

Form #BF801 (Rev. Aug. 29, 2012)
Commercial Building, Equipment and Stock Broad Form

1. PROPERTY INSURED

- A. This Form insures the following property but only those items for which an amount of insurance is specified on the Declarations Page(s), and as defined herein:
BUILDING
EQUIPMENT
STOCK
CONTENTS OF EVERY DESCRIPTION
PROPERTY OF EVERY DESCRIPTION

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

- B. This Form also insures Equipment and Stock, but only those items for which an amount of insurance is specified on the Declarations Page(s), in the following circumstances:
"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 meters of such location. This limit of insurance attaches at the time of the acquisition and extends for a period of 45 days or to the date of endorsement of this Form adding such location whichever first occurs.
"PARCEL POST": Equipment and Stock in any one package in course of transit by parcel post.
"OTHER TRANSIT": Equipment and Stock, in transit other than by parcel post.
"SALES REPRESENTATIVE": Equipment and Stock, whether in transit or otherwise, in the custody of a sales representative of the Insured.

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

2. PERILS INSURED

This Form insures against all risks of direct physical loss of, or damage to, the property insured from any external cause occurring during the Policy Period, subject to the following conditions and except as excluded herein.

3. EXCLUSIONS

A. PROPERTY EXCLUDED

This Form does not insure loss of or damage to:

- a) sewers, drains or watermains 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) Docks as defined herein;
- c) property at locations which to the knowledge of the Insured are vacant, unoccupied or shut down for more than thirty (30) consecutive days;
- d) electrical devices, appliances or wiring where such loss or damage is caused by artificially generated electrical currents, including arcing, unless fire or explosion as described in) this Policy ensues and then only for such ensuing loss or damage as caused by fire or explosion;
- e) growing plants, trees, shrubs or flowers, all while in the open except as provided in the Extensions of Coverage);
- f) animals, fish or birds, but this exclusion does not apply to loss or damage caused directly by Named Perils or from theft or attempted theft;
- g) money, bullion, platinum and other precious metals and alloys, securities, stamps, tickets and tokens, evidence of debt or title;
- h) 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 unlicensed automobiles or unlicensed trailers used in the business of the Insured when on the Premises of the Insured;
- i) 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;
- j) 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;
- k) property on loan or on rental or sold by the Insured under conditional sale, installment 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;
- l) 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(s) pertaining to Sales Representative;
- m) property illegally acquired, kept, stored or transported; property seized or confiscated for breach of any law or by order of any public authority;
- n)
 - (i) any pressure vessel having normal internal working pressure greater than 103 kilopascals (15 pounds per square inch) above atmospheric pressure;
 - (ii) any boiler, including the piping and equipment connected thereto, which contains steam or water under steam pressure (except tanks having an internal diameter of 610 millimeters (24 inches) or less used for the storage of hot water for domestic use) where same is 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.

B. PERILS EXCLUDED

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

- a) by earthquake, but this exclusion does not apply to ensuing loss or damage which results directly from fire, explosion, smoke or leakage from fire protective equipment, all as described in this Policy;
 - b) by flood, including waves, tides, tidal waves, tsunamis, or the rising of, the breaking out or the overflow of, any body of water, whether natural or man-made, but this exclusion does not apply to ensuing loss or damage which results directly from fire, explosion, smoke, leakage from fire protective equipment, all as described in Clause 17 (i) or leakage from a watermain;
- exclusions (a) and (b) do not apply to property in transit;

- c) (i) by seepage, leakage or influx of water derived from natural sources through basement walls, doors, windows or other openings therein, foundations, basement floors, sidewalks, sidewalk lights, or by the backing up of sewers, sumps, septic tanks or drains, unless concurrently and directly caused by a peril not otherwise excluded in this Policy. hereof;
- (ii) by the entrance of rain, sleet or snow through doors, windows, skylights or other similar wall or roof openings unless through an opening concurrently and directly caused by a peril not otherwise excluded in this Policy 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 this Policy 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 this Policy. hereof;
- f) 1. 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; or
 - ii. to loss or damage caused directly by a peril not otherwise excluded under this Form.
- 2. 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.
- g) by smoke from agricultural smudging or industrial operations;
- h) by rodents, insects or vermin, but this exclusion does not apply to loss or damage caused directly by a peril not otherwise excluded in this Policy hereof;
- i) by delay, loss of market, or loss of use or occupancy;
- j) by war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military power;
- k) by any dishonest or criminal act on the part of the Insured or any other party of interest, employee or agent 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;
- l) 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 this Policy;
 - (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 millimeters (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 this Policy. hereof;
- m) 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:

- n) 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;
- o) mysterious disappearance or shortage of Equipment or Stock disclosed on taking inventory;
- p) 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 this Policy ensues and then only for such ensuing loss or damage;
- q) disturbance or erasure of electronic recordings by electric or magnetic injury except by lightning.

4. 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) **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 \$5,000 in respect of any one loss; and
 - (iii) shall apply only to loss or damage occurring at a location specifically described on the Declarations Page(s) 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. 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 this Policy 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.

5. PREMIUM ADJUSTMENT

This clause is applicable if a specific amount of insurance is shown on the Declarations Page(s) 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.

6. 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 of this Policy, 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 or in any manner affect any of the terms or conditions of this Form.

1. VALUATIONS

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 this Policy;
- (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.

8. SPECIAL BASIS OF SETTLEMENT

(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 program 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.

9. 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.

10. LOCKED VEHICLE WARRANTY

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 must be visible evidence) into such body or compartment, the doors and windows of which must have been securely locked.

11. GENERAL CONDITIONS

A. DECLARATIONS

By acceptance of this Policy, the Insured agrees that the statements in the Declarations Page(s) 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.

B. 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(s) in any one Occurrence up to the Limit of insurance specified on the Declarations Page(s).

C. CO-INSURANCE

This clause applies separately to each item, Policy and Form for which a co-insurance percentage is specified on the Declarations Page(s). The Insured shall maintain insurance concurrent in form, range and wording with the Policy or Form on the property insured to the extent of at least the amount produced by multiplying the actual cash value of the property or amount insured by the co-insurance percentage specified on the Declarations Page(s), and failing so to do, 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. In no event shall Underwriters be liable for an amount in excess of the amount insured hereunder in respect of each item as set forth either in case of partial or total loss or salvage or any other expense, or all combined.

D. PERMISSION

Permission is hereby granted:

- i) for other insurance concurrent with this Form;
- ii) to make additions, alterations or repairs;
- iii) 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.

E. 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.

F. 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.

G. WAIVER OF TERM OR CONDITION

No term or condition of this Policy or any Form or Endorsement hereto 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. 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 or any Form or Endorsement hereto; nor shall the terms of this Policy or any Form or Endorsement hereto be waived or changed, except by endorsement issued to form a part of this Policy. Neither the Insurer nor the Insured shall be deemed to have waived any term or condition of this Policy or any Form or Endorsement hereto 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.

H. 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.

I. 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.

J. 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.

K. TRANSFER OF INTEREST

This Policy terminates automatically if the Insured Property is sold or transferred. "Transferred" includes any assignment or pledge as a security for debt or transfer of the responsibility for management, maintenance or operation of the Insured Property.

L. ASSIGNMENT

Assignment of interest under this Policy shall not bind the Insurer until its consent is endorsed hereon; if, however, the 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 Insured's legal representative as the Insured.

M. 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.

N. 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 with the shortest limit of time permitted by the laws of such Province to be fixed herein.

O. 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 insurance under this Policy, the charges whereof the said Underwriters shall bear in proportion to the sum hereby insured.

P. SUBROGATION:

In the event of any payment or assuming liability therefor under this Policy, Underwriters shall be subrogated to all rights of recovery of the Insured against others and may bring action to enforce such rights and the Insured shall execute and deliver such instruments and papers and do whatever else is necessary to secure such rights. The Insured shall do nothing after loss to prejudice such rights.

Any release from liability entered into by the Insured prior to loss shall not affect the right of the Insured to recover.

122. DEFINITIONS

Wherever used in this Policy:

- (a) **"Declarations Page(s)"** means the Declarations Page(s) applicable to this Form.
- (b) **"Building"** means:

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

- (i) fixed structures pertaining to the Buildings and located on the Premises;
- (ii) additions and extensions communicating and in contact with the Buildings;
- (iii) permanent fittings and fixtures attached to and forming part of the Buildings;
- (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) **"Clean-Up"** means the removal, containment, treatment, decontamination, detoxification, stabilization, neutralization or remediation of Pollutants, including testing which is integral to the aforementioned processes, including associated monitoring or disposal of soil, surface water, groundwater or other contamination to the extent required by environmental law, or that have been incurred by the federal or any provincial, territorial or local government within Canada, or by third parties.
- (d) **"Contents of Every Description"** means: Equipment and Stock as defined herein;
- (e) **"Dock"** means any structure that can be used to provide services to vessels and that is built on or floating over water measured from the high tide line or, in the instance of non-tidal waters, where the water customarily meets the shore. It is inclusive of all improvements and betterments, floats, platforms, gang planks, stairs, pilings, wiring, plumbing and any other property of the Insured forming an integral part of such structure.
- (f) **"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;
- (g) **"Fire Protective Equipment"** includes tanks, watermains, 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 watermains or appurtenances located outside of the described Premises and forming a part of the public water distribution system; and
 - (iii) any pond or reservoir in which the water is impounded by a dam.
- (h) **"Insured"** shall mean the Named Insured on the Declarations Page(s).
- (i) **"Insurer"** shall mean the Underwriters identified on the Declarations Page(s).
- (j) **"Occurrence"** means one loss or accident, including continuous or repeated exposure to substantially the same distinct harmful conditions during the Policy Period, which results in bodily injury or direct physical tangible loss to the Insured Property. Conditions lasting longer than 72 hours will be deemed as more than one Occurrence.
- (k) **"Policy Period"** means the Policy period set out on the Declarations Page(s), or as may be terminated earlier pursuant to the Policy.
- (l) **"Pollutants"** means any solid, liquid, gaseous or thermal irritant or contaminant, including but not limited to fuel, diesel, oil, odour, smoke, vapour, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- (m) **"Premises"** means the entire area within the property lines and areas under adjoining sidewalks and driveways at the locations described on the Declarations Page(s) and in or on vehicles within 100 meters (328 feet) of such locations.
- (n) **"Property of Every Description"** means: Building(s), Equipment and Stock as defined herein;
- (o) **"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;
- (p) **"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 this Policy;
 - (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 phrase "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(s) or for adjoining premises and loss or damage caused by the fall or breakage or freezing of such equipment.
 - (G) **WINDSTORM OR HAIL:** There shall in no event be any liability hereunder for loss or damage:
 - (i) to the interior of the Buildings insured or their contents unless damage occurs concurrently with and results from an aperture caused by windstorm or hail;

- (ii) directly or indirectly caused by any of the following, whether driven by wind or due to windstorm or not: snow-load, ice-load, tidal wave, high water, overflow, flood, waterborne objects, waves, ice, land subsidence, landslide.

13. REPLACEMENT COST (Applicable only if specified on the Declarations Page(s))

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 program 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.

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 as 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.