

PROPERTY COVERAGE

DRONE FLOATER – BROAD FORM

The titles of sections or paragraphs listed below should not be considered for purposes of interpreting the intent of this Form; these titles have only been inserted for ease of reading.

1. INDEMNITY AGREEMENT

If any of the insured property is lost or damaged during the policy period by the perils insured against, the Insurer will indemnify the Named Insured against the direct loss so caused to an amount not exceeding whichever is the least of:

- 1.1. the **actual cash value** or the **replacement cost** (if the optional **replacement cost** coverage applies, as described in clause 9.2.) of the property at the time of loss or damage;
- 1.2. the interest of the Named Insured in the property;
- 1.3. the amount of insurance specified in the policy Declaration Page(s) in respect of property lost or damaged.

Where the insurance applies to the property of more than one person or interest, the Insurer's total liability for loss sustained by all such persons and interests shall be limited in the aggregate to the amount or amounts of insurance specified in the policy Declaration Page(s).

2. INSURED PROPERTY

This Form insures the Remotely Piloted Aircraft System(s) (referred to in this Form as a **drone**) described in the policy Declaration Page(s) as per the schedule of insured property attached or on file with the Insurer, being the property of the Named Insured or the property of others for which the Named Insured is legally liable.

This Form also insures the following, provided that the value of such property is declared to the Insurer and is included in the amount(s) of insurance:

- 2.1. ground station equipment and apparatus;
- 2.2. camera, surveying and sensing equipment and accessories that are mounted in or on an insured **drone**;
- 2.3. spare parts for an insured **drone**.

3. AMOUNTS OF INSURANCE

The maximum liability of the Insurer in any one loss shall not exceed the amount(s) of insurance specified for each item listed on the schedule of insured property shown in the policy Declaration Page(s) or on file with the Insurer.

4. DEDUCTIBLE

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

5. COINSURANCE CLAUSE

The Insured shall maintain insurance on the property to the extent of 90% of the **actual cash value** or **replacement cost** (if the optional **replacement cost** coverage applies, as described in clause 9.2. of the insured property. If the Named Insured fails to do so, the Named Insured shall only be entitled to recover that portion of any loss that the amount of insurance in force at the time of loss bears to the amount of insurance required by this clause to be maintained. This condition applies separately to each item of insured property.

6. INSURED PERILS

This Form, except as provided in clause 8. this Form, insures against all risks of direct physical loss of or damage to insured property from any external cause.

7. EXCLUDED PROPERTY

This Form does not insure:

- 7.1. property illegally acquired, kept, stored or transported, or property seized or confiscated for breach of any law or by any order of any public authority;
- 7.2. the payload of a **drone**, except for insured property under clause 2.2. of this Form; however this exclusion shall not apply to the first \$2,500 of such property that is lost or damaged by this Form's insured perils;
- 7.3. property other than property used primarily for commercial purposes in the business of the Named Insured;
- 7.4. the use or operation of insured property while such insured property is rented to, leased to or lent to others by or on behalf of the Named Insured;
- 7.5. property that is insured (or that is required to be insured) for direct damage by a policy of aviation or aircraft insurance.

8. EXCLUDED PERILS

This Form does not insure loss or damage caused by, arising from or contributed to by:

- 8.1. wear and tear, hidden or latent defect, mechanical or electrical breakdown or derangement, or any quality of property that causes it to damage or destroy itself;
- 8.2. the maximum allowable take-off weight (as per manufacturer's specifications) of the **drone** having been exceeded;
- 8.3. vermin, rodents or insects, unless directly caused by a peril otherwise insured under this Form;
- 8.4. deterioration, corrosion, rust, marring, scratching, dampness of atmosphere, freezing or extremes of temperature;
- 8.5. wind, when the wind speed at the time of loss or damage to a **drone** in flight exceeds the manufacturer's specifications for maximum wind speed resistance or wind tolerance of the **drone**;
- 8.6. landing or taking off (or attempting to land or to take off) from a place or in a manner that does not comply with the recommendations made by the manufacturer of the **drone**;
- 8.7. loss of control of, or loss of contact with the insured property, while such property is being operated in flight beyond the operator's visual line-of-sight;
- 8.8. hijacking or any actual or attempted unlawful seizure of, or wrongful exercise of control over, the insured property;
- 8.9. a criminal, dishonest or willful act or omission of the Named Insured or of anyone to whom the insured property is entrusted;

- 8.10. insured property being worked upon and directly resulting from such work or caused by any repairing, adjusting, or servicing the insured property, unless fire or explosion ensues and then only for loss or damage caused by such ensuing fire or explosion;
- 8.11. mysterious disappearance or unexplained loss, however subject to exclusion 8.18., this exclusion 8.11. shall not apply to the disappearance, after commencement of a flight, of an insured **drone** that remains unrecovered by the Named Insured after thirty (30) consecutive days;
- 8.12. delay, loss of market or loss of use;
- 8.13. theft or attempted theft from an unlocked vehicle;
- 8.14. war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection of military power;
- 8.15. 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 direct from fire, lightning or explosion of natural, coal or manufactured gas;
- 8.16. contamination by radioactive material;
- 8.17. failure to comply with any statute, permit, rule, regulation, standard or with any requirement for qualification and certification to operate a **drone**;
- 8.18. neglect of the Named Insured to use all reasonable means to save, preserve and recover the insured property at the time of loss or damage, after any loss or damage or when the Named Insured has notice of impending loss or damage;
- 8.19. the actual or alleged spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of pollutants or contaminants, including costs and expenses to clean up, treat, remove, contain or neutralize such pollutants or contaminants.

9. VALUATION

One of the following clauses as specified in the policy Declaration Page(s) applies to this Form:

- 9.1. **Actual Cash Value:** The Insurer shall not be liable beyond the **actual cash value** of the property at the time any loss or damage occurs. Loss or damage shall be ascertained or estimated according to such **actual cash value** with proper deduction for depreciation, however caused, and shall in no event exceed what it would then cost to repair or replace the same with material of like kind and quality.

Various factors shall be considered in the determination of **actual cash value**. The factors to be considered include (but are not limited to) **replacement cost** less any depreciation, and market value. In determining depreciation, consideration will be given to the insured property's condition immediately before the loss or damage, the insured property's resale value, the insured property's normal life expectancy and actual or potential obsolescence of the insured property.

- 9.2. **Replacement Cost (optional):** At the option of the Named Insured and subject to this Form's co- insurance conditions, the Insurer agrees to settle on a **replacement cost** basis. This shall not increase the amount(s) of insurance. **Replacement cost** means the cost of repairs or of replacement, whichever is the lower amount, with new property of like kind and quality and without deduction for depreciation. Settlement on a **replacement cost** basis applies only to property that is thirty-six (36) months old or newer at the time of loss or damage.

Replacement cost shall not apply to:

- 9.2.1. batteries, fuel cells or fuel storage devices;
- 9.2.2. betterment resulting from the repair or replacement of parts having prior unrepaired damage.

Replacement shall be effected by the Named Insured with due diligence and dispatch.

Failing compliance by the Named Insured with any of the **replacement cost** provisions, settlement shall be made as if this **replacement cost** clause had not been in effect.

10. TERRITORIAL LIMITS

This Form insures only within Canada.

11. REINSTATEMENT

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

12. PROPERTY OF OTHERS

At the option of the Insurer, any loss may be paid to the Named Insured or adjusted with and paid to the owner of the insured property.

13. OTHER INSURANCE

This clause 13. does not replace or alter the terms of this Form's exclusion 7.5.

If at the time of loss or damage to insured property there is available to the Named Insured any other insurance that would apply in the absence of insurance under this Form, the insurance under this Form shall apply only as excess insurance over such other insurance.

If a separate Data Exclusion (or Data Problem Exclusion), a separate Fungi Exclusion or a separate Terrorism Exclusion apply to the Property section of the policy to which this Form is attached, the following clauses 14., 15. and 16. of this Form apply instead of such other clauses.

14. DATA EXCLUSION

- 14.1. This Form does not insure **data**.
- 14.2. This Form does not insure loss or damage caused directly or indirectly by a **data problem**.

Sub-paragraph 14.2. does not apply to loss or damage caused directly by resultant fire, explosion of natural, coal or manufactured gas, smoke, leakage from fire protective equipment or water damage caused by bursting of frozen pipes and tanks.

Data means representations of information or concepts, in any form. **Data problem** means:

- 14.3. erasure, destruction, corruption, misappropriation, misinterpretation of **data**;
- 14.4. error in creating, amending, entering, deleting or using **data**; or
- 14.5. inability to receive, transmit or use **data**.

15. FUNGI AND SPORES EXCLUSION

This Form does not insure loss or damage consisting of or caused directly or indirectly, in whole or in part, by any **fungi** or **spores**.

This exclusion does not apply:

- 15.1. if the **fungi** or **spores** are directly caused by a peril not otherwise excluded by this Form; or
- 15.2. the cost or expense for any testing, monitoring, evaluating or assessing of **fungi** or **spores**.

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.

Spores includes, but is not limited to, one or more reproductive particles or microscopic fragments produced by, emitted from or arising out of any **fungi**.

16. TERRORISM EXCLUSION

This Form does not insure 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**. This exclusion applies whether or not there are one or more other causes or events (whether covered or not) that contribute concurrently or in any sequence to the occasioning of the loss or damage. If any portion of this exclusion is found to be invalid, unenforceable or contrary to statute, the remainder shall remain in full force and effect.

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.

17. DEFINITION

For the purpose of this Form:

Drone means a power-driven unmanned aircraft (other than a model aircraft, balloon, rocket or kite) that is designed to fly without passengers or a human operator on board.

All other terms and conditions of the policy remain unchanged.