

Form #A3 (Rev. June 6, 2016)
Broad Form – Homeowners Insurance

This booklet contains the Insuring Agreements of the Homeowners policy you have selected to insure your home and your possessions.

Your insurance policy has been written in clear language rather than in a legalistic form to help you better understand your insurance coverages. Please take a few moments to read your policy. Should you have any questions or require changes, please do not hesitate to communicate immediately with your Broker.

A section entitled How to read a policy appears on the following pages to assist you in understanding which coverages will apply to your property and liability exposures. If this is a renewal of your policy, the wording in this booklet will replace your previous policy wordings.

HOW TO READ A POLICY

As three different Homeowners policy forms are printed herein, it is important that you verify the form number on the Declarations page that applies to you.

Should one of the other policy forms be more appropriate to your needs, or should you require any of the Optional Additional Coverages, please do not hesitate to call your Broker to inquire if they are available to you.

A Homeowners policy consists of the following:

- Your Policy (Preamble)
- Section One (Property Insurance)
- Section Two (Personal Liability Insurance)
- Section Three (Voluntary Compensation for Your Residence Employees)
- Section Four (Credit and Debit Card Coverage)

STATUTORY CONDITIONS (ELSEWHERE IN CANADA)

THESE CONDITIONS APPLY TO ALL COVERAGES PROVIDED BY THIS POLICY AS WELL AS ANY ADDITIONAL COVERAGES OR ENDORSEMENTS

Endorsements added to your policy

An endorsement will add or delete coverage or change policy conditions. Its form number will appear on the Declarations page of your policy.

All policies contain exclusions and limitations

Please read your policy carefully. May we suggest that you first determine if a particular risk falls within the "Perils you are insured against". Policies cover either on a "named peril" basis or against "all risks". (In the Broad form A3 policy, the "building" coverages are insured on the "all risks" form whereas the personal property (contents) is only covered for "named perils".)

Then, read any exclusions that might apply, either to certain types of property, or for loss or damage caused by stated perils.

Certain classes of property (such as jewellery or furs) may be insured - but only up to a specific limit of insurance. Please pay particular attention to this section of your policy.

[Different policy forms may have different maximum limits.]

For damage to your property

- You must take reasonable precautions to prevent further loss or damage;
- You must not undertake any repairs or remove physical evidence of the loss or damage unless it is necessary to prevent further damage, or until we have had a reasonable time to examine the property;
- You must report the incident to the police or other competent authority if a crime is involved;
- Please report the loss to your Broker promptly.

For a claim (or possibility of a claim) for injury to others or for damage to the property of others (i.e. liability)

- Please report the loss to your Broker promptly;
- Do not assume any obligation to settle;
- Ensure that all notices, letters, documents, etc. are forwarded to us without delay.

For more complete information

You should refer to the section of your policy entitled "General Conditions" in Quebec, or "Statutory Conditions" in other provinces.

YOUR POLICY

Note:

The sections indicated below are an integral part of each of the Homeowners forms (A1- Standard), (A3-Broad) and (A2-Prestige):

"Agreement and Period of Insurance and Effective Date";
"Definitions";
"Conditions Applicable to all Sections";
"Conditions Applicable to Property Insurance";
"General Exclusions Applicable to Property Insurance";
and
"Loss Settlement Conditions".

Agreement

We will provide the insurance described in this policy in return for the money you pay and your compliance with the terms of this insurance.

Period of Insurance and Effective Date

This insurance is effective for a period beginning and ending at 12:01 a.m. at your principal residence named on the Declarations page and on the dates shown on the Declarations page.

DEFINITIONS

Applicable to ALL sections of your policy as well as the Optional Additional Coverages and Endorsements.

Underwriters

Throughout this policy the words “we”, “us” and “our” refer to certain Underwriters at Lloyd’s, London, England who provide this insurance.

Insured

We insure the person(s) named on the Declarations page and, if residents of the same household, the spouse or same sex partner (as defined), the relatives of either, and any other person in the care of a person insured. The terms of this insurance apply to each person insured.

In addition, a student who is enrolled in and actually attends a school, college or university and is dependent on the Named Insured or his or her spouse or same-sex partner for support and maintenance is also insured even if temporarily residing away from the principal residence.

Throughout this policy the words “you” and “your” refer to any person insured, or collectively, to all persons insured. Persons insured under this policy may also be referred to as “an insured”, “any insured” or “person insured”.

Spouse

In this policy the word “spouse” means a man or woman who:

1. Is married to and living with the Named Insured; or
2. Has been living with the Named Insured as husband and wife for two years, or for one year if:
 - a) a child has been born or is to be born of their union;
 - b) they have jointly adopted a child; or
 - c) one of them has adopted a child of the other.

Same-sex Partner

In this policy, the term “same-sex partner” means a person of the same sex who has been living with the Named Insured for two years in a relationship as a couple or family.

Residence Premises

In this policy the words “residence premises” mean the premises shown on the Declarations page and which includes the family dwelling, other structures and grounds, or that part of any other building on those premises which you occupy for dwelling purposes.

Personal Property

In this policy the words “personal property” shall, subject to the coverages, exclusions and conditions of this insurance, mean tangible, moveable property, but excluding interest or rights in property and evidences of debt or title.

Civil Authority

The term “civil authority” referred to in this policy shall mean any person acting under the authority of the Governor General in Council of Canada or the Lieutenant Governor in Council of a Province, and/or any person acting with authority under a Federal, Provincial or Territorial legislation with respect to the protection of persons and property in the event of an emergency.

Plumbing System

“Plumbing system” means water supply distribution and disposal piping on the premises, including appliances and equipment attached thereto, between their connection points to a public or private system.

**CONDITIONS
APPLICABLE TO ALL SECTIONS****Liberalization of Coverage**

If, while your insurance is in force, we were to revise the wordings within this booklet such that the coverages would be broadened without additional premium, the broader coverages would apply to your policy as well.

Assignment

The assignment of this insurance to others is not effective unless and until we give our written consent.

Recovery of Loss from Others

You may waive in writing before a loss but never after a loss your rights of recovery from any person. If you do not waive your rights we may require you to assign them to us for any loss where we have made payment. You are asked to cooperate in every way possible to assist in recovery from others.

Important Notice

If any of the terms of this policy conflict with any local or Provincial statute, this insurance is amended to conform to the applicable statute.

**CONDITIONS
APPLICABLE TO PROPERTY INSURANCE****Time Element**

This insurance applies only to loss or damage which occurs during the period of insurance stated on the Declarations page.

Deductible

We will pay for that portion of any loss or damage which exceeds the deductible amount shown on the Declarations page up to the limit of insurance for any one occurrence.

Occupancy of Premises

Any use of the premises other than for normal dwelling occupancy, or any condition of vacancy, must be reported to us as soon as practicable, but not later than 30 days after the change in occupancy or the beginning of the vacancy. However, you may make alterations, additions and repairs to your premises without notice to us. (Refer to “General Exclusions Applicable to Property Insurance” – “Vacancy”).

Notice to Authorities

When any loss is believed to be caused by theft, disappearance or any illegal act of others, you must give immediate notice to the police or other authorities having jurisdiction.

Protection of Property from Loss

You must use all reasonable means to protect the insured property from loss or damage when endangered by an insured peril, and to save and preserve such property during and after the time of loss or damage.

Insurance not to Benefit Others

No person or organization having custody of any property covered by this insurance, and receiving payment for such services, shall benefit from this insurance.

Other Insurance

The insurance provided by this policy is over and above any other valid insurance, other than insurance written specifically to apply as additional to our limits of liability in this insurance.

When both this insurance and other insurance(s) provide coverage on the same basis for loss or damage, then we will pay only our share. Our share is the proportion which our limit of insurance bears to the total limits, or amounts of insurance, of all policies which provide coverage.

**GENERAL EXCLUSIONS
APPLICABLE TO PROPERTY INSURANCE**

We do not cover:

War Risk

Loss or damage caused by war, invasion, act of a foreign enemy, hostilities, civil war, rebellion, revolution, insurrection or military power.

Nuclear Risk

Loss or damage caused directly or indirectly by:

- a. 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;
- b. Contamination by radioactive material.

Pollutants

Loss or damage arising out of the actual or threatened discharge, dispersal, release or escape of pollutants.

"Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapour, soot, fumes, acids, alkalis, chemicals and waste.

The sudden and accidental discharge of fuel oil which is contained in a fixed fuel tank, apparatus or pipes used to heat the insured dwelling will not be considered a "pollutant" within this definition.

However, we **do not** cover:

- a. Loss or damage arising from pollutants emanating from an underground fuel tank. Fuel tanks that are located in the basement of a property are deemed to be above ground;
- b. Loss or damage resulting from gradual leakage or seepage.

Earth Movement

Loss or damage caused by snowslide, earthquake, landslide or other earth movement, except for ensuing loss or damage which results from fire or explosion.

Criminal Act or Willful Negligence

Loss or damage resulting from any criminal act or willful negligence by an Insured, but this exclusion does not apply to any other Insured who has not committed and is not involved in the criminal act or willful negligence.

Ordinance or Law

Loss or damage caused directly or indirectly from the enforcement of any ordinance or law regulating the construction, repair or demolition of a building or other structure.

Vacancy

Loss or damage caused directly or indirectly after the building insured has been, to your knowledge, vacant for more than 30 consecutive days, unless previously agreed to by us.

"Vacancy" means the occupants have moved out with no intention to return. A newly constructed dwelling is vacant after it is completed and before the occupants move in.

Property not Covered

- a. Property illegally acquired or kept;
- b. Property lawfully seized or confiscated unless such property is destroyed to prevent the spread of fire;
- c. Aircraft and parts;
- d. Motorized vehicles and trailers, including their furnishings and equipment, other than:
 - 1) motorized wheelchairs, motorized golf carts, remote-control caddies, watercraft, "drawn machinery", motorized lawn mowers, other gardening equipment and snow blowers;
 - 2) vehicles used to service your premises which are not licensed for road use;
- e. Buildings used for commercial or farming purposes, unless such use is stated on the Declarations page;
- f. Property pertaining to a business is only covered up to \$1,500 in all, (on the Broad and Prestige forms, the limit is \$2,000) **and only while on your residence premises.**

**LOSS SETTLEMENT CONDITIONS
APPLICABLE TO PROPERTY INSURANCE**

Subject to the General Conditions or Statutory Conditions which form part of this policy, your insured losses will be settled as follows:

Insurable Interest

We will not pay to any Insured any amount greater than the Insured's interest, at the time of loss, in the property covered by this insurance.

Limit of this Insurance

Regardless of the number of persons insured or persons having claim under this insurance, or the value of the damaged property, we will not pay more for any loss than our applicable limit of this insurance.

Valuation of Property and Loss Payment

An insured loss will be paid on the basis of the value of the damaged property at the time of the loss. This value will be determined as follows:

A. On Buildings and Private Structures

On buildings and private structures, when repaired or replaced for residential use on the same premises (unless rebuilding or repair on the same site is prohibited by an ordinance or law), and provided repair or replacement is executed with due diligence, we will pay the replacement cost for equivalent construction, without deduction for depreciation, provided that the limit of insurance is equal to, or greater than, 80% of the replacement cost value of the building at the time of loss. (However, in no circumstances will the replacement cost exceed the applicable limit of insurance.) Should the limit of insurance be less than 80% of the replacement cost value of the building or private structure, then you can choose one of the following options: (However, in no circumstances will we pay more for any loss than the applicable limit of insurance)

1. The actual cash value (depreciated value), but not more than the amount necessary to repair or replace;
2. The replacement cost. If you elect to have your loss adjusted and paid on this basis, then we shall not pay more than the proportion of the cost of repairs or replacement which the insured amount bears to 80% of the actual replacement cost value of the building at the time of the loss.

Should the building or private structure not be repaired or replaced, the loss shall be settled on an Actual Cash Value basis but not more than the amount necessary to repair or replace and in no circumstances will we pay more for any loss than the applicable limit of insurance.

B. On Personal Property

On personal property, fixtures, equipment and structures that are not buildings, an insured loss will be paid on the basis of Replacement Cost:

1. Being the cost to repair or replace, whichever is less, at the time of the loss or damage with new materials of like kind and quality, without deduction for depreciation;
2. Provided the repair or replacement is executed with due diligence and promptly;
3. The amount we pay will be the lesser of the actual expenditure to repair or replace, but not exceeding the applicable limit of insurance.

The replacement cost basis of settlement does not apply to:

- a. Property which was not in good and workable condition;
- b. Property not being used by you, or being stored by you, unless the property is intended for use and only temporarily out of service;
- c. Articles, which by their inherent nature cannot be replaced with same or similar articles, such as: antiques, fine arts, paintings, statuary, memorabilia, souvenirs, photographs, negatives, rare books, manuscripts and collectors' items;
- d. Other similar articles the age, history and rarity of which contribute significantly to their value;
- e. Property, which at the time of loss or damage is no longer manufactured, or is unobtainable, but we will pay the cost of a new article of comparable quality and usefulness.

If you do not Repair or Replace

If you choose not to repair or replace any article, we will pay for the loss or damage to that article on the basis of "Actual Cash Value".

C. Optional Additional Coverages (if applicable)

Optional additional coverages and those provided by endorsement to your policy will be settled on an Actual Cash Value basis unless otherwise specified.

Actual Cash Value Basis

Actual Cash Value will take into account the cost of replacement, less any depreciation or obsolescence. In determining depreciation, the condition immediately preceding the damage, the resale value and the normal life expectancy will be taken into consideration.

We will pay the lesser of:

1. The cost to repair or replace the damaged property with material of like kind and quality;
2. The actual cash value of the articles at the time of the loss;
3. The applicable limit of insurance.

We reserve the right to repair or replace the article(s).

Loss to a Pair, Set, or Parts

In the case of an insured loss to a pair, set, or a part of an article which consists of several parts when complete, we have the option to:

1. Repair or replace any part to restore the property to its value before the loss, or
2. Pay the difference between the Actual Cash Value of the property before and after the loss.

Loss Payments shall not Reduce Limits

Any loss or damage shall not reduce the amounts of insurance provided under Section One (Property Insurance).

FORM A3 – Homeowners Broad Form

SECTION ONE – PROPERTY INSURANCE

Limits of Insurance

We will pay up to the applicable limit of insurance shown on the Declarations page for the following:

Dwelling Building

We cover the dwelling building shown on the Declarations page for each location insured under this form including:

1. Swimming pools and attached equipment;
2. Fixtures and glass forming part of the dwelling and attached structures;
3. Outdoor equipment, permanently installed;
4. Fences, walls, gates, driveways, walkways;
5. Trees, plants, shrubs and lawns for an amount not exceeding 5% of the limit of insurance applicable to the dwelling building. The limit for any one tree, plant or shrub is \$500. Debris removal is included within these limits.

We insure these items described in "5." above against loss or damage caused by fire, lightning, explosion, theft or attempt thereof, vandalism, malicious acts, civil disturbances, riot, impact by vehicles, watercraft, or aircraft, as described under "Perils You are Insured Against".

We **do not** cover any property grown for commercial purposes.

Materials and supplies located on or adjacent to the premises for use in the construction, alteration or repair of the dwelling;

6. Building equipment or fixtures removed from the premises for repair or storage for an amount not exceeding 10% of the limit of insurance applicable to the dwelling building.

Detached Buildings or Structures

We cover your separate detached garage or other separate buildings or structures located on the residence premises. We also cover any construction materials and supplies intended for use on these detached buildings. This coverage is in addition to the amount of insurance on the dwelling building. Even if you have more than one detached building or structure on your residence premises, we will pay no more than the limit of insurance shown on the Declarations page.

Personal Property

We cover your personal property while at the residence premises.

We also cover that personal property anywhere in the world while it is temporarily removed from the residence premises, or if it is newly acquired.

The personal property of a student who is an insured covered by this insurance, while that property is at a residence away from home, is covered up to a limit of \$5,000.

The personal property owned by others is covered at your option while that property is in your care or custody, or in any part of a residence occupied by you, but we do not insure the property of roomers or boarders who are not related to you.

The personal property of a residence employee is covered at your option while that property is in a residence of yours or is with the employee while he or she is travelling for you.

Personal property normally kept at your place of business is insured up to \$1,000 in all.

SPECIFIC LIMITS OF INSURANCE

The following categories of personal property are subject to the specific limits of insurance shown below **for any insured peril**. These are the total limits for all property included in each category.

These limits **do not** increase the limit of insurance shown on the Declarations page for Personal Property.

For any one loss, the most we will pay is:

- \$ 200 for money, bank notes and bullion;
- \$ 3,000 for securities, whether they are stored on your premises or at a bank or other financial institution;
- \$ 1,000 for manuscripts;
- \$ 2,000 for watercraft, including equipment, furnishings and outboard motors;
- \$ 2,500 for computer software and information stored in memory or media. (Refer to "Property not Covered" "f." in the section entitled "General Exclusions Applicable to Property Insurance");
- \$ 2,000 for animals, birds or fish, but we do not cover loss by theft or impact by vehicles, watercraft or aircraft;
- \$ 1,000 for collectible cards, such as sports cards, and comic books.

The following categories of personal property are subject to the specific limits of insurance shown below, **but only in the event of a theft or attempted theft**. These are the total limits for all property included in each category.

These limits **do not** increase the limit of insurance shown on the Declarations page for Personal Property.

For any one loss, the most we will pay is:

- \$ 300 for coin collections, including numismatic property;
- \$ 1,000 for stamp collections, including philatelic property;
- \$ 2,000 for fur garments and garments trimmed with fur, jewellery, watches, precious and semiprecious stones;
- \$ 5,000 for silverware, silverplated ware, goldware, goldplated ware and pewterware;
- \$ 500 for each bicycle, including equipment and accessories.

Additional Living Expenses

If the Residence Premises insured become uninhabitable because of damage caused by a peril insured against, we provide the following coverage:

1. Additional Living Expense, which means any necessary **increase** in living expenses, including moving expenses, if necessary, incurred by you so that your household can maintain its normal standard of living.
2. Rental Value, which means the fair rental value of that part of the premises rented or held for rental by you. However this **shall not** include any expense that does not continue while the premises are uninhabitable.
3. Loss of Income, which also includes any loss of wage or salary of the person or the spouse of the person named on the Declarations page resulting from a peril insured, subject to a maximum of \$200 per week.

Any payment for loss of use or increased cost of living (as defined above) shall be for the shortest time required to repair or replace the premises or, if you permanently relocate, for you to settle elsewhere.

This coverage also includes loss of use for a period not exceeding two weeks, during which time use of your premises is prohibited by the civil authorities because of direct damage to neighbouring premises caused by a peril insured against.

The period of time covered **is not** limited by expiration of this insurance.

We **do not** cover loss or expense due to cancellation of a lease or agreement.

PERILS YOU ARE INSURED AGAINST

Dwelling Buildings, and Detached Buildings or Structures

We insure you for direct loss to your dwelling buildings and detached buildings and structures described under this Section One against all risks of direct physical loss, destruction or damage, other than the risks listed below and those mentioned in the "General Exclusions applicable to Property Insurance".

We **do not** cover loss or damage:

- a. Caused by wear and tear, deterioration, defect or mechanical breakdown, rust or corrosion, extremes of temperature, wet or dry rot or mould, smog and contamination;
- b. Caused by smoke from industrial or agricultural operations;
- c. Due to settling, expansion, contraction, moving, bulging, buckling or cracking of the building, however, we do cover resulting damage to building glass;
- d. Caused by vermin, rodents or insects, however, we do cover resulting damage to building glass;
- e. Caused by theft, or attempted theft, in or to a dwelling under construction or of materials and supplies for use in the construction until the dwelling is completed and ready to be occupied;
- f. Caused by vandalism or malicious acts or glass breakage occurring while your dwelling is under construction or vacant, irrespective of any permission granted elsewhere in this insurance;
- g. Caused by flood, surface water, spray, waves, tidal waves, waterborne objects or ice, all whether driven by wind or not, except loss or damage resulting:
 - a. from fire, explosion, theft;
 - b. from the escape of water from a public water main, swimming pool or equipment attached;
- h. Caused by continuous or repeated seepage of water or steam over a period of time from within a plumbing, heating or air conditioning system, sprinkler system, waterbed, aquarium or household appliance;
- i. Caused by seepage or leakage of water below the surface of the ground including through sidewalks, driveways, foundations, walls, basement or other floors or through doors, windows or any other openings, unless the loss or damage resulted from the escape of water from a public water main, swimming pool or equipment attached;
- j. Caused by freezing, thawing, pressure or weight of water or ice, whether driven by wind or not, to fence, pavement, patio, swimming pool and equipment, water main, sewer, foundation, retaining wall, bulkhead, pier, wharf or dock;
- k. Caused by water which backs up through sewers, sumps or septic tanks;
- l. Caused by discharge or overflow of water or steam from within a plumbing, heating, sprinkler or cooling system, an appliance which uses or holds water, swimming pools or equipment attached and public water mains carrying drinking water occurring while your dwelling is under construction or vacant even if permission for construction or vacancy has been given by us;
- m. Caused by bursting, tearing apart, cracking, burning or bulging due to the pressure of, or the lack of water or steam, of a plumbing, heating, sprinkler or cooling system or an appliance for heating water occurring while your dwelling is under construction or vacant even if permission for construction or vacancy has been given by us;
- n. Caused by freezing of a plumbing, heating, sprinkler or cooling system or an appliance which uses or holds water which is not within a building in which heat is maintained during the heating season;
- o. Caused by freezing of a plumbing, heating, sprinkler or cooling system or an appliance which uses or holds water while your premises are **unoccupied** in excess of **seven consecutive days** (i.e. 168 hours) **unless**:
 - 1) you have shut off the water supply and drained the system and appliances of water, or
 - 2) you have maintained heat in the building and have made arrangements to assure that heat is continued during any time the premises are unoccupied.
- p. We do not cover the cost of making good faulty design, material or workmanship.

Personal Property

We insure you for direct loss to the personal property described in this Section One caused by the following perils:

1. Fire, Lightning or Explosion

2. Windstorm or Hail

We **do not** cover loss:

- a. To personal property contained in a building unless the windstorm or hail damages the building making an opening in a wall or roof through which further damage is caused;
- b. To outdoor radio or television antennae, satellite receivers, or their accessories;
- c. To trees, plants, shrubs and lawns;
- d. Caused by weight or pressure or melting of ice or snow, waves, floods, whether driven by wind or not.

3. Theft, including Attempted Theft

We **do not** cover loss by theft:

- a. From premises on which a building is being constructed;
- b. Of animals, birds or fish.

4. Rupture, Freezing and Water Escape

This peril means:

- the sudden and accidental breaking, burning, bulging, or the freezing of a plumbing, heating, sprinkler or air conditioning system, domestic appliance, aquarium, water bed, swimming pool or equipment attached;
- the accidental discharge or overflow of water or steam from any such system or appliance, aquarium, water bed, swimming pool or equipment attached, as well as accidental discharge from a public water main carrying drinking water.

We will replace or repair any parts of the insured building or premises that must be removed or torn apart before repairs can be made to a plumbing, heating, air conditioning or sprinkler system, domestic appliance, aquarium or water bed having caused insured damage, **except damage related to an outdoor swimming pool or equipment attached, public water mains carrying drinking water or public sewers.**

We **do not** cover loss or damage:

- a. To the system or appliance caused by rust, corrosion or gradual deterioration;
- b. Caused by a continuous or repeated seepage or leakage of water or steam;
- c. Caused by water which backs up through sewers, sumps or septic tanks;
- d. Caused by freezing while your premises are **unoccupied** in excess of **seven consecutive days** (i.e. 168 hours) **unless**,
 - 1) you have shut off the water supply and drained the system and appliances of water, or
 - 2) you have maintained heat in the building and have made arrangements to assure that heat is continued during any time the premises are unoccupied;
- e. Caused while the building is in the course of construction or vacant, irrespective of any permission granted elsewhere in this insurance;
- f. Caused by freezing of any part of such system which is not within a building in which heat is maintained during the heating season.

5. Vandalism or Malicious Acts

We **do not** cover loss or damage caused while the building is in the course of construction or vacant, irrespective of any permission granted elsewhere in this insurance.

6. **Civil Disturbances and Riot**
7. **Impact by Vehicles, Watercraft, or Aircraft, including Self-Propelled Missiles or Spacecraft**
We **do not** cover loss or injury to animals, birds or fish.
8. **Smoke, which means sudden and Accidental Damage Caused by Smoke**
We **do not** cover any loss caused by smoke from industrial or agricultural operations.
9. **Falling Objects, which means an object falling against a Building, Structure or Outdoor Equipment**
10. **Transportation Accidents, defined as damage to property being transported caused by collision, upset, derailment, stranding or sinking of any vehicle, or any conveyance of a common carrier**
11. **Weight of Ice, Snow and Sleet**
We **do not** cover:
 - a. Loss to outdoor radio or television antennae, satellite receivers, or their accessories;
 - b. Loss to trees, plants, shrubs or lawns.
12. **Collapse of a Building or any Part of a Building**
This peril **does not** include settling, expansion, contraction, moving, bulging, buckling or cracking.
13. **Sudden and Accidental Damage from an Electrical Current**
We **do not** cover loss or damage to a tube, transistor, computer or similar electronic component.
14. **Bursting or Overflow of a Fixed Domestic Fuel Tank, including its apparatus or pipes**

EXTENSIONS OF COVERAGE

Within the limits of insurance shown on the Declarations page the following additional coverage is given:

Removal and Safeguard Expenses

We will reimburse you for the reasonable expenses incurred by you to protect your property from further damage following the occurrence of an insured peril, or to remove property from your premises when endangered by an insured peril.

We also will cover for direct loss from any insured peril the property which is removed from your premises to protect it from damage from an insured peril. This coverage applies for a period of 14 days but not exceeding the expiry date of this insurance, and no deductible is applied to any payment by us under this extension of coverage.

Debris Removal

We will pay the reasonable expenses you incur for the removal of debris following an insured loss to your property.

Tear Out

We will replace or repair any parts of the insured building or premises that must be removed or torn apart before repairs can be made to a plumbing, heating, air conditioning or sprinkler system, domestic appliance, aquarium or water bed having caused insured damage, **except damage related to an outdoor swimming pool or equipment attached, public water mains carrying drinking water or public sewers.**

Loss Caused by Change of Temperature

We will cover any loss or damage to personal property caused by a temperature change after your dwelling or other structure insured under this insurance has been damaged by an insured peril.

Moving to Another Home

We insure your personal property that is being moved to another location within Canada which is to be occupied by you as your principal dwelling. The limit of insurance for Personal Property will be divided between the premises, in transit and at the new location on the basis of the percentage of the total value of the property at your premises, in transit and at the new location. This coverage applies only for a period of 30 days from the date you commenced removal.

Food Spoilage

We will pay up to \$1,000, without deductible, for the loss of or damage to food while contained in a food freezer located on your residence premises caused by mechanical breakdown of the freezer or power failure.

Within this limit, we will reimburse any reasonable expenses incurred by you to reduce or avert a loss.

Fire Department Charges

If you have a legal liability to, or an agreement with, a fire department outside the municipality where your dwelling is located, we will reimburse you for up to \$2,000, without deductible, if that fire department charges for having been called to save or protect property from a "Peril You Are Insured Against".

Lock Replacement

We will pay up to \$500, without deductible, to replace the locks of your residence premises if your keys are stolen.

Inflation Protection

The limits of insurance applicable to Section One shown on the Declarations page will be automatically increased (if applicable) by amounts which are solely attributable to the inflation increase since the most recent of:

1. The effective date of this policy;
2. The last renewal date of this insurance;
3. The date of the latest change to the limits of insurance.

SECTION TWO – PERSONAL LIABILITY INSURANCE

DEFINITIONS of certain terms used in this Section Two

Insured

"You" and "your" in this Section have the same meaning as defined in "Your Policy" – "Definitions".

Additional Insured

In addition, the following persons are insured:

1. Any person or organization legally liable for damage caused by a watercraft or animal owned by you, and to which this insurance applies. This does not include anyone using or having custody of the watercraft or animal in the course of any business or without the owner's permission;
2. Any person while performing duties as your residence employee;
3. Your legal representative having temporary custody of the insured premises, if you die while insured by this policy, for legal liability arising out of the insured premises;
4. Any person who is insured by this policy at the time of your death and who continues residing on the insured premises.

Bodily Injury and Property Damage

"Bodily Injury" means bodily injury, sickness or disease or resulting death.

"Property Damage" means damage to, or destruction of, or loss of use of property.

Residence Employee

"Residence Employee" means a person employed by you to perform duties in connection with the maintenance or use of the insured premises. This includes persons who perform household or domestic services or duties of a similar nature for you. This does not include persons while performing duties in connection with your business.

Premises

"Premises" means all premises where the person(s) named as Insured on the Declarations page, their spouse or same-sex partner maintains a residence, provided such premises are specifically described on the Declarations page. It also includes:

1. Other residential premises specified on the Declarations page, except business property and farms;
2. Individual or family cemetery plots or burial vaults;
3. Vacant land you own or rent, excluding farm land;
4. Land where an independent contractor is building a one or two-family residence to be occupied by you;
5. Premises you are using or where you are temporarily residing, if you do not own such premises.

Watercraft You Own

You are insured against claims arising out of your ownership, use or operation of watercraft equipped with an outboard motor or motors of not more than 19 kW (25 HP) in total when used with or on a single watercraft.

You are also insured if your watercraft has an inboard or an inboard-outboard motor of not more than 38 kW (50 HP) or for any other type of watercraft not more than 8 meters (26 feet) in length.

If you own any motors or watercraft larger than those stated above, you are insured only if they are shown on the Declarations page. If they are acquired after the effective date of this policy, you will be insured automatically for a period of 30 days only from the date of the acquisition.

NB: You are **not insured** if your watercraft is a jet propelled personal watercraft.

Watercraft You Do Not Own

You are insured against claims arising out of your use or operation of watercraft which you do not own, but not for damage to the watercraft itself.

Motorized Vehicles You Own

You are insured against claims arising out of your ownership, use or operation of the following:

1. Self-propelled lawn mowers, snow blowers, garden-type tractors, or implements, used or operated mainly on your property, provided they are not used for compensation or hire, and their trailers;
2. Motorized golf-carts while in use on a golf course, and their trailers;
3. Remote control caddies;
4. Motorized wheelchairs.

Motorized Vehicles You Do Not Own

You are insured against claims arising out of your use or operation of any self-propelled land vehicle, amphibious vehicle or air cushion vehicle including their trailers which you do not own, provided that:

1. The vehicle is not licensed and is designed primarily for use off public roads;
2. You are not using it for business or organized racing.

You are not insured for damage to the vehicle itself.

Trailers

You are insured against claims arising out of your ownership, use or operation of any trailer or its equipment, provided that such trailer is not being towed by, attached to or carried on a motorized vehicle.

Business or Business Use

"Business" means a trade, profession or occupation.

"Business Property" means property on which a business is conducted, property rented in whole or in part to others, or held for rental.

You are insured against claims arising out of:

1. Your work for someone else as a sales representative, collector, messenger or clerk, provided that the claim does not involve injury to a fellow employee;
2. Your work as a teacher, provided that the claim does not involve physical disciplinary action to a student or injury to a fellow employee;
3. The occasional rental of your residence to others, rental to others of a one or two-family dwelling usually occupied in part by you as a Residence, provided no family unit includes more than two roomers or boarders;
4. The rental of space in your residence to others for incidental office, school or studio occupancy;
5. The rental to others, or holding for rent, of not more than three car spaces or stalls in garages or stables;
6. Activities during the course of your trade, profession or occupation which are ordinarily incidental to non-business pursuits;
7. The temporary or part time business pursuits of an Insured under the age of 21 years.

Claims arising from the following business pursuits are insured only if the properties or operations are declared on the Declarations page:

1. The rental of residential buildings containing not more than six dwelling units;

2. The use of part of your residence by you for incidental office, school or studio occupancy.

Aircraft

The term aircraft includes Hang Gliders and all other devices which will bear the weight of an individual and become air borne when towed behind a motor vehicle, watercraft or aircraft, or by free flight from land elevations or structures. The term does not apply to model aircraft.

COVERAGES

Limit of Liability

This insurance applies only to accidents or occurrences which take place during the period of insurance indicated on the Declarations page. We provide coverage up to the limit of insurance shown on the Declarations page, for any one accident or occurrence.

Separate Insureds

Each person insured is a separate insured, but this does not increase the limit of insurance.

PERSONAL LIABILITY INSURANCE

We will pay all sums on your behalf which you become legally liable to pay as compensatory damage because of bodily injury or property damage.

We **will not** pay any fines, penalties, punitive damages, exemplary damages or any other sum over and above actual compensatory damages.

The amount of insurance is the maximum amount we will pay for all compensatory damages in respect of one accident or occurrence.

You are insured for claims made against you arising from:

A. Personal Liability

Legal liability for unintentional bodily injury or property damage arising out of your personal actions anywhere in the world.

You **are not** insured for claims made against you arising from:

- a. The ownership, use or operation of any motorized vehicle, trailer or watercraft, except those for which coverage is provided in the policy. (Refer to the section entitled "Definitions of Certain Terms");
- b. Damage to property you own, use, occupy or lease;
- c. Damage to property in your care, custody or control;
- d. Damage to personal property or fixtures as a result of work done on them by you or anyone on your behalf;
- e. Bodily injury to you or to any person residing in your household other than a residence employee.

B. Premises Liability

Legal liability arising out of your ownership, use or occupancy of the premises. This insurance also applies if you assume, by a written contract, the legal liability of other persons in relation to your premises.

You **are not** insured for claims made against you arising from:

- a. Damage to property you own, occupy or lease;
- b. Damage to property in your care, custody or control;
- c. Damage to personal property or fixtures as a result of work done on them by you or anyone on your behalf;
- d. Bodily injury to you or to any person residing in your household other than a residence employee.

C. Tenants Legal Liability

Legal liability for unintentional property damage caused directly to premises or their contents which you are using, renting or have in your custody or control.

You **are not** insured:

- a. For liability you have assumed by contract unless your legal liability would have applied even if no contract had been in force.

You **are not** insured for claims made against you from:

- b. Wear and tear or deterioration;
- c. Dampness or dryness of atmosphere, condensation, extremes of temperature, exposure to light, contamination, change in colour, rust, corrosion, mould, dry or wet rot;
- d. Loss or damage to tools, bicycles or sporting equipment where the loss or damage is due to their use;
- e. Loss or damage to electrical devices or appliances caused by electrical currents other than lightning, unless fire ensues, and then only for the resulting damage;
- f. Loss or damage to watercraft, motorized vehicles or aircraft;
- g. Loss or damage caused by animals, birds or fish;
- h. Loss or damage to real or personal property while undergoing any process or while actually being worked upon, but resulting damage to other property is insured;
- i. Any event, unless sudden and accidental;
- j. Loss or damage occurring after your dwelling or unit has, to your knowledge, been vacant for more than 30 consecutive days.

We **do not** insure:

- k. Loss or damage caused by water unless the loss or damage resulted from:
 - 1) the sudden and accidental discharge or overflow of water from public water mains carrying drinking water;
 - 2) the sudden and accidental discharge or overflow of water or steam from within a plumbing, heating, sprinkler or air conditioning system, domestic appliance, aquarium, water bed, swimming pool or equipment attached;
 - 3) freezing of any part of a plumbing, heating, sprinkler or air conditioning system, domestic appliance, aquarium, water bed, swimming pool or equipment attached, which is located inside an insured building heated during the usual heating season;
 - 4) water which enters through an opening which has been created suddenly and accidentally by an insured peril."Plumbing system" means water supply, distribution and disposal piping on the premises, including appliances and equipment attached thereto, between their connection points to a public or private system.

You are not insured for claims arising from loss or damage:

- a) to public water mains carrying drinking water or public sewers;
 - b) to a system or appliance from which them water escaped;
 - c) caused by the backing up or escape of water from a sewer, sump, septic tank, eavestrough or downspout;
 - d) caused by flood, surface water, spray, waves, tides, tidal waves, waterborne objects or ice, all whether driven by wind or not;
 - e) occurring while the building is under construction or vacant, even if we have given permission for construction or vacancy.
- l. Mysterious disappearance
- m. Loss or damage caused directly or indirectly, proximately or remotely, arising in consequence of or contributed to by the enforcement of any bylaw, 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 are you insured for claims made against you arising from:

- n. Marring, scratching of any property or breakage of any fragile or brittle articles, such as glasses, glassware, marble, porcelain and china, unless caused by fire, explosion, smoke or water damage;
- o. Damage to trees, plants, shrubs and lawns permanently in the open on your premises, unless caused by fire or explosion;
- p. Damage to trees, plants and shrubs which are usually inside a dwelling and to animals, birds or fish, unless caused by fire, explosion, smoke or water damage.

D. Employer's Liability

Legal liability for unintentional bodily injury to residence employees arising out of and in the course of their employment by you.

You are not insured for claims made against you resulting from the ownership, use or operation of aircraft while being operated or maintained by your employee.

You are not insured for liability imposed upon or assumed by you under any Workers' Compensation Statute.

We Claim Investigation and Defense

We will defend, by counsel of our choice, any suit against you alleging bodily injury or property damage and seeking compensatory damages, even if it is groundless, false or fraudulent. We reserve the right to investigate, negotiate and settle any claim or suit if we decide this is appropriate.

Additional Payments

In addition to the limit of insurance, we will pay:

- 1. All expenses which we incur;
- 2. All costs charged against you in any suit insured under this coverage;
- 3. Any interest, and indemnity as defined in the applicable article of the Civil Code of Quebec, accruing after judgment, or where applicable, interest accruing from the date of the action, or determined by the Court, on that part of the judgment which is within the limit of insurance;
- 4. Premiums for appeal bonds required in any insured suit involving you and bonds to release any property that is being held as security, up to the limit of insurance, but we are not obligated to apply for or provide these bonds;
- 5. Expenses which you have incurred for emergency medical or surgical treatment to others following an insured accident or occurrence;
- 6. Reasonable expenses, except loss of earnings, which you incur at our request.

VOLUNTARY MEDICAL PAYMENT TO OTHERS

We will pay reasonable medical expenses incurred within one year of the date of the accident, if you unintentionally injure another person or if they are accidentally injured on your premises. This coverage is available even though you are not legally liable. Medical expenses include surgical, dental, hospital, nursing, ambulance service and funeral expenses. Medical expenses for residence employees are insured.

The amount of insurance shown on the Declarations page is the maximum amount we will pay for each person in respect of one accident or occurrence.

We **will not** pay expenses covered by any medical, dental, surgical or hospitalization plan or law, or under any other insurance contract.

We **will not** pay your medical expenses or those of persons residing with you, other than residence employees.

We **will not** pay medical expenses of any person covered by any Workers' Compensation Statute.

You **are not** insured for claims arising out of the ownership, use or operation of any motorized vehicle, trailer or watercraft, except those for which coverage is provided in this policy.

You shall attempt to arrange for the injured person, if requested, to:

- 1. Give us, as soon as possible, written proof of claim, under oath if required;
- 2. Submit to physical examination at our expense by doctors we select as often as we may reasonably require;
- 3. Authorize us to obtain medical and other records.

Proofs and authorization may be given by someone acting on behalf of the injured person.

VOLUNTARY PROPERTY DAMAGE PAYMENTS TO OTHERS

We will pay for unintentional direct damage you cause to property even though you are not legally liable. You may also use this coverage to reimburse others for direct property damage caused intentionally by an insured 12 years of age or under.

You **are not** insured for claims:

- a. Resulting from the ownership, use or operation of automobiles or watercraft;
- b. For property you or your tenants own or rent;
- c. Caused by the loss of use, disappearance or theft of property.

We will pay whichever is the least of the following:

- 1. The actual cash value of the property at the time of the loss;
- 2. What it would cost to repair or replace the property with materials of similar quality at the time of loss;
- 3. The amount shown on the Declarations page.

We may pay for the loss in money or may repair or replace the property, and may settle any claim for loss of property either with you or the owner of the property. We may take over any salvage if we wish.

Within 60 days after the loss, you must submit to us (under oath if required) a Proof of Loss Form containing the following information:

- 1. The amount, place, time and cause of loss;

2. The interest of all persons in the property affected;
3. The actual cash value of the property at the time of loss.

If necessary, you must help us to verify the damage.

GENERAL EXCLUSIONS APPLICABLE TO PERSONAL LIABILITY INSURANCE

You **are not** insured for claims arising from:

- a. Loss or damage caused by war, invasion, act of a foreign enemy, hostilities, civil war, rebellion, revolution, insurrection or military power;
- b. Bodily injury or property damage which is required to be insured under a nuclear energy liability policy issued by the Nuclear Insurance Association of Canada, or any other group or pool of Insurers;
- c. Your business or any business use of your premises except as defined or specified on the Declarations page;
- d. The rendering or failure to render any professional service;
- e. Bodily injury or property damage caused by your intentional or criminal act or failure to act, or any intentional or criminal act or failure to act by any other person at your direction;
- f. The ownership, use or operation of any aircraft or premises used as an airport or landing strip, and all necessary or incidental operations;
- g. The transmission of communicable disease by an insured;
- h. Indecent acts, sexual assault, sexual, physical, psychological or emotional harassment, corporal punishment or a abuse:
 - a) by or with the express or implied consent of an insured;
 - b) by any other person at the direction of an insured;
- i. The ownership, use or operation of any motorized vehicle, trailer or watercraft, except those for which coverage is provided in this policy;
- j. Underground fuel tanks or resultant pollutants. Fuel tanks that are located in the basement of a property are deemed to be above ground.

CLAIM AND DEFENSE CONDITIONS APPLICABLE TO PERSONAL LIABILITY INSURANCE

Notice of Accident or Occurrence

When an accident or occurrence takes place, you must immediately give us notice (in writing if required). The notice must include:

1. Your name and policy number;
2. The time, place and circumstances of the accident;
3. The names and addresses of witnesses and potential claimants.

Assistance and Co-operation

You are required to:

1. Help us obtain witnesses, information and evidence about the accident and co-operate with us in any legal actions if we ask you;
2. Immediately send us every demand, notice, letter, document or writ received concerning the claim;
3. Not interfere in any settlement or legal proceeding.

Unauthorized Settlements

You shall not, except at your cost, voluntarily make any payment, assume any obligations or incur expenses, other than first aid expenses necessary at the time of accident.

Action Against Us

You shall not bring suit against us until you have fully complied with all the terms of this policy, nor until the amount of your obligation to pay has been finally determined either by judgment against you or by an agreement which has our consent.

With respect to "Voluntary Medical Payments to Others" and "Voluntary Property Damage Payments to Others", you **shall not** bring suit against us until you have fully complied with all the terms of this policy, nor until 60 days after the required Proof of Loss Form has been filed with us.

Other Liability Insurance

In the event you have other insurance which applies to a loss or claim, our policy will be considered excess insurance and we will not pay any loss or claim until the amount of such other insurance is used up.

SECTION THREE VOLUNTARY COMPENSATION FOR YOUR RESIDENCE EMPLOYEES

This coverage is automatically provided for your occasional residence employees. It will be extended to your permanent residence employees, if so stated on the Declarations page.

If an employee of yours is injured, or dies accidentally, while actually performing duties for you, even though you are not legally liable, we will, in exchange for a document releasing you from all responsibility for that accident which has been signed by the employee, or by his or her executors if he or she is dead, pay the benefits described in this Section Three.

If your employee, or any person acting on his or her behalf, does not accept these benefits or sues you, we may withdraw our offer, but this will not affect your legal liability insurance.

We have the right to recover from anyone, other than you, who is responsible for the employee's injury or death.

An injured employee must, if requested:

1. Submit to physical examination at our expense by doctors we select as often as we may reasonably require;
2. Authorize us to obtain medical and other records.

Exclusions

The General Exclusions Applicable to Section Two also apply to this Section Three.

We **will not** pay benefits:

- a. For hernia injury;
- b. Where an employee is entitled to receive benefits under any Workers' Compensation Statute.

DEFINITIONS

Words used in this Section Three (Voluntary Compensation for your Residence Employees) have the same meaning as in Section Two (Personal Liability Insurance).

Employee

means your residence employee.

Weekly Indemnity

means two-thirds of your employee's weekly wage at the date of the accident, but we **will not** pay more than two-thirds of the applicable minimum wage per week.

SCHEDULE OF BENEFITS

Loss of Life

If your employee dies from injuries received in the accident within the following 26 weeks, we will pay:

1. To those wholly dependent upon him or her, a total of one hundred times the weekly indemnity in addition to any benefit for Temporary Total Disability paid up to the date of death; and
2. The actual funeral expenses, up to \$500.

Temporary Total Disability

If your employee temporarily becomes totally disabled from injuries received in the accident within the following 14 days and cannot work at any job, we will pay weekly indemnity up to 26 weeks while such disability continues. We will not pay for the first seven days, unless the disability lasts for six weeks or more.

Permanent Total Disability

If your employee becomes permanently and totally disabled from injuries received in the accident within the following 26 weeks and cannot work at any job, we will pay weekly indemnity for 100 weeks in addition to benefits provided under Temporary Total Disability.

Injury Benefits

If, as a result of the accident, your employee suffers the loss of, or permanent loss of use of, any of the following (see schedule) within 26 weeks of the accident, we will pay weekly indemnity for the number of weeks shown.

INJURY BENEFITS SCHEDULE

The number of weeks payable for loss or total irrecoverable loss of use of:

- | | |
|--------------------------|-----------|
| 1. Arm or hand | 100 weeks |
| 2. One finger | 25 weeks |
| 3. Two fingers | 50 weeks |
| 4. Three or more fingers | 80 weeks |
| 5. Leg or foot | 100 weeks |
| 6. One toe | 15 weeks |
| 7. Two or more toes | 35 weeks |
| 8. One eye | 50 weeks |
| 9. Both eyes | 100 weeks |
| 10. One ear | 50 weeks |
| 11. Both ears | 100 weeks |

These benefits will be paid in addition to Temporary Total Disability Benefits and Medical Expenses, but **no others**, and no more than 100 weeks for any combination.

Medical Expenses

if, as a result of the accident, your employee incurs medical expenses, including surgical, dental, pharmaceutical, hospital, nursing and ambulance expenses, within the following 26 weeks, we will pay in accordance with the scale of charges provided by the Workers' Compensation Act of the Province in which the accident occurred, subject to a maximum of \$5,000, in addition to all other benefits.

We will pay the cost of supplying or renewing artificial limbs or braces, made necessary by the accident, for a period up to 52 weeks after the accident, subject to a maximum of \$5,000.

We **do not** cover costs recoverable from other insurance plans.

SECTION FOUR – CREDIT AND DEBIT CARD COVERAGE

We cover you up to the limit of insurance stated on the Declarations page for loss described below resulting from the dishonesty of others.

We **do not** cover:

- a. Loss resulting from the dishonesty of any insured;
- b. Losses arising out of your business pursuits;
- c. Losses caused by the use of your credit card or electronic banking card by a resident of your household or by a person to whom you have entrusted the card.

There is no deductible under this Section.

We cover:

1. **Credit Cards, Debit Cards and Electronic Banking Cards**
Any loss to you caused by your legal obligation to pay because of the theft, forgery, alteration, or unauthorized use of any credit card, debit card or electronic banking card issued to or registered in your name, provided that you comply with all the terms and conditions under which the card was issued.
2. **Forgery**
Any loss to you caused by the forgery or alteration of any cheque or negotiable instrument.
3. **Counterfeit Money**
Any loss to you through the acceptance in good faith of Canadian or United States of America money subsequently found to be counterfeit.

Conditions

We may make any investigation and settle any claim or suit brought against you for liability under this section.
We may defend at our discretion and at our expense, over and above the amount of insurance provided, either you or your bank.
Payment of our limit of insurance ends our duty to defend or settle.

ADDITIONAL CONDITIONS

(1) Notice to Authorities

Where the loss is due to malicious acts, burglary, robbery, theft, or attempt thereof, or is suspected to be so due, the Insured shall give immediate notice thereof to the police or other authorities having jurisdiction.

(2) No Benefit to Bailee

It is warranted by the Insured that this insurance shall in no wise enure directly or indirectly to the benefit of any carrier or other bailee.

(3) Pair and Set

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

(4) Parts

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

(5) Sue and Labour

It is the duty of the Insured in the event that any property insured hereunder is lost to take all reasonable steps in and about the recovery of such property. The Insurer shall contribute pro rata towards any reasonable and proper expenses in connection with the foregoing according to the respective interests of the parties.

(6) Basis of Settlement

Unless otherwise provided, the Insurer is not liable beyond the actual cash value of the property at the time any loss or damage occurs and the loss or damage shall be ascertained or estimated according to such actual cash value with proper deduction for depreciation, however caused, and shall in no event exceed what it would then cost to repair or replace the same with material of like kind and quality.

(7) Subrogation

The Insurer, upon making any payment or assuming liability therefore under this Policy, shall be subrogated to all rights of recovery of the Insured against any person, and may bring action in the name of the Insured to enforce such rights. 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 proportions in which the loss or damage has been borne by them respectively.