

1 Indemnity Agreement

This form Insures:

- a) All sums due the Insured from customers, provided the Insured is unable to effect collection thereof as the direct result of loss of or damage to records of accounts receivable;
- b) Interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectible 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, when reasonably incurred by the Insured in re-establishing records of accounts receivable following such loss or damage.

2 LIMIT OF LIABILITY

The Insurer shall not be liable for more than the Limit of Insurance stated in the "Declarations Page" for Accounts Receivables, in any one occurrence.

3 PERILS INSURED

This form insures against all risks of direct physical loss or damage to the Insured's Records of Accounts Receivable except as herein excluded.

4 EXCLUSIONS

- 4 A This form does not insure against loss:
 - a) due to any, fraudulent, dishonest or criminal act by any Insured, a partner therein or an officer, director or trustee thereof, whether acting alone or in collusion with others;
 - b) due to bookkeeping, accounting or billing errors or omissions
 - c) the proof of which, as to factual existence, is dependent upon an audit of records or an inventory computation; but 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;
 - d) 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;
- 4 B This form does not insure against:
 - a) loss or damage caused directly or indirectly by any actual or alleged spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of "pollutants", nor the cost or expense of any resulting "clean up", but this exclusion does not apply:
 - i) if the spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of "pollutants" is the direct result of a peril not otherwise excluded under this form;
 - ii) to loss or damage caused directly by a peril not otherwise excluded under this form;
 - b) cost or expense for any testing, monitoring, evaluating or assessing of an actual, alleged, potential or threatened spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of "pollutants".
 - c) loss or damage caused directly or indirectly by:
 - i) war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, or military power;
 - ii) any nuclear incident as defined in the Nuclear Liability Act or any other nuclear liability act, law or statute, or any law amendatory thereof or nuclear explosion, except for ensuing loss or damage which results directly from fire, lightning or explosion of natural, coal or manufactured gas;
 - iii) contamination by radioactive material;
 - d) loss or damage consisting of or caused directly or indirectly, in whole or in part, by
 - (i) any "fungi" or "spores" unless such "fungi" or "spores" are directly caused by or directly result from a peril otherwise insured and not otherwise excluded by this policy
 - (ii) the cost or expense for any testing, monitoring, evaluating or assessing of "fungi" or "spores"
 - e) loss or damage caused directly or indirectly, in whole or in part, by "terrorism" or by any activity or decision of a government agency or other entity to prevent, respond to or terminate "terrorism", regardless of any other cause or event that contributes concurrently or in any sequence to such loss or damage
 - f) loss or damage caused directly or indirectly by "data problem", regardless of any other cause or event that contributes concurrently or in any sequence to such loss. This exclusion however, is subject to the following:

- i) if "data problem" results in direct physical loss of or damage to the property at the premises caused by a "specified peril", or by the escape of water from any tank, apparatus or pipe, this exclusion shall not apply to resulting loss, suffered as a direct consequence of such resulting loss or damage. This exception applies only to the extent that such loss would otherwise be insured under this form.
- ii) If "data problem" is the direct result of:
 - (a) a "specified peril"
 - (b) the escape of water from any tank , apparatus or pipe;
 - (c) earthquake, but only if this policy provides earthquake coverage;
 - (d) flood, but only if this policy provides flood coverage;
 - (e) backing .up of sewers, but only if this policy provides c backing up of sewers coverage; at the "Premises", this exclusion shall not apply. This exception only applies to the extent that such loss would otherwise be insured under this form

5. AUTOMATIC EXTENSION

This form is extended to cover accounts receivables while in transit and while temporarily within other premises except for storage. The Insurer's maximum limit of liability under this extension of coverage shall not exceed 10 % of the limit of liability stated for Accounts Receivable on the "Declaration Page" or \$10,000 whichever is less.

6. ADJUSTMENT OF LOSS

In the event that 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 statements 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 Company, as compared with such average for the same months of the preceding year;
- c) The amount determined in paragraph 6 a), increased or decreased by the percentage calculated paragraph 6b) 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 paragraph 6(c) 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.

In determining the amount of the Insurers liability there shall be deducted from the total amount of accounts receivable, the amount of 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 uncollectible by the Insured. On deferred payment accounts receivable, unearned interest and service charges shall be deducted.

7. PREMIUM ADJUSTMENT AND REPORTING OPTION

If within six (6) months after the anniversary date of each period of insurance, the Insured shall file with the Insurer a written statement showing for said period, the total amount of accounts receivable, with deferred payments and charge accounts segregated, on the last day of each month at each location, the actual premium for the said period shall be calculated at the rate applying to each location for the average amount of the total values declared. If the premium paid by the Insured exceeds the actual premium thus calculated, the Insurer shall refund to the Insured any excess paid, but such premium shall not be less than any minimum premium stated in the "Declarations Page

8. 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 period of coverage 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 record of accounts receivable submitted by the Insured and the amount of recoveries of accounts receivable on which the Insurer has made any settlement

9. RECOVERIES

After payment of loss all amounts recovered by the Insured on 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.

10.REMOVAL

This insurance also applies while the records of accounts receivables are being removed to and while at a place of safety because of imminent danger of loss or damage and while returned from such place, provided the Insured gives written notice to the insurer of such removal within ten days thereafter.

11. DEFINITIONS

Wherever used in this form:

- a) "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.
- b) "Declarations Page" means the Declarations Page applicable to this form.
- c) "Clean Up" means the removal, containment, treatment, decontamination, detoxification, stabilization, neutralization or remediation of "pollutants" including testing, which is integral to the aforementioned processes.
- d) "Premises" -means the interior of that portion of the building(s) at the location(s) described in the "Declarations Page", which is occupied by the Insured
- e) "Fungi" includes, but is not limited to, any form or type of mould, yeast, mushroom or mildew whether or not allergenic, pathogenic or toxigenic, and any substance, vapour or gas produced by, emitted from or arising out of any "fungi" or "spores" or resultant mycotoxins, allergens or pathogens.
- f) "Spores" includes, but is not limited to, any reproductive particle or microscopic fragment produced by, emitted from or arising out of any "fungi".
- g) "Terrorism" means an ideologically motivated unlawful act or acts, including but not limited to the use of violence or force or threat of violence or force committed by or on behalf of any group(s), organization(s) or government(s) for the purpose of influencing any government and/or instilling fear in the public or a section of the public.
- h) "Data" means representation of information or concepts, in any form.
- i) "Data Problem" means:
 - (1) erasure, destruction, corruption, misappropriation, misinterpretation of data;
 - (2) error in creating, amending, entering, deleting, or using data; or
 - (3) inability to receive, transmit or use data.
- j) "Specified Peril" means:
 - (i) Fire or Lightning
 - (ii) Explosion: except with respect to explosion of natural, coal or manufactured gas, there shall in no event be any liability hereunder for loss or damage caused by explosion, rupture or bursting in or of the following property owned, operated or controlled by the Insured:
 - (1) (a) the portions containing steam or water under steam pressure of all boilers generating steam, and piping or other equipment connected to said boilers and containing steam or water under steam pressure;
 - (b) piping and apparatus or parts thereof normally containing steam or water under steam pressure from an external source and while under such pressure;
 - (c) the combustion chambers or fire boxes of steam generating boilers of the chemical recovery type and the flues or passages which conduct the gases of combustion therefrom;
 - (d) smelt dissolving tanks;
 - (2) other vessels and apparatus, and pipes connected therewith, while under pressure, or while in use or in operation, provided their maximum normal internal working pressure exceeds 103 kilopascals (15 pounds per square inch) above atmospheric pressure except that liability is specifically assumed for loss or damage resulting from the explosion of manually portable gas cylinders;
 - (3) moving or rotating machinery or parts of same when such loss or damage is caused by centrifugal force or mechanical breakdown;
 - (4) any vessels and apparatus and pipes connected therewith while undergoing pressure tests, but this exclusion shall not apply to other property insured hereunder that has been damaged by such explosions;
 - (5) gas turbines;The following are not explosions within the intent or meaning of this section:
 - (a) electric arcing or any coincident rupture of electrical equipment due to such arcing;
 - (b) bursting or rupture caused by hydrostatic pressure or freezing;
 - (c) bursting or rupture of any safety disc, rupture diaphragm or fusible plug.
 - (iii) Impact by Aircraft, Spacecraft or Land Vehicle: the terms "Aircraft" and "Spacecraft" include articles dropped therefrom. There shall in no event be any liability hereunder due to cumulative damage or for loss or damage:
 - (a) caused by land vehicles belonging to or under the control of the Insured or any of his employees;
 - (b) to aircraft, spacecraft or land vehicles causing the loss;
 - (c) caused by any aircraft or spacecraft when being taxied or moved inside or outside of buildings;

- (iv) Riot, Vandalism or Malicious Acts: the term Riot includes open assemblies of strikers inside or outside the premises who have quitted work and of locked-out employees. There shall in no event be any liability hereunder for loss or damage:
- (a) due to cessation of work or by interruption to process or business operations or by change(s) in temperature;
 - (b) due to flood or release of water impounded by a dam, or due to any explosion other than an explosion in respect of which there is insurance under Clause 11 (j) (ii) of this form;
 - (c) due to theft or attempt thereat.
- (v) Smoke: the term smoke means smoke due to a sudden, unusual and faulty operation of any stationary furnace. There shall in no event be any liability hereunder for any cumulative damage.
- (vi) Leakage from Fire Protective Equipment: the term Leakage from Fire Protective Equipment means the leakage or discharge of water or other substance from within the equipment used for fire protection purposes for the premises described on the Declaration Page or for adjoining premises and loss or damage caused by the fall or breakage or freezing of such equipment.
- (vii) Windstorm or Hail: there shall in no event be any liability hereunder for loss or damage:
- (a) to the interior of the buildings insured or their contents unless damage occurs concurrently with and results from an aperture caused by windstorm or hail;
 - (b) directly or indirectly caused by any of the following, whether driven by wind or due to windstorm or not: snow-load, ice-load, tidal wave, high water, overflow, flood, waterborne objects, waves, ice, land subsidence, landslip.