

Oil & Gas Lease Property Form

WORDS AND PHRASES IN QUOTATION MARKS HAVE SPECIAL MEANING AS DEFINED IN CLAUSE 19.

1. INDEMNITY AGREEMENT

In the event that any of the insured property is lost or damaged during the policy period by an insured peril, the Insurer will indemnify the Insured against the direct loss or damage so caused to an amount not exceeding whichever is the least of:

- a) the value of the lost or damaged property as determined in Clause 18; LOSS SETTLEMENT – BASIS OF VALUATION, or if the "declarations page(s)" specifies that the coverage is subject to a Replacement Cost clause applicable to this Form, by the valuation determined in the Replacement Cost clause;
 - b) the interest of the Insured in the property;
 - c) the amount of insurance specified on the "declarations page(s)" for the lost or damaged property.
- The inclusion of more than one person or interest shall not increase the Insurer's liability.

Insured property is the property of the Insured or of others for which the Insured is legally liable, consisting principally of, but not limited to, oil and gas production and/or processing facilities, while at the location(s) scheduled in the "declaration page(s)" or while in transit to and from locations within Canada and the continental United States of America. Insured property may also include stocks of crude oil contained in storage tanks on the premises of insured tank farms, batteries or well heads.

2. INSURED PROPERTY

This form insures those of the following items for which an amount of insurance is specified on the "declarations page(s)" and only while at the "premises":

"Building"
"Equipment"
"Stock"
"Contents of Every Description"
"Property of Every Description"
Property in Transit, subject to a maximum limit of \$10,000.

Newly Acquired Property: This Form is extended to insure additional items of the type insured under this Form acquired by the Insured during the term of this policy, provided an itemized list of such additional property, together with the amount of insurance required for such property, to a maximum of \$250,000, is furnished in writing to the Insurer within 30 days from the date of acquisition, and payment of pro-rata premium effective from the date of acquisition. This Clause shall not operate to increase the Insurer's limit of liability or amount of insurance provided under this Form for "building", "equipment", "stock", "contents of every description", or "property of every description".

3. DEDUCTIBLE CLAUSE

The Insurer is liable for the amount by which the loss or damage caused by an insured peril exceeds the amount of the deductible specified on the "declarations page(s)" in any one "occurrence".

4. COINSURANCE

This clause applies separately to each item for which a coinsurance percentage is specified on the "declarations page(s)" and only where the amount of loss or damage exceeds the lesser of 5% of the applicable amount of insurance or \$10,000.

The Insured shall maintain insurance concurrent with this form on the insured property to the extent of at least the amount produced by multiplying the "value of the property" as determined in this Section 4. COINSURANCE by the coinsurance percentage specified on the "declarations page(s)". If the Insured fails to do so, the Insured shall be entitled to recover only that portion of any loss that the amount of insurance in force at the time of loss bears to the amount of insurance required to be maintained by this clause.

"Value of the Property": For the purpose of applying this Section 4. COINSURANCE, the "value of the property" is determined by Section 18. LOSS SETTLEMENT – BASIS OF VALUATION.

5. INSURED PERILS:

This Form, except as otherwise provided, insures against all risks of direct physical loss of or damage to the insured property.

6. EXCLUSIONS

A. EXCLUDED PROPERTY:

This form does not insure loss of or damage to:

- (a) sewers, drains or water mains located beyond the outside bearing walls or foundations of the insured property, but this exclusion does not apply to loss caused by "named perils";
 - (b) property at locations which, to the knowledge of the Insured, are vacant, unoccupied or shut down for more than 30 consecutive days;
 - (c) electrical devices, appliances or wiring caused by artificially generated electrical currents, including arcing. This exclusion does not apply to loss or damage caused directly by resultant fire or explosion as described in DEFINITIONS Clause 19. (h);
 - (d) growing crops, plants, shrubs, lawns or standing timber;
 - (e) animals, fish or birds;
 - (f) money, "cash cards", bullion, platinum or other precious metals or alloys, securities, stamps, tickets (except lottery tickets) or tokens, or evidence of debt or title;
 - (g) automobiles, watercraft, amphibious or air cushion vehicles, aircraft, spacecraft, trailers;
 - (h) furs, fur garments, jewels, jewellery, pearls, precious and semi-precious stones;
 - (i) property that is insured under the terms of any marine insurance, and property while waterborne, except while on a regular ferry or railway car transfer in connection with land transportation;
 - (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) a. any pressure vessel having normal internal working pressure greater than 103 kilopascals (15 pounds per square inch) above atmospheric pressure;
 - b. any boiler, including its connected piping and equipment, 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.
- This exclusion (k) does not apply to:
- i. manually portable gas cylinders;
 - ii. explosion of natural, coal or manufactured gas;

- iii. explosion of gas or unconsumed fuel within a furnace or within the gas passages from the furnace to the atmosphere;
- (l) roadways, walkways, parking lots, other exterior paved surfaces, retaining walls or permanently installed landscape structures outside the "building". This exclusion does not apply to the first \$10,000 of any loss otherwise insured;
- (m) "Underground Property"
- (n) cost of excavation, gradings and fills, fencing; cement, asphalt and gravel roads; brick, stone or concrete foundations;
- (o) derricks, drilling rigs and drilling tools, well servicing or workover equipment;
- (p) cost of plans and architects, engineers, and contractors, fees, profits and supervision in connection with all property excluded in this Form;
- (q) stock of sulphur outside of "buildings" insured under this Form;
- (r) all property located offshore or beyond shoreline; pull rods (and supports) from power house to wells;
- (s) buildings or other structures in course of construction;
- (t) contractors tools and equipment;
- (u) refineries or property located at refineries.

B. EXCLUDED PERILS:

This form does not insure against loss or damage, or increased costs, caused directly or indirectly:

- (a) in whole or in part by earthquake. 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, except for loss or damage caused directly by resultant fire, explosion, smoke or leakage from "fire protective equipment", all as described in Clause 19. DEFINITIONS, Item (h). This exclusion does not apply to property in transit;
- (b) in whole or in part by flood, including "surface water", waves, tides, tidal waves, tsunamis, or the breaking out or overflow of any natural or artificial body of water. 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, except for loss or damage caused directly by resultant fire, explosion, smoke, leakage from "fire protective equipment", all as described in Clause 19. DEFINITIONS, Item (h). This exclusion does not apply to property in transit or loss or damage caused directly by leakage from a water main;
- (c) by water damage as follows:
 - i. seepage, leakage or influx of water derived from natural sources through basement walls, doors, windows or other basement openings, foundations, basement floors, sidewalks or sidewalk lights, unless concurrently caused by a peril not otherwise excluded;
 - ii. by the backing up or overflow of water from sewers, sumps, septic tanks or drains, wherever located, unless concurrently and directly caused by a peril not otherwise excluded in this Form;
 - iii. the entrance of rain, sleet or snow through doors, windows, skylights or other similar wall or roof openings unless concurrently caused by a peril not otherwise excluded;
- (d) centrifugal force, mechanical breakdown or electrical breakdown or derangement in or on the "premises". This exclusion does not apply to loss or damage caused directly by resultant fire;
- (e) blow-out unless fire ensues, and then only for loss or damage caused by such ensuing fire;
- (f)
 - a. by dampness or dryness of atmosphere;
 - b. by changes in or extremes of temperature, heating or freezing;
 - c. by total or partial interruption to the supply of electricity, water, gas or steam;
 This exclusion (f) does not apply to:
 - i. loss or damage caused directly by rupture of pipes or breakage of apparatus not excluded in paragraph (k) of EXCLUDED PROPERTY 6. A.;
 - ii. damage to pipes caused directly by freezing, unless such pipes are excluded in paragraph (k) of EXCLUDED PROPERTY 6. A.;
 - iii. loss of or damage to "building" or "equipment" caused directly by "named perils", theft or attempted theft;
 - iv. loss or damage caused directly by an accident to a transporting conveyance.

- (g) a. by shrinkage, evaporation, loss of weight, leakage of contents, exposure to light, or change in colour or texture or finish;
 - b. by contamination;
 - c. by marring, scratching or crushing.
- This exclusion (g) does not apply to loss or damage caused directly by:
- i. "named perils";
 - ii. rupture of pipes or breakage of apparatus not excluded in paragraph (k) of EXCLUDED PROPERTY 6. A.;
 - iii. theft or attempted theft;
 - iv. an accident to a transporting conveyance
- (h) rodents, insects or vermin, unless directly caused by a peril otherwise insured and not otherwise excluded under this Form;
 - (i) by delay, loss of market, or loss of use or occupancy;
 - (j) in whole or in part by war, invasion, act of foreign enemy, hostilities (whether war is declared or not), civil war, rebellion, revolution, insurrection or military power. 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;
 - (k) i. by any nuclear incident (as defined in the Nuclear Liability Act or any other nuclear liability act, law or statute, or any amending law) or nuclear explosion, except for ensuing loss or damage which results directly from fire, lightning or explosion of natural, coal or manufactured gas, all as described in Clause 19. DEFINITIONS Item (h);
 - ii. by contamination by radioactive material;
 - (l) i. by any dishonest or criminal act committed by the Insured or any agent of the Insured, acting alone or in collusion with others;
 - ii. by theft or attempted theft committed by any employee of the Insured, acting alone or in collusion with others;
 - iii. by any dishonest or criminal act committed by anyone, except as stated in EXCLUDED PERIL 6. B. (l) ii. when the Insured or any agent of the Insured knew or ought to have known prior to the loss or damage, of the dishonest or criminal act.
- This exclusion 6.B. (l) iii. does not apply if, upon becoming aware of the dishonest or criminal act, the Insured or any agent of the Insured immediately notifies the police and the Insurer.
- (m) by snowslide, landslide, subsidence or other earth movement. This exclusion does not apply to property in transit, or to loss or damage caused directly by resultant fire, explosion, smoke or leakage from "fire protective equipment", all as described in Clause 19. DEFINITIONS Item (h);
 - (n) by explosion (except 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:
 - 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 their parts normally containing steam or water under steam pressure from an external source and while under such pressure;
 - iii. other vessels and apparatus and their connected pipes 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 directly 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 its parts;
 - v. any vessels and apparatus and their connected pipes while undergoing pressure tests, but this exclusion does not apply to other insured property that has been damaged by such explosion;
 - vi. gas turbines.

This exclusion (n) does not apply to loss or damage caused by resultant fire;
 - (o) by settling, expansion, contraction, moving, shifting or cracking. This exclusion does not apply to loss or damage caused directly and concurrently by a peril not otherwise excluded in this form;

- (p) proximately or remotely, arising in consequence of or contributed to by the enforcement of any by-law, regulation, ordinance or law regulating zoning or the demolition, repair or construction of buildings or structures, which by-law, regulation, ordinance or law makes it impossible to repair or reinstate the property as it was immediately prior to the loss.

C. 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”. This exclusion does not apply:
 - i. if the spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of “pollutants” is directly caused by a peril not otherwise excluded in this form, or
 - ii. to loss or damage caused directly by a resultant peril not otherwise excluded in 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”.

D. OTHER EXCLUDED LOSSES:

This form does not insure:

- (a) i. wear and tear;
- ii. rust or corrosion;
- iii. gradual deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself.

This exclusion (a) does not apply to loss or damage caused directly by a resultant peril not otherwise excluded in this form;

- (b) the cost of making good:
 - i. faulty or improper material;
 - ii. faulty or improper workmanship;
 - iii. faulty or improper design.

This exclusion (b) does not apply to loss or damage caused directly by a resultant peril not otherwise excluded in this form;

- (c) mysterious disappearance, or shortage of “equipment” or “stock” disclosed on taking inventory.
- (d) Any costs or expenses incurred in connection with controlling or bringing under control any oil, gas or water well.

7. EXTENSIONS OF COVERAGE:

The following extensions of coverage shall not increase the amounts of insurance applying under this form and are subject to all the conditions of this Form (other than Section 4. COINSURANCE), unless otherwise indicated.

- (a) **Building Damage By Burglary:** Where the Insured is not the owner of the “building” included in the “premises”, this Form is extended to insure up to a maximum of \$2,500 on damage (except damage by fire) to that part of the “building” occupied by the Insured and directly resulting from actual or attempted burglary and from vandalism or malicious acts committed on the same occasion as burglary, provided the Insured is liable for such damage to the “building”.
- (b) **Debris Removal**
 - i. Debris Removal: The Insurer will indemnify the Insured for expenses incurred in the removal from the “premises” of debris of the insured property, occasioned by loss of or damage to such property, for which loss or damage insurance is afforded under this Form.

- ii. **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 the “premises”.

EXTENSIONS OF COVERAGE 7.(b) i. and 7.(b).ii. do not apply to costs or expenses:

- 1. to “clean up” “pollutants” from land or water; or
- 2. 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”.

(c) On Premises Pollutant Clean Up

The insurance under this Form is extended to insure the cost or expenses incurred by the Insured to engage in “clean up” from land or water, at the “premises”, but only if the spill, discharge, emission, dispersal, leakage, release, or escape of “pollutants”:

- i. arises out of loss of or damage to insured property on “premises” and for which insurance for such loss or damage is afforded under this Form; and
- ii. is sudden, unexpected and unintended from the standpoint of the Insured; and
- iii. first occurs during the policy period.

The Insurer shall not be liable under this extension for:

- 1. expenses for “clean up”, away from or beyond “premises”, arising out of any spill, discharge, emission, dispersal, leakage, release or escape of “pollutants” on or emanating from “premises”, or which began prior to the policy period;
- 2. any fines, penalties, punitive or exemplary damages;
- 3. expenses for “clean up” at or from “premises, or any site or location which is or was at any time used by or for the Insured, or others, for the purpose of handling, storage, disposal, processing, or treatment of waste;
- 4. costs to test for, monitor, or assess the existence, concentration or effects of “pollutants”; however, this exclusion shall not apply if it has been determined that an insured loss has occurred;
- 5. more than \$15,000.

Reporting Period: It is a condition precedent to recovery under this extension that all expenses insured by this extension must be incurred and reported to the Insurer within 180 days of the spill, discharge, emission, dispersal, leakage, release or escape of “pollutants” for which “clean up” expenses are claimed.

- (d) **Personal Property of Officers and Employees:** At the option of the Insured, “equipment” also includes personal property of officers and employees of the Insured. The insurance on such property:
 - i. shall not attach if it is insured by the owner, unless the Insured is obliged to insure it or is liable for its loss or damage;
 - ii. is, in any event, limited to a maximum recovery of \$250 in respect of any one officer or employee;
 - iii. shall apply only to loss or damage occurring at the “premises”.
- (e) **Removal:** If any of the insured property is necessarily removed from the “premises” to prevent loss of or damage to or further loss of or damage to such property, that part of the insurance under this form that exceeds the amount of the Insurer’s liability for any loss already incurred shall, for seven (7) days only, or for the unexpired term of the policy if less than seven (7) days, insure the property removed and any property remaining at the “premises” in the proportions which the value of the property in each of the locations bears to the value of the property in them all.

8. BREACH OF CONDITION

If the Insured does not comply with a condition of this insurance, any claim for subsequent loss or damage is not recoverable. The Insurer will not deny a claim for this reason if the Insured proves that the non-compliance neither caused nor worsened the loss or damage. Coverage will not be affected if the Insured fails to comply with a condition in part of the “premises” over which the Insured has no control.

9. OTHER INSURANCE :

The Insurer is not liable:

- (a) for more than the portion of any loss, destruction or damage covered by this policy which the applicable limit of this policy 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 the perils covered by this policy, whether by endorsement thereto or otherwise;
- (b) where such other insurance does not insure against loss, destruction 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.

10. OWNERSHIP CLAUSE:

This insurance shall not be invalidated if the interest of the Insured be other than sole or unconditional ownership; and all property insured under this Form is also covered, whether owned by the named Insured or (provided the Insured shall be liable by law or shall have assumed liability for such property) held in trust or on commission or left for storage or repairs. The loss hereon shall be adjusted with the Insured named in this policy.

11. PERMISSION:

Permission is granted:

- (a) i. for changes, alterations and repairs, other than additions and extensions which are described in (a) ii, and (a) iii of this section 11;
 - ii. for additions and extensions that are no more than 25% of the area of the existing "building", without time limit.
 - iii. Additions and extensions that are greater than 25% of the area of the existing "building" are only permitted, provided notice of the additions and extensions is given to the Insurer before work is commenced.
- Subject to the foregoing, the insurance on the property covered under this policy is extended to said additions and extensions, subject to all the terms and conditions of this policy and to any adjustment of premium deemed necessary.
- (b) 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;
 - (c) With respect to unsprinklered locations only, to cease operations or to remain vacant or unoccupied for a period not exceeding 30 days at any one time;
 - (d) With respect to sprinklered locations only, to cease operations in any individual building and for any building to remain vacant or unoccupied without limit of time, but the entire plant is not to cease operations or be vacant or unoccupied for a period exceeding 30 days at any one time.

12. PREMIUM ADJUSTMENT

This clause is applicable if a specific amount of insurance is shown on the "declarations page(s)" for "stock".

If, within six (6) months after the expiry or anniversary date of each policy period, the Insured shall file with the Insurer a Premium Adjustment Application Form showing, for the policy period, the value of the "stock" on the last day of each month at each "premises" as commented upon by the Insured's Accountant, the actual premium for the policy period shall then be calculated at the rate applying to each "premises" for the average amount of the total values declared. If the premium paid by the Insured for such "stock" exceeds the actual premium thus calculated, the Insurer shall refund to the Insured any excess paid, subject to a maximum refund of 50% of the premium paid. In the event of any monthly declared values being in excess of the amount of insurance, the amount of the excess shall not be included in the premium adjustment calculations.

13. PROPERTY OF OTHERS

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

14. PROPERTY PROTECTION SYSTEMS

It is a condition of this insurance, for the purpose of the BREACH OF CONDITION Clause 8. that the Insured shall immediately notify 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 immediately notify 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.

15. REINSTATEMENT

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

16. SUBROGATION

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

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 loss shall not affect the right of the Insured to recover.

17. VERIFICATION OF VALUES

The Insurer or its duly appointed representative shall be permitted at all reasonable times during the policy period, or within a year after termination or expiration, to inspect the insured property and to examine the Insured's books, records and such policies as relate to any insured property. Such inspection or examination shall not waive nor in any manner affect any of the terms or conditions of this form.

18. LOSS SETTLEMENT – BASIS OF VALUATION

(A) The value of the insured property shall be determined as follows:

- (a) unsold "stock": the actual cash value of the property at the time and place of loss or damage, but in no event to exceed what it would cost to repair or replace with material of like kind and quality;
- (b) sold "stock": the selling price after allowance for discounts;
- (c) the property of others in the custody or control of the Insured for the purpose of performing work upon it: the amount for which the Insured is liable, but not exceeding the actual cash value at the time and place of loss or damage plus allowance for labour and materials expended to such time;
 - i. tenant's if repaired or replaced with due diligence and dispatch, the amount actually and necessarily expended, but not exceeding the actual cash value of the tenant's improvements at the time and place of loss or damage;

- ii. if not repaired or replaced with due diligence and dispatch, that portion of the original cost of the lost or damaged tenant's improvements which the unexpired term of the lease at the time of loss or damage bears to the period(s) from the date(s) such tenant's improvements were made to the expiration date of the lease;
- (d) improvements:
- (e) business records, including those which exist on electronic or magnetic media (other than pre-packaged software programs):
 - i. the cost of blank materials for reproducing the records; and
 - ii. the costs of labour to transcribe or copy the records when there is a duplicate.
- (f) all other insured property under this Form and for which no more specific conditions have been set out in Section 18 (B) or (C) following, the actual cash value at the time and place of loss or damage, but not exceeding what it would then cost to repair or replace with material of like kind and quality.

(B) Replacement Cost Clause

Applicable only to "building(s)" and/or "equipment" at the locations listed on the "declaration page(s)" if "replacement cost" is shown as being applicable to this Form.

With respect to "building(s)", "equipment", "contents of every description", and/or "property of every description" at the "premises", the value of the insured property shall be amended to "replacement cost" subject to the following:

1. (a) "replacement" shall be effected by the Insured with due diligence and dispatch;
- (b) "replacement" should be made by the Insured on the same site or adjacent site;
- (c) settlement on a "replacement cost" basis shall be made only when "replacement" has been effected by the Insured and in no event shall it exceed the amount actually and necessarily expended for such "replacement";
- (d) any other insurance effected by or on behalf of the Insured in respect of the insured perils under this policy on the property to which this endorsement is applicable shall be on the basis of "replacement cost";
- (e) failing compliance by the Insured with any of the above provisions, settlement shall be made as if this endorsement had not been in effect.
2. Any coinsurance calculation shall be based on a valuation of "replacement cost".
3. In the event that new property of like kind and quality is not obtainable, new property which is as similar as possible to that lost or damaged and which is capable of performing the same function shall be deemed to be new property of like kind and quality for the purposes of this endorsement.
4. Exclusions
This endorsement does not apply to:
 - (a) "stock";
 - (b) patterns, dies, moulds;
 - (c) paintings, etchings, pictures, tapestries, statuary, marbles, bronzes, antique furniture, rare books, antique silver, porcelain, rare glassware, bric-a-brac or other articles of art, rarity or antiquity;
 - (d) business records, including those which exist on electronic or magnetic media (other than pre-packaged software programs);
 - (e) any increase in the cost of "replacement" occasioned by a restriction or prohibition in any by-law, regulation, ordinance or law.

(C) Market Value Clause:

When stocks of crude oil are included under this Form, the measure of loss or damage to such stocks shall be the market value at the place and on the date of the loss, less the cost of selling and handling same.

Actual Cash Value: Various factors shall be considered in the determination of actual cash value. The factors to be considered shall include, but not be limited to, replacement cost less any depreciation and market value. In determining depreciation, consideration shall be given to the condition of the property immediately before the damage, the resale value, the normal life expectancy of the property and obsolescence.

19. DEFINITIONS

Wherever used in this Form:

- (a) "Building" in the singular or the plural means the "building" specified in the "declarations page(s)" and fixed structures pertaining to the "building" and located at the "premises", and includes:
 - i. additions and extensions communicating with the "building";
 - ii. permanent fittings and fixtures attached to and forming part of the "building";
 - iii. materials, "equipment" and supplies on the "premises" for maintenance of, and normal repairs and minor alterations to the "building" or for "building" services;
 - (b) "Cash cards" means cards designed to store a cash value by electronic means as a mode of payment, without a personal identification number and without direct access to a bank or other account;
 - (c) "Clean up" means the removal, containment, treatment, decontamination, detoxification, stabilization, neutralization or remediation of "pollutants", including testing which is integral to any of these processes;
 - (d) "Contents of every description" means "equipment" and "stock";
 - (e) "Declarations page(s)" means the declarations page or pages applicable to this Form including any supplementary page(s) or schedule(s) of coverages attached to them, applicable to this policy;
 - (f) "Equipment" means:
 - i. generally all contents usual to the Insured's business, including furniture, furnishings, fittings, fixtures, machinery, tools, utensils and appliances, other than "building" or "stock";
 - ii. similar property belonging to others which the Insured is under obligation to keep insured or for which the Insured is legally liable;
 - iii. tenant's improvements, which are defined as building improvements, alterations and betterments made at the expense of the Insured to a "building" occupied by the Insured and which are not otherwise insured, provided the Insured is not the owner of such "building". If the Insured purchased the use interest in tenant's improvements made by a predecessor tenant, this form applies as though such tenant's improvements had been made at the expense of the Insured.
 - (g) "Fire protective equipment" includes tanks, water mains, hydrants, valves and any other apparatus whether used solely for fire protection or jointly for fire protection and for other purposes, but does not include:
 - (h) "Named perils" means:
 - i. FIRE OR LIGHTNING
 - ii. EXPLOSION: Except with respect to the explosion of natural, coal or manufactured gas, there shall in no event be any liability for loss or damage caused by explosion, rupture or bursting in or of the following property owned, operated or controlled by the Insured:
 - a. (1) 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;
 - (2) piping and apparatus or their parts normally containing steam or water under steam pressure from an external source and while under such pressure;
 - (3) 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 from them;
 - (4) smelt dissolving tanks;
 - b. other vessels and apparatus and connected pipes, 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, except that liability is specifically assumed for loss or damage resulting from the explosion of manually portable gas cylinders;
 - c. moving or rotating machinery or parts of same when such loss or damage is caused by centrifugal force or mechanical breakdown;
 - d. any vessels and apparatus and connected pipes while undergoing pressure tests, but this exclusion shall not apply to other insured property that has been damaged by such explosion;
 - e. gas turbines;
- The following are not explosions within the intent or meaning of this section:
- 1. electric arcing or any coincident rupture of electrical equipment due to such arcing;

2. bursting or rupture caused by hydrostatic pressure or freezing;
3. bursting or rupture of any safety disc, rupture diaphragm or fusible plug.
- iii. **IMPACT BY AIRCRAFT, SPACECRAFT OR LAND VEHICLE:** The terms Aircraft and Spacecraft include articles dropped from them.
There shall in no event be any liability for cumulative damage or for loss or damage:
 - a. to aircraft, spacecraft or land vehicles causing the loss;
 - b. caused by any aircraft or spacecraft when being taxied or moved inside or outside of a "building".
- iv. **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 for loss or damage:
 - a. due to cessation of work or by interruption to process or business operations or by change(s) in temperature;
 - b. due to flood or release of water impounded by a dam, or due to any explosion other than an explosion in respect of which there is insurance under Clause 19. (h) ii.;
 - c. due to theft or attempted theft.
- v. **SMOKE:** The term Smoke means smoke due to a sudden, unusual and faulty operation of any stationary furnace. There shall in no event be any liability for any cumulative damage.
- vi. **LEAKAGE FROM "FIRE PROTECTIVE EQUIPMENT":** The term Leakage From "Fire Protective Equipment" means:
 - a. the leakage or discharge of water or other substances from;
 - b. the collapse of;
 - c. the rupture due to freezing of "fire protective equipment" for the "premises" or for adjoining structures.
- vii. **WINDSTORM OR HAIL:** There shall in no event be any liability for loss or damage:
 - a. to the interior of the "building" or to "contents of every description" unless damage occurs concurrently with and results from an aperture caused by windstorm or hail;
 - b. directly or indirectly by any of the following, whether driven by wind or due to windstorm or not: snow-load, ice-load, tidal wave, high water, overflow, flood, waterborne objects, waves, ice, land subsidence, landslide.
- (i) "Occurrence" means any one loss, disaster or casualty, or series of losses, disasters or casualties arising out of one event.
- (j) "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
- (k) "Premises" means the entire area within the property lines at the location(s) of the Insured described in the "declarations page(s)", including vehicles of the Insured within 100 metres (333 feet) of such area and also including areas under adjoining sidewalks and driveways, and in the open within 304.8 metres (1000 feet) of the property lines;
- (l) "Property of every description" means "building", "equipment" and "stock";
- (m) "Replacement" includes repair, construction or re-construction with new property of like kind and quality;
- (n) "Replacement cost" means whichever is the least of the cost of replacing, repairing, constructing or re-constructing the property on the same site with new property of like kind and quality and for like occupancy without deduction for depreciation;
- (o) "Stock" means:
 - i. merchandise of every description usual to the Insured's business;
 - ii. packing, wrapping and advertising materials; and
 - iii. similar property belonging to others which the Insured is under obligation to keep insured or for which he is legally liable.
- (p) "Surface water" means water or natural precipitation temporarily diffused over the surface of the ground.
- (q) "Underground Property" means:
 - i. any substance, including but not limited to coal, oil, gas, minerals or water (and including any legal or equitable interest in such substance) that is not in physical possession of an Insured at the earth's surface; or

- ii. any well, hole, mine, formation, strata or area beneath the earth's surface in or through which exploration for or production of any substance (including but not limited to coal, oil, gas, minerals or water and including any legal or equitable interest in such substance) is or will at any time be conducted; or
- iii. any drilling, well servicing or mining machinery or equipment (including but not limited to casings, pipes, bits, tools and pumps) located in any well, hole, mine, formation, strata or area beneath the earth's surface.