injury or damage arising out of:

- 1) Preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; or
- 2) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage;

"**Occurrence**" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions, for which the insured is responsible in negligence.

"**Personal injury**" means injury, other than "bodily injury", arising out of one or more of the following offences occurring as a direct result of the insured's conduct as follows:

- a. False arrest, detention or imprisonment;
- b. Malicious prosecution;
- c. Wrongful entry into, or eviction of a person from, a room, dwelling or premises that the person occupies;
- d. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
- e. Oral or written publication of material that violates a person's right of privacy.

"**Products-completed operations hazard**" includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

- a) Products that are still in your physical possession; or
- b) Work that has not yet been completed or abandoned.

"Your work" will be deemed completed at the earliest of the following times:

- 1) When all of the work called for in your contract has been completed.
- 2) When all of the work to be done at the site has been completed if your contract calls for work at more than one site.
- 3) When that part of work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

This hazard does not include "bodily injury" or "property damage" arising out of the existence of tools, uninstalled equipment or abandoned or unused materials.

"**Property damage**" means injury that occurs to the property of third parties as a result of the insured's negligence, but only as follows:

Physical injury including loss and theft of third party property and including all resulting loss of use of that property.

"**Your product**" means:

- a. Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - 1) You;

- 2) Others trading under your name; or
- 3) A person or organization whose business or assets you have acquired; and

b. Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

"Your product" includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in a. and b. above.

"Your product" does not include vending machines or other property rented to or located for the use of others but not sold.

"Your work" means:

- a. Work or operations performed by you or on your behalf; and
- b. Materials, parts or equipment furnished in connection with such work or operations.

"Your work" includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in a. or b. above.

5.a BODILY INJURY AND PROPERTY DAMAGE LIABILITY

5.a.1 Insuring Agreement.

a. We will pay those sums that the insured becomes legally obligated to pay as compensatory damages because of "bodily injury" or "property damage" to which this insurance applies. No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under SUPPLEMENTARY PAYMENTS - COVERAGES 5.a, 5.b AND 5.d. This insurance applies only to "bodily injury" and "property damage" which occurs during the policy period. The "bodily injury" or "property damage" must be caused by an "occurrence". The "occurrence" must take place in the "coverage territory". We will have the right and duty to defend any "action" seeking those compensatory damages but:

- 1) The amount we will pay for compensatory damages is limited as described in LIMITS OF INSURANCE;
- 2) We may investigate and settle any claim or "action" at our discretion; and
- 3) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages 5.a, 5.b or 5.d or medical expenses under Coverage 5.c.

b. Compensatory damages because of "bodily injury" include compensatory damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

c. "Property damage" that is loss of use of tangible property that is not physically injured shall be deemed to occur at the time of the "occurrence" that caused it.

5.a.2 Exclusions.

This insurance does not apply to:

- a. "Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.
- b. "Bodily injury" or "property damage" for which the insured is obligated to pay compensatory damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for compensatory damages:
 - 1) Assumed in a contract or agreement that is an "insured contract"; or
 - 2) That the insured would have in the absence of the contract or agreement.
- c. Any obligation of the insured under a workers compensation, disability benefits or unemployment compensation law or any similar law.
- d. "Bodily injury" to an employee of the insured arising out of and in the course of employment by the insured.

This exclusion applies:

- a) Whether the insured may be liable as an employer or in any other capacity; and
- b) To any obligation to share compensatory damages with or repay someone else who must pay compensatory damages because of the injury.

This exclusion does not apply:

- i) To liability assumed by the Insured under an "insured contract"; or
- ii) To employees on whose behalf contributions are made by or required to be made by the insured under the provisions of any workers compensation law.

- e. 1) "Bodily injury" or "property damage" arising out of the ownership, use or operation by or on behalf of any insured of:
 - a) Any "automobile";
 - b) Any motorized snow vehicle or its trailers;
 - c) Any vehicle while being used in any speed or demolition contest or in any stunting activity or in practice or preparation for any such contest or activity; or
 - d) Any vehicle which if it were to be insured would be required by law to be insured under a contract evidenced by a motor vehicle liability policy, or any vehicle insured under such a contract, but this exclusion does not apply to the ownership, use or operation of machinery, apparatus or equipment mounted on or attached to any vehicle while at the site of the use or operation of such equipment.
- 2) "Bodily injury" or "property damage" with respect to which any motor vehicle liability policy is in effect or would be in effect but for its termination upon exhaustion of its limit of liability or is required by law to be in effect.

This Exclusion e. does not apply to "bodily injury" to an employee of the insured on whose behalf contributions are made by or required to be made by the insured under the provisions of any workers compensation law.

- f. "Bodily injury" or "property damage" arising out of the ownership, maintenance, use, operation, loading or unloading, or entrustment to others, by or on behalf of any insured of any watercraft.

This exclusion does not apply to:

"Bodily injury" to an employee of the insured on whose behalf contributions are made by or required to be made by the insured under the provisions of any workers compensation law.

- g. 1) "Bodily injury" or "property damage" arising out of the ownership, maintenance, use, operation, loading or unloading, or the entrustment to others, by or on behalf of any insured of:
 - a) Any aircraft; or
 - b) Any air cushion vehicle.
- 2) "Bodily injury" or "property damage" arising out of the ownership, existence, use or operation by or on behalf of any insured of any premises for the purpose of an airport or aircraft landing area and all operations necessary or incidental thereto.

h. "Property damage" to:

- 1) Property you own, rent, or occupy;
- 2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- 3) Property loaned to you;
- 4) Personal property in your care, custody or control;
- 5) That particular part of real property on which you or any contractor or subcontractor working directly or indirectly on your behalf is performing operations, if the "property damage" arises out of those operations; or
- 6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraph 2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs 3), 4), 5) and 6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph 6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

- i. "Property damage" to "your product" arising out of it or any part of it.

- j. "Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard". This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.
- k. "Property damage" to "impaired property" or property that has not been physically injured, arising out of:
 - 1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
 - 2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.
 This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.
- l. Any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:
 - 1) "Your product";
 - 2) "Your work"; or
 - 3) "Impaired property";
 if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.
- m. Nuclear Energy Liability - see Common Exclusions.
- n. War Risks - see Common Exclusions.
- o. "Bodily injury" or "property damage" arising out of a host liquor license operation.

5.b PERSONAL INJURY LIABILITY

5.b.1 Insuring Agreement.

- a. We will pay those sums that the insured becomes legally obligated to pay as compensatory damages because of "personal injury" to which this insurance applies. No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under SUPPLEMENTARY PAYMENTS - COVERAGES 5.a, 5.b AND 5.d. We will have the right and duty to defend any "action" seeking those compensatory damages but:
 - 1) The amount we will pay for compensatory damages is limited as described in LIMITS OF INSURANCE;
 - 2) We may investigate and settle any claim or "action" at our discretion; and
 - 3) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages 5.a, 5.b or 5.d or medical expenses under Coverage 5.c.
- b. This insurance applies to "personal injury" only if caused by an offence:
 - 1) Committed in the "coverage territory" during the policy period; and
 - 2) Arising out of the conduct of your business, excluding advertising, publishing, broadcasting or telecasting done by or for you.

5.b.2 Exclusions.

This insurance does not apply to "personal injury":

- 1) Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity;
- 2) Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;
- 3) Arising out of the willful violation of a penal statute or ordinance committed by or with the consent of the insured;
- 4) For which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for compensatory damages that the insured would have in the absence of the contract or agreement; or

5.c MEDICAL PAYMENTS

5.c.1 Insuring Agreement.

- a. We will pay medical expenses as described below for "bodily injury" caused by an accident:
 - 1) On premises you own or rent;
 - 2) On ways next to premises you own or rent; or
 - 3) Because of your operations;
 provided that:
 - a) The accident takes place in the "coverage territory" and during the policy period;
 - b) The expenses are incurred and reported to us within one year of the date of the accident; and
 - c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.
- b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:
 - 1) First aid at the time of an accident;
 - 2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
 - 3) Necessary ambulance, hospital, professional nursing and funeral services.

5.c.2 Exclusions.

We will not pay expenses for "bodily injury":

- a. To any insured.
- b. To a person hired to do work for or on behalf of any insured or a tenant of any insured.
- c. To a person injured on that part of premises you own or rent that the person normally occupies.
- d. To a person, whether or not an employee of any insured, who at the time of injury is entitled to benefits under any workers compensation or disability benefits law or a similar law.
- e. To a person injured while taking part in athletics.
- f. The payment of which is prohibited by law.
- g. Included within the "products-completed operations hazard".
- h. Nuclear Energy Liability - see Common Exclusions.
- i. War Risks - see Common Exclusions.

5.d TENANTS' LEGAL LIABILITY

5.d.1 Insuring Agreement.

We will pay those sums that the insured becomes legally obligated to pay as compensatory damages because of "property damage" to which this insurance applies. No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under SUPPLEMENTARY PAYMENTS - COVERAGES 5.a, 5.b AND 5.d. This insurance applies only to "property damage" caused by fire, explosion, smoke or leakage from fire protective equipment to premises rented to you or occupied by you. This insurance applies only to "property damage" which occurs during the policy period. The "property damage" must be caused by an "occurrence". The "occurrence" must take place in the "coverage territory". We will have the right and duty to defend any "action" seeking those compensatory damages but:

- a. The amount we will pay for compensatory damages is limited as described in - LIMITS OF INSURANCE;
- b. We may investigate and settle any claim or "action" at our discretion; and
- c. Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages 5.a, 5.b or 5.d or medical expenses under Coverage 5.c.

5.d.2 Exclusions.

This insurance does not apply to:

- a. "Property damage" expected or intended from the standpoint of the insured.
- b. "Property damage" for which the insured is obligated to pay by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for compensatory damages that the insured would have in the absence of the contract or agreement.
- c. Nuclear Energy Liability - see Common Exclusions.
- d. War Risks - see Common Exclusions.

5.A COMMON EXCLUSIONS – Applicable to Subsections 5.a, 5.b, 5.c and 5.d

This insurance does not apply to:

5.A.1 Nuclear Energy Liability

- a. Liability imposed by or arising from any nuclear liability act, law or statute, or any law amendatory thereof;
- b. "Bodily injury" or "property damage" with respect to which an insured under this policy is also insured under a contract of nuclear energy liability insurance (whether the insured is unnamed in such contract and whether or not it is legally enforceable by the insured) issued by the Nuclear Insurance Association of Canada or any other insurer or group or pool of insurers or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability;
- c. "Bodily injury" or "property damage" resulting directly or indirectly from the nuclear energy hazard arising from:
 - 1) The ownership, maintenance, operation or use of a nuclear facility by or on behalf of an insured;
 - 2) 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;
 - 3) the possession, consumption, use, handling, disposal or transportation of fissionable substances, or of other radioactive material (except radioactive isotopes, away from 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) used, distributed, handled or sold by an insured.

As used in this policy:

- 1) The term "nuclear energy hazard" means the radioactive, toxic, explosive, or other hazardous properties of radioactive material;
- 2) The term "radioactive material" means uranium, thorium, plutonium, neptunium, their respective derivatives and compounds, radioactive isotopes of other elements and any other substances which may be designated by any nuclear liability act, law or statute, or any law amendatory thereof, as being prescribed substances capable of releasing atomic energy, or as being requisite for the production, use or application of atomic energy;
- 3) 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 uranium or any one or more of them;
 - b) any equipment or device designed or used for (i) separating the isotopes of plutonium, thorium and uranium or any one or more of them, (ii) 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 or in the isotope uranium 235, or any one or more of them 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;
 - 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.
- 4) The term "fissionable substance" means any prescribed substance that is, or from which can be obtained, a substance capable of releasing atomic energy by nuclear fission.

5.A.2 War Risks

"Bodily injury" or "property damage" due to war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military power.

5.B SUPPLEMENTARY PAYMENTS – Subsections 5.a, 5.b and 5.d

We will pay, with respect to any claim or "action" we defend:

- a. All expenses we incur.
 - b. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
 - c. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defence of the claim or "action", including actual loss of earnings up to \$100 a day because of time off from work.
 - d. All costs taxed against the insured in the "action" and any interest accruing after entry of judgment upon that part of the judgment which is within the applicable limit of insurance.
- These payments will not reduce the limits of insurance.

5.C WHO IS AN INSURED

5.C.1 If you are designated in the Declarations as:

- a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
- b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
- c. An organization other than a partnership or joint venture, you are an insured. Your executive officers and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

5.C.2 Each of the following is also an insured:

- a. Your employees, other than your executive officers, but only for acts within the scope of their employment by you. However, none of these employees is an insured for:
 - 1) "Bodily injury" or "personal injury" to you or to a co-employee while in the course of his or her employment; or
 - 2) "Bodily injury" or "personal injury" to any person who at the time of injury is entitled to benefits under any workers compensation or disability benefits law or a similar law; or
 - 3) "Bodily injury" or "personal injury" arising out of his or her providing or failing to provide professional health care services; or
 - 4) "Property damage" to property owned or occupied by or rented or loaned to that employee, any of your other employees, or any of your partners or members (if you are a partnership or joint venture).
- b. Any person (other than your employee), or any organization while acting as your real estate manager.
- c. Any person or organization having proper temporary custody of your property if you die, but only:
 - 1) With respect to liability arising out of the maintenance or use of that property; and
 - 2) Until your legal representative has been appointed.
- d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this policy.

- 5.C.3 Any organization you newly acquire or form, other than a partnership or joint venture, and over which you maintain ownership or majority interest, will be deemed to be a Named Insured if there is no other similar insurance available to that organization. However:
- Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
 - Coverages 5.a and 5.d do not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
 - Coverage 5.b does not apply to "personal injury" arising out of an offense committed before you acquired or formed the organization.
- No person or organization is an insured with respect to the conduct of any current or past partnership or joint venture that is not shown as a Named Insured in the Declarations.

5.D LIMITS OF INSURANCE

5.D.1 The Limits of Insurance stated in the Declarations and the rules below fix the most we will pay regardless of the number of:

- Insureds;
- Claims made or "actions" brought; or
- Persons or organizations making claims or bringing "actions".

5.D.2 The Aggregate Limit is the most we will pay for the sum of:

- Compensatory damages under Coverage 5.a, Coverage 5.b and Coverage 5.d; and
- Medical expenses under Coverage 5.c.

5.D.3 Subject to the Aggregate Limit, the Each Occurrence Limit is the most we will pay for the sum of:

- Compensatory damages under Coverage 5.a and Coverage 5.d; and
- Medical expenses under Coverage 5.c; because of all "bodily injury" and "property damage" arising out of any one "occurrence".

5.D.4 Subject to the Aggregate Limit, the Personal Injury Limit is the most we will pay under Coverage 5.b for the sum of all compensatory damages because of all "personal injury" sustained by any one person or organization.

5.D.5 Subject to the Aggregate Limit and the Each Occurrence Limit, the Tenants' Legal Liability Limit is the most we will pay under Coverage 5.d for compensatory damages because of "property damage" to any one premises.

5.D.6 Subject to the Aggregate Limit and the Each Occurrence Limit, the Medical Expense Limit is the most we will pay under Coverage 5.c for all medical expenses because of "bodily injury" sustained by any one person.

The limits of this policy apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

5.E LIABILITY GENERAL CONDITIONS (i.e. APPLICABLE FOR ALL SECTIONS OF 5)

5.E.1 Bankruptcy.

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this policy.

5.E.2 Canadian Currency Clause.

All limits of insurance, premiums and other amounts as expressed in this policy are in Canadian currency.

5.E.3 Changes.

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

5.E.4 Duties in the Event of Occurrence, Claim or Action.

- You must see to it that we are notified promptly of an "occurrence" which may result in a claim. Notice should include:
 - How, when and where the "occurrence" took place; and
 - The names and addresses of any injured persons and of witnesses.
- If a claim is made or "action" is brought against any insured, you must see to it that we receive prompt written notice of the claim or "action".
- You and any other involved insured must:
 - Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "action";
 - Authorize us to obtain records and other information;
 - Cooperate with us in the investigation, settlement or defence of the claim or "action"; and
 - Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.
- No insureds will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

5.E.5 Examination of Your Books and Records.

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

5.E.6 Inspections and Surveys.

We have the right but are not obligated to:

- Make inspections and surveys at any time;
- Give you reports on the conditions we find; and
- Recommend any changes.

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. We do not warrant that conditions:

- Are safe or healthful; or
- Comply with laws, regulations, codes or standards.

This condition applies not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

5.E.7 Legal Action Against Us.

No person or organization has a right under this policy:

- a. To join us as a party or otherwise bring us into an "action" asking for compensatory damages from an insured; or
 - b. To sue us on this policy unless all of its terms have been fully complied with.
- A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial; but we will not be liable for compensatory damages that are not payable under the terms of this policy or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative. Every "action" or proceeding against us shall be commenced within one year next after the date of such judgment or agreed settlement and not afterwards. If this policy is governed by the law of Quebec every "action" or proceeding against us shall be commenced within three years from the time the right of action arises.

5.E.8 Other Insurance.

If other valid and collectible insurance is available to the insured for a loss we cover under this policy, our obligations are limited as follows:

a. Primary Insurance

In the event the other insurance is primary insurance, then the other insurance shall become excess to that policy, and no obligation shall arise under this policy until the policy has been exhausted as set forth in paragraph b, below;

If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in c. below.

b. Excess Insurance

When this insurance is excess, we will have no duty to defend any claim or "action" that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so, but we will be entitled to all the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- 1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- 2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this policy.

c. Method of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

5.E.9 Premium Audit.

- a. We will compute all premiums for this policy in accordance with our rules and rates.
- b. Premium shown in this policy as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period. Audit premiums are due and payable on notice to the first Named Insured. If the sum of the advance and audit premiums paid for the policy term is greater than the earned premium, we will return the excess to the first Named Insured subject to the retention of the minimum premium shown in the Declarations of this policy.
- c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

5.E.10 Premiums.

The first Named Insured shown in the Declarations:

- a. Is responsible for the payment of all premiums; and
- b. Will be the payee for any return premiums we pay.

5.E.11 Representations.

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

5.E.12 Separation of Insureds, Cross Liability.

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "action" is brought.

5.E.13 Transfer of Rights of Recovery Against Others to Us.

If the insured has rights to recover all or part of any payment we have made under this policy, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "action" or transfer those rights to us and help us enforce them.

5.E.14 Transfer of your Rights and Duties Under this Policy.

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

5.e MARINA OPERATORS LEGAL LIABILITY FORM

THIS FORM ONLY APPLIES IF INDICATED "COVERED" AND LIMITS SHOWN ON THE DECLARATIONS PAGE(S).

5.e.1 GROSS CHARGES

Gross charges shall be defined as total charges (collected or uncollected) made by the Insured as Marina Operators during the period of this insurance.

5.e.2 COVERAGE

This insurance covers the legal liability of the Insured as Marina Operators for: -

- (i) Loss of or damage to any vessel or craft which is in the care, custody or control of the Insured carrying out their duties as Marina Operators including shifting and moving within the limits of the Marina.
- (ii) Loss of or damage to cargo of or other things on or discharged from any of the vessels or crafts referred to in (i).
- (iii) Loss of or damage to machinery or equipment of any vessel or craft, whilst such machinery or equipment is removed from such vessel or craft and is in the care, custody or control of the Insured.
- (iv) Damages resulting from: -
 - (a) Loss of or damage to property [other than vessels or crafts and properties Referred to in (i), (ii) or (iii) above]) Occurring in the course of and arising from the operations of the Insured as Marina Operators.
 - (b) Loss of life or bodily injury to persons.)
- (v) Removal of wreck where such liability results from negligence of the Insured, his servants, agents or sub-contractors occurring during the period of this insurance.

5.e.3 LIMIT OF LIABILITY

As per Declaration page.

5.e.4 DEDUCTIBLE

As per Declaration page.

5.e.5 COSTS

- (i) In respect of any claim which may become the subject of indemnity hereunder, this insurance shall also cover [subject to Clause 15.e.3 above]
 - (a) costs, charges and expenses which the Insured may, with the written consent of the Underwriters herein, incur and
 - (b) costs awarded against the Insured.

In the event of this insurance being one layer of a series of layers of insurance, the amount recoverable hereunder in respect of such costs, charges and expenses shall not exceed the proportion of such costs, charges and expenses that the damages recoverable under this insurance bear to the total amount of damages arising from such claims or proceedings.

- (ii) In cases where: -
 - (a) the parties claiming against the Insured fail in or withdraw their action, or
 - (b) the amount of any compromise or award is such that there is no claim hereon or the claim hereon is less than the amount stated on any undertaking or formal notice under the Claim Control Conditions hereof.

The lawyers having the conduct of the investigation and defense shall apportion the costs, charges and expenses incurred on an equitable basis between the parties concerned including the Insured and Underwriters (if any) concerned on other layers, having due regard to the amount of the claim, the amount of any award or settlement and the amounts severally at risk by the parties concerned, taking into account also any undertaking or formal notice given by any of the interested parties as to the conduct of the defense and any settlement. In the event of any disagreement with the apportionment, the matter shall be referred to arbitration by an independent arbitrator to be agreed between the parties concerned.

5.e.6 EXCLUSIONS

Notwithstanding anything contained herein to the contrary, this insurance shall not cover any liability: -

- i. in respect of property
 - (a) owned by used by or leased to the Insured;
 - (b) in the care, custody or control of the Insured (other than property referred to in Clause 5.e.2 (i), (ii) or (iii) above);
- ii. being collision liability, towers liability or liability arising out of the navigation of any vessel or craft owned or operated by the Insured or any affiliated or subsidiary concern or party; however nothing in this clause shall be deemed to exclude coverage of any vessel or craft in the care, custody or control, for moorage and storage purposes only, of the Insured or any affiliated or subsidiary concern or party but not owned by them or any of them, against collision liability, towers liability or liability arising out of the navigation of such vessel or craft whilst shifting and moving within the marina and its immediate vicinity, where such liability results from negligence of the Insured his servants, agents, sub-contractors or any affiliated or subsidiary concern or party;
- iii. in respect of or arising in connection with an oil tank vessel or craft, or any vessel or craft previously engaged in carrying explosive or inflammable liquids or gases or arising in connection with work on or near any fuel tank or pipeline of an oil burning vessel or craft unless the rules, regulations and requirements of the port or governmental authorities at the place where the work is being carried out have been complied with. Should a gas free certificate not be required by the port or governmental authorities then such a certificate must be obtained from a chemist approved by Lloyd's Agent prior to the commencement of work;
- iv. in respect of or arising in connection with any new vessel or craft being built by the Insured;
- v. for payments under penalty clauses, detention, demurrage, loss of time, loss of freight, loss of charter, loss of market or any other consequential loss whatsoever in respect of property referred to in Clause 5.e.2 (i), (ii) and (iii) above;
- vi. for any claim arising directly or indirectly under Worker's Compensation or Employer's Liability Acts or any other Statutory or Common Law Liability in respect of loss of life or, bodily injury to or illness of any workman or other person employed in any capacity whatsoever by the Assured, his agents or sub-contractors when such loss of life, bodily injury or illness arises out of or in the course of the employment of such workman or other person;

- vii. arising from the existence, maintenance, or use of:-
 - (a) any licensed truck, automobile or other mechanically propelled vehicle;
 - (b) any unlicensed truck, automobile or other mechanically propelled vehicle outside the premises or yard of the Insured;
- viii. which is or but for the existence of this insurance would be covered under any other indemnity or insurance insuring to the benefit of the Assured, except for any excess of the amount which would be recoverable under such other indemnity or insurance had this insurance not been effected, but only to the extent that the excess amount is covered by this insurance;
- ix. arising from any strike, lock-out, labor disturbance, riot, civil commotion or act of any person taking part in any such occurrence, or from any act of any person acting maliciously
- x. a) Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;
 - 1. war, invasion, act of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
 - 2. 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.

This exclusion also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to 1 and/or 2 above.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of providing the contrary shall be upon the Insured.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

b) This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith

In no case shall this insurance cover loss damage liability or expense directly or indirectly caused by or contributed to by or arising from ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof

any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes any chemical, biological, bio-chemical, or electromagnetic weapon.

- xi. any liability assumed by the Insured beyond that imposed by law; provided, however, that if by agreement, or otherwise, the Insured's legal liability is lessened then Underwriters hereon shall receive the benefit of such lessened liability.

5.e.7 GENERAL CONDITIONS

5.e.7.1 CLAIM CONTROL

Underwriters shall at any time be entitled (but not obliged) to control or take over the conduct of the investigation defense and settlement of any claim suit or proceeding against the Insured which is or is likely to be the subject of indemnity under this insurance.

In the event of this insurance being one layer of a series of layers of insurance and more than one layer being likely to be involved in a particular occurrence, the Insured shall endeavor to obtain the agreement of the insurers of each affected layer as to the manner in which such control or taking over shall be effected and the costs, charges and expenses incurred borne.

If Underwriters hereon consider that a claim made against the Insured should not be contested then Underwriters hereon shall be entitled at any time to give an undertaking to the Insured to indemnify him for a sum equivalent to the limit of liability stipulated in Clause 5.e above or such lesser sum as would have been payable under this insurance had the claim been settled at the time. Thereupon Underwriters hereon shall relinquish any control and conduct of the investigation or defense of the claim and shall thereafter have no further liability in respect of the claim for costs, charges or expenses incurred subsequent to the giving of the undertaking. Where, however, the claim hereon is thereafter settled for a sum less than the amount referred to above, costs, charges and expenses shall be apportioned in accordance with Clause 5.e.5 (ii) above.

In the event of this insurance being one layer of a series of layers of insurance, then if Underwriters hereon wish to exercise their rights under this condition and at such time the insurers of another layer or layers reject the settlement then possible, Underwriters hereon shall be entitled to give formal notice to the Assured that they consider the claim should be settled at that time. Thereafter Underwriters hereon shall have no liability for any costs, charges or expenses incurred subsequent to the giving of such notice. Where however the claim hereon is thereafter settled for a sum less than the amount at which it was capable of being settled at the date when such notice was given, costs, charges and expenses shall be apportioned in accordance with Clause 5.e.5 (ii) above.

5.e.7.2 SUBROGATION

In the event of any claim or loss being paid under this insurance Underwriters shall be subrogated to all rights and remedies of the Insured. The Insured shall not admit liability nor give any waiver of subrogation without the express permission of Underwriters.

5.e.7.3 DUE DILIGENCE

It is the duty of the Insured and his agents at all times to take such measures as may be reasonable for the purpose of averting or minimizing a loss.

5.f SHIPREPAIRERS' LIABILITY CLAUSES

THIS FORM ONLY APPLIES IF INDICATED "COVERED" AND LIMITS SHOWN ON THE DECLARATIONS PAGE(S).

5.f.1 Gross Charges

Gross charges shall be defined as total charges (collected or uncollected) made by the Insured as shiprepairers during the period of this insurance. No deduction shall be made from the gross charges in respect of any sub-contracted work.

5.f.2 Coverage

Underwriters hereby agree, subject to the limitations, terms and conditions hereinafter mentioned, to indemnify the Insured for the sums which the Insured shall become liable to pay by reason of the legal liability of the Insured as shiprepairers for: -

- (i) Loss of or damage to any vessel or craft which is in the care, custody or control of the Insured for the purpose of being worked upon including shifting and moving within the limits of the port at which the work is being carried out and including trial trips but not exceeding 100 miles from such port.
- (ii) Loss of or damage to any other vessel or craft upon which the Insured is working except vessels or craft at sea other than whilst on trial trips.
- (iii) Loss of or damage to cargo or other things on or discharged from any of the vessels or craft referred to in (i) or (ii) above.
- (iv) Loss of or damage to machinery or equipment of any vessel or craft, whilst such machinery or equipment is removed from such vessel or craft and is in the care, custody or control of the Insured for the purpose of being worked upon, including whilst in transit between such vessel or craft and the premises of the Insured or whilst in transit to or from specialist repairers' or manufacturers' premises.
- (v) Removal of Wreck.

Where such liability results from negligence of the Insured, his servants, agents or sub-contractors occurring during the period of this insurance.

5.f.3 Limit of Liability

As per Declaration page.

5.f.4 Deductible

As per Declaration page.

5.f.5 EXCLUSIONS

Notwithstanding anything contained herein to the contrary, this insurance shall not cover any liability: -

- (i) for Death or Personal Injury or any claim arising directly or indirectly under Worker's Compensation or Employers' Liability Acts or any other statutory or Common Law Liability in respect of loss of life, bodily injury to or illness of any workman or other person employed in any capacity whatsoever by the Insured, his agents or sub-contractors when such loss of life, bodily injury or illness arises out of or in the course of the employment of such workman or other person;
- (ii) in respect of property
 - (a) owned by, used by or leased to the Insured;
 - (b) in the care, custody or control of the Insured (other than property referred to in Clause 5.f.2 (i) (iii) or (iv) above);
- (iii) being collision liability, towers liability or liability arising out of the navigation of any vessel or craft owned or operated by the Insured or any affiliated or subsidiary concern or party;
- (iv) in respect of or arising in connection with any vessel or craft accepted by the Insured solely to be stored;
- (v) in respect of or arising in connection with an oil tank vessel or craft, or any vessel or craft previously engaged in carrying explosives or inflammable liquids or gases or arising in connection with work
 - (a) on or near any fuel tank or pipeline or any oil burning vessel or craft
 - (b) on or near any bunker space of any coal burning vessel or craft unless the rules, regulations and requirements of the port or governmental authorities at the place where the work is being carried out have been complied with. Should a gas free certificate not be required by the port or governmental authorities then such a certificate must be obtained from a chemist approved by Lloyd's Agent prior to the commencement of work;
- (vi) in respect of or arising in connection with any new vessel or craft being built by the Insured.
- (vii) for payments under penalty clauses, detention, demurrage, loss of time, loss of freight, loss of charter, loss of market or any other consequential loss whatsoever, in respect of property referred to in Clause 5.f.2 above;
- (viii) arising from the existence, maintenance, or use of:
 - (a) any licensed truck, automobile or other mechanically propelled vehicle;
 - (b) any unlicensed truck, automobile or other mechanically propelled vehicle outside the premises or yard of the Insured;
- (ix) in respect of loss or damage specified in Clause 5.f.2 above unless discovered and reported in writing to Underwriters within ninety days of the delivery to Owners or within 6 months after the work is completed by the Insured, whichever may first occur;
- (x) in respect of or arising in connection with:
 - (a) condemnation or rejection of any part by reason of faulty design.
 - (b) any loss or expense arising from such condemnation or rejection;
 - (c) the cost or expense of repairing, modifying or replacing any part (or for any loss or expense arising therefrom) by reason of faulty design.
- (xi) arising from any strike, lock-out, labour disturbance, riot, civil commotion or act of any person taking part in any such occurrence, or from any act of any person acting maliciously;
- (xii) directly or indirectly occasioned by, happening through or in consequence of:-
 - (a) war, civil war, revolution, rebellion, insurrection, or civil strife arising therefrom or any hostile act by or against a belligerent power.
 - (b) capture, seizure, arrest, restraint, or detainment (barratry and piracy excepted) and the consequences thereof or any attempt thereat.
 - (c) derelict mines, torpedoes, bombs or other derelict weapons of war.
 - (d) destruction of or damage to property by or under the order of any government or public or local authority.
- (xiii) directly or indirectly caused by or contributed to by or arising from ionizing radiations or contamination by radioactivity from any fuel or from any nuclear waste from the combustion of nuclear fuel.
- (xiv) assumed under contract or otherwise in extension of the liability imposed upon the Insured by law in the absence of contract.
- (xv) for punitive and exemplary damages however described.

5.f.6 GENERAL CONDITIONS

5.f.6.1 Claim Control

Underwriters shall at any time be entitled (but not obliged) to control or take over the conduct of the investigation, defense and settlement of any claim, suit or proceedings against the Insured which is or is likely to be subject of indemnity under this insurance.

In the event of this insurance being one layer of series of layers of insurance and more than one layer being likely to be involved in a particular occurrence, the Insured shall endeavor to obtain the agreement of the insurers of each affected layer as to the manner in which such control or taking over shall be effected and the costs, charges and expenses incurred borne.

5.f.6.2 Subrogation

In the event of any claim or loss being paid under this insurance, Underwriters shall be subrogated to all rights and remedies of the Insured. The Insured shall not admit liability nor give any waiver of subrogation without the express permission of Underwriters.

5.f.6.3 Reconstruction or Conversion

It is a condition of this insurance that before work commences involving the reconstruction or conversion of any vessel or craft which entails a change in dimension, tonnage or type, the Insured must advise Underwriters and the coverage hereon in respect of such vessel or craft shall depend on the payment by the Insured of such additional premium as may be required by Underwriters.

5.f.6.4 Due Diligence

It is the duty of the Assured and his agents at all times to take such measures as may be reasonable for the purposes of averting or minimizing a loss.

5.f.7 Travelling Workmen

The cover provided by the insurance shall be extended whenever any persons employed by or on behalf of the Insured are on board the vessel at sea or in any port for the purpose of effecting repairs and/or other work entrusted to the assured notwithstanding that such persons may be signed on as members of the vessel's crew.

SAMPLE

**5.g YACHT CLUB EXTENSION
REGATTA LIABILITY ENDORSEMENT**

THIS FORM ONLY APPLIES IF INDICATED "COVERED" AND LIMITS SHOWN ON THE DECLARATIONS PAGE(S).

It is understood and agreed that insurance under this endorsement is extended to include Regatta.

"Regatta" means a yacht race or series of yacht races and does not include any sailing school, sailing classes or instructional seminars.

Under this endorsement, the coverage commences when the racing sailing vessels leave their moorings or anchorage, continues while they are engaged in the race and further continues until they are moored or anchored immediately following either their completion of the race or their retirement from the race.

This insurance only applies while the racing sailing vessels are waterborne.

It is further agreed that coverage applies only to races that are part of yachting regattas sponsored in accordance with the prescriptions and rules of the Canadian Yachting Association, by the insured Club, and is extended to:

1. Club's members and the members of other sailing clubs and yacht class association taking part in the race under the auspices of insured Club acting as the host.
2. Officers, directors, committee members, judges, sponsors, volunteers and employees of the insured, whether belonging to the insured Club or not but are invited by the insured Club to take part in the race or regatta event but only while acting within the scope of their duties as such during the race or regatta event.

The coverage provided by this endorsement for employees of the insured does not apply to bodily injury sustained by another employee of the Named insured arising out of or in the course of his/her employment.

The limit of liability for personal injury and property damage falls within the same limit of liability as the policy limit to which this endorsement is attached, but in case of medical expenses the liability is limited to \$25,000 any one person.

This insurance does not apply to losses arising solely from their liability as race participants.

SAMPLE

THIS ENDORSEMENT CHANGES THE POLICY - PLEASE READ IT CAREFULLY

LIMITED POLLUTION LIABILITY COVERAGE PER SECTION 5 (h) OF THE DECLARATIONS PAGE

The insurance provided under SECTIONS 2(b)(BOAT DEALER'S INSURANCE POLICY), 5(a), 5(b), 5 (c) and 5(d)(COMMERCIAL GENERAL LIABILITY POLICY), 5 (e) (MARINA OPERATORS LEGAL LIABILITY FORM), 5(f)(SHIPREPAIRERS' LIABILITY CLAUSES) and 5(g)(YACHT CLUB EXTENSION REGATTA LIABILITY ENDORSEMENT) does not apply to :-

Pollution Liability

- a. "Bodily injury" or "property damage" arising out of the actual, alleged potential or threatened spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of pollutants;
- (1) At or from any premises, site or location which is or was at any time, owned or occupied by, or rented or loaned to an Insured;
 - (2) At or from any premises, site or location which is or was at any time, used by or for any Insured or others for the handling, storage, disposal, processing or treatment of waste;
 - (3) Which are or were at any time transported, handled, stored or treated, disposed of, or processed as waste by or for any Insured or any person or organization for whom the Insured may be legally responsible; or
 - (4) At or from any premises, site or location on which any Insured or any contractors or subcontractors working directly or indirectly on any Insured's behalf are performing operations:
 - (a) if the pollutants are brought on or to the premises, site or location in connection with such operations by such Insured, contractor or subcontractor; or
 - (b) if the operations are to test for, monitor, clean-up, remove, contain, treat, detoxify, decontaminate, stabilize, remediate or neutralize, or in any way respond to, or assess the effect of pollutants.
- HOWEVER, if so indicated on the Declarations Page – sub-paragraphs 1) and 4)a) of paragraph a. of this exclusion do not apply to "bodily injury" or "property damage" caused by:**
- i) heat, smoke or fumes from a fire which becomes uncontrollable or breaks out from where it was intended to be; or
 - ii) an unexpected or unintentional discharge, emission, dispersal, seepage, leakage, migration, release or escape of pollutants:
 - 1) results in the injurious presence of pollutants in or upon land, the atmosphere, drainage or sewage system, watercourse or body of water; and
 - 2) is detected within 120 hours after the commencement of the discharge, emission, dispersal, seepage, leakage, migration, release or escape; and
 - 3) is reported to us within 120 hours of being detected, and
 - 4) does not occur in a quantity or with a quality that is routine or usual to be business of the Insured.
- b. Any loss, cost or expense arising out of any request, demand or order that any Insured or other test for, monitor, clean up, remove, contain, treat, detoxify, decontaminate, stabilize, remediate or neutralise or in any way respond to, or assess the effect of pollutants unless such loss, cost or expense is consequent upon "bodily injury" or "property damage" covered by this policy.

"Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, odour, vapour, soot fumes, acids, alkalis, chemicals and waste. Waste includes material to be recycled, reconditioned or reclaimed.

OPA DISCLAIMER

This Policy of Insurance or any Endorsement hereto is evidence only of the contract of indemnity insurance between the above named Assured(s) and the Insurer and shall not be construed as evidence of any undertaking, financial or otherwise, on the part of the Insurer to any other party.

In the event that an Assured tenders this Policy/Endorsement as evidence of insurance under any applicable law relating to financial responsibility, including but not limited to the Oil Pollution Act 1990 or any similar Federal or State Laws, or otherwise shows or offers it to any other party as evidence of insurance, such use of the Policy/Endorsement by the Assured is not to be taken as any indication that the Insurer thereby consents to act as guarantor or to be sued directly in any jurisdiction whatsoever. The Insurer does not so consent.

5.i STANDARD NON-OWNED AUTOMOBILE POLICY (S.P.F. 6)

THIS FORM ONLY APPLIES IF INDICATED "COVERED" AND LIMITS SHOWN ON THE DECLARATIONS PAGE(S).

WITH RESPECT TO VEHICLES USED IN THE INSURED'S BUSINESS:

SECTION A – THIRD PART LIABILITY

The Insurer agrees to indemnify the Insured against the liability imposed by law upon the Insured for loss or damage arising from the use or operation of any automobile not owned in whole or in part by or licensed in the name of the Insured, and resulting from

BODILY INJURY TO OR THE DEATH OF ANY PERSON OR DAMAGE TO PROPERTY OF OTHERS NOT IN THE CARE, CUSTODY OR CONTROL OF THE INSURED:

Provided always the Insurer shall not be liable under this policy:

- (a) for any liability which arises from the use or operation of any automobile while personally driven by the Insured if the Insured is an individual; or
- (b)* for any liability imposed upon any person insured by this policy:
 - (1) by any workman's compensation law; or by any law for bodily injury to or the death of the Insured or any partner, officer or employee of the Insured while engaged in the business of the Insured; or
- (c) for any liability assumed by any person insured by this policy voluntarily under any contract or agreement unless it is in written form; or
- (d) for loss or damage to property carried in or upon an automobile personally driven by any person insured by this policy or to any property owned or rented by, or in the care, custody or control of any such person; or
- (e) for any amount in excess of the limit stated in the Liability Schedule and expenditures provided for in the Additional Agreements of this policy; subject always to the provisions of the section of the Insurance Act (Automobile Insurance Part) relating to the nuclear energy hazard.

**Not applicable in the Province of Ontario.*

ADDITIONAL AGREEMENTS OF INSURER

Where indemnity is provided by this policy, the Insurer further agrees:

upon receipt of notice of loss or damage caused to persons or property to serve any person insured by this policy by such investigation thereof, or by such negotiations with the claimant, or by such settlement of any resulting claims, as may be deemed expedient by the Insurer; and to defend in the name and on behalf of any person insured by this policy and at the cost of the Insurer any civil action which may at any time be brought against such person on account of such loss or damage to persons or property; and to pay all costs taxed against any person insured by this policy in any civil action defended by the Insurer and any interest accruing after entry of judgment upon that part of the judgment which is within the limits of the Insurer's liability; and in case the injury be to a person, reimburse any person insured by this policy for outlay for such medical aid as may be immediately necessary at the time of such injury; and be liable up to the minimum limit(s) prescribed for that province or territory of Canada in which the accident occurred, if that limit(s) is higher than the limit stated in the Liability Schedule; and not set up any defense to a claim that might not be set up if the policy were a motor vehicle liability policy issued in the province or territory of Canada in which the accident occurred.

AGREEMENTS OF INSURED

Where indemnity is provided by this section, every person insured by this policy

- (a) by the acceptance of this policy, constitutes and appoints the Insurer his irrevocable attorney to appear and defend in any province or territory of Canada in which action is brought against the Insured arising out of the use or operation of an automobile with respect to which insurance is provided hereunder;
- (b) shall reimburse the Insurer, upon demand, in the amount which the Insurer has paid by reason of the provisions of any statute relating to automobile insurance and which the Insurer would not otherwise be liable to pay under this policy.

GENERAL PROVISIONS AND DEFINITIONS

1. ADDITIONAL INSURED

The Insurer agrees to indemnify in the same manner and to the same extent as if named herein as the Insured, every partner, officer or employee of the Insured who, with the consent of the owner thereof, personally drives (a) in the business of the Insured stated in the Liability Schedule, any automobile not owned in whole or in part by or licensed in the name of (i) the Insured, or (ii) such additional insured person, or (iii) any person or persons residing in the same dwelling premises as the Insured or such additional insured person, or (b) any automobile hired or leased in the name of the Insured except an automobile owned in whole or in part or licensed in the name of such additional insured person.

2. TERRITORY

This policy applies only to the use or operation of automobiles within Canada or the United States of America or upon a vessel plying between ports of those countries.

3. HIRED AUTOMOBILES DEFINED

The term "Hired Automobiles" as used in this policy means automobiles hired or leased from others with or without drivers, used under the control of the Insured in the business stated in the Liability Schedule but shall not include any automobile owned in whole or part by or licensed in the name of the Insured or any partner, officer or employee of the Insured.

This policy is valid only when attached to and forming part of one of the Insurer's standard policies providing liability insurance.

4. AUTOMOBILES OPERATED UNDER CONTRACT DEFINED

The term "Automobiles Operated under Contract" as used in this policy shall mean automobiles operated in the business of the Insured stated in the Liability Schedule where the complete supervision, direction and control of such automobiles remain with the owner thereof, but shall not include any automobile owned in whole or in part by or licensed in the name of the Insured or any partner, officer or employee of the Insured.

5. TWO OR MORE AUTOMOBILES

When two or more automobiles are insured hereunder the terms of this policy shall apply separately to each, but a motor vehicle and a trailer or trailers attached thereto shall be held to be one automobile as respects limits of liability under Section A.

6. PREMIUM ADJUSTMENT

The Advance Premium stated in the Liability Schedule is computed on:

1. The estimated total "cost of hire" for the Policy Period. The words "cost of hire" as used herein mean the entire amount incurred for "Hired Automobiles" and drivers when such automobiles are hired with drivers or the amount incurred for hired automobiles and the wages paid to drivers when such drivers are employees of the Insured, and
2. The estimated total "contract cost" for the Policy Period. The words "contract cost" as used herein mean the entire amount paid by the Insured for "Automobiles Operated under Contract" to the owner thereof.

The Advanced Premium is subject to adjustment at the end of the Policy Period when the insured shall deliver to Insurer a written statement of the total amounts expended for cost of hire during the Policy Period. If such amounts exceed the estimates stated in application, the Insured shall immediately pay additional premium at the rates applicable thereto; if less, the Insurer shall return to the Insured the unearned premium when determined but the Insurer shall, in any event, receive or retain not less than the Minimum Retained Premium stated therein.

The Insurer shall have the right and opportunity, whenever the Insurer so desires, to examine the books and records of the Insured to the extent they relate to the premium bases or the subject matter of this policy.

7. LIMITS OF LIABILITY

Non-Owned Automobile

Each accident: The Limit of Liability stated in the Declarations for Non-Owned Automobiles as applicable to "each accident" is limit of the Insurer's liability (exclusive of interest and costs) for loss or damage resulting from Bodily Injury to or the Death of one or more persons, and for loss or damage to property, regardless of the number of claims arising from any one accident.

STATUTORY CONDITIONS

(YUKON TERRITORY, NORTHWEST TERRITORIES, ALBERTA, ONTARIO, NEW BRUNSWICK, NOVA SCOTIA, PRINCE EDWARD ISLAND AND NEWFOUNDLAND)

In these statutory conditions, unless the context otherwise requires, the work "Insured" means a person insured by this contract whether named or not.

NOTE: All of the Statutory conditions contain the above wording. However,

- in the Yukon Territory, the following additional section appears:

"With respect to Section B only Statutory Conditions 1, 8 and 9 shall apply."

- in Prince Edward Island, the wording is contained in sub-condition (1) of Condition 1

- in Alberta, the following additional sentence appears:

"Statutory Conditions 2, 3, 4, 5, 6 and 7 shall not apply to Section B – Accident Benefits."

- in the Northwest Territories, there is an additional wording reading:

"and the words 'insured person' mean an Insured and includes any person to whom benefits may be payable under the Accident Benefits set out in the schedule to the Insurance Ordinance. With respect to Section B only Statutory conditions 1, 8 and 9 shall apply."

1. MATERIAL CHANGE IN RISK

- (1) The Insured named in this contract shall promptly notify the Insurer or its local agent in writing of any change in the risk material to the contract and within his knowledge.
- (2) Without restricting the generality of the foregoing, the words "change in the risk material to the contract" include:
 - (a) Any change in the insurable interest of the Insured named in this contract in the automobile by sale, assignment or otherwise, except through change of title by succession, death or proceedings under the Bankruptcy Act (Canada) and in respect of insurance against loss of or damage to the automobile,
 - (b) any mortgage, lien or encumbrance affecting the automobile after the application for this contract;
 - (c) any other insurance of the same interest, whether valid or not, covering loss or damage insured by this contract or any portion thereof.

NOTE: In Prince Edward Island Statutory condition 1, subconditions 2 and 3 are identical with the above quoted Statutory Condition relating to material change in risk.

2. (1) PROHIBITED USE BY INSURED

The Insured shall not drive or operate the automobile,

- (a) unless he is for the time being either authorized by law or qualified to drive or operate the automobile; or
- (b) while his licence to drive or operate an automobile is suspended or while his right to obtain a licence is suspended or while he is prohibited under order of any court from driving or operating an automobile; or
- (c) while he is under the age of sixteen years or under such other age as is prescribed by the law of the province in which he resides at the time this contract is made as being the minimum age at which a licence or permit to drive an automobile may be issued to him; or
- (d) for any illicit or prohibited trade or transportation; or
- (e) in any race or speed test

(2) PROHIBITED USE BY OTHERS

The Insured shall not permit, suffer, allow or connive at the use of the automobile,

- (a) by any person
 - (i) unless that person is for the time being either authorized by law or qualified to drive or operate the automobile; or
 - (ii) while that person is under the age of sixteen years or under such other age as is prescribed by the law of the province in which he resides at the time this contract is made as being the minimum age at which a license or permit to drive an automobile may be issued to him; or
- (b) by any person who is a member of the household of the Insured while his licence to drive or operate an automobile is suspended or while his right to obtain a licence is suspended or while he is prohibited under order of any court from driving or operating an automobile; or
- (c) for any illicit or prohibited trade or transportation; or
- (d) in any race or speed test.

3. REQUIREMENTS WHERE LOSS OR DAMAGE TO PERSONS OR PROPERTY

- (1) The Insured shall:
 - (a) promptly give to the Insurer written notice, with all available particulars, of any accident involving loss or damage to persons or property and of any claim made on account of the accident;
 - (b) verify by statutory declaration, if required by the Insured, that the claim arose out of the use or operation of the automobile and that the person operating or responsible for the operation of the automobile at the time of the accident is a person insured under this contract; and
 - (c) forward immediately to the Insurer every letter, document, advice or writ received by him from or on behalf of the claimant.
- (2) The Insurer shall not:
 - (a) voluntarily assume any liability or settle any claim except at his own cost; or

- (b) interfere in any negotiations for settlement or in any legal proceeding.
- (3) The Insurer shall, whenever requested by the Insurer, aid in securing information and evidence and the attendance of any witness and shall cooperate with the Insurer, except in a pecuniary way, in the defence of any action or proceeding or in the prosecution of any appeal.

4. REQUIREMENTS WHERE LOSS OR DAMAGE TO AUTOMOBILE

- (1) Where loss of or damage to the automobile occurs, the Insurer shall, if the loss or damage is covered by this contract,
- (a) Promptly give notice thereof in writing to the Insurer with the fullest information obtainable at the time;
 - (b) at the expense of the Insurer, and as far as reasonably possible, protect the automobile from further loss or damage; and
 - (c) Deliver to the Insurer within ninety days after the date of the loss or damage a statutory declaration stating, to the best of his knowledge and belief, the place, time, cause and amount of the loss or damage, the interest of the Insured and of all others therein, the encumbrances thereon, all other insurance, whether valid or not, covering the automobile and that the loss or damage did not occur through any wilful act or neglect, procurement, means or connivance of the Insured.
- (2) Any further loss or damage accruing to the automobile directly or indirectly from a failure to protect it as required under subcondition (1) of this condition is not recoverable under this contract.
- (3) No repairs, other than those that are immediately necessary for the protection of the automobile from further loss or damage, shall be undertaken and no physical evidence of the loss or damage shall be removed,
- (a) without the written consent of the Insurer; or
 - (b) until the Insurer has had a reasonable time to make the examination for which provision is made in Statutory Condition 5.

Examination of Insured

- (4) The Insured shall submit to examination under oath, and shall produce for examination at such reasonable place and time as is designated by the Insurer or its representative all documents in his possession or control that relate to the matters in question and he shall permit extracts and copies to be made.

Insurer Liable for Cash Value of Automobile

- (5) The Insurer shall not be liable for more than the actual cash value of the automobile at the time any loss or damage occurs, and the loss or damage shall be ascertained or estimated according to that actual cash value with proper deduction for depreciation, however caused, and shall not exceed the amount that it would cost to repair or replace the automobile, or any part thereof, with material of like kind and quality, but, if any part of the automobile is obsolete and out of stock, the liability of the Insurer in respect thereof shall be limited to the value of that part at the time of loss or damage, not exceeding the maker's latest list price.

Repair or Replacement

- (6) Except where an appraisal has been made, the Insurer, instead of making payment, may, within a reasonable time, repair, rebuild or replace the property damaged or lost, with other of like kind and quality if, within seven days after the receipt of the proof of loss, it gives written notice of its intention to do so.

No Abandonment; Salvage

- (7) There shall be no abandonment of the automobile to the Insurer without the Insurer's consent. If the Insurer exercises the option to replace the automobile or pays the actual cash value of the automobile, the salvage, if any, shall vest in the Insurer.

In Case of Disagreement

- (8) In the event of disagreement as to the nature and extent of the repairs and replacements required, or as to their adequacy, if effected, or as to the amount payable in respect of any loss or damage, those questions shall be determined by the appraisal as provided under *The Insurance Act* (in Newfoundland, *The Insurance Contracts Act*) before there can be 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 thereof is made in writing and until after proof of loss has been delivered.

5. INSPECTION OF AUTOMOBILE

The Insurer shall permit the Insurer at all reasonable times to inspect the automobile and its equipment.

6. (1) Time and Manner of Payment of Insurance Money

The Insurer shall pay the insurance money for which it is liable under this contract within sixty days after the proof of loss has been received by it or, where an appraisal is made under subcondition (8) of Statutory Condition 4, within fifteen days after the award is rendered by the appraisers.

(2) When action may be brought

The Insured shall not bring an action to recover the amount of a claim under this contract unless the requirements of Statutory Conditions 3 and 4 are complied with or until the amount of the loss has been ascertained as therein provided or by a judgment against the Insured after trial of the issue or by agreement between the parties with the written consent of the Insurer.

(3) Limitation of Actions

Every action or proceeding against the Insurer under this contract in respect of loss or damage to the automobile shall be commenced within one year next after the happening of the loss and not afterwards, and in respect of loss or damage to persons or property shall be commenced within one year next after the cause of action arose and not afterwards.

NOTE: In Yukon Territory, Northwest Territories and New Brunswick, the one year limitation period in subcondition (3) should read "2 years."

In the case of Nova Scotia and Newfoundland subcondition (3) reads as follows:

"(3) Every action or proceeding under this contract against the Insurer under this contract in respect of a claim for indemnification for liability of the Insured for loss or damage to property of another person or for personal injury to or death of another person shall be commenced within two years after the liability of the Insured is established by a court of competent jurisdiction and not afterwards. Every other action or proceeding against the Insurer under this contract in respect of loss or damage to the automobile shall be commenced within two years from the time the loss or damage was sustained and not afterwards."

7. WHO MAY GIVE NOTICE AND PROOFS OF CLAIM

Notice of claim may be given and proofs of claim may be made by the agent of the Insured named in this contract in case of absence or inability of the 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.

8. TERMINATION

- (1) This contract may be terminated,
- (a) by the Insurer giving to the Insured fifteen days' notice of termination by registered mail or five days' written notice of termination personally delivered;
 - (b) by the Insured at any time on request.

- (2) Where this contract is terminated by the Insurer,
 - (a) the Insurer shall refund the excess of premium actually paid by the Insured over the pro rata premium for the expired time, but in no event shall the the pro rata premium for the expired time be deemed to be less than any minimum retained premium specified; and
- (3) the refund shall accompany the notice unless the premium is subject to adjustment or determination as to the amount, in which case the refund shall be made as soon as practicable. Where this contract is terminated by Insured, the Insured 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 days mentioned in clause (a) of sub-condition (1) of this condition commences to run on the day following the receipt of the registered letter at the post office to which it is addressed.

NOTE: In the Northwest Territories, paragraph (a) of sub-condition 1 has the following words added:
"and by notifying the registrar of motor vehicles as required by the Vehicles Ordinance".

9. NOTICE

Any 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. Written notice may be given to the Insured named in this contract by letter personally delivered to him by registered mail addressed to him at his latest post office address as notified to the Insurer. In this condition, the expression "registered" means registered in or outside Canada.

NOTE: In the Northwest Territories, the reference is to Territories and in the Yukon Territory the reference is to Territory rather than Province.

SAMPLE