

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

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

The word "insured" means any person or organization qualifying as such under SECTION II - WHO IS AN INSURED.

Other words and phrases that appear in quotation marks have special meaning.

SECTION I - COVERAGES

COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement.

- a. We will pay those sums that the insured becomes legally obligated to pay as compensatory damages because of "bodily injury" or "property damage" to which this insurance applies. No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under SUPPLEMENTARY PAYMENTS - COVERAGES A, B AND D. This insurance applies only to "bodily injury" and "property damage" which occurs during the policy period. The "bodily injury" or "property damage" must be caused by an "occurrence". The "occurrence" must take place in the "coverage territory". We will have the right and duty to defend any "action" seeking those compensatory damages but:
 - 1) The amount we will pay for compensatory damages is limited as described in SECTION III - LIMITS OF INSURANCE.
 - 2) We may investigate and settle any claim or "action" at our discretion; and
 - 3) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A, B or D or medical expenses under Coverage C.
- b. Compensatory damages because of "bodily injury" include compensatory damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury"
- c. "Property damage" that is loss of use of tangible property that is not physically injured shall be deemed to occur at the time of the "occurrence" that caused it.

2. Exclusions.

This insurance does not apply to:

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

This exclusion does not apply:

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

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

- f. "Bodily injury" or "property damage" arising out of the ownership, maintenance, use, operation, loading or unloading, or entrustment to others, by or on behalf of any insured of any watercraft.
This exclusion does not apply to:
 - 1) A watercraft while ashore on premises you own or rent;
 - 2) A watercraft you do not own that is:
 - a) Less than 8 meters long; and
 - b) Not being used to carry persons or property for a charge
 - 3) "Bodily injury" to an employee of the insured on whose behalf contributions are made by or required to be made by the insured under the provisions of any workers compensation law.
- g. 1) "Bodily injury" or "property damage" arising out of the ownership, maintenance, use, operation, loading or unloading, or the entrustment to others, by or on behalf of any insured of:
 - a) Any aircraft; or
 - b) Any air cushion vehicle.
- 2) "Bodily injury" or "property damage" arising out of the ownership, existence, use or operation by or on behalf of any insured of any premises for the purpose of an airport or aircraft landing area and all operations necessary or incidental thereto.
- h. "Property damage" to:
 - 1) Property you own, rent, or occupy;
 - 2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
 - 3) Property loaned to you;
 - 4) Personal property in your care, custody or control;
 - 5) That particular part of real property on which you or any contractor or subcontractor working directly or indirectly on your behalf is performing operations, if the "property damage" arises out of those operations; or
 - 6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

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

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

Paragraph 6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".
- i. "Property damage" to "your product" arising out of it or any part of it.
- j. "Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".
This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.
- k. "Property damage" to impaired property" or property that has not been physically injured, arising out of:
 - 1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
 - 2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.
- l. Any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment removal or disposal of:
 - 1) "Your product";
 - 2) "Your work"; or
 - 3) "Impaired property";

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.
- m. Pollution Liability - See Common Exclusions.
- n. Nuclear Liability - See Common Exclusions.
- o. War Risks - See Common Exclusions.

COVERAGE B. PERSONAL INJURY LIABILITY

- 1. Insuring Agreement
 - a. We will pay those sums that the insured becomes legally obligated to pay as compensatory damages because of "personal injury" to which this insurance applies. No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under SUPPLEMENTARY PAYMENTS - COVERAGES A, B AND D. We will have the right and duty to defend any "action" seeking those compensatory damages but:
 - 1) The amount we will pay for compensatory damages is limited as described in SECTION III - LIMITS OF INSURANCE;
 - 2) We may investigate and settle any claim or "action" at our discretion; and
 - 3) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments of settlements under Coverages A, B or D or medical expenses under Coverage C.
 - b. This insurance applies to "personal injury" only if caused by an offense:

- 1) Committed in the "coverage territory" during the policy period; and
- 2) Arising out of the conduct of your business, excluding advertising, publishing, broadcasting or telecasting done by or for you.

2. Exclusions.

This insurance does not apply to:

"Personal injury":

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

COVERAGE C. MEDICAL PAYMENTS

1. Insuring Agreement.

- a. We will pay medical expenses as described below for "bodily injury" caused by an accident:

- 1) On premises you own or rent;
- 2) On ways next to premises you own or rent; or
- 3) Because of your operations:

provided that:

- a) The accident takes place in the "coverage territory" and during the policy period;
- b) The expenses are incurred and reported to us within one year of the date of the accident; and
- c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

- b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:

- 1) First aid at the time of an accident;
- 2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
- 3) Necessary ambulance, hospital, professional nursing and funeral services.

2. Exclusions

We will not pay expenses for "bodily injury"

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

COVERAGE D. TENANTS' LEGAL LIABILITY

1. Insuring Agreement.

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

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

2. Exclusions

This insurance does not apply to:

- a. "Property damage" expected or intended from the standpoint of the insured.
- b. "Property damage" for which the insured is obligated to pay by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for compensatory damages that the insured would have in the absence of the contract or agreement.

- c. Pollution Liability - See Common Exclusions.
- d. Nuclear Energy Liability - See Common Exclusions.
- e. War Risks - See Common Exclusions.

COMMON EXCLUSIONS - COVERAGES A, C AND D

This insurance does not apply to:

1. Pollution Liability
 - a. "Bodily injury", "property damage" and "clean up costs" arising out of the actual, alleged or threatened discharge, dispersal, seepage, release or escape of pollutants:
 - 1) At or from any premises, site or location which is or was at any time, owned or occupied by, or rented or loaned to an Insured;
 - 2) At or from any premises, site or location which is or was at any time, used by or for any Insured or others for the handling, storage, disposal, processing or treatment of waste;
 - 3) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any Insured or any person or organization for whom the Insured may be legally responsible; or
 - 4) At or from any premises, site or location on which any Insured or any contractors or subcontractors working directly or indirectly on any Insured's behalf are performing operations:
 - a) if the pollutants are brought on or to the premises, site or location in connection with such operations by such Insured, contractor or subcontractor; or
 - b) if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effect of pollutants

Sub-paragraphs 1) and 4)a) of paragraph a. of this exclusion do not apply to "bodily injury" or "property damage" caused by heat, smoke or fumes from a fire which becomes uncontrollable or breaks out from where it was intended to be.

- b. Any loss, cost or expense arising out of any request, demand or order that any 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 effect of pollutants unless such loss, cost or expense is consequent upon "bodily injury" or "property damage" covered by this policy.

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

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

As used in this policy:

- 1) The term "nuclear energy hazard" means the radioactive, toxic, explosive, or other hazardous properties of radioactive material:
- 2) The term "radioactive material" means uranium, thorium, plutonium, neptunium, their respect derivatives and compounds, radioactive isotopes of other elements and any other substances which may be designated by any nuclear liability act, law or statute or any law amendatory thereof, as being prescribed substances capable of releasing atomic energy, or as being requisite for the production use or application of atomic energy.
- 3) The term "nuclear facility" means:
 - a) any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of plutonium, thorium and uranium or any one or more of them;
 - b) any equipment or device designed or used for (i) separating the isotopes of plutonium, thorium and uranium or any one or more of them, (ii) processing or packaging waste;
 - c) any equipment or device used for the processing, fabricating or alloying of plutonium, thorium or uranium enriched in the isotope uranium 233 or in the isotope uranium 235, or any one or more of them if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235.

- d) any structure basin, excavation, premises or place prepared or used for the storage or disposal of waste radioactive material:
and includes the site on which any of the foregoing is located together with all operations conducted thereon and all premises used for such operations.
 - 4) The term "fissionable substance" means any prescribed substance that is, or from which can be obtained, a substance capable of releasing atomic energy by nuclear fission.
3. War Risks
"Bodily injury" or "property damage" due to war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military power.

SUPPLEMENTARY PAYMENTS - COVERAGES A, B AND D

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

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

These payments will not reduce the limits of insurance

SECTION II - WHO IS AN INSURED

- 1. If you are designated in the Declarations as:
 - a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
 - b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
 - c. An organization other than a partnership or joint venture, you are an insured. Your executive officers and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
- 2. Each of the following is also an insured:
 - a. Your employees, other than your executive officers, but only for acts within the scope of their employment by you. However, none of these employees is an insured for:
 - 1) "Bodily injury" or "personal injury" to you or to a co-employee while in the course of his or her employment: or
 - 2) "Bodily injury" or "personal injury" to any person who at the time of injury is entitled to benefits under any workers compensation or disability benefits law or a similar law; or
 - 3) "Bodily injury" or "personal injury" arising out of his or her providing or failing to provide professional health care services or
 - 4) "Property damage" to property owned or occupied by or rented or loaned to that employee, any of your other employees, or any of your partners or members (if you are a partnership or joint venture)
 - b. Any person (other than your employee), or any organization while acting as your real estate manager.
 - c. Any person or organization having proper temporary custody of your property if you die, but only:
 - 1) With respect to liability arising out of the maintenance or use of that property; and
 - 2) Until your legal representative has been appointed.
 - d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this policy.
- 3. Any organization you newly acquire or form, other than a partnership or joint venture, and over which you maintain ownership or majority interest, will be deemed to be a Named Insured if there is no other similar insurance available to that organization. However:
 - a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
 - b. Coverages A and D do not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
 - c. Coverage B does not apply to "personal injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership or joint venture that is not shown as a Named Insured in the Declarations.

SECTION III - LIMITS OF INSURANCE

1. The Limits of Insurance stated in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Claims made or "actions" brought; or
 - c. Persons or organizations making claims or bringing "actions".
2. If **Aggregate limit - Applies to all losses** is indicated in the Declarations, the Aggregate Limit so indicated is the most we will pay for the sum of:
 - a. Medical expenses under Coverage C; and
 - b. Compensatory damages under Coverage A, Coverage B and Coverage D
 If **Aggregate limit - Applies to products-completed operations only** is indicated in the Declarations, the Aggregate Limit so indicated is the most we will pay for compensatory damages arising out of the "products-completed operations hazard".
3. Subject to 2. above, the **Each occurrence limit** is the most we will pay for the sum of:
 - a. Compensatory damages under Coverage A and Coverage D; and
 - b. Medical expenses under Coverage C;
 because of all "bodily injury" and "property damage" arising out of any "occurrence".
4. Subject to 2 above, the **Personal injury limit** is the most we will pay under Coverage B for the sum of all compensatory damages because of all "personal injury" sustained by any one person or organization.
5. Subject to 3. above, the **Tenants' legal liability limit - Any one premises** is the most we will pay under Coverage D for compensatory damages because of "property damage" to any one premises.
6. Subject to 3. above, the **Medical expense limit - Any one person** is the most we will pay under Coverage C for all medical expenses because of "bodily injury" sustained by any one person.
7. If **Products-completed operations excluded** is indicated in the Declarations, this insurance does not apply to "bodily injury" or "property damage" included within the "products-completed operations hazard".

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

SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS

1. Bankruptcy.
Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this policy.
2. Canadian Currency Clause.
All limits of insurance, premiums and other amounts as expressed in this policy are in Canadian currency.
3. Cancellation.
 - a. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
 - b. We 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 we cancel for nonpayment of premium; or
 - 2) 30 days before the effective date of cancellation if we cancel 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. Proof of mailing will be sufficient proof of notice. In Quebec, 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. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
 - d. The policy period will end on the date cancellation takes effect.
 - e. If this policy is canceled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
4. Changes.
This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.
5. Duties in the Event of Occurrence, Claim or Action.

- a. You must see to it that we are notified promptly of an "occurrence" which may result in a claim. Notice should include:
 - 1) How, when and where the "occurrence" took place; and
 - 2) The names and addresses of any injured persons and of witnesses.
 - b. If a claim is made or "action" is brought against any insured, you must see to it that we receive prompt written notice of the claim or "action".
 - c. You and any other involved insured must:
 - 1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "action";
 - 2) Authorize us to obtain records and other information;
 - 3) Cooperate with us in the investigation, settlement or defense of the claim or "action"; and
 - 4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.
 - d. No insureds will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.
6. **Examination of Your Books and Records.**
We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.
7. **Inspections and Surveys.**
We have the right but are not obligated to:
 - a. Make inspections and surveys at any time;
 - b. Give you reports on the conditions we find; and
 - c. Recommend any changes.Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.This condition applies not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
8. **Legal Action Against Us.**
No person or organization has a right under this policy;
 - a. To join us as a party or otherwise bring us into an "action" asking for compensatory damages from an insured; or
 - b. To sue us on this policy unless all of its terms have been fully complied with.A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial; but we will not be liable for compensatory damages that are not payable under the terms of this policy or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative. Every "action" or proceeding against us shall be commenced within one year next after the date of such judgment or agreed settlement and not afterwards. If this policy is governed by the law of Quebec every action or proceeding against us shall be commenced within three years from the time the right of action arises.
9. **Other Insurance.**
If other valid and collectible insurance is available to the insured for a loss we cover under Coverages A, B or D of this policy our obligations are limited as follows:
 - a. **Primary Insurance**
This insurance is primary except when b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in c. below.
 - b. **Excess Insurance**
This insurance is excess over any of the other insurance, whether primary, excess, contingent or on any other basis:
 - 1) That is Property Insurance such as, but not limited to Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work" or for premises rented to you; or
 - 2) If the loss arises out of the maintenance or use of watercraft to the extent not subject to Exclusion f. of Coverage A (Section 1).When this insurance is excess, we will have no duty under Coverage A, B or D to defend any claim or "action" that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so, but we will be entitled to all the insured's rights against all those other insurers.
When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:
 - 1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
 - 2) The total of all deductible and self-insured amounts under all that other insurance.

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

c. **Method of Sharing.**

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

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

10. **Premium Audit.**

a. We will compute all premiums for this policy in accordance with our rules and rates.

b. If **Premium adjustment information** is provided in the Declarations, the premium shown is a deposit premium only. At the close of each audit period we will compute the earned premium for that period. Audit premiums are due and payable on notice to the first Named Insured. If the sum of the advance and audit premiums paid for the policy term is greater than the earned premium, we will return the excess to the first Named Insured subject to the retention of the minimum premium shown in the Declarations of this policy.

c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

11. **Premiums.**

The first Named Insured shown in the Declarations;

a. Is responsible for the payment of all premiums; and

b. Will be the payee for any return premiums we pay.

12. **Representations.**

By accepting this policy, you agree;

a. The statements in the Declarations are accurate and complete;

b. Those statements are based upon representations you made to us; and

c. We have issued this policy in reliance upon your representations

13. **Separation of Insureds, Cross Liability.**

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

a. As if each Named Insured were the only Named Insured; and

b. Separately to each insured against whom claim is made or "action" is brought.

14. **Transfer of Rights of Recovery Against Others to Us.**

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

15. **Transfer of your Rights and Duties under this Policy.**

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

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

SECTION V - DEFINITIONS

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

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

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

4. **"Coverage territory"** means:

a. Canada and the United States of America (including its territories and possessions);

b. International waters or airspace, provided the injury or damage does not occur in the course of travel or transportation to or from any place not included in a. above; or

- c. All parts of the world if:
 - 1) The injury or damage arises out of:
 - a) Goods or products made or sold by you in the territory described in a. above; or
 - b) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; and
 - 2) The insured's responsibility to pay compensatory damages is determined in an "action" on the merits, in the territory described in a. above or in a settlement we agree to in writing.
- 5. **"Impaired property"** means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
 - a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
 - b. You have failed to fulfill the terms of a contract or agreement;
 if such property can be restored to use by:
 - a. The repair, replacement, adjustment or removal of "your product" or "your work"; or
 - b. Your fulfilling the terms of the contract or agreement.
- 6. **"Insured contract"** means
 - a. A lease of premises;
 - b. A sidetrack agreement;
 - c. An easement or license agreement in connection with vehicle or pedestrian private railroad crossings at grade;
 - d. Any other easement agreement;
 - e. An indemnification of a municipality as required by ordinance, except in connection with work for a municipality;
 - f. An elevator maintenance agreement; or
 - g. That part of any other contract or agreement pertaining to your business under which you assume the tort liability of another to pay compensatory damages because of "bodily injury" or "property damage" to a third person or organization, if the contract or agreement is made prior to the "bodily injury" or "property damage". Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.
 An "insured contract" does not include that part of any contract or agreement that indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - 1) Preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications;
 - 2) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage;
- 7. **"Occurrence"** means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
- 8. **"Personal Injury"** means injury, other than "bodily injury", arising out of one or more of the following offenses:
 - a. False arrest, detention or imprisonment;
 - b. Malicious prosecution;
 - c. Wrongful entry into, or eviction of a person from, a room, dwelling or premises that the person occupies;
 - d. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
 - e. Oral or written publication of material that violates a person's right of privacy.
- 9. a. **"Products-completed operations hazard"** includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:
 - 1) Products that are still in your physical possession; or
 - 2) Work that has not yet been completed or abandoned.
 b. "Your work" will be deemed completed at the earliest of the following times:
 - 1) When all of the work called for in your contract has been completed.
 - 2) When all of the work to be done at the site has been completed if your contract calls for work at more than one site.
 - 3) When that part of work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.
 Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.
 c. This hazard does not include "bodily injury" or "property damage" arising out of the existence of tools, uninstalled equipment or abandoned or unused materials.
- 10. **"Property damage"** means:
 - a. Physical injury to tangible property, including all resulting loss of use of that property; or
 - b. Loss of use of tangible property that is not physically injured.
- 11. **"Your product"** means:
 - a. Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:

- 1) You;
 - 2) Others trading under your name; or
 - 3) A person or organization whose business or assets you have acquired; and
- b. Containers (other than vehicles), materials parts or equipment furnished in connection with such goods or products.
- "Your product" includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in a. and b. above.
- "Your product" does not include vending machines or other property rented to or located for the use of others but not sold.

12. **"Your work"** means:

- a. Work or operations performed by you or on your behalf; and
 - b. Materials, parts or equipment furnished in connection with such work or operations.
- "Your work" includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in a. or b. above.

The following exclusions apply to all coverages of this policy:

1. WAR EXCLUSION

This Policy does not insure against any loss or damage caused directly or indirectly in whole or in part by war, invasion, act of foreign enemy, hostilities (whether war is 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.

2. TERRORISM EXCLUSION

This Policy does not insure loss or damage caused directly or indirectly, in whole or in part, by "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 covered 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.

3. NUCLEAR EXCLUSION

This Policy does not insure against any loss or damage caused directly or indirectly by:

- (a) any nuclear incident (as defined in the Nuclear Liability Act or any other nuclear liability act, law or statute, or any amending law) or nuclear explosion. This exclusion applies whether or not there are one or more causes or events (whether covered or not) that contribute concurrently or in any sequence to the occasioning of the loss or damage, except for ensuing loss or damage which results directly from fire, lightning or explosion of natural, coal or manufactured gas; or
- (b) contamination by radioactive material. This exclusion applies whether or not there are one or more causes or events (whether covered or not) that contribute concurrently or in any sequence to the occasioning of the loss or damage.

4. POLLUTION EXCLUSION

This Policy does not insure against:

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

5. FUNGI AND SPORES EXCLUSION

This Policy does not insure:

- (a) loss or damage consisting of or caused directly or indirectly, in whole or in part, by any "fungi" or "spores". This exclusion does not apply:
 - (i) if the "fungi" or "spores" are directly caused by a peril not otherwise excluded in this Policy; or
 - (ii) to loss or damage caused directly by a resultant peril not otherwise excluded in this Policy;
- (b) the cost or expense for any testing, monitoring, evaluating or assessing of "fungi" or "spores".

DEFINITIONS

- 1. "Clean Up" means the removal, containment, treatment, decontamination, detoxification, stabilization, neutralization or remediation of "pollutants", including testing which is integral to the aforementioned processes.
- 2. "Fungi" includes but is not limited to, any form or type of mould, yeast, mushroom or mildew whether or not allergenic, pathogenic or toxigenic, and any substance, vapour or gas produced by, emitted from or arising out of any "fungi" or "spores" or resultant mycotoxins, allergens or pathogens.
- 3. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, odour, vapour, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- 4. "Spores" includes, but is not limited to, one or more reproductive particles or microscopic fragments produced by, emitted from or arising out of any "fungi".
- 5. "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 or instilling fear in the public or a section of the public.

Non-Owned Automobile Liability (SPF 6)

L14

S.P.F. No. 6 - Standard Non-Owned Automobile Policy

WHEREAS AN APPLICATION HAS BEEN MADE BY THE APPLICANT (HEREINAFTER CALLED THE INSURED) TO THE INSURER FOR A CONTRACT OF AUTOMOBILE INSURANCE AND THE SAID APPLICATION FORMS PART OF THIS CONTRACT OF INSURANCE AND IS AS FOLLOWS: -

APPLICATION

ITEMS

1.	FULL NAME OF THE APPLICANT	SEE POLICY DECLARATIONS											
	POSTAL ADDRESS (INCLUDING COUNTY OR DISTRICT)	SEE POLICY DECLARATIONS											
	APPLICANT IS	SEE POLICY DECLARATIONS											
		(STATE WHETHER INDIVIDUAL, PARTNERSHIP, CORPORATION, MUNICIPALITY OR ESTATE)											
2.	Policy Period From	TO 12:01 A.M. LOCAL TIME AT THE APPLICANT'S ADDRESS STATED HEREIN AS TO EACH OF SAID DATES											
3.	THE AUTOMOBILES IN RESPECT OF WHICH INSURANCE IS TO BE PROVIDED ARE THOSE NOT OWNED IN WHOLE OR IN PART BY, NOR LICENSED IN THE NAME OF THE APPLICANT, USED IN THE APPLICANT'S BUSINESS OF:												
	AS KNOWN TO THE INSURER												
4.	THE APPLICANT'S PARTNERS, OFFICERS, EMPLOYEES AND AGENTS AS OF THE DATE OF THIS APPLICATION ARE AS FOLLOWS: PARTNERS, OFFICERS AND EMPLOYEES WHO REGULARLY USE AUTOMOBILES NOT OWNED BY THE APPLICANT IN HIS BUSINESS. ALL OTHER PARTNERS, OFFICERS AND EMPLOYEES ALL APPLICANT'S AGENTS												
	LOCATION	CLASS "A1" PRIVATE PASSENGER			CLASS "A2" COMMERCIAL			CLASS "B"			CLASS "C"		
		NUMBER	RATE	PREMIUM	NUMBER	RATE	PREMIUM	NUMBER	RATE	PREMIUM	NUMBER	RATE	PREMIUM
	AS KNOWN TO THE INSURER												
5.	"HIRED AUTOMOBILES" - THE AUTOMOBILES HIRED BY THE APPLICANT ARE AS FOLLOWS:												
	TYPE OF AUTOMOBILE	ESTIMATED COST OF HIRE			RATES PER \$100 OF COST OF HIRE			ADVANCE PREMIUM					
	COVERED, IF ANY, SUBJECT TO PREMIUM ADJUSTMENT												
	THE ADVANCE PREMIUM IS SUBJECT TO ADJUSTMENT AT THE END OF THE POLICY PERIOD AS PROVIDED IN THE POLICY.												
6.	"AUTOMOBILES OPERATED UNDER CONTRACT" ON BEHALF OF THE APPLICANT ARE AS FOLLOWS:												
	TYPE OF AUTOMOBILE & DESCRIPTION OF USE	ESTIMATED CONTRACT COST			RATES PER \$100 OF CONTRACT COST			ADVANCE PREMIUM					
	COVERED, IF ANY, SUBJECT TO PREMIUM ADJUSTMENT												
	THE ADVANCE PREMIUM IS SUBJECT TO ADJUSTMENT AT THE END OF THE POLICY PERIOD AS PROVIDED IN THE POLICY.												
7.	THIS APPLICATION IS MADE FOR INSURANCE AGAINST THE PERILS MENTIONED IN THIS ITEM AND UPON THE TERMS AND CONDITIONS OF THE INSURER'S CORRESPONDING STANDARD POLICY FORM AND FOR THE FOLLOWING SPECIFIED LIMIT.												
	INSURING AGREEMENT PERILS	LIMIT						COMBINED PREMIUMS					
	SECTION A	\$ IN			(EXCLUSIVE OF INTEREST AND COSTS) FOR LOSS OR DAMAGE								
	THIRD PARTY LIABILITY	ACCORDANCE WITH POLICY LIMITS			RESULTING FROM BODILY INJURY TO OR THE DEATH OF ONE OR MORE PERSONS, AND FOR LOSS OR DAMAGE TO PROPERTY, REGARDLESS OF THE NUMBER OF CLAIMS ARISING FROM ANY ONE ACCIDENT.								
	ENDORSEMENTS							\$ INCLUDED					
	MINIMUM RETAINED PREMIUM \$				TOTAL PREMIUM			\$ INCLUDED					
8.	HAS ANY INSURER CANCELLED, DECLINED OR REFUSED TO RENEW OR ISSUE, AUTOMOBILE INSURANCE TO THE APPLICANT WITHIN THREE YEARS PRECEDING THIS APPLICATION? IF SO, STATE NAME OF INSURER.												
	AS KNOWN TO THE INSURER												
9.	STATE PARTICULARS OF ALL ACCIDENTS OR CLAIMS ARISING OUT OF THE USE OR OPERATION IN HIS BUSINESS OF NON-OWNED AUTOMOBILES BY THE APPLICANT WITHIN THE THREE YEARS PRECEDING THIS APPLICATION.												
	INJURY TO PERSONS			DAMAGE TO PROPERTY OF OTHERS									
	AS KNOWN TO THE INSURER			AS KNOWN TO THE INSURER									
10.	ALL THE STATEMENTS IN THIS APPLICATION ARE TRUE AND THE APPLICANT HEREBY APPLIES FOR A CONTRACT OF AUTOMOBILE INSURANCE TO BE BASED ON THE TRUTH OF THE SAID STATEMENTS.												
11.	Where, (a) an applicant for a contract gives false particulars of the described automobile to be insured to the prejudice of the insurer, or knowingly misrepresents or fails to disclose in the application any fact required to be stated therein; or (b) the insured contravenes a term of the contract or commits a fraud; or (c) the insured wilfully makes a false statement in respect of a claim under the contract, a claim by the insured is invalid and the right of the insured to recover indemnity is forfeited.												

INSURING AGREEMENT

Now, Therefore, in Consideration of the payment of the premium specified and of the statements contained in the application and subject to the limits, terms, conditions, provisions, definitions and exclusions herein stated

SECTION A - THIRD PARTY LIABILITY

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

BODILY INJURY TO OR THE DEATH OF ANY PERSON OR

DAMAGE TO PROPERTY OF OTHERS NOT IN THE CARE, CUSTODY OR CONTROL OF THE INSURED:

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

- (a) for any liability which arises from the use or operation of any automobile while personally driven by the Insured if the Insured is an individual; or
- (b)* for any liability imposed upon any person insured by this Policy
 - (1) by any workmen's compensation law; or
 - (2) by any law for bodily injury to or the death of the Insured or any partner, officer or employee of the Insured while engaged in the business of the Insured;

* Not applicable in the Province of Ontario

- (c) for any liability assumed by any person insured by this policy voluntarily under any contract or agreement; or

- (d) for loss or damage to property carried in or upon an automobile personally driven by any person insured by this Policy or to any property owned or rented by, or in the care, custody or control of any such person; or
- (e) for any amount in excess of the limit stated in Item 7 of the application, and expenditures provided for in the Additional Agreements of this Policy; subject always to the provisions of the section of the Insurance Act (Automobile Insurance Part) relating to the nuclear energy hazard.

ADDITIONAL AGREEMENTS OF INSURER

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

- (1) upon receipt of notice of loss or damage caused to persons or property to serve any person insured by this Policy by such investigation thereof, or by such negotiations with the claimant, or by such settlement of any resulting claims, as may be deemed expedient by the Insurer; and
- (2) to defend in the name and on behalf of any person insured by this Policy and at the cost of the Insurer any civil action which may at any time be brought against such person on account of such loss or damage to persons or property; and
- (3) to pay all costs taxed against any person insured by this Policy in any civil action defended by the Insurer and any interest accruing after entry of judgement upon that part of the judgement which is within the limits of the Insurer's liability; and
- (4) in the case the injury be to a person, reimburse any person insured by this Policy for outlay for such medical aid as may be immediately necessary at the time of such injury; and
- (5) be liable up to the minimum limit(s) prescribed for that province or territory of Canada in which the accident occurred, if that limit(s) is higher than the limit stated in Section A of Item 7 of the application; and
- (6) not set up any defense to a claim that might not be set up if the Policy were a motor vehicle liability policy issued in the province or territory of Canada in which the accident occurred.

AGREEMENTS OF INSURED

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

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

GENERAL PROVISIONS AND DEFINITIONS**1. ADDITIONAL INSURED**

The Insurer agrees to indemnify in the same manner and to the same extent as if named herein as the Insured, every partner, officer or employee of the Insured who, with the consent of the owner thereof, personally drives (a) in the business of the Insured stated in Item 3 of the application, any automobile not owned in whole or in part by or licensed in the name of (i) the Insured, or (ii) such additional Insured person, or (iii) any person or persons residing in the same dwelling premises as the Insured or such additional insured person, or (b) any automobile hired or leased in the name of the Insured except an automobile owned in whole or in part or licensed in the name of such additional insured person.

2. TERRITORY

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

3. HIRED AUTOMOBILES DEFINED

The term "Hired Automobiles" as used in this Policy means automobiles hired or leased from others with or without drivers, used under the control of the Insured in the business stated in Item 3 of the application but shall not include any automobile owned in whole or in part by or licensed in the name of the Insured or any partner, officer or employee of the Insured.

4. AUTOMOBILES OPERATED UNDER CONTRACT DEFINED

The term "Automobiles Operated under Contract" as used in this Policy shall mean automobiles operated in the business of the Insured stated in Item 3 of the application where the complete supervision, direction and control of such automobiles remain with the owner thereof, but shall not include any automobile owned in whole or in part by or licensed in the name of the Insured or any partner, officer or employee of the Insured.

5. TWO OR MORE AUTOMOBILES

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

6. PREMIUM ADJUSTMENT

The Advance Premium stated in Item 5 of the application is computed on the estimated total "cost of hire" for the Policy Period. The words "cost of hire" as used herein mean the entire amount incurred for "Hired Automobiles" and drivers when such automobiles are hired with drivers or the amount incurred for hired automobiles and the wages paid to drivers when such drivers are employees of the Insured.

The Advance Premium stated in Item 6 of the application is computed on the estimated total "contract cost" for the Policy Period. The words "contract cost" as used herein mean the entire amount paid by the Insured for "Automobiles Operated under Contract" to the owners thereof.

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

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

STATUTORY CONDITIONS

The Statutory Conditions for Non-Owned Automobile Insurance as set out in the Insurance Act of the Province in which this Policy covers shall form part of the Policy.

Products-Completed Operations Exclusion

LX29

This exclusion modifies coverage provided by form L1, L1a, L2, L3 and L11, but only if indicated on the Declarations Page for the form.

This insurance does not apply to “bodily injury” or “property damage” included within the “products-completed operations hazard”.

All other terms and conditions of this policy remain unchanged.

WORDS AND PHRASES IN QUOTATION MARKS HAVE SPECIAL MEANING AS DEFINED IN CLAUSE 10

1. INDEMNITY AGREEMENT

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

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

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

2. PROPERTY INSURED

- (a) Office contents, including all materials and supplies usual to the business of the Insured, including furniture, furnishings, fittings, fixtures, machinery, tools, utensils, appliances, books of accounts, drawings, card index systems and other records and generally all office contents of every description, kept or used by the Insured; and
 - (b) If the Insured is not the owner of the building(s), Tenant's Improvements and Betterments made at the expense of the Insured to building(s) on the described premises;
- all while ordinarily situated at the premises of the Insured.

If **Blanket coverage applies** is indicated on the "Declarations Page", office contents are insured for the amount of insurance so specified on the "Declarations Page".

3. DEDUCTIBLE

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

4. CO-INSURANCE

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

The Insured shall maintain insurance concurrent with this Form on the property insured to the extent of at least the co-insurance percentage specified on the "Declarations Page" of the actual cash value thereof and failing so to do shall only be entitled to recover that portion of any loss that the amount of insurance in force at the time of loss bears to the amount of insurance required to be maintained by this clause.

5. PERILS INSURED

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

6. EXTENSIONS OF COVERAGE

The following extensions of coverage shall not increase the amount(s) of insurance stated on the "Declarations Page".

- (a) **Theft damage to building:** The percent stated on the "Declarations Page" of the amount of insurance specified for each location may apply to damage (except damage caused by fire) to that part of the building occupied by the Insured, including equipment contained therein, resulting directly from theft or attempt thereat, vandalism or malicious acts, providing the Insured is the owner of the building or is legally liable for the damage. This extension shall not apply to glass or to lettering or ornamentation thereon.
- (b) **Currency, money, cheques and stamps:** The amount stated on the "Declarations Page" may apply to loss by "burglary" or "robbery" of currency, money, cheques and stamps while in the premises or while being conveyed outside the premises by the Insured or an employee of the Insured.
- (c) **Personal effects:** The percent stated on the "Declarations Page" of the amount of insurance specified for each location may apply to loss, destruction or damage to personal effects of the Insured or others, not otherwise insured. Losses, if any, under this extension may be adjusted with and payable to the owner or owners.
- (d) **Extra expense:** The percent stated on the "Declarations Page" of the amount of insurance for each location, but not exceeding \$1,000 at any one location, may apply in any one occurrence to cover extra expense necessarily incurred by the Insured to continue normal office operations which are interrupted as a result of loss by a peril insured against to the property insured, while in the premises, but only for the period of time required with the exercise of the diligence and dispatch to restore normal operations.
- (e) **Property away from premises:** The percent stated on the "Declarations Page" of the amount of insurance specified for each location may apply to equipment and instruments usually carried by the Insured away from the premises.
- (f) **Valuable papers and records:** The amount stated on the "Declarations Page" on any one occurrence may apply to additional expense necessarily incurred in the reproduction of the Insured's valuable papers, original plans or drawings, specifications or other records, due to loss, destruction or damage by a peril insured against. The Insurer shall not be liable under this extension for any sums due the Insured which the Insured is unable to collect because of loss of records.

7. PROPERTY EXCLUDED

This Form does not insure loss, destruction or damage to:

- (a) property illegally acquired, kept, stored or transported; property seized or confiscated for breach of any law or by order of any public authority;
- (b) property carried or held as samples or for sale or delivery after sale, raw stock, stock in process or finished stock or customer's goods;
- (c) radium or other radioactive material, growing plants (except those which are used for decorative purposes within buildings), animals, fish, birds, notes, money, stamps, securities, accounts, bills, evidences of title, evidences of debt, letters of credit, passports, transportation tickets and other documents having a negotiable or market value, except as provided under item 6 (b);
- (d) street clocks, exterior electrical and mechanical signs, exterior glass and lettering or ornamentation thereon, television and other outside antennae (including satellite receivers), but this exclusion does not apply to loss caused by fire, lightning, smoke, leakage from fire protection equipment, explosion, strike, riot, impact by vehicles or aircraft;
- (e) furs, fur garments, jewels, jewellery, costume jewellery, watches, pearls, precious and semi-precious stones, gold, silver, platinum and other precious metals and alloys.

8. PERILS EXCLUDED

This Form does not insure against loss, destruction or damage caused by:

- (a) earthquake, except for ensuing damage which results from fire, explosion, smoke or leakage from fire protection equipment;
- (b) flood, and the word "flood" includes waves, tides, tidal waves, tsunamis or the rising of, the breaking out or the overflow of, any body of water, whether natural or man made, however caused, but this exclusion does not apply to loss or damage caused by escape of water from an elevated water tank on the premises maintained for fire fighting purposes or from a water main;

Exclusions (a) and (b) do not apply to property in transit.

- (c) (i) seepage, leakage or influx of water derived from natural sources through basement walls, doors, windows or other openings therein, foundations, basement floors, sidewalks or sidewalk lights, or the backing up of sewers, sumps, septic tanks or drains, but this exclusion does not apply to loss or damage from fire, explosion, riot, vandalism or malicious acts;
 - (ii) the entrance of rain, sleet or snow through doors, windows, skylights or other similar wall or roof openings unless through an aperture concurrently caused by a peril not otherwise excluded;
 - (d) dampness of atmosphere, dryness of atmosphere, extremes or changes of temperature, heating, shrinkage, evaporation, loss of weight, leakage of contents, exposure to light, contamination, change in flavour or colour or texture or finish, rust or corrosion, breakage of glass or similar fragile materials, marring, scratching or crushing, but this exclusion does not apply to loss or damage caused directly by fire, lightning, windstorm, hail, explosion, strike, riot, vehicles other than transporting conveyances, impact by aircraft, leakage from fire protection equipment, rupture of pipes or breakage of apparatus, vandalism or malicious acts, theft or attempt thereat or accident to transporting conveyance;
 - (e) (i) electrical disturbances to electrical appliances or devices of any kind (including wiring) due to electrical currents artificially generated, unless fire or explosion ensues and then only for the loss or damage by such ensuing fire or explosion;
 - (ii) electric or magnetic injury, disturbance or erasure of electronic recordings except by lightning;
 - (f) rodents, insects or vermin;
 - (g) delay, loss of market or loss of use;
- nor against
- (h) loss or damage sustained while the property insured is actually being worked upon and directly resulting therefrom or caused by any repairing, adjusting or servicing of the property insured, unless fire or explosion ensues and then only for the loss or damage caused by such ensuing fire or explosion;
 - (i) loss or damage resulting from any dishonest act on the part of the Insured, or other party of interest, his or their employees or agents or any person to whom the property may be entrusted (bailees for hire excepted);
 - (j) mechanical breakdown or derangement, latent defect, faulty material, faulty workmanship, inherent vice, gradual deterioration or wear and tear;
 - (k) any mysterious disappearance or any loss or shortage disclosed on taking inventory;
 - (l) loss or damage due to theft (including attempt thereat) or property while unattended in or on any motor vehicle or trailer, unless contained in a fully enclosed and securely locked body or compartment of such vehicle and resulting from forcible entry, evidenced by visible marks into the body or compartment (except property in the custody of bailees for hire).

9. SPECIAL CONDITIONS

A RECORDS CLAUSE - The liability of the Insurer for loss to:

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

Whichever is applicable of (1) or (2) above shall be the basis to be adopted for the purpose of applying the Co-insurance Clause.

B LOSS CLAUSE - Any loss hereunder shall not reduce the amount of insurance.

C TERRITORIAL LIMITS - This insurance applies only to loss, destruction or damage occurring within Canada or the continental United States of America (excluding Alaska).

D OTHER INSURANCE - The Insurer is not liable:

- (1) for more than the portion of any loss, destruction or damage covered by this Form which the applicable limit of this Form bears to the total amount of insurance covering against the peril of fire irrespective of whether or not such other insurance gives insurance in respect of the perils covered by this Form, whether by endorsement thereto or otherwise;
- (2) where such other insurance does not insure against loss, destruction or damage by fire, for more than the excess (if any) of any loss or damage over the applicable limit of any other insurance which would attach if this insurance had not been effected.

10. DEFINITIONS

Whenever used in this Form:

- (a) **"Declarations Page"** means the Declarations Page applicable to this Form.
- (b) **"Burglary"** means the wrongful abstraction of property insured from within buildings by a person making wrongful entry therein or exit therefrom by actual force and violence as evidenced by visible marks at the place of such entry or exit.
- (c) **"Robbery"** means:
 - (1) the felonious and forcible taking of property
 - (i) by violence inflicted upon the custodian; or
 - (ii) by putting the custodian in fear of violence; or
 - (iii) by any other overt act committed in the presence of the custodian and of which he was cognizant provided such act is not committed by an officer or employee of the Insured.
 - (2) the felonious taking of property from the custodian who, while having custody of the property insured under this Form, has been killed or physically disabled by injuries inflicted maliciously or sustained accidentally.

This extension modifies coverage provided by forms PA1, PAP1, PAC1, PA2, PA3, PA6, PA11, PA12, PA21, PA22, PA23, PA24, PA26, PA29, PN1, PNP1, PNC1, PN11, PN12, PN21, PN23, PN24 and PN29, but only if indicated on the Declarations Page for the form.

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

All other terms and conditions of this Policy remain unchanged.

S.E.F. No. 96 - Contractual Liability Endorsement

(For attachment only to a Non-Owned Policy S.P.F. No. 6)

This extension modifies coverage provided by form L14, but only if indicated on the Declarations Page for the form.

It is agreed that exclusion (c) of Section A Insuring Agreement of the Policy to which this endorsement is attached is amended to read as follows:

(c) For any liability assumed by any person insured by this policy voluntarily under any contract or agreement other than those stated below:

All written contracts including any other written agreement assuming the liability of others except:

- (1) Any contract or agreement assuming the legal liability of the automobile owner.
- (2) Any contract or agreement wherein the Insured has assumed liability for the sole negligence of the indemnitee.

All other terms and conditions of this policy remain unchanged

WORDS AND PHRASES IN QUOTATION MARKS HAVE SPECIAL MEANING AS DEFINED IN CLAUSE 7

1. INDEMNITY AGREEMENT

This Form insures, up to the amount stated in the Declarations, the necessary "Extra Expense" incurred by the Insured in order to continue as nearly as practicable the "normal" conduct of the business of the Insured following damage to or destruction by the perils insured against to the building(s) or additions thereto or contents thereof, for not exceeding such length of time, herein referred to as the "period of restoration".

2. AMOUNT OF INSURANCE

The liability of the Insurer shall in no event exceed that percentage of the amount of this insurance at the time of loss which is stated below for the determined "period of restoration".

The percentage indicated on the "Declarations Page" as **Limit of liability restriction - For first month** when the "period of restoration" is not in excess of 1 "month";

The percentage indicated on the "Declarations Page" as **Limit of liability restriction - For first two months** when the "period of restoration" is in excess of 1 "month" but not in excess of 2 "months";

The percentage indicated on the "Declarations Page" as **Limit of liability restriction - For first three months** when the "period of restoration" is in excess of 2 "months" but not in excess of 3 "months";

In the event that "extra expense" incurred by the Insured during the longest "period of restoration" for which provision is made does not exhaust this insurance, then such unexhausted insurance shall apply for the remainder of the "period of restoration".

3. RESUMPTION OF OPERATIONS

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

4. INTERRUPTION BY CIVIL AUTHORITY

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

5. ADDITIONAL EXCLUSIONS

The Insurer shall not be liable for:

- (a) any increase of loss directly or indirectly, proximately or remotely, resulting from, or contributed to by, the operation of any by-law, ordinance or law regulating zoning or the demolition, repair or construction of buildings or structures, unless the liability is otherwise specifically assumed by endorsement hereon;
- (b) any increase of loss caused by delays or loss of time due to the presence of strikers or other persons or to labour disturbances on or about the premises interfering with rebuilding, repairing, or replacing the property damaged or destroyed or the resumption or continuation of business or free access to or control of the premises or due to the action of sympathetic strikers elsewhere;
- (c) loss due to fines or damages for breach of contract for late or non-completion of orders or for any penalties of whatever nature;
- (d) loss due to the suspension, lapse or cancellation of any lease or license, contract or order;
- (e) the cost of compiling books of account, abstracts, drawings, card index systems or other records including film, tape, disc, drum, cell or other magnetic recording or storage media for electronic data processing.

6. WAIVER OF TERM OR CONDITION

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

7. DEFINITIONS

- (a) **"Declarations Page"** means the Declarations Page applicable to this Form.
- (b) **"Extra Expense"** means the excess of the total cost during the "period of restoration" for the purpose of continuing the business of the Insured 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 businesses or other similar necessary emergency expenses. In no event shall the Insurer be liable under this Form for loss of income nor for "extra expense" in excess of that necessary to continue as nearly as practicable the "normal" conduct of the business of the Insured, nor for the cost of repairing or replacing any of the described property that has been damaged or destroyed by perils insured against, except cost in excess of the "normal" cost of such repairs or replacements necessarily incurred for the purpose of reducing the total amount of "extra expense"; liability for such excess cost shall not exceed the amount by which the total "extra expense" otherwise payable under this Form is reduced. The Insurer shall also be liable for "extra expense" incurred in obtaining property for temporary use during the "period of restoration" necessarily required for the

conduct of the business of the Insured. Any salvage value of such property remaining after resumption of "normal" business operations shall be taken into consideration in the adjustment of any loss hereunder.

- (c) **Month** means 30 consecutive days.
- (d) **Normal** means the condition which would have existed had no loss occurred.
- (e) **Period of Restoration** means the interval of time, commencing with the date of the loss and not limited by the date of expiration of this Form, as shall be required with the exercise of due diligence and dispatch to repair, rebuild, or replace such part of the described building(s) or additions thereto or contents thereof as may be destroyed or damaged.

All other terms and conditions of this Policy remain unchanged.

COMMUNICABLE DISEASE EXCLUSION ENDORSEMENT

APPLICABLE TO ALL PROPERTY AND BUSINESS INTERRUPTION COVERAGES OF THIS POLICY

COMMUNICABLE DISEASE

This policy, subject to all applicable terms, conditions and exclusions, covers losses attributable to direct physical loss of or damage to the property insured occurring during the policy period. Consequently and notwithstanding any other provision of this policy to the contrary, this policy does not insure against loss or damage, caused directly or indirectly by any "Communicable Disease", or the fear or threat (whether actual or perceived) of a "Communicable Disease", 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.

For the purposes of this endorsement, loss or damage includes, but is not limited to, any cost to clean-up, detoxify, remove, monitor or test:

- (a) for a "Communicable Disease", or
- (b) any property insured hereunder that is affected by such "Communicable Disease".

DEFINITIONS

Wherever used in this endorsement:

- (1) **"Animal"** means, collectively, all species in the kingdom Animalia other than humans.
- (2) **"Communicable Disease"** means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:
 - (a) the substance or agent includes, but is not limited to, a virus, bacterium, prion, parasite or other organism or any variation thereof, whether deemed living or not, and
 - (b) the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms, and
 - (c) the disease, substance or agent can cause or threaten damage to human health or human welfare, "Animal" health or "Animal" welfare or can cause or threaten damage to, deterioration of, loss of value of, marketability of or loss of use of property insured hereunder.

All other terms and conditions of this policy remain unchanged.



Combined Deductible (Bodily Injury and Property Damage)

LD3a

This deductible modifies coverage provided by form L1, L2 and L3, but only if indicated on the Declarations Page for the form.

AMOUNT AND BASIS OF DEDUCTIBLE - The amount and basis of deductible is as indicated in the Declarations for this deductible as **Per occurrence** or **Per claim**.

APPLICATION OF DEDUCTIBLE

1. Our obligation under Bodily Injury and Property Damage Liability to pay compensatory damages on your behalf applies only to the amount of compensatory damages in excess of any deductible amounts stated in the Declarations for this deductible as applicable to such coverages and the limits of insurance applicable to the **Each occurrence limit** for Bodily Injury and Property Damage Liability will be reduced by the amount of such deductible. The **Aggregate limit** for such coverage shall not be reduced by the application of such deductible amount.
2. The deductible amounts stated in the Declarations for this deductible apply as follows:
 - A. **PER OCCURRENCE BASIS** - if the deductible is on a **Per occurrence** basis, the deductible amount applies under Coverage A - Bodily Injury and Property Damage Liability to all compensatory damages because of "bodily injury" and "property damage" as the result of any one "occurrence" regardless of the number of persons or organizations who sustain compensatory damages because of that "occurrence".
 - B. **PER CLAIM BASIS** - if the deductible is on a **Per claim** basis, the deductible amount applies Under Coverage A - Bodily Injury Liability and Property Damage Liability to all compensatory damages because of "bodily injury" and "property damage" sustained by one person.
3. The terms of this insurance, including those with respect to:
 - a) our right and duty to defend any "action" seeking those compensatory damages; and
 - b) your duties in the event of an "occurrence", claim or actionapply irrespective of the application of the deductible amount.
4. We may pay any part or all of the deductible amount to effect settlement of any claim or "action" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.

All other terms and conditions of this policy remain unchanged.

Professional Services Exclusion

LX5a

This exclusion modifies coverage provided by form L1, L2 and L3, but only if indicated on the Declarations Page for the form.

This insurance does not apply to "bodily injury", "property damage" or "personal injury" arising out of:

1. The rendering or failure to render any professional services by or for you, including:
 - (a) the preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; and
 - (b) supervisory, inspection, or engineering services of engineers, architects, and surveyors.
2. The rendering or failure to render any professional services by or for you in the performance of any claim, investigation, adjustment, appraisal or audit service.
3. The rendering or failure to render any professional services by you or for you or those professional services designated in the Declarations as **Professional services excluded**.

All other terms and conditions of this policy remain unchanged.

USA Sales and Operations Exclusion

LX35

This exclusion modifies coverage provided by forms L1, L1a, L2 and L3, but only if indicated on the Declarations Page for the form.

This insurance does not apply to “bodily injury” or “property damage” arising out of operations in or sales of “your product” to the United States of America, its territories or possessions.

All other terms and conditions of this policy remain unchanged.

This exclusion modifies coverage provided by the Liability forms, but only if indicated on the Declarations Page for the form.

The following Exclusions are hereby added to:

Bodily Injury and Property Damage Liability,

Liability for

- 1) erasure, destruction, corruption, misappropriation, misinterpretation of "data",
 - 2) erroneously creating, amending, entering, deleting or using "data",
- including any loss of use arising therefrom.

Personal Injury Liability,

"Personal injury" arising out of the distribution or display of "data", by means of an Internet Website, the Internet, an intranet, extranet, or similar device or system designed or intended for electronic communication of "data".

Advertising Liability,

"Advertising injury" arising out of the distribution or display of "data", by means of an Internet Website, the Internet, an intranet, extranet, or similar device or system designed or intended for electronic communication of "data".

Tenants Legal Liability,

"Property damage" arising out of liability for:

- (i) erasure, destruction, corruption, misappropriation, misinterpretation of "data",
 - (ii) erroneously creating, amending, entering, deleting or using "data",
- including any loss of use arising therefrom.

"Data" means representations of information or concepts, in any form.

All other terms and conditions of this policy remain unchanged.

APPLICABLE TO ALL PROPERTY COVERAGES OF THIS POLICY

This policy does not insure:

Any loss or damage directly or indirectly caused by, or in any way arising from, any activity connected with the growth, manufacturing, storage, production or distribution of any drug(s), narcotic(s) or illegal substance(s) activity including alteration of the insured premises to facilitate such activity, whether or not the Insured has or had prior knowledge of such activity.

APPLICABLE TO ALL BUSINESS INTERRUPTION COVERAGES OF THIS POLICY

The insurer shall not be liable for loss of "Business Income", "Gross Profit", "Rental Income", "Gross Rent", "Rental Value", Gross Earnings", "Earnings" or any "Extra Expense" resulting from:

Any loss or damage directly or indirectly caused by, or in any way arising from, any activity connected with the growth, manufacturing, storage, production or distribution of any drug(s), narcotic(s) or illegal substance(s) activity including alteration of the insured premises to facilitate such activity, whether or not the Insured has or had prior knowledge of such activity.

APPLICABLE TO ALL LIABILITY COVERAGES OF THIS POLICY

This insurance does not apply to "bodily injury", "property damage", or "personal injury" arising out of any activity connected with the growth, manufacturing, storage, production or distribution of any drug(s), narcotic(s) or illegal substance(s) activity including alteration of the insured premises to facilitate such activity, whether or not the Insured has or had prior knowledge of such activity.

APPLICABLE TO ALL UMBRELLA LIABILITY COVERAGES OF THIS POLICY

This insurance does not apply to "bodily injury", "property damage", or "personal injury" arising out of any activity connected with the growth, manufacturing, storage, production or distribution of any drug(s), narcotic(s) or illegal substance(s) activity including alteration of the insured premises to facilitate such activity, whether or not the Insured has or had prior knowledge of such activity.

DEFINITIONS

Illegal Substance means any substance that is not legal for the Insured or any other party of interest, the Insured's employees or agents, tenants or any person to whom the Insured has entrusted the property insured, to possess, obtain, produce, provide, sell, traffic or use, and includes any controlled substance enumerated in the Schedule of the Controlled Drugs and Substances Act currently in force.

Illegal Substance Activity means any activity relating to the growing, cultivating, propagating or harvesting, manufacturing, distributing, storing or selling of any Illegal Substance.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY SHALL HAVE FULL FORCE AND EFFECT

Exclusion of Asbestos Related Claims

O4

This policy does not apply to any loss, demand, claim or suit arising out of or related in any way to materials containing asbestos.

The Insurer shall have no duty of any kind with respect to any such loss, demand, claim or suit.

This exclusion applies to all coverages under this policy.

Nothing herein shall vary, alter or extend any provision or condition of the policy other than as above stated.

Sewer Back-up Extension

PE8

This extension modifies coverage provided by forms PA1, PAP1, PAC1, PA2, PA6, PA8, PA13, PA21, PA22, PA23, PN1, PNP1, PNC1, PN11, PN12, PN13, PN18, PN19, PN21, PN23, PN24 and PN29, but only if indicated on the Declarations Page for the form.

This insurance is hereby extended to include loss or damage caused directly by the backing-up of sewers, sumps, septic tanks or drains.

This extension does not insure damage caused by continuous or repeated seepage or leakage; the escape, overflow, or backing-up of water from sewers due to rising or overflowing of streams or other bodies of water; or occurring while the building is under construction or is vacant, even though permission may have been given for construction or vacancy.

The Insurer is liable for the amount by which the loss or damage caused by any of the perils insured against under this extension exceeds in any one occurrence the deductible amount, if any, specified on the Declarations Page applicable to this extension.

The Insurer is not liable for loss or damage caused by any of the perils insured against in any one occurrence in excess of the sub-limit, if any, specified on the Declarations Page applicable to this extension.

If **Restricted to locations** is indicated on the Declarations Page applicable to this extension, sewer back-up coverage is restricted to the locations so indicated.

All other terms and conditions of this policy remain unchanged.

This extension modifies coverage provided by forms PA1, PAP1, PAC1, PA2, PA3, PA8, PA18, PA23, PA24, PN1, PNP1, PNC1, PN18, PN19, PN21, PN23 and PN29, but only if indicated on the Declarations Page for the form.

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

1. FLOOD

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

2. DEDUCTIBLE AND LIMIT

The Insurer is liable for the amount by which the loss or damage caused by flood exceeds the amount of the deductible, if any, specified on the Declarations Page applicable to this extension in any one occurrence.

Further, coverage under this extension is restricted to the limit, if any, specified on the Declarations Page applicable to this extension in any one occurrence.

3. EXCLUSIONS

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

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

4. EXTENSIONS OF COVERAGE

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

5. PRO RATA CLAUSE

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

6. ANNUAL AGGREGATE LIMIT

Notwithstanding the Limits of Liability specified elsewhere in this policy, it is understood and agreed that, for this extension of coverage, the Annual Aggregate Limit of Liability, if any, shall be the amount stipulated on the Declarations Page applicable to this extension as **Annual aggregate limit**.

7. If **Restricted to locations** is indicated on the Declarations Page applicable to this extension, flood coverage is restricted to the locations so indicated.

All other terms and conditions of this policy remain unchanged.

This extension modifies coverage provided by forms PA1, PAP1, PAC1, PA2, PA3, PA6, PA8, PA23, PA24, PA25, PN1, PNP1, PNC1, PN14, PN15, PN19, PN23 and PN29, but only if indicated on the Declarations Page for the form.

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

1. EARTHQUAKE

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

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

2. DEDUCTIBLE AND LIMIT

The Insurer is liable for the amount by which the loss or damage caused by earthquake exceeds the amount of the deductible, if any, specified on the Declarations Page applicable to this extension in any one occurrence. If a percentage is specified as **Deductible percentage**, the amount of the deductible shall be that percentage of the actual cash value (or for those items subject to a replacement cost extension), the replacement cost of the insured property or interest. If an amount is specified as **Deductible minimum amount**, the minimum deductible to apply is the amount so specified.

If **Deductible applies separately for each location insured** is indicated on the Declarations Page applicable to this extension, the deductible applies accordingly.

Further, coverage under this extension is restricted to the limit, if any, specified on the Declarations Page applicable to this extension in any one occurrence.

3. EXCLUSIONS

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

4. EXTENSIONS OF COVERAGE

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

5. PRO RATA CLAUSE

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

6. ANNUAL AGGREGATE LIMIT

Notwithstanding the Limits of Liability specified elsewhere in this policy, it is understood and agreed that, for this extension of coverage, the Annual Aggregate Limit of Liability, if any, shall be the amount stipulated on the Declarations Page applicable to this extension as **Annual aggregate limit**.

All other terms and conditions of this policy remain unchanged.

Additional Agreements and Conditions

R1

A. STANDARD MORTGAGE CLAUSE (approved by the Insurance Bureau of Canada) - IT IS HEREBY PROVIDED AND AGREED THAT

1. **BREACH OF CONDITIONS BY MORTGAGOR, OWNER OR OCCUPANT** - This insurance and every documented renewal thereof--AS TO THE INTEREST OF THE MORTGAGEE ONLY THEREIN--is and shall be in force notwithstanding any act, neglect, omission or misrepresentation attributable to the mortgagor, owner or occupant of the property insured, including transfer of interest, any vacancy or non-occupancy, or the occupation of the property for purposes more hazardous than specified in the description of the risk;
PROVIDED ALWAYS that the Mortgagee shall notify forthwith the Insurer (if known) of any vacancy or non-occupancy extending beyond thirty (30) consecutive days, or of any transfer of interest or increased hazard THAT SHALL COME TO HIS KNOWLEDGE; and that every increase of hazard (not permitted by the Policy) shall be paid for by the Mortgagee--on reasonable demand--from the date such hazard existed, according to the established scale of rates for the acceptance of such increased hazard, during the continuance of this insurance.
2. **RIGHT OF SUBROGATION** - Whenever the Insurer pays the Mortgagee any loss award under this Policy and claims that --as to the Mortgagor or Owner--no liability therefor existed, it shall be legally subrogated to all rights of the Mortgagee against the Insured; but any subrogation shall be limited to the amount of such loss payment and shall be subordinate and subject to the basic right of the Mortgagee to recover the full amount of its mortgage equity in priority to the Insurer; or the Insurer may at its option pay the Mortgagee all amounts due or to become due under the mortgage or on the security thereof, and shall thereupon receive a full assignment and transfer of the mortgage together with all securities held as collateral to the mortgage debt.
3. **OTHER INSURANCE** - If there be other valid and collectible insurance upon the property with loss payable to the Mortgagee--at law or in equity--then any amount payable thereunder shall be taken into account in determining the amount payable to the Mortgagee.
4. **WHO MAY GIVE PROOF OF LOSS** - In the absence of the Insured, or the 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** - 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.
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.

B. APPLICATION OF DEDUCTIBLE

Should one occurrence give rise to the application of more than one deductible, only the largest individual deductible amount shall apply.

C. COMMERCIAL PROPERTY POLICY CONDITIONS (Applicable in all jurisdictions except the Province of Québec)

1. **MISREPRESENTATION** - If a person applying for insurance falsely describes the property to the prejudice of the Insurer, or misrepresents or fraudulently omits to communicate any circumstance that is material to be made known to the Insurer in order to enable it to judge of the risk to be undertaken, the contract is void as to any property in relation to which the misrepresentation or omission is material.
2. **PROPERTY OF OTHERS** - Unless otherwise specifically stated in the contract, the Insurer is not liable for loss or damage to property owned by any person other than the Insured, unless the interest of the Insured therein is stated in the contract.
3. **CHANGE OF INTEREST** - The Insurer is liable for loss or damage occurring after an authorized assignment under the Bankruptcy Act or change of title by succession, by operation of law, or by death.
4. **MATERIAL CHANGE** - Any change material to the risk and within the control and knowledge of the Insured avoids the contract as to the part affected thereby, unless the change is promptly notified in writing to the Insurer or its local agent, and the Insurer when so notified may return the unearned portion, if any, of the premium paid and cancel the contract, or may notify the Insured in writing that, if he desires the contract to continue in force, he must, within fifteen days of the receipt of the notice, pay to the Insurer an additional premium, and in default of such payment the contract is no longer in force and the Insurer shall return the unearned portion, if any, of the premium paid.
5. **TERMINATION**
 - i) This contract may be terminated
 - (a) by the Insurer giving to the Insured fifteen days' notice of termination by registered mail or five days' written notice of termination personally delivered
 - (b) by the Insured at any time on request.
 - ii) Where this contract is terminated by the Insurer,

- (a) the Insurer shall refund the excess of premium actually paid by the Insured over the pro rata premium for the expired time, but, in no event, shall the pro rata premium for the expired time be deemed to be less than any minimum retained premium specified, and
 - (b) the refund shall accompany the notice unless the premium is subject to adjustment or determination as to amount, in which case the refund shall be made as soon as practicable.
 - iii) Where this contract is terminated by the Insured, the Insurer shall refund as soon as practicable the excess of the premium actually paid by the Insured over the short rate premium for the expired time, but in no event shall the short rate premium for the expired time be deemed to be less than any minimum retained premium specified.
 - iv) The refund may be made by money, postal or express company money order or cheque payable at par.
 - v) The fifteen days mentioned in clause (a) of subcondition i) of this condition commences to run on the day following the receipt of the registered letter at the post office to which it is addressed.
- 6. REQUIREMENTS AFTER LOSS**
- i) Upon the occurrence of any loss of or damage to the insured property, the Insured shall, if the loss or damage is covered by the contract, in addition to observing the requirements of conditions 9, 10 and 11
 - (a) forthwith give notice thereof in writing to the Insurer
 - (b) deliver as soon as practicable to the Insurer a proof of loss verified by a statutory declaration,
 - (i) giving a complete inventory of the destroyed and damaged property and showing in detail quantities, costs, actual cash value and particulars of amount of loss claimed
 - (ii) stating when and how the loss occurred, and if caused by fire or explosion due to ignition, how the fire or explosion originated, so far as the Insured knows or believes
 - (iii) stating that the loss did not occur through any willful act or neglect or the procurement, means or connivance of the Insured
 - (iv) showing the amount of other insurances and the names of other Insurers
 - (v) showing the interest of the Insured and of all others in the property with particulars of all liens, encumbrances and other charges upon the property
 - (vi) showing any changes in title, use, occupation, location, possession or exposures of the property since the issue of the contract
 - (vii) showing the place where the property insured was at the time of loss
 - (c) if required, give a complete inventory of undamaged property and showing in detail quantities, cost, actual cash value
 - (d) if required and if practicable, produce books of account, warehouse receipts and stock lists, and furnish invoices and other vouchers verified by statutory declaration, and furnish a copy of the written portion of any other contract.
 - ii) The evidence furnished under clauses (c) and (d) of sub-paragraph i) of this condition shall not be considered proofs of loss within the meaning of conditions 12 and 13.
- 7. FRAUD** - Any fraud or willfully false statement in a statutory declaration in relation to any of the above particulars, vitiates the claim of the person making the declaration.
- 8. WHO MAY GIVE NOTICE AND PROOF** - Notice of loss may be given and proof of loss may be made by the agent of the Insured named in the contract in case of absence or inability of the Insured to give the notice or make the proof, and absence or inability being satisfactorily accounted for, or in the like case, or if the Insured refuses to do so, by a person to whom any part of the insurance money is payable.
- 9. SALVAGE**
- i) The Insured, in the event of any loss or damage to any property insured under the contract, shall take all reasonable steps to prevent further damage to such property so damaged and to prevent damage to other property insured hereunder including, if necessary, its removal to prevent damage or further damage thereto.
 - ii) The Insurer shall contribute pro rata towards any reasonable and proper expenses in connection with steps taken by the Insured and required under sub-paragraph i) of this condition according to the respective interests of the parties.
- 10. ENTRY, CONTROL, ABANDONMENT** - After loss or damage to insured property, the Insurer has an immediate right of access and entry by accredited agents sufficient to enable them to survey and examine the property, and to make an estimate of the loss or damage, and, after the Insured has secured the property, a further right of access and entry sufficient to enable them to make appraisal or particular estimate of the loss or damage, but the Insurer is not entitled to the control or possession of the insured property, and without the consent of the Insurer there can be no abandonment to it of insured property.
- 11. APPRAISAL** - In the event of disagreement as to the value of the property insured, the property saved or the amount of the loss, those questions shall be determined by appraisal as provided under The Insurance Act before there can be any recovery under this contract whether the right to recover on the contract is disputed or not, and independently of all other questions. There shall be no right to an appraisal until a specific demand therefor is made in writing and until after proof of loss has been delivered.
- 12. WHEN LOSS PAYABLE** - The loss is payable within sixty (60) days after completion of the proof of loss, unless the contract provides for a shorter period.
- 13. REPLACEMENT**

- i) 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 thirty (30) days after receipt of the proofs of loss.
- ii) In that event the Insurer shall commence to so repair, rebuild, or replace the property within forty-five (45) days after receipt of the proofs of loss, and shall thereafter proceed with all due diligence to the completion thereof.

14. ACTION - Every action or proceeding against the Insurer for the recovery of any claim under or by virtue of this contract is absolutely barred unless commenced within one year* next after the loss or damage occurs.

* two years in Province of Manitoba and Yukon Territory.

Saskatchewan Statutory Condition 14 is repealed. See The Limitations Act, S.S. 2004, c.L-16.1

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

16. CONTRIBUTION - If on the happening of any loss or damage to property in consequence of which a claim is or may be made under this policy there is in force more than one contract covering the same interest, the liability of the Insurer hereunder shall be limited to its rateable proportion of such claim.

D. ADDITIONAL CONDITIONS (Applicable in all jurisdictions except the Province of Québec)

- 1. NOTICE TO AUTHORITIES** - Where the loss is due to malicious acts, burglary, robbery, theft, or attempt thereof, or is suspected to be so due, the Insured shall give immediate notice thereof to the police or other authorities having jurisdiction.
- 2. NO BENEFIT TO BAILEE** - It is warranted by the Insured that this insurance shall in no wise enure directly or indirectly to the benefit of any carrier or other bailee.
- 3. PAIR AND SET** - In the case of loss of or damage to any article or articles, whether scheduled or unscheduled, which are a part of a set, the measure of loss of or damage to such article or articles shall be a reasonable and fair proportion of the total value of the set, but in no event shall such loss or damage be construed to mean total loss of set.
- 4. PARTS** - In the case of loss of or damage to any part of the insured property whether scheduled or unscheduled, consisting, when complete for use, of several parts, the Insurer is not liable for more than the insured value of the part lost or damaged, including the cost of installation.
- 5. SUE AND LABOUR** - It is the duty of the Insured in the event that any property insured hereunder is lost to take all reasonable steps in and about the recovery of such property. The Insurer shall contribute pro rata towards any reasonable and proper expenses in connection with the foregoing according to the respective interests of the parties.
- 6. BASIS OF SETTLEMENT** - Unless otherwise provided, the Insurer is not liable beyond the actual cash value of the property at the time any loss or damage occurs and the loss or damage shall be ascertained or estimated according to such actual cash value with proper deduction for depreciation, however caused, and shall in no event exceed what it would then cost to repair or replace the same with material of like kind and quality.
- 7. SUBROGATION** - The Insurer, upon making any payment or assuming liability therefor under this Policy, shall be subrogated to all rights of recovery of the Insured against any person, and may bring action in the name of the Insured to enforce such rights. Where the net amount recovered after deducting the costs of recovery is not sufficient to provide a complete indemnity for the loss or damage suffered, that amount shall be divided between the Insurer and the Insured in the proportions in which the loss or damage has been borne by them respectively.

E. GENERAL CONDITIONS (Applicable in the Province of Québec)

This policy is subject to the Civil Code of the Province of Québec

Reference to Civil Code articles in some instances is for easier reading only and should not be construed as exact quotations.

For all coverages except where inapplicable.

1. STATEMENTS

1.1 Representation of risk (article 2408)

The client, and the Insured if the Insurer requires it, is bound to represent all the facts known to him which are likely to materially influence an insurer in the setting of the premium, the appraisal of the risk or the decision to cover it, but he is not bound to represent facts known to the Insurer or which from their notoriety he is presumed to know, except in answer to inquiries.

The client means the person submitting an insurance application.

1.2 Material change in risk (articles 2466 and 2467)

The Insured shall promptly notify the Insurer of any change that increases the risks stipulated in the policy and that results from events within his control if it is likely to materially influence an insurer in setting the rate of the premium, appraising the risk or deciding to continue to insure it.

On being notified of any material change in the risk, the Insurer may cancel the contract or propose, in writing, a new rate of premium. Unless the new premium is accepted and paid by the Insured within thirty days of the proposal, the policy ceases to be in force.

1.3 Misrepresentations or concealment (Articles 2410, 2411 and 2466)

Any misrepresentation or concealment of relevant facts mentioned in section 1.1 and in the first paragraph of section 1.2 by the client or the Insured nullifies the contract at the instance of the Insurer, even in respect of losses not connected with the risk so misrepresented or concealed.

Unless the bad faith of the client or of the Insured is established or unless it is established that the Insurer would not have covered the risk if he had known the true facts, the Insurer remains liable towards the Insured for such proportion of the indemnity as the premium he collected bears to the premium he should have collected.

1.4 Warranties (Article 2412)

Any increase in risk resulting from a breach of warranty suspends the coverage until accepted by the Insurer or until such breach has been remedied by the Insured.

2. GENERAL PROVISIONS

2.1 Insurable interest (Articles 2481 and 2484)

(Applicable only to property insurance)

A person has an insurable interest in a property where the loss or deterioration of the property may cause him direct and immediate damage. It is necessary that the insurable interest exist at the time of the loss but not necessary that the same interest have existed throughout the duration of the contract. The insurance of a property in which the Insured has no insurable interest is null.

2.2 Changes (Article 2405)

The terms of this policy shall not be waived or changed except by endorsement.

2.3 Assignment (Articles 2475 and 2476)

This policy may be assigned only with the consent of the Insurer and in favour of a person who has an insurable interest in the insured property.

Upon the death or bankruptcy of the Insured or the assignment of his interest in the insurance to a co-Insured, the insurance continues in favour of the heir, trustee in bankruptcy or remaining Insured, subject to his performing the obligations that were incumbent upon the Insured.

2.4 Books and records

The Insurer and its authorized representatives shall have the right to examine the Insured's books and records related to the subject matter of this insurance at any time during the period of this policy and the three subsequent years.

2.5 Inspection

The Insurer and its authorized representatives shall have the right but are not obligated to make inspections of the risk, inform the Insured of the conditions found and recommend changes. Any inspections, surveys, findings or recommendations relate only to insurability and the premiums to be charged. They shall not constitute a warranty that the premises, property or operations are safe or healthful or comply with laws, codes or standards.

2.6 Currency

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

3. LOSSES

3.1 Notice of loss (Article 2470)

The Insured shall notify the Insurer of any loss which may give rise to an indemnity, as soon as he becomes aware of it. Any interested person may give such notice.

In the event that the requirement set out in the preceding paragraph is not fully complied with, all rights to compensation shall be forfeited by the Insured where such non-compliance has caused prejudice to the Insurer.

3.2 Information to be provided (Article 2471)

The Insured shall inform the Insurer as soon as possible of all the circumstances surrounding the loss, including its probable cause, the nature and extent of the damage, the location of the insured property, the rights of third parties, and any concurrent insurance; he shall also furnish him with vouchers and swear or warrant to the truth of the information.

Where, for a serious reason, the Insured is unable to fulfil such obligation, he is entitled to a reasonable time in which to do so. If the Insured fails to fulfil his obligation, any interested person may do so on his behalf.

In addition, the Insured shall forthwith send to the Insurer a copy of any notice, letter, subpoena or writ or documents received in connection with a claim.

3.3 False representation (Article 2472)

Any deceitful representation entails the loss of the right of the person making it to any indemnity in respect of the risk to which the representation relates.

However, if the occurrence of the event insured against entails the loss of both movable and immovable property or of both property for occupational use and personal property, forfeiture is incurred only with respect to the class of property to which the representation relates.

3.4 Intentional Fault (Article 2464)

The Insurer is never liable to compensate for injury resulting from the Insured's intentional fault.

Where there is more than one Insured, the obligation of coverage remains in respect of those Insureds who have not committed an intentional fault.

Where the Insurer is liable for injury caused by a person for whose acts the Insured is liable, the obligation of coverage subsists regardless of the nature or gravity of that person's fault.

3.5 Notice to police (applicable to property insurance only)

The Insured must promptly give notice to the police of any loss caused by vandalism, theft or attempted theft or other criminal act.

3.6 Safeguarding and examination of property (Article 2495)
(applicable to property insurance only)

At the expense of the Insurer, the Insured must take all reasonable steps to prevent further loss or damage to the insured property and any further loss or damage resulting directly or indirectly from the Insured's failure to take such action shall not be recoverable.

The Insured may not abandon the damaged property if there is no agreement to that effect. The Insured shall facilitate the salvage and inspection of the insured property by the Insurer.

He shall, in particular, permit the Insurer and his representatives to visit the premises and examine the insured property before repairing, removing or modifying the damaged property, unless so required to safeguard the property.

3.7 Admission of liability and cooperation

The Insured shall cooperate with the Insurer in the processing of all claims

(The following two paragraphs are applicable to liability insurance only: article 2504)

No transaction made without the consent of the Insurer may be set up against him.

The Insured shall not admit any liability nor settle or attempt to settle any claim, except at his own risk.

3.8 Right of action (Article 2502)

(applicable to liability insurance only)

The Insurer may set up against the injured third person any grounds he could have invoked against the Insured at the time of the loss, but not grounds pertaining to facts that occurred after the loss; the Insurer has a right of action against the Insured in respect of facts that occurred after the loss.

4. COMPENSATION AND SETTLEMENT

4.1 Basis of settlement (Articles 2490, 2491, 2493)

(applicable to property insurance only)

Unless otherwise provided, the Insurer shall not be liable for more than the actual cash value of the property at the time of loss as normally determined.

In unvalued policies, the amount of insurance does not make proof of the value of the insured property. In valued policies, the agreed value makes complete proof, between the Insurer and the Insured, of the value of the insured property.

If the amount of insurance is less than the value of the property the Insurer is released by paying the amount of the insurance in the event of total loss or a proportional indemnity in the event of partial loss.

4.2 Pair and set (applicable to property insurance only)

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

4.3 Parts (applicable to property insurance only)

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

4.4 Replacement (Article 2494)

(applicable to property insurance only)

Subject to the rights of preferred and hypothecary creditors, the Insurer reserves the right to repair, rebuild or replace the insured property. He is then entitled to salvage and may take over the property.

4.5 Time of payment (Articles 1591, 2469 and 2473)

The Insurer shall pay the indemnity within sixty days after receiving the notice of loss or, at his request, all relevant information and vouchers, provided the Insured shall have complied with all the terms of the contract.

Any outstanding premium may be deducted from the indemnity payable.

4.6 Property of others (applicable to property insurance only)

Where a claim is made as a result of loss of or damage to property not owned by the Insured, the Insurer reserves the right to pay the indemnity to the Insured or to the owner of the property and to deal directly with such owner.

4.7 Waiver

Neither the Insurer nor the Insured shall be deemed to have waived any term or condition of the policy by any act relating to arbitration or to the completion or delivery of proof of loss, or to the investigation or adjustment of the claim.

4.8 Limitation of actions (Article 2925)

Every action or proceeding against the Insurer under this policy shall be commenced within three years from the date the right of action has arisen.

4.9 Subrogation (Article 2474)

Unless otherwise provided, the Insurer shall be subrogated to the extent of the amount paid or the liability assumed therefor under this policy to the rights of the Insured against persons responsible for the loss except when they are members of the Insured's household. The Insurer may be fully or partly released from his obligation towards the Insured where, owing to any act of the Insured, he cannot be so subrogated.

5. OTHER INSURANCE

5.1 Property insurance (Article 2496)

The Insured who, without fraud, is insured by several insurers, under several policies, for the same interest and against the same risk so that the total amount of indemnity that would result from the separate performance of such policies would exceed the loss incurred may be indemnified by the insurer or insurers of his choice, each being liable only for the amount he has contracted for.

No clause suspending all or part of the performance of the contract by reason of other insurance may be used against the Insured.

Unless otherwise agreed, the indemnity is apportioned among the insurers in proportion to the share of each in the total coverage, except in respect of specific insurance, which constitutes primary insurance.

5.2 Liability insurance

The liability insurance provided under this policy is primary insurance except when stated to apply in excess of, or contingent upon the absence of, other insurance. When this insurance is primary and the Insured has other insurance which is stated to be applicable to the loss on an excess or contingent basis, the amount of the Insurer's liability under this policy shall not be reduced by the existence of such other insurance. When both this insurance and other insurance apply to the loss on the same basis whether primary, excess or contingent, the Insurer shall not be liable under this policy for a greater proportion of the loss than that stated in the applicable contribution provision below:

- Contribution by equal share:

If all of such other collectible insurance provides for contribution by equal shares, this Insurer shall not be liable for a greater proportion of such loss than would be payable if each insurer contributed an equal share until the share of each insurer equals the lowest applicable limit of liability under any one policy or the full amount of the loss is paid, and with respect to any amount of loss not so paid the remaining insurers then continue to contribute equal shares of the remaining amount of the loss until each such insurer has paid its limit in full or the full amount of the loss is paid.

- Contribution by limits:

If any such other insurance does not provide for contribution by equal shares, this Insurer shall not be liable for a greater proportion of such loss than the applicable limit of liability under this policy for such loss bears to the total applicable limit of liability of all valid and collectible insurance against such loss.

6. CANCELLATION (Articles 2477 and 2479)

This policy may be cancelled at any time:

- (a) By mere written notice from each of the Named Insureds. Termination takes effect upon receipt of the notice and the Insured shall therefore be entitled to a refund of the excess of the premium actually paid over the short-term rate for the expired time.
- (b) By the Insurer giving written notice to each Named Insureds. Termination takes effect fifteen days following receipt of such notice by the Insured at his last known address and the Insurer shall refund the excess of premium actually paid over the pro rata premium for the expired time. If the premium is subject to adjustment or determination as to amount, the refund shall be made as soon as practicable.

Where one or more of the Named Insureds have been mandated to receive or send the notices provided for under paragraph (a) or (b) above, notices sent or received by them shall be deemed to have been sent or received by all Named Insureds.

In this Condition, the words "premium actually paid" mean the premium actually paid by the Insured to the Insurer or its representative but do not include any premium or part thereof paid to the Insurer by a representative unless actually paid to the representative by the Insured.

7. NOTICE

Any notice to the Insurer may be sent by any recognized means of communication to the Insurer or its authorized representative. Notice may be given to the named Insured by letter personally delivered to him or by mail addressed to him at his last known address.

It is incumbent upon the sender to prove that such notice was received.

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Misrepresentation

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

Property of others

2. The insurer is not liable for loss or damage to property owned by a person other than the insured unless
 - (a) otherwise specifically stated in the contract, or
 - (b) the interest of the insured in that property is stated in the contract.

Change of interest

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

Material change in risk

4. (1) The insured must promptly give notice in writing to the insurer or its agent of a change that is
 - (a) material to the risk, and
 - (b) within the control and knowledge of the insured.
- (2) If an insurer or its agent is not promptly notified of a change under subparagraph (1) of this condition, the contract is void as to the part affected by the change.
- (3) If an insurer or its agent is notified of a change under subparagraph (1) of this condition, the insurer may
 - (a) terminate the contract in accordance with Statutory Condition 5, or
 - (b) notify the insured in writing that, if the insured desires the contract to continue in force, the insured must, within 15 days after receipt of the notice, pay to the insurer an additional premium specified in the notice.
- (4) If the insured fails to pay an additional premium when required to do so under subparagraph (3) (b) of this condition, the contract is terminated at that time and Statutory Condition 5 (2) (a) applies in respect of the unearned portion of the premium.

Termination of insurance

5. (1) The contract may be terminated
 - (a) by the insurer giving to the insured 15 days' notice of termination by registered mail or 5 days' written notice of termination personally delivered, or
 - (b) by the insured at any time on request.
- (2) If the contract is terminated by the insurer,
 - (a) the insurer must refund the excess of premium actually paid by the insured over the prorated premium for the expired time, but in no event may the prorated premium for the expired time be less than any minimum retained premium specified in the contract, and
 - (b) the refund must accompany the notice unless the premium is subject to adjustment or determination as to amount, in which case the refund must be made as soon as practicable.
- (3) If the contract is terminated by the insured, the insurer must refund as soon as practicable the excess of premium actually paid by the insured over the short rate premium for the expired time specified in the contract, but in no event may the short rate premium for the expired time be less than any minimum retained premium specified in the contract.
- (4) The 15 day period referred to in subparagraph (1) (a) of this condition starts to run on the day the registered letter or notification of it is delivered to the insured's postal address.

Requirements after loss

6. (1) On the happening of any loss of or damage to insured property, the insured must, if the loss or damage is covered by the contract, in addition to observing the requirements of Statutory Condition 9,
 - (a) immediately give notice in writing to the insurer,
 - (b) deliver as soon as practicable to the insurer a proof of loss in respect of the loss or damage to the insured property verified by statutory declaration,
 - (i) giving a complete inventory of that property and showing in detail quantities and cost of that property and particulars of the amount of loss claimed,
 - (ii) stating when and how the loss occurred, and if caused by fire or explosion due to ignition, how the fire or explosion originated, so far as the insured knows or believes,
 - (iii) stating that the loss did not occur through any wilful act or neglect or the procurement, means or connivance of the insured,
 - (iv) stating the amount of other insurances and the names of other insurers,

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- (v) stating the interest of the insured and of all others in that property with particulars of all liens, encumbrances and other charges on that property,
 - (vi) stating any changes in title, use, occupation, location, possession or exposure of the property since the contract was issued, and
 - (vii) stating the place where the insured property was at the time of loss,
 - (c) if required by the insurer, give a complete inventory of undamaged property showing in detail quantities and cost of that property, and
 - (d) if required by the insurer and if practicable,
 - (i) produce books of account and inventory lists,
 - (ii) furnish invoices and other vouchers verified by statutory declaration, and
 - (iii) furnish a copy of the written portion of any other relevant contract.
- (2) The evidence given, produced or furnished under subparagraph (1) (c) and (d) of this condition must not be considered proofs of loss within the meaning of Statutory Conditions 12 and 13.

Fraud

7. Any fraud or willfully false statement in a statutory declaration in relation to the particulars required under Statutory Condition 6 invalidates the claim of the person who made the declaration.

Who may give notice and proof

8. Notice of loss under Statutory Condition 6 (1) (a) may be given and the proof of loss under Statutory Condition 6 (1) (b) may be made
- (a) by the agent of the insured, if
 - (i) the insured is absent or unable to give the notice or make the proof, and
 - (ii) the absence or inability is satisfactorily accounted for, or
 - (b) by a person to whom any part of the insurance money is payable, if the insured refuses to do so or in the circumstances described in clause (a) of this condition.

Salvage

9. (1) In the event of loss or damage to insured property, the insured must take all reasonable steps to prevent further loss or damage to that property and to prevent loss or damage to other property insured under the contract, including, if necessary, removing the property to prevent loss or damage or further loss or damage to the property.
- (2) The insurer must contribute on a prorated basis towards any reasonable and proper expenses in connection with steps taken by the insured under subparagraph (1) of this condition.

Entry, control, abandonment

10. After loss or damage to insured property, the insurer has
- (a) an immediate right of access and entry by accredited representatives sufficient to enable them to survey and examine the property, and to make an estimate of the loss or damage, and
 - (b) after the insured has secured the property, a further right of access and entry by accredited representatives sufficient to enable them to appraise or estimate the loss or damage, but
 - (i) without the insured's consent, the insurer is not entitled to the control or possession of the insured property, and
 - (ii) without the insurer's consent, there can be no abandonment to it of the insured property.

In case of disagreement

11. (1) In the event of disagreement as to the value of the insured property, the value of the property saved, the nature and extent of the repairs or replacements required or, if made, their adequacy, or the amount of the loss or damage, those questions must be determined using the applicable dispute resolution process set out in the *Insurance Act*, whether or not the insured's right to recover under the contract is disputed, and independently of all other questions.
- (2) There is no right to a dispute resolution process under this condition until
- (a) a specific demand is made for it in writing, and
 - (b) the proof of loss has been delivered to the insurer.

When loss payable

12. Unless the contract provides for a shorter period, the loss is payable within 60 days after the proof of loss is completed in accordance with Statutory Condition 6 and delivered to the insurer.

Repair or replacement

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13. (1) Unless a dispute resolution process has been initiated, the insurer, instead of making payment, may repair, rebuild or replace the insured property lost or damaged, on giving written notice of its intention to do so within 30 days after receiving the proof of loss.
- (2) If the insurer gives notice under subparagraph (1) of this condition, the insurer must begin to repair, rebuild or replace the property within 45 days after receiving the proof of loss, and must proceed with all due diligence to complete the work within a reasonable time.

Notice

14. (1) Written notice to the insurer may be delivered at, or sent by registered mail to, the chief agency or head office of the insurer in the province.
- (2) Written notice to the insured may be personally delivered at, or sent by registered mail addressed to, the insured's last known address as provided to the insurer by the insured.

Short Rate Cancellation Table

R7

Where this contract is terminated by the Insured, the Insurer shall refund as soon as practicable the excess of the premium actually paid by the Insured over the short rate premium for the expired time as indicated in the table below. In no event shall the short rate premium for the expired time be deemed to be less than any minimum retained premium specified.

Days in force	% of premium returned	Days in force	% of premium returned	Days in force	% of premium returned	Days in force	% of premium returned	Days in force	% of premium returned	Days in force	% of premium returned
1	0.95	64	0.72	127	0.55	190	0.38	253	0.24	316	0.10
2	0.94	65	0.72	128	0.54	191	0.38	254	0.24	317	0.10
3	0.93	66	0.71	129	0.54	192	0.37	255	0.24	318	0.10
4	0.93	67	0.71	130	0.54	193	0.37	256	0.23	319	0.10
5	0.92	68	0.71	131	0.54	194	0.37	257	0.23	320	0.09
6	0.92	69	0.71	132	0.53	195	0.37	258	0.23	321	0.09
7	0.91	70	0.70	133	0.53	196	0.37	259	0.23	322	0.09
8	0.91	71	0.70	134	0.53	197	0.36	260	0.23	323	0.09
9	0.90	72	0.70	135	0.53	198	0.36	261	0.22	324	0.08
10	0.90	73	0.70	136	0.52	199	0.36	262	0.22	325	0.08
11	0.89	74	0.69	137	0.52	200	0.36	263	0.22	326	0.08
12	0.89	75	0.69	138	0.52	201	0.35	264	0.22	327	0.08
13	0.88	76	0.69	139	0.51	202	0.35	265	0.21	328	0.08
14	0.88	77	0.68	140	0.51	203	0.35	266	0.21	329	0.07
15	0.87	78	0.68	141	0.51	204	0.35	267	0.21	330	0.07
16	0.87	79	0.68	142	0.51	205	0.35	268	0.21	331	0.07
17	0.86	80	0.68	143	0.50	206	0.34	269	0.21	332	0.07
18	0.86	81	0.67	144	0.50	207	0.34	270	0.20	333	0.06
19	0.85	82	0.67	145	0.50	208	0.34	271	0.20	334	0.06
20	0.85	83	0.67	146	0.50	209	0.34	272	0.20	335	0.06
21	0.84	84	0.66	147	0.49	210	0.33	273	0.20	336	0.06
22	0.84	85	0.66	148	0.49	211	0.33	274	0.19	337	0.06
23	0.83	86	0.66	149	0.49	212	0.33	275	0.19	338	0.05
24	0.83	87	0.66	150	0.48	213	0.33	276	0.19	339	0.05
25	0.83	88	0.65	151	0.48	214	0.33	277	0.19	340	0.05
26	0.82	89	0.65	152	0.48	215	0.32	278	0.19	341	0.05
27	0.82	90	0.65	153	0.48	216	0.32	279	0.18	342	0.05
28	0.82	91	0.65	154	0.47	217	0.32	280	0.18	343	0.04
29	0.82	92	0.64	155	0.47	218	0.32	281	0.18	344	0.04
30	0.81	93	0.64	156	0.47	219	0.31	282	0.18	345	0.04
31	0.81	94	0.64	157	0.46	220	0.31	283	0.17	346	0.04
32	0.81	95	0.63	158	0.46	221	0.31	284	0.17	347	0.03
33	0.80	96	0.63	159	0.46	222	0.31	285	0.17	348	0.03
34	0.80	97	0.63	160	0.46	223	0.31	286	0.17	349	0.03
35	0.80	98	0.63	161	0.45	224	0.30	287	0.17	350	0.03
36	0.80	99	0.62	162	0.45	225	0.30	288	0.16	351	0.03
37	0.79	100	0.62	163	0.45	226	0.30	289	0.16	352	0.02
38	0.79	101	0.62	164	0.45	227	0.30	290	0.16	353	0.02
39	0.79	102	0.62	165	0.44	228	0.30	291	0.16	354	0.02
40	0.79	103	0.61	166	0.44	229	0.29	292	0.15	355	0.02
41	0.78	104	0.61	167	0.44	230	0.29	293	0.15	356	0.01
42	0.78	105	0.61	168	0.43	231	0.29	294	0.15	357	0.01
43	0.78	106	0.60	169	0.43	232	0.29	295	0.15	358	0.01
44	0.77	107	0.60	170	0.43	233	0.28	296	0.15	359	0.01
45	0.77	108	0.60	171	0.43	234	0.28	297	0.14	360	0.01
46	0.77	109	0.60	172	0.42	235	0.28	298	0.14	361	0.00
47	0.77	110	0.59	173	0.42	236	0.28	299	0.14	362	0.00
48	0.76	111	0.59	174	0.42	237	0.28	300	0.14	363	0.00
49	0.76	112	0.59	175	0.42	238	0.27	301	0.14	364	0.00
50	0.76	113	0.59	176	0.41	239	0.27	302	0.13	365	0.00
51	0.76	114	0.58	177	0.41	240	0.27	303	0.13		
52	0.75	115	0.58	178	0.41	241	0.27	304	0.13		
53	0.75	116	0.58	179	0.40	242	0.26	305	0.13		
54	0.75	117	0.57	180	0.40	243	0.26	306	0.12		
55	0.74	118	0.57	181	0.40	244	0.26	307	0.12		
56	0.74	119	0.57	182	0.40	245	0.26	308	0.12		
57	0.74	120	0.57	183	0.39	246	0.26	309	0.12		
58	0.74	121	0.56	184	0.39	247	0.25	310	0.12		
59	0.73	122	0.56	185	0.39	248	0.25	311	0.11		
60	0.73	123	0.56	186	0.39	249	0.25	312	0.11		
61	0.73	124	0.56	187	0.39	250	0.25	313	0.11		
62	0.73	125	0.55	188	0.38	251	0.24	314	0.11		
63	0.72	126	0.55	189	0.38	252	0.24	315	0.10		