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POLICY OVERVIEW

This insurance policy has been designed to provide comprehensive coverage and to help reduce the effect on the business of certain types of accidental loss.

It has been written in everyday language so that its protection is more easily understood. In addition, some examples have been given to help explain some of the more complicated provisions of the policy. You should not assume that similar circumstances would produce the same result in every case.

Note that some terms are specifically defined in this policy and in the individual coverage sections; these defined terms have special meaning that would be applicable in the event of a claim.

The policy has four (4) main parts:

- (1) **The Declarations.** It identifies the Named Insured and the business, shows the types of coverage and compensation limits that apply in your case, and tells you the price of the policy.
- (2) **The Policy Agreements.** This part applies to the entire policy.
- (3) **The Coverages.** This part describes each available coverage in detail, telling you exactly what is and what is not insured.
 - (a) Commercial General Liability Coverage (CGL). This coverage applies to your legal responsibility for injury to others and damage to the property and your rights under the policy.
 - (b) Non-Owned Automobile. This coverage applies to your legal responsibility from the use or operation of any automobile you do not own.
 - (c) Employee Injuries. This coverage applies to your legal responsibility for bodily injury to your employee.
 - (d) Medical Expenses. This coverage applies to medical expenses due to an accident on your premises regardless of fault.
 - (e) Professional services Coverage. If you have qualified and have chosen this coverage you are insured against professional legal liability.
 - (f) Property. These coverages apply mainly to damage to your own property and resulting loss of income.
 - (g) Crime. These coverages protect against loss of money and securities.
 - (h) Optional Coverages
 - (i) Optional Exclusions
- (4) **Statutory and Other Conditions.**

Some of the coverages described in this policy apply only if you qualify and have chosen them. All coverages that apply to you are shown on the Declarations.

It is important to remember that there are restrictions and exclusions applicable to all coverages, as well as a deductible; these may affect how much you can claim. Please, therefore, read this policy carefully. If you have any questions, your insurance broker or agent will be happy to answer them.

Finally, if there is any change at the premises or in the business, or if you wish to make a claim, or a claim is made against you, it is important that you tell your broker or agent immediately.

POLICY AGREEMENTS AND DEFINITIONS

These Policy Agreements and Definitions apply to every coverage you have purchased under this policy. We will pay compensation for loss that you have suffered as a result of an event. The event must take place within the policy territory and not be excluded by this policy. The event must happen during the policy period.

Example:

A regular visitor to the premises may, in ten years' time, begin showing symptoms to an illness caused by exposure to insulation material at the premises. This policy would insure your legal liability for the illness only if the policy was in force when the visits took place.

A car engine part you sold before this policy began is defective, and causes a road accident during the policy period. This policy will insure your legal liability for the resulting injuries and damages.

A fire occurs at the premises near the end of the policy period. Your profit is reduced as a result of the damage for several months after the policy period has ended. This policy, subject to its conditions, will compensate you for the amount of lost profit, less the policy deductible.

Your claim for any loss is subject to the restrictions, exclusions and conditions shown in this policy.

You agree to pay the price (premiums) for this policy shown on the Declarations.

Improved Coverage

If we improve the coverage given by this policy without increasing the price, we will automatically treat your policy as though it included the improvement, starting on the date the improvement took effect.

Deductible

You agree to be responsible for the deductible amount shown on the Declarations. This amount will be deducted from your claim for all losses you suffer as the result of a single event, no matter how many coverages of this policy are involved.

Example:

A thief breaks into and vandalizes your premises, forces open your safe, and steals your merchandise. Because of the damages, you are unable to re-open for business until the following day. Your losses are \$500 damage to the building, \$700 damage to the safe, \$500 stolen money, \$10,000 in stolen merchandise, and \$2,500 loss of profits. Assuming you have purchased coverage for all of the above losses and is subject to a \$1000 deductible, we would pay you the total amount of your loss (\$14,200) less the deductible (\$1000), or \$13,200.

Definitions

Whenever used in this policy:

- (1) Business means the business shown on the Declarations, including all activities usually associated with that type of business.
- (2) Data means representations of information or concepts in any form.
- (3) Event and Events means an unexpected and accidental exposure resulting from an insured peril causing harm or damage.
- (4) Fungi means any form or type of mould, yeast, mushroom or mildew whether or not allergenic, pathogenic or toxigenic and any substance, vapour or gas produced by, emitted from or arising out of any fungi or spores or resultant mycotoxins, allergens or pathogens.
- (5) Loss and Losses means financial harm.
- (6) Money means Canadian currency.
- (7) Named Insured means the person, persons or Organization(s) named on the Declarations as the insured.
- (8) Policy Period means the period shown on the Declarations. It starts at 12:01 a.m. (one minute after midnight) Standard Time on the first date and continues until 12:01 a.m. (one minute after midnight) Standard Time on the final date at the premises, unless extended in writing.

- (9) Policy territory means:
 - (a) anywhere in the world for activities of the business; and
 - (b) anywhere inside Canada the United States of America for your property or property in your possession.
- (10) Employee Benefits Program means Group Life, Accident, Health and Disability Benefits Insurance, Profit Sharing Plans, Pension Plans, Employee Stock Subscription Plans, Workers' Compensation, Employment Insurance.
- (11) Premises means the area inside the legally recognized lot lines at the location(s) shown on the Declarations.
- (12) Securities means documents (except bank notes), which represents money, such as cheques and bonds; also current Canadian postage and other stamps, travel tokens and tickets, credit card receipts and lottery tickets.
- (13) Spores means any reproductive particle or microscopic fragment produced by, emitted from or arising out of any fungi.
- (14) Terrorism means an ideologically motivated unlawful act or acts, including but not limited to the use of violence or force or threat of violence or force, committed by or on behalf of any group(s), organization(s) or government(s) for the purpose of influencing any government or instilling fear in the public or a sector of the public.
- (15) We, Our and Us means Heartland Farm Mutual Inc.
- (16) You and Your mean:
 - (a) the Named Insured;
 - (b) any current and former partner of the Named Insured; and
 - (c) any employee of the Named Insured while acting in that capacity.

COMMERCIAL LIABILITY SECTION

This section deals with some of the legal liabilities of a business and of its owners and employees.

There are five (5) coverages available:

- (1) **Commercial General Liability Coverage (CGL).** This coverage must be included.
It applies to your legal liability resulting from everyday operations, including:
 - (a) accidents to visitors on the premises or bodily injury;
 - (b) damage to premises that you lease and that you are legal liable for;
 - (c) damage to tangible property of others or third party property damage;
 - (d) injury or damage caused by the activities of the business elsewhere;
 - (e) injury or damage caused by merchandise you have sold or work you sold or work you have performed;
 - (f) certain types of harm to a person's reputation;
 - (g) mistakes in managing your employee benefit programs;
 - (h) injury to an employee arising out of and in the course of their employment by you in the operations described by you on the Declarations.
- (2) **Non-owned Automobile Coverage.** Law regulates the wording of this coverage, so it is not written in everyday language. Also, it is subject to its own definitions and conditions. If you have chosen this coverage, it insures your legal liability for the use in the business of automobiles you do not own. As well as injuries and damage caused by the automobiles, this coverage insures your legal liability for damage to the vehicles themselves.
- (3) **Employee Injuries Coverage.** If you have chosen this coverage, it insures your legal liability for bodily injury to your employees resulting from their work. No coverage applies if workers are eligible for compensation under the Worker's Compensation and similar laws bodily injury. In addition, we will make weekly compensation payments to employees who have suffered bodily injury resulting from their work even if your legal liability has not been definitely established in a court of law.
- (4) **Medical Expense.** If you have chosen this coverage, we will pay for medical expenses for bodily injury caused by an accident on your premises you own or rent, on a no fault basis.
- (5) **Professional Services Coverage.** If you qualify for this coverage and have chosen it, you are insured against legal liability for an accidental mistake or for forgetting to do something you should have done in performing a professional service usual to the business.

These brief descriptions do not give a complete picture of each coverage, so please read carefully the full details on the following pages.

Definitions

Whenever used in this Liability section (other than the Non-owned Automobile Coverage):

- (1) Bodily injury means death, physical injury, sickness, disease or disability, shock, or mental injury.
- (2) Contaminants means any solid, liquid, gas, odor, heat, sound, vibration, radiation or combination of any of them, which:
 - (a) causes or may cause impairment of the quality of the natural environment or any use that can be made of it;
 - (b) causes or may cause injury or property damage to property or to plant or animal life;
 - (c) adversely affects or may adversely affect the safety, health or security of any person;
 - (d) causes or may cause harm or bodily injury to any person; or
 - (e) renders or may render any property or plant or animal life unfit for use by people.
- (3) Employee benefit programs means group life insurance, group health insurance, profit-sharing plans, pension plans, employee stock purchase plans, workers' compensation, unemployment insurance, social security and disability benefits insurance.
- (4) Incidental medical malpractice means bodily injury due to giving or not giving of the following at your request:
 - (a) any medical service or treatment;
 - (b) any medication; or
 - (c) any medical goods.

Example: A customer collapses in your store. You call for medical help. The paramedic administers treatment that injures the customer. The customer begins a legal action against both you and the paramedic, claiming malpractice. This section would cover your legal liability.

- (5) Mismanagement means doing something by mistake or not doing something that should have been done when:
 - (a) advising employees;
 - (b) keeping records; or
 - (c) enrolling or disqualifying employees.

- (6) Nuclear energy hazard means the harmful properties of radioactive materials.

- (7) Personal injury means:

- (a) wrongful arrest;

Example: You make a citizen's arrest. The person arrested turns out to be innocent. Alternatively, you arrest the right person, but ignore the person's rights.

- (b) unlawful detention or imprisonment

Example: You prevent a customer leaving your store because you mistakenly think the customer is a shoplifter.

- (c) malicious prosecution;

Example: You start a lawsuit against someone with the idea of causing embarrassment or humiliation.

- (d) invasion of privacy;

Example: You trespass on someone's land.

- (e) wrongful eviction or wrongful entry;

Example: You go into a tenant's apartment without giving proper notice.

- (f) discrimination based on race or color, religion or sex, age or national origin;

- (g) advertising or publicity for the Named Insured which makes unauthorized use of someone else's idea or copyright or registered trademark; or

- (h) advertising or publicity for the Named Insured, which leads to unfair competition.

- (8) Professional services means services that require your specialized knowledge, skill and good judgement for proper performance, including:

- (a) any professional service or treatment conducive to health;
- (b) the furnishing or dispensing of drugs or medical, dental or surgical supplies or appliances;
- (c) any cosmetic, body piercing, massage, physiotherapy, hearing aid, optical or optometrical services or treatments;
- (d) the handling or treatment of deceased human bodies including autopsies, organ donations or other procedures;
- (e) any engineer, architect or surveyor services;
- (f) accountants, paralegal, lawyers, real estate brokers or agents, insurance brokers or agents, travel agents, financial institution or consultants advices;
- (g) any computer programing or reprogramming, consulting, advisory or related services; or
- (h) claims investigation, adjustment, appraisal, survey or audit services.

Example: Doctors, dentists, lawyers, accountants, beauticians, opticians, and pharmacists.

- (9) Property damage means:
- (a) the disappearance or destruction of tangible property, or damage to it; and
 - (b) loss of the use of tangible property, which has been destroyed or damaged.
- (10) You and Your mean the same as in the Policy Overview on page 2 and also, in this section only:
- (a) any person or organization while acting as real estate manager for the Named Insured; and
 - (b) any person or organization, which requires the Named Insured to buy the type of insurance given by this policy for the benefit of that person or organization. However, this section only insures that person or organization for loss due to the activities of the Named Insured.

General Liability Exclusions

These exclusions apply to all the Liability coverages, except the Non-owned Automobiles Coverage. Additional exclusions apply to each separate coverages.

We will not pay compensation, damages or other expenses for the following:

- (1) **Asbestos.** Bodily injury, property damage or personal and advertising injury related to or arising from any actual or alleged liability for any legal remedy of any kind whatsoever (including but not limited to damages, interest, mandatory or other injunctive relief, statutory orders or penalties, legal or other costs, or expenses of any kind) in respect of actual or threatened loss, damage, cost or expense directly or indirectly caused by, resulting from, in consequence of or in any way involving, asbestos or any materials containing asbestos in whatever form or quantity. This exclusion applies regardless of any other contributing or aggravating cause or event that contributes concurrently or in any sequence to the bodily injury, property damage or personal and advertising injury.
- (2) **Data.** Bodily injury or property damage arising out of erasure, destruction, corruption, misappropriation or misinterpretation of data. Bodily injury or property damage arising out of erroneously creating, amending, entering, deleting or using data.
- (3) **Fungi or Spores.**
 - (a) Bodily injury, property damage or personal and advertising injury or any other cost, loss or expense incurred by others, arising directly or indirectly from the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, presence of, spread of, reproduction, discharge or other growth of any fungi or spores however caused, including any costs or expenses incurred to prevent, respond to, test for, monitor, abate, mitigate, remove, clean-up, contain, remediate, treat, detoxify, neutralize, assess or otherwise deal with or dispose of fungi or spores;
 - (b) Any supervision, instructions, recommendations, warnings, or advice given or which should have been given in connection with (3) (a) above; or
 - (c) Any obligation to pay damages, share damages with or repay someone else who must pay damages because of such injury or damage referred to in (3) (a) or (b) above.

This exclusion applies regardless of any other contributing or aggravating cause or event that contributes concurrently or in any sequence to the bodily injury, property damage or personal and advertising injury.

- (4) **Nuclear Energy.** There is no coverage for liability under the Nuclear Liability Act. Also excluded is liability, which could be insured against by a nuclear energy liability insurance policy. Furthermore, there is no coverage for liability resulting directly or indirectly from a nuclear energy hazard.
- (5) **Pollution.** This insurance does not apply to liability (including fines, penalties, cost of clean-up, preparing or submitting plans, specifications or other information to any authority, investigating, hearings or complying with any direction or order of any authority) arising directly or indirectly from the actual, threatened or alleged discharge, dispersal, release or escape of contaminants.

This pollution exclusion does not apply to bodily injury or property damage caused by heat, smoke or fumes from a fire, which becomes uncontrollable or breaks out from where it was intended to be.

- (6) **Silica or Silica-Related Dust.** Bodily injury, property damage or personal and advertising injury related to or arising from any actual or alleged liability for any legal remedy of any kind whatsoever (including but not limited to damages, interest, mandatory or other injunctive relief, statutory orders or penalties, legal or other costs, or expenses of any kind) in respect of actual or threatened loss, damage, cost or expense directly or indirectly caused by, resulting from, in consequence of or in any way involving, silica-related dust or any materials containing silica or silica-related dust in whatever form or quantity, including any costs or expenses incurred to prevent, respond to, test for, monitor, abate,

mitigate, remove, cleanup, contain, remediate, treat, detoxify, neutralize, assess or otherwise deal with or dispose of silica or silica-related dust or any materials containing silica or silica-related dust in whatever form or quantity.

This exclusion applies regardless of any other contributing or aggravating cause or event that contributes concurrently or in any sequence to the bodily injury, property damage or personal and advertising injury.

- (7) **Terrorism.** Bodily injury, property damage or personal and advertising injury arising directly or indirectly, in whole or in part, out of terrorism or out of any activity or decision of a government agency or other entity to prevent, respond to or terminate terrorism. This exclusion applies regardless of any other contributing or aggravating cause or event that contributes concurrently or in any sequence to the bodily injury, property damage or personal and advertising injury.
- (8) **Unmanned Air Vehicle System.** Bodily injury, property damage or personal and advertising injury arising directly or indirectly, in whole or in part from the ownership, maintenance, operation, use, loading or unloading of, or entrustment to others of any unmanned air vehicle system(s).
- (9) **War.** There is no coverage for a war, an invasion, the activities of a foreign enemy, hostilities (even if war has not been declared), a civil war, a rebellion, a revolution, a revolt or the use of military power.

Liability Agreements

These Liability Agreements apply only to the liability coverages for which you have bought insurance as shown on the Declarations. However, these Liability Agreements do not apply to the Non-owned Automobiles Coverage, even if you have bought insurance for it.

Under the liability coverages for which you have insurance, we will pay damages when you are legally liable. The damages must be for harm done to someone else. The harm must be the result of an event which is not excluded. We will not pay exemplary, punitive, aggravated or similar non-compensatory damages. Anyone insured by this policy can, subject to its conditions and exclusions, claim damages from anyone else insured by this policy.

Limitation of Actions

Every action or proceeding against us for the recovery of insurance money payable under the contract is absolutely barred unless commenced with the time set out in Insurance Acts and other applicable statutes.

Compensation Limits

The maximum damages each coverage will pay in total for each event regardless of the number of claims, is the compensation limit shown beside that coverage on the Declarations.

Example:

An accident at the premises injures three customers. The court awards each of them \$300,000. During the same policy period, another customer is injured on the premises and awarded \$250,000. If the compensation limit shown on the Declarations is \$1,000,000, we will pay all of the first three claims and the fourth claim, as the fourth claim constitutes a separate event.

However, for all events during a single policy period arising from:

- (1) goods or products you made, sold, handled or distributed;
 - (2) operations away from the premises that you have completed; and
- the maximum damages we will pay in total is the applicable compensation limit shown on the Declarations.

Other Expenses

In addition to damages, we will pay the following expenses for legal liability covered by this section of the policy:

- (1) **Investigation and Settlement.** When you tell us you have received a claim against you, we investigate the claim, and do our best to arrange and make any settlement we consider advisable.
- (2) **Defense.** If you are sued for damages, we will arrange and pay for your defense.
- (3) **Reasonable Expenses.** All of the reasonable expenses that you incur to assist us in the investigation or defense of the claim, including up to \$250 per day in lost earnings if you have to take time off work.

COMMERCIAL GENERAL LIABILITY COVERAGE (CGL)

Applicable only if shown on the Declarations

General Description

This coverage insures your legal liability for bodily injury, personal injury or property damage resulting from an event caused by your activities on behalf of the business.

It includes property damage to any premises you occupy for the purposes of the business but do not own when you are liable by law or contract for such damage.

Example:

The lease for the premises makes you responsible for repairing damage to windows. This coverage will compensate you for such repair costs, subject to the deductible.

Exclusions

We will not pay compensation, damages or other expenses for the following:

- (1) **Advertising and Publishing Organizations.** This coverage does not apply to liability for advertising or publicity if the Named Insured is an advertising agency, a publisher, a broadcaster or a television company.
- (2) **Assumed Obligations.** There is no coverage for an event that would be someone else's total responsibility if you had not agreed to accept the total responsibility as though it is your own.

Example:

You lease a building to a butcher. Under the lease, you agree to accept responsibility for any cases of food poisoning suffered by his customers as a result of the butcher's carelessness. This coverage would not insure you against the responsibility you accepted in this case.

There is no coverage for agreements by which you accept any part of someone else's responsibility for:

- (a) professional services;
 - (b) pollution; or
 - (c) advertisements.
- (3) **Automobile.** Bodily injury or property damage arising directly or indirectly, out of the ownership or use or operation of any automobile owned or operated by or on behalf of or rented or loaned to any insured. This exclusion applies regardless of any other contributing or aggravating cause or event that contributes concurrently or in any sequence to the bodily injury or property damage.

This exclusion applies to any motorized snow vehicle or its trailers and any vehicle while being used in any speed or demolition contest or in any stunting activity or in practice or preparation for any such contest or activity. This exclusion also applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the occurrence which caused the bodily injury or property damage involved the ownership, maintenance, use or entrustment to others of any automobile that is owned or operated by or on behalf of, or rented or loaned to any insured.

This exclusion does not apply to:

- (a) Bodily injury to an employee of the insured on whose behalf contributions are made by or required to be made by the insured under the provisions of any Canadian provincial or territorial workers' compensation law.
- (b) Bodily injury or property damage arising out of a defective condition in, or improper maintenance of, any automobile owned by the Insured while leased to others for a period of thirty (30) days or more provided the lessee is obligated under contract to ensure that the automobile is insured.
- (c) Bodily injury or property damage arising out of the ownership, use or operation of machinery, apparatus or equipment mounted on or attached to any vehicle while at the site of the use or operation of such equipment, but this exception however does not apply when such equipment is mounted on or attached to any automobile and such equipment is used for the purpose of loading or unloading.
- (d) Bodily injury or property damage arising out of loading or unloading if such operations are precluded from coverage under the motor vehicle section of any provincial act/ regulation.

- (4) **Disease, Illness or Infection.** The actual or suspected presence or threat of any virus, organism or like substance that is capable of inducing disease, illness, physical distress or death, whether infectious or otherwise, including but not limited to an epidemic, pandemic, influenza, plague or flu of any kind.
- (5) **Electronic Data.** This coverage does not apply to liability for bodily injury or personal injury arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.
- (6) **Employees.** This coverage does not apply to liability for bodily injury or personal injury to any employee of the Named Insured in the course of his or her employment, unless contributions are required by law to be made for the employee under the Workplace Safety and Insurance Board (WSIB) fund, and legal liability for bodily injury is additional to or instead of any benefits received from the fund.
- (7) **Employee Discrimination.** This coverage does not apply to discrimination against a job applicant, an employee or an ex-employee, which is decided to be unfair by an independent tribunal or court.
- (8) **Intentional Acts.** There is no coverage for your deliberately dishonest, fraudulent, criminal, or malicious actions or neglect. However, there is coverage for claims arising from the use of reasonable force to protect people or property.
- (9) **Loss of Opportunity.** When you do not deliver a piece of equipment to your customer on time, the customer loses an assignment. There is no coverage for the customer's claim against you for the lost business.
- (10) **Merchandise and Finished Work.** This coverage does not apply to liability for property damage to your own merchandise or finished work resulting from the merchandise or work itself.
- (11) **Merchandise Recall.** We will not compensate you for the cost of recalling, examining, repairing or replacing defective or suspect merchandise that you made, assembled, altered, finished or imported, nor for losses claimed by your customers as a result.
- (12) **Mistaken Advertisements.** There is no coverage for liability due to a wrong description or wrong price in an advertisement.
- (13) **Previous Publication.** There is no coverage for libel, slander or defamation due to something first said or published before the policy period.
- (14) **Professional Services.** There is no coverage for the performance or non-performance of a professional service, other than incidental medical malpractice. However, coverage for incidental medical malpractice does not apply to you if your occupation involves giving medical treatment, dispensing medication or supplying medical goods.
- (15) **Property Not Physically Damaged.** There is no coverage for loss of the use of tangible property nor for any other resulting losses if the property has not been physically damaged or destroyed and the loss results only from your merchandise or finished work not doing what it is supposed to do or not lasting its customary life expectancy, or from you not carrying out the terms of a contract or agreement.

Example: You sell an electric heater. The accountant who buys it tries to warm her office during a cold day, but the heater does not work. The accountant therefore has to close the office for the day. Her claim against you for lost income and lost customers is not covered.

- (16) **Property You Own or Control.** There is no coverage for property damage to property you own or in your possession; however, this exclusion does not apply to property damage to any premises you occupy but do not own, except for wear and tear or gradual deterioration. Property damage to someone else's property away from the premises is excluded also, if caused by work being done on that property by you or your subcontractor; however, this exclusion applies only to the part of the property being worked on.

Example: While installing a refrigerator for a customer, you adjust the temperature control mechanism and cause a short-circuit. The electrical damage to the control mechanism is not covered, but this section covers any other damage that results, such as fire damage to the surrounding property.

- (17) **Terrorism.** Bodily injury, property damage or personal injury arising directly or indirectly, in whole or in part, out of terrorism or out of any activity or decision of a government agency or other entity to prevent, respond to or terminate terrorism. This exclusion applies regardless of any other contributing or aggravating cause or event that contributes concurrently or in any sequence to the bodily injury, property damage or personal and advertising injury.

Example: On a piano you have sold, a faulty leg breaks and the piano collapses. This section covers none of the damage to the piano.

However, this exclusion does not apply to other losses resulting from the property damage to your own merchandise or finished work after it is in the possession of your customer.

Example: A piano you have recently sold to a concert hall collapses during a rehearsal because of a faulty leg. That evening's concert must be cancelled. This section covers the concert hall's action against you for lost income.

NON-OWNED AUTOMOBILE COVERAGE

Applicable only if shown on the Declarations

Third Party Liability

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

Bodily Injury to or the death of any person or damage to property of others not in the care, custody or control of the insured:

Provided always the insurer shall not be liable under this policy:

- (1) for any liability which arises from the use operation of any automobile while personally driven by the insured if the insured is an individual; or
- (2) for loss or damage to property carried in or upon an automobile personally driven by any person insured by this policy or to any property owned or rented by, or in the care, custody or control of any such person; or
- (3) for any amount in excess of the limit shown on the Declarations, and expenditures provided for in the additional agreements of this coverage; subject always to the provisions of the section of the insurance act relating to the nuclear energy hazard.

Additional Agreements of Insurer

Where indemnity is provided by this coverage, we further agree:

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

Agreements of Insured

Where indemnity is provided by this coverage, every person insured by this policy

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

General Provisions and Definitions

- (1) **Additional Insureds.** The Insurer agrees to indemnify in the same manner and to the same extent as if named herein as the insured, every partner, officer or employee of the insured who, with the consent of the owner thereof, personally drives:
 - (a) in the business of the insured shown on the Declarations, any automobile not owned in whole or in part by or licensed in the name of:
 - (i) the insured;
 - (ii) such additional insured person;
 - (iii) any person or persons residing in the same dwelling premises as the insured or such additional insured person; or
 - (b) any automobile hired or leased in the name of the insured except an automobile owned in whole or in part or licensed in the name of such additional insured person.
- (2) **Automobiles Operated Under Contract Defined.** The term Automobile Operated Under Contract as used in this coverage shall mean automobiles operated in the business of the insured shown on the Declarations where the complete supervision, direction and control of such automobiles remain within the owner thereof, but shall not include any automobile owned in whole or in part by or licensed in the name of the insured or any partner, officer or employee of the insured.
- (3) **Hired Automobiles Defined.** The term Hired Automobiles as used in this coverage means automobiles hired or leased from others with or without drivers, used under the control of the insured in the business shown on the Declarations but shall not include any automobile owned in whole or in part by or licensed in the name of the insured or any partner, officer or employee of the insured.
- (4) **Territory.** This coverage applies only to the use or operation of automobiles within Canada or the United States of America or upon a vessel plying between ports of those countries.
- (5) **Two or More Automobiles.** When two or more automobiles are insured hereunder the terms of this coverage shall apply separately to each, but a motor vehicle and a trailer or trailers attached thereto shall be held to be one automobile as respects limits of liability under the Third Party Liability section of the policy.

LEGAL LIABILITY FOR DAMAGE TO HIRED AUTOMOBILES

Applicable only if shown on the Declarations

The insurer agrees to indemnify the insured against the liability imposed by law upon the insured or assumed by him/her under any contract or agreement for loss or damage arising from the care, custody or control of hired automobiles as defined in this coverage and resulting from loss or damage caused by All Perils.

Deductible Clause

Each occurrence causing loss or damage covered hereunder except loss or damage caused by fire or lightning or theft of the entire automobile shall give rise to a separate claim in respect of which the insurer's liability shall be limited to the amount of loss or damage in excess of the deductible shown on the Declarations.

Two or More Automobiles

A motor vehicle and one or more trailers or semi-trailers attached thereto shall be held to be separate automobiles with respect to the limit of liability, including the deductible provision, if any, under this agreement.

The Insurer shall not be liable:

- (1) for loss or damage to any automobile while personally driven by the insured if the insured is an individual; or
- (2) for loss or damage:
 - (a) to tires or consisting of or caused by mechanical fracture or breakdown of any part of an automobile or by rusting, corrosion, wear and tear, freezing or explosion within the combustion chambers, unless the loss or damage is caused by fire;
 - (b) to any automobile while being used without the consent of the owner thereof;
 - (c) caused directly or indirectly by contamination by radioactive material;
 - (d) to contents of trailers; or

- (e) caused directly or indirectly by war, insurrection, rebellion, revolution, military or usurped power, or by the operation of armed forces while engaged in hostilities whether war be declared or not.
- (3) occurring after theft by any person or persons residing in the same dwelling premises as the Insured, or by any employee of the Insured engaged in the operation, maintenance or repair of the automobile whether the theft occurs during the hours of such service or employment or not unless the policy provides insurance on an All Perils basis.

Additional Agreement

The Insurer further agrees to pay general average, salvage and fire department charges and custom duties of Canada or of the United States of America for which the Insured is legally liable.

Statutory Conditions

The insurance under this coverage is subject to the Statutory Conditions of the Standard Non-Owned Automobile Policy approved by the regulatory body for the Province of Ontario in which this policy is issued.

EMPLOYEE INJURIES COVERAGE

Applicable only if shown on the Declarations

General Description

This coverage insures your legal liability for bodily injury suffered by an employee of the Named Insured in the course of his/her employment.

In addition, we will compensate an employee of the Named Insured who suffers bodily injury in the course and as a result of his or her employment. The compensation we will pay, when added to compensation from any employee benefit programs and from other employment income, will total no more than the employee's average gross weekly pay from the business during the twelve (12) months immediately before the event, which caused the bodily injury. The most we will pay per week is shown on the Declarations. The payments will continue only while the bodily injury prevents the employee from returning to his/her previous job, and in any case for no longer than fifty-two (52) weeks.

Exclusions

- (1) **Contractual Obligations.** There is no coverage for liability you have assumed under a contract or agreement that you would not be responsible for otherwise.
- (2) **Disease, Illness or Infection.** The actual or suspected presence or threat of any virus, organism or like substance that is capable of inducing disease, illness, physical distress or death, whether infectious or otherwise, including but not limited to an epidemic, pandemic, influenza, plague or flu of any kind.
- (3) **Workers' Compensation or similar benefits.** There is no coverage for any person who is entitled to claim benefits for bodily injury under a workers' compensation law, disability benefits law, employment compensation law, unemployment compensation law or any similar law.

MEDICAL EXPENSE COVERAGE

Applicable only if shown on the Declarations

Insuring Agreement

- (1) We will pay medical expenses as described below for bodily injury caused by an accident:
 - (a) on premises you own or rent;
 - (b) on ways next to premises you own or rent; or
 - (c) because of your operations;provided that:
 - (a) the accident takes place in the coverage territory and during the policy period;
 - (b) the expenses are incurred and reported to us within one year of the date of the accident; and
 - (c) the injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.
- (2) We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance

as described in the Liability section of the policy. We will pay reasonable expenses for:

- (a) first aid administered at the time of an accident;
- (b) necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
- (c) necessary ambulance, hospital, professional nursing and funeral services.

Exclusions

We will not pay expenses for bodily injury:

- (1) **Any Insured.** To any insured, except volunteer workers.
- (2) **Athletic Activities.** To a person injured while practicing, instructing or participating in any physical exercises or games, sports or athletic contests.
- (3) **Disease, Illness or Infection.** the actual or suspected presence or threat of any virus, organism or like substance that is capable of inducing disease, illness, physical distress or death, whether infectious or otherwise, including but not limited to an epidemic, pandemic, influenza, plague or flu of any kind.
- (4) **Exclusions.** Excluded under the Liability section of the policy.
- (5) **Hired Person.** To a person hired by you or by your tenant.
- (6) **Injury on Normally Occupied Premises.** To a person injured on that part of premises you own or rent that the person normally occupies.
- (7) **Products and Completed Operation Events.** To a person who is injured by merchandise you have sold or work you sold or work you have performed.
- (8) **Workers Compensation and Similar Laws.** To your employee, if benefits for the bodily injury are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

PROFESSIONAL SERVICES COVERAGE

Applicable only if shown on the Declarations

General Description

This coverage insures your legal liability for bodily injury or property damage resulting from an event caused by the performance or non-performance of professional services usual to the business.

In addition, we will compensate anyone who suffers bodily injury for reasonable medical treatment needed because of the bodily injury. The treatment must have been received within the twelve (12) months following the event, which resulted in the bodily injury. The event must have been caused by the performance or non-performance of professional services usual to the business.

Exclusions

We will not pay compensation, damages or other expenses for the following:

- (1) **Contractual Obligations.** There is no coverage for liability you have assumed under assumed under a contract or agreement that you would not be responsible for otherwise.
- (2) **Cosmetic Procedures.** There is coverage no coverage for liability resulting from weight-reduction treatments, slenderizing, exercising, or massage (other than facial massage). This coverage does not apply to the use of a sun lamp, a tanning lamp or any other irradiating devise, nor to the use of electrical or heat or steam baths.
- (3) **Disease, Illness or Infection.** the actual or suspected presence or threat of any virus, organism or like substance that is capable of inducing disease, illness, physical distress or death, whether infectious or otherwise, including but not limited to an epidemic, pandemic, influenza, plague or flu of any kind.
- (4) **Employees.** There is no coverage for liability for bodily injury to an employee of the Named Insured in the course of his/her employment.
- (5) **Intentional Acts.** This coverage does not apply to bodily injury or property damage you intended to happen. Also excluded is bodily injury or property damage resulting from a crime or a violation of any law or ordinance. Bodily injury or property damage caused by someone under the influence alcohol or drugs is excluded.
- (6) **Medical Procedures.** There is no coverage for liability resulting from chiropody, face lifting or plastic surgery. The removal or attempted removal of warts or moles or other growth, or of hair by any technique using photo-coagulation,

X-Ray, electrolysis or other ionizing radiation is also excluded. This coverage does not apply to the use of X-ray apparatus or radium for therapeutic treatment either.

- (7) **Property you Control.** There is no coverage for property damage to property you own or in your possession.
- (8) **Schools and Laboratories.** There is no coverage for liability resulting from the operation of a beauty school, a barber school or a testing laboratory.
- (9) **Workers' Compensation.** This coverage will not compensate you for your obligations under Workplace Safety and Insurance Benefits (WSIB) law.

PROPERTY SECTION

Introduction

This section of the policy deals with some of the physical threats to your business property.

Definitions

Whenever used in this Property Section:

- (1) Building means the following, whether belonging to you or your responsibility:
 - (a) a permanent structure on the premises;
 - (b) additional and extensions to it;
 - (c) fittings and fixtures permanently attached to it;

Example: Awnings, heating and lighting systems, fire sprinkler systems.
 - (d) permanent outdoor fixtures on the premises;

Example: In-ground swimming pools, tennis courts, sidewalks, lamp standards, fences, free standing signs.
 - (e) household appliances intended for the use of tenants, while on the premises or with 100 meters of them;

Example: Refrigerators and stoves in apartments, laundry room equipment.
 - (f) maintenance equipment and supplies, intended for use on the premises, while on the premises or within 100 meters of them; and

Example: Floor polishers, garden tractors, paint.
 - (g) plants, trees, and shrubs.
- (2) Contents means the following while on the premises or within 100 meters of them, whether belonging to you or your responsibility:
 - (a) tenant's improvement which is the value of any alterations or repairs made by you to buildings you occupy but do not own;

Example: Your store front, the burglar alarm system protecting your store.
 - (b) furniture, furnishings, fittings, fixtures (except building fixtures that are not tenant's improvements), machinery, computers, equipment, tools, utensils and appliances, if used for the business;
 - (c) business records on paper or electronic media, or computer software;
 - (d) stationary, advertising material, wrapping and packing material, as used for the business;
 - (e) merchandise of the business, including your customers' property held on your premises for storage, inspection or repair; or
 - (f) personal property of your employees and visitors.
- (3) Clean-up means the removal, containment, treatment, decontamination, detoxification, stabilization, neutralization or remediation of pollutants, including testing which is integral to any of these processes.
- (4) Depreciated value means the cost of replacement less actual wear and tear.

- (5) Business income means the gross profit before taxes and unchanging business costs. Unchanging business costs are expenses of the business that continue whether an event happens or not: examples are interest payments on a loan, salaries of permanent employees.
- (6) Normal means how business operations were before an event happened.
- (7) Pollutants mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, odour, soot, vapour, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- (8) Pressure vessel means any container whose maximum internal working pressure is usually higher than 103 kilopascals (15 pounds each square inch).
- (9) Property damage means:
 - (a) the disappearance or destruction of tangible property, or damage to it; and
 - (b) loss of the use of tangible property, which has been destroyed or damaged.
- (10) Radioactive material means uranium, thorium, plutonium, neptunium, their respective derivatives and compounds, radioactive isotopes of other elements and any other substances which may be designated by any nuclear liability act, law or statute, or any law amendatory thereof, as being prescribed substances capable of releasing atomic energy, or as being requisite for the production, use or application of atomic energy.
- (11) Replacement means replacement, repair, construction or reconstruction of property.
- (12) Replacement cost means the cost of replacement with new property of the same type and quality for the same use. If new property of the same type and quality for the same use is not available, new property as similar as possible in type, quality and use will be substituted.
- (13) Property of Every Description means buildings and contents as defined in the policy.
- (14) Contents of Every Description means contents as defined in the policy.

PROPERTY AGREEMENTS

Applicable only if shown on the Declarations

Building and/or Contents Coverage

This coverage insures against property damage to Buildings or Contents or both for which you have bought insurance as shown on the Declarations. It also insures the following On-Premises and Off-Premises additional coverages.

The coverage in this section offers protection against any type of event not clearly excluded. This means that we must compensate you for loss or harm to the property and income insured by this section, unless we can prove the loss or harm was caused by an event which is not covered. For convenience, we have listed all the exclusions together, starting below.

Excluded Property

We do not insure the following types of property under this section:

- (1) Articles made from gold, silver or platinum,
- (2) Automobiles, watercraft, aircraft or air-cushion vehicles.
- (3) Bad debts.
- (4) Contents for which no records exist to accurately establish the amount of a loss.
- (5) Data. This policy does not insure data, nor does it insure loss or damage caused directly or indirectly by a data problem regardless of any other event that contributes concurrently. However, if a loss or damage caused by a data problem results in the loss or damage to property insured under this policy, this exclusion shall not apply to such resulting loss or damage. Basis of settlement for records, books of accounts, drawings, media data storage devices, or data processing of any kind shall not exceed the cost of reproducing such records, data, devices from duplicates or from originals, but shall not include the cost of gathering or assembling information for such reproduction.
- (6) Fur, fur clothing, gems and jeweler.

- (7) Merchandise below ground level which is destroyed or damaged by entrance of water from a natural source or by sewer back up or the failure of a sump pump.
- (8) Money, bullion and securities.
- (9) Any pressure vessel that you own or control which is destroyed or damaged by explosion, collapse, bursting, splitting, burning out or bulging of the pressure vessel. We also exclude damage or destruction, which the explosion, collapse, etc. caused to your other property at the premises by such an event.
- (10) Any property obtained or kept or stored illegally.
- (11) Any property seized or destroyed by the lawful order of a civil authority. This exclusion does not apply to seizure or destruction intended to prevent the spread of fire. It also does not apply to seizure or destruction of contents due to a suspected health hazard resulting from an event covered by this section.
- (12) Property located underground beyond the premises such as sewers, drains and watermains.
- (13) Any building you know has been vacant or unoccupied for over thirty (30) days, or its contents.

Excluded Events

We do not cover loss or damage resulting from the following events:

- (1) **Animals.** There is no coverage for a loss caused by animals.
- (2) **Controlled Drugs and Substances Act.** This policy does not insure loss or damage caused directly or indirectly by or resulting from illegal drug operations or from any activity or decision of any government agency to prevent, respond or terminate illegal drug operations.
- (3) **Delay, Loss of Market or Use.** Except as insured by the business loss of income coverage, this section does not apply to any delay, loss of market, loss of use or loss of occupancy.
- (4) **Disease, Illness or Infection.** The actual or suspected presence or threat of any virus, organism or like substance that is capable of inducing disease, illness, physical distress or death, whether infectious or otherwise, including but not limited to an epidemic, pandemic, influenza, plague or flu of any kind.
- (5) **Earthquake or other Earth Movements.** There is no coverage for the loss or damage caused directly or indirectly whether or not caused by or attributed by an earthquake which includes earthquake shock, snow slide, landslide or any other earth movements.
- (6) **Electrical Disturbances.** There is no coverage for electrical disturbances (including irregular currents) to electrical equipment. This exclusion does not apply if the event is caused by harm to equipment on the premises or within 100 meters of the premises resulting from an event covered by this section.

Example:
 Lightning strikes the electrical panel for the building, causing damage to your data processing equipment. The damage is covered, less the policy deductible.
 High demand forces the local hydro authority to reduce power output. You must close your office because of the lack of heating. Any loss of profits due to your premises closure is not covered.

Example:
 In the parking lot at the premises, a car hits the transformer, which supplies power to your store. As a result, the refrigeration stops working and your stock of food spoils. We cover the food spoilage, less the policy deductible.

- (7) **Environmental Effects.** There is no coverage for loss due to contamination, dampness, fungi, spores, mildew, dryness, a moisture loss, a temperature change, (except for Spoilage as specified in the Building and/or Contents Coverage), agricultural or industrial smoke or smudging, any shrinkage, a leakage of contents, an exposure to light, a change in flavor or color or texture or finish, disease, rust or corrosion, marring, scratching or crushing. This exclusion does not apply if the event described results from another event covered by this section.

Example:
 The heat from a fire next door melts some of your stock of candy. We will compensate you for the melted candy, less the policy deductible.

- (8) **Flood.** There is no coverage for the loss or damage caused directly or indirectly whether or not caused by or attributed to a flood, which includes leakage from a watermain, water below the surface of the ground, 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.
- (9) **Fungi and Fungal Derivatives.** Loss or damage consisting of or caused directly or indirectly by any fungi or spores unless such fungi or spores are directly caused or directly result from an event otherwise not excluded by this policy.
- (10) **Intentional Acts.** There is no coverage for any dishonest act by the Named Insured or its owners. Theft, embezzlement or fraud by an employee of the Named insured is also excluded.
- (11) **Internal Flaws.** There is no coverage for the disintegration of moving parts, mechanical breakdown or electrical breakdown. Also excluded are aging, wear and tear, gradual deterioration, customary depreciation, a hidden fault or a characteristic defect. Designs, materials and work which are defective or unsuitable are not covered either. This exclusion applies only to the cost of repairing or remedying the flaw it does not apply to other property or other parts of the same property that are harmed because of the flaw by a cause not otherwise excluded.

Example:
 The fan in your air-conditioner starts wobbling on its spindle. We do not cover the cost of repairing it. The fan flies off the spindle and damages contents nearby. The cost of replacing the fan is excluded, but the damage to the contents is covered, less the policy deductible.

- (12) **Overloading.** There is no coverage for a loss caused by overloading a machine beyond the capacity recommended by the machine's maker.
- (13) **Pollution.** This policy does not insure against:
 - (a) Loss or damage caused directly or indirectly by any actual or alleged spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of pollutants, nor the cost or expense of any resulting clean-up. This exclusion does not apply:
 - (i) if the spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of pollutants is directly caused by a peril not otherwise excluded in this form, or
 - (ii) to loss or damage caused directly by a resultant peril not otherwise excluded in this form;
 - (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.
- (14) **Radioactivity.** There is no coverage for contamination by radioactive material.
- (15) **Sewer Back-up.** There is no coverage for the loss or damage caused directly or indirectly whether or not caused by or attributable to the rupture of or escape of water from a sewer, floor drain, sump, septic tank, eaves trough, downspout or the melting of ice or snow on the exterior of the roof.
- (16) **Shortages.** There is no coverage for an inventory shortage, property that disappears, or for mistakes or forgetfulness in accounting or billing.
- (17) **Terrorism.** This policy does not insure loss or damage caused directly or indirectly by terrorism or by any activity or decision of a government or any agency to prevent, respond or terminate terrorism. Any 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.
- (18) **War.** There is no coverage for a war, an invasion, and the activities of a foreign enemy, hostilities, a civil war, a rebellion, a revolution, a revolt or the use of military power.
- (19) **Work Damage.** There is no coverage for damage to property caused by work being performed on it. This exclusion does not apply to damage to other property that results from the work performed.

Example
 You are repairing or replacing your roof. During the work it starts to rain causing damage to the interior of the building. The damage to the roof is not covered, but the interior water damage is covered, less the policy deductible.

On-Premises Additional Coverages

The following additional coverages are provided in addition to the limits of coverage provided under Building and/or Contents limits. The compensation limit of coverage for any or all On-Premises Additional Coverages is an aggregate of \$750,000, unless stated differently.

- (1) **Accounts Receivable.** This extension of coverage insures your interest in the accounts receivable of the business. For coverage to apply, the accounting records of the business must have been lost, destroyed or damaged. The loss, destruction or damage must be the result of an event not excluded by this Property Section. We will compensate you for the following:
 - (a) All amounts owed to you by customers which you cannot collect because of the loss or damage to your accounting records;
 - (b) Interest charges on any loan you must take out after the event happens to continue the business until the amounts owed are collected;
 - (c) Collection expenses more than the normal collection expenses of the business.
 - (d) Professional Fees. To pay reasonable fees to the insured's accountants, auditors, and bookkeepers for producing and certifying particulars or details of the insured's business required to arrive at the amount payable under this policy in the event of a claim.
- (2) **Bylaw/Building Code Requirements.** If the premises suffer damage, the local bylaws or building code may require changes to be made in the original design and materials when the repair and reconstruction work is being done. We will pay the cost of changes if the damage results from an event which happened during the policy period and is covered by this Property Section.
- (3) **Debris Removal.** We will compensate you for the costs of cleaning up and moving debris from the premises, and of dumping it. The debris must result from an event which happened during the policy period and is covered by this Property Section.
- (4) **Emergency Removal.** You may move any property somewhere else to avoid immediate danger from an event covered by this Property Section. This policy will automatically insure the property at its temporary location for up to thirty days. In addition, we will compensate you for the costs of moving the property and of storing it at the temporary location. If you want coverage at the temporary location for more than thirty days, you must get our agreement; an extra charge may be made.
- (5) **Fire Department Charges.** We will pay all costs billed to you by local fire department because of an event which happened during the policy period at the premises or within 100 meters of the premises and is covered by this Property Section.
- (6) **Lock Replacement.** If, as the result of a theft of your property during the policy period, both you and we agree it is necessary for you to replace or alter the locks on the premises, we will pay the cost of replacement or alteration of the locks. This coverage does not apply to electric or electronic security systems.
- (7) **Plants, Trees and Shrubs.** The compensation limit for plants, trees and shrubs for any one event to a maximum of \$50,000 aggregate.
- (8) **Peak Season Increase.** The compensation limit for Contents is automatically increased by 25% during the peak season or peak seasons of your business. For this extension to apply, you must prove that the compensation limit for Contents shown on the Declarations is at least equal to the actual average value of your Contents during the twelve months before the event that caused loss or damage. If you have been in business less than twelve (12) months, then the average will be calculated based on the time you have been in business.
- (9) **Routine Removal.** This coverage automatically insures any part of your property temporarily away from the premises for seasonal storage or for repair or servicing.
- (10) **Spoilage.** Although this Property Section mostly excludes environmental effects, we will compensate you for the spoilage of your merchandise. However, the spoilage must be the result of an event covered by this Property Section which has damaged or destroyed the heating or cooling equipment on the premises, or power lines which are located within 100 meters of the premises.

Off-Premises Additional Coverages

The following additional coverages are provided in addition to the limits of coverage provided under Building and/or Contents limits. These coverages insure your interest in moveable property usual to the business anywhere in the policy territory except at a premises where insured Buildings and/or Contents are located. The compensation limit of coverage for Off-Premises Additional Coverages is an aggregate of \$750,000, unless stated differently.

- (1) **Buildings in the Course of Construction.** This coverage insures new additions, new buildings and new structures intended for similar occupancy by the Named Insured. This coverage shall cease sixty (60) days from the date construction begins or at the inception of more specific insurance, or at expiration of this policy, whichever occurs first.
- (2) **Contents Off-Premises.** For contents while in transit, in the custody of an employee or while located at temporary locations not owned, rented or controlled by you.

For contractor's equipment and tools usual to your trade or business, we will pay to a maximum amount of \$100,000 for contractor's equipment and to a maximum amount of \$10,000 for tools, unless different sub-limits are shown on the Declarations.
- (3) **Installation Floater.** This coverage extends insurance to cover Contents of the Named Insured or for which the Named Insured is legally liable which the Named Insured has contracted to install or which will be used in completing an installation contract, anywhere in Canada, but only while such Contents is in transit to the premises for installation or while thereat awaiting installation or while being installed. Coverage on all Contents ceases when:
 - (a) the Named Insured interest ceases;
 - (b) the Contents installed has been accepted;
 - (c) thirty (30) days after completion of installation; or
 - (d) when this policy expires.
- (4) **Newly Acquired Buildings and Contents at the Newly Acquired Locations.** Coverage is provided for any newly acquired building, owned by the Named Insured and used for similar occupancy, and for contents at any new location owned, rented or controlled by the Named insured. This coverage expires sixty (60) days after acquisition of newly acquired buildings, contents or locations or at the inception of more specific insurance, or at expiration of this policy, whichever occurs first.

Compensation Limits

The most compensation we will pay for all claims resulting from a single event is the compensation limit or limits shown beside each coverage on the Declarations.

Basis of Loss Settlement

Subject to the compensation limits, we will pay compensation for any loss insured against by this coverage on the basis of the replacement cost of the property involved in the loss. However, you must make the replacement as soon as possible after the event which caused the loss. In the case of a building, subject to the compensation limit, replacement may occur on any premises subject to the compensation limit as stated above.

Full compensation will be paid only after the replacement has been completed, although we may make payments for completed stages of the replacement while it is still underway. If any of these conditions are not met, we will pay compensation on the basis of the depreciated value of the property as it was immediately before the event which caused the loss, whichever shall occur first.

PROFITS PLUS

Applicable only if shown on the Declarations

General Description

This coverage insures your loss of business income resulting from a physical loss or damage to the premises. Before coverage can apply, the operations of the business must have been stopped or reduced. The stoppage or reduction must be the result of an event not excluded by the Property Agreements section of the policy.

We will also compensate you for reasonable extra expenses you have paid to minimize the effects of the stoppage or reduction, provided the savings in gross profits is greater than such extra expense.

- (1) The event must have resulted in one (1) or more of the following:
 - (a) Physical harm to the premises or to the property of the Named Insured on the premises, provided such property is not excluded by this section.
 - (b) Physical harm to the property of the Named Insured no more than 100 meters from the premises.
 - (c) Physical harm to any electrical equipment and wiring or to any steam, water or gas pipes that serve the business and are no more than 100 meters from the premises.
 - (d) Restrictions of entry to the premises on the order of a civil authorities due to physical harm to the property of others located no more than 8 kilometers from the premises. This coverage will not exceed two weeks.
 - (e) Physical harm to the premises of another business, which supplies you with merchandise or receives your merchandise. The most we will pay is to a maximum of \$25,000. The supplier's or receiver's premises must be located in Canada or the United States of America.
- (2) Coverage is extended to ordinary payroll expenses which may continue during a total or partial interruption of the business. The most we will pay is to a maximum of \$10,000, or the amount shown on the Declarations.
- (3) Newly acquired property provides coverage for your gross profit loss and increased cost of operations that result from loss of or damage to buildings, and or contents at any location that is:
 - (a) acquired by you after the beginning of the current policy period;
 - (b) owned, leased, occupied or controlled by you; and
 - (c) within the territorial limits;

This coverage begins when you first acquire buildings and or contents at new locations and will cease no later than sixty (60) days from the date of acquisition of such property. The most we will pay is to a maximum of \$25,000 or the amount shown on the Declarations.
- (4) We will also compensate you up to a maximum of \$10,000 for each event for necessary professional fees to prepare details of a loss under this coverage.
- (5) Off-Premises Utilities provides coverage for your gross profit loss and increased cost of operations that result from interruption to the supply of heat, light, water, power or gas to the premises. The interruption must be caused by a peril insured under this policy resulting in physical loss or damage to public utility plants, transformers or switching stations, sub-stations, transformers or pumping stations, including underground transmission lines and pipes, that are located within 100 kilometers from the premises and that generate or supply heat, light, water, power or gas to the premises.

Coverage under this extension does not attach until twenty-four (24) hours following the initial interruption and the most we will pay is to a maximum of \$25,000.

Compensation Period

We will compensate you from the day the event happened until the operations of the business return to normal. The longest period for which we will pay compensation is twelve (12) months.

Additional Time Required For Rebuilding Due To the Operation of By-Laws

In the case of damage the insurance provided by this form extends to insure any increase in gross profit loss resulting from or contributed to by, the operation of any by-law, ordinance or law which:

- (1) regulates zoning or the demolition, repair, or construction of damaged buildings or structures; and
- (2) is in force at the time of damage.

Basis of Loss Settlement

We will calculate the amount of your loss by comparing the business income from the time the event happens with the business income of the business starting from the same day the previous year.

ACTUAL LOSS SUSTAINED

Applicable only if shown on the Declarations

Loss of income includes actual loss sustained provided the gross profit is no greater than as stated in the statement of income filed in the preceding year with Canada Revenue Agency.

Failure to insure to the gross profit as per the Canada Revenue Agency filing, coverage will revert to gross profit. Account will be taken of any growth or trends of the business during the year before the event happens.

CRIME SECTION

COMPREHENSIVE DISHONESTY, DISAPPEARANCE AND DESTRUCTION

Applicable only if shown on the Declarations

Introduction

This section of the policy deals with threats to the various forms of payment the business makes or receives. Included are cash, cheques, vouchers and credit card receipts.

Coverages

- (1) Destruction and Disappearance Coverage. This coverage offers protection against specified events.
- (2) Employee Dishonesty. This coverage insures the Named Insured against the stealing of money, securities and contents by an employee.

These brief descriptions do not give a complete picture of each coverage, so please read carefully the details on the following pages.

Definitions

Whenever used in this Money section:

- (1) Custodian means:
 - (a) A person who is a Named Insured.
 - (b) An employee of the Named Insured who is authorized to have custody of insured property.
 - (c) A security organization which is authorized to have custody of insured property.
 - (d) A bank or similar financial institution with which insured property has been deposited by the Named Insured.
- (2) Money means currency, coins, bank notes, cash cards, travelers' cheques, bank register cheques and money orders.
- (3) Safe means a completely enclosed metal or metal or concrete container which can be opened and closed only by the use of a key or a combination, and that is designed to hold money, securities and valuables.
- (4) Securities means any negotiable and non-negotiable instruments or contracts representing either money or other property.
- (5) Safeguard and Safeguards mean any device or system designed to prevent, discourage or minimize a loss.

Example: Burglar alarm, door lock, sprinkler system, fire alarm.

DESTRUCTION DISAPPEARANCE COVERAGE

Applicable only if shown on the Declarations

General Description

This coverage insures money and securities belonging to the Named Insured or in the possession of the Named Insured, anywhere in the policy territory.

We will compensate you for a loss caused by:

- (1) The actual destruction, disappearance, or theft of money or securities. You must prove that a loss has happened and the amount of the loss. Coverage will only apply to money if the money is in the care of a custodian or in a locked safe when the event happens, but neither of these restrictions applies to securities.
- (2) You are given counterfeit money in the course of your business.
- (3) The forgery or alteration of any security that results in an improper withdrawal of funds from a bank account of the Named Insured.

If an employee of the Named Insured is injured resulting from someone trying to steal money or securities insured by this coverage, we will pay any expenses for emergency medical help.

Compensation Limit

The most compensation we will pay for all claims resulting from a single event is the compensation limit shown beside this coverage on the Declarations.

Exclusions

We do not cover the following:

- (1) **Accounting Mistakes.** This coverage does not apply to anything unintentionally done or not done in recording of accounts or in mathematical calculations.
- (2) **Radioactivity.** There is no coverage for radioactive contamination.
- (3) **Unattended and Unprotected Money.** There is no coverage for money which is not in the care of a custodian or not in a locked safe.
- (4) **War.** There is no coverage for war, an invasion, the activities of a foreign enemy, hostilities, a civil war, rebellion, a revolution, a revolt or the use of military power.

EMPLOYEE DISHONESTY COVERAGE

Applicable only if shown on the Declarations

General Description

This coverage insures money, securities and contents belonging to the Named Insured or in the possession of the Named Insured, anywhere in the policy territory.

We will pay compensation for a loss due to theft or attempted theft of money, securities or contents by any employee of the Named Insured. Discovery of the theft or attempted theft must be made for the first time during the policy period.

Compensation Limit

The most compensation we will pay under this coverage during a single period is the compensation limit shown beside this coverage on the Declarations, regardless of the number of thefts or number of employees responsible for the thefts.

Exclusions

We do not cover the following:

- (1) **Dishonest Acts.** There is no coverage for any dishonest act by the Named Insured. Fraud not involving actual theft by an employee of the Named Insured is also excluded.
- (2) **Shortages.** Disappearance for which there is no evidence of employee theft is excluded.
- (3) **Resulting Loss.**

Basis of Loss Settlement for Contents

The basis of loss settlement for contents is the same as for contents insured by the building and/or contents coverage of the Property section.

OPTIONAL COVERAGES

ADDITIONAL INSURED EXTENSION – OPERATIONS COVERAGE

Applicable only if shown on the Declarations

The name(s) as stated on the Declarations of this policy is/are added as an additional insured(s) but only with respect to liability arising out of the operations of the Named Insured in which the additional insured(s) has/have an interest.

BODILY INJURY AND PROPERTY DAMAGE DEDUCTIBLE

Applicable only if shown on the Declarations

Our obligation under Commercial General Liability Coverage (CGL) to pay compensatory damages on your behalf for bodily injury and property damage applies only to the amount of compensatory damages in excess of the bodily injury and property damage deductibles amount shown on the Declarations.

We may pay any part or all of the deductible amount to effect settlement of any claim or action, in which case you shall promptly reimburse us for the deductible amount as has been paid by us.

Insurance under More Than One Policy

If you have other insurance which applies to a loss or claim, or would have applied if this policy did not exist, our policy will be considered excess insurance and we will not pay any loss or claim until the amount of such other insurance is used up.

BROAD FORM VENDORS LIABILITY COVERAGE

Applicable only if shown on the Declarations

The Commercial General Liability Coverage (CGL) section of this policy is amended to include any person or organization as an insured but only with respect to the distribution or sale in the regular course of the vendor's business, of the Named Insured's products, subject to the following additional exclusions.

- (1) This coverage with respect to the vendor does not apply to:
 - (a) any express warranty unauthorized by the Named Insured; or
 - (b) bodily injury or property damage arising out of:
 - (i) any physical or chemical change in the form of the product made intentionally by the vendor;
 - (ii) repacking, unless unpacked solely for the purpose of inspection, demonstration, testing or the substitution of parts under either Named Insured's instruction and then repacked in the original container;
 - (iii) demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product; or
 - (iv) products which after distribution or sale by the Named Insured have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor.
- (2) This endorsement does not apply to any person or organization, as insured from whom the Named Insured has acquired such products or any ingredient part or container, entering into, accompanying or containing such products.

COMMERCIAL CONDOMINIUM LIABILITY COVERAGE

Applicable only if shown on the Declarations

Loss Assessment Coverage

If the premises described on the Declarations is a condominium unit that you own, we agree to cover your share of an assessment charged to all unit owners by the condominium corporation, when the assessment is made:

- (1) during the policy period shown on the Declarations; and
- (2) the assessment is valid under the condominium corporations governing rules; and
- (3) is a result of occurrences to which this section of the policy applies.

The most we will pay in any one policy term for each assessment is as shown on the Declarations. But we will not pay

more than \$10,000 for an assessment that result from a deductible in the insurance purchased by the condominium corporation.

Definitions

- (1) Condominium Corporation means the condominium or strata corporation established under provincial legislation.
- (2) Unit means the condominium unit, strata lot or exclusive portion described in the Condominium Declaration or Co-ownership
- (3) We means Heartland Farm Mutual Inc.
- (4) You and Your means the name of insured as shown on the Declarations.

EARTHQUAKE COVERAGE

Applicable only if shown on the Declaration

This coverage is extended to include loss or damage caused directly by the peril of earthquake subject to the following conditions.

Deductible

We are liable for the amount by which the loss or damage caused by earthquake exceeds the amount of the deductible shown on the Declarations for this endorsement in any earthquake occurrence.

If a percentage deductible is specified, the amount of the deductible shall be that percentage of the actual cash value (or for those items subject to a replacement cost endorsement, the replacement cost) of the total value of the insured property or insured interest.

If both an amount and a percentage are shown on the Declarations, whichever deductible is greater shall apply. This deductible clause supersedes the provisions of any other deductible clause stated elsewhere in the policy.

Exclusions

This coverage 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:

- (1) fire, explosion, or smoke;
- (2) leakage from fire protective equipment;
- (3) theft, or vandalism and malicious acts; or
- (4) 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.

Extension of Coverage

We 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.

Definitions

- (1) Earthquake includes snow slide, landslide, or other earth movements occurring concurrently with and directly resulting from an earthquake shock.
- (2) Earthquake Occurrence means all earthquake shocks which 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.
- (3) 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.
- (4) Surface water means water or natural precipitation temporarily diffused over the surface of the ground.

Pro Rata Clause

We shall only be liable for that proportion of a loss payable under this endorsement, which the amount insured hereunder, bears to the total amount of insurance covering the peril of fire on the same property. If the policy covers two (2) or more items, this provision shall apply to each item separately.

FLOOD COVERAGE

Applicable only if shown on the Declarations

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

Deductible

We are liable for the amount by which the loss or damage caused by flood exceeds the amount of the Deductible shown on the Declarations for this endorsement in any one flood occurrence.

Exclusions

This coverage 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:

- (1) the backing up or overflow, within the area bounded by the bearing walls and foundations of the building described on the Declarations, of water from within sewers, sumps, septic tanks or drains;
- (2) 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;
- (3) (i) fire, explosion, smoke, leakage from fire protective equipment, theft, riot, vandalism or malicious acts; or
(ii) leakage from a watermain.

Extension of Coverage

We 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 flood.

Definitions

- (1) 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.
- (2) 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.
- (3) Surface water means water or natural precipitation temporarily diffused over the surface of the ground.

Pro Rata Clause

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

FOOD PROCESSORS PRODUCT RECALL COVERAGE

Applicable only if shown on the Declarations

We agree to indemnify you for expenses incurred by you for:

- (1) The withdrawal of the your product, provided such withdrawal is made necessary by
 - (a) error or inadvertent omission in the processing or labelling of your food product(s) which render the food product(s) unfit for intended consumption, or
 - (b) actual or suspected contamination or infestation of the food product, provided such withdrawal of your food product occurs during the policy year.
- (2) The reimbursement to you for extortion payments as a result of extortion demands during the policy period made specifically against you.

Limit of Liability:

Our limit of liability under this endorsement shall not exceed \$50,000 annual aggregate for expenses incurred for all losses in any one (1) policy year.

Definitions

- (1) Bodily Injury means death, physical injury, sickness, disease or disability, shock, or mental injury.
- (2) Contamination shall mean:
 - (a) the unintentional alteration of a food product; or
 - (b) the introduction of a foreign material or substance into the food product in such a way as to render the food product unfit for intended consumption as determined by any government authority.
- (3) Expenses shall mean the necessary and reasonable costs incurred by you arising out of a withdrawal of your food product(s). These expenses shall include:
 - (a) telephone and telegraphic communications, radio and television announcements and newspaper advertising;
 - (b) stationary, envelopes, production and printing of announcements and postage therefore;
 - (c) remuneration paid to regular employees of you for the necessary overtime to handle the recall;
 - (d) cost of hire of persons other than regular employees of you in order to handle the recall;
 - (e) cost of transporting your withdrawn of food product to the closest, most reasonable site for destruction or disposal; or
 - (f) destruction or disposal of your withdrawn food product.
- (4) Property Damage means the destruction of tangible property, or damage to it, and loss of use of tangible property, which has been destroyed or damaged.
- (5) Extortion Demand means a threat or series of threats made against you involving the contamination or other impairment to your food product(s), requiring payments of money or the monetary value of property, or other consideration, as a condition to remove such threat(s) or to identify such contaminated food product(s).
- (6) Withdrawal means the recall and destruction or disposal of your food products arising out of a determination by the Named Insured or by any government authority that the use or consumption of such food products may result in bodily injury or property damage.

Exclusions – Coverage A

Coverage A does not apply to expenses incurred by you for withdrawal of your food product(s) by reason of:

- (1) failure of your food product to perform as intended;
- (2) improper, inadequate or faulty formula or design;
- (3) improper storage or transport;
- (4) breach of warranties of fitness, quality, efficacy, or efficiency;
- (5) deterioration, decomposition or transformation of chemical structure unless such deterioration, decomposition or transformation of chemical structure is the result of contamination or of an error or omission in the processing of your food product;
- (6) kindred products of you which are determined during or following a product recall not to have the potential to cause bodily injury or property damage;
- (7) loss of revenue, profits, goodwill, decline of market share or any other costs to regain them;
- (8) re-distribution of the withdrawn food product or replacement of the withdrawn food product by like or similar products or substitutions therefore;
- (9) knowledge to you prior to the inception of this endorsement of any pre-existing condition which may likely cause a loss under this endorsement; or
- (10) use of substances or materials in your food products which, prior to the inception of this endorsement, have been determined to be unsafe or which have been banned by any government authority.

Exclusions – Coverage B

Coverage B does not apply to any loss due to any fraudulent, dishonest or criminal act by any officer, partner, director, person acting on the behalf of you or any person hired under the definition of expenses, all whether acting alone or in collusion with others.

Deductible

Each claim for loss or damage shall be adjusted separately and from the amount of such adjusted claim, the amount shown on the Declarations of this policy as deductible amount shall be deducted.

Condition – Duties in the Event of a Loss

You must advise us as soon as practicable after discovery that any insured product must be withdrawn or that an extortion demand has been made. You shall cease further release, shipment, consignment or other method of distribution of like or similar products, until it has been determined that your products are free from such defects as would cause loss under this coverage. Within a reasonable time after loss, you shall render to us proof of loss, signed and sworn to you, stating the time and cause of loss and actual expenses incurred. Such expenditures shall be substantiated by submission with the proof of loss of all bills, invoices and other vouchers.

HYDRAULIC OR MECHANICAL HOIST COVERAGE

Applicable only if shown on the Declarations

We will pay those sums that you shall become legally obligated to pay as compensatory damages arising from direct physical loss or destruction of, or damage to the property of others (excluding any claim for loss of use or other consequential loss however caused), only while:

- (1) being situated on a mechanical or hydraulic hoist situated on your property; and
- (2) only while such hoist is being used to load or unload such property.

Limit of Liability

The limit of liability as shown on the Declarations in respect to this endorsement, as applicable to each claim, is the limit of our liability for all damages incurred on account of any one claim insured under this endorsement and shall be part of and not in addition to the liability limits as shown on the Declarations, and shall not be cumulative with any limits of liability stated elsewhere in the Policy. The limit of liability shown on the Declarations in respect to this endorsement as aggregate is, subject to the above provisions respecting each claim, the total limit of our liability for all claims insured hereunder and occurring during each policy year. The inclusion herein of more than one insured shall not operate to increase the limit of our liability.

We shall not be liable for any amount in excess of the actual cash value of the property of others in your care, custody, or control, and situated on the hoist at the time of any loss, nor for any amount in excess of the limit applicable to this endorsement, which is the most we will pay for loss or damage arising out of any one accident.

If more than one (1) hydraulic or mechanical hoist is insured by this policy, the limit for this endorsement shall apply separately to each such hoist.

Exclusions

This insurance does not apply to:

- (1) loss of use of any property;
- (2) loss or damage by fire, however caused; or
- (3) any loss resulting from burning out, electrical breakdown, or disruption of electricity to any electric motor.

Deductible

- (1) Our obligation under this endorsement to pay compensatory damages on your behalf applies only to the amount of compensatory damages in excess of any deductible amounts shown on the Declarations as applicable to this endorsement, and the limit of liability applicable to this endorsement will be reduced by the amount of such deductible.
- (2) The terms of this insurance, including those in respect to:
 - (a) our right and duty to defend any action seeking those compensatory damages; and
 - (b) your duties in the event of an occurrence, claim or action apply irrespective of the application of the deductible amount.
- (3) We may pay any part or all of the deductible amount to effect settlement of any claim or action and, upon notification of the action taken you shall promptly reimburse us for such part of the deductible amount as has been paid by us.

LIMITATION OF COVERAGE TO DESIGNATED PREMISES

Applicable only if shown on the Declarations

This insurance applies only to bodily injury, property damage, personal injury, advertising injury and medical payments arising out of the ownership, maintenance or use of the premises shown on the Declarations of this policy and operations necessary or incidental to those premises.

LIMITED POLLUTION LIABILITY COVERAGE

Applicable only if shown on the Declarations

This section modifies the coverage provided under Commercial General Liability Coverage (CGL).

Insuring Agreement

(1) **Bodily Injury and Property Damage**

We will pay those sums that you become legally obligated to pay as compensatory damages because of bodily injury or property damage resulting from a pollution incident.

(2) **Clean-up Costs**

We will pay for necessary and reasonable clean-up costs that you incur as a result of an obligation imposed by law provided that such clean-up costs are incurred because of environmental damage resulting from a pollution incident.

Exclusions

There is no coverage under this endorsement for:

- (1) bodily injury, property damage or clean-up costs arising out of a pollution incident which is expected or intended by you;
- (2) bodily injury, property damage or clean-up costs caused by a pollution incident originating at, in or on any waste facility or caused by a pollution incident arising from or incidental to the delivery, handling, storage, disposal, processing or treatment of waste at, in, or on any waste facility; or
- (3) bodily injury, property damage or clean-up costs arising out of a pollution incident that results from or is attributable to a failure to comply with any applicable statute, regulation, ordinance, directive or order relating to the protection of the environment and promulgated by any government body, provided that failure to comply is a willful or deliberate act or omission by you.

Limits of Insurance

(1) Regardless of the number of:

- (a) insureds;
- (b) claims made or actions brought; or
- (c) persons or organizations making claims or bringing actions;

the limits of insurance shown on the Declarations is the most we will pay for:

- (a) compensatory damages because of bodily injury or property damage; and
- (b) clean-up costs.

(2) The limits of insurance shown on the Declarations are respectively part of, not in addition to the each occurrence limit of liability and the aggregate limit of liability shown on the Declarations.

Definitions

- (1) Clean-up costs means the costs incurred for the removal, containment, treatment, decontamination, detoxification, stabilization, neutralization or remediation of pollutants including testing which is integral to these processes.
- (2) Environmental damage means the injurious presence of pollutants in or upon land, the atmosphere, or any watercourse or body of water.
- (3) Pollution Incident means an unexpected and unintentional discharge, dispersal, release or escape of any pollutants, that is sudden and accidental, provided:
 - (a) such discharge, dispersal, release or escape is detected by any person within 120 hours after the commencement of the discharge; and

- (b) such discharge, dispersal, release or escape results in environmental damage; and
- (c) such discharge does not occur in a quantity or with a quality that is routine or usual to the insured's operation.

The entirety of any such occurrences which arises out of a continuous or repeated exposure to substantially the same conditions shall be deemed to be one pollution incident.

Deductible

- (1) Our obligation under this endorsement to pay compensatory damages and clean-up costs on your behalf applies only to the amount of compensatory damages and clean-up costs in any one occurrence in excess of the deductible amount shown on the Declarations. The limits of liability for these coverages shall not be reduced by the application of such deductible amount.
- (2) The deductible amount applies as follows:
 - (a) Bodily injury liability, property damage liability and clean-up costs respectively:
 - (i) to all compensatory damages for bodily injury as the result of any one occurrence;
 - (ii) to all compensatory damages because of property damage as the result of any one occurrence; or
 - (iii) to all clean-up costs as the result of any one occurrence.
 - (b) Bodily Injury Liability and Property Damage Liability combined:
 - (i) to all compensatory damages because of bodily injury and property damage sustained as the result of any one occurrence; or
 - (ii) to all clean-up costs as the result of any one occurrence.
- (3) The terms of this insurance, including those with respect to:
 - (a) our right and duty to defend any action seeking those compensatory damages; and
 - (b) your duties in the event of an occurrence, claim or action, apply irrespective of the application of the deductible amount.

We may pay any part or all of the deductible amount to effect settlement of any claim or action and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.

LOTTERY TICKETS COVERAGE

Applicable only if shown on the Declarations

Under Building and/or Contents coverage exclusion pertaining to money, bullion and securities is deleted and replaced by the following:

- (4) money, bullion, cash card, platinum and other precious metals and alloys, securities, stamps, tickets (except lottery tickets) and tokens, evidence of debt or title;

PESTICIDES ACT (ONTARIO) EXTENSION

Applicable only if shown on the Declarations

This extension modifies insurance provided under the Commercial General Liability Coverage (CGL).

If shown on the Declarations, the pollution exclusion under General Liability Exclusions is subject to the following additional provision.

Pollution Liability Exclusion

With respect to bodily injury and property damage to which this endorsement applies:

- (1) Coverage under this extension is provided only if the occurrence is a pollution incident.
- (2) The limits of insurance are as follows:
 - (a) \$500,000 for each occurrence limit.
 - (b) \$300,000 for damage to premises that you lease and that you are legally liable for.

These limits are respectively part of, not in addition to the each occurrence limit of liability and the general aggregate limit of liability shown on the Declarations.

- (3) The following definitions are added:
- (a) Environmental damage means the injurious presence of pollutants in or upon land, the atmosphere, or any watercourse or body of water.
 - (b) Pollutants means any solid, liquid or gaseous contaminant other than heat, sound, vibration or radiation.
 - (c) Pollution Incident means an unexpected and unintentional discharge, dispersal, release or escape of any pollutants, that is sudden and accidental. Such discharge, dispersal, release or escape is the result of the normal business operations of the insured resulting in environmental damage. The entirety of any such occurrences which arises out of a continuous or repeated exposure to substantially the same condition shall be deemed to be one pollution incident.

Deductible

- (1) Our obligation under Property Damage Liability and Tenants' Legal Liability to pay compensatory damages on your behalf applies only to the amount of compensatory damages in excess of \$1,000 and the limits of insurance applicable to each occurrence for Property Damage Liability and any one premise for Tenants' Legal Liability will be reduced by the amount of such deductible.
- (2) The terms of this insurance, including those in respect to:
 - (a) our right and duty to defend any action seeking those compensatory damages; and
 - (b) your duties in the event of an occurrence, claim or action apply irrespective of the application of the deductible amount.
- (3) We may pay any part or the entire deductible amount to effect settlement of any claim or action and, upon notification of the action taken; you shall promptly reimburse us for such part of the deductible amount as has been paid by us.

RENT OR RENTAL VALUE COVERAGE

Applicable only if shown on the Declarations

This coverage insures, up to the amount shown on the Declarations, the gross rent and rental value to the described building(s) and additions and extensions communicating and in contact therewith on the described premises.

Measure of Recovery

The measure of recovery in the event of loss hereunder shall be the reduction in gross rent and rental value directly resulting from being un-tenantable solely and directly due to destruction or damage by the events insured against to the described building(s), less charges and expenses which do not necessarily continue during the period the building(s) is so un-tenantable.

Recovery commences on the date of loss and it continues until the building(s) is restored to its tenantable condition prior to the loss exercising due diligence and dispatch to rebuild, repair or replace the damaged or destroyed property or twelve (12) consecutive months, whichever occurs first.

Recovery will not exceed the actual loss sustained by you resulting from the building(s) being un-tenantable.

Co-Insurance

You shall maintain insurance of at least the percentage shown on the Declarations of the annual gross rent and rental value herein of the described building(s) that failing to do so, you 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.

Interruption by Civil Authority

This form is extended to include the actual loss as insured by this endorsement during the period of time, not exceeding two (2) 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 neighboring premises by an event insured against.

Exclusions

We shall not be liable for:

- (1) any increase of loss directly or indirectly, proximately or remotely, resulting from, or contributed to by, the operation of any by-law, ordinance or law regulating zoning or demolition, repair or construction of buildings or structures unless the liability is otherwise specifically assumed by endorsement hereon;

- (2) any increase of loss caused by delays or loss of time due to the presence of strikers or other persons or to labour disturbances on or about the premises interfering with the rebuilding, repairing or replacing the property damaged or destroyed or the resumption or continuation of business or free access to or control of the premises or due to the action or sympathetic strikers elsewhere; or
- (3) loss due to the suspension, lapse or cancellation of any lease or license, contract or order, which may affect the insured's gross rent and rental value after the period following any loss during which indemnity is payable.

Definitions

- (1) Gross Rent and Rental Value is defined as the sum of:
 - (a) the actual total annual gross rent or rental value of the occupied portion(s) of the building(s);
 - (b) the estimated annual rental value of the unoccupied portion(s) of the building(s); and
 - (c) a fair rental value of the proportion(s), if any, of the building(s) occupied by you.

RIP AND TEAR EXTENSION COVERAGE

Applicable only if shown on the Declarations

This coverage modifies insurance provided under the Commercial General Liability Coverage (CGL) section of the policy.

This insurance applies to liability arising out of expenses you are legally obligated to pay because of intentional destruction of wall, partition, floor, or ceiling materials during the removal of a defective product which formed part of your work.

Definitions

- (1) Defective Product means your product which does not meet the contractual specifications required which relate to strength or performance for the specific construction project in which your product was used.
- (2) Expenses mean costs paid by you for:
 - (a) Removal of a defective product, however, the actual cost of the defective product or of any defective work done by the insured or by any other entity on behalf of the insured is not covered hereunder.
 - (b) Replacement of forms, reinforcements, piping, wiring and other materials necessarily damaged during the removal of the defective product.
 - (c) Returning the structure in which the defective product was installed to the same condition in which it existed at the time any such product was determined to be defective.

Limit of Liability

The Limit of Insurance for this coverage, as shown on the Declarations, is the maximum amount we will pay under this endorsement for all losses arising in any one policy term. Our obligation under this form applies only to the amount of expenses in excess of the deductible amount shown on the Declarations as applicable to this coverage and the Limit of Insurance applicable to this endorsement shall not be reduced by the application of the deductible amount.

The limit of insurance for this coverage, as shown on the Declarations shall be in addition to the liability limit shown on the Declarations.

SECOND HAND GOODS CLAUSE

Applicable only if shown on the Declarations

You will keep an accurate record of the purchase of all second hand articles taken into stock.

In the event of a loss insured by this endorsement for such articles will not exceed the cost price to you, or the actual cash value of the articles, whichever is the least.

SEWER BACK-UP COVERAGE

Applicable only if shown on the Declarations

This coverage applies separately to each location for which sewer back-up is shown on the Declarations.

This insurance is extended to cover direct loss or damage caused by rupture of or escape of water from a sewer, floor drain, sump, septic tank, eaves trough, downspout or the melting of ice or snow on the exterior of the roof.

Exclusions

We do not insure for loss or damage occurring while the building insured:

- (1) is vacant, irrespective of any permission given for vacancy elsewhere in this policy; or
- (2) is in course of construction, irrespective of any permission given elsewhere in this policy to complete the construction.

Deductible

We are liable for the amount by which the loss or damage exceeds the amount of the deductible shown on the Declarations any one occurrence. This deductible clause applies separately to each premises to which this endorsement applies.

TOBACCO AND ALCOHOL PRODUCTS LIMITATION

Applicable only if shown on the Declarations

Our liability for tobacco and/or alcohol products shall not exceed the limit shown on the Declarations of this policy for any one loss.

Each loss insured under this endorsement shall be adjusted separately, and from the amount of each such adjusted loss, the amount shown on the Declarations as deductible amount, shall be deducted from each loss.

WAREHOUSE OPERATORS COVERAGE

Applicable only if shown on the Declarations

Indemnity Agreement

We will indemnify you for the liability imposed by law upon you as a warehouse operator resulting from the direct loss of property in your care, custody and control, to an amount not exceeding the least of:

- (1) the actual cash value of the property at the time of loss or damage;
- (2) your interest in the property; or
- (3) the amount of insurance shown on 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, our total liability for loss sustained by all such persons and interests shall be limited in the aggregate to the amount or amounts of insurance specified on the Declarations.

Deductible

We are liable for the amount by which the loss or damage exceeds the amount of the deductible shown on the Declarations in any one occurrence. If one occurrence could lead to the application of more than one deductible only the largest deductible will apply.

Excluded Property

We shall not be liable, nor shall this section cover any claims or suits for loss, damage or destruction of the following property:

- (1) animals, livestock, fish, birds and growing plant(s);
- (2) automobiles, watercraft, amphibious or air cushion vehicles, aircraft, spacecraft, trailers, motors or other accessories attached to or mounted on such property;
- (3) jewels, jewellery, watches, pearls, precious and semi-precious stones, gold, silver, platinum, other precious metals and alloys, furs, garments trimmed with fur;

- (4) money, bullion, notes, securities, stamps, accounts, bills, deeds, evidence of debt or title, letters of credit, passports, documents, tickets or tokens, valuable papers, original plans, original drawings and specifications, books of account (except for blank value);
- (5) property illegally acquired, kept, stored or transported;
- (6) property seized or confiscated for breach of any law or by order of any public authority;
- (7) property used in whole or in part for the cultivation, harvesting, processing, manufacture, distribution or sale of marijuana or any product derived from, or containing, any substance falling within the Schedules of the Controlled Drugs and Substance Act, whether or not you are aware of such use of the property; or
- (8) tobacco or tobacco products.

Excluded Events

We shall not be liable, nor shall this form cover any claims or suits for loss, damage or destruction to property caused by or resulting from, contributed to or caused directly or indirectly by:

- (1) 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;
- (2) damage sustained due to or resulting from any repairing, restoration or retouching process;
- (3) dampness or dryness of atmosphere, changes of temperature, freezing, heating, shrinkage, evaporation, loss of weight, leakage of equipment or stock, contamination, exposure to light, 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 the rupture of pipes or breakage of apparatus, by theft or attempted theft or accident to transporting conveyance. Damage to pipes caused by freezing is insured;
- (4) delay, loss of market, loss of use, loss or shortage disclosed on taking inventory;
- (5) earthquake, except for ensuing loss or damage which results directly from fire, explosion, smoke or leakage from fire protective equipment;
- (6) 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 or leakage from a water main;
- (7) forged warehouse receipts;
- (8) liability assumed by you upon contract with another;
- (9) misappropriation, secretion, conversion, illegal sale, infidelity or any dishonest, fraudulent or criminal act by you or other party of interest, employees or agents of yours or any person or persons to whom the property may be entrusted whether acting alone or in collusion with others;
- (10) moths, rodents, raccoons, skunks, birds, insects or vermin;
- (11) mysterious disappearance;
- (12) the ownership, maintenance, operation, use, loading or unloading of any automobile(s);
- (13) seepage, leakage or influx of water derived from natural sources through basement walls, doors, windows, or other openings therein, foundations, basement floors, sidewalks or sidewalk lights or the backing up of sewers, sumps, septic tanks or drains unless concurrently and directly caused by a peril not otherwise excluded in this form; or
- (14) wear and tear, mechanical breakdown, gradual deterioration, any quality in the property that causes it to damage or destroy itself, hidden or latent defect, inherent vice or faulty or improper material, workmanship or design.

Permissions

Permission is hereby granted:

- (1) for other insurance, concurrent with this form;
- (2) to make additions, alterations or repairs;
- (3) 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.

Extensions of Coverage

The following extensions of coverage shall not increase the amounts of insurance applying under this form:

- (1) **Removal.** If any of the insured property is necessarily removed from the premises to prevent loss of or damage to or further loss of or damage to such property, that part of the insurance under this form that exceeds the amount of our 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 at the premises in the proportions which the value of the property in each of the locations bears to the value of the property in them all.
- (2) **Debris Removal.** We shall indemnify you for expenses incurred in the removal from the premises of debris of the insured property, occasioned by loss or damage to such property, for which loss or damage insurance is afforded under this policy.

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

- (3) **Removal of Windstorm Debris.** We shall indemnify you for expenses incurred in the removal of debris or other property which is not insured by this policy but which has been blown by windstorm upon the premises.

Debris removal and removal of windstorm debris do not apply to costs or expenses to clean-up pollutants from land or water or 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 expenses shall not be considered in the determination of actual cash value for the purpose of applying the co-insurance clause.

Special Conditions

Action Against Us. No action shall lie against us unless, you have fully complied with all the terms of this form, nor until the amount of your obligation to pay shall have been finally determined either by judgment against you after actual trial or by written agreement of you, the claimant and us.

Every action or proceeding against us shall be commenced within one (1) year after the cause of action arose and not afterwards.

Admission of Liability. You shall not admit any liability and we reserve the right to contest all claims against you in respect of liability covered by this form. We are not liable for any expense or settlement incurred or made by you without our written consent.

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 you from recovery under this form, the breach shall not disentitle you from recovery if you establish 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 You have no control.

Investigation and Disposition. You shall co-operate with us in facilitating the investigation and disposition of claims and suits and, upon our request, shall attend hearings and trials and shall assist in the conduct of suits, in securing and giving evidence and in obtaining the attendance of witnesses.

Labels. In case of loss affecting labels, capsules or wrappers, the loss shall be adjusted on the basis of an amount sufficient to pay the cost of new labels, capsules or wrappers, and reconditioning the goods.

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

Reporting Clause. (Applicable only if stated to be on a reporting basis on the Declarations and an adjustment rate is shown). You shall render to us or our duly authorized representative within six (6) months of the expiry of this policy a statement showing the true and correct amount of gross receipts (whether collected or not) of the preceding year's business.

The rate shown on the Declarations shall be applied to the gross receipts figure duly reported and the earned premium determined. If the earned premium so determined exceeds the provisional premium, you shall pay us the difference.

If the earned premium is less than the provisional premium then we shall refund the difference to you, subject to a minimum retained premium of 50% of the provisional premium.

We, or our duly authorized representative shall be permitted at all reasonable times during the term of the policy or within a year after termination or expiration to examine your books, records and such policies as relate to any property insured.

Such inspection or examinations shall not waive nor in any manner affect any of the terms or conditions of the Policy.

Storage Contract Condition. It is agreed that all property accepted for storage by you shall be subject to the terms and conditions of your standard storage contract which must be signed by the customer or the authorized representative upon delivery of the property to you or as soon thereafter as practicable.

Specific Statutory Condition. If any condition of this form relating to the limitation of time for notice of loss or for any legal proceeding is at variance with any specific statutory condition which would otherwise inure to your benefit, such specific statutory condition shall be substituted for such condition.

Definitions

Wherever used in this form:

- (1) Clean-up means the removal, containment, treatment, decontamination, detoxification, stabilization, neutralization or remediation of pollutants, including testing, which is integral to the aforementioned processes.
- (2) Gross Receipts means all charges for storage of goods including handling, loading and unloading thereof.
- (3) Occurrence means continuous or repeated exposure to substantially the same general harmful conditions.

OPTIONAL EXCLUSIONS

ATHLETIC PARTICIPANTS' EXCLUSION

Applicable only if shown on the Declarations

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

It is agreed the liability insurance provided by this policy does not apply to:

- (1) bodily injury to any person while practicing for or participating in any contest, game or exhibition of an athletic or sports nature;
- (2) bodily injury to any person arising directly or indirectly out of rendering or failure to render advice, instruction, direction, or coaching on any type of athletic, sports or physical fitness program.

JANITORIAL SERVICES EXCLUSION

Applicable only if shown on the Declarations

This exclusion modifies insurance provided under the Commercial General Liability Coverage (CGL) section of this policy.

Exclusions

This insurance does not apply:

- (1) to bodily injury or property damage arising out of the failure or alleged failure by any insured to secure or lock entrance or exit doors at any premises where the Named Insured is performing operations; and
- (2) to bodily injury or property damage arising out of the following operations performed by or on behalf of any insured:
 - (a) cleaning the exterior outside surface of buildings; or
 - (b) exterior window cleaning above five (5) stories.

TOTAL POLLUTION EXCLUSION

Applicable only if shown on the Declarations

This exclusion modifies the coverage provided by the Commercial General Liability Coverage (CGL) section of this policy.

Pollution, under Commercial General Liability Coverage (CGL) section of this policy is deleted in its entirety and replaced with the following.

This insurance does not apply to:

Pollution

- (1) Bodily injury, property damage or personal and advertising injury arising out of the actual, alleged or threatened spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of pollutants.
- (2) Any loss, cost or expense arising out of any:
 - (a) request, demand, order or statutory or regulatory requirement that You or others test for, monitor, clean-up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants; or
 - (b) claim or action by or on behalf of a governmental authority for compensatory damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, pollutants.

We shall not have the obligation or duty to defend any suit, claim, action or proceeding seeking to impose such liability.

STATUTORY CONDITIONS

Statutory Conditions 1 to 15 inclusive apply with respect to insurance on the Property sections of the policy. Statutory Conditions 1,3,4,5, and 15 only apply with respect to the Legal Liability section of the policy.

- (1) **Misrepresentation.** If a person applying for insurance falsely describes the property to the prejudice of the Insurer, or misrepresents or fraudulently omits to communicate any circumstance that is material to be made known to the Insurer in order to enable it to judge of the risk to be undertaken, the contract is void as to any property in relation to which the misrepresentation or omission is material.
- (2) **Property of Others.** Unless otherwise specifically stated in the contract, the Insurer is not liable for loss or damage to property owned by any person other than the Insured, unless the interest of the Insured therein is stated in the contract.
- (3) **Change of Interest.** The Insurer is liable for loss or damage occurring after an authorized assignment under the Bankruptcy Act (Canada) or change of title by succession by operation of law, or by death.
- (4) **Material Change.** Any change material to the risk and within the control and knowledge of the Insured avoids the contract as to the part affected thereby, unless the change is promptly notified in writing to the Insurer or its local agent, and the Insurer when so notified may return the unearned portion, if any, of the premium paid and cancel the contract, or may notify the Insured in writing that, if he desires the contract to continue in force, he must, within fifteen (15) days of the receipt of the notice, pay to the Insurer an additional premium, and in default of such payment the contract is no longer in force and the Insurer shall return the unearned portion, if any, of the premium paid.
- (5) **Termination.**
 - (a) This contract may be terminated,
 - (i) 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;
 - (ii) by the Insured at any time on request.
 - (b) Where this contract is terminated by the Insurer,
 - (i) the Insurer shall refund the excess of premium actually paid by the Insured over the pro rata premium for the expired time, but, in no event, shall the pro rata premium for the expired time be deemed to be less than any minimum retained premium specified; and
 - (ii) 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.
 - (c) Where this contract is terminated by the Insured, the Insurer shall refund as soon as practicable the excess of the premium actually paid by the Insured over the short rate premium for the expired time, but in no event shall the short rate premium for the expired time be deemed to be less than any minimum retained premium specified.
 - (d) The refund may be made by money, postal or express company money order or cheque payable at par.
 - (e) The fifteen (15) days mentioned in clause (1) (a) of this condition commences to run on the day following the receipt of the registered letter at the post office to which it is addressed.
- (6) **Requirements After The Loss.**
 - (a) Upon the occurrence of any loss of or damage to the insured property, the Insured shall, if the loss or damage is covered by the contract, in addition to observing the requirements of conditions 9, 10 and 11
 - (i) forthwith give notice thereof in writing to the Insurer;
 - (ii) deliver as soon as practicable to the Insurer a proof of loss verified by a statutory declaration,
 - (1) giving a complete inventory of the destroyed and damaged property and showing in detail quantities, cost, actual cash value and particulars of amount of loss claimed,
 - (2) stating when and how the loss occurred, and if caused by fire or explosion due to ignition, how the fire or explosion originated, so far as the Insured knows or believes,
 - (3) stating that the loss did not occur through any willful act or neglect or the procurement, means or connivance of the Insured,
 - (4) showing the amount of other insurances and the names of other Insurers,
 - (5) 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,

- (6) showing any changes in title, use, occupation, location, possession or exposures of the property since the issue of the contract,
 - (7) showing the place where the property insured was at the time of loss;
 - (iii) if required, give a complete inventory of undamaged property and showing in detail quantities, cost, actual cash value;
 - (iv) if required and if practicable, produce books of account, warehouse receipts and stock lists, and furnish invoices and other vouchers verified by statutory declaration, and furnish a copy of the written portion of any other contract.
- (b) The evidence furnished under clauses (a) (iii) and (iv) of this condition shall not be considered proofs of loss within the meaning of conditions 12 and 13.
- (7) **Fraud.** Any fraud or willfully false statement in a statutory declaration in relation to any of the above particulars, vitiates the claim of the person making the Declarations.
- (8) **Who May Give Notice And Proof.** Notice of loss may be given and proof of loss may be made by the agent of the Insured named in the contract in case of absence or inability of the Insured to give the notice or make the proof, and absence or inability being satisfactorily accounted for, or in the like case, or if the Insured refuses to do so, by a person to whom any part of the insurance money is payable.
- (9) **Salvage.**
- (a) The Insured, in the event of any loss or damage to any property insured under the contract, shall take all reasonable steps to prevent further damage to such property so damaged and to prevent damage to other property insured hereunder including, if necessary, its removal to prevent damage or further damage thereto.
 - (b) The Insurer shall contribute pro rata towards any reasonable and proper expenses in connection with steps taken by the Insured and required under sub-paragraph (a) of this condition according to the respective interests of the parties.
- (10) **Entry, Control, Abandonment.** After loss or damage to insured property, the Insurer has an immediate right of access and entry by accredited agents sufficient to enable them to survey and examine the property, and to make an estimate of the loss or damage, and, after the Insured has secured the property, a further right of access and entry sufficient to enable them to make appraisal or particular estimate of the loss or damage, but the Insurer is not entitled to the control or possession of the insured property, and without the consent of the Insurer there can be no abandonment to it of insured property.
- (11) **Appraisal.** In the event of disagreement as to the value of the property insured, the property saved or the amount of the loss, those questions shall be determined by appraisal as provided under The Insurance Act before there can be any recovery under this contract whether the right to recover on the contract is disputed or not, and independently of all other questions. There shall be no right to an appraisal until a specific demand therefor is made in writing and until after proof of loss has been delivered.
- (12) **When Loss Payable.** The loss is payable within sixty (60) days after completion of the proof of loss, unless the contract provides for a shorter period.
- (13) **Replacement.**
- (a) The Insurer, instead of making payment, may repair, rebuild, or replace the property damaged or lost, giving written notice of its intention so to do within thirty (30) days after receipt of the proofs of loss.
 - (b) In that event the Insurer shall commence to so repair, rebuild, or replace the property within forty-five (45) days after receipt of the proofs of loss, and shall thereafter proceed with all due diligence to the completion thereof.
- (14) **Action.** Every action or proceeding against the Insurer for the recovery of any claim under or by virtue of this contract is absolutely barred unless commenced within one year next after the loss or damage occurs.
- (15) **Notice.** Any written notice to the Insurer may be delivered at, or sent by registered mail to, the chief agency or head office of the Insurer in the Province. Written notice may be given to the Insured named in the contract by letter personally delivered to him or by registered mail addressed to him at his latest post office address as notified to the Insurer. In this condition, the expression registered means registered in or outside Canada.

OTHER CONDITIONS

OTHER CONDITIONS

The same meanings given to words and phrases in the other sections of this policy also apply to the words and phrases used in this section.

(1) **What To Do When An Event Happens**

When an event happens that may result in a claim under this policy, you must tell us about it in writing as soon as possible. The details you should include are:

- (a) your name,
- (b) your policy number,
- (c) where and when the event happened,
- (d) what happened and how,
- (e) who was hurt or had their property damaged,
- (f) how serious the injuries or damage were,
- (g) what you did immediately afterwards, and
- (h) the names and addresses of any witnesses.

(2) **What To Do When A Claim Is Made Against You**

When you are told you are being held responsible for the results of an event, you must let us know as soon as possible. Any kind of written notice should be passed on to us immediately. You must help us look into any claim made against you for legal liability. If we ask you to, you must also help us settle the claim or defend you against it. You must not do or say anything without our agreement that might be seen as accepting responsibility for an event.

(3) **Automotive Fuels**

Any fuels used for automotive purposes must be stored in accordance with government regulations.

(4) **Broken Conditions**

If you break a condition of this policy, we will not hold it against you if it happened before a loss, and:

- (a) you prove to us it had nothing to do with the loss; or
- (b) it happened somewhere beyond your control.

(5) **Crimes Against Property**

If you know a loss to be the result of a crime or a felony, or suspect it, you must immediately tell the police.

(6) **Rights of Recovery**

If we pay a loss or accept responsibility for it, we will take over any legal rights you have to get back all or a part of the loss from someone else.

Example:

You sell a chair which had not been properly made. It collapses and injures your customer. The customer sues you for her injuries, and is awarded damages by the Court. Usually, you will be able to sue whoever supplied you with the chair for repayment of the damages and of your legal expenses. If we pay those damages and legal expenses, we take over your right to repayment.

You agree to let us use your name in any lawsuit needed to get repayment. We will not use a right of recovery against anyone whose interest is insured by this policy.

You agree not to give up your right of recovery against a paid guardian of property, such as a common carrier or a public storage warehouse.

(7) **Other Insurance Policies**

If anyone claiming against this policy for a loss has other insurance which applies to the same loss, we will calculate the amount this policy will pay in one of the following ways:

- (a) **Primary.** The other insurance may say it will pay only the part of a loss which is more than all other policies will pay. In that case, we will pay up to the compensation limit of this policy.

Example:

Suppose this policy insures your contents and has a \$250 deductible. An employee's gold cigarette lighter, worth \$500, is stolen from the premises. The employee has a Homeowners policy with a \$100 deductible which covers theft of personal effects temporarily away from his dwelling. The Homeowners policy has a condition saying it will only pay for the part of the loss which is more than can be collected under any other policy. This policy would pay \$250 (that is, the lighter's value less the \$250 deductible). The employee's policy would pay \$150 (that is, this policy's deductible less his policy's deductible). The remaining \$100 would be uninsured.

- (b) **Equal Shares.** The other insurance may say it will pay the share of a loss equal to the total loss divided by the number of policies at risk. In that case, we will pay on the same basis as the other policy, up to this policy's compensation limit.

Example:

A fire destroys the building you lease to a furniture wholesaler. Due to a misunderstanding, both you and the tenant took out building insurance. Both policies insure the building for \$250,000. The tenant's policy contains an equal shares condition. This policy will pay \$125,000 (that is, \$250,000 divided by the number of policies), less the deductible. The tenant's policy would pay \$125,000 less any deductible.

- (c) **In Proportion To Limits.** The other insurance may say it will pay the share of a loss equal to its limit of insurance divided by the total amount of all policies at risk. In that case, we will pay on the same basis as the other policy, up to this policy's compensation limit.

Example:

Your day's takings are being carried by a security firm to the bank when a robbery takes place. The total amount stolen is \$25,000, of which \$5,000 is yours. Suppose the security firm's robbery insurance has a \$45,000 limit, and this policy has a money limit of \$5,000. The security firm's policy has an In Proportion To Limits condition. This policy will pay one-tenth of the loss (that is, \$5,000 divided by \$50,000) less the deductible. The security firm's policy will pay the other nine-tenths.

- (d) **Other Cases.** In all other cases, we will pay as though any other policies are on an equal shares basis.

(8) Examination Under Oath

After a loss which may be insured under this Policy, you shall, as often as we reasonably require at such reasonable place and time as is designated by us or our representative:

- (a) submit to examinations under oath and subscribe the same; and
- (b) produce employees, members of your household or others for examinations under oath to the extent it is within your power to do so; and
- (c) produce for examination, all documents in your possession or control that relate to the matters in question, and permit extracts and copies thereof to be made.

(9) Inspection

You agree to let us inspect the premises, any property on them and the records of the business at all reasonable times. You understand that, if we inspect the premises, we are not approving or guaranteeing their safety, and we are not saying that the activities of the business are without danger.

(10) Loss of a Part

When a loss involves only a part of an object, we will pay for the value of the part and the cost of its installation, not for the replacement of the object.

(11) Protection Against Inflation

- (a) **Coverages Priced on Gross Receipts.** At the end of each policy period, we will calculate the price for extending the period another year on the basis of:

- (i) the estimated gross receipts for the twelve (12) month period just ended, plus five (5) per cent, or
- (ii) if greater, your estimate of the gross receipts of the business for the next twelve (12) months.

- (b) **Coverages Priced on Replacement Cost.** At the end of each policy period, we will calculate the price for extending the period another year on the basis of:

- (i) the replacement cost for the twelve (12) month period just ended, plus five per cent, or
- (ii) if greater, the replacement cost for the twelve (12) month period just ended, plus the inflation rate over the same period for the type of property as published by Statistics Canada, or
- (iii) if greater, your estimate of the current replacement cost.

(12) Reducing Losses

You must do everything you reasonably can to:

- (a) get back lost or stolen property; and
- (b) start normal operations again as soon as possible.

We will compensate you for all necessary extra expenses that result. The extra expenses must not be more than the value of the property lost or stolen or the saving in gross profits.

(13) Safeguards

If you have told us about safeguards which exist to prevent or reduce losses to the business, you must keep all those safeguards in good working condition during the policy period. You must tell us immediately if you learn of any flaw in the safeguards, or if any of the safeguards are removed. If there is a major reduction in the quality of the safeguards, we may charge you extra, we may reduce some of the coverages, or we may cancel the policy.

(14) Valuation of Property

Except when we specifically say some other basis of valuation or loss settlement will apply, we will not compensate you for more than the depreciated value of property at the time of loss.

SPECIAL LIABILITY CONDITION

Limits of Liability, Two or More Policies or Riders

The following condition applies to all liability coverages attached to this policy.

In the event that injury, loss or damage occurs, which is covered by this policy and also by any other policy, rider or endorsement of liability issued by Heartland Farm Mutual Inc. to you, the maximum limit of liability that will be paid by us under all such policies, riders or endorsements combined for such injury, loss or damage is the highest applicable limit of liability of any one of such policies.

Your right to recover from us is not affected by any release from liability entered into by you prior to loss.

This Policy is subject to the terms and conditions set forth herein together with such other terms and conditions as may be endorsed hereon or added hereto. No term or condition of this Policy shall be deemed to be waived in whole or in part by us unless the waiver is clearly expressed in writing signed by a person authorized for that purpose by us.

Example:

You have two separate locations. The same storm damages both. The total amount of storm damage at both premises will be treated as resulting from a single event.

A leaking pipe in the premises causes water damage to the property of other tenants. The total of all the tenant's claims against you will be treated as resulting from a single event.