

COMMERCIAL BUILDING, EQUIPMENT AND STOCK NAMED PERILS FORM

Words and phrases in quotation marks have special meaning and are defined in this form or in the Commercial Common Agreements, Definitions, Exclusions and Conditions Form attached to this Policy

INDEMNITY AGREEMENT

- (1) In the event that any of the property insured be lost or damaged by the perils insured against, "we" will indemnify "you" against the direct loss so caused to an amount not exceeding whichever is the least of :
- (a) the actual cash value of the property at the time of loss or damage;
 - (b) "your" interest in the property;
 - (c) the amount of insurance specified on the "Declaration Page" in respect of the property lost or damaged.
- Provided, however, that where the insurance applies to the property of more than one person or interest, "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 "Declaration Page".

PROPERTY INSURED

- (2) This Form insures the following property but only those items for which an amount of insurance is specified on the "Declarations Page":

"Building"
"Equipment"
"Stock"
"Contents of Every Description"
"Property of Every Description"

The insurance applies only while such property is at the location(s) specified on the "Declarations Page".

CO-INSURANCE

- (3) This clause applies separately to each item for which a co-insurance percentage is specified on the "Declarations Page" and only where the total loss exceeds the lesser of 5% of the applicable amount of insurance or ten thousand dollars (\$10,000.).

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

PERILS INSURED

- (4) This Form, insures against direct physical loss of or damage caused by the following perils;

(A) **FIRE OR LIGHTNING**

- (B) **EXPLOSION:** Except with respect to explosion of natural, coal or manufactured gas, there shall in no event be any liability hereunder for loss or damage caused by explosion, rupture or bursting in or of the following property owned, operated or controlled by "you":
- (i) (a) the portions containing steam or water under steam pressure of all boilers generating steam, and piping or other equipment connected to said boilers and containing steam or water under steam pressure;
 - (b) piping and apparatus or parts thereof normally containing steam or water under steam pressure from an external and while under such pressure;
 - (c) the combustion chambers or fire boxes of steam generating boilers of the chemical recovery type and the flues or passages which conduct the gases of combustion therefrom;
 - (d) smelt dissolving tanks;
 - (ii) other vessels and apparatus, and pipes connected therewith, while under pressure, or while in use or in operation, provided their maximum normal internal working pressure exceeds 103 kilopascals (15 pounds per square inch) above atmospheric pressure except that liability is specifically assumed for loss or damage resulting from the explosion of manually portable gas cylinders;
 - (iii) moving or rotating machinery or parts of same when such loss or damage is caused by centrifugal force or mechanical breakdown;
 - (iv) any vessels and apparatus and pipes connected therewith while undergoing pressure tests, but the exclusion shall not apply to other property insured hereunder that has been damaged by such explosion;
 - (v) gas turbines;
- The following are not explosions within the intent or meaning of this peril:

- (a) electric arcing or any coincident rupture of electrical equipment due to such arcing;
 - (b) bursting or rupture caused by hydrostatic pressure or freezing;
 - (c) bursting or rupture of any safety disc, rupture diaphragm or fusible plug
- (C) **IMPACT BY AIRCRAFT, SPACECRAFT OR LAND VEHICLE:** The terms Aircraft and Spacecraft include articles dropped from them. There shall in no event be any liability hereunder due to cumulative damage or for loss or damage:
- (i) caused by land vehicles belonging to or under "your" control or under the control of any of "your" employees;
 - (ii) to aircraft, spacecraft or land vehicles causing the loss;
 - (iii) caused by any aircraft or spacecraft when being taxied or moved inside or outside of buildings.
- (D) **RIOT, VANDALISM OR MALICIOUS ACTS:** The term Riot includes open assemblies of strikers inside or outside the "premises" who have quitted work and of locked-out employees. There shall in no event be any liability hereunder for loss or damage:
- (i) due to cessation of work or by interruption to process or business operations or by change(s) in temperature;
 - (ii) due to flood or release of water impounded by a dam, or due to any explosion other than an explosion in respect of which there is insurance under Clause 4(B);
 - (iii) due to theft or attempted theft.
- (E) **SMOKE:** The term "Smoke" means smoke due to a sudden, unusual and faulty operation of any stationary furnace. There shall in no event be any liability hereunder for any cumulative damage.
- (F) **"LEAKAGE FROM FIRE PROTECTIVE EQUIPMENT"** means the leakage or discharge of water or other substance from within the equipment used for fire protection purposes for the "premises" described on the "Declarations Page" or for adjoining premises and loss or damage caused by the fall or breakage or freezing of such equipment
- (G) **WINDSTORM OR HAIL:** There shall in no event be any liability hereunder for loss or damage:
- (i) to the interior of the "buildings" insured or their contents unless damage occurs concurrently with and results from an aperture caused by windstorm or hail;
 - (ii) directly or indirectly caused by any of the following, whether driven by wind or due to windstorm or not: snow-load, ice-load, tidal wave, high water, overflow, flood, waterborne objects, waves, ice, land subsidence, landslide.

EXCLUSIONS

- (5) The following exclusions are additional to those contained in Clause 4:
- (a) This form does not insure property used in whole or in part for the cultivation, harvesting, processing, manufacture, distribution or sale of marijuana or 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.
 - (b) **Common Exclusions**
This form does not insure against loss or damage caused directly or indirectly by the exclusions below as defined on the Commercial Common Agreements, Definitions, Exclusions and Conditions Form (COMM) which form part of this policy.
Automobiles, Aircraft
By-law
Data
Electrical Current
Fungi and Spores Exclusion
Nuclear Incident
Pollution
Terrorism
Vacant Property
War
Unmanned Air Vehicle Systems

EXTENSIONS OF COVERAGE

- (6) The following extensions of coverage shall not increase the amounts of insurance applying under this form and are subject to all conditions of this form.
- (a) **Personal Property of Officers and Employees:** At "your" option, "equipment" also includes personal property of officers and employees of "yours". The insurance on such property:
 - (i) shall not attach if it is insured by the owner unless "you" are obliged to insure it or are liable for its loss or damage;
 - (ii) is, in any event, limited to a maximum recovery of \$250. in respect of any one officer or employee;
 - (b) **Growing Plants, Trees, Shrubs or Flowers in the Open:** This Form is extended to cover loss or damage to growing plants, trees, shrubs or flowers in the open caused directly by the perils insured other

than loss or damage by the perils of windstorm or hail as stated in Clause 4(G) of this form. This extension of coverage shall be limited to a maximum recovery of five hundred dollars (\$500.) for each growing plant, tree, shrub or flower in the open including debris removal expense.

- (c) **“Building” Damage by Theft:** This form is extended to insure damage (except by fire) to that part of a “building” occupied by “you” directly resulting from theft or any attempt thereat and from vandalism or malicious acts committed on the same occasion, provided “you” are the owner of such “building” or are liable for such damage and the “building” is not otherwise insured under this policy. This extension of coverage shall be limited to a maximum recovery of twenty-five hundred dollars (\$2,500) in respect of any one loss.
- (d) **Exterior Paved Surfaces:** This form is extended to insure loss or damage to roadways, walkways, parking lots or other exterior paved surfaces owned by “you” directly resulting from a cause of loss for which loss or damage insurance is afforded under this policy. This extension of coverage shall be limited to a maximum recovery of ten thousand dollars (\$10,000) in all including debris removal expense.

PROPERTY PROTECTION SYSTEMS

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

PREMIUM ADJUSTMENT

- (8) This clause is applicable if a specific amount of insurance is shown on the “Declarations Page” for “stock”. If within six months after the expiry or anniversary date of each period of insurance, “you” shall file with “us” a Premium Adjustment Application Form showing, for the said period, the actual cash value of the “stock” insured on the last day of each month at each location as commented upon by “your” Accountant, the actual premium for the said period shall then be calculated at the rate applying to each location for the average amount of the total values declared. If the premium paid by “you” for such “stock” exceeds the actual premium thus calculated, “we” shall refund to “you” any excess paid, subject to a maximum refund of 50% of the premium paid. In the event of any monthly declared values being in excess of the amount of insurance, the amount of the excess shall not be included in the premium adjustment calculations.

VALUATIONS

- (9) For the purpose of calculating the total of the property for the application of Co-insurance, value reporting and for loss adjustment, the following valuation basis applies:
 - (a) on unsold “stock”, - the actual cash value of the property at the time any loss occurs, but in no event to exceed what it would cost to repair or replace with material of like kind and quality;
 - (b) on sold “stock” – the selling price after allowance for discounts;
 - (c) on property of others in “your” custody or control for the purpose of performing work thereon – the amount for which “you” are liable but in no event to exceed the actual cash value at the time and place of loss plus allowance for labour and materials expended to such time;
 - (d) on tenant’s improvements and records – as defined in paragraphs (a) and (b) of Clause 11;
 - (e) on all other property insured under this form and for which no more specific conditions have been set out – the actual cash value at the time the loss or damage occurs but in no event to exceed what it would then cost to repair or replace with material of like kind and quality.

SPECIAL BASIS OF SETTLEMENT

- (11) (a) **Tenant's Improvements:** "Our" liability shall be determined as follows:
- (i) if repaired or replaced with due diligence and dispatch, the amount actually and necessarily expended but in no event exceeding the actual cash value of the tenant's improvements immediately prior to the time of destruction or damage;
 - (ii) if not repaired or replaced with due diligence and dispatch after such loss, that portion of the original cost of the damaged or destroyed tenant's improvements which the unexpired term of the lease at the time of loss bears to the period(s) from the date(s) such tenant's improvements were made to the expiration date of the lease.
- (b) **Records:** "Our" for loss or damage to:
- (i) books of accounts, drawings, card index systems and other records, other than as described in (ii) below, shall not exceed the cost of blank books, blank pages or other materials, plus the cost of labour for actually transcribing or copying said records;
 - (ii) media, data storage devices, and program devices for electronic and electro-mechanical data processing or for electronically controlled equipment, notwithstanding that "data" is not insured, shall not exceed the cost of reproducing such media, data storage devices, and program devices from duplicates or from originals of the previous generation of the media, but no liability is assumed hereunder for the cost of gathering or assembling information or "data" for such reproduction.

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

PROPERTY OF OTHERS

- (12) "We" have the option, at any loss may be paid to "you", or adjusted with and paid to the customer or the owner of the property.

DEFINITIONS

- (13) Wherever used in the Form:
- (a) "**Declarations Page**" means the Declarations page applicable to the Form.
 - (b) "**Building**" is as defined in the Commercial Common Agreements, Definitions, Exclusions and Conditions Form (COMM) which form part of this policy
 - (c) "**Equipment**" is as defined in the Commercial Common Agreements, Definitions, Exclusions and Conditions Form (COMM) which form part of this policy means:
 - (d) "**Stock**" is as defined in the Commercial Common Agreements, Definitions, Exclusions and Conditions Form (COMM) which form part of this policy means:
 - (e) "**Contents of Every Description**" is as defined in the Commercial Common Agreements, Definitions, Exclusions and Conditions Form (COMM) which form part of this policy
 - (f) "**Property of Every Description**" is as defined in the Commercial Common Agreements, Definitions, Exclusions and Conditions Form (COMM) which form part of this policy
 - (g) "**Fire Protective Equipment**" is as defined in the Commercial Common Agreements, Definitions, Exclusions and Conditions Form (COMM) which form part of this policy