

CONDITIONS

All of the Conditions set forth under the titles Statutory Conditions and Additional Conditions apply with respect to all Property Coverage perils insured by this policy except as these Conditions may be modified or supplemented by the Forms or Endorsements attached.

Statutory Conditions 1, 3, 4, 5 and 15 and Additional Conditions 6, 8, 9, 10, 11, 13 and 14, also apply with respect to the Liability Coverages insured by this policy except as these Conditions may be modified or supplemented by the Forms and Endorsements attached.

STATUTORY CONDITIONS

1. **MISREPRESENTATION.** If a person applying for insurance falsely describes the property to the prejudice of the Insurer, or misrepresents or fraudulently omits to communicate any circumstance that is material to be made known to the Insurer in order to enable it to judge of the risk to be undertaken, the contract is void as to any property in relation to which the misrepresentation or omission is material.
2. **PROPERTY OF OTHERS.** Unless otherwise specifically stated in the contract, the Insurer is not liable for loss or damage to property owned by any person other than the Insured, unless the interest of the Insured therein is stated in the contract.
3. **CHANGE OF INTEREST.** The Insurer is liable for loss or damage occurring after an authorized assignment under the Bankruptcy Act (Canada) or change of title by succession, by operation of law, or by death.
4. **MATERIAL CHANGE.** Any change material to the risk and within the control and knowledge of the Insured avoids the contract as to the part affected thereby, unless the change is promptly notified in writing to the Insurer or its local agent, and the Insurer when so notified may return the unearned portion, if any, of the premium paid and cancel the contract, or may notify the Insured in writing that, if the Insured desires the contract to continue in force, the Insured must, within 15 days of the receipt of the notice, pay to the Insurer an additional premium, and in default of such payment the contract is no longer in force and the Insurer shall return the unearned portion, if any, of the premium paid.
5. **TERMINATION.**
 - 1) This contract may be terminated,
 - 1) by the Insurer giving to the Insured 15 days' notice of termination by registered mail or 5 days' written notice of termination personally delivered;
 - 2) by the Insured at any time on request.
 - 2) Where this contract is terminated by the Insurer,
 - 1) The Insurer shall refund the excess of premium actually paid by the Insured proportionate premium for the expired time, but, in no event, shall the proportionate premium for the expired time be deemed to be less than any minimum retained premium specified; and
 - 2) the refund shall accompany the notice unless the premium is subject to adjustment or determination as to amount, in which case the refund shall be made as soon as practicable.
 - 3) Where this contract is terminated by the Insured, the Insurer shall refund as soon as practicable the excess of premium actually paid by the Insured over the short rate premium for the expired time, but in no event shall the short rate premium for the expired time be deemed to be less than any minimum retained premium specified.
 - 4) The refund may be made by money, postal or express company money order or cheque payable at par.

- 5) The fifteen days mentioned in clause 1) a. of this condition commences to run on the day following the receipt of the registered letter at the: post office to which it is addressed.

6. REQUIREMENTS AFTER LOSS.

- 1) Upon the occurrence of any loss of or damage to the insured property, the Insured shall, if the loss or damage is covered by the contract, in addition to observing the requirements of conditions 9, 10 and 11,
 - a. forthwith give notice thereof in writing to the Insurer;
 - b. deliver as soon as practicable to the Insurer a proof of loss verified by a statutory declaration,
 - i. giving a complete inventory of the destroyed and damaged property and showing in detail quantities, costs, actual cash value and particulars of amount of loss claimed
 - ii. stating when and how the loss occurred, and if caused by fire or explosion due to ignition, how the fire or explosion originated, so far as the Insured knows or believes, stating that the loss did not occur through any wilful act or neglect or the procurement, means or connivance of the Insured,
 - iv. showing the amount of other insurances and the names of other Insurers,
 - v. showing the interest of the Insured and of all others in the property with particulars of all liens, encumbrances and other charges upon the property,
 - vi. showing any changes in title, use, occupation, location, possession or exposures of the property since the issue of the contract,
 - vii. showing the place where the property insured was at the time of loss.
 - c. if required, give a complete inventory of undamaged property and showing in detail quantities, cost, actual cash value;
 - d. if required and if practicable, produce books of account, warehouse receipts and stock lists, and furnish invoices and other vouchers verified by statutory declaration, and furnish a copy of the written portion of any other contract.
- 2) The evidence furnished under clauses 1) c. and d. of sub-paragraph 1) of this condition shall not be considered proofs of loss within the meaning of conditions 12 and 13.

7. **FRAUD.** Any fraud or wilfully false statement in a statutory declaration in relation to any of the above particulars, vitiates the claim of the person making the declaration.

8. **WHO MAY GIVE NOTICE AND PROOF.** Notice of loss may be given and proof of loss may be made by the agent of the Insured named in the contract in case of absence or inability of the Insured to give the notice or make the proof, and absence or inability being satisfactorily accounted for, or in the like case, or if the Insured refuses to do so, by a person to whom any part of the insurance money is payable.

9. SALVAGE.

- 1) The Insured, in the event of any loss or damage to any property insured under the contract, shall take all reasonable steps to prevent further damage to such property so damaged and to prevent damage to other property insured hereunder including, if necessary, its removal to prevent damage or further damage thereto.

- 2) The Insurer shall contribute pro-rata towards any reasonable and proper expenses in connection with steps taken by the Insured and required under sub condition 1) of this condition according to the respective interests of the parties.
10. **ENTRY, CONTROL, ABANDONMENT.** After loss or damage to insured property, the Insurer has an immediate right of access and entry by accredited agents sufficient to enable them to survey and examine the property, and to make an estimate of the loss or damage, and, after the Insured has secured the property, a further right of access and entry sufficient to enable them to make appraisal or particular estimate of the loss or damage, but the Insurer is not entitled to the control or possession of the insured property, and without the consent of the insurer there can be no abandonment to it of insured property.
 11. **APPRAISAL.** In the event of disagreement as to the value of the property insured, the property saved or the amount of the loss, those questions shall be determined by appraisal as provided under The Insurance Act before there can be any recovery under this contract whether the right to recover on the contract is disputed or not, and independently of all other questions. There shall be no right to an appraisal until a specific demand therefore is made in writing and until after proof of loss has been delivered.
 12. **WHEN LOSS PAYABLE.** The loss is payable within 60 days after completion of the proof of loss, unless the contract provides for a shorter period.
 13. **REPLACEMENT.**
 - 1) The Insurer, instead of making payment, may repair, rebuild, or replace the property damaged or lost, giving written notice of its intention so to do within 30 days after receipt of the proofs of loss.
 - 2) In that event the Insurer shall commence to so repair, rebuild, or replace the property within 45 days after receipt of the proofs of loss, and shall thereafter proceed with all due diligence to the completion thereof.
 14. **ACTION.** Every action or proceeding against the Insurer for the recovery of a claim under or by virtue of this contract is absolutely barred unless commenced within 1 year next after the loss or damage occurs.
 15. **NOTICE.** Any written notice to the Insurer may be delivered at, or sent by registered mail to, the chief agency or head office of the Insurer in the Province. Written notice may be given to the Insured named in the contract by letter personally delivered to him or by registered mail addressed to him at his latest post office address as notified to the Insurer. In this condition, the expression "registered" means registered in or outside Canada.

ADDITIONAL CONDITIONS

1. **NOTICE TO AUTHORITIES.** Where the loss is due to a malicious act, burglary, robbery, theft or attempt thereat, or is suspected to be so due, you must notify the police or other authority immediately.
2. **NO BENEFIT TO BAILEE.** This insurance does not apply directly or indirectly to the benefit of any carrier or other bailee.
3. **PAIR AND SET.** In the case of loss or damage to any article or articles, whether scheduled or unscheduled, which are a part of a set, we will pay only a reasonable and fair proportion of the total value of the set, and such loss or damage will not be understood to mean total loss of the set.

4. **PARTS.** In the case of loss of or damage to any part of the insured property whether scheduled or unscheduled, consisting, when complete for use, of several parts, we will not pay for more than the insured value of the part lost or damaged, including the cost of installation.
5. **YOUR DUTY AFTER LOSS.** It is your duty in the event that any property insured by this policy is damaged or lost to take all reasonable steps to recover such property. We will contribute pro-rata towards any reasonable and proper expenses in connection with such efforts according to the respective interests of the parties.
6. **TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US** Your rights to recover any part of your loss, for which we have made or agreed to make payment under this policy, are transferred to us. You must not impair those rights and must help us enforce them. When the net amount recovered after deducting the costs of recovery is not enough to provide a complete indemnity for the loss or damage suffered, that amount will be divided between you and us in the proportion in which the loss or damage has been borne by you and us.
7. **AUTOMOTIVE FUELS.** Any fuels used for automotive purposes must be stored in accordance with government regulations.
8. **LIBERALIZATION CLAUSE.** During the term of this policy, if we adopt and publish for use any forms, endorsements or rules which would extend or broaden the insurance provided by this policy, without additional premium charge, either by endorsement or substitution, then such extended or broadened insurance will apply to loss occurring after the effective date of such adoption and publication as though such endorsement or substitution had been made.
9. **NON WAIVER.** This policy is subject to the terms and conditions set forth in it together with such other terms and conditions as may be endorsed or added to it. No terms or condition of this policy will be deemed to be waived in whole or in part by us unless the waiver is clearly expressed in writing signed by a person authorized for that purpose by us.
10. **ASSIGNMENT.** Assignment of any interest by you under this policy shall not bind us without our consent.
11. **EXAMINATION OF INSURED.** In the event of a claim under this policy, you must submit to examination under oath, at our request, and produce for examination at such reasonable place and time as designated by us or our representative, all documents in your possession or control that relate to the matters in question, and you must permit extracts and copies of such documents to be made.
12. **INSURANCE UNDER MORE THAN ONE POLICY.** If you have other insurance on specifically described property, our policy will be considered excess insurance and we will not pay any loss or claim until the amount of such other insurance is used up. In all other cases, our policy will pay its rateable proportion of an insured loss.
13. **ACQUISITIONS, MERGERS and MATERIAL CHANGES.** In the event that after the inception of this policy you:
 - a. acquire all or substantially all the assets of another entity, or
 - b. merge with another entity such that the Insured is the surviving entity, or
 - c. create or acquire a subsidiary, or
 - d. otherwise change your business as described on the Declaration Page in a manner material to the risk underwritten by us, then no coverage shall be afforded under this policy for the assets acquired by you, the acts or omissions of the entity merged with, acquired by, or created by you, and/or the changed business activities unless and until:

- i. you provide written notice of the aforementioned event to us not more than 30 days after the effective date thereof;
- ii. you provide us with such information in connection therewith as we may deem necessary;
- iii. you accept any special terms, conditions, exclusions, or additional premium charge by us; and
- iv. we, at our sole discretion, specifically agree in writing to provide such coverage.

If we do agree to provide coverage for the newly purchased or created entity or subsidiary, and/or for your changed business activities, such coverage will be only for occurrences which first take place, or acts or omissions first committed, following the effective date of the aforementioned event. For purposes of this condition, entity shall mean any corporation, trust, partnership or other form of organization not identified on the Declaration Page as the Named Insured.

14. ARBITRATION CLAUSE. Should the parties to this insurance disagree as to the rights and obligations owed by us under the policy, including the effect of any applicable statutes or common law upon contractual obligations otherwise owed, either party may request that the dispute be resolved by mediation, failing which it shall be decided by binding arbitration. The parties shall submit any dispute or controversy arising out of or relating to this policy or the breach, termination or invalidity thereof to final and binding arbitration which shall be governed by the Arbitration Act in effect in the province or territory where the insured property is situated, or in the absence thereof, by an arbitration agreement entered into by the parties. In any such arbitration, each party will bear its own legal fees and expenses.

15. REBUILDING CLAUSE. If the Declaration Page shows that the Rebuilding Clause applies, to the building(s) specified on the Declaration Page, this clause applies to those specified buildings.

In the event an insured peril damages or destroys any of the buildings to which this rebuilding clause applies, you must complete and submit a 'Proof of Loss form to us. Upon receipt of the Proof of Loss form, we will make a first payment of only 50 percent only of the amount of loss payable on the damaged or destroyed building(s). The amount of loss payable will be the lesser of a) the actual amount of the damage or b) the limit of insurance applicable to the damaged or destroyed building(s). The balance of the amount of loss payable is subject to the following:

- a. If you notify us of your intention to repair, rebuild or replace the damaged building(s) within 300 feet (90 metres) of its original site on lands you own at the time of the loss with a building(s) of like use and you provide us with satisfactory proof within 12 months of the date of loss, that you spent or contracted to spend an amount not less than the total amount of all insurance payable in doing so, we will pay the balance of loss payable under this policy within 30 days.
- b. If you notify us of your intention to rebuild or replace any building(s) which have been damaged or destroyed with a building(s) of like use on lands you own at the time of the loss within the province or territory in Canada where the insured property is located but at a distance of more than 300 feet (90 metres) from the site of the damaged or destroyed building(s) sought to be replaced, and provide us with satisfactory proof within 12 months of the date of loss that you spent or contracted to spend an amount not less than the total amount of all insurance payable, in doing so, we will pay you the balance of funds within 30 days up to 75 percent of the loss payable under this policy.
- c. If due to any regulation or law applying to construction or repair you are prohibited from repairing or rebuilding the damaged building(s) on the same site, and notify us of your intention to rebuild or replace the destroyed building(s) with a building(s) of like use on land you own on other than the same site within the province or territory in

Canada where the insured property is located and you provide us with satisfactory proof within 12 months of the date of loss, that you spent or contracted to spend an amount not less than the total amount of all insurance payable in doing so, we will pay you the balance of funds up to the amount of loss payable under this policy, within 30 days.

- d. If you do not comply with the conditions of Clauses a. or b. or c., the first payment will be the only payment for the loss.

If two or more items are subject to this clause, it will apply separately to each item.

16. STANDARD MORTGAGE CLAUSE

Mortgage Conditions: It is hereby provided and agreed that subject to the terms of this mortgage condition (and these shall supersede any policy conditions in conflict therewith but only as to the interest of the mortgagee), loss under this policy is made payable to the Mortgagee specified on the Declaration Page.

- a. **Breach of Conditions by Mortgagor Owner or Occupant** - This insurance and every documented renewal thereof - as to the Interest of the Mortgagee only therein - is and shall be in force notwithstanding any act, neglect, omission or misrepresentation attributable to the mortgagor, owner or occupant of the property insured, including transfer of interest, any vacancy or non-occupancy or the occupation of the property for purposes more hazardous than specified in the description of the risk;
Provided always that the Mortgagee shall notify forthwith the insurer (if known) of any vacancy or non-occupancy extending beyond 30 consecutive days, or of any transfer of interest or increased hazard that shall come to his knowledge; and that every increase of hazard (not permitted by the policy) shall be paid for by the Mortgagee - on reasonable demand - from the date such hazard existed, according to the established scale of rates for the acceptance of such increased hazard, during the continuance of this insurance.
- b. **Right of Subrogation** - Whenever the insurer pays the Mortgagee any loss award under this policy and claims that - as the Mortgagor or Owner - no liability therefor existed, it shall be legally subrogated to all rights of the Mortgagee against the Insured; but any subrogation shall be limited to the amount of such loss payment and shall be subordinate and subject to the basic right of the Mortgagee to recover the full amount of its mortgage equity in priority to the Insurer; or the insurer may as its option pay the Mortgagee all amounts due or to become due under the mortgage or on the security thereof, and shall thereupon receive a full assignment and transfer of the mortgage together with all securities held as collateral to the mortgage debt.
- c. **Other Insurance** - If there be other valid and collectable insurance upon the property with loss payable to the Mortgagee - at law or in equity - then any amount payable thereunder shall be taken into account in determining the amount payable to the Mortgagee.
- d. **Who May Give Proof Of Loss** - In the absence of the Insured, or the inability, refusal or neglect of the Insured to give notice of loss or deliver the required Proof of Loss under the policy, then the Mortgagee may give the notice upon becoming aware of the loss and deliver as soon as practicable the Proof of Loss.
- e. **Termination** - The term of this mortgage condition coincides with the term of the policy;
Provided always that the insurer reserves the right to cancel the policy as provided by Statutory condition but agrees that the insurer will neither terminate nor alter the policy to the prejudice of the Mortgagee without the notice stipulated in such Statutory condition.
- f. **Foreclosure** - Should title or ownership to said property become vested in the Mortgagee and/or assigns as owner or purchaser under foreclosure or otherwise, this insurance shall continue until expiry or cancellation for the benefit of the said Mortgagee and/or assigns.