

COMMERCIAL BUILDING, EQUIPMENT AND STOCK
(BROAD FORM)

1.A. PROPERTY INSURED

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

"Declarations Page":

"BUILDING"

"EQUIPMENT"

"STOCK"

"CONTENTS OF EVERY DESCRIPTION"

"PROPERTY OF EVERY DESCRIPTION"

The insurance in this Clause 1.A. applies only while at the location(s) specified in the "Declarations Page".

1.B. This form also insures the following property but only those items for which an amount of insurance is specified in the "Declaration page".

"TEMPORARY LOCATIONS": "Equipment" and "Stock" other than at a specified location except while in transit, but there shall be no liability under this item at any location owned, rented or controlled in whole or in part by the Insured.

"NEWLY ACQUIRED LOCATION": "Building", "Equipment" and "Stock" at any acquired location that is owned, rented or controlled by the Insured in whole or in part or in or on vehicles within 100 metres (328 feet) of such location. This limit of insurance attaches at the time of the acquisition and extends for a period of 30 days or to the date of endorsement of this Form adding such location whichever first occurs.

"PARCEL POST": "Equipment" and "Stock" in any one package in course of transit by parcel post.

"OTHER TRANSIT": "Equipment" and "Stock", in transit other than by parcel post.

"SALES REPRESENTATIVE": "Equipment" and "Stock", whether in transit or otherwise, in the custody of a sales representative of the Insured.

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

2. 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 in the "Declarations Page" in any one occurrence.

3. CO-INSURANCE

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

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

4. PERILS INSURED

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

5.A. EXCLUSIONS - PROPERTY EXCLUDED

This Form does not insure loss of or damage to:

- (a) Sewers, drains or watermains located beyond the outside bearing walls or foundations of the property insured, outside communication towers, antennae (including satellite receivers) and equipment attached thereto, street clocks, exterior signs, exterior glass or vitrolite and lettering or ornamentation thereon, but this exclusion does not apply to loss or damage caused directly by "Named Perils";
- (b) Property at locations which to the knowledge of the Insured, are vacant, unoccupied or shut down for more than thirty (30) consecutive days;
- (c) Electrical devices, appliances or wiring caused by artificially generated electrical currents, including arcing, unless fire or explosion as described in Clause 17(i) ensues and then only for such ensuing loss or damage;
- (d) Growing plants, trees, shrubs or flowers, all while in the open except as provided in the Extensions of Coverage Clause 6 (c);
- (e) Animals, fish or birds, but this exclusion does not apply to loss or damage caused directly by "Named Perils" or from theft or attempt thereat;
- (f) Money, bullion, platinum and other precious metals and alloys, securities, stamps, tickets and tokens, evidence of debt or title;
- (g) Automobiles, watercraft, amphibious or air cushion vehicles, aircraft, spacecraft, trailers, motors or other accessories attached to or mounted on such property, but this exclusion shall not apply to watercraft, amphibious or air cushion vehicles held for sale, unlicensed automobiles or unlicensed trailers used in the business of the Insured when on the "Premises" of the Insured;
- (h) Furs, fur garments, jewels, jewellery, costume jewellery, watches, pearls, precious and semi-precious stones and pre-recorded video tapes, but this exclusion does not apply to:
 - (i) The first one thousand dollars (\$1,000.) of any loss insured herein;
 - (ii) any loss or damage caused directly by "Named Perils";
- (i) property insured under the terms of any Marine Insurance, and property while waterborne, except while on a regular ferry or railway car transfer in connection with land transportation;
- (j) property on loan or on rental or sold by the Insured under conditional sale, instalment payment or other deferred payment plan, from the time of leaving the Insured's custody, but this exclusion does not apply while such property is in the custody of a carrier for hire for the purpose of delivery at the risk of the Insured;
- (k) property in the custody of a sales representative outside the "Premises" of the Insured, unless an amount of insurance is shown in the "Declarations Page" pertaining to "Sales Representative";
- (l) property illegally acquired, kept, stored or transported; property seized or confiscated for breach of any law or by order of any public authority;
- (m) (i) any pressure vessel having normal internal working pressure greater than 103 kilopascals (15 pounds per square inch) above atmospheric pressure;

- (ii) any boiler, including the piping and equipment connected thereto, which contains steam or water under steam pressure (except tanks having an internal diameter of 610 millimetres (24 inches) or less used for the storage of hot water for domestic use);

caused directly or indirectly by explosion, rupture, bursting, cracking, burning out or bulging of such property while connected ready for use, but this exclusion does not apply to:

- (1) manually portable gas cylinders;
- (2) explosion of natural, coal or manufactured gas;
- (3) explosion of gas or unconsumed fuel within a furnace or within the gas passages therefrom to the atmosphere.

5.B. PERILS EXCLUDED

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

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

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

- (c) (i) by seepage, leakage or influx of water derived from natural sources through basement walls, doors, windows or other openings, therein, foundations, basement floors, sidewalks, sidewalk lights, or by the backing up of sewers, sumps, septic tanks or drains, unless concurrently and directly caused by a peril not otherwise excluded in Clause 5.B. hereof;
- (ii) by the entrance of rain, sleet or snow through doors, windows, skylights or other similar wall or roof openings unless through an aperture concurrently and directly caused by a peril not otherwise excluded in Clause 5.B. hereof;
- (d) by centrifugal force, mechanical or electrical breakdown or derangement in or on the "Premises", unless fire ensues and then only for the loss or damage caused directly by such ensuing fire;
- (e) by dampness or dryness of atmosphere, changes of temperature, freezing, heating, shrinkage, evaporation, loss of weight, leakage of contents, exposure to light, contamination, change in colour or texture or finish, rust or corrosion, marring, scratching or crushing, but this exclusion does not apply to loss or damage caused directly by "Named Perils", rupture of pipes or breakage of apparatus not excluded under paragraph (m) of Clause 5.A. hereof, theft or attempt thereat or accident to transporting conveyance. Damage to pipes cause by freezing is insured provided such pipes are not excluded in paragraph (m) of Clause 5.A. hereof;
- (f) by smoke from agricultural smudging or industrial operations;
- (g) by rodents, insects or vermin, but this exclusion does not apply to loss or damage caused directly by a peril not otherwise excluded in Clause 5.B. hereof;
- (h) by delay, loss of market, or loss of use or occupancy;
- (i) by war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military power;
- (j) by any dishonest or criminal act on the part of the Insured or any other party of interest, employees or agents of the Insured, or any person to whom the property may be entrusted (bailees for hire excepted),

but this exclusion does not apply to physical damage, caused directly by employees of the Insured, which results from a peril otherwise insured and not otherwise excluded under this form;

- (k) to "Buildings" by:
 - (i) snowslide, landslide, subsidence or other earth movement, except for ensuing loss or damage which results directly from fire, explosion, smoke or leakage from fire protective equipment, all as described in Clause 17 (i);
 - (ii) explosion (except with respect to explosion of natural, coal, or manufactured gas), collapse, rupture, bursting, cracking, burning out or bulging of the following property owned, operated or controlled by the Insured, unless fire ensues and then only for the loss or damage caused directly by such ensuing fire:
 - a) the portions containing steam or water under steam pressure of all boilers generating steam, and piping or other equipment connected to said boilers and containing steam or water under steam pressure;
 - b) piping and apparatus or parts thereof normally containing steam or water under steam pressure from an external source and while under such pressure;
 - c) other vessels and apparatus and pipes connected therewith while under pressure, or while in use or in operation provided their maximum normal internal working pressure exceeds 103 kilopascals (15 pounds per square inch) above atmospheric pressure but this exclusion does not apply to loss or damage resulting from the explosion of manually portable gas cylinders or of tanks having an internal diameter of 610 millimetres (24 inches) or less used for the heating and storage of hot water for domestic use;
 - d) moving or rotating machinery or parts thereof;
 - e) any vessels and apparatus and pipes connected therewith while undergoing pressure test but this exclusion does not apply to other property insured hereunder that has been damaged by such explosion;
 - f) gas turbines;
 - (iii) settling, expansion, contraction, moving, shifting or cracking unless concurrently and directly caused by a peril not otherwise excluded in Clause 5.B. hereof;
 - (l) proximately or remotely, arising in consequence of or contributed to by the enforcement of any by-law, regulation, ordinance or law regulating zoning or the demolition, repair or construction of buildings or structures, which by-law, regulation, ordinance or law makes it impossible to repair or reinstate the property as it was immediately prior to the loss.

NOR DOES THIS FORM INSURE:

- (m) wear and tear, gradual deterioration, latent defect, inherent vice, or the cost of making good faulty or improper material, faulty or improper workmanship, faulty or improper design, provided, however, to the extent otherwise insured and not otherwise excluded under this Form, resultant damage to the property is insured;
- (n) mysterious disappearance or shortage of "Equipment" or "Stock" disclosed on taking inventory;
- (o) loss or damage sustained to "Equipment" or "Stock" while actually being worked upon and directly resulting therefrom or caused by any repairing, adjusting or servicing of "Equipment" or "Stock", unless fire or explosion as described in Clause 17 (i) ensues and then only for such ensuing loss or damage;

- (p) disturbance or erasure of electronic recordings by electric or magnetic injury except by lightning.

6. EXTENSIONS OF COVERAGE

The following extensions of coverage shall not increase the amounts of insurance applying under this Form and are subject to all the conditions of this Form.

- (a) **Personal Property of Officers and Employees:** At the option of the Insured, "Equipment" also includes personal property of officers and employees of the Insured. The insurance on such property:
 - (i) shall not attach if it is insured by the owner unless the Insured is obliged to insure it or is liable for its loss or damage;
 - (ii) is, in any event, limited to a maximum recovery of one thousand dollars (\$1,000) in respect of any one officer or employee;
 - (iii) shall apply only to loss or damage occurring at a location specifically described in the "Declarations Page" or included in "Newly Acquired Location".
- (b) **"Building" Damage by Theft:** This Form is extended to insure damage (except by fire) to that part of a "Building" occupied by the Insured directly resulting from theft or any attempt thereat and from vandalism or "malicious acts" committed on the same occasion, provided the Insured is the owner of such "Building" or is liable for such damage and the "Building" is not otherwise insured hereunder. This extension of cover shall be limited to a maximum recovery of twenty-five hundred dollars (\$2,500.) in respect of any one loss. Glass and lettering or ornamentation thereon is excluded from this extension.
- (c) **Growing Plants, Trees, Shrubs or Flowers in the Open:** This Form is extended to insure loss or damage to growing plants, trees, shrubs or flowers in the open caused directly by "Named Perils", (with the exception of windstorm or hail as described in Clause 17 (i)) or from theft or attempt thereat. This extension of coverage shall be limited to a maximum recovery of five hundred dollars (\$500.) for each growing plant, tree, shrub or flower in the open, and to ten thousand dollars (\$10,000), including debris removal expense, in any one occurrence.

7. PERMISSION

Permission is hereby granted:

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

8. BREACH OF CONDITIONS

Where a loss occurs and there has been a breach of condition relating to a matter before the happening of the loss, which breach would otherwise disentitle the Insured from recovery under this Form, the breach shall not disentitle the Insured from recovery if the Insured establishes that the loss was not caused or contributed to by the breach of condition or if the breach of condition occurred in any portion of the "Premises" over which the Insured has no control.

9. REINSTATEMENT

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

10. PROPERTY PROTECTION SYSTEMS

It is agreed that the Insured shall notify forthwith the Insurer of any interruption to, or flaw or defect, coming to the knowledge of the Insured, in any of the following systems installed at the Insureds "Premises".

- (a) sprinkler or other fire extinguishing system; or
- (b) fire detection system; or

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

11. PREMIUM ADJUSTMENT

This clause is applicable if a specific amount of insurance is shown in the "Declarations Page" for "Stock".

If within six months after the expiry or anniversary date of each period of insurance, the Insured shall file with the Insurer a Premium Adjustment Application Form showing, for the said period, the actual cash value of the "Stock" insured on the last day of each month at each location as commented upon by the Insured's Accountant, the actual premium for the said period shall then be calculated at the Stock Adjustment Rate applying to each location, as stated in the Declarations, for the average amount of the total values declared. If the premium paid by the Insured for such "Stock" exceeds the actual premium thus calculated, the Insurer shall refund to the Insured any excess paid, subject to a maximum refund of 50% of the premium paid. In the event of any monthly declared values being in excess of the amount of insurance, the amount of the excess shall not be included in the premium adjustment calculations.

12. VERIFICATION OF VALUES

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

13. VALUATIONS

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

- (a) on unsold "Stock" - the actual cash value of the property at the time any loss occurs, but in no event to exceed what it would cost to repair or replace with material of like kind and quality;
- (b) on sold "Stock" - the selling price after allowance for discounts;
- (c) on property of others in the custody or control of the Insured for the purpose of performing work thereon - the amount for which the Insured is liable but in no event to exceed the actual cash value at the time and place of loss plus allowance for labour and materials expended to such time;
- (d) on tenant's Improvements and records - as defined in paragraphs (a) and (b) of Clause 14.;
- (e) on all other property insured under this Form and for which no more specific conditions have been set out - the actual cash value at the time the loss or damage occurs but in no event to exceed what it would then cost to repair or replace with material of like kind and quality.

14. SPECIAL BASIS OF SETTLEMENT

- (a) **Tenant's Improvement:** The liability of the Insurer shall be determined as follows:
 - (i) if repaired or replaced with due diligence and dispatch, the amount actually and necessarily expended but in no event exceeding the actual cash value of the tenant's improvements immediately prior to the time of destruction or damage;

- (ii) if not repaired or replaced with due diligence and dispatch after such loss, that portion of the original cost of the damaged or destroyed tenant's improvements which the unexpired term of the lease at the time of loss bears to the period(s) from the date(s) such tenant's improvements were made to the expiration date of the lease.
- (b) **Records:** The liability of the Insurer for loss or damage to:
- (i) books of accounts, drawings, card index systems and other records, other than as described in (ii) below, shall not exceed the cost of blank books, blank pages or other materials, plus the cost of labour for actually transcribing or copying said records;
 - (ii) media, data storage devices, and programme devices for electronic and electro-mechanical data processing or for electronically controlled equipment, shall not exceed the cost of reproducing such media, data storage devices, and programme devices from duplicates or from originals of the previous generation of the media, but no liability is assumed hereunder for the cost of gathering or assembling information or data for such reproduction.

Whichever of the above is applicable shall be the basis to be adopted for the purpose of applying Co-Insurance.

15. PROPERTY OF OTHERS

At the option of the Insurer, any loss may be paid to the Insured or adjusted with and paid to the customer or the owner of the property.

16. LOCKED VEHICLE WARRANTY

This Clause does not apply to property which is under the control of a common carrier.

It is warranted by the Insured that any vehicle in which the property insured is carried is equipped with a fully enclosed metal body or compartment, and the Insurer shall be liable in case of loss by theft from an unattended vehicle only as a direct result of forcible entry (of which there shall be visible evidence) into such body or compartment the doors and windows of which shall have been securely locked.

17. DEFINITIONS

Wherever used in this Form:

- (a) **"Declarations Page"** means the Declarations Page applicable to this Form.
- (b) **"Building"** means the building(s) described in the "Declarations Page" and includes:
 - (i) fixed structure's pertaining to the building(s) and located on the "Premises";
 - (ii) additions and extensions communicating and in contact with the building(s);
 - (iii) permanent fittings and fixtures attached to and forming part of the building(s);
 - (iv) materials, equipment and supplies on the "Premises" for maintenance of, and normal repairs and minor alterations to the "Building" or for building services;
 - (v) growing plants, trees, shrubs or flowers inside the "Building" used for decorative purposes when the Insured is the owner of the "Building".
- (c) **"Equipment"** means:
 - (i) generally all contents usual to the Insured's business including furniture, furnishings, fittings, fixtures, machinery, tools, utensils and appliances other than "Building" or "Stock" as herein defined;
 - (ii) similar property belonging to others which the Insured is under obligation to keep insured or for which he is legally liable;

- (iii) tenant's improvements which are defined as building improvements, alterations and betterments made at the expense of the Insured to a "Building" occupied by the Insured and which are not otherwise insured, provided the Insured is not the owner of such "Building". If the Insured purchased the use interest in tenant's improvements made by a predecessor tenant, this Form applies as though such tenant's improvements had been made at the expense of the Insured.
- (d) **"Stock"** means:
 - (i) merchandise of every description usual to the Insured's business;
 - (ii) packing, wrapping and advertising materials; and
 - (iii) similar property belonging to others which the Insured is under obligation to keep insured or for which he is legally liable.
- (e) **"Contents of Every Description"** means Equipment and Stock as defined above.
- (f) **"Property of Every Description"** means Building(s), Equipment and Stock as defined above.
- (g) **"Premises"** means the entire area within the property lines and areas under adjoining sidewalks and driveways at the locations described in the "Declarations Page" and in or on vehicles within 100 metres (328 feet) of such locations;
- (h) **"Fire Protective Equipment"** includes tanks, watermains, hydrants, valves and any other equipment whether used solely for fire protection or jointly for fire protection and for other purposes, but does not include:
 - (i) branch piping from a joint system where such branches are used entirely for purposes other than fire protection;
 - (ii) any watermains or appurtenances located outside of the described "Premises" and forming a part of the public water distribution system;
 - (iii) any pond or reservoir in which the water is impounded by a dam.
- (i) **"Named Perils"** means:
 - (A) **FIRE OR LIGHTNING**
 - (B) **EXPLOSION:** Except with respect to explosion of natural, coal or manufactured gas, there shall in no event be any liability hereunder for loss or damage caused by explosion, rupture or bursting in or of the following property owned, operated or controlled by the Insured:
 - (i) (a) the portions containing steam or water under steam pressure of all boilers generating steam, and piping or other equipment connected to said boilers and containing steam or water under steam pressure;
 - (b) piping and apparatus or parts thereof normally containing steam or water under steam pressure from an external source and while under such pressure;
 - (c) the combustion chambers or fire boxes of steam generating boilers of the chemical recovery type and the flues or passages which conduct the gases of combustion therefrom;
 - (d) smelt dissolving tanks;
 - (ii) other vessels and apparatus, and pipes connected therewith, while under pressure, or while in use or in operation, provided their maximum normal internal working pressure exceeds 103 kilopascals (15 pounds per square inch) above atmospheric pressure except that liability is specifically assumed for loss or damage resulting from the explosion of manually portable gas cylinders;

- (iii) moving or rotating machinery or parts of same when such loss or damage is caused by centrifugal force or mechanical breakdown;
- (iv) any vessels and apparatus and pipes connected therewith while undergoing pressure tests, but this exclusion shall not apply to other property insured hereunder that has been damaged by such explosion;
- (v) gas turbines;

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

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

(C) IMPACT BY AIRCRAFT, SPACECRAFT OR LAND VEHICLE:

The terms "Aircraft" and "Spacecraft" include articles dropped therefrom.

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

- (i) caused by land vehicles belonging to or under the control of the Insured or any of his employees;
- (ii) to aircraft, spacecraft or land vehicles causing the loss;
- (iii) caused by any aircraft or spacecraft when being taxied or moved inside or outside of "Buildings".

(D) RIOT, VANDALISM OR MALICIOUS ACTS:

The term Riot includes open assemblies of strikers inside or outside the "Premises" who have quitted work and of locked-out employees.

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

- (i) due to cessation of work or by interruption to process or business operations or by change(s) in temperature;

- (ii) due to flood or release of water impounded by a dam, or due to any explosion other than an explosion in respect of which there is insurance under Clause 17 (i) (B);
- (iii) due to theft or attempt thereat.

(E) SMOKE:

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

(F) "LEAKAGE FROM FIRE PROTECTIVE EQUIPMENT"

The term "Leakage from fire protective equipment" means the leakage or discharge of water or other substance from within the equipment used for fire protection purposes for the "Premises" described in the "Declarations Page" or for adjoining "Premises" and loss or damage caused by the fall or breakage or freezing of such equipment.

(G) WINDSTORM OR HAIL:

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

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

REPLACEMENT COST ENDORSEMENT

APPLICABLE ONLY TO THE FORMS NOTED IN THE DECLARATIONS:

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 endorsement has 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 endorsement is applicable shall be on the basis of replacement cost as defined herein;
 - (f) this endorsement applies separately to each item(s) listed in the Declarations.
2. In this endorsement,
 - (a) "replacement cost" means the cost of replacing, repairing, constructing or reconstructing (whichever is the least) the property on the same site with new property of like kind and quality and for the like occupancy without deduction for depreciation; and
 - (b) "replacement" includes repair, construction or reconstruction with new property of like kind and quality.
3. 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 endorsement.
4. Exclusions
This endorsement 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.
5. If the Policy is subject to a co-insurance clause, requiring a stated percentage of insurance to value to be maintained, actual cash value, for the purpose of applying such a clause to the property to which this endorsement is applicable, shall be deemed to be replacement cost without deduction for depreciation.

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

SEWER BACK-UP ENDORSEMENT

This endorsement changes the policy.

This endorsement applies separately to each location for which Sewer Back-Up is specified on the "Declarations Page".

1. INSURED PERIL

This insurance is extended to include "sewer back-up".

2. DEDUCTIBLE

The Insurer is liable for the amount by which the loss or damage caused by "sewer back-up" exceeds the amount of the deductible specified on the "Declarations Page" for this endorsement in any one occurrence.

This Deductible Clause applies separately to each "premises" to which this endorsement applies.

3. LIMIT OF INSURANCE

If an amount of insurance is specified on the "Declarations Page" for this endorsement the Insurer shall not be liable for more than that amount.

4. DEFINITION

"**Sewer back-up**" means the backing up or overflow of water from within sewers, sumps, septic tanks or drains located inside buildings.

All other terms and conditions of the policy remain unchanged.

SMALL OFFICE PACKAGE PROPERTY EXTENSION ENDORSEMENT

APPLICABLE TO THE COMMERCIAL BUILDING, EQUIPMENT AND STOCK BROAD FORM:

This Policy is extended to include extensions of coverage as stated below.

The following extensions of coverage shall:

- (i) not be considered for the purpose of determining the application of any Coinsurance clause (except Item 2, Building By-laws).
- (ii) not apply if they are more specifically insured elsewhere in this policy and/or if specific amount(s) or limit(s) are indicated on the "Declarations Page" for any of them.
- (iii) increase the amount of insurance for this Policy by the amounts or limits stated in this endorsement (except Items 1 and 2, which do not increase the amount of insurance).

- 1. Consequential Loss Assumption Clause:** Consequential loss, destruction or damage to "Stock" caused by change in temperature or humidity resulting from damage by the perils insured against hereunder to equipment used for refrigerating, cooling, humidifying, dehumidifying, air conditioning, heating, generating or converting power (including their connections and supply or transmission lines and pipes) only when situated on the "Premises" described on the "Declarations Page".

The foregoing extension is subject otherwise to all the terms and conditions of this Policy (as now existing or hereafter changed) and without increasing the amount insured.

Liability under this clause shall not exceed that proportion of any loss which the amount insured hereunder bears to the total amount of fire insurance covering the property described on the "Declarations Page", whether collectible or not, and whether or not such other fire insurance covers against consequential loss.

Coverage under this Consequential Loss Assumption Clause excludes destruction or damage caused by, resulting from, or contributed to by Riot, Vandalism or Malicious Acts. The term Riot includes open assemblies of strikers inside or outside the "Premises" who have quit work and of locked out employees.

- 2. Building By-laws:** This Policy shall, and only as a result of a peril insured against, extend to indemnify the Insured without increasing the amount of insurance stated on the "Declarations Page" for "Building" or the amount of insurance for "Building" shown in the Statement of Values if coverage is on a "Property Of Every Description" basis, for:

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

This extension, however, does not insure against:

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

Definition

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

3. Inflation Protection

- (a) The amount of insurance applicable to "Building" shall be increased during the policy period by the proportion by which the latest published Statistics Canada Non-Residential Building Construction Price Indexes has increased since the last premium due date.
- (b) At the premium due date, the amount of insurance shall be increased automatically in accordance with the latest published Statistics Canada Non-Residential Building Construction Price Indexes and the appropriate premium charged.
- (c) If the amount of insurance applicable to "Building" is changed at the request of the Insured during the policy period, the effective date of this endorsement is deemed to coincide with the effective date of the change.
- (d) If the Policy insures two or more items, the foregoing shall apply separately to each item to which this endorsement applies.
- (e) In this extension,
 - (i) "premium due date" means the inception date of this policy or any renewal or anniversary date.

4. Exterior Signs Including Street Clocks, Communication Towers, Antennae and Satellite Receivers:

This Policy is extended to cover the aforementioned property on the "Premises" for loss or damage from a peril insured against excluding loss or damage caused by wear and tear, latent defect, corrosion or rust, mechanical breakdown or during installation, repairing or dismantling. The limit of insurance with respect to this extension of coverage is \$5,000 for any one loss.

- 5. Fire Department Service Charges:** This Policy is extended to cover the Insured's liability assumed by contract or agreement, prior to the loss, for Fire Department Service Charges when the Fire Department is called to save or protect the insured property from a peril insured against. The maximum recovery under this extension is \$5,000 for any one loss.
- 6. Fire Equipment Recharge:** This Policy is extended to cover expenses actually incurred as a result of a peril insured against to recharge a fire protection or fire fighting system. The maximum recovery under this extension is \$5,000 for any one loss.
- 7. Glass:** This Policy is extended to provide coverage for accidental breakage of all exterior glass and/or vitrolite including lettering, ornamentation or burglary alarm tape thereon provided the Insured is owner of the "Building" or is legally liable for such damage. This extension shall also include the expenses incurred for boarding up damaged openings or installing temporary plates. A deductible of \$1,000 applies to each and every loss.
- 8. Valuable Papers and Records:** This Policy is extended to cover the actual loss sustained by the Insured through direct physical loss or damage to Valuable Papers and Records. The term "Valuable Papers and Records" means written, printed or otherwise inscribed documents and records, including books, maps, films, drawings, abstracts, deeds, mortgages and manuscripts, but excluding money and securities, electronic data control tapes or discs.

The insurance provided by this extension applies:

- (i) while the insured Valuable Papers and Records are contained in the "Premises" specified on the "Declarations Page". It is a condition precedent to any right of recovery hereunder, that the Valuable Papers and Records shall be kept in receptacles (minimum of metal filing cabinets) at all times when the premises are not open for business, except while such valuable papers and records are in actual use or as stated in (ii) or (iii) below;
- (ii) while the insured Valuable Papers and Records are being removed to, and while at a place of safety because of imminent danger of loss or damage and while being returned from such place, provided the Insured notifies the Insurer in writing within thirty (30) days of such removal;
- (iii) while the Valuable Papers and Records are being conveyed outside the Insured's premises or temporarily in other premises (except for storage).

In addition to those exclusions found in the Commercial Building Equipment and Stock Broad Form, the following also apply:

This extension does not insure:

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

Basis of Settlement

The limit of the Insurer's liability for loss shall not exceed the actual cash value of the property at the time of loss, nor what it would cost to repair or replace the property with other of like kind and quality, subject to a maximum recovery of \$5,000 for any one loss.

The Insurer may pay for the loss in money or may repair or replace the property and may settle any claim for loss of the property either with the Insured or the owner thereof. Any property so paid for or replaced shall become the property of the Insurer. The Insured or Insurer, upon recovery of any such property, shall give notice thereof as soon as practicable to the other and the Insured shall be entitled to the property upon reimbursing the Insurer for the amount so paid or the cost of replacement.

- 9. Accounts Receivable:** This Policy is extended to cover against all risks of direct physical loss or damage to the Insured's records of accounts receivable occurring during the policy period.

This extension insures:

- (i) all sums due to the Insured from customers, provided the Insured is unable to effect collection thereof as the direct result of loss or damage to records of accounts receivable;
- (ii) interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectible by such loss or damage;
- (iii) collection expense in excess of normal collection cost and made necessary because of loss or damage;
- (iv) other expenses, when reasonably incurred by the Insured in re-establishing records of accounts receivable following such loss or damage.

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

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

In addition to those exclusions found in the Commercial Building Equipment and Stock Broad Form, the following also apply:

This extension does not apply:

- (i) to loss due to bookkeeping, accounting or billing errors or omissions;
- (ii) to loss, the proof of which as to factual existence, is dependent upon an audit of records or an inventory computation; but this shall not preclude the use of such procedures in support of claim for loss which the Insured can prove, through evidence wholly apart therefrom, is due solely to a risk of loss to records of accounts receivable not otherwise excluded hereunder;
- (iii) to loss due to alteration, falsification, manipulation, concealment, destruction or disposal of records of accounts receivable committed to conceal the wrongful giving, taking, obtaining or withholding of money, securities or other property but only to the extent of the wrongful giving, taking, obtaining or withholding.

Basis of Settlement

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

- (i) determine the amount of all outstanding accounts receivable at the end of the same fiscal month in the year immediately preceding the year in which the loss occurs;
- (ii) calculate the percentage of increase or decrease in the average monthly total of accounts receivable for the twelve months immediately preceding the month in which the loss occurs, or such part thereof for which the Insured has furnished monthly statements to the Insurer, as compared with such average for the same months of the preceding year;
- (iii) the amount determined under (i) above, increased or decreased by the percentage calculated under (ii) above, shall be the agreed total amount of accounts receivable on the last day of the fiscal month in which said loss occurs;
- (iv) the amount determined under (iii) above shall be increased or decreased in conformity with the normal fluctuations in the amount of accounts receivable during the fiscal month involved, due consideration being given to the experience of the business since the last day of the last fiscal month for which statement has been rendered.

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

Inspection and Audit

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

Recoveries

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

The limit of insurance for this extension of coverage is \$5,000 for any one loss.

- 10. Extra Expense:** This Policy is extended to insure the necessary Extra Expense incurred by the Insured in order to continue as nearly as practicable the normal conduct of the Insured's business following damage to or destruction by the perils insured against to the building(s) or contents thereof at the "Premises" described on the "Declarations Page". The Insurer shall be liable for Extra Expense so incurred, for not exceeding such length of time, herein referred to as the Period of Restoration, commencing with the date of loss and not limited by the date of expiration of this Policy, 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 contents thereof as may be destroyed or damaged.

Definitions

"Extra Expense" means the excess (if any) of the total cost during the Period of Restoration for the purpose of continuing the Insured's business over and above the total cost that would normally have been incurred to conduct the

Comprehensive Property Extension Endorsement business during the same period had no loss occurred; the cost in each case to include expense of using other property or facilities of other concerns or other similar necessary emergency expenses. In no event, however, shall the Insurer be liable under this Policy for loss of income nor for "Extra Expense" in excess of that necessary to continue as nearly as practicable the normal conduct of the Insured's business, nor the cost of repairing or replacing any of the described property that has been damaged or destroyed by the perils insured against, except cost in excess of the normal cost of such repairs or replacements necessarily incurred for the purpose of reducing the total amount of "Extra Expense".

"Normal" means the condition which would have existed had no loss occurred.

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

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

In addition to those exclusions found in the Commercial Building Equipment and Stock Broad Form, the following also apply:

The Insurer shall not be liable for:

- (i) loss due to fines or damages for breach of contract for late or non-completion of orders, or for any penalties of whatever nature;
- (ii) loss due to suspension, lapse or cancellation of any lease or license, contract or order;
- (iii) 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;
- (iv) any increase of loss due to interference at the described premises by strikers or other persons, with rebuilding, repairing or replacing property, or with the resumption or continuation of business;

The limit of insurance for this extension of coverage is \$10,000 for any one loss.

- 11. Professional Fees:** In the event of loss or damage from a peril insured against, the Insurer will pay reasonable fees to auditors, accountants, architects, engineers or other professionals other than public adjusters and the Insured's own employees for producing and certifying particulars or details of the Insured's business required by the Insurer in order to arrive at the amount of loss payable under this Policy.

This extension applies only to fees incurred in establishing the quantum of a loss, liability for which is otherwise accepted by the Insurer. This extension may also apply to any Business Interruption loss covered under this Policy.

The limit of insurance for this extension of coverage is \$5,000 for any one loss.

- 12. Debris Removal:** This Policy is extended to provide an additional amount of insurance of \$5,000 for debris removal expense coverage as outlined in the Insuring Agreements.
- 13. Exhibitions:** This Policy is extended to cover direct physical loss or damage to "Equipment" and "Stock" while temporarily on exhibition at locations not owned or usually occupied by the Insured, but only while the described property is within

Canada and the continental United States of America (excluding Alaska). The limit of insurance for this extension of coverage is \$5,000 at any one exhibition.

- 14. Personal Property of Officers and Employees:** The limit of insurance referred to in Clause 6(a)(ii) of the Commercial Building, Equipment and Stock Broad Form is amended to read \$1,000 in respect of any one officer or employee subject to an aggregate limit of \$5,000 in any one occurrence.

Comprehensive Property Extension Endorsement

The limit(s) or amount(s) referred to herein shall not apply if specific limit(s) or amount(s) are indicated on the "Declarations page" for any of the following extensions of coverage which apply only while the described property is within Canada or the Continental United States of America (excluding Alaska):

- 15. Temporary Locations:** "Equipment" and "Stock" other than at a specified location except while in transit, but there shall be no liability under this extension at any location owned, rented or controlled in whole or in part by the Insured.

The limit of insurance for this extension of coverage is \$5,000 for any one loss.

- 16. Parcel Post:** "Equipment" and "Stock" in any one package in course of transit by parcel post.

The limit of insurance for this extension of coverage is \$5,000 for any one loss.

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

COMPUTER PACKAGE FORM (Equipment, Media and Data)

PROPERTY INSURED

1. (a) Data processing, word processing or computing equipment, including components, extensions, connections, ancillary equipment and educational or training materials except as hereinafter excluded, the property of the Insured or for which the Insured is liable. All the above property situate at the Insured's premises described in the Declarations.
- (b) Portable equipment, including laptop computers.

TERRITORIAL LIMITS

2. This insurance covers only within the limits of Canada and the continental United States of America, excluding Alaska.

COVERAGE

3. (a) **ELECTRONIC HARDWARE:** The Electronic Hardware limit specified in the Declarations. This does not include portable equipment or laptop computers - such items are insured only if scheduled individually in the Declarations.
- (b) **LAPTOPS AND PORTABLE EQUIPMENT:** Limits as listed for the items scheduled in the Declarations.
- (c) **MEDIA AND DATA:** The Media and Data limit specified in the Declarations or, if no such limit be shown, \$5,000 maximum any one occurrence, shall apply to loss of or damage to data processing media and data.
- (d) **ACCOUNTS RECEIVABLE:** The Accounts Receivable limit specified in the Declarations or, if no such limit be shown, \$5,000 maximum any one occurrence on all sums due the Insured from customers provided the Insured is unable to effect collection thereof as a direct result of loss or damage, by an insured peril, to electronic records of accounts receivable. After payment of loss all amounts recovered by the Insured on accounts receivable for which the Insured has been indemnified shall belong and be paid to the Insurer by the Insured up to the total amount of loss paid by the Insurer, but all recoveries in excess of such amounts shall belong to the Insured.
- (e) **EXTRA EXPENSE:** The Extra Expense limit specified in the Declarations or, if no such limit be shown, \$5,000 maximum any one occurrence shall apply to extra expense as defined herein necessarily incurred by the Insured in maintaining normal office operations, interrupted by a loss insured under this Form, for the period of time required with the exercise of due diligence and dispatch to restore normal operations.
- (f) **NEWLY ACQUIRED EQUIPMENT:** The Newly Acquired Equipment limit specified in the Declarations or, if no such limit be shown, \$10,000 maximum any one occurrence on newly acquired data processing equipment. There is no coverage under this extension if the Insurer is not advised within 30 days of the acquisition of the equipment.
- (g) **AUTOMATIC EXTINGUISHING SYSTEM:** The Automatic Extinguishing System limit specified in the Declarations or, if no such limit be shown, \$5,000 maximum any one occurrence for the expense incurred in recharging or refilling fire protection devices which are designed specifically to protect the property insured by this Form when these fire protection devices have been used in protecting such property from a peril insured against.
- (h) **PROPERTY IN TRANSIT:** The Property In Transit limit specified in the declarations or, if no limit be shown, \$10,000 maximum any one occurrence on property in transit.

DEDUCTIBLE

4. 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 in the Declarations in any one occurrence.

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

CO-INSURANCE

5. This clause applies separately to each item for which a co-insurance percentage is specified in the Declarations.

The Insured shall maintain insurance concurrent with this Form on the property insured to the extent of at least the co-insurance percentage specified in the Declarations of the replacement cost 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.

PERILS INSURED

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

PROPERTY EXCLUDED

7. This Form does not insure (except as may be provided in the Coverage - Section 3) loss or damage to:
 - (a) accounts, bills, evidences of debt, valuable papers, records, abstracts, deeds, manuscripts or other documents;
 - (b) media or data which cannot be replaced with like kind or quality;
 - (c) property rented or leased to others while away from the premises of the Insured;
 - (d) property at locations which to the knowledge of the Insured, are vacant, unoccupied or shut down for more than thirty (30) consecutive days;
 - (e) property illegally acquired, kept, stored or transported; property subject to forfeiture, seized or confiscated for breach of any law or by order of any public authority;
 - (f) samples, property held for sale or delivery after sale or in the mail;
 - (g) electrical devices, appliances or wiring caused by artificially generated electrical currents, including arcing, unless fire or explosion ensues and then only for such ensuing loss or damage.
 - (h) telephones and telephone systems, fax machines, and photocopy machines.

PERILS EXCLUDED

8. This Form does not insure against loss or damage caused directly or indirectly:
 - (a) by dampness or dryness of atmosphere, changes of temperature, freezing, heating, shrinkage, evaporation, loss of weight, leakage of contents, exposure to light, contamination, change in colour or texture or finish, rust or corrosion, marring, scratching or crushing, but this exclusion does not apply to loss or damage caused directly by "Named Perils," theft or attempt thereof or accident to transporting conveyance provided such perils are not otherwise excluded;
 - (b) by rodents, insects or vermin, but this exclusion does not apply to loss or damage caused directly by a peril not otherwise excluded;

- (c) by misappropriation, secretion, conversion, infidelity or any dishonest manner of acquiring possession on the part of the Insured or any other party of interest, employees or agents of the Insured, or any person to whom the property may be entrusted (bailees for hire excepted);
- (d) by theft (including attempt thereat) of property insured 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 (property in the custody of carriers or bailees for hire excepted);
- (e) by wear and tear, gradual deterioration, latent defect, inherent vice, or the cost of making good faulty or improper material, faulty or improper workmanship, or faulty or improper design, provided, however, to the extent otherwise insured and not otherwise excluded under this Form, resultant damage to the property is insured.

Nor does this form insure:

- (f) any loss or shortage of property insured disclosed on taking inventory or any mysterious disappearance;
- (g) loss or damage due to any dishonest, fraudulent or criminal act by any Insured, a partner therein or an officer, director, trustee, whether acting alone or in collusion with others;
- (h) loss due to delay, loss of market, loss of income, interruption of business, or consequential loss of any nature, except as provided under Coverage - Section 3;
- (i) loss due to the loss, suspension, lapse or cancellation of any lease, license, contract or order;
- (j) loss or damage caused by the neglect of the Insured to use all reasonable means to save and preserve the property insured at the time of and after any loss or damage;
- (k) earthquake, except for ensuing loss or damage which results directly from fire, explosion, smoke or leakage from fire protective equipment, provided such perils are not otherwise excluded;
- (l) flood, including waves, tidal waves, or the rising of, the breaking out or the overflow of, any body of water, whether natural or man-made, but this exclusion does not apply to ensuing loss or damage which results directly from fire, explosion, smoke or leakage from fire protective equipment or from a water main, provided such perils are not otherwise excluded.

BASIS OF SETTLEMENT

9. (a) In the event of loss, destruction or damage to the property insured, the Insurer agrees to make settlement on the basis of replacement cost subject to the following provisions:
- (i) replacement shall be effected by the Insured with due diligence and dispatch;
 - (ii) replacement shall be on the same site or on an adjacent site;
 - (iii) 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;
 - (iv) failing compliance by the Insured with any of the foregoing provisions, settlement shall be made on the actual cash value of the property at the time of loss or damage;
 - (v) 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 form is applicable shall be on the basis of replacement cost as defined herein;

- (b) (i) "Replacement cost" means the cost of replacing, repairing, constructing or reconstructing (whichever is the least) the property on the same site with new property of like kind and quality and for the like occupancy without deductible for depreciation; and
- (ii) "Replacement" includes repair, construction or reconstruction with new property of like kind and quality.
- (c) 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 clause.
- (d) This insurance does not apply to any increase in the cost of replacement occasioned by a restriction or prohibition in any by-law, regulation, ordinance or law.

BREACH OF CONDITIONS

10. Where a loss occurs and there has been a breach of condition relating to a matter before the happening of the loss, which breach would otherwise disentitle the Insured from recovery under this Form, the breach shall not disentitle the Insured from recovery if the Insured establishes that the loss was not caused or contributed to by the breach of condition or if the breach of condition occurred in any portion of the premises over which the Insured has no control.

REINSTATEMENT

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

PROPERTY PROTECTION SYSTEMS

12. It is agreed that the Insured shall notify forthwith the Insurer of any interruption to, or flaw or defect, coming to the knowledge of the Insured, in any:
- (a) sprinkler or other fire extinguishing system; or
 - (b) fire detection system; or
 - (c) intrusion detection system;
- and shall also notify forthwith the Insurer of the cancellation or non-renewal of any contract which provides monitoring or maintenance services to any of these systems or of the notification of the suspension of police service in response to any of these systems.

OTHER INSURANCE

13. If at the time of the loss or damage there is other insurance in the name of the Insured insuring the property described herein, the Insurer shall be liable for no greater proportion of any loss or damage than the amount of insurance under this Form bears to the whole amount of insurance covering such property.

DIFFERENCE IN CONDITIONS

14. If the insured property is rented to the Insured, coverage provided by this Form shall be for the Difference in Conditions between the protection afforded by the lessor under the hold harmless provision of the rental agreement and the coverages provided under this Form. A copy of any such lease or rental agreement must be received by the Insurer within thirty (30) days of entering into such agreement.

DEFINITIONS

15. Wherever used in this Form:
- (a) "Declarations" means the Declarations Page applicable to this Form.
 - (b) "Equipment" means that network of machine components capable of accepting information or converted material, processing it according to a plan or program, and producing the desired results.

- (c) "Media" means all forms of material on which data is electronically recorded, such as magnetic tapes, disk packs, diskettes and cassettes.
- (d) "Data" means representations of information or concepts, in any form.
- (e) "Premises" means the interior of that portion of the building at the location designated in the Declarations which is occupied by the Insured for the business purposes stated therein.
- (f) "Extra Expense" means the excess (if any) of the total cost during the period of restoration of the operation of the business over and above the total cost of such operation that would normally have been incurred during the same period had no loss occurred; the cost in each case to include expense of using other property or facilities of other concerns or other necessary emergency expenses. In no event however, shall the Insurer be liable for loss of profits or earnings resulting from diminution of business, nor for any direct or indirect property damage loss insurable under Property Damage policies, or for expenditures incurred in the purchase, construction, repair or replacement of any physical property unless incurred for the purpose of reducing any loss under this Form not exceeding, however, the amount in which the loss is so reduced. Any salvage value of property so acquired which may be sold or utilized by the Insured upon resumption of normal operations, shall be taken into consideration in the adjustment of any loss hereunder.
- (g) "Normal" means the condition that would have existed had no loss occurred.
- (h) "Named Perils" means:

(A) FIRE OR LIGHTNING

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

- (i) (a) the portions containing steam or water under steam pressure of all boilers generating steam, and piping or other equipment connected to said boilers and containing steam or water under steam pressure;
- (b) piping and apparatus or parts thereof normally containing steam or water under steam pressure from an external source and while under such pressure;
- (c) the combustion chambers or fire boxes of steam generating boilers of the chemical recovery type and the flues or passages which conduct the gases of combustion therefrom;
- (d) smelt dissolving tanks;
- (ii) other vessels and apparatus, and pipes connected therewith, while under pressure, or while in use or in operation, provided their maximum normal internal working pressure exceeds 103 kilopascals (15 pounds per square inch) above atmospheric pressure except that liability is specifically assumed for loss or damage resulting from the explosion of manually portable gas cylinders;
- (iii) moving or rotating machinery or parts of same when such loss or damage is caused by centrifugal force or mechanical breakdown;

- (iv) any vessels and apparatus and pipes connected therewith while undergoing pressure tests, but this exclusion shall not apply to other property insured hereunder that has been damaged by such explosion;
- (v) gas turbines;

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

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

(C) IMPACT BY AIRCRAFT, SPACECRAFT OR LAND VEHICLE:

The terms "Aircraft" and "Spacecraft" include articles dropped therefrom.

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

- (i) caused by land vehicles belonging to or under the control of the Insured or any of his employees;
- (ii) to aircraft, spacecraft or land vehicles causing the loss;
- (iii) caused by any aircraft or spacecraft when being taxed or moved inside or outside of "Buildings";

(D) RIOT, VANDALISM OR MALICIOUS ACTS:

The term Riot includes open assemblies of strikers inside or outside the "Premises" who have quitted work and of locked-out employees.

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

- (i) due to cessation of work or by interruption to process or business operations or by change(s) in temperature;
- (ii) due to flood or release of water impounded by a dam, or due to any explosion other than an explosion in respect of which there is insurance under Clause 15 (h) (B);
- (iii) due to theft or attempt thereat.

(E) SMOKE:

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

(F) "LEAKAGE FROM FIRE PROTECTIVE EQUIPMENT"

The term "Leakage from fire protective equipment" means the leakage or discharge of water or other substance from within the equipment used for fire protection purposes for the "Premises" described in the "Declarations Page" or for adjoining "Premises" and loss or damage caused by the fall or breakage or freezing of such equipment.

(G) WINDSTORM OR HAIL:

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

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

MISCELLANEOUS PROPERTY FORM

INDEMNITY AGREEMENT

1. 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 in the Declarations 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 in the Declarations.

PROPERTY INSURED

2. This Form insures the property described in the Declarations, including appurtenances thereof attached thereto or containers thereon, the property of the Insured or of others while in the care, custody or control of the Insured and for which the Insured is legally liable. Each item described is to be deemed separately insured.

LIMITS OF LIABILITY

3. The liability of the Insured shall not exceed:
 - (a) The amount specified in the Declarations for each item; nor
 - (b) The Catastrophe Limit, if any, specified in the Declarations for any one casualty or disaster, either in case of partial or total loss or salvage charges or other charges or expenses or all combined.

DEDUCTIBLE

4. Each claim for loss or damage shall be adjusted separately and from the amount of each such adjusted claim the Deductible Amount specified in the Declarations shall be deducted.

CO-INSURANCE

5. The Insurer shall be liable in the event of loss for no greater proportion thereof than the amount insured bears to the actual cash value of the property insured hereunder at the time when such loss or damage shall happen. If this Form insures two or more items, this condition shall apply to each item separately.

PERILS INSURED

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

PROPERTY EXCLUDED

7. This Form does not insure:
 - (a) accounts, bills, currency, deeds, evidences of debt or title, money, notes, securities, stamps, letters of credit, passports, documents, railroad or other tickets, and valuable papers;
 - (b) animals, fish, birds, growing plants, automobiles, motor trucks, motorcycles, aircraft, watercraft, or other conveyances;
 - (c) property illegally acquired, kept, stored or transported; property seized or confiscated for breach of any law or by order of any public authority;
 - (d) electrical appliances, devices or wiring caused by artificially generated electrical currents, including arcing, unless fire or explosion ensues and then only for such ensuing loss or damage;

- (e) sporting equipment where loss or damage is due to the use thereof;
- (f) loss or damage to insured property while waterborne, unless caused by the stranding, sinking, burning or collision of any regular ferry including general average and salvage charges.

PERILS EXCLUDED

8. This Form does not insure against:
 - (a) mechanical breakdown or derangement, gradual deterioration, wear and tear, latent defect, inherent vice, or the cost of making good faulty or improper workmanship, faulty or improper design, provided, however, to the extent otherwise insured and not otherwise excluded under this Form resultant damage to the property is insured;
 - (b) mysterious disappearance, unaccountable loss, or loss or shortage disclosed on taking inventory;
 - (c) 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;
 - (d) delay, loss of market, loss of use or occupancy;
 - (e) dampness or dryness of atmosphere, changes of temperature, freezing, heating, shrinkage, evaporation, loss of weight, leakage of contents, exposure to light, change in colour or texture or finish, rust or corrosion, marring, scratching or crushing;
 - (f) breakage of glass or similar fragile materials, marring, scratching or crushing unless loss or damage to the insured property is caused directly by fire or the combating thereof, lightning, flood, earthquake, windstorm, hail, explosion, strike, riot or civil commotion, aircraft, vehicles other than transporting conveyances, rupture of pipes or breakage of apparatus, sprinkler leakage, vandalism, malicious acts, theft, attempted theft or accident to the transporting conveyance;
 - (g) loss or damage resulting from misappropriation, secretion, conversion, infidelity or any dishonest or criminal act on the part of the Insured or other party of interest, employees or agents of the Insured, or any person to whom the insured property may be entrusted (bailees for hire excepted);
 - (h) loss or damage caused by disturbance or erasure of electronic recordings by electrical or magnetic injury except by lightning;
 - (i) breaking through ice or subsidence of ice; sinking in muskeg, swamp or soft soil;
 - (j) loss or damage caused by or resulting from theft or attempted theft of the property insured, when left unattended, unless the loss be a direct result of violent forcible entry, of which there shall be visible evidence, into a locked building, room or locker.

SPECIAL CONDITIONS

9. (a) Locked Vehicle Warranty
It is warranted by the Insured that any vehicle in which the property insured is carried is equipped with a fully enclosed metal body or compartment, and the Insurer shall be liable in case of loss by theft from an unattended vehicle only as a direct result of forcible entry (of which there shall be visible evidence) into such body or compartment the doors and windows of which shall have been securely locked.

- (b) **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.
- (c) **Breach of Conditions**
Where a loss occurs and there has been a breach of condition relating to a matter before the happening of the loss, which breach would otherwise disentitle the Insured from recovery under this Form, the breach shall not disentitle the Insured from recovery if the Insured establishes that the loss was not caused or contributed to by the breach of condition or if the breach of condition occurred in any portion of the project over which the Insured has no control.
- (d) **Other Insurance**
Where there is any other valid and collectible insurance providing indemnity for loss for which this Form provides indemnity, the Insurer shall be liable only for its rateable proportion of the loss.
- (e) **Pair and Set**
In the case of loss or damage to any article or articles, whether scheduled or unscheduled, which are part of a set, the measure of loss 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.
- (f) **Parts**
In the case of loss 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.
- (g) **Property of Others**
At the option of the Insurer, any loss may be paid to the Insured or adjusted with and paid to the customer or owner of the property.
- (h) **Territorial Limits**
This Form insures only within the territorial limits of Canada and the continental United States of America, excluding Alaska.

BLANKET BREAKDOWN FORM

APPLICABLE TO COMMERCIAL BUILDING, EQUIPMENT, AND STOCK (BROAD FORM),
COMMERCIAL BUILDING, EQUIPMENT, AND STOCK (NAMED PERILS FORM),
EMPORIUM COMMERCIAL BUILDING, EQUIPMENT, AND STOCK (BROAD FORM),
OFFICE BLOCK - COMMERCIAL BUILDING, EQUIPMENT, AND STOCK (BROAD FORM),
RESIDENTIAL CONDOMINIUM CORPORATION BROAD FORM,
OFFICE CONTENTS FORM, AND OFFICE BLOCK - OFFICE CONTENTS FORM

Part A. Perils Insured

1. When Blanket Breakdown Form is shown in the Declarations, the following are added to the Perils Insured under this policy:
 - (a) explosion, implosion, rupture, bursting, cracking, burning out or bulging of:
 - (i) any pressure vessel built to operate under vacuum or pressure, other than pressure created by weight of contents,
 - (ii) any boiler including piping and equipment connected thereto, which contains steam or water under steam pressure,
 - (iii) any heat exchanger forming part of forced air heating equipment.
 - (b) explosion of steam engines, steam turbines, gas turbines, moving or rotating machinery or parts thereof.
 - (c) artificially generated electric current, including electric arcing, that disturbs electrical devices, appliances or wiring; and
 - (d) mechanical breakdown, including rupture or bursting caused by centrifugal force.
2. Under the Blanket Breakdown Form there is no coverage for:
 - (a) explosion of any pressure vessel having normal internal working pressure of 103 kilopascals (15 pounds per square inch) or less above atmospheric pressure;
 - (b) explosion of tanks having an internal diameter of 610 millimetres (24 inches) or less used for the storage of hot water for domestic use;
 - (c) explosion of manually portable gas cylinders;
 - (d) explosion of natural, coal, or manufactured gas;
 - (e) explosion of gas or unconsumed fuel within a furnace or within the gas passages therefrom to the atmosphere;
 - (f) explosion within the combustion chamber or fire boxes of chemical recovery type boilers and flues or passages which conduct the gases of combustion therefrom;
 - (g) explosion of smelt dissolving tanks.
3. Any exclusion in the Property and Business Interruption Section of this policy which:
 - (a) excludes loss or damage to electrical devices, appliances, or wiring caused by artificially generated electrical currents including arcing;
 - (b) excludes loss or damage to, or explosion of:
 - (i) any pressure vessel having normal internal working pressure greater than 103 kilopascals (15 pounds per square inch) above atmospheric pressure,
 - (ii) any boiler including piping and equipment connected thereto, which contains steam or water under steam pressure;

- (c) excludes explosion of:
 - (i) moving or rotating machinery or parts thereof,
 - (ii) gas turbines;
 - (d) excludes loss or damage from centrifugal force, mechanical or electrical breakdown or derangement;
will not apply to the Blanket Breakdown Form.
4. The insurance provided by the Blanket Breakdown Form includes equipment not owned or operated by the Insured which is used to supply communication, electricity, air conditioning, heating, gas, water or steam services to the Insured premises provided the equipment:
 - (a) is within 1000 metres of the Insured premises; or
 - (b) solely supplies the Insured premises and is owned by a utility, landlord or other supplier with whom the Insured has a contract for such services.

Part B. Additional Property and Perils Excluded

In addition to those exclusions found in the policy, the following also apply to the Blanket Breakdown Form.

1. The Blanket Breakdown Form does not insure against loss to the following items of Property:
 - (a) (i) buildings, structures, or inflatable structures;
 - (ii) retaining walls, bulkheads, piers, wharves, docks, structures located on or partially over water;
 - (iii) pavements, foundations, walls, floors, roofs, ceilings, glass, cabinets, compartments or similar items;
 - (iv) vehicles, self propelled equipment, aircraft, or watercraft;
 - (v) any electronic equipment used for research, diagnostic, treatment, experimental or other medical or scientific purposes,unless the above mentioned property while on the insured premises is damaged as the direct result of loss or damage, by a Peril insured under this endorsement, to property built to operate under vacuum or pressure, other than pressure created by weight of contents; or used for the generation, transmission or utilization of energy;
 - (b) to buried vessels, pipes, flues, or drains.
2. The Blanket Breakdown Form does not insure against loss or damage caused directly or indirectly by the following Perils:
 - (a) frost, freezing or other effects of cold weather. This exclusion does not apply to any piping that contains steam, or water under steam pressure;
 - (b) ice, snow, sleet or hail, whether driven by wind or not;
 - (c) wind;
 - (d) water or liquid damage;

- (e) damage to electrical equipment or apparatus while it is being dried out or tested, however we will pay for the resultant damage to property of the Insured from a peril added to coverage by the Blanket Breakdown Form, other than to the electrical equipment or apparatus that is being dried out or tested;
 - (f) hydrostatic or pressure testing, however we will pay for resultant damage to property of the Insured from a peril added to coverage by the Blanket Breakdown Form, other than to the equipment that is being tested.
 - (g) flood, however we will pay for the resultant damage to property of the insured from a peril added to coverage by the Blanket Breakdown Form;
 - (h) earth movement, including but not limited to earthquake, landslide, mudflow, subsidence, volcanic eruption, tidal wave or tsunami.
3. If a Pollution/Contamination Exclusion and Debris Removal Clause forms a part of the policy then under the Blanket Breakdown Form the limit of the Insurer's liability for this coverage shall be the lesser of:
- (a) the amount of insurance applicable to this coverage specified in the Declarations; or
 - (b) \$100,000.

Notwithstanding the foregoing, this limit shall not apply to any Debris Removal Expense.

Part C. Coverage Extensions

1. Expediting Expenses:

With respect to damage to property of the Insured from a peril added to coverage by the Blanket Breakdown Form, the Insurer will pay the reasonable extra cost to make temporary repairs, expedite permanent repairs and expedite permanent replacement.

2. Data Coverage.

If, solely as a result of artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wiring, Data is lost or damaged, the insurer shall be liable for:

- (a) the cost of gathering or reproducing the Data; and
- (b) the Business Interruption/Extra Expense resulting from the loss or damage to Data only if Business Interruption/Extra Expense is provided by the Property section of the policy.

For this extension, the maximum recovery in any one occurrence will be \$25,000.

The insurer shall not be liable for Data which is lost or damaged as a result of programming errors of any kind including the inability of software to correctly read, recognize, save, process or interpret any date or time.

Part D. Other Conditions

The Following additional conditions apply to the Blanket Breakdown Form:

1. Coinsurance.

Coinsurance does not apply to loss to property of the Insured resulting from a peril added to coverage by the Blanket Breakdown Form. However, coinsurance, if

applicable, will apply to any Business Interruption loss resulting from a peril added to coverage by the Blanket Breakdown Form.

2. Suspension.

Upon discovery of a dangerous condition with respect to any item of property built to operate under vacuum or pressure, other than pressure created by weight of contents; or used for the generation, transmission, or utilization of energy; any representative of the insurer may immediately suspend the insurance provided by the Blanket Breakdown Form on that item of property. This can be done by delivering or mailing a written notice of suspension to the insured, at the insured's address shown in this policy, or at the location of the property.

Once the Insurer has suspended coverage in this manner, it can be reinstated only by an endorsement. If insurance is suspended, a pro rata refund of premium will be made to the Insured, but the suspension will be effective even if the refund has not been made or offered.

3. Deductible.

The Deductible specified on the Declarations for Property and Business Interruption shall apply to the Blanket Breakdown Form unless a separate Deductible is specified on the Declarations for the Blanket Breakdown Form or by endorsement and then that Deductible shall apply to coverage under the Blanket Breakdown Form.

If more than one Deductible is applicable to any one occurrence from a Peril Insured by the Blanket Breakdown Form, only one Deductible shall be applied and that shall be the largest of the applicable Deductibles.

4. Limits of Insurance.

Coverages provided by the Blanket Breakdown Form are a part of and not in addition to the limits of insurance shown in the Declarations.

5. Special Basis of Settlement.

With respect to any heat exchanger forming part of forced air heating equipment that is five (5) years old or more from the date of purchase new the basis of settlement shall be limited to Actual Cash Value. Actual Cash Value is the cost of replacing the damaged property with property of similar kind, capacity, size, quality and function less depreciation however caused. In determining depreciation such items as the age, condition and normal life expectancy of the damaged property shall be considered.

Except as otherwise provided by any endorsement modifying the Blanket Breakdown Form, all other terms and conditions of the policy remain unchanged.

EARTHQUAKE SHOCK ENDORSEMENT

This endorsement changes the policy.

This endorsement applies separately to each location for which Earthquake Shock is specified on the "Declarations Page".

1. INSURED PERIL

This insurance is extended to include "earthquake".

2. DEDUCTIBLE

The Insurer is liable for the amount by which the loss or damage caused by "earthquake" exceeds the amount of the deductible specified on the "Declarations Page" for this endorsement in any "earthquake occurrence".

If a percentage deductible is specified, the amount of the deductible shall be that percentage of the amount of insurance for each item separately suffering loss or damage as specified on the "Declarations Page".

If both an amount and a percentage are specified on the "Declarations Page", whichever deductible is greater shall apply.

If the amount of insurance specified on the "Declarations Page" applies to more than a single location and a statement of values has been filed and attested to by the Insured, only the declared value for each item at each separate location suffering loss or damage due to an "earthquake" in any "earthquake occurrence" shall be used in the calculation of the applicable deductible.

This deductible clause supersedes the provisions of any other deductible clause stated elsewhere in the policy.

3. EXCLUSIONS

This endorsement does not cover loss or damage caused directly or indirectly by any of the following perils whether or not caused by or attributable to "earthquake":

- (a) fire, explosion, or smoke;
- (b) leakage from a watermain or from "fire protective equipment";

- (c) theft, riot, vandalism and malicious acts;
- (d) flood, including "surface water", waves, tides, tidal waves, tsunamis, or the breaking out or overflow of any natural or artificial body of water, waterborne objects or ice.

4. EXTENSION OF COVERAGE

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

5. AGGREGATE LIMIT

If an Aggregate Limit is specified on the "Declarations Page" for this endorsement then the maximum amount of insurance during any one policy period shall not exceed in the aggregate, the amount of insurance specified on the "Declarations Page" for this endorsement.

6. DEFINITIONS

"**Earthquake**" includes snowslide, landslide, or other earth movements occurring concurrently with and directly resulting from an earthquake shock.

"**Earthquake occurrence**" means all earthquake shocks that occur within 168 consecutive hours, commencing during the policy period on or after the effective date of this endorsement. The expiration of this policy will not reduce the 168 hour period.

"**Surface water**" means water or natural precipitation temporarily diffused over the surface of the ground

All other terms and conditions of the policy remain unchanged.

FLOOD ENDORSEMENT

This endorsement changes the policy.

This endorsement applies separately to each location for which Flood is specified on the "Declarations Page".

1. INSURED PERIL

This insurance is extended to include "flood".

2. DEDUCTIBLE

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

This Deductible Clause applies separately to each "premises" to which this endorsement applies.

3. EXCLUSIONS

This endorsement does not cover loss or damage caused directly or indirectly by any of the following perils whether or not caused by or attributable to "flood":

- (a) the backing up or overflow of water from within sewers, sumps, septic tanks, or drains located inside buildings;
- (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)
 - (i) fire, explosion or smoke;
 - (ii) leakage from a watermain or from "fire protective equipment";
 - (iii) theft, riot, vandalism or malicious acts.

4. EXTENSION OF COVERAGE

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

5. AGGREGATE LIMIT

If an Aggregate Limit is specified on the "Declarations Page" for this endorsement then the maximum amount of insurance during any one policy period shall not exceed in the aggregate, the amount of insurance specified in the "Declarations Page" for this endorsement.

6. DEFINITIONS

"Flood" means the breaking out or overflow of any natural or artificial body of water and includes "surface water", waves, tides, tidal waves, and tsunamis.

"Flood occurrence" means all flooding which occurs within any 168 consecutive hours commencing during the policy period on or after the effective date of this endorsement. The expiration of this policy will not reduce the 168 hour period.

"Surface water" means water or natural precipitation temporarily diffused over the surface of the ground.

All other terms and conditions of the policy remain unchanged.

DATA EXCLUSION

APPLICABLE TO ALL PROPERTY AND BUSINESS INTERRUPTION COVERAGES OF THIS POLICY

This endorsement modifies the coverage provided in those coverage forms shown on the "Declaration Page" under the Property heading:

SECTION A – Applicable to all Property coverage forms or extensions of coverage other than those indicated in Section B:

1. This Policy does not insure "Data".
2. This Policy does not insure loss or damage caused directly or indirectly by "Data Problem", regardless of any other cause or event that contributes concurrently or in any sequence to such loss or damage, and any business interruption or extra expense loss resulting from such loss or damage, except as follows;

- a. If loss or damage caused by "Data Problem" results in the occurrence of further loss of or damage to property insured that is directly caused by:
 - (i) "Named Perils" as defined in this endorsement; or
 - (ii) the following perils only if otherwise insured and not otherwise excluded:
 - (a) escape of water from any tank, apparatus or pipe;
 - (b) flood;
 - (c) freeze.

this exclusion 2 shall not apply to such resulting loss or damage.

- b. If "Data Problem" is the direct result of
 - (i) "Named Perils" as defined in this endorsement; or
 - (ii) the following perils, only if otherwise insured and not otherwise excluded:
 - (a) escape of water from any tank, apparatus or pipe;
 - (b) earthquake;
 - (c) flood;
 - (d) sewer back-upat the "premises" of the Insured, this exclusion 2 shall not apply to resulting business interruption or extra expense loss, if insured under this policy.

SECTION B – Applicable to Electronic Data Processing, Accounts Receivable, Valuable Papers and Records and Computer Package coverage forms or extensions of coverage:

1. This Policy does not insure loss or damage caused directly or indirectly by "Data Problem" regardless of any other cause or event that contributes concurrently or in any sequence to such loss or damage, and any business interruption or extra expense loss resulting from such loss or damage, except as follows;
 - a. If loss or damage caused by "Data Problem" results in the occurrence of further loss of or damage to property insured that is directly caused by:
 - (i) "Named Perils" as defined in this endorsement; or
 - (ii) the following perils only if otherwise insured and not otherwise excluded:

- (a) escape of water from any tank, apparatus or pipe;
- (b) flood;
- (c) freeze

at the "premises" of the Insured, this exclusion shall not apply to such resulting loss or damage.

- b. If "Data Problem" is the direct result of
 - (i) "Named Perils" as defined in this endorsement; or
 - (ii) the following perils only if otherwise insured and not otherwise excluded:
 - (a) escape of water from any tank, apparatus or pipe;
 - (b) earthquake;
 - (c) flood;
 - (d) sewer back-upat the "premises" of the Insured, this exclusion shall not apply.

DEFINITIONS:

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

Data Problem means:

- 1) erasure, disturbance, destruction, corruption, misappropriation, misinterpretation of "Data";
- 2) error in creating, amending, entering, deleting or using "Data"; or
- 3) inability to receive, transmit or use "Data".

Named Perils means:

A. FIRE OR LIGHTNING

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

- (i)
 - (a) the portions containing steam or water under steam pressure of all boilers generating steam, and piping or other equipment connected to said boilers and containing steam or water under steam pressure;
 - (b) piping and apparatus or their parts normally containing steam or water under steam pressure from an external source and while under such pressure;
 - (c) the combustion chambers or fire boxes of steam generating boilers of the chemical recovery type and the flues or passages which conduct the gases of combustion from them;
 - (d) smelt dissolving tanks;
- (ii) other vessels and apparatus and connected pipes, while under pressure, or while in use or in operation, provided their maximum normal internal working pressure exceeds 103 kilopascals (15 pounds per square inch) above atmospheric pressure, except that liability is specifically assumed for loss or

- damage resulting from the explosion of manually portable gas cylinders;
- (iii) moving or rotating machinery or parts of same when such loss or damage is caused by centrifugal force or mechanical breakdown;
- (iv) any vessels and apparatus and connected pipes while undergoing pressure tests, but this exclusion shall not apply to other insured property that has been damaged by such explosion;
- (v) gas turbines.

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

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

C. IMPACT BY AIRCRAFT, SPACECRAFT OR LAND VEHICLE:

The terms Aircraft and Spacecraft include articles dropped from them.

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

- (i) caused by land vehicles belonging to or under the control of the Insured or any of his employees;
- (ii) to aircraft, spacecraft or land vehicles causing the loss;
- (iii) caused by any aircraft or spacecraft when being taxied or moved inside or outside of a "building".

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

E. LEAKAGE FROM "FIRE PROTECTIVE EQUIPMENT": The term Leakage From "Fire Protective Equipment" means:

- (i) the leakage or discharge of water or other substances from;
 - (ii) the collapse of;
 - (iii) the rupture due to freezing of;
- "fire protective equipment" for the "premises" or for adjoining structures.

F. WINDSTORM OR HAIL: There shall in no event be any liability for loss or damage:

- (i) to the interior of the "building" or to "contents of every description" unless damage occurs concurrently with and results from an aperture caused by windstorm or hail;
- (ii) directly or indirectly caused by any of the following, whether driven by wind or due to windstorm or not: snow-load, ice-load, tidal wave, tsunamis, high water, overflow, flood, waterborne objects, waves, ice, land subsidence, landslip.

All other terms and conditions of this policy remain unchanged.

TERRORISM EXCLUSION

APPLICABLE TO ALL PROPERTY COVERAGES OF THIS POLICY

Notwithstanding any provision to the contrary within this Policy or any endorsement thereto it is agreed that:

1. (a) 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". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage;
- (b) however, if an act of "Terrorism" results in ensuing loss or damage to insured property, which results directly from fire or explosion as defined by Statute, exclusion 1(a) shall not apply to such ensuing loss or damage.

2. In no event shall item 1(b) be construed to give coverage for any delay, loss of market, or loss of use or occupancy, or any additional charges or expense.

"Terrorism" means an ideologically motivated unlawful act or acts, including but not limited to the use of violence or force or threat of violence or force, committed by or on behalf of any group(s), organization(s) or government(s) for the purpose of influencing any government and/or instilling fear in the public or a section of the public.

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

FUNGI AND FUNGAL DERIVATIVES EXCLUSION

APPLICABLE TO ALL PROPERTY COVERAGES OF THIS POLICY

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, this Policy shall not insure:

- (a) loss or damage consisting of or caused directly or indirectly, in whole or in part, by any "fungi" or "spores" unless such "fungi" or "spores" are directly caused by or directly result from a peril otherwise insured and not otherwise excluded by this policy;
- (b) the cost or expense for any testing, monitoring, evaluating or assessing of "fungi", or "spores".

DEFINITIONS:

- (a) "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 "Spore(s)" or resultant mycotoxins, allergens, or pathogens.
- (b) "Spore(s)" includes, but is not limited to, any reproductive particle or microscopic fragment produced by, emitted from or arising out of any "fungi".

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

ADDITIONAL CONDITIONS

NOTICE TO AUTHORITIES

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

NO BENEFIT TO BAILEE

- II. 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.

PAIR AND SET

- III. 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.

PARTS

- IV. 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.

SUE AND LABOUR

- V. 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.

BASIS OF SETTLEMENT

- VI. 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.

SUBROGATION

- VII. 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 others and may bring action to enforce such rights. Notwithstanding the foregoing, all rights of subrogation are hereby waived against any corporation, firm, individual or other interest with respect to which insurance is provided by this Policy. Where the net amount recovered, after deducting the costs of recovery is not sufficient to provide a complete indemnity for the loss or damage suffered, that amount shall be divided between the Insurer and the Insured in the proportion in which the loss or damage has been borne by them respectively. Any release from liability entered into by the Insured prior to loss shall not affect the right of the Insured to recover.

INSURING AGREEMENT AND MISCELLANEOUS CLAUSES

APPLICABLE TO ALL PROPERTY AND BUSINESS INTERRUPTION COVERAGES OF THIS POLICY

1. INSURING AGREEMENT

The Insurer, in consideration of the payment of premium, in reliance upon the statements in the Declarations made a part of this Policy and subject to all the terms and conditions of this Policy and the Forms and endorsements attached, agrees with the Named Insured as follows:

In the event that any of the property insured be lost, destroyed or damaged by the Perils Insured, at any time while this Policy is in force, 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, destruction or damage;
- (b) the interest of the Insured in the property;
- (c) the limit of liability provided by the policy in respect of the property lost, destroyed 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 specified limit or limits of liability.

2. REMOVAL

If any of the insured property is necessarily removed from the location(s) specified herein to prevent loss, destruction or damage or further loss, destruction or damage thereto, that part of the insurance under this Policy that exceeds the amount of the Insurer's liability for any loss already incurred shall, for seven (7) days only, or for the unexpired term of the Policy if less than seven (7) days, insure the property removed and any property remaining in the location(s) specified herein in the proportions which the value of the property in each of the respective locations bears to the value of the property in them all.

3. DEBRIS REMOVAL

The following extension of coverage shall not increase the applicable amounts of insurance within this policy.

(a) **Debris Removal:** The Insurer will indemnify the Insured for expenses incurred in the removal from the "premises" of debris of the property insured, occasioned by loss or damage to such property, for which loss or damage insurance is afforded under this form.

The total amount payable under this extension shall not exceed 25% of the total amount payable for the direct physical loss to property insured plus the amount of the applicable deductible.

(b) **Removal of Windstorm Debris:** The Insurer will indemnify the Insured for expenses incurred in the removal of debris or other property which is not insured by this form but which has been blown by windstorm upon a location specified on the "Declaration Page".

Extensions of coverage (a) and (b) do not apply to cost or expenses:

- (i) to "clean up" "pollutants" from land or water, or
- (ii) for testing, monitoring, evaluating or assessing of an actual, alleged, potential, or threatened spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of "pollutants".

Debris removal expense shall not be considered in the determination of actual cash value for the purpose of applying the Co-insurance Clause.

4. COMMON EXCLUSIONS – PROPERTY SECTION

This policy does not insure against loss, destruction or damage caused directly or indirectly:

- (a) by civil commotion, war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military power;
- (b) (1) by any nuclear incident as defined in the Nuclear Liability Act or any other nuclear liability act, law or statute, or any law amendatory thereof or nuclear explosion, except for ensuing loss or damage which results directly from fire, lightning or explosion of natural, coal or manufactured gas;
(2) by contamination by radioactive material;
- (c) proximately or remotely, arising in consequence of or contributed to by enforcement of any by-law, regulation, ordinance, or law regulating zoning or the demolition, repair or construction of buildings or structures, which by-law, regulation, ordinance or law makes it impossible to repair or reinstate the property as it was immediately prior to the loss.

Nor does this Policy insure against:

- (d) (1) loss or damage caused directly or indirectly by any actual or alleged spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of "pollutants", nor the cost or expense of any resulting "clean up", but this exclusion does not apply:
 - (i) if the spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of "pollutants" is the direct result of a peril not otherwise excluded under this form;
 - (ii) to loss or damage caused directly by a peril not otherwise excluded under this form;
- (2) cost or expense for any testing, monitoring, evaluating or assessing of an actual, alleged, potential or threatened spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of "pollutants"

5. DEFINITIONS

Wherever used in this Form:

- (a) "Clean up" means the removal, containment, treatment, decontamination, detoxification, stabilization, neutralization or remediation of "pollutants," including testing which is integral to the aforementioned processes.
- (b) "Declaration Page" means the Declaration Page applicable to this Form.
- (c) "Pollutants" means any solid, liquid, gaseous or thermal irritant, or contaminants including odour, vapour, fumes, acids, alkalis, chemicals and waste. "Waste" includes materials to be recycled, reconditioned or reclaimed.

STATUTORY CONDITIONS

The Statutory Conditions apply to the peril of fire and as modified or supplemented by riders, forms or endorsements attached apply as Policy Conditions to all other perils insured by this Policy.

MISREPRESENTATION

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

PROPERTY OF OTHERS

2. 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.

CHANGE OF INTEREST

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

MATERIAL CHANGE

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

TERMINATION

5. (1) This contract may be terminated:
 - (a) by the Insurer giving to the Insured fifteen (15) days notice of termination by registered mail or five (5) days written notice of termination personally delivered;
 - (b) by the Insured at any time on request.(2) Where this contract is terminated by the Insurer:
 - (a) the Insurer shall refund the excess of premium actually paid by the Insured over the proportional premium for the expired time, but in no event shall the proportional 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.(3) 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 considered to be less than any minimum retained premium specified.
- (4) The refund may be made by money, postal or express company money order, or cheque payable at par.
- (5) The fifteen (15) days mentioned in clause (a) of sub-paragraph (1) of this condition start to run on the day following the receipt of the registered letter at the post office to which it is addressed.

REQUIREMENTS AFTER LOSS

6. (1) Upon the occurrence of any loss of or damage to the insured property, the Insured shall, where that loss or damage is covered by the contract, in addition to observing the requirements of conditions 9, 10 and 11:
 - (a) immediately give notice of the loss or damage 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 where caused by fire or explosion due to ignition, how the fire or explosion originated, so far as the Insured knows or believes;
 - (iii) stating that the loss did not occur through any wilful act or neglect or the procurement, means or connivance of the Insured;
 - (iv) showing the amount of other insurance and the names of other Insurers;
 - (v) showing the interest of the Insured and of all others in the property with particulars of all liens, encumbrances and other charges upon the property;
 - (vi) showing any changes in title, use, occupation, location, possession or exposures of the property since the issue of the contract;
 - (vii) showing the place where the property insured was at the time of the loss;
 - (c) where required, give a complete inventory of undamaged property and showing in detail quantities, costs, actual cash value;
 - (d) where required and where practicable, produce books of account, warehouse receipts and stock lists, and furnish invoices and other vouchers verified by statutory declaration, and furnish a copy of the written portion of any other contract.(2) The evidence furnished under clauses (c) and (d) of sub-paragraph (1) of this condition shall not be considered proofs of loss within the meaning of conditions 12 and 13.

FRAUD

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

WHO MAY GIVE NOTICE AND PROOF

8. 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 part of the insurance money is payable.

SALVAGE

9. (1) The Insured in the event of any loss or damage to any property insured under the contract, shall take all reasonable steps to prevent further damage to any such property so damaged and to prevent damage to other property insured hereunder including, if necessary, its removal to prevent damage or further damage thereto;

- (2) The Insurer shall contribute pro rata towards any reasonable and proper expenses in connection with steps taken by the Insured and required under subparagraph (1) of this condition according to the respective interests of the parties

ENTRY, CONTROL, ABANDONMENT

10. 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 appraisement or particular estimate of the loss or damage, but the Insurer shall not be entitled to the control or possession of the insured property, and without the consent of the Insurer there can be no abandonment to it of insured property.

APPRAISAL

11. In the event of a 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 Contracts 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 for an appraisal is made in writing and until after proof of loss has been delivered.

WHEN LOSS PAYABLE

12. The loss shall be payable within sixty (60) days after completion of the proof of loss, unless the contract provides for a shorter period.

REPLACEMENT

13. (1) 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.
 (2) In that event the Insurer shall start to repair, rebuild, or replace the property within forty-five (45) days after receipt of the proofs of loss, and shall after that time proceed with all due diligence to the completion of the property.

ACTION

14. Every action or proceeding against the Insurer for the recovery of a claim under or by virtue of this contract shall be absolutely barred unless commenced within one (1) year *

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

NOTICE

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

PROPERTY OCCURRENCE DEDUCTIBLE ENDORSEMENT

In the event of a claim under this policy, caused by an insured peril, the Insurer shall be liable only for the amount by which the adjusted claim exceeds the deductible amount stated in the Declarations.

Should any adjusted claim or occurrence give rise to the application of more than one deductible amount, then only the highest single deductible amount will be applied against the adjusted claim.

This deductible does not operate to reduce the applicable limits of liability.

All other terms and conditions of the policy remain unchanged.

SHORT RATE TABLE

Attached to and forming part of this policy. The following Table applies when termination of the policy is requested by the Insured.

Days to Expiry	% of Premium Returned	Days to Expiry	% of Premium Returned	Days to Expiry	% of Premium Returned
365-362	92	245-243	61	126-123	30
361-358	91	242-239	60	122-120	29
357-354	90	238-235	59	119-116	28
353-350	89	234-231	58	115-112	27
349-346	88	230-227	57	111-108	26
345-342	87	226-223	56	107-104	25
341-339	86	222-219	55	103-100	24
338-335	85	218-216	54	99-97	23
334-331	84	215-212	53	96-93	22
330-327	83	211-208	52	92-89	21
326-323	82	207-204	51	88-85	20
322-319	81	203-200	50	84-81	19
318-316	80	199-196	49	80-77	18
315-312	79	195-193	48	76-73	17
311-308	78	192-189	47	72-69	16
307-304	77	188-185	46	68-66	15
303-300	76	184-181	45	65-62	14
299-296	75	180-177	44	61-58	13
295-292	74	176-173	43	57-54	12
291-289	73	172-170	42	53-50	11
288-285	72	169-166	41	49-47	10
284-281	71	165-162	40	46-43	9
280-277	70	161-158	39	42-39	8
276-273	69	157-154	38	38-35	7
272-269	68	153-150	37	34-31	6
268-266	67	149-146	36	30-27	5
265-262	66	145-143	35	26-24	4
261-258	65	142-139	34	23-20	3
257-254	64	138-135	33	19-16	2
253-250	63	134-131	32	15-12	1
249-246	62	130-127	31	11-0	0

COMPREHENSIVE DISHONESTY, DISAPPEARANCE, AND DESTRUCTION FORM

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

1. INSURING AGREEMENTS**I.A. Employee Dishonesty Coverage – Form A**

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

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

I.B. Employee Dishonesty Coverage – Form B

Loss of Money, Securities and other property which the Insured shall sustain resulting directly from one or more fraudulent or dishonest acts committed by an Employee, acting alone or in collusion with others, the amount of insurance on each of the Employees being the amount stated in the Limits of Liability applicable to this Insuring Agreement I.B., as indicated in the Declarations.

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

II. Loss Inside the Premises Coverage

- (a) Loss of Money and Securities by the actual destruction, disappearance or wrongful abstraction thereof within the Premises or within any Banking Premises or similar recognized places of safe deposit.

- (b) Loss of other property by Safe Burglary or Robbery within the Premises or attempt thereat, and loss of a locked cash drawer, cash box or cash register by felonious entry into such container within the Premises or attempt thereat or by felonious abstraction of such container from within the Premises.
- (c) Damage to the Premises by such Safe Burglary, Robbery or felonious abstraction, or by or following burglarious entry into the Premises or attempt thereat, provided with respect to damage to the Premises the Insured is the owner thereof or is liable for such damage.

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

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

III. Loss Outside the Premises Coverage

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

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

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

IV. Money Orders and Counterfeit Paper Currency Coverage

Loss due to the acceptance in good faith in exchange for merchandise, money or services, of any post office or express money order, issued or purporting to have been issued by any post office or express company, if such money order is not paid upon presentation, or due to the acceptance in good faith in the regular course of business of counterfeit Canadian or United States paper currency, but limited to the amount stated in the Limits of Liability applicable to this Insuring Agreement IV as indicated in the Declarations.

V. Depositors Forgery Coverage

Loss which the Insured or any bank which is included in the Insured's proof of loss and in which the Insured carries a chequing or savings account as their respective interests may appear, shall sustain through forgery or alteration of, on or in any cheque, draft, promissory note, bill of exchange, or similar written promise, order or direction to pay a sum

certain in money, made or drawn by or drawn upon the Insured, or made or drawn by one acting as agent of the Insured, or purporting to have been made or drawn as hereinbefore set forth, including:

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

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

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

2. GENERAL AGREEMENTS

(a) Consolidation-merger

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

(b) Joint Insured

If more than one Insured is covered under this Form, the Insured first named shall act for itself and for every other Insured for all purposes of this Form. Knowledge possessed or discovery made by any Insured or by any partner or officer thereof shall, for the purposes of items 9, 10, and 17, constitute knowledge possessed or discovery made by every Insured. Cancellation of the insurance hereunder as respects any Employee as provided in item 17 shall apply to every Insured. If, prior to the cancellation or termination of

this Form, this Form or any Insuring Agreement hereof is cancelled or terminated as to any Insured, there shall be no liability for any loss sustained by such Insured unless discovered within one year from the date of such cancellation or termination or, as respects Insuring Agreement I.B., within two years therefrom. Payment by the Insurer to the Insured first named of any loss under this Form shall fully release the Insurer on account of such loss. If the Insured first named ceases for any reason to be covered under this Form, then the Insured next named shall thereafter be considered as the Insured first named for all purposes of this Form.

(c) Loss under prior bond or policy

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

- (i) the insurance under this General Agreement 2 (c) shall be a part of and not in addition to the amount of insurance afforded by the applicable Insuring Agreement of this Form;
- (ii) such loss would have been covered under such Insuring Agreement had such Insuring Agreement with its agreements, conditions and limitations as of the time of such substitution been in force when the acts or events causing such loss were committed or occurred; and
- (iii) recovery under such Insuring Agreement on account of such loss shall in no event exceed the amount which would have been recoverable under such Insuring Agreement in the amount for which it is written as of the time of such substitution, had such Insuring Agreement been in force when such acts or events were committed or occurred, or the amount which would have been recoverable under such prior bond or policy had such prior bond or policy continued in force until the discovery of such loss, if the latter amount be smaller.

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

- 1) the coverage of Insuring Agreement V is substituted on or after the date hereof for such prior forgery coverage and the Insured or such predecessor, as the case may be, carried such prior forgery coverage on the office at which such loss was sustained continuously from the time such loss was sustained to the date the coverage of Insuring Agreement V was substituted therefor;
- 2) at the time of discovery of such loss, the period for discovery of loss under all such prior forgery insurance has expired; and

- 3) if the amount of insurance carried under Insuring Agreement V applicable to the office at which such loss is sustained is larger than the amount applicable to such office under such prior forgery insurance, and in force at the time such loss is sustained, then liability hereunder for such loss shall not exceed the smaller amount.

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

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

3. POLICY PERIOD, TERRITORY, DISCOVERY

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

Subject to General Agreement 2 (c):

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

4. EXCLUSIONS

This Form does not apply:

- (a) to loss due to any fraudulent, dishonest, or criminal act by any Insured or a partner therein, whether acting alone or in collusion with others;
- (b) under Insuring Agreements I.A. and I.B., to loss, or to that part of any loss, as the case may be, the proof of which, either as to its factual existence or as to its amount, is dependent upon an inventory computation or a profit and loss computation; provided, however, that this paragraph shall not apply to loss of Money, Securities or other property which the Insured can prove, through evidence wholly apart from such computations, is sustained by the Insured through any fraudulent or dishonest act or acts committed by any one or more of the Employees;
- (c) under Insuring Agreements II and III, to loss due to any fraudulent, dishonest or criminal act by an Employee, director, trustee or authorized representative of any Insured, while working or otherwise and whether acting alone or in collusion with others; provided, this exclusion does not apply to Safe Burglary or Robbery or attempt thereat;
- (d) under Insuring Agreements II and III, to loss due to war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military power;
- (e) under Insuring Agreements II and III, to loss (i) due to the giving or surrendering of Money or Securities in any exchange or purchase; (ii) due to accounting or arithmetical errors or omissions; or (iii) of manuscripts, books of account or records;

- (f) under Insuring Agreement II, to loss of Money contained in coin operated amusement devices or vending machines, unless the amount of Money deposited within the device or machine is recorded by a continuous recording instrument therein;
- (g) under Insuring Agreement II, to loss of Money, Securities and other property which has been transferred by any computer to a person or to a place outside the insured premises on the basis of unauthorized electronic instructions;
- (h) under Insuring Agreement II, to loss, other than to Money, Securities, a safe or vault, by fire whether or not such fire is caused by, contributed to by or arises out of the occurrence of a hazard insured against;
- (i) under Insuring Agreement III, to loss of insured property while in the custody of any armoured motor vehicle company, unless such loss is in excess of the amount recovered or received by the Insured under:
 - (i) the Insured's contract with said armoured motor vehicle company;
 - (ii) insurance carried by said armoured motor vehicle company for the benefit of users of its service; and
 - (iii) all other insurance and indemnity in force in whatsoever form carried by or for the benefit of users of said armoured motor vehicle company's service, and then this Form shall cover only such excess;
- (j) under Insuring Agreement III, to loss due to the surrender of Money, Securities or other property away from the Premises as a result of the threat to do:
 - (i) bodily harm to the Insured or any other person; or
 - (ii) damage to the Premises or property owned by the Insured or held by the Insured in any capacity; provided, however, these exclusions do not apply:
 - 1) to Insuring Agreements I.A. and I.B., if coverage is afforded thereunder, or
 - 2) under Insuring Agreement III, to loss of Money, Securities or other property while being conveyed by a Messenger when there was no knowledge by the Insured of any such threat at the time the conveyance was initiated;
- (k) under any Insuring Agreement, to the defence of any legal proceeding brought against the Insured, or to fees, costs or expenses incurred or paid by the Insured in prosecuting or defending any legal proceeding whether or not such proceeding results or would result in a loss to the Insured covered by this Form, except as may be specifically stated to the contrary in this Form;
- (l) under any Insuring Agreement to:
 - (i) loss of potential income, including but not limited to interest and dividends, not realized by the Insured because of a loss covered under this Form;
 - (ii) all damages of any type for which the Insured is legally liable, except direct compensatory damages arising from a loss covered under this Form;
 - (iii) all costs, fees and other expenses incurred by the Insured in establishing the existence of, or amount of loss covered under this Form.

5. DEFINITIONS

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

- (a) **"Fraudulent or Dishonest Acts"** as used in this Insuring Agreement shall mean only Fraudulent or Dishonest Acts committed by an Employee with the manifest intent:
 - (i) to cause the Insured to sustain such loss; and

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

such entry shall be made by actual force and violence, of which force and violence there are visible marks made by tools, explosives, electricity or chemicals upon the exterior of:

- 1) all of said doors of such vault or such safe and any vault containing the safe, if entry is made through such doors; or
 - 2) the top, bottom or walls of such vault or such safe and any vault containing the safe through which entry is made, if not made through such doors.
- (k) **"Loss"** except under Insuring Agreements I.A., I.B. and V, include damage.

6. LOSS CAUSED BY UNIDENTIFIABLE EMPLOYEES

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

7. OWNERSHIP OF PROPERTY; INTERESTS COVERED

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

8. BOOKS AND RECORDS

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

9. PRIOR FRAUD, DISHONESTY OR CANCELLATION

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

If, prior to the issuance of this Form, any fidelity insurance in favour of the Insured or any predecessor in interest of the Insured and covering one or more of the Insured's Employees shall have been cancelled as to any of such Employees by reason of the giving of written notice of cancellation by the Insurer issuing such fidelity insurance, whether the Insurer or not, and if such Employees shall not have been reinstated under the coverage of said fidelity insurance or superseding fidelity insurance, the Insurer shall not be liable on account of such Employees unless the Insurer shall agree in writing to include such Employees within the coverage of Insuring Agreements I.

10. LOSS – NOTICE – PROOF – ACTION AGAINST COMPANY

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

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

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

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

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

No action shall lie against the Insurer unless, as a condition precedent thereto, there shall have been full compliance with all the terms of this Form, nor until ninety days after the required proofs of loss have been filed with the Insurer, nor at all unless commenced within two years from the date when the Insured discovers the loss. If any limitation of time for notice of loss or any legal proceeding herein contained is shorter than that permitted to be fixed by agreement under any statute controlling the construction of this Form, the shortest permissible statutory limitation of time shall govern and shall supersede the time limitation herein stated.

11. VALUATION PAYMENT REPLACEMENT

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

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

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

12. RECOVERIES

- (a) Any recoveries, less the cost of obtaining them, made after settlement of loss insured by this policy will be distributed as follows:

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

13. LIMITS OF LIABILITY

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

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

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

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

14. LIMIT OF LIABILITY UNDER THIS RIDER AND PRIOR INSURANCE

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

With respect to loss caused by any person (whether one of the Employees or not) or in which such person is concerned or implicated or which is chargeable to any Employee as provided in Item 6 and which occurs partly during the Policy Period and partly during the period of other bonds or policies issued by the Insurer to the Insured or to any predecessor in interest of the Insured and terminated or cancelled or allowed to expire and in which the period for discovery has not expired at the time any such loss thereunder is discovered, the total liability of the Insurer under this Form and under such other bonds or policies shall not exceed, in

the aggregate, the amount carried under the applicable Insuring Agreement of this Form on such loss or the amount available to the Insured under such other bonds or policies, as limited by the terms and conditions thereof, for any such loss, if the latter amount be the larger.

15. OTHER INSURANCE

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

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

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

16. SUBROGATION

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

17. CANCELLATION AS TO ANY EMPLOYEE

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

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

18. CANCELLATION OF FORM OR INSURING AGREEMENT

- (a) The Insured may cancel this policy by mailing or delivering to the Insurer advance written notice of cancellation.

- (b) The Insurer may cancel this policy by mailing or delivering to the Insured written notice of cancellation at least:

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

Except in Quebec, if notice is mailed, cancellation takes effect 15 or 30 days after the receipt of the letter by the post office to which it is addressed, depending upon the reason for cancellation as shown in (b) (1) or (2) above. 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 Insured's last known address depending upon the reason for cancellation.

Delivery by the Insurer shall be equivalent to mailing.

- (c) The Insurer will mail or deliver their notice to the Insured's last mailing address known to the Insurer.
- (d) The policy period will end on the date cancellation takes effect.
- (e) If this policy is cancelled, the Insurer will send the Insured any premium refund due. If the Insurer cancels, the refund will be pro rata. If the Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if the Insurer has not made a refund.

19. ASSIGNMENT

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

20. CHANGES

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

21. ALARM SYSTEM AND PROTECTIVE SERVICES

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

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

22. REINSTATEMENT

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

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

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

24. ACCEPTANCE

By acceptance of this Form, the Insured agrees that:

- (a) the Insured has no similar coverage on the subject matter of this Form;
- (b) the Insured has not sustained, nor received indemnity for, any loss or damage insured hereby within the last three (3) years;
- (c) no similar coverage applied for or carried by the Insured has been declined or cancelled by any Insurer within the last three (3) years;

and these statements are his or her agreements and representations, that this Form is issued in the reliance upon the truth of such representations and that this Form embodies all agreements existing between the Insured and the Insurer or any of its agents relating to this insurance.

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

**LIMITATION ENDORSEMENT
(Class II Safe)**

APPLICABLE TO THE COMPREHENSIVE DISHONESTY, DISAPPEARANCE AND DESTRUCTION FORM:

With respect to Insuring Agreement II, it is agreed that the Insurer's liability for loss of Money or Securities, that are not kept in a locked "Class II" or better safe, from within the Premises when the Insured's Premises are not open for business, as a result of any person or persons making felonious entry into said Premises, shall be limited to the amount indicated in the

Declarations for this particular Limitation Endorsement notwithstanding any other limit of liability indicated elsewhere in the Declarations.

A "Class II" safe is any money safe with a 1½" steel door, excluding boltwork, a 1" steel body and a combination lock , or any safe with a UL or ULC listing of TL-15.

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

CRIME STANDARD CONDITIONS

All of the Crime Standard Conditions set forth hereunder apply with respect to all of the perils insured under Burglary and Robbery riders and / or endorsements attached to this policy except as these Crime Standard conditions may be modified or supplemented by the riders and / or endorsements attached.

1. Representations:

By accepting this policy, the Insured agrees:

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

2. Ownership of Property Insured:

The property covered hereby may be owned by the Insured or held by the Insured in any capacity, whether or not the Insured is liable for such loss or damage as is covered hereby, provided that the Insurer shall not be liable for such damage to the premises unless the Insured is the owner thereof or is liable for such damage thereto.

3. Alarm Systems and Protective Systems:

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

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

4. Inspection:

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

5. War Risk Exclusion:

This policy does not insure against loss or damage caused by war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military power.

6. Reinstatement:

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

7. Proof of Loss and Prosecution:

Proof of loss under oath on forms provided by the Insurer, in such detail as required by the insurer, particulars of the interest of the Insured and of all others in the property in respect of which the indemnity is claimed, of the encumbrances thereon and of all other insurance whether valid or not, shall be furnished to the Insurer within sixty days from the date of the discovery of such loss.

The Insured, upon request of the Insurer, shall render every assistance to facilitate the investigation and adjustment of any claim, exhibiting for that purpose any and all records, papers and vouchers bearing in any way upon the claim made and submitting themselves and their associates in interest and also, so far as possible, the insured's employees to examination and interrogation under oath by any representative of the Insurer if required.

In the event of loss for which claim is made, the Insured shall, if the Insurer so requests in writing, take legal action at the Insurer's expense to secure the arrest and prosecution of the offenders and the recovery of the property.

8. Valuation of Property Insured:

In no case shall the Insurer be liable in respect of loss or damage to

- (a) property, other than securities and property held by the Insured as a pledge or as collateral for an advance or loan, for more than the actual cash value thereof determined after due allowance for depreciation at the time the loss or damage was discovered by the Insured;
- (b) securities, if insured by this policy, for more than the cost of an equivalent amount of securities of the same issue purchased by or at the instance of the Insurer; provided, however, that if prior to such purchase by or at the instance of the Insurer, the Insured shall be compelled, by the demands of a third party or by market rules, to assume the cost of an equivalent amount of securities of the same issue, and shall notify the insurer, in writing, of such compulsion, such cost shall be taken as the value of such securities. If the securities cannot be replaced and the value cannot be established, it may be determined by agreement or by arbitration;
- (c) property held by the Insured as a pledge or as collateral for an advance or loan, for more than the value of the property as determined and recorded by the insured when making the advance or loan. In the absence of such record the Insurer's liability shall be limited to the unpaid portion of the advance or loan plus accrued interest at legal rates.

9. Procedure in Event of claim for Property of Persons Other Than the Insured:

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

10. Provision for Insurer to Repair or Replace:

The Insurer may elect to repair any damaged property or replace any lost or damaged property with other of like quality and value or pay for the same in money.

11. Other Insurance:

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

12. Subrogation:

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

13. Cancellation

- (a) The Insured may cancel this policy by mailing or delivering to the Insurer advance written notice of cancellation.
- (b) The Insurer may cancel this policy by mailing or delivering to the Insured written notice of cancellation at least:
 - (1) 15 days before the effective date of cancellation if the insurer cancels for non-payment of premium; or
 - (2) 30 days before the effective date of cancellation if the Insurer cancels for any other reason.

Except in Quebec, if notice is mailed, cancellation takes effect 15 or 30 days after the receipt of the letter by the post office to which it is addressed, depending upon the reason for cancellation as shown in (b)(1) or (2) above. 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 Insured's last known address depending upon the reason for cancellation. Delivery by the Insurer shall be equivalent to mailing.
- (c) The Insurer will mail or deliver their notice to the Insured's last mailing address known to the Insurer.
- (d) The policy period will end on the date cancellation takes effect.
- (e) If this policy is cancelled, the Insurer will send the Insured any premium refund due. If the Insurer cancels, the refund will be pro rata. If the Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if the Insurer has not made a refund.

14. Change of Interest

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

15. Changes

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

16. Duties in the Event of Loss

After the Insured discovers a loss or a situation that may result in loss of or damage to insured property the Insured must:

- (a) notify the Insurer as soon as possible;
- (b) submit to examination under oath at the Insurer's request and give the Insurer a signed statement of their answers;
- (c) give the insurer a detailed, sworn proof of loss within 120 days;
- (d) co-operate with the Insurer in the investigation and settlement of any claim;
- (f) give immediate notice to the public police, or other peace authorities having jurisdiction, of any loss due to violation of law;
- (g) if "securities" are insured under this policy, take all reasonable measures to prevent their negotiation, sale or conversion.

17. Legal Action Against the Insurer

The Insured may not bring any legal action against the Insurer:

- (a) unless the Insured has complied with all the terms of this insurance; and
- (b) until 90 days after the Insured has filed proof of loss with the Insurer; and
- (c) unless brought within 2 years from the date the Insured discovers the loss.

18. Recoveries

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

GENERAL DEFINITIONS

"**BANKING PREMISES**" means the interior of that portion of any building occupied by a banking institution of similar safe depository.

"**BURGLARY**" (except as used in a Stock Burglary Rider) means the unlawful taking of insured property from within the "premises" by a person unlawfully entering or leaving the "premises" as evidenced by marks of forcible entry or exit. In the event that insurance is provided by a Stock Burglary Rider, "burglary" shall mean the unlawful taking of insured property from within the "premises", showcases or show windows, by a person unlawfully entering or leaving the "premises", showcases or show windows as evidenced by marks of forcible entry or exit from the "premises", showcases or show windows.

"**CUSTODIAN**" means the Insured or the Insured's partner or any employee authorized by the Insured to have the care and custody of insured property, excluding any person while acting as a "guard", janitor, porter, or "watchman".

"EQUIPMENT" means:

- (1) all contents usual to the Insured's business including furniture, furnishings, fittings, fixtures, machinery, tools, utensils and appliances, other than building or "stock";
- (2) similar property belonging to others which the Insured is under obligation to keep insured or for which the Insured is legally liable.

"GUARD" means any able-bodied person who accompanies a "custodian" at the Insured's direction, but who is not a driver of a public conveyance.

"JEWELLERY" means jewellery, watches, gems, pearls, precious or semi-precious stones and articles containing one or more gems, pearls, or precious or semi-precious stones.

"KIDNAPPING" means the compelling of a "custodian" outside the "premises", by violence or threat of violence, to admit a person or to furnish such person with the means of entry into the "premises" while closed for business, resulting in unlawful taking by such person of insured property from within the "premises", provided such loss shall occur before the "premises" are next open for business.

"MONEY" means currency and coins in current use and having a face value.

"OCCURRENCE" means any act or series of related acts involving one or more persons which results in a loss insured by this policy.

"PREMISES" means the interior of that portion of any building the Insured can occupy in conducting their business at the address designated in the Declarations but shall not include (1) showcases or show windows not opening directly into the interior of the premises, or (2) public entrances, halls or stairways. If insurance is provided by an Inside/Outside Robbery Rider, or a Money and Securities Rider, the definition of "premises" is extended to include the space immediately surrounding such building occupied by the Insured in conducting their business but shall not include (1) showcases or show windows not opening directly into the interior of the premises, or (2) public entrances, halls or stairways.

If insurance is provided by a Church Theft Rider, the definition of "premises" is extended to include: the rectory, parish-house, parsonage, manse, or residence occupied by a duly constituted financial or administrative officer of the Insured's; that portion of any other building which is owned by or leased to the Insured and used for the religious, educational, recreational or social activities of the Insured's congregation; and the grounds and out-buildings incidental above.

If insurance is provided by a Damage to Building by Burglary or Robbery Rider the definition of "premises" is extended to include the building and permanent fittings and fixtures attached thereto and forming part thereof.

"PROPERTY" means any property usual to the Insured's business other than "money" and "securities", that has intrinsic value but does not include the Insured's motor vehicles, trailers or semi-trailers or equipment and accessories attached to them or any property that is excluded under any rider.

"ROBBERY" means the taking of insured property from a "custodian" by a person or persons who have:

- (1) caused or threatened to cause the "custodian" bodily harm; or
- (2) committed an overt unlawful act witnessed by the "custodian"; or
- (3) taken such property from a "custodian" who has been killed or rendered unconscious.

"ROBBERY OF A WATCHMAN" means the unlawful taking of insured property by violence or threat of violence inflicted upon a "watchman" and while such a "watchman" is on duty within the "premises".

"SAFE BURGLARY" means:

- (1) the unlawful taking of insured property from a vault or safe, which has a combination lock and is located within the "premises", by a person making unlawful entry into the vault or the safe and a vault which contains the safe, provided that:
 - (a) all doors of the vault, safe, or vault and safe are closed and locked by a combination lock; and
 - (b) the unlawful entry was forcible and is evidenced by visible marks on the exterior of the vault or safe and any vault containing the safe; or
- (2) the unlawful taking of the safe from the "premises". In the event that insurance is provided by a Safe Burglary Rider, the definition of "safe burglary" is restricted to any safe or vault described in the Declarations.

"SECURITIES" means all negotiable and non-negotiable instruments or contracts representing "money" or other property, and includes revenue and other stamps in current use, tokens, and tickets but does not include "money".

"STOCK" means:

- (1) merchandise of every description usual to the Insured's business but does not include motor vehicles, trailers or semi-trailers or equipment and accessories attached to them;
- (2) packing, wrapping and advertising materials; and
- (3) similar property belonging to others which the Insured is under obligation to keep insured or for which the Insured is legally liable; but does not include "securities".

"WATCHMAN" means any person employed exclusively by the Insured to have care and custody of insured property inside the "premises", while the "premises" are closed for business, and who has no other duties.

