

The Commercial Edge Coverage Endorsement (Property)

Intact Insurance Company

Unless specifically endorsed on the "Declaration Page(s)", the limits stated below apply to the coverage, subject to the deductible shown for the Commercial Building and Contents Broad Form (BF02) on the "Declaration Page(s)".

Summary of Coverages

Item	Coverage	Limit of Insurance
A. Building and/or Contents		
Item 1	Building By-Laws	Included
Item 2	Blanket Glass	Included
Item 3	Inflation Protection	Included
Item 4	Newly Acquired Buildings	\$1,000,000
Item 5	Stated Amount – Waiver of Co-Insurance	If Selected *
Item 6	Fire Department Service Charges	\$25,000
Item 7	Master Key Coverage	\$10,000
Item 8	Outdoor Signs	\$25,000
Item 9	Professional Fees	\$25,000
Item 10	Replacement Cost	Included
Item 11	Accounts Receivable	\$50,000
Item 12	Contents at Newly Acquired Locations	\$250,000
Item 13	Contents at Unnamed Locations	\$50,000
Item 14	Stock Spoilage	\$25,000
Item 15	Courier and Parcel Post	\$10,000
Item 16	Computer Equipment	\$50,000
	• Media	\$25,000
	• Breakdown	\$25,000
Item 17	Exhibition Floater	\$10,000
Item 18	Installation Floater	\$10,000
Item 19	25% Peak Season Increase	Included
Item 20	Personal Property of Officers and Employees	\$10,000
Item 21	Sales Samples	\$25,000
Item 22	Property in Transit	\$10,000
Item 23	Valuable Papers and Records	\$50,000
Item 24	Fine Arts	\$50,000
Item 25	Land and Water Pollution Clean Up	\$25,000
Item 26	Roadways, Walkways, Parking Lots	\$50,000
Item 27	Growing Plants, Trees, Shrubs or Flowers	Included
Item 28	Automatic Fire Suppression Recharge Expense	\$25,000
Item 29	Arson Reward	\$5,000
Item 30	Brands and Labels	\$25,000
Item 31	Catch All Clause	\$25,000
Item 32	Contents Leased, Rented or Loaned	\$2,500
Item 33	Deferred Payment Plan Stock	\$25,000
Item 34	Expediting Expenses	\$25,000
Item 35	Proof of Loss Preparation Costs	\$10,000
Item 36	Tool Floater	\$2,500

Item 37	B. Business Interruption Extensions	
	Profits and/or Rental Income (Broad Form)	Actual Loss Sustained
	• Interruption by Civil Authority	Actual Loss Sustained – 2 weeks
	• Off Premises Services Interruption	\$25,000
	• Limited Contingent Loss of Income	
	(i) Neighbouring Premises	\$25,000
	(ii) Contributing/Recipient Property	\$25,000
	• Newly Acquired Property	\$100,000
	• Professional Fees	\$5,000
Item 38	Extra Expense	\$25,000
Item 39	Mortgage Rate Guarantee	\$25,000
	C. Applicable to the Policy	
Item 40	60 Days' Notice of Cancellation/Termination	Included

* Stated Amount – Waiver of Co-Insurance is only included if a Statement of Values signed by the Insured is on file with the Insurer.

A. BUILDINGS AND/OR CONTENTS

The following extensions are subject to all terms, conditions, exclusions, stipulations and provisions applicable to the Commercial Building and Contents Broad Form (BF02) and the Limit of Insurance specified in the Summary of Coverages in this Form.

ITEM 1 – BUILDING BY-LAWS

1. Indemnity Agreement

This insurance is, without increasing the amount of insurance, and only as a result of an insured peril, extended to indemnify the Insured for:

- (a) loss occasioned by the demolition of any undamaged portion of the "building";
- (b) the cost of demolishing and clearing the site of any undamaged portion of the "building";
- (c) any increase in the cost of repairing, replacing, constructing or reconstructing the "building" on the same site or on an adjacent site, of like height, floor area and style, and for like occupancy;

arising from the enforcement of the minimum requirements of any by-law, regulation, ordinance or law which

- (i) regulates zoning or the demolition, repair or construction of damaged "buildings" and
- (ii) is in force at the time of loss or damage.

2. Exclusions

This extension does not insure against:

- (a) the enforcement of any by-law, regulation, ordinance or law which prohibits the Insured from rebuilding or repairing on the same site or an adjacent site or prohibits continuance of like occupancy;
- (b) direct or indirect loss, damage, cost or expense, arising out of "clean-up" resulting from any actual, alleged, potential or threatened spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of "pollutants";
- (c) direct or indirect loss, damage, 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"; or
- (d) the enforcement of any by-law, regulation, ordinance or law which would apply in the absence of a loss.

ITEM 2 – BLANKET GLASS

Where the Insured owns or has responsibility to insure such glass, this policy insures all exterior plate or thermopane glass, lettering and ornamentation for all damage caused by the accidental breakage of such glass. Such insurance shall also include the expense of boarding up damaged openings or installing temporary plates.

Inclusion of this coverage shall not increase the limit of liability specified on the "Declaration Page(s)".

ITEM 3 – INFLATION PROTECTION

1. It is agreed that the amount of insurance applicable to:

- (a) "Building(s)" shall be increased during the policy period with reference to an amount attributable to non-residential building construction price inflation since the last "premium due date";
- (b) "Stock", "Equipment" and "Contents of Every Description", shall be increased during the policy period with reference to an amount attributable to inflation since the last "premium due date";
- (c) "Property of Every Description", if this insures solely "Building(s)", shall be increased during the policy period with reference to an amount attributable to non-residential building construction price inflation since the last "premium due date";
- (d) "Property of Every Description", if this insures solely "Stock" or "Equipment", shall be increased during the policy period with reference to an amount attributable to inflation since the last "premium due date";
- (e) "Property of Every Description", if this insures "Building(s)", and/or "Stock", and/or "Equipment", shall be increased during the policy period with reference to an amount attributable to inflation and non-residential building construction price inflation since the last "premium due date".

2. At the "premium due date" the amount of insurance applicable to:

- (a) "Building(s)", "Stock", "Equipment", "Contents of Every Description" and "Property of Every Description" shall be increased automatically with reference to an amount attributable to inflation and the appropriate premium charged.

3. If the amount of insurance applicable to "Building(s)", "Stock", "Equipment", "Contents of Every Description", and "Property of Every Description" is changed at the request of the Insured during the policy period, the effective date of this extension is deemed to coincide with the effective date of such change.

4. Definition

"Premium due date" means the inception, renewal or anniversary date of the Policy.

ITEM 4 – NEWLY ACQUIRED BUILDINGS

Applicable only if building(s) and structures are shown on the "Declaration Page(s)".

Newly acquired buildings are covered from an insured peril under this extension for the Limit of Insurance shown in the Summary of Coverages in this Form. Coverage is automatic on condition that notification of such acquisition shall be filed with the Insurer within 60 days of such acquisition and any additional premium required by the Insurer shall be effected from the date of acquisition. This limit is in addition to the Limit of Insurance applicable to Buildings.

ITEM 5 – STATED AMOUNT - WAIVER OF CO-INSURANCE

1. The Co-insurance Clause referred to in the Commercial Building and Contents Broad Form (BF02) is deleted, provided that:
 - (a) a Statement of Values attested by the Insured is filed with the Insurer; and
 - (b) the amount of insurance is not less than the amount for that item shown on the signed Statement of Values.
2. The signed Statement of Values must be completed by the Insured, and filed with the Insurer each year. If the Insured fails to file a new Statement of Values within 90 days of the effective date of each policy period, the terms and conditions of the Co-insurance Clause referred to in the applicable form shall then apply.

ITEM 6 – FIRE DEPARTMENT SERVICE CHARGES

Fire Department service charges are covered up to the Limit of Insurance specified in the Summary of Coverages in this Form in any one occurrence when:

- (a) The Fire Department is called to save or protect the insured property from a peril insured against; and
- (b) The insured property is on the premises described on the "Declaration Page(s)".

ITEM 7 – MASTER KEY COVERAGE EXTENSION

Subject to the amount shown on the Summary of Coverages in this Form applicable to this coverage, the Insurer will cover the cost of replacing and/or re-adjusting locks following a loss or damage due to a peril insured against, to a master key that controls all doors at the location(s) listed on the "Declaration Page(s)".

ITEM 8 – OUTDOOR SIGNS

This Form insures outdoor signs, located on the premises specified on the "Declaration Page(s)", for a peril insured against, which are the property of the Insured or the property of others for which the Insured may be held liable.

ITEM 9 – PROFESSIONAL FEES

Subject to the amount shown in the Summary of Coverages in this Form applicable to this coverage, the Insurer will pay reasonable fees to auditors, accountants, architects, surveyors or engineers for producing and certifying particulars or details of the Insured's business required by the Insurer in order to arrive at the amount of the loss payable under this policy in the event of a claim.

This extension only applies to fees incurred in establishing the quantum of a loss, liability for which is otherwise accepted by the Insurer.

ITEM 10 – REPLACEMENT COST

Applicable only to "Building(s)" and/or "Equipment" at the locations listed on the "Declaration Page(s)".

1. The Insurer agrees to amend the Basis of Valuation from actual cash value to "replacement cost" subject to the following provisions:
 - (a) "replacement" shall be effected by the Insured with due diligence and dispatch;
 - (b) settlement on a "replacement cost" basis shall be made only when "replacement" has been effected by the Insured and in no event shall it exceed the amount actually and necessarily expended for such "replacement";
 - (c) any other insurance effected by or on behalf of the Insured in respect of the insured perils under this Policy on the property to which this extension is applicable shall be on the basis of "replacement cost";
 - (d) failing compliance by the Insured with any of the above provisions, settlement shall be made as if this extension had not been in effect.
2. In the event that new property of like kind and quality is not obtainable, new property which is as similar as possible to that lost or damaged and which is capable of performing the same function shall be deemed to be new property of like kind and quality for the purposes of this extension.

3. Exclusions

This extension does not apply to:

- (a) "stock";
- (b) patterns, dies, moulds;
- (c) paintings, etchings, pictures, tapestries, statuary, marbles, bronzes, antique furniture, rare books, antique silver, porcelain, rare glassware, bric-a-brac or other articles of art, rarity or antiquity;
- (d) business records, including those which exist on electronic or magnetic media (other than pre-packaged software programs);
- (e) any increase in the cost of "replacement" occasioned by a restriction or prohibition in any by-law, regulation, ordinance or law.

4. Definitions

- (a) "replacement" includes repair, construction or re-construction with new property of like kind and quality; and
- (b) "replacement cost" means whichever is the least of the cost of replacing, repairing, constructing or re-constructing the property on the same site with new property of like kind and quality and for like occupancy without deduction for depreciation.

ITEM 11 – ACCOUNTS RECEIVABLE

SUBJECT OF INSURANCE

This Form insures:

- (a) All sums due the Insured from customers, provided the Insured is unable to effect collection thereof as a direct result of loss or damage to records of accounts receivable;
- (b) Interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectable by such loss or damage;
- (c) Collection expense in excess of normal collection cost and made necessary because of such loss or damage;
- (d) Other expenses, while reasonably incurred by the insured in re-establishing records of accounts receivable following such loss or damage.

LOCATION AND OCCUPANCY OF PREMISES

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

PROTECTION OF RECORDS OF ACCOUNTS RECEIVABLE

Insurance under this Form shall apply only while records of accounts receivable, including electronic data backup, are contained in the premises described on the "Declaration Page(s)", it being a condition precedent to any right of recovery hereunder that such records shall be kept in protective container(s), at all times when the "premises" are not open for business, except while such records are in actual use.

PERILS EXCLUDED

In addition to the exclusions contained in the Commercial Building and Contents Broad Form (BF02), the Insurer shall not be liable for loss or damage:

- (i) due to any fraudulent, dishonest or criminal act by any Insured, a partner therein, or an officer, director or trustee thereof, while working or otherwise and whether acting alone or in collusion with others;
- (ii) due to bookkeeping, accounting or billing errors or omissions;
- (iii) the proof of which as to factual existence, is dependent upon an audit of records or an inventory computation. This shall not preclude the use of such procedures in support of claim for loss which the Insured can prove, through evidence wholly apart therefrom, is due solely to a risk of loss to records of accounts receivable not otherwise excluded hereunder;
- (iv) due to alteration, falsification, manipulation, concealment, destruction or disposal of records of accounts receivable committed to conceal the wrongful giving, taking, obtaining, or withholding of money, securities or other property but only to the extent of such wrongful giving, taking, obtaining or withholding.

REMOVAL

Such insurance as is afforded by this Form applies while the records of accounts receivable are being removed to and while at a place of safety because of imminent danger of loss or damage and while being returned from such place, provided the Insured gives written notice to the Insurer of such removal within 10 days thereafter.

INSPECTION AND AUDIT

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

RECOVERIES

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

BASIS OF SETTLEMENT

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

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

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

OTHER INSURANCE

The Insurer is not liable:

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

ACTION AGAINST INSURER

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

ITEM 12 – CONTENTS AT NEWLY ACQUIRED LOCATIONS

Business Contents are covered for the amount shown in the Summary of Coverages in this Form, for a peril insured against, while at the premises owned, leased or operated by the Insured other than those described on the "Declaration Page(s)". Coverage is automatic on condition that notification of such Business Contents shall be filed with the Insurer within 60 days of such acquisition and any additional premium required by the Insurer shall be effected from the date of acquisition. This limit is in addition to the Limit of Insurance applicable to Business Contents.

ITEM 13 – CONTENTS AT UNNAMED LOCATIONS

Contents are covered, for a peril insured against,

- (a) while at a location anywhere in Canada or the Continental United States of America not owned, rented or controlled in whole or in part by the Insured, up to the Limit of Insurance specified in the Summary of Coverages in this Form
- (b) while at the residence of the Insured, limited to a maximum recovery of \$2,500 in respect of any one loss.

but this coverage does not apply to the following property:

- (i) Tools and contractor's equipment while in transit;
- (ii) Computer equipment, media or accessories while in transit;
- (iii) Property temporarily on exhibition at locations not owned or occupied by the Insured.

ITEM 14 – STOCK SPOILAGE

Insurance is extended to cover physical loss of or damage to "stock" on the "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 (a) or (b) below.

- (a) Physical loss of or damage to "building" or "equipment", including supply or transmission lines and pipes and their connections furnishing "services", on the "premises". The physical loss or damage must directly result from an insured peril. The part of the "building" or of the "equipment" that sustains loss or damage must be used for refrigerating, cooling, humidifying, dehumidifying, heating or for generating or converting power.
- (b) Interruption to the supply of "services" to the "premises". The interruption must be caused by physical loss of or damage to apparatus that generates or supplies such "services" to the "premises". The physical loss or damage must directly result from an insured peril. The apparatus that sustains loss or damage must be located on or within 25 kilometers of the "premises".

This coverage does not cover loss or damage resulting from partial or total interruption to the supply of "services" arising from:

- (i) loss or damage to any electrical transmission lines or distribution lines or their supporting structures, except for those located on the "premises";
- (ii) lack of sufficient capacity; or
- (iii) intentional reduction in supply.

The maximum amount payable under this coverage for any one occurrence is the Limit of Insurance specified for this coverage in the Summary of Coverages in this form.

As used in this coverage "services" means electricity, water, gas or steam.

ITEM 15 – COURIER AND PARCEL POST

Property in any one package is covered while in course of transit by parcel post or courier for up to the Limit of Insurance specified in the Summary of Coverages in this Form, for a peril insured against, for this item.

ITEM 16 – COMPUTER EQUIPMENT, MEDIA & BREAKDOWN

Coverage under this form applies only to "computer equipment" including component parts thereof owned by the Insured or leased or under the control of the Insured and "computer media".

Computer Equipment Breakdown

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

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

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

Additional Exclusion:

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

Temporary Locations & Transit

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

Additional Definitions

Wherever used in this form:

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

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

ITEM 17 – EXHIBITION FLOATER

PROPERTY COVERED

This extension covers any property which is insured under Equipment or Stock against all risks of direct physical loss or damage from any external cause except as provided herein, from the time it leaves any premises described on the "Declaration Page(s)", while in due course of transportation to any exhibition site in Canada or the Continental United States of America, while at such exhibition site and then while in due course of transportation to any premises described on the "Declaration Page(s)".

LIMIT OF LIABILITY

The Insurer shall not be liable for more than the Limit of Insurance specified in the Summary of Coverages in this Form.

COVERAGE

This insurance terminates upon arrival at the final destination or at the expiration of the period for which this policy is issued, whichever first occurs.

ADDITIONAL EXCLUSION

This extension does not insure loss or damage occasioned by marring, scratching, denting or breakage of glass or articles of a fragile nature, unless caused by fire, theft or attempt thereat, lightning, windstorm, earthquake, flood, explosion, malicious damage or accident to the conveying vehicle.

PACKING CONDITION

It is agreed by the Insured that the property hereunder is packed and unpacked by competent packers.

ITEM 18 – INSTALLATION FLOATER – BROAD FORM

PROPERTY COVERED

Any and all materials, machinery and equipment incidental hereto, in which the Insured has an interest or for which the Insured may be liable or has contracted to install, all incidental to the installation, erection, fabrication or completion of any jobs usual to the business of the Insured, anywhere in Canada.

LIMIT OF LIABILITY

The Insurer shall be liable for up to the Limit of Insurance specified in the Summary of Coverages in this Form on property at any job site or property in transit.

INSTALLATION COVERAGE

Within the policy period the insured property is covered from the time of leaving the premises of the Insured, for shipment to the site of installation, while in transit by Railroad, Railway Express, Public Truckman or the Insured's Vehicles, while awaiting installation on site and during installation until:

- (i) acceptance by the owner or purchaser; or
- (ii) thirty (30) days after completion of the project; or
- (iii) the expiry of this insurance, whichever first occurs.

Notwithstanding anything herein to the contrary, this insurance ceases to cover the project or any part thereof from the commencement of use for purposes for which it was intended.

PROPERTY EXCLUDED

This Form does not cover:

- (i) buildings; but building materials and supplies are covered until such time as they become part of any realty;
- (ii) plans, blueprints, designs, specifications or any similar property;
- (iii) conveyances designed for highway use; watercraft or aircraft;
- (iv) tools, contractors equipment and any property not part of or destined to become a part of the installation;
- (v) property while located on any premises owned, leased or occupied by the insured.

ADDITIONAL EXCLUSION

This form does not cover:

- (i) any loss, damage or expense caused by or resulting from testing.

ITEM 19 – PEAK SEASON INCREASE

The limit of liability for Contents insured under this Policy shall be automatically increased by 25% to provide for seasonal variations. However, this increase shall not apply unless the limit of liability for Contents is 100% or more of the Insured's average monthly values for the 12 months immediately preceding the latest effective date (inception or renewal), or in the event the Insured has been in business for less than 12 months, such shorter period of time.

ITEM 20 – PERSONAL PROPERTY OF OFFICERS AND EMPLOYEES

Personal property of officers and employees of the Insured is covered for an aggregate amount not to exceed the limit of liability as specified in the Summary of Coverages in this Form for this item in any one occurrence while at the locations specified on the "Declaration Page(s)".

This extension does not apply if such property is insured by the owner unless the Insured is obliged to insure it or is liable for its loss or damage. This extension replaces extension of coverage 7(c) of the Commercial Building and Contents Broad Form (BF02).

ITEM 21 – SALES SAMPLES

This extension covers property insured, whether in transit or otherwise, in the custody of sales representatives, for up to the Limit of Insurance specified in the Summary of Coverages in this Form for this item.

ITEM 22 – PROPERTY IN TRANSIT

PROPERTY COVERED AND LIMIT OF LIABILITY

This Form covers contents while in transit other than by parcel post or courier, up to the Limit of Insurance specified in the Summary of Coverages, for any one loss covered hereunder.

TERRITORIAL LIMITS

Anywhere in Canada or the Continental United States of America.

ADDITIONAL EXCLUSIONS

This extension does not insure:

- (i) valuable papers and records, as defined elsewhere in this Form;
- (ii) fine arts;
- (iii) money and securities;
- (iv) samples or containers while in the care, custody or control of the Insured's sales representative;
- (v) property insured under Item 16 – Computer Equipment, Media and Breakdown.;
- (vi) property insured under Item 17 – Exhibition Floater;
- (vii) property insured under Item 18 – Installation Floater – Broad Form .

ITEM 23 – VALUABLE PAPERS AND RECORDS

PROPERTY COVERED AND LIMITS OF LIABILITY

This Form insures against all risks of direct physical loss of or damage to valuable papers or records up to the Limit of Insurance specified in the Summary of Coverages in this Form.

DEFINITION

The term Valuable Papers and Records means written, printed or otherwise inscribed documents and records, including books, maps, films, drawings, abstracts, deeds, mortgages, manuscripts and electronically stored records, but does not include money or securities.

PROTECTION OF VALUABLE PAPERS AND RECORDS

Insurance under this Form shall apply only while valuable papers and records, including electronic data backup, are contained in the premises described on the "Declaration Page(s)", it being a condition precedent to any right of recovery hereunder that such records shall be kept in protective container(s), at all times when the "premises" are not open for business, except while such records are in actual use.

COVERAGE

This insurance applies:

- (i) while the insured valuable papers and records are contained in the Insured's premises specified on the "Declaration Page(s)". It is a condition precedent to any right of recovery hereunder, that the valuable papers and records are in actual use or as stated in (ii) and (iii) below;
- (ii) while the insured valuable papers and records are being removed to, and while at a place of safety because of an imminent danger of loss or damage and while being returned from such place, provided the Insured notifies the Insurer in writing within 30 days of such removal;
- (iii) while the valuable papers and records are being conveyed outside the Insured's premises or while temporarily within other premises except for storage.

ADDITIONAL EXCLUSIONS

This extension does not apply:

- (i) to loss directly resulting from errors or omissions in processing or copying unless fire or explosion ensues and then only for direct loss caused by such ensuing fire or explosion;
- (ii) to loss of property held as samples or for sale or for delivery after sale;
- (iii) to property which cannot be replaced with other of like kind and quality;
- (iv) to loss due to electrical or magnetic injury, disturbance or erasure of electronic recordings, except by lightning.

BASIS OF SETTLEMENT

The limit of the Insurer's liability for loss shall not exceed the actual cash value of the property at the time of loss nor what it would then cost to repair or replace the property with other of like kind and quality, nor the applicable Limit of Insurance specified in the Summary of Coverages in this Form.

ITEM 24 – FINE ARTS

This extension insures fine arts, including paintings, etchings, pictures, tapestries and other bona fide works of art such as valuable rugs, statuary, marbles, bronzes, antique furniture, rare books, antique silver, manuscripts, porcelains, rare glass and bric-a-brac, of rarity, historical value or artistic merit, the property of the Insured or the property of others for which the Insured may be liable, while at the premises described in the "Declaration Page(s)".

ITEM 25 – LAND AND WATER POLLUTION CLEAN UP

1. INDEMNITY AGREEMENT

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

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

2. LIMIT OF INSURANCE

The maximum amount of insurance under this extension during any one policy period shall not exceed in the aggregate, the amount of insurance specified in the Summary of Coverages in this form.

3. NO AUTOMATIC REINSTATEMENT

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

4. ADDITIONAL EXCLUSIONS

The Insurer shall not be liable for:

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

5. ADDITIONAL POLICY CONDITIONS

A) REPORTING PERIOD

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

B) OTHER INSURANCE

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

6. DEFINITIONS

Wherever used in this extension;

- (a) "Declarations Page" means the Declarations Page applicable to the form to which this extension is attached.
- (b) "Clean Up" means the removal, containment, treatment, detoxification, stabilization, neutralization or remediation of "pollutants", including testing which is integral to the aforementioned processes.
- (c) "Premises" means the entire area within the property lines and areas under adjoining sidewalks and driveways at the locations described on the "Declarations Page".
- (d) "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including odour, vapour, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

ITEM 26 – ROADWAYS, WALKWAYS, PARKING LOTS

Loss or damage to roadways, walkways, parking lots, other exterior paved surfaces, retaining walls or permanently installed landscape structures outside the "building" located on the "premises" specified in the "Declaration Page(s)" are covered for up to the Limit of Insurance specified in the Summary of Coverages in this Form for this item.

Inclusion of this coverage shall not increase the limit of liability specified on the "Declaration Page(s)".

This extension replaces coverage for the same property that is insured elsewhere under this policy.

ITEM 27 – GROWING PLANTS, TREES, SHRUBS OR FLOWERS

Loss or damage to growing plants, trees, shrubs or flowers outside the "building" are covered from "Named Perils" (with the exception of windstorm or hail as described in clause 18 of the Commercial Building and Contents Broad Form (BF02) or from theft or attempted theft.

This extension replaces Extensions of Coverage 7(e) of the Commercial Building and Contents Broad Form (BF02)

ITEM 28 – AUTOMATIC FIRE SUPPRESSION RECHARGE EXPENSE

This extension insures, subject to the Limit of Insurance shown in the Summary of Coverages in this Form, in any one occurrence, the automatic fire suppression recharge expense incurred by the Insured due to leakage or discharge of the fire suppressant within any automatic fire suppression system at the premises of the insured where such discharge, or leakage is caused by or results from an insured peril under this policy.

ITEM 29 – ARSON REWARD

In the event of loss or damage by fire to the insured property that results from an act of arson for which coverage is afforded under this policy, the Insurer will reimburse the Insured for rewards paid for information directly leading to convictions for the act of arson for up to the Limit of Insurance specified in the Summary of Coverages in this Form

ITEM 30 – BRANDS AND LABELS

In case of loss or damage to property bearing a brand or trademark, or the sale of which in any way carries or implies the guarantee of the responsibility of the manufacturer or Insured, the salvage value of such damaged property shall be determined after removal and re-identifying such brands or trademarks or other identifying characteristics. The cost of such removal shall be borne by the Insurer up to the Limit of Insurance specified in the Summary of Coverages in this Form.

ITEM 31 – CATCH ALL CLAUSE

This extension applies if the limit for any other extension described in this Form is insufficient to fully indemnify the Insured following loss or damage insured against by the Commercial Building and Contents Broad Form (BF02). The insufficiency must be determined after all policy definitions, conditions and limitations have been taken into account in the adjustment of the claim for such loss or damage. In that event, the Insurer will pay to the Insured, in addition to the adjusted amount of the claim, the lesser of:

- (i) The difference between the amount payable under the adjusted claim and the amount required to fully indemnify the Insured.
- (ii) The Limit of Insurance specified for this extension in the Summary of Coverages.

If the limit for more than one extension is insufficient, this Catch All Clause may be applied to one or more extensions in any one loss occurrence. In the event that claim is made under this Catch All Clause, the Insured shall elect which extensions shall receive the benefit of this Catch All Clause.

The Insurer shall not be liable for more than the limit for this extension shown in the Summary of Coverages in any one occurrence, no matter how many extension limits are insufficient.

ITEM 32 – CONTENTS LEASED, RENTED OR LOANED

This extension insures, subject to the Limit of Insurance in this Form, "contents of every description" while leased, rented, loaned or entrusted to others for a period not exceeding thirty (30) days. The property is covered from the time of leaving the premises, while in transit and while on the premises of any person to whom such property is leased, rented, loaned or entrusted.

ITEM 33 – DEFERRED PAYMENT PLAN STOCK

This extension insures, subject to the Limit of Insurance shown in the Summary of Coverages in this Form, "stock" the Insured has sold conditionally or whose price is payable at a future date or by installments. If direct physical loss of or damage to such "stock" by an insured peril occurs anywhere within Canada or the United States of America after it has left the Insured's custody but before the Insured has received full payment, the Insurer will indemnify the Insured for the unpaid balance.

This extension does not insure against default by the purchaser.

ITEM 34 – EXPEDITING EXPENSES

Following physical loss or damage insured against by this policy, the Insurer will indemnify the Insured, for an amount not exceeding the Limit of Insurance specified in the Summary of Coverages in this Form, for such costs incurred to:

- (i) Make reasonable temporary repairs.
- (ii) Expedite reasonable permanent repairs.
- (iii) Expedite permanent "replacement" of the insured property that has been lost or damaged by an insured peril.

ITEM 35 – PROOF OF LOSS PREPARATION COSTS

The Insurer will reimburse the Insured's reasonable costs, up to the Limit of Insurance specified in the Summary of Coverages in this Form, incurred in the preparation of a proof of loss form required by the Insurer in connection with any claim made against any part of this policy. This extension does not apply to professional fees.

ITEM 36 – TOOL FLOATER

This extension insures Unscheduled Tools from an insured peril, but only for the Limit of Insurance specified on the Summary of Coverages in this Form.

B. BUSINESS INTERRUPTION

ITEM 37 – PROFITS AND/OR RENTAL INCOME (BROAD FORM)

1. INDEMNITY AGREEMENT

This Item insures against loss directly resulting from necessary interruption of the Insured's business caused by direct physical loss or direct physical damage by the perils insured against, to building(s), equipment or stock on the "premises" specified in the Declaration Page(s), occurring during the term of the policy.

2. MEASURE OF RECOVERY

The insurance under this Form is limited to the Actual Loss Sustained of "gross profit" due to (a) Reduction in Turnover and (b) Increase in Cost of Working and the amount payable shall be:

- (a) In respect of Reduction in Turnover:

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 a peril insured against, fall short of the "standard turnover";

- (b) In respect of Increase in Cost of Working:

The additional expenditure (subject to Special Provisions Clause (b)) 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" shall, in consequence of the destruction or damage by a peril insured against, 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 such of the "insured standing charges" as may cease or be reduced in consequence of the destruction or damage by the perils insured against;

3. SPECIAL PROVISIONS

- (a) If during the "indemnity period" goods shall be sold or services shall be rendered elsewhere than at the "premises" for the benefit of the business either by the Insured or by others on the Insured's behalf the money paid or payable in respect of such sales or service shall be brought into account in arriving at the "turnover" during the "indemnity period".

- (b) If any standing charges of the business be not insured by this Form, then in computing the amount recoverable hereunder as "increase in cost of working", that proportion only of the additional expenditure shall be brought into account which the sum of the "net profit" and the "insured standing charges" bears to the sum of the "net profit" and all standing charges.
- (c) On the happening of any destruction or damage by a peril insured against in consequence of which a claim is made or may be made under this Form, the Insured shall with due diligence do and concur in doing and permit to be done all things which would be reasonably practicable to minimize or check any interruption of or interference with the business or to avoid or diminish the loss.

4. SPECIAL EXCLUSION

The Insurer shall not be liable for loss due to fines or damages for breach of contract, for late or non-completion of orders, or for any penalties of whatever nature.

5. WAIVER OF TERM OR CONDITION

No term or condition of this Policy shall be deemed to be waived by the Insurer in whole or in part unless the waiver is clearly expressed in writing signed by a person authorized for that purpose by the Insurer. Neither the Insurer nor the Insured shall be deemed to have waived any term or condition of this Policy by any act relating to the appraisal of the amount of loss or to the delivery and completion of proofs, or the investigation or adjustment of any claim under this Policy.

EXTENSIONS OF COVERAGE

INTERRUPTION BY CIVIL AUTHORITY

This extension insures the actual loss as insured hereunder during the period of time, not exceeding two (2) weeks, while access to the "premises" described in the Declaration Page(s) is prohibited by order of civil authority, but only when such order is given as a direct result of direct physical loss or direct physical damage to neighbouring premises by a peril insured against under this policy.

OFF PREMISES SERVICES INTERRUPTION

Profits and/or Rental Income (Broad Form) is extended to include loss arising from the interruption of business resulting from the direct physical loss of or damage to property that is located within 25 kilometers of the "Premises", from an insured peril under this policy. Such property must be used to generate or supply "services" to the premises.

This coverage only applies to loss, as insured by the Profits and/or Rental Income (Broad Form) coverage provided by this policy, due to "service interruption".

This coverage does not cover loss, as insured by the Profits and/or Rental Income (Broad Form) coverage provided by this policy, during the first 24 consecutive hours of loss of "services" or directly or indirectly arising from:

- (i) loss or damage to electrical transmission lines or distribution lines or their supporting structures;
- (ii) loss or reduction of "services" due to lack of sufficient capacity; or
- (iii) an intentional reduction in the supply of "services".

The maximum amount payable under this coverage for any one occurrence, regardless of the number of persons and interests insured under the Business Interruption coverage provided by this policy, is the Limit of Insurance specified for this coverage in the Summary of Coverages in this form.

As used in this coverage

"services" means electricity, water, gas or steam.

"service interruption" means loss of "services" for a period exceeding 24 consecutive hours.

LIMITED CONTINGENT LOSS OF INCOME

(a) Neighbouring Premises

This Extension insures up to the Limit of Insurance shown in the Summary of Coverages for Neighbouring Premises for loss resulting from interruption of or interference with the business in consequence of direct physical loss or direct physical damage by the perils insured against to property in neighbouring premises to the Insured that shall prevent or hinder the use thereof or access thereto, whether the "premises" or property of the Insured therein shall be damaged or not, shall be deemed to be loss resulting from damage to property used by the Insured at the "premises".

(b) Contributing/Recipient Property

This Extension insures up to the Limit of Insurance shown in the Summary of Coverages for Contributing/Recipient Property for loss resulting from the necessary interruption of or interference with the business carried on by the insured caused by direct physical loss or direct physical damage by the perils insured against occurring during the term of the policy to "Building(s)", "Equipment" or "Stock":

- (1) at a recipient property(ies), being property to which the insured's products are being shipped, which wholly or partially prevents the acceptance of products produced or sold by the Insured; or
- (2) at a contributing property(ies), being a supplier(s) of materials to the Insured, which wholly or partially prevents the delivery of materials to the Insured.

ADDITIONAL EXCLUSION

The Insurer shall not be liable under this Item for loss due to fines or damages for breach of contract, for late or non-completion of orders, or for any penalties of whatever nature.

DAMAGE TO NEWLY ACQUIRED PROPERTY

The Insurer will pay up to the Limit of Insurance specified in the Summary of Coverages in this Form for the actual loss sustained of Insured's business income due to destruction or damage by an insured peril to newly acquired property that is owned, rented or controlled by the Insured and located within Canada or the United States of America.

This coverage attaches at the time of the acquisition of such property and extends for a period of thirty (30) consecutive days or to the date of the endorsement adding such property, whichever comes first.

PROFESSIONAL FEES

The Insurer will also pay up to the Limit of Insurance specified in the Summary of Coverages in this Form for necessary and reasonable fees paid to professionals for producing and certifying any information that may be required by the Insurer in order to arrive at the loss payable under this form. Coverage does not include the fees and cost of any of the Insured's employees or of public adjusters.

ITEM 38 – EXTRA EXPENSE

This Item insures the necessary extra expense incurred by the Insured in order to continue as nearly as practicable the normal conduct of the Insured's business following direct physical loss or direct physical damage by the perils insured against to the "building(s)" or "contents of every description" thereof, commencing with the date of the loss and not limited by the date of expiration of this policy, as shall be required with the exercise of due diligence and dispatch to repair, rebuild or replace such part of the described "building(s)" or "contents of every description" thereof as may be destroyed or damaged.

The Insurer shall not be liable for more than the Limit of Insurance specified in the Summary of Coverages in this Form.

ADDITIONAL EXCLUSIONS

This Item does not insure:

- (a) any increase in the amount 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; or
- (b) loss due to the suspension, lapse or cancellation of any lease or license, contract or order.

ITEM 39 – MORTGAGE RATE GUARANTEE

This extension insures, subject to the Limit of Insurance shown in the Summary of Coverages in this Form, the increase in mortgage cost required as a result of direct physical loss of or damage to "Building(s)" from an insured peril where loss or damage to such "Building(s)" is deemed to be total, and where the mortgagor at the time of the loss closes the existing mortgage, requiring a new mortgage at a higher, competitive rate of interest. Terms of the new mortgage must be the same in time frame, amortization, and interest rate option of the mortgage at time of loss.

Indemnity shall be based on the difference between the mortgage rate in effect on the date of the loss and the new mortgage rate, based on the outstanding mortgage balance.

This extension of coverage will continue for:

- (i) the duration of the existing mortgage period in effect at the time of the loss, until its expiry;
 - (ii) the Insured relinquishes title or interest in the "building(s)"; or,
 - (iii) for sixty (60) months
- whichever occurs first.

This coverage shall have full force and effect only if loss of or damage to "Building(s)" is deemed to be total, and settlement of partial losses shall be made as if this extension had not been in effect.

DEFINITIONS – SECTION B – BUSINESS INTERRUPTION

Wherever used in this Section:

- (a) **"Gross Profit"** means,

the sum produced by adding to the "net profit" the amount of the "insured standing charges" or 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.

(b) **"Indemnity Period"** means,

the period beginning with the occurrence of a peril insured against and ending no later than twelve (12) months thereafter, during which the results of the business shall be affected in consequence of the destruction or damage by a peril insured against except that if media for, or programming records pertaining to, electronic data processing or electronically controlled equipment, including data thereon are damaged or destroyed by the perils insured against, the length of time for which the Insurer shall be liable under this Form shall not exceed:

(i) thirty (30) consecutive calendar days; or

(ii) the length of time that would be required to rebuild, repair or replace such other property insured hereby as has been damaged or destroyed;

whichever is the greater length of time.

(c) **"Insured Standing Charges"** means,

all standing charges, including Ordinary Payroll, unless otherwise specified in the Declaration Page(s), in which case only those Standing Charges so specified are insured. In no event shall the following be deemed to be standing charges:

(i) depreciation of stock;

(ii) bad debts;

(e) **"Net Profit"** means,

the net trading profit (exclusive of all capital receipts and accretions and all outlay properly chargeable to capital) resulting from the business of the Insured at the "premises" specified in the Declaration Page(s) after due provision has been made for all standing and other charges including depreciation, but before the deduction of any taxation chargeable on profits.

(f) **"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 a peril insured against.

To which such adjustments shall be made as may be necessary to provide for the trend of the business and for variations in or special circumstances affecting the business either before or after the destruction or damage by perils insured against or which would have affected the business had the destruction or damage by perils against not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the destruction or damage by perils insured against would have been obtained during the relative period after the destruction or damage by perils insured against.

(g) **"Standard Turnover"** means,

the "turnover" during that period in the twelve (12) months immediately before the date of the destruction or damage by perils insured against which corresponds with the "indemnity period".

To which such adjustments shall be made as may be necessary to provide for the trend of the business and for variations in or special circumstances affecting the business either before or after the destruction or damage by perils insured against or which would have affected the business had the destruction or damage by perils against not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the destruction or damage by perils insured against would have been obtained during the relative period after the destruction or damage by perils insured against.

(h) **"Turnover"** means,

the money paid or payable to the Insured for goods sold and delivered and for services rendered in course of the business at the "premises" specified in the Declaration Page(s).

The following paragraph applies to the Definitions of annual "turnover", "rate of gross profit" and "standard turnover":

To which such adjustments shall be made as may be necessary to provide for the trend of the business and for variations in or special circumstances affecting the business either before or after the loss, destruction or damage by a peril insured against or which would have affected the business had the loss, destruction or damage by a peril insured against not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the loss destruction or damage by a peril insured against would have been obtained during the relative period after the loss, destruction or damage by a peril insured against.

C. OTHER: APPLICABLE TO THE POLICY

ITEM 40 – 60 DAYS' NOTICE OF CANCELLATION/TERMINATION

Except for

(a) cancellations for non-payment of premium; or

(b) a written notice of termination personally delivered to the Insured;

the number of days notice by the Insurer as stated in the Notice of Cancellation or Termination clause(s) contained in this policy is amended to 60 days.

Except as otherwise provided under this Form all terms and conditions of this policy shall remain unchanged.