

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is or is not insured.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "We" (" and " us") refer to the Company providing this insurance.

Words and phrases in quotation marks are defined in the General Definitions section of the policy.

Unless stated otherwise in the Declarations, any rider or endorsement, the following General Conditions and General Definitions apply to all riders and/or endorsements forming part of this policy.

GENERAL CONDITIONS

Condition 1. CANADIAN CURRENCY CLAUSE:

All limits of insurance, premiums and other amounts expressed in the policy are in Canadian currency.

Condition 2. CANCELLATION:

- (a) You may cancel this policy by mailing or delivering to us advance written notice of cancellation.
- (b) We may cancel this policy by mailing or delivering to you written notice of cancellation at least;
 - 1) 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - 2) 30 days before the effective date of cancellation if we cancel for any other reason.Except in Quebec, if notice is mailed, cancellation takes effect 15 or 30 days after receipt of the letter by the post office to which it is addressed, depending upon the *reason* for cancellation as shown in (b) 1) or 2) above. Proof of mailing will be sufficient proof of notice.
In Quebec, cancellation takes effect either 15 or 30 days after receipt of the notice at your last known address depending upon the reason for cancellation.
Delivery by us shall be equivalent to mailing.
- (c) We will mail deliver our notice to your last mailing address known to us.
- (d) The policy period will end on the date cancellation takes effect,
- (e) If this policy is cancelled, we will send you any premium refund due, if we cancel, the refund will be pro rata, if you cancel, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.

Condition 3. CHANGE OF INTEREST:

We will not be liable to anyone other than you unless we have been advised of a change of interest and consented to it. However, if you die, or are declared insolvent or bankrupt, this policy will insure your legal representative;

Condition 4. CHANGES:

This policy contains all the agreements between you and us concerning the Insurance provided by this policy. You may request changes to this policy; however, such changes will be effective only upon our consent as evidenced by our issuing an endorsement which will form part of this policy.

Condition 5. DISCOVERY PERIOD FOR LOSS:

We will pay only for an insured loss discovered no later than one year from the end of the policy period.

Condition 6. DUTIES IN THE EVENT OF LOSS:

After you discover a loss or a situation that may result in loss of or damage to insured property you must:

- (a) notify us as soon as possible;
- (b) submit to examination under oath at our request and give us a signed statement of your answers;
- (c) give us a detailed, sworn proof of loss within 120 days;
- (d) cooperate with us in the investigation and settlement of any claim,
- (e) give immediate notice to the public police, or other peace authorities having jurisdiction, of any loss due to violation of law;

- (f) if “ securities “ are insured under this policy, take all reasonable measures to prevent their negotiation, sale or conversion.

Condition 7. INSPECTION:

We will be permitted to inspect your “premises” at any reasonable time.

Condition 8. JOINT INSURED:

- (a) If more than one Named Insured is stated in the Declarations, the first Named Insured will act for itself and for every other Named insured for all purposes for this Insurance. If the first Named Insured ceases to be covered, then the next Named Insured becomes the first Named Insured.
- (b) If any Named Insured or partner or officer of that Named Insured has knowledge of any information relative to this Insurance, that knowledge is considered knowledge of every Named Insured.
- (c) An employee of any Named Insured is considered to be an employee of every Named Insured.

Condition 9. LEGAL ACTION AGAINST US:

You may not bring any legal action against us:

- (a) unless you have complied with all the terms of this Insurance; and
- (b) until 90 days after you have filed proof of loss with us; and
- (c) except if the loss occurs in Quebec, unless brought within 2 years from the date you discover the loss.

Condition 10. LOSS SUSTAINED DURING PRIOR INSURANCE:

If you had similar insurance, consisting of one or more policies providing continuous insurance which terminated with the beginning of this policy period, loss, to the extent that it is not insured by such prior insurance solely because of late discovery, shall be deemed to have occurred on the first day of this policy period.

Condition 11. OTHER INSURANCE:

If there is any other valid and collectible insurance which applies to any loss Insured by this policy, the insurance under this policy shall apply only as excess insurance over such other insurance, except In the province of Quebec where each of the insurers under its policy is liable to you for its rateable proportion of the loss.

Condition 12. OWNERSHIP OF PROPERTY; INTEREST COVERED:

The insured property may be owned by you or held by you in any capacity, *However*, the insurance applies only to your interest in such property, or your legal liability for such property and does not apply to the interest of any other person or organization in any of said property unless included in your proof of loss.

Condition 13. POLICY PERIOD TERRITORY:

This policy applies only to loss which occurs during the policy period shown in the Declarations and within Canada or the United States of America.

Condition 14. RECORDS:

You must keep records of all Insured property so we can verify the amount of any loss

Condition 15. RECOVERIES:

- (a) Any recoveries, less the cost of obtaining them, made after settlement of loss insured by this policy will be distributed as follows:
 - 1) to you, until you are reimbursed for any loss that you sustained that exceeds the Limit of Insurance and the deductible amount, if any;
 - 2) then to us, until we are reimbursed for the settlement made;
 - 3) then to you, until you are reimbursed for that part of the loss equal to the deductible amount, if any.
- (b) Recoveries do not include any recovery:
 - 1) from insurance, suretyship, reinsurance, security or indemnity taken for our benefit: or

- 2) of original "securities" after duplicates of them have been issued.
- (c) You are entitled to the recovered property *upon* reimbursing us for the amount of indemnity paid to you for such property. Whoever recovers such property will immediately notify the other party in writing.

Condition 16. REPRESENTATIONS:

By accepting this policy, you agree:

- (a) that the statements in the Declarations are accurate and complete;
- (b) those statements are based upon representations you made to us; and
- (c) we have issued this policy in reliance upon your representations.

Condition 17. TRANSFER OF YOUR RIGHTS OF RECOVERY AGAINST OTHERS TO US:

You must transfer to us all your rights of recovery against any person or organization for any loss you sustained and for which we have paid or settled, You must also do everything necessary to secure those rights and do nothing after loss to impair them.

Condition 18. VALUATION:

With respect to "securities", we will not be liable for more than their actual cash value at the close of business on the business day immediately preceding discovery of the loss. We may, at our election pay such actual cash or secure the replacement of the "securities" by arranging for the issuance of a lost "securities" bond.

With respect to other property, we will not be liable for more than the actual cash value thereof at the time of loss. However, the actual cash value of such other property you hold as a pledge, or as collateral for an advance or a loan, will be deemed not to exceed the value of the property as determined and recorded by you when making the advance or loan, nor, in the absence of such record, the unpaid portion of the advance or loan plus accrued interest thereon at legal rates

With your consent, we may settle any claim for loss of property with the owner thereof. Any property for which we have made Indemnification will become our property.

In case of damage to the "*premises*", we will not be liable for more than the actual cost of repairing such "*premises*", or of replacing same with property or material of like quality and value.

We may, at our election, pay the actual cash value, or pay for such repair or replacement, If you cannot agree with us upon the cash value or the cost of repair or replacement, the cash value or the cost will be determined by arbitration.

GENERAL DEFINITIONS

"BANKING PREMISES" means the Interior of that portion of any building occupied by a building institution or similar safe depository.

"BURGLARY" (except as used in a Stock Burglary Rider) means the unlawful taking of Insured property from within the "premises" by a person unlawfully entering or leaving the "premises" as evidenced by marks of forcible entry or exit

In the event that insurance is provided by a Stock Burglary Rider, "burglary" shall mean the unlawful taking of insured property from within the "premises", showcases or show windows, by a person unlawfully entering or leaving the "premises", showcases or show windows as evidenced by marks of forcible entry to or exit from the "premises", showcases or show windows.

"CUSTODIAN" means you or your partner or any employee authorized by you to have the care and custody of insured property, excluding any person while acting as a "guard", janitor, porter, or "watchman".

"EQUIPMENT" means

- (1) all contents usual to your business including furniture, furnishings, fittings, fixtures, machinery, tools, utensils and appliances, other than building or "stock";
- (2) similar property belonging to others which you are under obligation to keep insured or for which you are legally liable.

“GUARD” means any able-bodied person who accompanies a “custodian” at your direction, but who is not a driver of a public conveyance.

“JEWELLERY” means jewellery, watches, gems, pearls, precious or semi-precious stones and articles containing one or more gems, pearls, or precious or semi-precious stones.

“KIDNAPPING” means the compelling of a “custodian” outside the “premises”, by violence or threat of violence, to admit a person or to furnish such person with the means of entry into the “premises” while closed for business, resulting in unlawful taking by such person of insured property from within the “premises”, provided such loss shall occur before the “premises” are next open for business.

“MONEY” means currency and coins in current use and having a face value,

“OCCURRENCE” means any act or series of related acts involving one or more persons which results in a loss insured by this policy.

“PREMISES” means the interior of that portion of any building you occupy in conducting your business at the address designated in the Declarations but shall not include (1) showcases or show windows not opening directly into the interior of the premises, or (2) public entrances, halls or stairwell

If insurance is provided by an Inside / Outside Robbery Rider, or a Money and Securities Rider, the definition of “premises” is extended to include the space immediately surrounding such building occupied solely by you in conducting your business but shall not include (1) showcases or show windows not opening directly into the interior of the premises, or (2) public entrances, halls or stairwell.

If Insurance is provided by a Church Theft Rider, the definition of “premise” is extended to include: the rectory, parish-house, parsonage, manse, or residence occupied by a duly constituted financial or administrative officer of yours; that portion of any Other building which is owned by or leased to you and used for the religious, educational, recreational or social activities of your congregation; and the grounds and out-buildings incidental to the above.

If insurance is provided by a Damage to Building by Burglary or Robbery Rider the definition of “premises” is extended to include the building and permanent fittings and fixtures attached thereto and forming part thereof

“PROPERTY” means any property usual to your business other than “money” and “securities”, that has intrinsic value but does not include motor vehicles, trailers or semi-trailers or equipment and accessories attached to them or any property that is excluded under any rider,

“ROBBERY” means the taking of insured property from the “custodian” by a person or persons who have

- (1) caused or threatened to cause the “custodian” bodily harm; or
- (2) committed an overt unlawful act witnessed by the “custodian”; or
- (3) taken such property from a “custodian” who has been killed or rendered unconscious.’

“ROBBERY OF A WATCHMAN” - means the unlawful taking of insured property by violence or threat of violence inflicted upon a “watchman” and while such a “watchman” is on duty within the “premises”

“SAFE BURGLARY” means:

- (1) the unlawful taking of insured property from a vault or safe, which has a combination lock and is located within the “premises”, by a person making unlawful entry into the vault or the safe and a vault which contains the safe, provided that
 - (a) all doors of the vault, safe or vault and safe are closed and locked by a combination lock: and
 - (b) the unlawful entry was forcible and is evidenced by visible marks on the exterior of the vault or safe and any vault containing the safe: or
- (2) the unlawful taking of the safe from within the “premises”.

In the event that insurance is provided by a Safe Burglary Rider, the definition of “safe burglary” is restricted to any safe or vault described in the Declarations.

“SECURITIES” means all negotiable and non-negotiable instruments or contracts representing “money” or other property, and includes revenue and other stamps in current use, tokens, and tickets but does not include “money”.

“STOCK” means:

- (1) merchandise of every description usual to your business but does not include motor vehicles, trailers or semi-trailers or equipment and accessories attached to them;
- (2) packing, wrapping and advertising materials; and
- (3) similar property belonging to others which you are under obligation to keep insured or for which you are legally liable; but does not include "securities".

"WATCHMAN" means any person employed exclusively by you to have care and custody of insured property inside the "premises", while the "premises" are closed for business, and who has no other duties.

CHERS
Special Risks Inc.
SPECIALTY