

Words and phrases in quotation have special meaning as defined in Clause 16.

### **1. INDEMNITY AGREEMENT**

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

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

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

### **2. PROPERTY INSURED**

(a) This form insures the following property but only those items for which an amount of insurance is specified on the "Declaration Page(s)".

"BUILDING"

"EQUIPMENT"

"STOCK"

"CONTENTS"

The insurance in this clause 2. (a) applies only while at the location(s) specified on the "Declaration Page(s)".

(b) This form also insures "Building", "Equipment", "Stock", and "Contents" but only those items for which an amount of insurance is specified on the "Declaration Page(s)".

**"TEMPORARY LOCATIONS"**: "Equipment", "Stock", and "Contents" other than at a specified location except while in transit, subject to a maximum aggregate limit of insurance of \$50,000.

**"NEWLY ACQUIRED LOCATION"**: "Building", "Equipment", "Stock" and "Contents" at any acquired location that is owned, rented or controlled by the Insured in whole or in part. Coverage is automatic on condition that notification of such acquisition shall be filed with the Insurer within 30 days of such acquisition and any additional premium required by the Insurer shall be effected from the date of acquisition subject to a maximum aggregate limit of insurance of \$250,000.

**"COURIER & PARCEL POST"**: "Equipment", "Stock" and "Contents" in any one package in course of transit by parcel post or courier for a peril insured against, for this item subject to a maximum aggregate limit of insurance of \$10,000.

**"PROPERTY IN TRANSIT"** (other than by Courier & Parcel Post): "Equipment", "Stock", "Contents" and Building Materials in transit other than by parcel post subject to a maximum aggregate limit of insurance of \$10,000.

**"SALES REPRESENTATIVE"/"EXHIBITION"/"SALES SAMPLES"**: "Equipment", "Stock" and/or Sales Samples, whether in transit, at an exhibition site, or otherwise, in the custody of a sales representative of the Insured, subject to Clause 6.A.(k) and subject to a maximum aggregate limit of insurance of \$50,000.

**"COURSE OF CONSTRUCTION"**: Property including building materials at the "project site" for the amount of insurance specified on the "Declaration Page(s)" for the "Project Site" shown as being Under Construction. This property is insured while in the course of construction, installation, reconstruction or repair including expendable materials and supplies, not otherwise excluded, necessary to complete the project, temporary buildings, scaffolding, falsework, forms, hoardings, excavation, site preparation and similar work, provided the value thereof is included in the amount of insurance stated on the "Declaration Page(s)" and then only to the extent that replacement or restoration is necessary to complete the project. This coverage is subject to a maximum aggregate limit of insurance of \$100,000.

The insurance in clause 2.(b) applies only while the described property is within Canada and the continental United States of America (excluding Alaska), except 2(b) **"SALES REPRESENTATIVE"**. Items covered under clause 2.(b) are not subject to the terms of any co-insurance clause.

### **3. DEDUCTIBLE**

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

### **4. CO-INSURANCE**

This clause applies separately to each item for which a co-insurance percentage is specified on the "Declaration Page(s)" and only where the amount of loss or damage 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 insured property to the extent of at least the amount produced by multiplying the value of the property as determined in Clause 15 by the co-insurance percentage specified on the "Declaration Page(s)". If the Insured fails to do so, the Insured shall be entitled to recover only that portion of any loss that the amount of insurance in force at the time of loss bears to the amount of insurance required to be maintained by this clause.

Any and all reference to co-insurance is hereby deleted except when indicated on the attached "Declaration Page(s)".

## 5. PERILS INSURED

This form insures against direct physical loss or damage caused by the following perils:

### (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 of fire boxes of steam generating boilers of the chemical recovery type and the flues or passages which conduct the gases of combustion therefrom;
- (d) small 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 vessel 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 *licensed* land vehicles belonging to or under the control of the Insured or any of his employees;
- (ii) to aircraft, spacecraft or *licensed* 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 5(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:

- (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.

(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.

## 6.A. EXCLUSIONS

This Form does not insure loss or damage to:

- (a) loss or damage to 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;
- (b) loss or damage to goods occasioned by or happening through their undergoing any process involving the application of heat;
- (c) 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;
- (d) loss or damage caused directly or indirectly:

- (i) 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;
- (ii) by contamination by radioactive material;
- (e) money, bullion, platinum and any other precious metals and alloys, securities, stamps, tickets and tokens, evidence of debt or title;
- (f) automobiles, boats, motors, 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 boats, motors, amphibious or air cushion vehicles held for sale.
- (g) property at locations which to the knowledge of the Insured, are vacant, unoccupied or shut down for more than thirty (30) consecutive days, but this clause shall not apply to the "Resort" property which, due to its nature, may be seasonally unoccupied;
- (h) property insured under the terms of any Marine Insurance, and property while waterborne, except while on a regular ferry, barge, Insured's own watercraft or railway car transfer in connection with land transportation;
- (i) property on loan or on rental or sold by the Insured under conditional sales, installment payment or other deferred payment plan, from the time of leaving the Insured's custody, but this exclusion does not apply while such property is in the custody of a carrier for hire for the purpose of delivery at the risk of the Insured;
- (j) property illegally acquired, kept, stored or transported; property seized or confiscated for breach of any law or by order of any public authority;
- (k) property in the custody of a sales representative outside the "premises" of the Insured, unless an amount of insurance is shown on the "Declaration Page(s)" pertaining to Clause 2.(b) "Sales Representative";
- (l) "data".

## 7. EXTENSIONS OF COVERAGE

The following extensions of coverage are subject to all the conditions of this Form.

(a) **REMOVAL:** If any of the insured property is necessarily removed from the location(s) specified herein to prevent loss or damage or further loss or damage thereto, that part of the insurance under this Form that exceeds the amount of the Insurer's liability for any loss already incurred shall, for 7 days only, or for the unexpired term of the policy if less than 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 location(s) bears to the value of the property in them all.

(b) (i) **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 subject to a maximum aggregate limit of insurance of \$25,000.

(ii) **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(s)" subject to a maximum recovery of ten thousand (\$10,000) for any one occurrence. This includes trees that have been blown by windstorm on the "premises". Debris removal expense shall not be considered in the determination of actual cash value for the purpose of applying the Co-Insurance Clause.

(c) **PERSONAL PROPERTY OF OFFICERS, OWNERS AND EMPLOYEES:** "Contents" also includes the personal property of officers, owners and employees of the Insured, subject to a maximum aggregate limit of insurance of \$25,000. This extension does not apply if such property is insured by the owner elsewhere, unless the Insured is obliged to insure it or is liable for its loss or damage.

(d) **GROWING PLANTS, TREES, SHRUBS OR FLOWERS:** Loss or damage to growing plants, trees, shrubs or flowers outside the "building" are covered from "Named Perils" 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 subject to a maximum aggregate recovery of \$2,500 including debris removal expense.

(e) **"PREMISES" EXTENSION:** Property insured, with the exception of unlicensed automobiles and unlicensed trailers, at a location specifically described on the "Declaration Page(s)", is also insured while in or on vehicles within 100 metres (328 feet) of the "premises".

(f) **MISCELLANEOUS CONTENTS ANYWHERE ON THE PREMISES:** Miscellaneous contents anywhere on the premises will be covered to a maximum aggregate of \$5,000. This limit will not increase any of the scheduled contents limits.

(g) **PERSONAL PROPERTY OF GUESTS OR CUSTOMERS:** Personal property of guests or customers while temporarily on the premises of the Insured or while temporarily in the care, custody or control of the Insured is covered, but excluding watercraft and motors, pertinent thereto while afloat, except that this exclusion shall not apply if the Insured is, at the time of loss or damage, launching, retrieving, moving for business reasons or repairing such watercraft or motors.

Basis of settlement shall be Replacement Cost meaning the cost of repair or replacement (whichever is less) at the time of loss with new property of similar kind and quality without deduction for depreciation or, if the article is no longer available, a new article of comparable quality or usefulness.

Subject to a maximum aggregate limit of insurance of \$10,000. Money and securities shall be subject to an aggregate limit of \$1,000. for any one occurrence. Applicable only if the Insured is legally obligated to pay.

(h) **DOCKS:** Docks, piers, breakwaters and wharfs are covered for **Fire Coverage** subject to a maximum aggregate limit of insurance of \$10,000.

(i) **OFF PREMISE HYDRO LINES & POLES:** Off premise hydro lines and poles are insured subject to a maximum aggregate limit of insurance of \$25,000 for hydro lines and poles in the care, custody and control of the Insured, which are located off the premises but only up to a maximum of 1000 feet from the premises as stated in the declarations.

(j) **OUTDOOR SIGNS-ON & OFF PREMISES:** This form insures outdoor signs, located on the premises and off the premises as specified on the "Declaration Page(s)" for a peril insured against, which are the property of the Insured or the property of others for which the Insured may be held liable, subject to a maximum aggregate limit of insurance of \$10,000.

(k) **INFLATION PROTECTION:** It is agreed that:

1. The amount of insurance applicable to Building(s) shall be increased during the policy period by the proportion by which the latest published Construction Price Statistics has increased since the last premium due date.
2. At the premium due date, the amount of insurance shall be increased automatically in accordance with latest published Construction Price Statistics and the appropriate premium charged.
3. If the amount of insurance applicable to Building(s) is changed at the request of the Insured during the policy period, the effective date of this clause is deemed to coincide with the effective date of such change.
4. In this clause:
  - a) "Construction Price Statistics" means the Construction Building material Price Indexes (Non-Residential) published by Statistics Canada;
  - b) "Premium due date" means the inception date of this policy or any renewal or anniversary date.

(l) **CONTINGENT LIABILITY FROM ENFORCEMENT OF BUILDING BY-LAWS – BLANKET:** This policy shall, without increasing the amount of Insurance on the buildings or structures, and only as a result of a peril insured against, extend to indemnify the Insured for:

1. loss occasioned by the demolition of any undamaged portion of the buildings or structures, or
2. cost of demolishing, and clearing the site of, any undamaged portion of the buildings or structures, or
3. any increase in the cost of repairing, replacing, construction or reconstructing the buildings 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 or damaged buildings or structures; and
  - (b) is in force at the time of such loss or damage.

The Insurer shall not be liable under this policy for losses occasioned by the enforcement of any by-law, regulation, ordinance or law which prohibits the Insured from rebuilding or repairing on the same site or an adjacent site or prohibits continuance of like occupancy.

(m) **GENERAL DEDUCTIBLE:** Should any adjusted claim or occurrence give rise to the application of more than one deductible amount only the highest single deductible amount will be applied against the adjusted claim.

The Insured expressly warrants that it will itself bear any loss to the extent of any applicable deductible amount, and warrants that it will not contract for insurance in respect of such deductible amount.

The term "adjusted claim" as used in this endorsement means the amount which would be payable to the Insured under the applicable item(s) of insurance provided by this policy in respect of direct loss or damage arising out of one occurrence before the application of any deductible amount.

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

(n) **PROFESSIONAL FEES:** Subject to a maximum aggregate limit of insurance of \$25,000 the Insurer will pay reasonable fees to auditors, accountants, architects, surveyors or engineers for producing and certifying particulars or details of the Insured's business required by the Insurer's in order to arrive at the amount of the loss payable under this policy in the event of a claim. This extension applies only to fees incurred in establishing the quantum of a loss, liability for which is otherwise accepted by the Insurer.

(o) **FINE ARTS:** This extension insures fine arts, including paintings, etchings, pictures, tapestries and other bona fide works of art such as valuable rugs, statuary, marbles, bronzes, antique furniture, rare books, antique silver, manuscripts, porcelains, rare glass and bric-a-brac, of rarity, historical value or artistic merit, the property of the Insured or the property of others for which the Insured may be liable, while at the premises described in the "Declaration Page(s)" subject to a maximum aggregate limit of insurance of \$50,000 unless otherwise scheduled.. This does not include taxidermy, replica mounts or any animal trophies unless otherwise scheduled.

(p) **LAND AND WATER POLLUTION CLEAN UP:**

**1. Indemnity Agreement**

The Insurer will indemnify the Insured for expenses incurred to "clean up" "pollutants" from land or water at the "premises" provided the spill, discharge, emission, dispersal, seepage, leakage, release, migration or escape of "pollutants";

- (a) is occasioned by loss or damage to property insured at the "premises" for which insurance is afforded under this Form to which this endorsement is attached;
- (b) is sudden, unexpected and unintended from the standpoint of the Insured and
- (c) first occurs during the policy period.

**2. Limit of Insurance**

The maximum amount of insurance under this extension during any one policy period shall not exceed in the aggregate \$10,000. (Ten thousand dollars).

**3. No Automatic Reinstatement**

Notwithstanding the Reinstatement Clause in the Form to which this endorsement is attached, following a loss under this extension the amount of insurance specified on the Summary of Coverages for this extension will be reduced by the amount payable.

#### 4. Additional Exclusions

The Insurer shall not be liable for:

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

#### 5. Additional Policy Conditions

##### A. Reporting Period

It is a condition precedent to recovery under this endorsement that all expenses insured by this endorsement must be incurred and reported to the Insurer within 180 days of the spill, discharge, emission, dispersal, seepage, leakage, release, migration, or escape of "pollutants" for which "clean up" expenses are being claimed.

##### B. Other Insurance

The insurance afforded by this endorsement shall apply as excess over any other valid and collectible insurance available to the Insured or any other interested party.

#### 6. Definitions

Wherever used in this endorsement:

- (a) **DECLARATIONS PAGE** means the Declarations Page applicable to the form to which this extension is attached.
- (b) **CLEAN UP** means the removal, containment, treatment, detoxification, stabilization, remediation of "pollutants", including testing which is integral to the aforementioned processes.
- (c) **PREMISES** means the entire area within the property lines and areas under adjoining sidewalks and driveways at the locations described on the "Declaration Page".
- (d) **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.

#### (q) ACCOUNTS RECEIVABLE FORM

##### 1. SUBJECT OF INSURANCE

This Form insures:

- a) All sums due 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;
- b) Interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectible by such loss or damage;
- c) Collection expense in excess of normal collection cost and made necessary because of such loss or damage;
- d) Other expenses, when reasonably incurred by the insured in re-establishing records or accounts receivable following such loss or damage.

##### 2. LOCATION AND OCCUPANCY OF PREMISES

The Insured occupies that part of the building and conducts therein the business indicated on the "Declaration Page(s)".

##### 3. LIMIT OF INSURANCE

The liability of the Insurer shall not exceed the amount of \$50,000.

##### 4. DEDUCTIBLE

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

##### 5. PERILS INSURED

This Form insures against all risks of direct loss of or damage to the Insured's records of account receivable, except as hereinafter provided.

##### 6. DEBRIS REMOVAL EXTENSION

- (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 amount payable under this extension shall be subject to a maximum amount of \$25,000.
- (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(s)" subject to a maximum recovery of two thousand, five hundred dollars (\$2,500.) for any one occurrence. Debris removal expense shall not be considered in the determination of actual cash value for the purpose of applying the Co-Insurance Clause.

#### 7. EXCLUSIONS

## **A. PERILS EXCLUDED**

This Form does not insure loss or damage:

- (a) due to any fraudulent, dishonest or criminal act by any Insured, a partner therein, or an officer, director or trustee thereof, while working or otherwise and whether acting alone or in collusion with others;
- (b) due to bookkeeping, accounting or billing errors or omissions;
- (c) the proof of which as to factual existence, is dependent upon an audit of records or an inventory computation. 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;
- (d) 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 such wrongful giving, taking, obtaining or withholding;
- (e) due to electrical or magnetic injury, disturbance or erasure of electronic recordings, except by lightning;
- (f) by war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military power;
- (g)
  - (i) 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, nuclear explosion, except for ensuing loss or damage which results directly from fire, lightning or explosion of natural, coal or manufactured gas;
  - (ii) by contamination by radioactive material.

## **B. POLLUTION EXCLUDED**

This Form does not insure against:

- (a) loss or damage caused directly or indirectly by any actual or alleged spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of "Pollutants", nor the cost or expense of any resulting "clean up", 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;
- (b) 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".

## **8. REMOVAL**

Such insurance as is afforded by this Form applies while the records of accounts receivable are being removed to and while at a place of safety because of imminent danger or loss or damage and while being returned from such place, provided the insured gives ten days' written notice to the Insurer of such removal.

## **9. 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 premium basis or the subject matter of this insurance, and to verify the statements 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.

## **10. 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.

## **11. BASIS OF SETTLEMENT**

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

- (a) Determine the amount of all outstanding accounts receivable at the end of the same fiscal month in the year immediately preceding the year in which the loss occurs;
- (b) 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;
- (c) the amount determined under (a) above, increased or decreased by the percentage calculated under (b) above, shall be the agreed total amount of accounts receivable as of the last day of the fiscal month in which said loss occurs;
- (d) the amount determined under (c) above shall be increased or decreased in conformity with 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 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.

## **12. OTHER INSURANCE**

The Insurer is not liable:

- (a) For more than the portion of any loss or damage covered by this Form which the applicable limit of this Form bears to the total amount of insurance covering against the peril of fire irrespective of whether or not such other insurance gives insurance in respect of the perils covered by this Form whether by endorsement thereto or otherwise;

(b) Where such other insurance does not insure against loss or damage by fire for more than the excess (if any) of any loss or damage over the applicable limit of any other insurance which would attach if this insurance had not been effected.

### **13. REINSTATEMENT**

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

### **14. ACTION AGAINST INSURER**

All adjusted claims shall be paid or made good to the Insured within thirty days after presentation and acceptance of satisfactory proof of interest and loss at the office of the Insurer. No action shall lie against the Insurer unless, as a condition precedent hereto, there shall have been full compliance with all the terms of this Policy, nor at all unless commenced within two years after the discovery by the Insured of the occurrence which gives rise to the loss. If this limitation of time is shorter than that prescribed by any statute controlling the construction of this Policy, the shortest permissible statutory limitation in time shall govern and shall supersede the time limitation herein stated.

### **15. DEFINITIONS**

Wherever used in this Form:

- (a) "Premises" means the interior of that portion of the building at the location designated on the "Declaration Page(s)" which is occupied by the Insured for the business purposes stated therein.
- (b) "Declaration Page(s)" means the Declaration Page(s) applicable to this Form.
- (c) "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.
- (d) "Clean up" means the removal, containment, treatment, decontamination, detoxification, stabilization, neutralization or remediation of "pollutants", including testing which is integral to the aforementioned processes.

## **(r) VALUABLE PAPERS AND RECORDS**

### **1. INDEMNITY AGREEMENT**

In the event that any of the property insured be lost, destroyed or damaged by a peril insured against, the Insurer will indemnify the Insured to an amount not exceeding the amount of insurance specified on the "Declaration Page(s)" in respect of the property lost or damaged and does not increase the total amount of insurance of \$50,000.

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 of \$50,000.

### **2. PROPERTY INSURED AND LIMIT OF INSURANCE**

This Form covers valuable papers and records listed as (a) Specified Articles and (b) All Other on the "Declaration Page(s)" the property of the Insured or held by him in any capacity, provided the insurance applies only to the interest of the Insured in such property, including the Insured's liability to others, and does not apply to the interest of any other person or organization in any of said property unless included in the Insured's proof of loss. The Insurer's liability shall not exceed the amount specified above.

### **3. LOCATION AND OCCUPANCY OF PREMISES**

The Insured occupies that part of the building and conducts therein the business indicated on the Declaration Page(s)". Such insurance as is afforded by this Form also applies while the valuable papers and records are being conveyed outside the premises and while temporarily within other premises, except for storage, provided the Insurer's liability for such loss or damage shall not exceed ten percent of the combined limits of insurance stated above or Five Thousand Dollars (\$5,000.), whichever is less;

### **4. PERILS INSURED**

This Form insures against all risk of direct physical loss or damage to the property insured from any external cause except as hereafter provided.

### **5. DEBRIS REMOVAL EXTENSION**

(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 amount payable under this extension shall not exceed 25% of the sum of:

- 1) the total amount payable for the direct loss of or damage to insured property; and
- 2) 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(s)" subject to a maximum recovery of two thousand, five hundred dollars (\$2,500.) for any one occurrence. Debris removal expense shall not be considered in the determination of actual cash value for the purpose of applying the Co-Insurance Clause.

### **6. EXCLUSIONS**

#### **A. PERILS EXCLUDED**

This Form does not insure:

- (a) loss or damage due to wear and tear, gradual deterioration, vermin or inherent vice;
- (b) loss or damage due to any dishonest, fraudulent or criminal act by any Insured, a partner therein or an officer, director or trustee thereof, whether acting alone or in collusion with others;
- (c) loss or damage to any property whilst being actually worked upon and where loss or damage is due thereto, unless fire or explosion ensues and then only for direct loss or damage caused by such ensuing fire or explosion;
- (d) loss due to electrical or magnetic injury, disturbance or erasure of electronic recordings, except by lightning;

- (e) loss or damage resulting from loss of use of the property insured or loss of sums due the Insured which the Insured is unable to collect because of loss of or destruction or damage to the property insured;
- (f) by war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military power;
- (g)
  - (i) 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;
  - (ii) by contamination by radioactive material.

## **B. POLLUTION EXCLUDED**

This Form does not insure against:

- (a) loss or damage caused directly or indirectly by any actual or alleged spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of "pollutants", nor the cost or expense of any resulting "clean up", 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;
- (b) 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".

## **7. PROPERTY EXCLUDED**

This Form does not insure:

- (a) loss of or damage to property not specifically declared and described in section (a) of Paragraph 2, "Property Insured", if such property cannot be replaced with other of like kind and quality;
- (b) property illegally acquired, kept or stored or property seized or confiscated for breach of any law or by order of any public authority;
- (c) loss or damage to property held as samples, or for sale or for delivery after sale;
- (d) property at locations which to the knowledge of the Insured are vacant, unoccupied or shut down for more than thirty (30) consecutive days, but this clause shall not apply to the "Resort" property which do to its nature, may be seasonally un-occupied.

## **8. DEDUCTIBLE**

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

## **9. 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 then cost to repair or replace the property with other of like kind and quality, nor the applicable limit of insurance stated in this Form, provided as respects property specifically described in section (a) of paragraph 2, "Property Insured", the amount per article specified therein is the agreed value thereof for the purpose of this insurance.

The Insurer may pay for the loss in money or 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 the 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.

Application of the insurance to property of more than one person shall not operate to increase the applicable limit of insurance.

## **10. OTHER INSURANCE**

The Insurer is not liable:

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

## **11. 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 Form that exceeds the amount of the Insurer's liability for any loss already incurred shall for 7 days only, or for the unexpired term of the Policy if less than 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 location(s) bears to the value of the property in them all.

## **12. REINSTATEMENT**

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

## **13. 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.

## 14. DEFINITIONS

Wherever used in this Form:

- (a) "Valuable papers and records" means written, printed, or otherwise inscribed documents and records, including books, maps, films, electronic recordings (excluding programs and instructions used in your data processing operations), drawings, abstracts, deeds, mortgages and manuscripts, but excluding money or securities.
- (b) The unqualified word "Premises" means the interior of that portion of the building at the location designated on the "Declaration Page(s)" which is occupied by the Insured for the business purposes stated therein.
- (c) "Declaration Page(s)" means the Declaration Page(s) applicable to this Form.
- (d) "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.
- (e) "Clean up" means the removal, containment, treatment, decontamination, detoxification, stabilization, neutralization or remediation of "pollutants", including testing which is integral to the aforementioned processes.

## 8. 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.

## 9. BREACH OF CONDITIONS

Where a loss occurs and there has been a breach of conditions 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 conditions or if the breach of conditions occurred in any portion of the premises over which the Insured has no control.

## 10. REINSTATEMENT

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

## 11. SUBROGATION

The Insurer, upon making any payment or assuming liability therefore under this Form, shall be subrogated to all the 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 the corporation, firm, individual, or other interest with respect to which insurance is provided by this Policy.

Where the net amount recovered, after deducting the cost 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.

## 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 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 14B;
- (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.

## 14A. SPECIAL BASIS OF SETTLEMENT

(a) "Replacement Cost" applies only to buildings and/or contents which are stated on the "Declaration Page(s)".

1. The Insurer agrees to amend the basis of settlement as stated in the Indemnity Agreement 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) 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 stated on the "Declaration Page(s)" for said building and/or contents, or actually and necessarily expended for such replacement;
- (c) failing compliance by the Insured with any of the foregoing provisions, settlement shall be made as if this coverage had not been in effect;

(d) 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 coverage is applicable shall be on the basis of replacement cost as defined herein;

(e) if this policy insures two or more items, the foregoing applies separately to each item to which this clause applies.

2. In this coverage,

(a) "**replacement cost**" means the cost of replacing, repairing, constructing or re-constructing (whichever is the least) the property with new property of like kind and quality and for like occupancy without deduction for depreciation; and

(b) "**replacement**" includes repair, construction or re-construction with new property of like kind and quality.

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 purpose of this coverage.

4. **Exclusions:**

This coverage 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, unless otherwise endorsed hereon;

(f) mobile homes or trailers. This exclusion does not apply if the mobile home or trailer has been totally converted and approved by the Insurer.

5. (a) 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 coverage is applicable, shall be deemed to be replacement cost without deduction for depreciation.

(b) "**Actual Cash Value**" applies only to buildings and/or contents which are stated on the "Declaration Page(s)".

The Actual Cash Value of applicable building(s) and/or contents will take into account such things as the cost of replacement less any depreciation, and in determining depreciation, we will consider the condition immediately before the damage, the resale value, and the normal life expectancy. **An 80% co-insurance will be applied** to all actual cash value limits.

(c) "**Co-Insurance**" applies only to buildings and contents which are stated on the "Declaration Page(s)" as being on an "Actual Cash Value" settlement basis.

The Insurer shall not be liable for a greater proportion of any loss or damage than the amount of insurance of each and every item of property insured hereunder at the time and place of loss bears to **80% of the actual cash value** of the property **at the time any loss or damage occurs**.

If the insurance under this Form is divided into two or more items, the foregoing shall apply to each item separately.

(d) "**Extensions of Coverage**" are additions to the property limit as shown on the Declaration Page(s), and are subject to all conditions of this Form.

**14B. SPECIAL BASIS OF SETTLEMENT**

(a) **Tenant's Improvements:** The liability of the Insurer shall be determined as follows:

(i) if repaired or replaced with due diligence and dispatch, the amount actually and necessarily expended but in no event exceeding the actual cash value of the tenant's improvements immediately prior to the time of destruction or damage;

(ii) if not repaired or replaced with due diligence and dispatch after such loss, that portion of the original cost of the damage 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. DEFINITIONS**

Wherever used in this Form:

(a) "**Declaration Page(s)**" means the Declaration Page(s) including any supplementary pages or schedule of coverages attached thereto applicable to this Form.

(b) "**Building**" means the building(s) described on the "Declaration Page(s)" and used as stated in the "Business Operation" area on the "Declaration Page(s)", without increasing the limit of any scheduled building limits stated on the "Declaration Page(s)" and includes:

(i) fixed structures pertaining to the building(s) and located on the premises;

- (ii) additions and extensions communicating and in contact with the building(s) including all hydro lines and poles on the premises;
  - (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";
  - (vi) outside communications towers, antennae (including satellite receivers) and equipment attached thereto, street clocks, exterior signs on premises, exterior glass or vitrolite and lettering or ornamentation thereon.
- (c) **"Contents"** means Equipment, Stock and Building Materials for the "Resort" Operation. Contents shall include the Personal Property of the Officers, Owners and Employees as stated on the "Declaration Page(s)".
- (d) **"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.
- (e) **"Stock"** means:
- (i) merchandise of every description usual to the Insured's business and held for sale;
  - (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.
- (f) **"Course of Construction"** means building materials and property in course of construction, installation, reconstruction or repair.
- (g) **"Property"** means Building(s), Equipment and Stock as defined herein.
- (h) **"Premises"** means the entire area within the property lines, docks, wharfs, and piers which are attached to and forming part of the premise and areas under adjoining sidewalks and driveways at the locations described on the "Declaration Page(s)" and in or on vehicles within 100 metres (328 feet) of such locations.
- (i) **"Fire Protective Equipment"** includes tanks, watermain, hydrants, valves and any other equipment 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 watermain 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 water is impounded by a dam.
- (j) **"Leakage From Fire Protective Equipment"** means the leakage or discharge of water or other substance from within the equipment used for fire protection purposes for the "premises" described on the "Declaration Page(s)" or for adjoining premises and loss or damage caused by the fall or breakage or freezing of such equipment.
- (k) **"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.
- (l) **"Clean Up"** means the removal, containment, treatment, decontamination, detoxification, stabilization, neutralization or remediation of "pollutants" including testing which is integral to the aforementioned processes.
- (m) **"Replacement Cost"** applies only to buildings and/or contents which are stated on the "Declaration Page(s)".
1. The Insurer agrees to amend the basis of settlement as stated in the Indemnity Agreement 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) 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;
    - (c) failing compliance by the Insured with any of the foregoing provisions, settlement shall be made as if this coverage had not been in effect;
    - (d) 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 coverage is applicable shall be on the basis of replacement cost as defined herein;
    - (e) this coverage applies separately to each item(s) above;
  2. In this coverage,
    - (a) **"replacement cost"** means the cost of replacing, repairing, constructing or re-constructing (whichever is the least) the property with new property of like kind and quality and for like occupancy without deduction for depreciation; and
    - (b) **"replacement"** includes repair, construction or re-construction with new property of like kind and quality.
  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 damage or destroyed and which is capable of performing the same function shall be deemed to be new property of like kind and quality for the purpose of this coverage.
- 4. Exclusions:**
- This coverage does not apply to:
- (a) stock;
  - (b) 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;
  - (c) 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; (d) any increase in the cost of replacement occasioned by a restriction or prohibition in any by-law, regulation, ordinance or law;

(d) mobile homes or trailers. This exclusion does not apply if the mobile home or trailer has been totally converted and approved by the Insurer.

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 coverage is applicable, shall be deemed to be replacement cost without deduction for depreciation.

- (n) **"Actual Cash Value"** applies only to buildings and/or contents which are stated on the "Declaration Page(s)". The Actual Cash Value of applicable building(s) and/or contents will take into account such things as the cost of replacement less any depreciation, and in determining depreciation, we will consider the condition immediately before the damage, the resale value, and the normal life expectancy. **An 80% co-insurance will be applied** to all actual cash value limits.
- (o) **"Co-Insurance"** applies only to buildings and contents which are stated on the "Declaration Page(s)" as being on an "Actual Cash Value" settlement basis. The Insurer shall not be liable for a greater proportion of any loss or damage than the amount of insurance of each and every item of property insured hereunder at the time and place of loss bears to **80% of the actual cash value** of the property at the time any loss or damage occurs. If the insurance under this Form is divided into two or more items, the foregoing shall apply to each item separately.
- (p) **"Extensions of Coverage"** are additions to the property limit as shown on the Declaration Page(s), and are subject to all conditions of this Form.
- (q) **"Total Property Limit"** means the total limit of all buildings, contents, and other items as shown on the Property Schedule portion of the "Declaration Page(s)".

## 17. ADDITIONAL EXCLUSIONS

### (A) FUNGI AND FUNGAL DERIVATIVES EXCLUSION

This Form 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, mildew, bacteria or wet or dry rot, whether or not allergenic, pathogenic or toxigenic, and any substance, vapour or gas produced by, emitted from or arising out of any "Fungi" or "Spores" or resultant mycotoxins, allergens, or pathogens.
- (b) **"Spores"** includes, but is not limited to, one or more reproductive particles or microscopic fragments produced by, emitted from or arising out of any "fungi".

### (B) CONTROLLED DRUGS AND SUBSTANCES ACT EXCLUSION

This policy does not insure loss or damage to buildings and/or structures, and their contents, used in whole or in part for the cultivation, harvesting, processing, manufacture, distribution or sale of marijuana or any product derived from or containing marijuana or any other substance falling with the Schedules of the Controlled Drugs and Substances Act whether or not the Insured is aware of such use of the property.

## 18. ADDITIONAL COVERAGE

### (a) COMPUTER EQUIPMENT, MEDIA & BREAKDOWN

Coverage under this form applies only to "computer equipment" including component parts thereof owned by the Insured or leased or under the control of the Insured and "computer media". This Form insures against all risk of direct physical damage of an insured peril.

#### Computer Equipment Breakdown

Coverage is extended to include loss caused directly or indirectly by:

- (i) mechanical failure, faulty construction or error in design;
- (ii) short circuit, blow-out or other electrical disturbance, other than lightning within electrical apparatus; or
- (iii) "computer media" failure or breakdown or malfunction of "computer equipment" including component parts when said "computer media" is being run through the equipment.

Each claim for loss or damage under the Computer Equipment Breakdown Extension shall be adjusted separately and the deductible amount specified on the "Declaration Page(s)" shall be deducted from the amount of each such adjusted claim.

#### Additional Exclusion

This extension does not insure against loss or damage caused directly or indirectly by any change or interruption to electric power supply, if the change originates more than 30.5 metres (100 feet) away from the premises insured containing the property insured, except by lightning.

#### Temporary Locations & Transit

Coverage is extended to include "computer equipment" and "computer media" while in transit or in temporary locations anywhere in Canada or the Continental United States of America.

#### Additional Coverages

- (a) **Additional Property:** Insurance is also provided for additional property. This extension of coverage applies only for thirty (30) days unless reported to the Company. Additional premium is payable as of the acquisition date of the property.

(b) New Location Property: Insurance is also provided automatically to any of the property that is moved to a new location for up to the limit specified on the "Declaration Page(s)" at any one location. This coverage applies only for thirty (30) days unless reported to the Company.

### **Additional Definitions**

Wherever used in this form:

"computer media" means materials on which "data" is recorded.

"computer equipment" means electronic equipment used for data storage and word processing.

This **ADDITIONAL COVERAGE** is subject to a maximum aggregate limit of insurance of \$50,000.

### **"DATA" EXCLUSION ENDORSEMENT**

#### **Section A**

(i) This policy does not insure "Data"

(ii) This policy does not insure loss or damage caused directly or indirectly by "Data problem". However, 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 fire, "explosion", "smoke", "leakage from fire protective equipment", water damage caused by bursting of frozen pipes and tanks, this exclusion shall not apply to such resulting loss or damage.

#### **Definitions applicable to Section A of this endorsement:**

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

"Data Problem" means:

- (i) erasure, destruction, corruption, misappropriation, misinterpretation of "Data";
- (ii) error in creating, amending, entering, deleting or using "Data"; or

"Explosion" means:

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 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.

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

"Leakage from fire protective equipment" means the leakage or discharge of water or other substance from within the equipment used for fire protection purposes for the "premises" described on the "Declaration Page(s)" or for adjoining "premises" and loss or damage caused by the fall or breakage or freezing of such equipment.

#### **Section B**

This form does not insure loss or damage caused directly or indirectly by "Data Problem". This exclusion does not apply:

- (i) to any resulting loss or damage if "Data problem" results in direct physical loss or damage to property at the "premises" caused by fire, "explosion", "smoke", "leakage from fire protective equipment", water damage caused by bursting of frozen pipes and tanks; or
- (ii) if "Data problem" is the direct result of fire, lightning, "explosion", "smoke", "leakage from fire protective equipment", "impact by aircraft, spacecraft or land vehicle", "windstorm or hail", earthquake, tsunami, flood, water damage caused by bursting of frozen pipes and tanks, at the "premises", provided that such perils are insured under this policy.

#### **Definitions applicable to Section B of this endorsement:**

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

**"Data Problem"** means:

- (i) erasure, destruction, corruption, misappropriation, misinterpretation of "Data";
- (ii) error in creating, amending, entering, deleting or using "Data"; or
- (iii) inability to receive, transmit or use "Data"

**"Explosion"** means:

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.

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

**"Leakage from fire protective equipment"** means the leakage or discharge of water or other substance from within the equipment used for fire protection purposes for the "premises" described on the "Declaration Page(s)" or for adjoining "premises" and loss or damage caused by the fall or breakage or freezing of such equipment.

**"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".

**"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.

## **TERRORISM EXCLUSION**

### **(Commercial Property)**

This form 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" except for ensuing loss or damage which results directly from fire or "explosion".

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.

### **Definitions:**

**"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.

**"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
- (b) piping or other equipment connected to said boilers and containing steam or water under steam pressure; 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 there from;

- (ii) smelt dissolving tanks;
- (iii) 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;
- (iv) moving or rotating machinery or parts of same when such loss or damage is caused by centrifugal force or mechanical breakdown;
- (v) 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;
- (vi) 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;
- (vii) bursting or rupture of any safety disc, rupture diaphragm or fusible plug.

**All other terms and conditions of the policy remain unchanged.**

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