



COMPREHENSIVE COMMERCIAL PROPERTY INSURANCE POLICY

Throughout this Policy the word Insured refers to the Named Insured shown in the **Declarations**. The word Insurer refers to Trisura Guarantee Insurance Company. Other words and phrases that appear in **bold type** have special meaning. Refer to SECTION V - DEFINITIONS. Although it does not appear in **bold type**, wherever the word "Policy" appears it means this Comprehensive Commercial Property Insurance Policy.

The titles and headings to the various parts, sections, subsections and endorsements of this Policy are included solely for ease of reference and do not in any way limit, expand or otherwise affect the provisions of such parts, sections, subsections or endorsements.

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

I COVERAGES

COVERAGE A: COMMERCIAL PROPERTY INSURANCE

1. Insuring Agreement

The Insurer agrees to indemnify the Insured against the direct physical loss or damage occurring during the **Policy Period** to the Insured's covered property caused by or resulting from a peril not otherwise excluded up to an amount not exceeding whichever is the least of:

- a. the Limit or Limits of Insurance specified in the **Declarations** in respect of the property lost or damaged;
- b. the interest of the Insured in the property.

Where the insurance applies to covered property of more than one person or interest, the Insurer will indemnify all such persons and interests against the direct loss up to the specified Limits of Insurance.

Unless otherwise specifically indicated in the Policy and the endorsements attached, the Insurer will pay for such direct physical loss or damage on the basis of **Replacement Cost** of the property at the time of such direct physical loss or damage, only if:

- a. the replacement has been effected by the Insured with due diligence and dispatch; and
- b. the settlement on a **Replacement Cost** basis has been effected by the Insured and in no event shall it exceed the amount actually and necessarily expended for such replacement.

Failure by the Insured to comply with any of the foregoing provisions shall result in the settlement based on **Actual Cash Value**.

2. Insured Property

This Policy insures the following property but only those items for which an amount of insurance is specified:

- a. **Building(s)**;
- b. **Equipment, Stock and/or Contents**;
- c. **Property of Every Description**.

For SECTION I, COVERAGE A, covered property includes only property while at the **Premises** described as Insured Location(s) in the **Declarations**.

3. Insured Perils

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

4. Commercial Property Exclusions

a. Excluded Property

Property insured under this Policy does not include:

- (1) Animals, Fish or Birds
Animals, fish or birds, but this exclusion does not apply to loss or damage caused directly by **Named Perils** or by theft or attempted theft.
- (2) Automobiles, Watercraft and Aircraft
Automobiles, watercraft, amphibious or air cushion vehicles, aircraft, spacecraft, trailers, motors or other accessories attached to or mounted on such property, but this exclusion shall not apply to watercraft, amphibious or air cushion vehicles held for sale, unlicensed automobiles or unlicensed trailers used in the business of the Insured when on the **Premises** of the Insured.
- (3) Boiler And Machinery
Boiler and machinery including:
 - (a) any pressure vessel having normal internal working pressure greater than 103 kilopascals (15 pounds per square inch) above atmospheric pressure;
 - (b) any boiler, including the piping and equipment connected thereto, which contains steam or water under steam pressure (except tanks having an internal diameter of 610 millimetres (24 inches) or less used for the storage of hot water for domestic use);caused directly or indirectly by explosion, rupture, bursting, cracking, burning out or bulging of such property while connected ready for use
This exclusion does not apply to:
 - (i) manually portable gas cylinders;
 - (ii) explosion of natural, coal or manufactured gas; or
 - (iii) explosion of gas or unconsumed fuel within a furnace or within the gas passages therefrom to the atmosphere.
- (4) Bulkheads, Piers, Wharves, Bridges, Docks, or Tunnels
Bulkheads, piers, wharves, bridges, docks, or tunnels but this exclusion does not apply to loss or damage is caused directly by **Named Perils**, theft, or attempted theft.
- (5) Electrical Devices
Electrical devices, appliances or wiring caused by artificially generated electrical currents, including arcing, unless fire or explosion as described in SECTION V - DEFINITIONS, Clause 23. **Named Perils** ensues and then only for such ensuing loss or damage.
- (6) Fine Arts
Fine Arts except as provided for under SECTION I, COVERAGE B, Clause 2.k. Fine Arts.
- (7) Furs, Jewelleries
Furs, fur garments, jewels, jewellery, costume jewellery, watches, pearls, precious and semi-precious stones, but this exclusion does not apply to loss or damage caused directly by **Named Perils**.
- (8) Money and Securities
Money, Securities, accounts, bills, currency, deeds, evidences of debt and title, notes, platinum or other precious metals except as provided for under SECTION I, COVERAGE B, Clause 2.g. Employee Dishonesty and Clause 2.w. Money and Securities.
- (9) Outdoor Growing Trees, Shrubs, Flowers, or Plants
Outdoor growing trees, shrubs, flowers or plants, except as provided for under SECTION I, COVERAGE B, Clause 2.y. Outdoor Growing Plants, Trees, Shrubs or Flowers.
- (10) Property Illegally Acquired
Property illegally acquired, kept, stored or transported; property seized or confiscated for breach of any law or by order of any public authority.
- (11) Property Covered Under Marine Insurance
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.
- (12) Property Not Constituting Part of Building

Property not constituting part of the **Building** including:

- (a) Fences, pavements, roadways, walkways, and other paved surfaces;
- (b) Swimming pools and related equipment; and
- (c) Retaining walls.

This Exclusion does not apply to the first \$10,000 of any loss otherwise insured.

(13) Property on Loan or Rental or under Conditional Sale, Trust Agreement, Instalment Payment or Deferred Payment Plan

Property on loan or on rental or leased to others; or sold by the Insured under conditional sale, trust agreement, instalment payment or other deferred payment plan, except as provided for under SECTION I, COVERAGE B, Clause 2.f. Deferred Payments.

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.

(14) Property Insured Under Another Coverage

Property insured under another coverage form of this or any other policy except for the excess of the amount due (whether the Insured can collect or not) from any other insurance.

(15) Sewers, Drains, Watermains, Outside Communication Towers, Antennae

- (a) Sewers, drains, watermains;
- (b) Outside communication towers, antennae (including satellite receivers) and **Equipment** attached thereto, street clocks, exterior signs located beyond the legal property line of the **Premises** described as an Insured Location(s) in the **Declarations**, except as provided for under SECTION I, COVERAGE B, Clause 2.i. Exterior Signs;
- (c) Exterior glass and/or vitrolite including lettering or ornamentation or burglary tape thereon, except as provided for under SECTION I, COVERAGE B, Clause 2.n. Glass.

(16) Vacant Property

Property at locations which, to the knowledge of the Insured, are vacant, unoccupied or shut down for more than 30 consecutive days.

(17) Valuable Papers and Records

Valuable Papers and Records, including those which exist on electronic media and records, except as provided for under SECTION I, COVERAGE B, Clause 2.gg. Valuable Papers and Records.

b. Excluded Perils

This Policy does not insure against loss or damage caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

(1) Asbestos

Loss or damage, interest, mandatory or other injunctive relief, statutory orders or penalties, legal or other costs, or expenses of any kind in respect of actual or threatened loss, damage, cost or expense directly or indirectly caused by, resulting from, in consequence of or in any way involving, asbestos or any materials containing asbestos in whatever form or quantity.

(2) Centrifugal Force, Mechanical or Electrical Breakdown

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.

(3) Change In or Extremes in Temperature, Other Changes in Composition

- a. Dampness or dryness of atmosphere;
- b. changes in or extremes of temperature, freezing, heating, shrinkage, evaporation, loss of weight, leakage of contents, exposure to light;
- c. contamination, pollution, decay, 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 otherwise excluded under this Policy, theft or attempted theft or accident to transporting conveyance. Damage to pipes caused by freezing is insured provided such pipes are not

excluded in item SECTION I, COVERAGE A, 4.b. Excluded Perils, Clause (29) Wear and Tear, Sudden or Latent Defect below.

(4) Data

- a. **Data**, except for Accounts Receivable if otherwise insured and not otherwise excluded.
- b. **Data Problem**, regardless of any other cause or event that contributes concurrently or in any sequence to such loss or damage, and any business interruption or extra expense loss resulting from such loss or damage, except as follows;

(1) If loss or damage caused by **Data Problem** results in the occurrence of further loss of or damage to covered property that is directly caused by:

- (a) **Named Perils** as defined in this Policy; or
- (b) the following perils only if otherwise insured and not otherwise excluded:

- (i) escape of water from any tank, apparatus or pipe;
- (ii) flood;
- (iii) freeze;
- (iv) **Sewer Back-up**,

at the **Premises** of the Insured.

(2) If **Data Problem** is the direct result of:

- (a) **Named Perils** as defined in this Policy; or
- (b) the following perils only if otherwise insured and not otherwise excluded:

- (i) escape of water from any tank, apparatus or pipe;
- (ii) flood;
- (iii) freeze;
- (iv) **Sewer Back-up**,

at the **Premises** of the Insured.

(5) Delay or Loss of Market

Delay, loss of use, loss of market, or loss of occupancy.

(6) Dishonest or Criminal Acts

Dishonest or criminal acts on the part of the Insured or any other party of interest, any of the Insured's partners, directors, trustees, agents or authorized representatives of the Insured, **Dishonest or Fraudulent Acts** committed by an **Employee** or dishonest or criminal acts on the part of any person to whom the Insured entrusts the property for any purpose (bailees for hire excepted),

- a. acting alone or in collusion with others; or
- b. whether or not occurring during the hours of employment.

This exclusion does not apply to intentional acts of destruction by the Insured's **Employees** other than theft and, with respect to theft by **Employees**, except as provided for under SECTION I, COVERAGE B, Clause 2.g. Employee Dishonesty.

(7) Earthquake

Earthquake, in whole or in part. This exclusion applies whether or not there are one or more other causes or events (whether covered or not) that contribute concurrently or in any sequence to the occasioning of the loss or damage, except for loss or damage caused directly by resultant fire, explosion, smoke or leakage from **Fire Protective Equipment**. This exclusion does not apply to SECTION I, COVERAGE B, Clause 2.bb. Property In Transit.

(8) Explosion, Collapse or Rupture

Explosion (except with respect to explosion of natural, coal, or manufactured gas), collapse, rupture, bursting, cracking, burning out or bulging of the following property owned, operated or controlled by the Insured, unless fire ensues and then only for the loss or damage caused directly by such ensuing fire:

- a. the portions containing steam or water under steam pressure of all boilers generating steam, and piping or other equipment connected to said boilers and containing steam or water under steam pressure;
- b. piping and apparatus or parts thereof normally containing steam or water under steam pressure from an external source and while under such pressure;

- c. other vessels and apparatus and pipes connected therewith while under pressure, or while in use or in operation provided their maximum normal internal working pressure exceeds 103 kilopascals (15 pounds per square inch) above atmospheric pressure but this exclusion does not apply to loss or damage resulting from the explosion of manually portable gas cylinders or of tanks having an internal diameter of 610 millimetres (24 inches) or less used for the heating and storage of hot water for domestic use;
 - d. moving or rotating machinery or parts thereof;
 - e. any vessels and apparatus and pipes connected therewith while undergoing pressure test but this exclusion does not apply to other property covered hereunder that has been damaged by such explosion;
 - f. gas turbines.
- (9) Flood
Flood, in whole or in part, including **Surface Water**, waves, tides, tidal waves, tsunamis, or the breaking out or overflow of any natural or artificial body of water. This exclusion applies whether or not there are one or more other causes or events (whether covered or not) that contribute concurrently or in any sequence to the occasioning of the loss or damage, except for loss or damage caused directly by resultant fire, explosion, smoke, leakage from **Fire Protective Equipment**. This exclusion does not apply to SECTION I, COVERAGE B, Clause 2.bb. Property In Transit or loss or damage caused directly by leakage from a watermain.
- (10) Fungi and Fungal Derivatives
- a. **Fungi, Spores or Microbes** unless such **Fungi, Spores or Microbes** are directly caused by or directly result from a peril otherwise insured and not otherwise excluded by this Policy;
 - b. Prevention, response to, testing for, monitoring, abatement, mitigation, removal, Clean-up, containment, remediation, treatment, detoxification, neutralization, assessment or steps otherwise taken to address, deal with or dispose of **Fungi, Spores or Microbes**.
- (11) Government Action
Seizure or destruction of property by order of government authority.
- (12) Mysterious Disappearance and Inventory Shortage
Mysterious disappearance or shortage of **Equipment** or **Stock**.
- (13) Nuclear Hazard
- a. Any nuclear incident as defined in the Nuclear Liability Act, or any other nuclear liability act, law or statute, of 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** other than through industrial usage of isotopes.
- (14) Ordinance or Law
Enforcement of by-law, regulation, ordinance or law regulating zoning or the demolition, repair or construction of **Buildings** or structures including the cost of removing its debris, which by-law, regulation, ordinance or law makes it impossible to repair or reinstate the property as it was immediately prior to the loss, except as provided for under the Building By-Laws coverage extension under SECTION I, COVERAGE B, Clause 2.c. Building By-Laws.
- (15) Pollution
- a. Actual, alleged, potential or threatened 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:
 - (1) 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 Policy;
 - (2) to loss or damage caused directly by a peril not otherwise excluded under this Policy;
 - b. Nor does this Policy insure any cost or expense arising out of any request, demand, order or statutory or regulatory requirement that the Insured or others test for, monitor, **Clean-up**, remove, contain, treat, detoxify, decontaminate, stabilize, remediate or neutralize, or in any way respond to, or assess the effects of **Pollutants**.

- c. Nor does this Policy insure any fines or penalties assessed against or imposed upon the Insured arising directly or indirectly out of the actual, potential or threatened spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of any **Pollutants**.
- (16) Property While Actually Being Worked Upon
Repairing, adjusting or servicing of property resulting in direct loss or damage to such property while actually being worked upon, unless fire or explosion as described in SECTION V – DEFINITIONS, Clause 23. **Named Perils** ensues and then only for such ensuing loss or damage.
- (17) Rain, Snow, Ice or Sleet
a. Rain, snow, ice or sleet to **Contents** in the open (other than **Contents** in the custody of carriers for hire), and the entrance of rain, snow, ice or sleet through doors, windows, skylights or other similar wall or roof openings; and
b. Entrance of water or natural precipitation diffused over the surface of the roof;
unless through an aperture concurrently and directly caused by a covered peril not otherwise excluded in SECTION I – COVERAGE A, Clause 4.b. Excluded Perils.
- (18) Rodents, Birds, Insects, Vermin
Rodents, birds, insects, vermin or other animals, unless concurrently and directly caused by an insured peril not otherwise excluded in SECTION I - COVERAGE A, Clause 4.b. Excluded Perils.
- (19) Seepage, Leakage or Influx of Water
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, unless concurrently and directly caused by an insured peril not otherwise excluded in SECTION I - COVERAGE A, Clause 4.b. Excluded Perils.
- (20) Settling, Expansion, Contraction, Moving, Shifting or Cracking
Settling, expansion, contraction, moving, shifting or cracking unless concurrently and directly caused by an insured peril not otherwise excluded in SECTION I - COVERAGE A, Clause 4.b. Excluded Perils.
- (21) Snowslide, Landslide, Subsidence or Other Earth Movement
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 SECTION V – DEFINITIONS, Clause 23. **Named Perils**.
- (22) Smog
Smog.
- (23) Smoke, Vapour, or Gas from Agricultural Smudging or Industrial Operations
Smoke, vapour, or gas from agricultural smudging or industrial operations.
- (24) Terrorism
Terrorism or by any activity or decision of a government agency or other entity to prevent, respond to or terminate **Terrorism**.

This exclusion applies whether or not there are one or more other causes or events (whether insured or not) that contribute concurrently or in any sequence to the occasioning of the loss or damage. If any portion of this exclusion is found to be invalid, unenforceable or contrary to statute, the remainder shall remain in full force and effect.
- (25) Utility Failure
Except as provided for under SECTION I, COVERAGE B, Clause 2.q. Interruption of Service, this Policy does not insure against loss resulting from the failure of power or other utility service supplied to any **Premises**, however caused, if the failure occurs away from the **Premises**. But if loss caused by an insured peril results, the Insurer will pay for that resulting loss.
- (26) Voluntary Parting With Any Property
Voluntary parting with any property by the Insured or anyone else to whom the Insured has entrusted the property if induced to do so by any fraudulent scheme, trick, device, or false pretence.

(27) War

Civil commotion, war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military power.

This exclusion applies whether or not there are one or more other causes or events (whether covered or not) that contribute concurrently or in any sequence to the occasioning of the loss or damage.

(28) Water Leakage

Water, other liquids, powder, or molten material that leaks or flows from plumbing, heating, air conditioning, or other equipment (except **Fire Protective Equipment**) caused by or resulting from freezing, unless:

- a. the Insured does the best to maintain heat in the **Building** structure; or
- b. the Insured drains the equipment and shuts off the supply if the heat is not maintained.

(29) Wear and Tear, Sudden or Latent Defect

Wear and tear, sudden, unexpected, unintended or latent defect, or any quality in property that causes it to damage or destroy itself, inherent vice, faulty or improper material, workmanship, or design, but this exclusion does not apply to loss or damage caused directly by **Named Perils**, rupture of pipes or breakage of apparatus not otherwise excluded under this Policy, theft or attempted theft or accident to transporting conveyance.

COVERAGE B: COMMERCIAL PROPERTY COVERAGE EXTENSIONS

1. Insuring Agreement

Subject to all the terms and conditions of this Policy and the endorsements attached, and in reliance upon the statements in the **Declarations** made a part of this Policy, the Insurer agrees to indemnify the Insured against the direct physical loss or damage occurring during the **Policy Period** to insured property caused by or resulting from a peril not otherwise excluded up to an amount of insurance specified in the **Declarations** for each extension of coverage.

2. Extensions of Coverage

a. Accounts Receivable

(1) Insuring Agreement

This Policy is extended to insure against all risks of direct physical loss or damage to the Insured's records of accounts receivable occurring during the **Policy Period** up to the Limit of Insurance for Accounts Receivable shown in the **Declarations**.

This coverage includes:

- (a) all sums due to the Insured from customers, but the Insured cannot collect because of direct physical loss or damage to the Insured's accounts receivable records;
- (b) interest charges on loans the Insured has been required to obtain to offset impaired collections pending the Insurer's payment of such amounts;
- (c) extra collection expense in excess of normal collection cost and made necessary because of loss or damage;
- (d) reasonable cost of preparing new accounts receivable records to replace those lost or damaged.

This insurance shall apply only while accounts receivable records are contained in the **Premises** described as Insured Location(s) in the **Declarations**. It is a condition precedent to any right of recovery hereunder that, except while in actual use, such records be kept in receptacles (minimum of metal filing cabinets), when the **Premises** are not open for business.

This insurance also applies while accounts receivable records are being removed to and while at a place of safety because of imminent danger of loss or damage and while being returned therefrom, provided the Insured notifies the Insurer in writing within 30 days of such removal.

(2) Exclusions

This Extension for Accounts Receivable does not apply to:

- (a) Alteration, Falsification, Manipulation, Concealment, or Destruction of Records
Loss due to alteration, falsification, manipulation, concealment, destruction or disposal of accounts receivable records committed to conceal the wrongful giving, taking, obtaining or withholding of **Money, Securities** or other property but only to the extent of the wrongful giving, taking, obtaining or withholding.
- (b) Errors or Omissions
Loss due to bookkeeping, accounting or billing errors or omissions.
- (c) Loss Dependent Upon Audit of Records or Inventory Computation
Loss, the proof of which is as to factual existence, is dependent upon an audit of records or an inventory computation; but this shall not preclude the use of such procedures in support of claim for loss which the Insured can prove, through evidence wholly apart therefrom, is due solely to a risk of loss to records of accounts receivable not otherwise excluded hereunder.

(3) Basis of Settlement

When there is a proof of loss covered by this extension but the Insured cannot accurately establish the total amount of accounts receivable outstanding on the date of loss, such amount shall be based on the Insured's monthly statements and shall be computed as follows:

- (a) The Insurer will determine the amount of all outstanding accounts receivable at the end of the same fiscal month in the year immediately preceding the year in which the loss occurs;
- (b) The Insurer will calculate the percentage of increase or decrease in the average monthly total of accounts receivable for the 12 months immediately preceding the month in which the loss occurs, or such part thereof for which the Insured has furnished monthly statements to the Insurer, as compared with such average for the same months of the preceding year;
- (c) The Insurer will further adjust the monthly average to reflect any changes in the month when the loss occurred which were different from an average month. The Insurer will also consider the normal fluctuations in accounts receivable within that month;
- (d) Finally, the Insurer will deduct the amount of accounts receivable for which records were not lost or damaged; amounts the Insured can prove by other evidence are owed to the Insured, or amounts the Insured is able to collect; the amount of bad debts the Insured would not have been able to collect any way; and the unearned interest and service charges on deferred accounts receivable payments.

The Insurer will never pay more than the lesser of the adjusted highest monthly amount of accounts receivable or the Limit of Insurance for Accounts Receivable shown in the **Declarations**.

(4) Inspection and Audit

The Insurer shall be permitted to inspect the **Premises** and the receptacles in which the records of accounts receivable are kept by the Insured at **Premises** described as an Insured Location(s) in the **Declarations**, and to examine and audit the Insured's books and records at any time during the **Policy Period** and any extension thereof and within three years after the final termination of this Policy, as far as they relate to the subject matter of any outstanding accounts receivable record submitted by the Insured and the amount of recoveries of accounts receivable on which the Insurer has made any settlement.

(5) Recoveries

After payment of loss, all amounts recovered by the Insured on accounts receivable for which the Insured has been indemnified shall belong and be paid to the Insurer by the Insured up to the total amount of loss paid by the Insurer, but all recoveries in excess of such amounts shall belong to the Insured. Also, at the request of the Insurer, the Insured must help the Insurer to collect all sums due to the Insured from customers.

b. Arson or Theft Award

In the event of loss or damage by fire that results from an act of arson or from theft or attempted theft for which coverage is afforded under this Policy, the Insurer will reimburse the Insured for rewards paid for information directly leading to convictions for that act of arson or theft up to the Limit of Insurance for Arson or Theft Award shown in the **Declarations**.

c. Building By-Laws

This Policy shall, and only as a result of an insured peril, indemnify the Insured up to the Limit of Insurance for Building By-Laws shown in the **Declarations**, for:

- (1) loss occasioned by the demolition of any undamaged portion of the **Buildings** or structures; or
- (2) the cost of demolishing, and clearing the site, of any undamaged portion of the **Buildings** or structures; or
- (3) any necessary increase in the cost of repairing, replacing, constructing or reconstructing the **Building**, or structures, on the same site or on an adjacent site, of like height, floor area and style, and for like occupancy; arising from the enforcement of the minimum requirements of any by-law, regulation, ordinance or law which:
 - (a) regulates zoning or the demolition, repair or construction of damaged **Buildings** or structures; and
 - (b) is in force at the time of such loss or damage.

This coverage, however, does not insure against:

- (1) the enforcement of any by-law, regulation, ordinance or law which prohibits the Insured from rebuilding, or repairing on the same site or adjacent site or prohibits continuance of like occupancy;
- (2) direct or indirect loss, damage, cost or expense, fines or penalties, arising out of the **Clean-up**, removal, containment, treatment, detoxification, decontamination, stabilization, neutralization, or remediation resulting from any actual, alleged, potential or threatened spill, discharge, emission, dispersal, seepage, leakage, migration, release, or escape of **Pollutants**;
- (3) direct or indirect loss, damage, cost or expense, fines or penalties, for any testing, monitoring, evaluation or assessing of an actual, alleged, potential, or threatened spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of **Pollutants**.

d. Building Damage By Theft

This Policy is extended to insure direct physical loss or damage caused by or resulting from an insured cause of loss (except by fire) to that part of a **Building**, at a **Premise** described as an Insured Location in the **Declarations**, and occupied by the Insured directly resulting from theft or attempted theft 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 covered hereunder. Glass and lettering or ornamentation thereon is excluded from this extension. The Insurer will not pay under this Extension more than the Limit of Insurance for Building Damage By Theft shown in the **Declarations**.

e. Debris Removal and Windstorm Debris Removal

- (1) Debris Removal: The Insurer will indemnify the Insured for expenses incurred in the removal from the **Premises** of debris of insured property, occasioned by direct physical loss or damage to such insured property caused by or resulting from an insured cause of loss. The amount payable under this coverage shall not exceed 25% of the total amount payable for the direct physical loss to property covered plus the amount of the applicable deductible. These expenses will only be paid if they are reported to the **Insurer** in writing within 180 days of the date of loss.
- (2) Windstorm Debris Removal: The Insurer will indemnify the Insured for expenses incurred in the removal of debris or other property which is not covered by this Policy but which has been blown by windstorm upon a location specified in the **Declarations**.

However, Extensions of Coverage e.(1) and e.(2) do not apply to costs or expenses:

- (1) to **Clean-up**, remove, contain, treat, detoxify, decontaminate, stabilize, remediate or neutralize **Pollutants** from land or water; or
- (2) for testing, monitoring, evaluating or assessing of an actual, alleged, potential or threatened spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of **Pollutants**.

The Insurer will not pay more under this Extension than the Limit of Insurance for Debris Removal and Windstorm Debris Removal shown in the **Declarations**.

f. Deferred Payments

This Policy is extended to insure the **Deferred Payments** for loss which occurs as the result of the total or partial covered loss of **Contents** which the Insured has sold to others and has not been paid.

- (1) When a total loss of the sold **Contents** occurs, the amount of the **Deferred Payments** loss shall be the amount shown on the Insured's book of account as due from the buyer.

(2) When a partial loss of the sold **Contents** occurs and the buyer refuses to continue payment, forcing the Insured to repossess the **Contents**, the amount of **Deferred Payments** loss should be computed as follows:

- (a) if the realized value of the repossessed **Contents** is greater than or equal to the amount shown on the Insured's books as due from the buyer, the Insurer will make no payment; or
- (b) if the realized value of the repossessed **Contents** is less than the amount shown on the Insured's books as due from the buyer, the Insurer will pay the difference.

The Insurer will not pay more under this Extension than the Limit of Insurance for Deferred Payments shown in the **Declarations**.

g. Employee Dishonesty

This Policy is extended to insure loss of **Money, Securities** and other property which the Insured shall sustain resulting directly from one or more **Dishonest or Fraudulent Acts** committed by an **Employee**, acting alone or in collusion with others. Loss under this Extension does not include damage to **Money, Securities** and other insured property.

The maximum amount of insurance under this coverage during any one **Policy Period** shall not exceed in the aggregate the Limit of Insurance for Employee Dishonesty shown in the **Declarations**.

h. Expediting Expenses

This Policy is extended to insure the reasonable extra cost to make temporary repairs and to expedite the permanent repair or replacement of covered property, damaged by an insured peril, including overtime and the extra cost of express or other rapid means of transportation. The Insurer will not pay under this Extension more than the Limit of Insurance for Expediting Expenses shown in the **Declarations**.

i. Exterior Signs

This Policy is extended to insure exterior signs, including street clocks, communication towers, antennae and satellite receivers located beyond the legal property line of a **Premises** described as an Insured Location in the **Declarations** for accidental breakage excluding loss or damage caused by wear and tear, latent defect, corrosion or rust, mechanical breakdown, any peril excluded in Excluded Perils described in item 4.b.(3) and item 4.b.(20) above, or during installation, repairing or dismantling.

The Insurer will not pay more under this Extension than the Limit of Insurance for Exterior Signs shown in the **Declarations**.

j. Extra Expense

This Policy is extended to insure the necessary **Extra Expense** over and above the Insured's ordinary business expenses, which are necessary to avoid or minimize the suspension of business and return to **Normal** operations after a covered loss at the **Premises** described as Insured Location(s) in the **Declarations**.

Extra Expense coverage enables the Insured to continue **Normal** operations at a temporary location or with substitute **Equipment**. However, the Insured must make every reasonable effort to resume complete or partial operations as soon as practicable. The Insurer will pay for **Extra Expenses** only for the **Period of Restoration**.

If property at neighbouring premises is damaged by an insured peril and, as a result, a governmental agency prohibits the Insured from using a **Premises** described as Insured Location(s) in the **Declarations**, the Policy will cover the Insured's **Extra Expense** for up to 30 days or until the Limit of Insurance shown in the **Declarations** is exhausted, whichever occurs first.

The Insurer shall not be liable for:

- (1) loss due to fines or damages for breach of contract for late or non-completion of orders, or for any penalties of whatever nature;
- (2) loss due to suspension, lapse or cancellation of any lease or license, contract or order;
- (3) the cost of compiling books of account, abstracts, drawings, card index systems or other records including film, tape, disc, drum, cell or other magnetic recording or storage media for **Electronic Data Processing Equipment**; or
- (4) any increase of loss due to interference at the **Premises** described as Insured Location(s) in the **Declarations** by strikers or other persons, with rebuilding, repairing or replacing property, or with the resumption or continuation of business.

The Insurer will not pay more under this Extension than the Limit of Insurance for Extra Expense shown in the **Declarations**.

k. Fine Arts

This Policy is extended to insure the direct physical loss or damage to the Insured's **Fine Arts** or to the **Fine Arts** of others in the Insured's care, custody, or control caused by or resulting from a peril not otherwise excluded at a **Premise** described as an Insured Location in the **Declarations**. **Fine Arts** will be valued at their market value at the time of the loss.

The Insurer will not pay more under this Extension than the Limit of Insurance for Fine Arts shown in the **Declarations**.

l. Fire Department Service Charges

This Policy is extended to insure the Insured's liability assumed by contract or agreement or required by local ordinance, prior to the loss, for Fire Department Service Charges when the Fire Department is called to save or protect covered property from an insured peril. No deductible applies to this coverage. The Insurer will not pay more under this Extension than the Limit of Insurance for Fire Department Service Charges shown in the **Declarations**.

m. Fire Protective Equipment Recharge

This Policy is extended to insure the cost to recharge any **Fire Protective Equipment** which has been discharged in an effort to protect covered property at a **Premises** described as an Insured Location in the **Declarations** from a peril not otherwise excluded. The Insured agrees to keep any **Fire Protective Equipment** under the Insured's control in good working order while this coverage is in effect. Failure to maintain the system in good working order will result in this extension of coverage being suspended until such time as the protection is restored to good working order. The Insurer will not pay the cost of recharging the **Fire Protection Equipment** if damage to such **Fire Protection Equipment** was caused directly or indirectly by freezing.

The Insurer will not pay more under this Extension than the Limit of Insurance for Fire Protective Equipment Recharge shown in the **Declarations**.

n. Glass

This Policy is extended to insure the accidental breakage of all exterior glass and/or vitrolite including lettering, ornamentation or burglary alarm tape thereon, caused by or resulting from a peril not otherwise excluded at a **Premise** described as an Insured Location in the **Declarations**, and provided the Insured is owner of the **Building** or is legally liable for such damage. This coverage also includes the expenses incurred for boarding up damaged openings or installing temporary plates.

The Insurer will not pay more under this Extension than the Limit of Insurance for Glass shown in the **Declarations**.

o. Improvements and Betterments - Undamaged

This Policy is extended to cover loss of undamaged tenant's improvements when the Insured's lease is canceled:

- (1) by the lessor; and
- (2) by a valid condition of the Insured's lease,

due to direct physical loss or damage to **Building(s)** or **Contents** caused by or resulting from a peril not otherwise excluded at a **Premise** described as an Insured Location in the **Declarations**.

The liability of the Insurer shall be determined to be that portion of the original cost of the undamaged 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 of the lease. The Insurer will not pay more under this Extension than the Limit of Insurance for Improvements and Betterments shown in the **Declarations**.

p. Installation

This Policy is extended to insure direct physical loss or damage to **Contents** caused by or resulting from a peril not otherwise excluded, while at or in transit to or from an installation job site:

- (1) awaiting and during installation;
- (2) awaiting and during tests;
- (3) awaiting acceptance by the buyer.

However, this Policy does not insure damage caused by:

- (1) electric or magnetic injury, disturbance or erasure of electronic recordings, except by lightning; or
- (2) weight of a load exceeding the registered lifting capacity of any machinery.

This Extension of Coverage ceases:

- (1) thirty (30) days after completion of the project;
- (2) the termination or expiration of this insurance;
- (3) the insurable interest of the Insured ceases; or
- (4) the installation activity has ceased for more than thirty (30) consecutive days;

whichever occurs first.

The Insurer will not pay more under this Extension than the Limit of Insurance for Installation shown in the **Declarations**.

q. Interruption of Service

This Policy will insure the damage to **Contents** caused by or resulting from the interruption of service to the **Premises** described as Insured Location(s) in the **Declarations**. The interruption must result from direct physical loss or damage caused by or resulting from a peril not otherwise excluded to the following property, not on a **Premises**:

- (1) Water Supply Service Property, meaning the following types of property supplying water to the **Premises** described as Insured Location(s) in the **Declarations**:
 - (a) pumping stations; and
 - (b) water mains.
- (2) Power Supply Services Property, meaning the following types of property supplying electricity, steam or gas to the **Premises** described as Insured Location(s) in the **Declarations**:
 - (a) public or private generating plants;
 - (b) switching stations;
 - (c) substations;
 - (d) transformers; and
 - (e) transmission lines and/or distribution lines located or installed below ground or water.

The most the Insurer will pay for loss or damage in any one **Occurrence** under this extension coverage is up to the Limit of Insurance shown in the **Declarations**.

r. Land and Water Pollution Clean-Up

(1) Insuring Agreement

The Insurer will indemnify the Insured, for expenses incurred to **Clean-up Pollutants** from land or water at the **Premises** described as Insured Location(s) in the **Declarations** provided the spill, discharge, emission, dispersal, seepage, leakage, release, migration or escape of **Pollutants**:

- (a) is occasioned by loss or damage to insured property at the **Premises** described as Insured Location(s) in the **Declarations**;
- (b) is sudden, unexpected and unintended from the standpoint of the Insured; and
- (c) first occurs during the **Policy Period**.

The maximum amount of insurance for this coverage during any one **Policy Period** shall not exceed in the aggregate the Limit of Insurance shown in the **Declarations**.

(2) No Automatic Reinstatement

Notwithstanding the Reinstatement Clause in this Policy, following a loss under this coverage, the amount of insurance specified above will be reduced by the amount payable.

(3) Exclusions

This extension does not apply to:

- (a) expenses for **Clean-up** away from or beyond the **Premises** resulting from any spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of **Pollutants**, even if the **Pollutants** emanated from the **Premises**;
- (b) expenses for **Clean-up** of any spill, discharge, emission, dispersal, seepage, leakage, release, migration or escape of **Pollutants** that began before the effective date of this coverage;
- (c) fines, penalties, punitive or exemplary damages;
- (d) expenses incurred for the **Clean-up** of **Pollutants** at or from any **Premises**, site or location which is or was at any time used by or for any Insured or others for the handling, storage, processing or treatment of waste.

(4) Additional Conditions

- (a) Reporting Period: It is a condition precedent to recovery that all expenses insured by this coverage must be incurred and reported to the Insurer within 180 days of the spill, discharge, emission, dispersal, seepage, leakage, release, migration or escape of **Pollutants** for which **Clean-up** expenses are being claimed.
- (b) Other Insurance: The insurance afforded by this extension of coverage shall apply as excess over any other valid and collectible insurance available to the Insured or any other interested party.

s. Lease Bonus Payments

This Policy is extended to insure loss of lease bonus payment(s) arising from direct physical loss caused by or resulting from a peril not otherwise excluded to insured property at a **Premise** described as an Insured Location in the **Declarations**. Lease bonus payment(s) is the unamortized portion of a cash bonus that will not be refunded to the Insured due to the cancellation of the Insured's lease.

A cash bonus is money paid by the Insured to acquire the lease. It does not include:

- (1) rent, whether or not prepaid; or
- (2) security.

The Insurer will not pay more under this Extension than the Limit of Insurance for Lease Bonus Payments shown in the **Declarations**.

t. Leasehold Interest

This Policy is extended to insure loss of **Covered Leasehold Interest** the Insured sustains due to the cancellation of the Insured's lease. The cancellation must result from direct physical loss or damage to insured property caused by or resulting from a peril not otherwise excluded.

The Insurer will not pay more under this Extension than the Limit of Insurance for Leasehold Interest shown in the **Declarations**.

u. Master Key

This Policy is extended to insure loss caused by the necessary replacement or re-adjustment of locks or keys that control all doors of the **Building** at a **Premise** described as an Insured Location in the **Declarations** because of direct physical loss or damage to insured property caused by or resulting from a peril not otherwise excluded. This coverage insures the cost of the replaced locks and keys including the labour cost for installation. No deductible amount shall apply to this coverage. The Insurer will not pay more under this Extension than the Limit of Insurance for Master Key shown in the **Declarations**.

v. Mobile Communication Equipment

This Policy is extended to insure direct physical loss or damage to **Mobile Communication Equipment** caused by or resulting from a peril not otherwise excluded, while the **Mobile Communication Equipment** is away from the **Premises** described as Insured Location(s) in the **Declarations**.

The Insurer will not pay more under this Extension than the Limit of Insurance for Mobile Communication Equipment shown in the **Declarations**.

w. Money and Securities

This Policy is extended to insure loss of **Money** or **Securities** by burglary or robbery while in or on the **Premises** described as Insured Location(s) in the **Declarations** or while being conveyed by the Insured or an **Employee** of the Insured to or from a bank, post office or other business office.

The Insurer will not pay more under this Extension than the Limit of Insurance for Money and Securities shown in the **Declarations**.

x. Newly Acquired Location or Newly Constructed Property

This Policy is extended to insure direct physical loss or damage to **Building** and **Contents** caused by or resulting from a peril not otherwise excluded at any acquired location or any newly constructed property that is owned, rented or controlled by the Insured in whole or in part.

Coverage under this extension will end when any of the following occurs first:

- (1) this Policy expires;
- (2) 30 days expire after the Insured acquires or begins to construct the property; or
- (3) the Insured reports values to the Insurer.

The Insurer will charge the Insured an additional premium for values reported from the date construction begins or the Insured acquires the insured property. The most the Insurer will pay for loss or damage provided by this Extension is up to the Limit of Insurance for Newly Acquired Location or Newly Constructed Property shown in the **Declarations**.

y. Outdoor Growing Plants, Trees, Shrubs or Flowers

This Policy is extended to insure direct physical loss or damage to outdoor growing plants, trees, shrubs or flowers at a **Premise** described as an Insured Location in the **Declarations** caused directly by **Named Perils** with the exception of windstorm or hail as described in SECTION V – DEFINITIONS, Clause 23. **Named Perils**, or from theft or attempted theft. This coverage shall be limited to a maximum recovery of the \$500 per item, and of the Limit of Insurance for Outdoor Growing Plants, Trees, Shrubs or Flowers per **Occurrence** shown in the **Declarations**, including debris removal expense. The deductible amount shown in the **Declarations** shall apply to any one **Occurrence**.

z. Preservation of Property

This Policy is extended to insure any direct physical loss or damage to covered property caused by or resulting from a peril not otherwise excluded, while it is being temporarily stored at a location not described in the **Declarations**, if it is necessary to relocate covered property from a **Premise** described as an Insured Location in the **Declarations** to preserve it from loss caused by or resulting from a peril not otherwise excluded, and only if the loss occurs within 30 days of being relocated.

The Insurer will not pay more under this Extension than the Limit of Insurance for Preservation of Property per **Occurrence** shown in the **Declarations**.

aa. Professional Fees, Inventory or Appraisals

In the event of direct physical loss or damage from an insured peril caused by or resulting from a peril not otherwise excluded, the Insurer will pay:

- i. reasonable fees to auditors, accountants, architects, engineers or other professionals other than public adjusters and the Insured's own **Employees** for producing and certifying particulars or details of the Insured's business
- ii. the cost of any inventory or appraisal that is required in connection with a covered loss,

required by the Insurer in order to arrive at the amount of loss payable under this Policy.

This extension applies only to fees incurred in establishing the quantum of a loss, liability for which is otherwise accepted by the Insurer. The most the Insurer will pay under this Extension is the Limit of Insurance for Professional Fees, Inventory or Appraisals shown in the **Declarations**.

bb. Property In Transit

This Policy is extended to insure direct physical loss or damage to **Contents** in transit caused by or resulting from a peril not otherwise excluded, in the following circumstances:

- (1) in the due course of transit in or on any one vehicle owned, leased or operated by the Insured except in transit to or from an installation job site;
- (2) in the custody of a **Common Carrier**;
- (3) in an aircraft;
- (4) on ferry or railway car transfer in connection with land transportation; or
- (5) in the custody of postal authorities if the package is registered.

This Policy will also cover:

- (1) the Insured's interest in shipments sold under free on board (FOB) or freight allowed terms, provided any amount recoverable is not collectible from the purchaser or under any other insurance that would have attached if this coverage had not been issued;
- (2) loss or damage to returned shipments and shipments which may have been refused and or goods or **Stock** temporarily held in custody of a carrier awaiting disposition instructions;
- (3) loss of property caused by fraud or deceit perpetrated by any person or persons who may represent themselves to be the proper party to receive goods for shipments or accept goods for delivery.

This Extension for Property In Transit does not apply to **Mobile Communication Equipment** or **Equipment** or **Stock** while in transit to an installation job site.

The Insurer will not pay more under this Extension than the Limit of Insurance for Property In Transit shown in the **Declarations**.

cc. Property of Employees

At the option of the Insured, **Equipment** also includes direct physical loss or damage to insured property caused by or resulting from a peril not otherwise excluded to **Property of Employees**. This Policy Extension on such property:

- (1) shall not attach if it is insured by the owner, unless the Insured is obligated to insure it or is liable for its loss or damage;
- (2) is, in any event limited to a maximum recovery of \$1,000 in respect of any one **Employee**, up to the Limit of Insurance for Property of Employees per **Occurrence** shown in the **Declarations**.
- (3) shall apply only to loss or damage occurring at the **Premises**.

The deductible amount shown in the **Declarations** shall apply to any one **Occurrence**.

dd. Rents

This Policy is extended to insure loss of rents arising from direct physical loss or damage to insured property caused by or resulting from a peril not otherwise excluded. Rents will be determined by calculating the sum of gross income from the **Building**, amount of all charges assumed by the tenants which would otherwise be the Insured's obligation; rental value of the part of the **Building** occupied by the Insured, rental value of vacant parts of the **Building** that would have been rented had no loss occurred, and any other income derived from the use of the **Building**.

If property other than at a **Premise** described as Insured Location in the **Declarations** suffers direct physical loss or damage caused by or resulting from a peril not otherwise excluded and, as a result, a governmental agency prohibits the Insured from using a **Premise** described as Insured Location in the **Declarations**, this Policy also insures loss of rents including expenses necessary to reduce the loss for up to 30 days, but not to exceed the Limit of Insurance shown in the **Declarations**. In no event shall the total of these expenses exceed the amount by which the rents loss is reduced.

The amount of rents and other income loss will be determined based on the rents and other income of the **Building** before the loss occurred and the likely rents and other income of the **Building** if no loss had occurred. The Insurer will not pay more for this Extension than the Limit of Insurance for Rents shown in the **Declarations**.

ee. Rents Prepaid By The Insured

This Policy is extended to insure rents prepaid by the Insured that will not be refunded to the Insured arising from direct physical loss or damage to insured property caused by or resulting from a peril not otherwise excluded. Rents prepaid means the amortized portion of any amount of advance rents paid by the Insured. This does not include the customary rents due at:

- (1) the beginning of each month; or
- (2) any other rental period.

The Insurer will not pay more under this Extension than the Limit of Insurance for Rents Prepaid By The Insured shown in the **Declarations**.

ff. Temporary Locations

This Policy is extended to insure direct physical loss or damage to **Contents** caused by or resulting from a peril not otherwise excluded, while temporarily away from the **Premises** described as an Insured Location(s) in the **Declarations** for a period not exceeding 30 consecutive days. This includes, but is not limited to, salesman's samples, exhibits and property being demonstrated. There shall be no liability under this item at any location owned, rented or controlled in whole or in part by the Insured or at any installation job site.

This Extension for Temporary Locations does not apply to **Mobile Communication Equipment** or **Contents** while at an installation job site.

The Insurer will not pay more under this Extension than the Limit of Insurance for Temporary Locations shown in the **Declarations**.

gg. Valuable Papers and Records

This Policy is extended to insure the costs of research and other expenses to replace or restore the information on **Valuable Papers and Records** for which there are no duplicates, in excess of the cost of blank material after producing the records and labour to transcribe or copy the records for which there are duplicates. This extension of coverage applies to **Valuable Papers and Records** including those which exist on **Electronic Data** (other than prepackaged software) which are lost or damaged in any one loss.

The insurance provided by this coverage applies:

- (1) while the covered **Valuable Papers and Records** are contained in **Premises** described as Insured Location(s) in the **Declarations**. It is a condition precedent to any right or recovery hereunder, that the **Valuable Papers and Records** shall be kept in receptacles (minimum of metal filing cabinets) at all times when such **Premises** are not open for business, except while such **Valuable Papers and Records** are in actual use or as stated in (2) or (3) below;
- (2) while the covered **Valuable Papers and Records** are being removed to, and while at a place of safety because of imminent danger of loss or damage and while being returned from such place, provided the Insured notifies the Insurer in writing within 30 days of such removal;
- (3) while the **Valuable Papers and Records** are being conveyed outside the **Premises** described as Insured Location(s) in the **Declarations** or temporarily in other locations (except for storage).

This extension does not apply to:

- (1) any loss directly resulting from errors or omissions in processing or copying unless fire or explosion ensues and then only for the direct loss caused by such ensuing fire or explosion;
- (2) any loss of property held as samples or for sale or for delivery after sale;
- (3) any loss of property which cannot be replaced with other of like kind and quality.

The limit of the Insurer's liability for loss shall not exceed the **Actual Cash Value** of the property at the time of loss, nor what it would cost to repair or replace the property with other of like kind and quality. The Insurer may pay for the loss in money or may repair or replace the property and may settle any claim for loss of the property either with the Insured or the owner thereof. Any property so paid for or replaced shall become the property of the Insurer. The Insured or Insurer, upon recovery of any such property, shall give notice thereof as soon as practicable to the other and the Insured shall be entitled to the property upon reimbursing the Insurer for the amount so paid or the cost of replacement.

The Insurer will not pay more under this Extension than the Limit of Insurance for Valuable Papers and Records shown in the **Declarations**.

II LIMITS OF LIABILITY

The most the Insurer will pay for loss in any one **Occurrence** and in the aggregate is the applicable Limits of Insurance shown in the **Declarations**.

III DEDUCTIBLE

In the event of a claim under this Policy, caused by an insured peril, the Insurer shall be liable only for the amount by which the adjusted claim exceeds the deductible amount for the applicable coverage shown in the **Declarations** up to the Limit of Insurance.

Unless otherwise indicated in this Policy, the deductible amount shown in the **Declarations** applies separately to each and every covered claim.

If two or more deductibles apply to the same **Occurrence**, only the largest single deductible will apply, unless otherwise stated.

IV COINSURANCE

Coinsurance applies separately to each item for which a co-insurance percentage is shown in the **Declaration** and only where the amount of loss or damage exceeds 2% of the applicable amount of insurance or \$50,000, whichever is more.

The Insured shall maintain insurance concurrent with this form on the insured property to the extent of at least the amount produced by multiplying the value of the property as determined in VI. General Conditions, 26. Valuation by the co-insurance percentage specified on the **Declaration**. If the Insured failed to do so, the Insured shall be entitled to recover only 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 Coinsurance Clause.

V DEFINITIONS

Whenever appearing in this Policy, words and phrases appearing in **bold type** shall have the meanings set forth below. These Definitions apply to the singular and the plural of these terms as circumstances and context require.

1. **Actual Cash Value** means the actual value of the property at the time of loss or damage, with proper deduction for depreciation. In no event shall such value exceed what it would then cost to repair or replace the same with material of like kind and quality or the limit of liability applying to the property.
2. **Building** means the building(s) at Insured Location(s) and described in the **Declarations** and includes:
 - a. permanent structures pertaining to the building(s) and located on the **Premises**;
 - b. completed additions and extensions communicating and in contact with the building(s);
 - c. permanent fittings and fixtures attached to and forming part of the building(s);
 - d. materials, equipment and supplies on the **Premises** for maintenance of, and normal repairs and minor alterations to the **Building** or for building services;
 - e. growing plants, trees, shrubs or flowers inside the **Building** used for decorative purposes when the Insured is the owner of the **Building**.
 - f. if not covered by other insurance:
 - (1) additions under construction, alternations and repairs to the building or structure;
 - (2) materials, equipment, supplies and temporary structures, located on the **Premises**, used for making additions, alterations or repairs to the building or structure.
3. **Clean-up** means the removal, containment, treatment, detoxification, decontamination, stabilization, neutralization or remediation of **Pollutants**, including testing and monitoring which is integral to the afore- mentioned processes.
4. **Common Carrier** means railroad companies, public truckers or motor transportation companies, including rail and vehicular freight forwarders.
5. **Contents** means **Equipment** and **Stock** as herein defined.
6. **Covered Leasehold Interest** means the tenant's lease interest, meaning the difference between:
 - a. the rent paid by the Insured at the **Premises** described as Insured Location(s) in the **Declarations**; and
 - b. the rental value of the **Premises** described as Insured Location(s) in the **Declarations** leased by the Insured.
7. **Data** means representations of information or concepts, in any form.

8. **Data Problem** means:
- erasure, disturbance, destruction, corruption, misappropriation, misinterpretation of **Data**;
 - error in creating, amending, entering, deleting or using **Data**;
 - inability to receive, transmit or use **Data**.
9. **Declarations** means the Declarations Page(s) applicable to this Policy.
10. **Deferred Payment** means the Insured's interest in lost or damaged personal property sold by the Insured under a conditional sale or trust agreement or under any instalment or deferred payment plan after delivery to the buyer.
11. **Dishonest or Fraudulent Acts** means fraudulent or dishonest acts committed by an **Employee** with the intent:
- to cause the Insured to sustain loss; and
 - to obtain financial benefit for the **Employee**, or for any other person or organization intended by the **Employee** to receive such benefit, other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment.
12. **Electronic Data** means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, DVD-ROMS, films, tapes, drives, universal serial bus devices (USB's), cards, drums, cells, data processing devices or any other media which are used with electronically controlled equipment.
13. **Electronic Data Processing Equipment** means data processing systems including **Equipment**, component parts and related systems, peripheral equipment including air conditioning and **Fire Protective Equipment** used solely for data processing operations. This does not include **Equipment** held for sale or distribution and **Equipment** in the course of manufacture.
14. **Employee** means any natural person (except a director or trustee of the Insured, if a corporation, who is not also an officer or **Employee** thereof in some other capacity) while in the regular service of the Insured in the ordinary course of the Insured's business during the **Policy Period** and whom the Insured compensates directly or indirectly by salary, wages or commissions and has the right to govern and direct in the performance of such service, but does not mean any broker, factor, commission merchant, consignee, contractor or other agent or representative of the same general character. As applied to loss under SECTION I, COVERAGE B, Clause 2.g. Employee Dishonesty, the above words "while in the regular service of the Insured" shall include the first 30 days thereafter.
15. **Equipment** means:
- generally all contents usual to the Insured's business including furniture, furnishings, fittings, fixtures, machinery, tools, utensils, appliances and **Electronic Data Processing Equipment** including software, and generally all contents other than:
 - Building** or **Stock** as herein defined;
 - permanent fixtures and fittings attached to and forming part of any building or structure;
 - materials and supplies intended for use in construction, alteration, maintenance or repair of any **Building(s)** or structure(s);
 - Equipment** used for the maintenance or service of any **Building(s)** or structure(s);
 - similar property belonging to others which the Insured is under obligation to keep insured or for which he is legally liable;
 - 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 Policy applies as though such tenant's improvements had been made at the expense of the Insured.

16. **Extra Expense** means the excess (if any) of the total cost during the **Period of Restoration** for the purpose of continuing the Insured's business over and above the total cost that would normally have been incurred to conduct the business during the same period had no loss occurred; the cost in each case to include expense of using other property or facilities of other concerns or other similar necessary emergency expenses.
17. **Fine Arts** includes paintings, etchings, pictures, tapestries and other bona fide works of art (such as valuable rugs, statuary, marbles, bronzes, antique furniture, rare books, antique silver, manuscripts, porcelains, rare glass and bric-a-brac) of rarity, historical value or artistic merit.
18. **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:
- branch piping from a joint system where such branches are used entirely for purposes other than fire protection;
 - any watermains or appurtenances located outside of the **Premises** described as Insured Location(s) in the **Declarations** and forming a part of the public water distribution system;
 - any pond or reservoir in which the water is impounded by a dam.
19. **Fungi** includes, but is not limited to, any form or type of fungus, mould, yeast, mildew, rust, smut or mushroom, wet or dry rot, or bacteria whether or not allergenic, pathogenic or toxigenic, or any substance, vapour, gas, products, or by products produced by, emitted from or arising out of any **Fungi** or **Spores** or resultant mycotoxins, allergens, or pathogens. But, **Fungi** does not include any **Fungi** intended by the Insured for consumption.
20. **Microbes** means any non-fungal microorganism or non-fungal, colony-form organism that causes infection or disease. **Microbes** include any **Spores**, mycotoxins, odours, or any other substances, products, or by-products produced by, released by, or arising out of the current or past presence of **Microbes**.
21. **Mobile Communication Equipment** means mobile or handheld **Electronic Data Processing Equipment** including but not limited to:
- cellular telephone;
 - laptop computers;
 - personal digital assistants; or
 - mobile hand held global positioning devices.
- Mobile Communication Equipment** does not mean:
- Equipment** held for sale or distribution;
 - salesman's samples;
 - Equipment** while at or in transit to or from an installation job site;
 - exhibits or property being demonstrated; or
 - Equipment** while waterborne, except while on a regular ferry or railway car transfer in connection with land transportation.
22. **Money** means currency, coins, bank notes, traveller's cheques, registered cheques, money orders and bullion in current use and having a face value.
23. **Named Perils** means:
- Fire or Lightning
 - Explosion: Except with respect to explosion of natural, coal or manufactured gas, there shall in no event be any liability hereunder for loss or damage caused by explosion, rupture or bursting in or of the following property owned, operated or controlled by the Insured:
 - (a) the portions containing steam or water under steam pressure of all boilers generating steam, and piping or other equipment connected to said boilers and containing steam or water under steam pressure;
 - (b) piping and apparatus or parts thereof normally containing steam or water under steam pressure from an external source and while under such pressure;
 - (c) the combustion chambers or fire boxes of steam generating boilers of the chemical recovery type and the flues or passages which conduct the gases of combustion therefrom;
 - (d) smelt dissolving tanks;
 - (2) other vessels and apparatus, and pipes connected therewith, while under pressure, or while in use or in

- operation, provided their maximum normal internal working pressure exceeds 103 kilopascals (15 pounds per square inch) above atmospheric pressure except that liability is specifically assumed for loss or damage resulting from the explosion of manually portable gas cylinders;
- (3) moving or rotating machinery or parts of same when such loss or damage is caused by centrifugal force or mechanical breakdown;
 - (4) any vessels and apparatus and pipes connected therewith while undergoing pressure tests, but this exclusion shall not apply to other property covered hereunder that has been damaged by such explosion;
 - (5) gas turbines;

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

- (1) electric arcing or any coincident rupture of electrical equipment due to such arcing;
- (2) bursting or rupture caused by hydrostatic pressure or freezing;
- (3) bursting or rupture of any safety disc, rupture diaphragm or fusible plug.

c. Impact By Aircraft, Spacecraft or Land Vehicle

The terms "Aircraft" and "Spacecraft" include articles dropped therefrom. There shall in no event be any liability hereunder due to cumulative damage or for loss or damage:

- (1) caused by land vehicles belonging to or under the control of the Insured or any of his **Employees**;
- (2) to aircraft, spacecraft or land vehicles causing the loss;
- (3) 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:

- (1) due to cessation of work or by interruption to process or business operations or by change(s) in temperature;
- (2) due to flood or release of water impounded by a dam, or due to any explosion other than an explosion in respect of which there is insurance under SECTION V – DEFINITIONS, Clause 23. b.;
- (3) due to theft or attempt thereat.

e. Smoke

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

f. Leakage From **Fire Protective Equipment**

The term "Leakage from **Fire Protective Equipment**" means the leakage or discharge of water or other substance from within the equipment used for fire protection purposes for the Premises described as Insured Location(s) in the **Declarations** or for adjoining locations and loss or damage caused by the fall or breakage or freezing of such equipment.

g. Windstorm or Hail

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

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

24. **Normal** means the condition that would have existed had no physical loss or damage occurred.

25. **Occurrence** means a sudden, unforeseen, unintended event, including continuous or repeated exposure to the same event which results in physical loss or damage to the Insured's property. Such loss must neither be expected nor intended by the Insured.

26. **Period of Restoration** means the period of time that:
- begins with the date of direct physical loss or damage caused by or resulting from a peril not otherwise excluded; and
 - ends on the date when the property should have been repaired, rebuilt, or replaced with reasonable speed and similar quality. **Period of Restoration** includes any increase period required due to the enforcement of any law regulating the construction, use, or repair, or requires the tearing down of any damaged or destroyed property. The expiration date of this Policy will not cut short the **Period of Restoration**, but such period shall not in total exceed 360 days from the date of **Occurrence**.
27. **Policy Period** means the period as specified within the **Declarations** of this Policy.
28. **Pollutants** means any solid, liquid, gaseous or thermal irritant or contaminant, including but not limited to smoke, odour, vapour, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
29. **Premises** means the entire area within the property lines and areas under adjoining sidewalks and driveways at:
- the Insured Location(s) described in the **Declarations**;
 - temporary locations (other than an installation job site) and any newly acquired location, if covered by this Policy;
- and in or on vehicles within 100 metres (328 feet) of such locations.
30. **Professional Fees** means reasonable fees/charges payable by the Insured for producing and certifying financial records or documents required by the Insurer.
31. **Property of Employees** means property other than **Money** or **Securities** which belongs to an individual **Employee** and is primarily for the individual owner's personal use; for example, clothing, luggage, household furnishings, or writing materials.
32. **Property of Every Description** means **Building(s)**, **Equipment** and **Stock** as herein defined.
33. **Radioactive Material** means uranium, thorium, plutonium, neptunium, their respective derivatives and compounds, radioactive isotopes of other elements and any other substances that the Atomic Energy Control Board may, by regulation, designate as being prescribed substances capable of releasing atomic energy, or as being requisite for the production, use or application of atomic energy.
34. **Replacement Cost** means the cost of replacing, repairing, constructing or reconstructing (whichever is the least) insured property on the same site with new property of like kind and quality and for the like occupancy without deduction for depreciation; and includes repair, construction or reconstruction with new property of like kind and quality. 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 purposes of this Policy.
- Replacement Cost** does not apply to:
- any increase in the cost of replacement occasioned by ordinance or law;
 - Stock**;
 - patterns, dies, moulds;
 - 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;
 - manuscripts and records meaning books of account, drawings, card index systems and other records, media, data storage devices, and programme devices for electronic electro-mechanical data processing or for electronically controlled equipment.
35. **Securities** means all negotiable and non-negotiable instruments or contracts representing either **Money** or other property and includes revenue and other stamps in current use, tokens and tickets, but does not include **Money**.
36. **Sewer Back-up** means water which backs up through sewers, sumps, septic tanks or drains.
37. **Smog** means atmospheric pollutants or contaminants emanating from industrial operations, automobiles and other human activities other than agricultural smudging or industrial operations.

38. **Spores** includes, but is not limited to, any reproductive particle or microscopic fragment produced by, emitted from or arising out of any **Fungi**.
39. **Stock** means:
- Merchandise of every description usual to the Insured's business but does not include motor vehicles, trailers or semi-trailers or equipment and accessories attached to them;
 - packing, wrapping and advertising materials; and
 - similar property belonging to others which the Insured is under obligation to keep insured or for which he is legally liable;
- but does not include **Securities**.
40. **Surface Water** means water or natural precipitation temporarily diffused over the surface of the ground.
41. **Terrorism** means an ideologically motivated unlawful act or acts, including but not limited to the use of violence or force or threat of violence or force, committed by or on behalf of any group(s), organization(s) or government(s) for the purpose of influencing any government and/or instilling fear in the public or a section of the public.
42. **Valuable Papers and Records** means written, printed or otherwise inscribed documents and records, including books, maps, films, drawings, original plans, specifications, abstracts, deeds, mortgages, manuscripts and other records, but excluding **Money** and **Securities**, **Electronic Data**, control tapes or discs.

VI GENERAL CONDITIONS

- Bankruptcy**
Bankruptcy or insolvency of the Insured or of the Insured's estate will not relieve the Insurer of the Insurer's obligations under this Policy.
- Books and Records**
The Insured shall keep records of all of the insured property in such manner that the Insurer can accurately determine therefrom the amount of loss.
- Breach of Condition**
Where a loss occurs and there has been a breach of condition relating to a matter before the happening of the loss, which breach would otherwise disentitle the Insured from recovery under this Policy, 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.
- Canadian Currency Clause**
All Limits of Insurance, premiums and other amounts as expressed in this Policy are in Canadian currency.
- Changes**
This Policy contains all the agreements between the Insured and the Insurer concerning the insurance provided by this Policy. Only the first Named Insured may request changes to this Policy however, such changes will be effective only upon the Insurer's consent as evidenced by their issuing an endorsement which will form part of this Policy.
- Change of Interest or Transfer of Rights and Duties**
The Insurer will not be liable to anyone other than the Insured unless the Insurer has been advised of a change of interest and consented to it. However, if the Insured dies, or is declared insolvent or bankrupt, this Policy will insure the Insured's legal representative, but only while acting within the scope of duties as the Insured's legal representative. Until the Insured's legal representative is appointed, anyone having proper temporary custody of the Insured's property will have the Insured's rights and duties but only with respect to that property.
- Consolidation and Merger**
If, through consolidation or merger with, or purchase of assets of, some other concern, any persons shall become **Employees** or if the Insured shall thereby acquire the use and control of any additional **Premises**, the insurance afforded by this Policy shall also apply as respects such **Employees** and **Premises**, provided the Insured shall give the Insurer written notice thereof within 30 days thereafter and shall pay the Insurer an additional premium computed pro rata from the date of such consolidation, merger or purchase to the end of the current premium

period.

8. Examination of Books and Records

The Insurer may examine and audit the Insured's books and records as they relate to this Policy at any time during the Policy Period and up to 3 years after the expiration of this Policy. Any premium due for exposures that exist but were not reported will be determined by the Insurer's audit. The Insurer will compute such premiums in accordance with the Insurer's rules, rates and rating plans in effect as of the inception date of the Policy.

9. Inadvertent Non-Disclosure

The Insured's unintentional failure to tell the Insurer about all exposures existing on the effective date of this Policy for which coverage(s) may exist under this Policy shall not be a reason by itself for the Insurer to deny coverage under this insurance if prompt notice is given to the Insurer as soon as said failure becomes known to the Insured and additional premium, if any, is paid.

10. Inspections, Surveys and Audits

The Insurer has the right but is not obligated to:

- a. make inspections and surveys at any time;
- b. give the Insured reports on any conditions that the Insurer finds; and
- c. recommend changes.

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

- a. are safe or healthful; or
- b. comply with laws, regulations, codes or standards.

This condition applies not only to the Insurer, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations on the Insurer's behalf.

11. Joint Insured

- a. If more than one Insured is covered under this Policy, the first Named Insured shall act for itself and for every other Insured for all purposes of this Policy. If the first Named Insured ceases to be covered, then the next Named Insured will become the first Named Insured.
- b. Knowledge possessed or discovery of any information relevant to this insurance made by any Insured or by any partner or officer thereof shall be considered knowledge or discovery of every Insured.
- c. An **Employee** of any Insured is considered to be an **Employee** of every Insured.
- d. The Insurer will not pay more for loss sustained by more than one Insured than the amount the Insurer would pay if all the loss had been sustained by one Insured.

12. Liberalization

If we adopt any revision to the Terms and Conditions to this Comprehensive Commercial Property Insurance Policy that would broaden coverage and such revision does not require an additional premium or endorsement and the revision is adopted within forty-five (45) days prior to or during the **Policy Period**, the broadened coverage will apply to this property policy as of the date the revision is released.

13. No Benefit To Bailee

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

14. 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 to the police or other authorities having jurisdiction.

15. Ownership of Covered Property

Unless otherwise specifically stated in the Policy, the Insurer shall not be liable for such damage to the covered property unless the Insured is the owner thereof or is liable for such damage thereto.

16. 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.

17. Parts

In the case of loss of or damage to any part of the covered 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.

18. Permission

Permission is hereby granted:

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

19. 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.

20. Property Protection Systems

It is agreed that the Insured shall notify forthwith the Insurer of any interruption to, or flaw or defect, coming to the knowledge of the Insured, in any of the following systems installed at the Insured's **Premises**:

- a. sprinkler or other fire extinguishing system; or
- b. fire detection system; or
- c. intrusion detection system,

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

21. Reinstatement

Under Coverage A and Coverage B of this Policy, loss under any item shall not reduce the applicable Limit of Insurance.

22. Representations

By accepting this Policy, the Insured agrees:

- a. that the statements in the **Declarations** are accurate and complete;
- b. those statements are based upon representations the Insured made to the Insurer; and
- c. the Insurer has issued this Policy in reliance upon the Insured's representations.

23. Special Basis of Settlement

a. Tenant's Improvement: The liability of the Insurer shall be determined as follows:

- (1) if repaired or replaced with due diligence and dispatch, the amount actually and necessarily expended but in no event exceeding the **Replacement Cost** of the tenant's improvements immediately prior to the time of destruction or damage;
- (2) if not repaired or replaced with due diligence and dispatch after such loss, that portion of the original cost of the damaged or destroyed tenant's improvements which the unexpired term of the lease at the time of loss bears to the period(s) from the date(s) such tenant's improvements were made to the expiration date of the lease.

b. Records: The liability of the Insurer for loss or damage to:

- (1) books of accounts, drawings, card index systems and other records, other than as described in (2) below, shall not exceed the cost of blank books, blank pages or other materials, plus the cost of labour for actually transcribing or copying said records;
- (2) media, data storage devices, and programme devices for electronic and electro-mechanical data processing or for electronically controlled equipment, shall not exceed the cost of reproducing such media, data storage devices, and programme devices from duplicates or from originals of the previous generation of the media, but no liability is assumed hereunder for the cost of gathering or assembling information or data for such reproduction.

24. Subrogation

If any person or organization to or for whom the Insurer makes payment under any coverage of the Policy has rights to recover damages from another, then those rights are transferred to the Insurer to the extent of the Insurer's payment. That person or organization must do everything necessary to secure the Insurer's rights and must do nothing after the loss to impair them. The Insured may waive the Insured's rights against another party in writing only:

- a. prior to any known loss, claim, suit, accident or occurrence; or
- b. after a known loss, claim, accident or occurrence if the other party is someone insured by this Policy or a business firm owned or controlled by the Insured or which owns or controls the Insured.

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

25. Sue And Labour

It is the duty of the Insured in the event that any property covered 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.

26. Valuations

For the purpose of calculating the total value of the property for value reporting and for loss adjustment, the following valuation basis applies:

- a. on unsold **Stock** - the **Actual Cash Value** of the property at the time any loss occurs, but in no event to exceed what it would cost to repair or replace with material of like kind and quality;
- b. on sold **Stock** - the selling price after allowance for discounts;
- c. on property of others in the custody or control of the Insured for the purpose of performing work thereon - the amount for which the Insured is liable but in no event to exceed the **Actual Cash Value** at the time and place of loss plus allowance for labour and materials expended to such time;
- d. on Tenant's Improvements and Records - as defined in paragraphs a. and b. of SECTION VI – GENERAL CONDITIONS, Clause 23. Special Basis of Settlement;
- e. on all other property covered under this Policy 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.

27. Verification of Values

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

VII STATUTORY CONDITIONS

In the event that any loss or damage to property insured by this Policy occurs in a jurisdiction wherein the Statutory Conditions differ from those set out herein, the Statutory Conditions applicable in such jurisdiction shall apply to such loss or damage.

1. Action

Every action or proceeding against the Insurer for the recovery of a claim under or by virtue of this Policy shall be absolutely barred unless commenced within 1 year * after the loss or damage occurs.

* 2 years in the province of Manitoba, the Yukon Territory and Nunavut.

2. Appraisal

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

3. Cancellation

- a. The first Named Insured shown in the **Declarations** may cancel this Policy by mailing or delivering to the Insurer advance written notice of cancellation.
- b. The Insurer may cancel this Policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (1) 15 days before the effective date of cancellation if the Insurer cancels for non-payment of premium; or
- (2) 30 days before the effective date of cancellation if the Insurer cancels for any other reason.

Except in Quebec, if notice is mailed, cancellation takes effect 15 or 30 days after receipt of the letter by the post office to which it is addressed, depending upon the reason for cancellation.

In Quebec, the Insurer's notice of cancellation takes effect either 15 or 30 days after receipt of the notice at the last known address of the first Named Insured, depending upon the reason for cancellation.

- c. The Insurer will mail or deliver the Insurer's notice to the first Named Insured's last mailing address known to the Insurer.
- d. The Policy Period will end on the effective date of cancellation.
- e. If this Policy is cancelled, the Insurer will send the first Named Insured any premium refund due. If the Insurer cancels, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata and is subject to the Minimum Retained Premium shown in the **Declarations** of this Policy. The cancellation will be effective even if the Insurer has not made or offered a refund.
- f. If notice is mailed, proof of mailing will be sufficient proof of notice.

4. Change of Interest

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

5. Entry, Control, Abandonment

After loss or damage to covered property, the Insurer has an immediate right of access and entry by accredited agents sufficient to enable them to survey and examine the property, and to make an estimate of the loss or damage, and, after the Insured has secured the property, a further right of access and entry sufficient to enable them to make appraisal or particular estimate of the loss or damage, but the Insurer shall not be entitled to the control or possession of the covered property, and without the consent of the Insurer there can be no abandonment to it of covered property.

6. Fraud

A fraud or a wilfully false statement in a statutory declaration in relation to the above particulars, shall vitiate the claim of the person making the declaration.

7. Material Change

A change material to the risk and within the control and knowledge of the Insured shall avoid the Policy as the part affected by it, unless the change is promptly notified in writing to the Insurer or its local agent; and the Insurer when so notified may return the unearned portion, if any, of the premium paid and cancel the Policy, or may notify the Insured in writing that, if the Insured desires the Policy to continue in force, the Insured shall, within 15 days of the receipt of the notice, pay to the Insurer an additional premium; and in default of such payment, the Policy shall no longer be in force and the Insurer shall return the unearned portion, if any, of the premium paid.

8. Misrepresentation

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

9. Notice

A written notice to the Insurer may be delivered at, or sent by registered mail to, the chief agency or head office of the Insurer in the province. Written notice may be given to the first Named Insured named in the Policy by letter personally delivered to him or her or by registered mail addressed to him or her at his or her latest post office address as notified to the Insurer. In this condition, the expression "registered" means registered in or outside of Canada.

10. Property of Others

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

11. Replacement

- a. The Insurer, instead of making payment, may repair, rebuild, or replace the property damaged or lost, giving written notice of its intention so to do within 30 days after receipt of the proofs of loss.
- b. In that event the Insurer shall start to repair, rebuild, or replace the property within 45 days after receipt of the proofs of loss, and shall after that time proceed with all due diligence to the completion of the property.

12. Requirements After Loss

- a. Upon the occurrence of any loss of or damage to the covered property, the Insured shall, where that loss or damage is covered by the Policy, in addition to observing the requirements of Statutory Conditions 2, 5 and 13:
 - (1) give as soon as practicable notice of the loss or damage in writing to the Insurer;
 - (2) deliver as soon as practicable to the Insurer a proof of loss verified by a statutory declaration:
 - (a) giving a complete inventory of the destroyed and damaged property and showing in detail quantities, costs, **Actual Cash Value** or **Replacement Cost** (where applicable) and particulars of amount of loss claimed;
 - (b) stating when and how the loss occurred, and where caused by fire or explosion due to ignition, how the fire or explosion originated, so far as the Insured knows or believes;
 - (c) stating that the loss did not occur through any wilful act or neglect or the procurement, means or connivance of the Insured;
 - (d) showing the amount of other insurance and the names of other insurers;
 - (e) showing the interest of the Insured and of all others in the property with particulars of all liens, encumbrances and other charges upon the property;
 - (f) showing any changes in title, use, occupation, location, possession or exposures of the property since the issue of the Policy;
 - (g) showing the place where the property covered was at the time of the loss;
 - (3) where required, give a complete inventory of undamaged property and showing in detail quantities, costs, **Actual Cash Value** or **Replacement Cost** (where applicable);
 - (4) where required and where practicable, produce books of account, warehouse receipts and **Stock** lists, and furnish invoices and other vouchers verified by statutory declaration, and furnish a copy of the written portion of another policy.
- b. The evidence furnished under clauses (3) and (4) of sub-paragraph 12.a. of this condition shall not be considered proof of loss within the meaning of Statutory Conditions 14 and 11.

13. Salvage

- a. The Insured in the event of any loss or damage to any property covered under the Policy, shall take all reasonable steps to prevent further damage to any such property so damaged and to prevent damage to other property covered hereunder including, if necessary, its removal to prevent damage or further damage thereto;
- b. The Insurer shall contribute pro rata towards any reasonable and proper expenses in connection with steps taken by the Insured and required under subparagraph a. of this condition according to the respective interests of the parties.

14. When Loss Payable

The loss shall be payable within 60 days after completion of the proof of loss, unless the Policy provides for a shorter period.

15. Who May Give Notice And Proof

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

VIII STANDARD MORTGAGE CLAUSE

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 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 award under 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 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 inability, refusal or neglect of the Insured to give notice of loss or deliver the required Proof of Loss under the Policy, then the Mortgagee may give the notice upon becoming aware of the loss and deliver as soon as practicable the Proof of Loss.

5. Termination

EXCLUDING PROVINCE OF QUEBEC - The term of this mortgage clause coincides with the term of the Policy; PROVIDED ALWAYS that the Insurer reserves the right to cancel the Policy as provided by Statutory provision but agrees that the Insurer will neither terminate nor alter the Policy to the prejudice of the Mortgagee without the notice stipulated in such Statutory provision.

PROVINCE OF QUEBEC - The term of this mortgage clause coincides with the term of the Policy;

PROVIDED ALWAYS that the Insurer reserves the right to cancel the Policy as provided by Articles 2477 and 2479 of the Civil Code of the Province of Quebec, but agrees that the Insurer will neither terminate nor alter the Policy to the prejudice of the Mortgagee without 15 days' notice to the Mortgagee by registered letter.

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.