

HOME BASED BUSINESS ENDORSEMENT

Attached to and forming part of this Policy

WORDS AND PHRASES IN QUOTATION MARKS HAVE SPECIAL MEANING AS DEFINED BELOW OR IN THE POLICY TO WHICH THIS ENDORSEMENT IS ATTACHED

This Endorsement modifies the coverage provided under the Residential Form to which it is attached. Except as modified by this Endorsement, all other coverages, conditions, provisions and exclusions of the Policy to which this Endorsement is attached apply.

SUMMARY OF COVERAGES

Unless specifically endorsed on the "Declarations Page", the Limits stated below are the Occurrence Limits and apply after the Policy deductible without increasing the amount of insurance for the applicable coverage.

COVERAGE	LIMIT	PAGE
Section I – Business Property Coverage		
Accounts Receivable	\$5,000	3
Brands and Labels	\$5,000	3
Buildings and Structures	Included	3
Building Damage By Theft	\$5,000	3
Business Property – On Your Premises	\$30,000	3
Business Property – Temporarily Away From Premises	\$5,000	4
Data	\$5,000	4
Exhibition Insurance	\$5,000	4
Exterior Glass	\$5,000	4
Exterior Signs	\$5,000	4
Master Key	\$5,000	4
Media	\$5,000	4
Professional Fees	\$5,000	4
Personal Property of Visitors and Employees	\$5,000	4
Stock Spoilage	\$5,000	4
Valuable Papers and Records	\$5,000	5
Business Interruption Coverage		
Loss of Income	\$5,000	5
Extra Expense	\$5,000	6
Contingent Loss of Income	\$5,000	6
Off Premises Power Interruption	\$5,000	6
Section II – Business Liability Coverage		
Legal Liability Extension	Included	7
Business and Business Property Extension	Included	7

DEFINITIONS

“Contributing Properties” are premises within the “Territorial Limits” which supply materials to “You” and which are not owned, rented or controlled in whole or in part by “You”.

“Gross Profit” means the sum produced by adding to the "Net Profit" the amount of the "Insured Standing Charges". If there is no "Net Profit", the amount of the "Insured Standing Charges" less such a proportion of any net trading loss as the amount of the "Insured Standing Charges" bears to all standing charges of the business.

“Impaired Property” means tangible property, other than “Your Product” or “Your Work”, that cannot be used or is less useful because:

- (1) it incorporates “Your Product” or “Your Work” which is known or thought to be defective, deficient, inadequate or dangerous; or
- (2) “You” have failed to fulfil the terms of a contract or agreement.

If such property can be restored to use by:

- (1) the repair, replacement, adjustment or removal of “Your Product” or “Your Work”; or
- (2) “You” fulfilling the terms of the contract or agreement.

“Indemnity Period” means the period beginning with the occurrence of an insured peril and ending no later than twelve (12) months thereafter.

“Insured Standing Charges” means all continuing business expenses except:

- (1) depreciation of stock;
- (2) bad debts; and
- (3) wages and salaries other than salaries to permanent staff and wages to important employees whose services would not be dispensed with should the business be interfered with or interrupted.

“Net Profit” means the net trading profit (exclusive of all capital receipts and accretions and all outlay properly chargeable to capital) resulting from “Your” Home Based Business after due provision has been made for all standing and other charges including depreciation, but before the deduction of any taxation chargeable on profits.

“Off Premises” means the area outside the property lines at the location(s) shown on the “Declaration Page”.

“Products – Completed Operations Hazard” includes all “Bodily Injury” and “Property Damage” occurring away from “Your” “Premises” and arising out of “Your Product” or “Your Work”, except:

- (1) products that are still in “Your” physical possession; or
- (2) work that has not yet been completed or has been abandoned.

“Your work” will be deemed to be completed at the earliest of the following times:

- (1) when all the work called for in “Your” contract has been completed;
- (2) when all the work to be done at the site has been completed if “Your” contract calls for work at more than one site;
- (3) when that part of work done at a job site has been put to its intended use by any person or organization other than another contractor or sub-contractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed. This hazard does not include “Bodily Injury” or “Property Damage” arising out of the existence of tools, uninstalled equipment or abandoned or unused materials.

“Rate of Gross Profit” means the rate of gross profit earned on the “Turnover” during the financial year immediately before the date of the destruction or damage by an insured peril.

“Recipient Properties” are premises within the “Territorial Limits” to which “Your” products are shipped and which are not owned, rented or controlled in whole or in part by “You”.

“Standard Turnover” means the turnover during that period in the twelve (12) months immediately before the date of the destruction or damage by an insured peril which corresponds with the “Indemnity Period”.

“Territorial Limits” means only within the limits Canada.

“Turnover” means the money paid or payable to “You” for goods sold and delivered and for services rendered in course of “Your” Home Based Business.

“Your Product” means:

- (1) any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by “You”, others trading under “Your” name or a person or organization whose business or assets “You” have acquired; and
- (2) containers, (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

"Your Product" includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in (1) and (2) above.

"Your Product" does not include vending machines or other property rented to or located for the use of others but not sold.

"Your Product" does not include imported foreign goods.

"Your Work" means:

- (1) work or operations performed by "You" or on "Your" behalf; or
- (2) materials, parts or equipment furnished in connection with such work or operations.

"Your Work" includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any items included in (1) and (2) above.

ALL STATUTORY AND ADDITIONAL CONDITIONS OF THIS POLICY APPLY TO ALL COVERAGES

SECTION I - BUSINESS PROPERTY COVERAGES

Accounts Receivable

"We" agree to cover amounts "Your" customers owe "You" but which "You" cannot collect because of loss or damage to "Your" accounts receivable records at "Your" home caused by:

- (1) an insured peril;
- (2) artificially generated electric current, including electric arcing that disturbs electrical devices, appliance or wires; or
- (3) mechanical breakdown, including rupture or bursting caused by centrifugal force.

You agree to help in any effort to collect such accounts.

"We" agree to cover:

- (1) interest on any money "You" must borrow because "You" cannot collect "Your" receivables and need money while "You" are waiting for payment of "Your" claim;
- (2) extra collection costs, over and above "Your" normal costs, that are necessary because of loss or damage to "Your" covered records; and
- (3) any other expenses "You" reasonably incur in re-establishing "Your" records of accounts receivable.

Brands and Labels

If "We" decide to exercise the option to take all or any part of the stock involved in a loss, "You" reserve the right to first remove any trademarks, guarantees, names or other evidence of their interest or in connection with and where the removal of such marks is impossible or impractical, the stock may be stamped salvage and/or transferred to bulk containers with the cost to be borne by "Us".

Buildings and Structures

"We" agree to insure buildings or structures used in whole or in part for "Your" Home Based Business.

Building Damage by Theft

"We" agree to cover insured damage (except by fire) to that part of the building occupied by "You" directly resulting from theft or any attempted theft and from vandalism or malicious acts committed on the same occasion, provided that "You" are the owner of such building or is liable for such damage and the building is not otherwise insured hereunder. There is no coverage for glass and lettering or ornamentation.

Business Property – On Your Premises

"We" agree to insure business property pertaining to "Your" Home Based Business while on "Your" "Premises" and includes:

- (1) "Your" office furniture, fixtures, equipment, machines and supplies;
- (2) records for the blank cost, plus the actual cost of labour to transcribe or copy such records; or in the case of magnetic tapes, diskettes, disk packs and cassettes, the cost of replacing the media on which they were originally recorded, in blank form, with material of the same kind and quality;
- (3) all other office contents;
- (4) cellular phones unless permanently attached to an automobile;
- (5) "Your" business property, including but not limited to merchandise in storage or held as a sample or for sale or delivery after sale; and
- (6) property of others for which "You" are liable.

Business Property – Temporarily Away From Premises

"We" agree to insure "Your" business property while it is temporarily away from "Your" "Premises" anywhere in Canada.

Data

"We" agree to insure the depreciated cost of insured "Data" that sustains direct damage by an insured peril.

Exhibition Insurance

"We" agree to insure "Your" business property from the time it leaves "Your" "Premises", while in transit to the exhibition site, while at such exhibition site and while in transit back "Your" "Premises".

Exterior Glass

"We" agree to insure damage to exterior glass or vitrolite and lettering ornamentation thereon, caused by accidental breakage of such glass.

Exterior Signs

"We" agree to insure the actual loss sustained to exterior signs located on "Your" "Premises".

Master Key

"We" agree to insure the cost of replacement of keys and changing or replacement of locks necessitated by the loss or theft of keys.

Media

"We" agree to insure for the depreciated cost of insured media used for "Your" business that sustains direct damage by an insured peril. Media being materials on which "Data" is recorded including magnetic tapes, disc packs, paper tapes and cards.

Professional Fees

"We" agree to insure reasonable fees payable to "Your" Architects, Auditors, and Engineers for producing and certifying particulars or details of "Your" Home Based Business required by "Us" in order to arrive at the loss payable under this Policy in the event of a claim.

Personal Property of Visitors and Employees

"We" agree to insure the personal property of employees and visitors to "Your" "Premises" for damage caused by the perils which apply to insured contents to a limit of \$1,000 per item.

The insurance on such personal property shall not attach if the owner insures the property, unless "You" are under obligation to keep the property insured or is legally liable for its loss or damage.

Stock Spoilage

"We" agree to insure the physical loss of or damage to insured business stock or content(s) on the "Your" "Premises" caused by dampness or dryness of atmosphere or change of temperature. The dampness or dryness of atmosphere or change of temperature must be the direct result of (1) or (2) below.

- (1) Physical loss of or damage to "Your" Home Based Business building, equipment or content(s), including supply or transmission lines and pipes and their connections furnishing services (meaning electricity, water, gas or steam services) on the "Premises".

The physical loss or damage must directly result from a peril insured against. The part of "Your" Home Based Business building or of the equipment or content(s) that sustains loss or damage must be used for refrigerating, cooling, humidifying, heating or for generating or converting power.

- (2) Interruption to the supply of services (meaning electricity, water, gas or steam services) to "Your" "Premises".

The interruption must be caused by physical loss of or damage to apparatus that generates or supplies services (meaning electricity, water, gas or steam services) to "Your" "Premises". The physical loss or damage must directly result from a peril insured against. The apparatus that sustains loss or damage must be located on or within one (1) km of "Your" "Premises".

"We" do not cover loss or damage resulting from partial or total interruption to the supply of Services (meaning electricity, water, gas or steam services) arising from:

- (1) loss or damage to any electrical transmission lines or distribution lines or their supporting structure(s), except for those located on the "Premises";
- (2) lack of sufficient capacity;
- (3) intentional reduction in supply; or
- (4) any loss for which indemnity is provided under an Equipment Breakdown Rider.

Valuable Papers and Records

"We" agree to insure valuable papers and records (meaning written, printed or otherwise inscribed documents and records, including books, maps, films, tapes, discs, drawings, abstracts, deeds, mortgages and manuscripts or other magnetic recording or storage media for electronic data processing but excluding money or securities), the property owned by "You" or for which "You" may be responsible or liable to others.

LOSS OR DAMAGE NOT INSURED – BUSINESS PROPERTY

All exclusions applicable to "Your" personal property also apply to "Your" Home Based Business property insured by this Form.

"We" do not insure:

- (1) property "You" loan, rent or sell to others under a conditional sale, trust or mortgage agreement, or installment, or other deferred payment plan, once the property is delivered to the customer;
- (2) property carried in any vehicle unless the vehicle is locked, or in the case of a pick-up truck, trailer or similar open vehicle, unless the property is in a locked compartment;
- (3) loss of insured property caused by pilferage, appropriation or concealment or any dishonest, fraudulent or criminal act committed by or at the direction of:
 - (a) "You", "Your" partner, "Your" "Residence Employee" or employee; or
 - (b) anyone who is entrusted with insured property, except for those who hire out their services and take control of "Your" property, such as transportation companies;
- (4) loss due to delay or loss of market;
- (5) loss or damage to any goods or products sold outside of Canada;
- (6) loss or damage to any goods or products that have been imported into Canada;
- (7) loss due to unexplained or mysterious disappearance of property or any shortage of property discovered when taking inventory;
- (8) loss caused by the fact that "You" or anyone else voluntarily gave up title or possession of any property to someone who uses false pretense, deceit or fraud to obtain it;
- (9) any loss or damage, either direct or indirect, nor any cleaning costs resulting from any spill, discharge or seepage of a pollutant or contaminant unless it results directly from loss or damage to the insured property by an insured peril; or
- (10) any loss or damage, either direct or indirect, nor any cleaning costs resulting from any spill, discharge or seepage of a hazardous material.

BUSINESS INTERRUPTION COVERAGES

Loss of Income

"We" agree to insure against the reduction of "Gross Profit" resulting directly from necessary interruption of "Your" Home Based Business caused by damage or destruction by an insured peril to the property insured by this Policy.

The period of payment continues until the "Gross Profit" returns to the level it was immediately prior to the loss up to a maximum of twelve (12) months.

We will pay the least of:

- (1) the limit shown on the "Declaration Page"; or
- (2) the actual loss of "Gross Profits" due to:
 - (a) a reduction in "Turnover" defined as the sum produced by applying the "Rate of Gross Profit" to the amount by which the "Turnover" during the "Indemnity Period" shall, in consequence of the destruction or damage by an insured peril, fall short of the "Standard Turnover"; and
 - (b) an increase in the cost of working defined as the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in "Turnover" which, but for that expenditure, would have taken place during the "Indemnity Period" in consequence of the destruction or damage by an insured peril, but not exceeding the sum produced by applying the "Rate of Gross Profit" to the amount of the reduction thereby avoided;less any sum saved during the "Indemnity Period" in respect of the "Insured Standing Charges" as may cease or be reduced in consequence of the destruction or damage by an insured peril.

This coverage extends to insure any increase in loss resulting from, or contributed to by, the operation of any by-law, ordinance or law which regulates zoning or the demolition, repair or construction of damaged buildings or structures, but shall in no way operate to increase the amount of insurance or extend the period of payment beyond twelve (12) months.

Exclusions, Limitations and Conditions

If a claim is made by order of a mass evacuation as stated in the Additional Living Expense part of this Policy, then "We" will also pay for loss of business income incurred up to a maximum of two (2) weeks.

"We" do not insure loss due to fines or damages for breach of contract for late or non-completion of orders, or for any penalties of whatever nature.

The loss must occur during the Policy period however, payment under this coverage is not limited by the expiration date of the Policy.

As soon as practicable after any loss, you must resume the normal conduct of "Your" Home Based Business and reduce or dispense with the loss of business income.

Extra Expense

"We" agree to insure any extra expense "You" incur to continue the normal conduct of "Your" Home Based Business following damage to or destruction of the property insured by "Your" Policy caused by an insured peril. The period of payment continues until "You" can resume the normal conduct of "Your" Home Based Business but not exceeding twelve (12) months.

For any one occurrence, "We" will pay the least of:

- (1) the limit shown on the "Declaration Page"; or
- (2) the actual extra expenses incurred.

If a claim is made by order of a mass evacuation as stated in the Additional Living Expense part of this Policy, then "We" pay for extra expenses incurred up to a maximum of two (2) weeks.

We do not insure:

- (1) any direct or indirect property damage loss;
- (2) expenses incurred to extinguish a fire;
- (3) any increase of loss due to local, Provincial or Federal ordinance or law regulating construction, repair, replacement or operation of buildings or equipment;
- (4) any increase of loss due to interference at the described "Premises" by strikers or other persons, with rebuilding, repairing or replacing the property, or with the resumption or continuation of business;
- (5) loss due to fines or damages for breach of contract for late or non-completion of orders, or for any penalties of whatever nature;
- (6) loss due to the suspension, lapse or cancellation of any lease or license, contract or order, which may affect "Your" earnings after the period following any loss during which indemnity is payable;
- (7) the cost of compiling books of account, abstracts, drawings, card index systems or other records including film, tape, disc, drum, cell or other recording or storage media for electronic data processing; or
- (8) any other consequential loss or remote loss.

The loss must occur during the Policy period, however, payment under this coverage is not limited by the expiration date of the Policy. As soon as practicable after any loss, "You" must resume the normal conduct of "Your" Home Based Business and reduce or dispense with extra expenses.

Contingent Loss of Income

"We" agree to insure the amount of loss which results from the interruption or interference of "Your" business caused by the damage or destruction as the result of an insured peril under this Policy, to any building or part thereof or other property of a "Contributing Property" or "Recipient Property" being a business not operated by "You".

Off Premises Power Interruption

"We" agree to insure loss of income resulting from the necessary interruption of business caused by damage to or destruction of "Off Premises" power sources (Public Utility plants, transformer or switching stations, sub-stations, and pumping stations) which furnish heat, light, power or gas to "Your" "Premises", provided such loss or damage is caused directly by the perils insured against under this Policy (but excluding loss resulting from damage to or destruction of "Off Premises" poles and towers).

This coverage does not attach or apply until twenty-four (24) hours following the initial interruption.

BASIS OF CLAIM PAYMENT

The Basis of Claim Payment for loss or damage to business property is the same as described in the Residential Form to which this Endorsement is attached.

Deductible

The deductible applicable to business property is the same amount as shown for Personal Property on the "Declaration Page". If there is loss or damage to personal property and to business property as a result of the same event, the deductible will be applied only once.

SECTION II – BUSINESS LIABILITY COVERAGE

Legal Liability Extension

"Your" legal liability is extended from the Personal Liability Form to which this Endorsement is attached. Coverage includes liability arising out of the operation of "Your" Home Based Business.

This coverage extension applies only to occurrences taking place in Canada.

Business and Business Property Extension

"Your" coverage for business and business property is extended from the Personal Liability Form to which this Endorsement is attached. Coverage is to include claims arising from the use of that part of "Your" residence for the operation of "Your" Home Based Business.

LOSS OR DAMAGE NOT INSURED – BUSINESS LIABILITY

All exclusions applicable to "Your" Personal Liability Form also apply to "Your" Home Based Business insured by this Form.

This insurance does not apply to:

- (1) liability for "Bodily injury" or "Property damage" by reason of assumption of liability in a contract or agreement;
- (2) any obligation under a Workers' Compensation, disability benefits or unemployment compensation law or any similar law;
- (3) "Bodily Injury" to any employee arising out of and in the course of employment by "You" or "Your Home Based Business";
- (4) damage to that part of real property on which "You" or any contractor or sub-contractor working directly or indirectly on "Your" behalf is performing operations if the property damage arises out of the operations of "Your" Home Based Business;
- (5) damage to that particular part of any property that must be restored, repaired or replaced because "Your Work" was incorrectly performed on it, other than property damage included in the "Products - Completed Operations Hazard";
- (6) property damage to "Your Product" arising out of "Your Product" or any part of it;
- (7) property damage to "Your Work" arising out of "Your Work" or any part of it and included in the "Products - Completed Operations Hazard" except if the damaged work or the work out of which the damage arises was performed on "Your" behalf by a sub-contractor;
- (8) "Property Damage" to "Impaired Property" or property that has been physically injured, arising out of:
 - a) a defect, deficiency, inadequacy or dangerous condition in "Your Product" or "Your Work";
 - b) a delay or failure by "You" or anyone acting on "Your" behalf to perform a contract or agreement in accordance with its terms except the loss of use of other property arising out of a sudden and accidental physical injury to "Your Product" or "Your Work" after it has been put to its intended use; or
 - c) any loss cost or expense incurred by "You" or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of "Your Product", "Your Work" or "Impaired Property";
- (9) "Bodily injury" or "Property Damage" arising out of the actual, alleged or threatened discharge, dispersal, release or escape of pollutants or hazardous material due to or as a result of any Home Based Business pursuit:
 - a) at or from "Premises" "You" own, rent or occupy;
 - b) at or from any site or location used by or for "You" or others for the handling, storage, processing or treatment of waste or material;
 - c) which are at any time transported, handled, stored, treated, disposed of, or processed as waste by or for "You" or any person or organization for whom "You" may be legally responsible;
 - d) at or from any site or location on which "You" or any contractors or sub-contractors working directly or indirectly on "Your" behalf are performing operations if:
 - i. pollutants or hazardous material are brought on or to the site or location in connection with such Home Based Business operations; or
 - ii. operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the pollutants or hazardous material;
- (10) any loss, cost or expense arising out of any governmental direction or request that "You" test for, monitor, clean up, remove, contain, treat, detoxify or neutralize any hazardous materials or pollutants due to, or as a result of any Home Based Business pursuit;
- (11) fines, penalties, punitive or exemplary damages arising directly or indirectly out of the discharge, dispersal, release or escape of any hazardous material or pollutants due to or as a result of any Home Based Business pursuit;
- (12) "Bodily Injury" or "Property Damage" arising out of the failure or malfunction of any:
 - (a) electronic data processing equipment, or other equipment, including microchips embedded therein;
 - (b) computer program, software, media and "Data";
 - (c) memory storage system and memory storage device;
 - (d) real time clock or date calculator; or
 - (e) any other related component, system, process or device to correctly read, recognize, interpret or process any encoded, abbreviated or encrypted date, time or combined date/time "Data" or "Data" field. Such failure shall include any error in original or modified "Data" entry or programming.