

WORDS AND PHRASES IN QUOTATION MARKS HAVE SPECIAL MEANING AS DEFINED IN CLAUSE 12

1. INDEMNITY AGREEMENT

In the event that the "Business" shall be interrupted as a direct result of "Damage", the Insurer shall pay to the Insured the necessary "Extra Expense" incurred by the Insured during the "Indemnity Period" in order to continue as nearly as practicable the "normal" conduct of the "business", in accordance with the terms and conditions of this Form.

2. LIMITS OF INSURANCE

The Insurer, regardless of the number of persons and interests insured under this Form, shall not be liable for more than the applicable amount of insurance specified on the "Declarations Page".

The liability shall in no event exceed that percentage of the amount of this insurance which is stated below for the determined "Indemnity Period";

The percentage indicated on the "Declarations Page" as Limit of liability restriction - For first month when the "Indemnity Period" is not in excess of 1 "month";

The percentage indicated on the "Declarations Page" as Limit of liability restriction - For first two months when the "Indemnity Period" is in excess of 1 "month" but not in excess of 2 "months";

The percentage indicated on the "Declarations Page" as Limit of liability restriction - For first three months when the "Indemnity Period" is in excess of 2 "months" but not in excess of 3 "months";

In the event that "Extra Expense" incurred by the Insured during the longest "Indemnity Period" for which provision is made above does not exhaust the insurance hereby provided, then such unexhausted insurance shall apply for the remainder of the "Indemnity Period".

3. RESUMPTION OF OPERATIONS

As soon as practicable after the "Damage", the Insured shall resume complete or partial operations of the "Business" and, in so far as practicable, reduce or dispense with such "Extra Expenses" as are being incurred.

4. PERILS INSURED

The perils insured against are all risks except as otherwise excluded in this Form.

5 A. EXCLUSIONS

The Insurer shall not be liable for "Extra Expense" resulting from loss of or damage to:

- (a) sewers, drains or water mains located beyond the outside bearing walls or foundations of the property insured, outside communication towers, antennae (including satellite receivers) and equipment attached thereto, street clocks, exterior signs, exterior glass or vitrolite and lettering or ornamentation thereon, but this exclusion does not apply to loss or damage caused directly by "Named Perils";
- (b) property at locations which to the knowledge of the insured, are vacant, unoccupied or shut down for more than thirty (30) consecutive days;
- (c) electrical devices, appliances or wiring caused by artificially generated electrical currents, including arcing, unless fire or explosion as described in Clause 12 (g) ensues and then only for such ensuing loss or damage;
- (d) growing plants, trees, shrubs or flowers, all while in the open;
- (e) animals, fish or birds, but this exclusion does not apply to loss or damage caused directly by "Named Perils" or from theft or attempt thereat;
- (f) money, bullion, platinum and other precious metals and alloys, securities, stamps, tickets and tokens, evidence of debt or title;
- (g) automobiles, watercraft, amphibious or air cushion vehicles, aircraft, spacecraft, trailers, motors and other accessories attached to or mounted on such property, but this exclusion shall not apply to watercraft, amphibious or air cushion vehicles held for sale, unlicensed automobiles or unlicensed trailers used in the business of the Insured when on the "Premises" of the Insured;
- (h) furs, fur garments, jewels, jewellery, costume jewellery, watches, pearls, precious and semi-precious stones, and pre-recorded video tapes but this exclusion does not apply to any loss or damage caused directly by "Named Perils";
- (i) property insured under the terms of any Marine Insurance, and property while waterborne;
- (j) property illegally acquired, kept, stored or transported; property seized or confiscated for breach of any law or by order of any public authority;
- (k) (i) any pressure vessel having normal internal working pressure greater than 103 kilopascals (15 pounds per square inch) above atmospheric pressure;

- (ii) any boiler, including the piping and equipment connected thereto, which contains steam or water under steam pressure (except tanks having an internal diameter of 610 millimetres (24 inches) or less used for the storage of hot water for domestic use);
- caused directly or indirectly by explosion, rupture, bursting, cracking, burning out or bulging of such property while connected ready for use, but this exclusion does not apply to:
- (1) manually portable gas cylinders;
 - (2) explosion of natural, coal or manufactured gas;
 - (3) explosion of gas or unconsumed fuel within a furnace or within the gas passages therefrom to the atmosphere.

5. B. PERILS EXCLUDED

The Insurer shall not be liable for "Extra Expense" resulting from loss or damage caused directly or indirectly:

- (a) by earthquake, except for ensuing loss or damage which results directly from fire, explosion, smoke or leakage from fire protective equipment, all as described in Clause 12 (g);
- (b) by flood, including waves, tides, tidal waves, tsunamis, or the rising of, the breaking out or the overflow of, any body of water, whether natural or man-made, but this exclusion does not apply to ensuing loss or damage which results directly from fire, explosion, smoke, leakage from fire protective equipment, all as described in Clause 12 (g) or leakage from a water main;
- (c)
 - (i) by seepage, leakage or influx of water derived from natural sources through basement walls, doors, windows or other openings therein, foundations, basement floors, sidewalks, sidewalk lights, or by the backing up of sewers, sumps, septic tanks or drains, unless concurrently and directly caused by a peril not otherwise excluded in Clause 5.B. hereof;
 - (ii) by the entrance of rain, sleet or snow through doors, windows, skylights or other similar wall or roof openings unless through an aperture concurrently and directly caused by a peril not otherwise excluded in Clause 5.B. hereof;
- (d) by centrifugal force, mechanical or electrical breakdown or derangement in or on the "Premises", unless fire ensues and then only for the loss or damage caused directly by such ensuing fire;
- (e) by dampness or dryness of atmosphere, changes of temperature, freezing, heating, shrinkage, evaporation, loss of weight, leakage of contents, exposure to light, contamination, pollution, change in colour or texture or finish, rust or corrosion, marring, scratching or crushing, but this exclusion does not apply to loss or damage caused directly by "Named Perils", rupture of pipes or breakage of apparatus not excluded under paragraph (k) of Clause 5.A. hereof or theft or attempt thereat. Damage to pipes caused by freezing is insured provided such pipes are not excluded in paragraph (k) of Clause 5.A. hereof;
- (f) by smoke from agricultural smudging or industrial operations;
- (g) by rodents, insects or vermin, but this exclusion does not apply to loss or damage caused directly by a peril not otherwise excluded in Clause 5.B. hereof;
- (h) by war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military power;
- (i) caused by 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;
- (j) caused by contamination by radioactive material;
- (k) by any dishonest or criminal act on the part of the Insured or any other party of interest, employees or agents of the Insured, or any person to whom the property may be entrusted (bailees for hire excepted), but this exclusion does not apply to physical damage, caused directly by employees of the Insured, which results from a peril otherwise insured and not otherwise excluded under this Form;
- (l) by snowslide, landslide, subsidence or other earth movement, except for ensuing loss or damage which results directly from fire, explosion, smoke or leakage from fire protective equipment, all as described in Clause 12 (9);
- (m) by explosion (except with respect to explosion of natural, coal or manufactured gas), collapse, rupture, bursting, cracking, burning out or bulging of the following property owned, operated or controlled by the Insured, unless fire ensues and then only for the loss or damage caused directly by such ensuing fire:
 - (i) 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;
 - (ii) piping and apparatus or parts thereof normally containing steam or water under steam pressure from an external source and while under such pressure;
 - (iii) 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 but this exclusion does not apply to loss or damage resulting from the explosion of manually portable gas cylinders or of

- tanks having an internal diameter of 610 millimetres (24 inches) or less used for the heating and storage of hot water for domestic use;
- (iv) moving or rotating machinery or parts thereof;
- (v) any vessels and apparatus and pipes connected therewith while undergoing pressure tests but this exclusion does not apply to other property insured hereunder that has been damaged by such explosion;
- (vi) gas turbines;
- (n) by settling, expansion, contraction, moving, shifting or cracking unless concurrently and directly caused by a peril not otherwise excluded in Clause 5.6. hereof;

Nor shall the Insurer be liable for "Extra Expense" resulting directly or indirectly from:

- (o) wear and tear, gradual deterioration, latent defect, inherent vice, or the cost of making good faulty or improper material, faulty or improper workmanship, faulty or improper design, provided, however, to the extent otherwise insured and not otherwise excluded under this Form, "Extra Expense" resulting from resultant damage to the property is insured;
- (p) mysterious disappearance or shortage disclosed on taking inventory;
- (q) loss or damage sustained to contents while actually being worked upon and directly resulting therefrom or caused by any repairing, adjusting or servicing of contents, unless fire or explosion as described in Clause 12 (g) ensues and then only for "Extra Expense" resulting from such ensuing loss or damage;
- (r) disturbance or erasure of electronic recordings by electric or magnetic injury except lightning;

Additionally the Insurer shall not be liable for:

- (s) any increase of loss directly or indirectly, proximately or remotely, resulting from, or contributed to by, the operation of any by-law, ordinance or law regulating zoning or the demolition, repair or construction of buildings or structures, unless the liability is otherwise specifically assumed by endorsement hereon;
- (t) any increase of loss caused by delays or loss of time due to the presence of strikers or other persons or to labour disturbances on or about the "Premises" interfering with the rebuilding, repairing, or replacing the property damaged or destroyed or the resumption or continuation of business or free access to or control of the "Premises" or due to the action of sympathetic strikers elsewhere;
- (u) loss due to fines or damages for breach of contract for late or non-completion of orders or for any penalties of whatever nature;
- (v) loss due to the suspension, lapse or cancellation of any lease or license, contract or order, which may affect, the Insured's income after the period following any loss during which indemnity is payable;
- (w) the cost of compiling books of account, abstracts, drawings, card index systems or other records including film, tape, disc, drum, cell or other magnetic recording or storage media for electronic data processing.

6. INTERRUPTION BY CIVIL AUTHORITY

This Form, subject to its terms and conditions, is extended to insure the "Extra Expense" suffered by the Insured during the period of time, not exceeding two weeks, while access to the "Premises" is prohibited by order of civil authority, but only when such order is given as a direct result of damage to neighboring premises by a peril insured against under this Form.

7. PERMISSION

Permission is hereby granted:

- (a) for other insurance concurrent with this Form;
- (b) to make additions, alterations or repairs;
- (c) to do such work and to keep and use such articles, materials, and supplies in such quantities as are usual or necessary to the Insured's business.

8. BREACH OF CONDITIONS

Where a loss occurs and there has been a breach of condition relating to a matter before the happening of the loss, which breach would otherwise disentitle the Insured from recovery under this Form, the breach shall not disentitle the Insured from recovery if the Insured establishes that the loss was not caused or contributed to by the breach of condition or if the breach of condition occurred in any portion of the premises over which the Insured has no control.

9. REINSTATEMENT

Loss under any item of this Form shall not reduce the applicable amount of insurance.

10. SUBROGATION

The Insurer, upon making any payment or assuming liability therefor under this Form shall be subrogated to all rights of recovery of the Insured against others and may bring action to enforce such rights. Notwithstanding the foregoing, all rights of subrogation are hereby waived against any corporation, firm, individual, or other interest with respect to which insurance is provided by this Form.

Where the net amount recovered, after deducting the costs of recovery, is not sufficient to provide a complete indemnity for the loss or damage suffered, that amount shall be divided between the Insurer and the Insured in the proportion in which the loss or damage has been borne by them respectively.
Any release from liability entered into by the Insured prior to damage shall not affect the right of the Insured to recover.

11. PROPERTY PROTECTION SYSTEMS

It is agreed that the Insured shall notify forthwith the Insurer of any interruption to, or flaw or defect, coming to the knowledge of the Insured, in any

- (a) sprinkler or other fire extinguishing system; or
- (b) fire detection system; or
- (c) intrusion detection system;

and shall also notify forthwith the Insurer of the cancellation or non-renewal of any contract which provides monitoring or maintenance services to any of these systems or of the notification of the suspension of police service in response to any of these systems.

12. DEFINITIONS

- (a) "Business" means the business of the Insured as specified on the "Declarations Page".
- (b) "Damage" means the direct physical loss of or damage to property at the "Premises" from a Peril Insured.
- (c) "Declarations Page" means the Declarations Page applicable to this Form.
- (d) "Extra Expense" means the excess (if any) of the total cost during the "Indemnity Period" for the purpose of continuing the Insured's business over and above the total cost that would normally have been incurred to conduct the business during the same period had no loss occurred. The cost in each case to include expense of using other property or facilities of other concerns or other similar necessary emergency expenses. In no event, however, shall the Insurer be liable under this Form for loss of income nor for the cost of repairing or replacing any of the described property that has been damaged or destroyed by the perils insured against, except cost in excess of the "Normal" cost of such repairs or replacements necessarily incurred for the purpose of reducing the total amount of "Extra Expense"; liability for such excess cost however, shall not exceed the amount by which the total "Extra Expense" otherwise payable under this Form is reduced. The Insurer shall also be liable for "Extra Expense" incurred in obtaining property for temporary use during the "Indemnity Period" necessarily required for the conduct of the Insured's business. Any salvage value of such property remaining after resumption of "Normal" operations shall be taken into consideration in the adjustment of any loss hereunder.
- (e) "Indemnity Period" means the period beginning with the occurrence of the "Damage" and ending not later than such length of time, not exceeding 12 consecutive calendar months, as would be required with exercise of due diligence and dispatch to rebuild, repair or replace the lost or damaged property. However, if media for, or programming records pertaining to, electronic data processing or electronically controlled equipment including data thereon be lost or damaged by a peril insured against then the "Indemnity Period" in respect thereof shall not extend beyond:
 - (i) 30 consecutive days after the occurrence of such "Damage"; or
 - (ii) the date upon which liability ceases under this Form for loss arising from other property lost or damaged by the same occurrence;whichever shall be the later.
- (f) "Month" means 30 consecutive days.
- (g) "Named Perils" means:
 - (A) FIRE OR LIGHTNING
 - (B) EXPLOSION: Except with respect to explosion of natural, coal, or manufactured gas, there shall in no event be any liability hereunder for "Extra Expense" resulting from loss or damage caused by explosion, rupture or bursting in or of the following property owned, operated or controlled by the Insured:
 - (i) (a) the portions containing steam or water under steam pressure of all boilers generating steam, and piping or other equipment connected to said boilers and containing steam or water under steam pressure;
 - (b) piping and apparatus or parts thereof normally containing steam or water under steam pressure from an external 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;
 - (ii) other vessels and apparatus, and pipes connected therewith, other than manually portable gas cylinders, while under pressure, or while in use or in operations, provided their maximum normal internal working pressure exceeds 103 kilopascals (15 pounds per square inch) above atmospheric pressure.

- (iii) moving or rotating machinery or parts of same when such loss or damage is caused by centrifugal force or mechanical breakdown;
- (iv) any vessels and apparatus, and pipes connected therewith while undergoing pressure tests, but this exclusion shall not apply to other property that has been damaged by such explosion;
- (v) 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.

- (C) **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 for "Extra Expense" due to cumulative damage or for "Extra Expense" resulting from loss or damage:

- (i) caused by land vehicles belonging to or under the control of the Insured or any of his employees;
- (ii) to aircraft, spacecraft or land vehicles causing the loss;
- (iii) caused by any aircraft or spacecraft when being taxied or moved inside or outside of buildings;

- (D) **RIOT, VANDALISM OR MALICIOUS ACTS:** The term riot includes open assemblies of strikers inside or outside the "Premises" who have quitted work and of locked-out employees.

There shall in no event be any liability hereunder for "Extra Expense" resulting from loss or damage:

- (i) due to cessation of work or by interruption to process or business operations or by change(s) in temperature;
- (ii) due to flood or release of water impounded by a dam, or due to any explosion other than any explosion in respect of which there is insurance under Clause 12 (g) (B);
- (iii) due to theft or attempt thereat.

- (E) **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 "Extra Expense" due to cumulative damage.

- (F) **LEAKAGE FROM FIRE PROTECTIVE EQUIPMENT:** means the leakage or discharge of water or other substance from within the equipment used for fire protection purposes for the "Premises" described on the "Declarations Page" or for adjoining premises and loss or damage caused by the fall or breakage or freezing of such equipment.

Fire Protective Equipment includes tanks, water mains, hydrants, valves and any other equipment whether used solely for fire protection or jointly for fire protection and for other purposes, but does not include:

- (i) branch piping from a joint system where such branches are used entirely for purposes other than fire protection;
- (ii) any water mains or appurtenances located outside of the described "Premises" and forming a part of the public water distribution system;
- (iii) any pond or reservoir in which the water is impounded by a dam.

- (G) **WINDSTORM OR HAIL:** There shall, in no event be any liability hereunder for "Extra Expense" resulting from loss or damage:

- (i) to the interior of the buildings insured or their contents unless damage occurs concurrently with and results from an aperture caused by windstorm or hail;
- (ii) directly or indirectly caused by any of the following, whether driven by wind or due to windstorm or not:
snow-load, ice-load, tidal wave, tsunamis, high water, overflow, flood, waterborne objects, waves, ice, land subsidence, landslip.

- (h) "Normal" means the condition which would have existed had no loss occurred.

- (i) "Premises" means the entire area within the property lines and areas under adjoining sidewalks and driveways at the location(s) described on the "Declarations Page" and in or on vehicles within 100 metres (328 feet) of such location(s).