

Policy Number:

Important Changes To Your Property Coverage

Hello,

Thank you for choosing Intact Insurance to protect what matters to you and your business. Your policy includes one or both of our property products listed below:

- **Building and/or Contents – Broad Form:** this is your foundational property coverage, insuring your building and/or other contents such as office contents, equipment and stock.
- **EDGE Complete:** this product extends your building and contents coverage to offer you additional protection.

Each of these products provide coverage if your building and/or contents are damaged by a specific incident or peril. As part of our regular review, we have updated when and how much coverage will apply in some circumstances.

- Modifications to the definitions, intention and exclusions have changed when certain coverages will apply. These changes will either broaden or limit when and how coverage applies.
- Additionally, for some coverage extensions, the amount of coverage in the event of a claim has changed – some have increased, while others have decreased.

Please review the following pages of this letter for a more detailed list of changes and refer to your insurance policy which provides the full details of your coverage, including a full list of conditions and exclusions.

As there are both enhancements and reductions, we encourage you to discuss the impact of these changes with your broker to ensure you have the coverage and limits you need for your business.

Sincerely,

The Intact Insurance Team

NOTICE TO INSURED – Detailed summary of important changes to your property coverage

Building and/or Contents – Broad Form

- The updated Building and/or Contents – Broad Form further highlights that coverage is provided for “direct physical loss” and “direct physical damage” caused by an insured peril.
- The Indemnity Agreement under the updated form confirms that the amount paid applies to any one occurrence.
- *Growing plants, trees, shrubs, or flowers* extension has been updated to highlight that coverage applies only while on your premises.

Coverage Enhancements:

- The service interruption portion of the Atmospheric, Temperature Change, Service Interruption or other Damage exclusion, now at paragraph 2.5.2., is subject to new exceptions including:
 - Total or partial interruption of services which originate at the premises caused directly by an insured peril to insured property while located on the premises.
 - Loss or damage caused directly by a resultant insured peril not otherwise excluded under the form.

Reductions in Coverage:

- As a result of changes made to exclusion 2.5. Atmospheric, Temperature Change, Service Interruption or other Damage:
 - Under the atmospheric, temperature change or other damage portion, now paragraph 2.5.1.:
 - The exception for loss or damage caused directly by Named Perils now only applies to building or equipment.
 - The exception for rupture of pipes no longer applies if such pipes are excluded under the Pressure Vessels and Boilers exclusion.
 - Under the service interruption portion of the exclusion, now paragraph 2.5.2.:
 - The exclusion for total or partial interruption to the supply of services now also excludes suspension, failure, and fluctuation of supply. Such failure or fluctuation includes surges of power, lack of sufficient capacity and reduction in supply.
 - The exclusion's application to supply of electricity, water, gas or steam now extends to all utility services, including communication services as defined.
 - The exclusion applies whether or not there are one or more other causes or events that contribute to the loss or damage.
 - The following exceptions no longer apply:
 - Named Perils.
 - Rupture of pipes.
 - Breakage of apparatus not excluded under the Pressure Vessels and Boilers exclusion.
 - Theft or attempted theft.
 - An accident to a transporting conveyance provided the coverage is afforded by endorsement.
 - Damage to pipes caused directly by freezing.
- The definition of *Named Perils* has been updated to restrict coverage in specified circumstances for certain perils:
 - *Explosion* of certain parts or portions of boilers, smelt dissolving tanks, other vessels, apparatus and pipes under pressure, moving or rotating machinery, and gas turbines, owned, operated or controlled by the Insured are not covered except with respect to the explosion of natural, coal or manufactured gas. Explosion does not include electric arcing, rupture of electrical equipment due to arcing, bursting or rupture caused by hydrostatic pressure or freezing or bursting or rupture of any safety disc, diaphragm or fusible plug.
 - *Impact by Aircraft, Spacecraft or Land Vehicle* no longer includes impact of articles dropped from land vehicles. Impact by *Aircraft, Spacecraft or Land Vehicle* coverage does not apply to land vehicles belonging to or under the control of the Insured or an employee of the Insured, aircraft or spacecraft being taxied or moved inside or outside of a building or to loss or damage to aircraft, spacecraft or land vehicles causing the loss.
 - *Riot, Vandalism or Malicious Acts* does not cover loss or damage due to cessation of work, by interruption to process or business operations, by change in temperature or due to flood or release of water impounded by a dam or any explosion other than an explosion in respect of which there is insurance under that named peril.
 - *Smoke* coverage is now limited to smoke due to a sudden, unusual and faulty operation of a stationary furnace. Cumulative damage is excluded.
 - *Windstorm or Hail* does not cover loss or damage to the interior of the building or to contents, unless damage occurs concurrently with and results from an aperture caused by windstorm or hail. Windstorm or Hail does not cover loss or damage directly or indirectly caused by snow-load, ice-load, tidal wave, high water, overflow, flood, waterborne objects, waves, ice, land subsidence or landslip.

- As a result of such changes to the definition of *Named Perils*, application of the *Growing plants, trees, shrubs or flowers* extension is similarly restricted, as is application of the Named Perils exceptions under the following exclusions:
 - Sewers, Drains, Watermains exclusion.*
 - Animals, Fish or Birds exclusion.*
 - Furs and Jewellery exclusion.*
 - The atmospheric, temperature change and other damage portion of the *Atmospheric, Temperature Change, Service Interruption or other Damage* exclusion now at paragraph 2.5.1.

If you also receive a French version of the BF02/034 – Building and/or Contents Broad form, other than the modifications mentioned in this letter, we have also updated the French form to address certain unintentional inaccuracies in translation. Please refer to your French notice for those additional updates.

EDGE Complete (If your policy also has this extension package)

- Consistent with other changes made to some of your property policy forms, the updated **EDGE** Complete further highlights that coverage is provided for “direct physical loss” and “direct physical damage” caused by an insured peril.
- The updated Betterments and Improvements section of the *Condominiums – unit owners’ additional coverages* extension has been modified by adjusting an unintentional bolding of the word building.
- The *Contamination, marring or scratching, shrinkage* extension, *Electrical devices, appliances or wiring* extension, *Property leased, rented or loaned* extension, and *Sewers, drains, watermain* extension which delete specified exclusions in the Building and/or Contents – Broad Form to extend coverage, are further confirmed in the updated **EDGE** Complete to apply only if such coverage is not otherwise excluded under the policy.
- The new form highlights that the *Seepage, leakage or influx of water* extension does not apply if coverage is afforded under either the Flood Endorsement or the Sewer Back Up Endorsement, where endorsed to the policy.

Coverage Enhancements:

- Your limits of insurance have increased for the following coverage extensions of **EDGE** Complete:

	New Limit
Bailee's customer	\$30,000
Condominiums – property in custody	\$7,500 / owner \$75,000 max (no change)
Confiscation or seizure of property	\$25,000
Money and securities	\$5,000
System software erasure	\$30,000

- Under the *Consequential Loss – Off-Premises Service Interruption* extension:
 - Coverage may now be triggered by loss or damage to any off-premises property that generates or supplies the covered services and is no longer limited to public utility generating plants, switching stations, substations, transformers and pumping stations.
 - In addition to electricity, water, gas and steam, coverage under the extension now also applies to communication services, as defined under your property policy forms, supplied to the premises.
 - The requirement that the damaged apparatus be within a specified distance from the location specified on the Declaration Page(s) has been removed.

Reductions in Coverage:

- Professional fees* will only be covered if prior written approval is received by Intact. Fees relating to the preparation of a proof of loss or inventory as well as fees for lawyers, loss appraisers, loss consultants and employees are now excluded from coverage.
- Now, under the *Valuable papers and records, computer data* extension, coverage does not apply when loss or damage is caused by a computer virus, harmful code, or similar instructions introduced into or enacted on a computer system, as defined, equipment or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation.
- Building by-laws* coverage is not applicable:
 - To any part of the building subject to the by-laws, regulation or ordinance, but which the Insured elects not to repair, replace or reconstruct.
 - To any part of the building not subject to the by-laws, regulation or ordinance, but which the Insured elects to repair, replace or reconstruct.
 - If the Insured elects not to repair, replace or reconstruct the building at all.

- *Catch-all clause* no longer applies to the following coverage extensions: *Consequential Loss – Off-Premises Service Interruption, Money and Securities and Office Contents*.
- Under the *Consequential Loss – Off-Premises Service Interruption* extension:
 - Coverage is now also excluded for loss or damage directly or indirectly arising from loss or reduction of electricity, water, gas, steam or any communication service due to lack of sufficient capacity or from an intentional reduction in the supply of electricity, water, gas, steam or any communication service.
 - The limits have been reduced to \$50,000.
- *Debris removal* now excludes coverage for owned plants, trees, shrubs, lawns or flowers (note: some coverage is provided in the *Growing plants, trees, shrubs, lawns or flowers* extension with reduced limits).
- *Equipment upgrade* (previously “New generation”) coverage no longer applies to obsolete equipment.
- *Growing plants, trees, shrubs, lawns or flowers* has been updated as follows:
 - The new form highlights that coverage only applies while on your premises.
 - The extension now only applies to plants, trees, shrubs, lawns or flowers owned by the Insured or in the Insured's custody and for which the Insured is legally liable.
- *Property in transit* is only covered within Canada and the United States of America.
- Fittings, fixtures, machinery, or tools are no longer covered under the *Office contents* extension (previously “Office business contents”).
- Under *Warehouseman's legal liability*, it is confirmed that the Insurer has the right and duty to defend the Insured against any action seeking damages to which the extension applies. The Insurer's right and duty to defend end when the amount of insurance specified for the extension has been used up in the payment of judgments or settlements.
- *Entrance of rain, sleet or snow* extension, *Seepage, leakage or influx of water* extension, *Settling, expansion, shifting or cracking* extension, and *Snowslide, landslide, subsidence* extension, which delete specified exclusions in the Building and/or Contents – Broad Form to extend coverage, are further confirmed in the updated **EDGE** Complete to apply only if such coverage is not otherwise excluded under the policy.
- Under the *Contamination, marring or scratching, shrinkage* extension, coverage is now excluded for loss or damage:
 - To insured property that is not used or sold before its designated shelf life or for which maximum permissible levels of any drug, organism or bacteria were exceeded because of the introduction of catalysts designed to facilitate their production.
 - Caused by the Insured's failure to monitor or test for contaminants, bacteria or other substances in accordance with industry or government standards.
- The *Dampness or dryness, temperature change* extension has been replaced with the *Consequential Loss – On Premises (Extended Coverage)* extension. As a result, coverage is now limited to a change of temperature or dampness or dryness of atmosphere which is the direct result of direct physical loss of or direct physical damage to building or equipment caused by an insured peril, all while located on the premises.