

Accounts Receivable

1. Subject of Insurance

This Form insures:

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

2. Location and Occupancy of Premises

The Insured occupies that part of the building and conducts therein the business indicated in the "Declaration Page(s)".

3. Protection of Records of Accounts Receivable

Insurance under this Form shall apply only while records of accounts receivable are contained in the premises described in the "Declaration Page(s)", it being a condition precedent to any right of recovery hereunder that such records shall be kept in the receptacle(s) as described in the "Declaration Page(s)", at all times when the "premises" are not open for business, except while such records are in actual use.

4. Limit of Insurance

The liability of the Insurer shall not exceed the amount specified in the "Declaration Page(s)".

5. Deductible

The Insurer is liable for the amount by which the loss or damage caused by any of the perils insured against exceeds the amount of the deductible specified in the "Declaration Page(s)" in any one occurrence.

6. Perils Insured

This Form insures against all risks of direct loss of or damage to the Insured's records of accounts receivable, except as hereinafter provided.

7. Debris Removal Extension

- (a) Debris Removal: The Insurer will indemnify the Insured for expenses incurred in the removal from the "premises" of debris of the property insured, occasioned by loss or damage to such property, for which loss or damage insurance is afforded under this Form.

The amount payable under this extension shall not exceed 25% of the total amount payable for the direct physical loss to property insured plus the amount of the applicable deductible.

- (b) Removal of Windstorm Debris: The Insurer will indemnify the Insured for expenses incurred in the removal of debris or other property which is not insured by this Form but which has been blown by windstorm upon a location specified in the "Declaration Page(s)".

Extensions of coverage (a) and (b) do not apply to costs or expenses:

- (i) to "clean up" "pollutants" from land or water; or
- (ii) for testing, monitoring, evaluating or assessing of an actual, alleged, potential or threatened spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of "pollutants".

The above extensions of coverage shall not increase the amounts of insurance applying under this Form and are subject to all conditions of this Form.

8. Exclusions

A. Perils Excluded

This Form does not insure loss or damage:

- (a) due to any fraudulent, dishonest or criminal act by any Insured, a partner therein, or an officer, director or trustee thereof, while working or otherwise and 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. This shall not preclude the use of such procedures in support of a 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;
- (e) due to electrical or magnetic injury, disturbance or erasure of electronic recordings, except by lightning;
- (f) by war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military power;
- (g) (i) 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;
(ii) by contamination by radioactive material.

B. Pollution Exclusion

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".

9. Removal

Such insurance as is afforded by this Form applies while the records of accounts receivable are being removed to and while at a place of safety because of imminent danger of loss or damage and while being returned from such place, provided the Insured gives ten days' written notice to the Insurer of such removal.

10. Premium Adjustment and Reporting Option

If within six (6) months after the expiry or anniversary date of each period of insurance, the Insured shall file with the Insurer a written statement showing, for the said period, the total amount of accounts receivable, with deferred payment 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 so calculated, the Insurer shall refund to the Insured any excess paid, subject to maximum refund of 50% of the premium paid. If the premium paid by the Insured is less than the actual premium so calculated, the Insured shall pay such excess premium to the Insurer.

11. 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 Policy period 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 records of accounts receivable submitted by the Insured and the amount of recoveries of accounts receivable on which the Insurer has made any settlement.

12. Recoveries

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

13. Basis of Settlement

When there is proof that a loss covered by this Form has occurred but 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 accounts receivable 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 Insurer, as compared with such average for the same months of the preceding year;
- (c) the amount determined under (a) above, increased or decreased by the percentage calculated under (b) above, 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 under (c) above 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.

There shall be deducted from the total amounts of accounts receivable, however established, the amount of such 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 uncollectable by the Insured. On deferred payment accounts receivable, unearned interest and service charges shall be deducted.

14. Other Insurance

The Insurer is not liable:

- (a) For more than the portion of any loss or damage covered by this Form which the applicable limit of this Form bears to the total amount of insurance covering against the peril of fire irrespective of whether or not such other insurance gives insurance in respect of perils covered by this Form whether by endorsement thereto or otherwise;
- (b) Where such other insurance does not insure against loss or damage by fire for more than the excess (if any) of any loss or damage over the applicable limit of any other insurance which would attach if this insurance had not been effected.

15. Reinstatement

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

16. Action Against Insured

All adjusted claims shall be paid or made good to the Insured within thirty days after presentation and acceptance of satisfactory proof of interest and loss at the office of the Insurer. No action shall lie against the Insurer unless, as a condition precedent hereto, there shall have been full compliance with all the terms of this Policy, nor at all unless commenced within two years after the discovery by the Insured of the occurrence which gives rise to the loss. If this limitation of time is shorter than that prescribed by any statute controlling the construction of this Policy, the shortest permissible statutory limitation in time shall govern and shall supersede the time limitation herein stated.

17. Definitions

Wherever used in this Form:

- (a) "Premises" means the interior of that portion of the building at the location designated on the "Declaration Page(s)" which is occupied by the Insured for the business purposes stated therein.
- (b) "Declaration Page(s)" means the Declaration Page(s) applicable to this Form.
- (c) "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.
- (d) "Clean up" means the removal, containment, treatment, decontamination, detoxification, stabilization, neutralization or remediation of "pollutants", including testing which is integral to the aforementioned processes.