

EQUIPMENT BREAKDOWN COVERAGE – BM 51

COURSE OF CONSTRUCTION

SUMMARY OF COVERAGES (INCLUDED IN POLICY LIMIT)

Item	Coverage	Limit of Insurance	Item	Coverage	Limit of Insurance
1.	Expediting Expenses	As per Declaration	6.	By-Laws	Included
2.	Hazardous Substances	As per Declaration	7.	Professional Fees/Auditors Fees	As per Declaration
3.	Ammonia Contamination	As per Declaration	8.	Errors or Omissions in Statements of Values	Up to 5% stated on Declaration; Maximum \$250,000 in respect of Any One Breakdown
4.	Water damage	As per Declaration	9.	Cold Testing, Hot Testing, & Commissioning	Included
5.	Loss of Data	\$50,000 in respect of Any One Breakdown	10.	Soft Costs	\$100,000 included in respect to Any One Breakdown

Item	Optional Coverages	Limit of Insurance (IN ADDITION TO POLICY LIMIT)
1.	Soft Costs > \$100,000	As per Declarations
2.	Delayed Start-up (BM52)	As per Declarations: Actual Loss Sustained Form for Gross Rents or Rental Value
3.	Extra Expense (BM53)	As per Declarations

Refer to the wording for Coverages, Definitions and Conditions.

INSURING AGREEMENT

Subject to the Declarations, Exclusions, Conditions and other Terms of this policy, and including any attached endorsements issued to form a part of this policy, that in the event of a 'Breakdown' of defined 'Equipment', while the said 'Equipment' is on the premises, is in use or connected ready for use, the Insurer will pay for direct loss or damage to the 'Equipment' that has been installed in its permanent position, provided that the 'Breakdown' occurs:

- a) in the course of 'Commissioning', subject to the 'Commissioning Period';
- b) in the course of 'Cold Testing' or 'Hot Testing', subject to the 'Hot Testing Period';
- c) while the 'Equipment' is being operated by the 'Named Insured' following the completion of such 'Testing and Commissioning' of the 'Equipment';
- d) within the policy period as stipulated under Clause 3, Policy Period of the Special Conditions.

POLICY EXCLUSIONS

This Policy does not apply to:

- 1. loss or damage caused directly or indirectly from nuclear reaction, nuclear radiation or radioactive contamination, all whether controlled or uncontrolled; or from any loss covered in whole or in part by any contract of insurance that also covers any hazard or peril of nuclear reaction, nuclear radiation or radioactive contamination;
- 2. loss or damage caused directly or indirectly from war (whether declared or not), operations of armed forces, bombardment, invasion, insurrection, rebellion, revolution, military or usurped power, enemy attack including any action or measure taken in resisting, combating, or delaying the enemy; strike, riot, civil commotion or sabotage, vandalism or malicious mischief;
- 3. any increase in loss or damage necessitated by any ordinance, law, regulation, rule or ruling regulating or restricting repair, replacement, alteration, use, operation, construction or installation, except as provided under the Extension of Coverage 6, By-Laws;
- 4. loss or damage caused directly or indirectly by pollution, contamination or damage by a 'Hazardous Substance', however caused, except as provided under Extension of Coverage 2, 'Hazardous Substances';
- 5. loss or damage from a 'Breakdown' caused by or resulting from:
 - a) wind, including but not limited to cyclone, tornado, hurricane or from hail;
 - b) fire, smoke, or combustion explosion;
 - c) water or other means used to extinguish a fire;
 - d) weight of snow, ice, or sleet;
 - e) freezing or frost;
 - f) lightning, if coverage for that cause of loss is provided by any other insurance in effect at the time of the loss;
 - g) collapse of buildings, structures or a material or part thereof;
 - h) falling object, impact of aircraft or spacecraft, including articles dropped therefrom, or land vehicles;

- 6) loss or damage caused directly or indirectly by:
 - a. external impact, collision or upset;
 - b. fire, smoke or combustion explosion that occurs at the same time as a 'Breakdown' or that ensues from a 'Breakdown'. However, with respect to any 'Equipment' which is an electrical or electronic machine or apparatus, fire damage within this said machine or apparatus, which occurs at the same time as a 'Breakdown' or that ensues from a 'Breakdown', is covered;
 - c. escape of water resulting from a 'Breakdown' unless:
 - 1) coverage is provided elsewhere by any other policy of insurance in effect at the time of the loss;
 - 2) the water escapes from 'Equipment' that normally contains water or steam;
 - 3) flood;
- 7) loss or damage caused directly or indirectly by a combustion explosion outside any 'Equipment';
- 8) loss or damage caused directly or indirectly by an explosion of gas or unconsumed fuel in the furnace of any 'Equipment' or in the passages from its furnace to the atmosphere;
- 9) loss or damage caused directly or indirectly by an explosion within the furnace of any boiler of the chemical recovery type or within the passages from the furnace to the atmosphere whether or not such explosion:
 - a. is contributed to or aggravated by a 'Breakdown' to any part of said boiler that contains steam or water; or
 - b. is caused in whole or in part, directly or indirectly, by a 'Breakdown' to any 'Equipment', or part thereof;
- 10) with respect to any oven, stove, furnace or kiln, loss or damage caused directly or indirectly by an explosion within the said objects whether or not such explosion:
 - a. is contributed to or aggravated by a 'Breakdown' to any 'Equipment';
 - b. is caused in whole or in part, directly or indirectly, by a 'Breakdown' to any 'Equipment', or part thereof;
- 11) the cost of making good:
 - a. faulty or improper material;
 - b. faulty or improper workmanship;
 - c. faulty or improper design;
- 12) loss or damage caused directly or indirectly by or resulting from cessation of work or by interruption of construction;
- 13) penalties or liquidated damages for non-completion of or delay in completion of contract or non-compliance with contract conditions or costs incurred solely in an effort to eliminate or reduce penalties or liquidated damages for which the 'Named Insured' may be contractually liable;
- 14) any loss or damage which is insured under a Course of Construction Policy or under a Fire Insurance policy and is in force at the time of the 'Breakdown' covering the same Project or 'Premises';
- 15) loss from delay or interruption of business caused by a 'Breakdown' to 'Equipment', unless as afforded in the Optional Coverages;

- 16) loss or damage to any 'Equipment' belonging to any contractor, subcontractor or supplier that will not form a permanent part of the finished project;
- 17) lack of power, light, heat, steam or refrigeration, or any other indirect result of a 'Breakdown' to 'Equipment'; unless as afforded in Optional Coverages;
- 18) from 'Fungi' or 'Spores' or from any testing, monitoring, evaluation or assessment of 'Fungi' or 'Spores' (except to the extent provided by Extensions of Coverage Section, Clause 2, 'Hazardous Substances');
- 19) from 'Terrorism' or by any activity or decision of a government agency or other entity to prevent, respond to or terminate 'Terrorism';
- 20) from the partial or total failure, malfunction or loss of use of any electronic equipment, computer system, information repository, microchip, integrated circuit or other similar device due to:
 - (i) the erasure, destruction, corruption, misappropriation or misinterpretation of 'Data';
 - (ii) any error in creating, amending, entering, deleting or using 'Data';
 - (iii) the inability to receive, transmit or use 'Data'; or
 - (iv) the impact of any virus or the functioning or malfunctioning of the internet, intranet, local area networks, virtual private networks or similar facility, or of any internet address, website or similar facility; however the Company shall pay for loss that ensues solely from the 'Breakdown' of any other Insured 'Equipment'.
- 21) from earth movement, including but not limited to earthquake, tidal wave, tsunami, landslide, mudflow, subsidence or volcanic eruption;

Exclusions 1), 2), 6,item c.3), 18), 19), 20) and 21) apply regardless of any other contributing or aggravating cause or event (whether insured under this policy or not) that contributes concurrently or in any sequence to the loss or damage.

EXTENSIONS OF COVERAGE

The following Extensions of Coverage shall not increase the amount of insurance stated in the Declarations.

1. EXPEDITING EXPENSES

If there is a 'Breakdown' of 'Equipment', the Insurer will pay the reasonable extra cost up to an amount of \$250,000 (or as per Declarations), to:

- a. make temporary repairs;
- b. expedite permanent repairs; or
- c. expedite permanent replacement;

of the 'Equipment' which is directly damaged by the 'Breakdown'.

The Insurer will not pay for the extra costs incurred for leasing or borrowing property installed or used to replace the function of the damaged 'Equipment' on a temporary.

2. HAZARDOUS SUBSTANCES

If a 'Hazardous Substance' is involved in or released by a 'Breakdown' of 'Equipment', the Insurer will pay up to an amount of \$250,000 (or as per Declarations), in respect of 'Any One Breakdown', for the increase in cost to repair, replace, clean up or dispose of the affected 'Equipment'.

The Insurer shall not be liable under this coverage for any:

- a. increase in cost or in loss under any coverage described in the Optional Coverages Section included in the present Form;
- b. loss or damage caused by ammonia contamination.

As used in this Coverage, "increase in cost or in loss" is that cost or loss beyond that for which the Insurer would have been liable had no 'Hazardous Substance' been involved in the 'Breakdown'.

3. AMMONIA CONTAMINATION

If there is a 'Breakdown' to 'Equipment', the Insurer will pay, up to an amount of \$250,000 (or as per Declarations), in respect of 'Any One Breakdown', for loss with respect to damage by ammonia contacting or permeating property under refrigeration or in process requiring refrigeration, resulting from 'Any One Breakdown'. This amount includes salvage expenses.

The Insurer shall not be liable for loss or damage to any property unless the value of such property is included in the insured project values and the property forms part of the project.

4. WATER DAMAGE

Subject to this Policy Other Insurance Clause, insurance under this policy is extended to include the actual amount of loss or damage, up to the maximum shown in the Declarations with respect of 'Any one Breakdown' for loss to property damaged by water, resulting from 'Any one Breakdown'. This amount includes salvage expenses.

5. LOSS OF DATA

Notwithstanding the 'Data' exclusion provided in this Form, if, as a result of a 'Breakdown' of 'Equipment', 'Data' is lost or damaged, the Insurer will pay, up to an amount of \$50,000 (or as per Declarations), in respect of 'Any one Breakdown', for the cost of gathering or reproducing the 'Data'.

However, the Insurer shall not be liable for 'Data' which is lost or damaged as a result of programming errors of any kind.

6. BY-LAWS

If prior to the time of a 'Breakdown' there is in force a law, by-law, ordinance, regulation, rule or ruling regulating or restricting repair, alteration, use, operation, construction or installation of the 'Equipment', the Insurer will pay for the increase in cost of repair or replacement of both damaged and undamaged 'Equipment' (including any demolition and site clearing costs) which is necessary to meet the minimum requirements of the law, by-law, ordinance, regulation, rule or ruling.

The Insurer shall also be liable for business interruption, described in the Optional Coverage Section of this Form, during the additional time required, with the exercise of due diligence and dispatch, to effect such repair or replacement as a result of the enforcement of said law, by-law or ordinance.

However, the Insurer shall not be liable for loss:

- a. of any expense in excess of the cost at the time of the 'Breakdown' to replace the said 'Equipment' on the same site or a site adjacent thereto with 'Equipment' of such kind, capacity, size, quality and function as will satisfy the minimum requirements prescribed by any law, by-law, ordinance, regulation, rule or ruling. In the event the replacement is with 'Equipment' of a better kind or quality or of a larger capacity or size, the Insurer's liability shall not exceed the amount that would be paid if replacement had been made by 'Equipment' as would satisfy such minimum requirements;

- b. any increase in loss occasioned by the enforcement of any law, by-law, ordinance, rule or ruling affecting the use or operation of the 'Premises' or any 'Equipment';
- c. loss or expense excluded by Exclusions 3. and 4. of this Form.

7. PROFESSIONAL FEES/AUDITORS FEES

In the event that a 'Breakdown' occurs, the Insurer will pay, up to an amount of \$250,000 (or as per Declarations), in respect of 'Any One Breakdown', for the reasonable and necessary fees payable to auditors, accountants, architects, legal counsel, engineers or other professionals, excluding the Named Insured employees, to help produce and certify only information required by the Insurer to establish the quantum of the loss and the amount payable under this Form.

8. ERRORS OR OMISSIONS IN STATEMENTS OF VALUES

In the event of any unintentional error or omission in the statements of values that the 'Named Insured' submits to the Insurer, the Insurer shall indemnify the 'Named Insured', for up to 5% of the amount stated on the Declarations, subject to a maximum recovery of \$250,000 in respect of 'Any One Breakdown'. It is a condition of this Extension of Coverage that such error or omission be reported to the Insurer as soon as it is discovered.

SOFT COSTS

A. COVERAGE AGREEMENT

This Form is hereby extended to include the soft costs necessarily incurred by the "Named Insured", as a direct result of the delayed completion of the construction project designated in the Declarations or by endorsement, if the delay is a direct consequence of "breakdown" to "insured equipment" which is installed in its permanent position at the "premises" and occurs during the policy period.

The Insurer's liability shall not exceed \$100,000 or the amount shown on the Declaration Page(s), in respect of "any one breakdown" and shall apply in addition to the amount of insurance stated in the Declaration Page(s).

Soft costs shall be limited to:

- a. "financial costs";
- b. "additional interest expenses";
- c. "leasing and marketing expenses";
- d. "legal and accounting expenses";
- e. "miscellaneous carrying costs"; and
- f. "gross rent and rental value".

B. INDEMNITY PERIOD

The indemnity period, is the period that begins at the time of the "breakdown" and ending with the earlier of:

- a. the date, with the exercise of due diligence and dispatch, the physical damage to the "insured equipment" is repaired or replaced;
- b. acceptance of the project by the principal or project owner;
- c. the "Named Insured's" interest in the project ceasing; or
- d. the expiration or cancellation date of the policy.

C. ADDITIONAL EXCLUSIONS AND LIMITATIONS

- a. If the construction contract contains a penalty clause providing for payments to the “Named Insured” for a delay caused by “breakdown” to “insured equipment” against the completion of construction, any portion of such penalty will enure to the “Named Insured’s” benefit and shall reduce the amount of the “breakdown” which otherwise could be payable under this coverage.
- b. Due Diligence: in the event of “breakdown” to “insured equipment” under this coverage, the “Named Insured” will use due diligence and dispatch to repair or replace the damaged “insured equipment” with “insured equipment” of like kind and quality. The “Named Insured” must do everything reasonably possible to minimize the “breakdown”.

D. DEDUCTIBLE

For any loss or damage caused by “any one breakdown”, the “Named Insured” shall bear that part of the loss corresponding to “soft costs” sustained after the first seven days of the delay in opening.

9. Service Interruption

If there is a “breakdown” of “insured equipment” not owned or operated by the “Named Insured”, the coverage is extended to insure “soft costs”, but only if the “insured equipment” is:

- a. also of a kind described under the definition of “insured equipment”;
- b. situated on or within a twenty-five (25) kilometre radius of the “premises”;
- c. the property of a public utility or of the building owner of the “premises”;
- d. used to supply steam, gas, air, water, refrigeration, electricity, air conditioning, heating or communication services to the “premises”.

Furthermore, this coverage does not cover loss as extended by the “soft costs” provided by this Form, during the first 24 consecutive hours of loss of services or directly or indirectly arising from:

- i) loss or damage to electrical transmission lines or distribution lines or their supporting structures;
- ii) loss or reduction of services due to lack of sufficient capacity; or
- iii) an intentional reduction in the supply of services.

10. Restricted Access:

The coverage is extended to insure, for up to thirty (30) consecutive days, “soft costs”, resulting from civil authority barring access to the “Named Insured’s” “premises” and which compromises the normal course of the “Named Insured’s” activities. This interdiction must be a direct consequence of a “breakdown” to equipment, for which would have been covered if the said “breakdown” had happened to the “Named Insured’s” “insured equipment”, but instead affected other equipment of a neighbouring location, but only if the equipment is also of a kind described under the definition of “insured equipment”.

SPECIAL CONDITIONS

1. LIMIT OF LIABILITY

The inclusion of more than one insured shall not operate to increase the limits of the insurer's liability.

2. BASIS OF SETTLEMENT

The Insurer agrees to pay for loss to damaged insured property as follows:

- a. on 'Media', the cost of blank material plus the cost of transcription from duplicates or from originals;
- b. on exposed film, records, manuscripts and drawings, the cost of blank material plus the cost of transcription from duplicates or originals;
- c. on all other equipment and property, the lesser of the cost at the time of the 'Breakdown':
 - i) to repair the damaged property; or
 - ii) to replace the damaged property with similar kind, capacity, size, quality and function;
- d. for used, refurbished or altered 'Equipment'; In no event shall the insurer be liable for more than the 'Actual Cash Value' of such 'Equipment' damaged by a 'Breakdown' while undergoing any 'Cold Testing', 'Hot Testing' or 'Commissioning';

Coverage does not apply to:

- i. more than the amount actually expended by the 'Named Insured';
- ii. the cost of repairing or replacing any part or parts of a piece of 'Equipment' which is greater than the cost of repairing or replacing the entire piece of 'Equipment';
- iii. more than the cost that would have been incurred to replace the damaged property with other like kind, capacity, size, quality and function in the event that replacement is by property of a better kind or quality or of a larger capacity or size;
- iv. more than the cost that would be incurred to replace the damaged property at the same or an adjacent site; or
- v. loss or damage to 'Equipment' which is useless or obsolete to the Insured;

If the 'Equipment' is not repaired or replaced within 12 months after the date of the 'Breakdown', then the Insurer will only pay for the 'Actual Cash Value' of the damaged 'Equipment'.

3. POLICY PERIOD

For the Insurer to be liable under the policy, the 'Breakdown' must occur within the policy period. The policy period begins with the effective date of policy period shown in the Declarations and ends with the earliest of:

- a. the acceptance of the project by the principal or project owner;
- b. when the 'Named Insured's' interest in the project ceases;
- c. at expiration of the policy period as shown in the Declarations;
- d. cancellation of the policy;
- e. fifteen (15) days after the date of 'Substantial Performance'.

4. DEDUCTIBLE

For any loss or damage caused by 'Any One Breakdown', the 'Named Insured' shall bear that part of the loss corresponding to the applicable deductible specified in the Declarations.

5. EXTENSION OF POLICY PERIOD

If the project is not completed within the policy period, the Insurer may consider the extension of the policy period for additional premium and at terms and conditions agreed to by the Insurer and the 'Named Insured'. The 'Named Insured' shall immediately advise the Insurer of any change in the declared amount of insurance.

6. SUSPENSION

If it is discovered by any one of our representatives that any 'Equipment' is subject to or is exposed to a dangerous condition, the representative may immediately suspend the coverage for loss and damages resulting from the 'Breakdown' of such 'Equipment' (including any protection applying to the interest of any mortgagee specified in the policy). Notice of suspension shall be given either at the mailing address specified in the Declarations, or at the premises where the 'Equipment' is situated. The Insurer agrees to furnish a copy of the suspension notice to the mortgagee. Once coverage has been suspended, it can only be reinstated by an endorsement issued to form part of this policy. The 'Named Insured' shall be allowed a pro rata refund of premium for that 'Equipment' for the period that coverage is suspended.

7. USED EQUIPMENT

The Insurer shall not be liable for loss from a 'Breakdown' to any used, refurbished, altered or pre-existing 'Equipment' that forms part of a project and is undergoing any 'Cold Testing', 'Hot Testing' or Commissioning' and which will be operating during renovation work.

8. HEAT TRANSFER MEDIUM

When a vessel uses a heat transfer medium other than water, this medium or its vapour are considered as replacing the words "water" or "steam".

9. LIMITATION OF COVERAGE – WARRANTY AND DESIGN

Notwithstanding any other provisions of this policy, the Insurer shall not cover:

- a. any manufacturer or supplier of machinery 'Equipment' or other property for the cost of making good any loss or damage which such party has agreed to make good under guarantee or warranty, whether expressed or implied;
- b. any consulting engineer, architect or designer for loss or damage which arises out of the performance of their professional activities;

whether or not named as an Insured under this policy.

10. NOTICE OF ACCIDENT AND ADJUSTMENT

When a 'Breakdown' occurs, notice shall be given by or on behalf of the 'Named Insured' to the Insurer or any of its authorized agents as soon as practicable. The 'Named Insured' shall give like notice of any claim made on account of such 'Breakdown'. The Insurer shall have reasonable time and opportunity to examine the insured property and the 'Premises' of the 'Named Insured' before repairs are undertaken or physical evidence of a 'Breakdown' is removed, except for protection or salvage. A Proof of Loss shall be made by the 'Named Insured' in such form as the Insurer may require. If suit is brought against the 'Named Insured' for loss to which this insurance is applicable, the 'Named Insured' shall immediately forward to the Insurer any summons or other process served upon the 'Named Insured'. The 'Named Insured' shall not voluntarily assume any liability or interfere in any negotiation for settlement or any legal proceeding, without the consent of the Insurer given in writing beforehand.

11. SUBROGATION

In the event of any payment under this policy, the Insurer is subrogated to all of the 'Named Insured's' rights of recovery against any person or organization. The 'Named Insured' shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. Following a 'Breakdown', the 'Named Insured' must not do anything to prejudice such rights.

12. NAMED INSUREDS - OTHER DUTIES AND RESPONSIBILITIES

In case of any loss or damage out of which a claim may arise under this policy, the 'Named Insured' must take all reasonable and necessary steps to salvage the insured property or to protect the insured property from further damage. The 'Named Insured' must not incur any costs or expense (other than at the 'Named Insured's' own cost or expense) without explicit approval of the Insurer beforehand or as explicitly allowed by the policy. The 'Named Insured' must offer all assistance and cooperation to the Insurer during the investigation and adjusting of any claim.

13. ACTION AGAINST INSURER

No action lies against the Insurer unless, as a condition precedent to any such action, the 'Named Insured' has fully complied with all terms of this policy. No action lies against the Insurer unless such action is begun within fourteen months from the date of a 'Breakdown'.

14. ASSIGNMENT – BANKRUPTCY

The assignment by the 'Named Insured' of an interest in the insured property under this policy does not bind the Insurer until its consent is endorsed onto the policy. Where the 'Named Insured' dies or is adjudged bankrupt or insolvent during the Policy Period, this policy (unless cancelled) covers the 'Named Insured's' legal representative in the same manner it does the 'Named Insured' provided that written notice is given to the Insurer within sixty days after the date of such death or adjudication.

15. TERMINATION

- (1) This contract may be terminated;
 - (a) by the Insurer giving to the Insured written notice of termination at least:
 - (i) five days before the effective date of termination if personally delivered;
 - (ii) fifteen days before the effective date of termination if the contract is terminated by registered mail for non-payment of premium;
 - or
 - (iii) thirty days before the effective date of termination if the contract is terminated by registered mail for any other reason.
 - (b) by the Insured at any time on request.
- (2) When this contract is terminated by the Insurer,
 - (a) the Insurer shall refund the excess of premium actually paid by the Insured over the proportionate premium for the expired time, subject to any minimum retained premium specified; and
 - (b) the refund shall accompany the notice, unless the premium is subject to adjustment or determination as to amount, in which case the refund shall be made as soon as practicable.
- (3) When this contract is terminated by the Insured, the Insurer shall refund as soon as practicable the excess of premium actually paid by the Insured over the short rate premium for the expired time, but in no event shall the short rate premium for the expired time be deemed to be less than any minimum retained premium specified.
- (4) The refund may be made by money, postal or express company money order or cheque payable at par.
- (5) The fifteen and thirty days mentioned in clauses (1)(a)(ii) and (iii) of this Condition commence to run on the day following the receipt of the registered letter at the post office to which it is addressed.

16. OTHER INSURANCE

If there is property insurance or any other insurance (except for equipment breakdown insurance) that applies to the same loss or damage as this policy, then this policy will pay only for the amount of insured loss or damage that is in excess of the amount that applies from the property insurance or from the other insurance, whether collectible or not.

If there is other equipment breakdown insurance that covers the same loss or damage as this policy, then this policy will pay in the proportion that the applicable amount of insurance under this policy bears to the limits of liability or amounts of insurance under the other equipment breakdown insurance.

Nothing contained in this Special Conditions clause 17 shall operate to increase the limits of liability or amounts of insurance under this policy.

17. CHANGES

By accepting this policy, the 'Named Insured' agrees that this policy embodies all agreements existing between the 'Named Insured' and the Insurer or any of its agents relating to this insurance. Notice to any agent or knowledge possessed by any agent or by any other person is not a waiver or change in any part of this policy. Such notice does not estop the Insurer from asserting any rights under this policy. The terms of this policy are in no way waived or changed except by endorsement issued to form a part of this policy. The additional or return premium for any such endorsement shall be computed in accordance with the Insurer's rating standards and practices that are applicable to such change.

18. MORTGAGE INTEREST

If any loss payee is noted in the Declarations or in the Locations and Loss Payees Schedule as Mortgagee with respect to any Location described in the Declarations, loss (if any) under the Direct Damage Insuring Agreement, on property of the 'Named Insured' at the said location, shall be adjusted with and payable to the 'Named Insured' and the said Mortgagee, as their interests may appear. The Insurer reserves the right to cancel the policy as provided in the Cancellation Condition of the policy. In such case the Insurer agrees to mail to said Mortgagee, at the address specified with the name of said Mortgagee, a copy of the written cancellation notice mailed or delivered to the 'Named Insured'. Such cancellation, as respects the interest of the said Mortgagee, is effective at the time specified in said notice to the 'Named Insured', but in no event earlier than thirty days after the day of mailing of said copy of notice to said Mortgagee. The Insurer reserves the right to suspend insurance (which includes any insurance applying to the interest of said Mortgagee) on any 'Equipment' at the said location in accordance with the Inspection and Suspension Condition of the policy, and the Insurer agrees to furnish said Mortgagee, at the address specified with the name of said Mortgagee, with a copy of the suspension notice.

19. ADDITIONAL INSURED

Any name mentioned as an additional Insured in the Declarations, or in any Schedules or Endorsements attached to the policy, is considered an Insured as their interest may appear, but only with respect to loss from a 'Breakdown' at the location for which the additional Insured is shown. Nothing contained in this Special Conditions clause 19, nor the inclusion under this policy of more than one Insured (or of additional Insureds), shall operate to increase the Insurer's Amount of insurance or limit(s) of liability.

20. CANADIAN CURRENCY CLAUSE

All sums, limits, deductibles and other amounts shown in this policy or in connection with this policy are in Canadian currency.

DEFINITIONS

Whenever used in this Form:

1. **ACTUAL CASH VALUE** means the cost of replacing the damaged property with property of similar kind, capacity, size, quality and function less depreciation however caused. The Insurer will consider such items as the age, condition and normal life expectancy of the damaged 'Equipment' in determining depreciation.

2. **ADDITIONAL INTEREST EXPENSE** means the additional interest that may be charged by lenders for the extension or removal of interim financing necessary for the completion of the project.

3. **ANY ONE BREAKDOWN**
 If either the Breakdown of 'Equipment' causes the 'Breakdown' of other 'Equipment' or a series of 'Breakdowns' occur at the same time as a result of the same cause, they will all be considered as one 'Breakdown'.

4. **BREAKDOWN**
 Breakdown means a sudden and accidental failure of 'Equipment' resulting in physical damage which requires the repair or replacement of the 'Equipment' or a part of the 'Equipment'.
 'Breakdown' does not mean:
 - a. depletion, deterioration, corrosion or erosion of material;
 - b. wear and tear;
 - c. vibration or misalignment;
 - d. the functioning of any safety device or protective device;
 - e. the failure of a structure or foundation supporting the 'Equipment' or a part of the 'Equipment';
 - f. the leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
 - g. the cracking of any part of a gas turbine exposed to the products of combustion;
 - h. the 'Breakdown' of any boiler setting, any refractory or insulating material;
 - i. the 'Breakdown' of any part of a boiler or fired vessel that does not contain steam or water; nor the explosion of gas or unconsumed fuel within the furnace of any equipment or within the gas passages therefrom to the atmosphere;

5. **COLD TESTING** means the checking of an 'Equipment', or part thereof, by mechanical, electrical, hydrostatic or other forms of testing under dry-run conditions, being those conditions for functional testing and that do not necessitate the firing of furnaces, any application of direct or indirect heat, the use of fuel, feedstock or other materials for processing, or in the case of electric motors, electrical generating, transforming, distributing, converting or rectifying 'Equipment', connection to a grid or other load circuit.

6. **COMMISSIONING** means the use of 'Equipment' or series of 'Equipment' under operating or production conditions for the purpose of attaining specification requirements and/or for training operational personnel.

- 7. COMMISSIONING PERIOD** means the period of time that begins with the introduction of any electricity, fuel, flammable or combustible solid, liquid or gas; steam (or water in the case of a hydroelectric facility); heat or feedstock in any system or sub-systems of the project under construction and ends with the earliest of:
- acceptance of the project by the principal or project owner;
 - the project being put into operation, occupied or leased to others. For the purpose of this provision, construction, installation or testing activities or the storage of building materials shall not constitute occupation of the project;
 - the 'Named Insured' interest in the project ceasing;
 - construction or 'Commissioning having ceased for more than thirty (30) consecutive days;
 - after thirty (30) consecutive days following the start of the 'Commissioning' period;
 - cancellation or expiration of the policy.

Should 'Commissioning' be interrupted then the number of days of complete or partial shall be deducted from the number of days that make up the 'Commissioning Period'.

- 8. COMMITMENT FEES** mean the commission charged by a financial institution to examine the information regarding the project in order to assess its viability.
- 9. CONSTRUCTION LOAN FEES** mean additional costs that may be incurred to rearrange loans necessary for the completion of construction of the project.
- 10. DATA** means facts, concept, information or software in a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment.
- 11. EQUIPMENT** means any equipment owned, leased, operated or controlled by the 'Named Insured', installed as part of the project and which will form a permanent part of the finished project, as described below:
- any boiler, fired or unfired pressure vessel normally subject to vacuum or internal pressure other than static pressure of contents, any refrigerating or air conditioning vessels and piping connected thereto or any other piping and its accessory equipment, any heat exchanger that forms part of forced air heating equipment;
 - any mechanical or electrical equipment used for the generation, transmission or utilization of mechanical or electrical power;
 - any electronic or computerized office equipment, used for computing, data processing, duplicating, inventory control or other office services and any electronic equipment used primarily to start, stop, control or monitor one or more insured equipment;

Equipment shall not mean:

- any boiler setting, any refractory or insulating material;
- any part of a boiler or fired pressure vessel that does not contain steam or water;
- any hose, buried piping, any drainage or sewer piping, any sprinkler piping or its accessory equipment;
- any vehicle or mobile equipment, power shovel or excavator; but not excluding any electrical equipment used with such machine or apparatus;
- any oven, stove, furnace or kiln; or any elevator, escalator, crane or hoist; but not excluding:
 - any pressure vessels;
 - any pump, compressor, fan, blower, engine or turbine;
 - any separate enclosed gear set connected to such machine or apparatus by a coupling, or belt;

- iv. any electrical equipment or electronic equipment used primarily to start, stop or control one or more 'Equipment';
- f. any lifting or safety cables, anchorages, car buffers or counterweight buffers forming part of an elevator system;
- g. any electronic equipment used for research, diagnostic, treatment, experimental, or other medical or scientific purposes;
- h. any electronic equipment used for the generation, control, transmission, reception, recording, reproduction, playback or other use of television, radio or telephone signals;
- i. any anode tube, x-ray tube, video amplifier tube or klystron tube;
- j. any laser cartridge.

12. FINANCIAL COSTS mean 'Commitment Fees', 'Letters of credit', 'Land rent', and 'Construction loan Fees'.

13. FUNGI means any form or type of mould, yeast, mushroom or mildew whether or not allergenic, pathogenic or toxigenic, and any vapour or gas substance produced by, emitted from or arising out of any fungi or 'Spores' or resultant mycotoxins, allergens, or pathogens.

14. GROSS RENT OR RENTAL VALUE is defined as the sum of:

- a. the money paid or payable to the Named Insured by tenants in respect of the rental of 'Premises', including but not limited to basic rent, percentage rent, and tenants' share of costs for common areas;
- b. the estimated annual rental value of the unoccupied portion or portions of the 'Premises';
- c. related income such as fees for parking facilities and custodial services.

15. HAZARDOUS SUBSTANCE means:

- a. any pollutant, contaminant or other substance declared by a government authority to be hazardous to health or the environment, or;
- b. any mould, yeast, fungus or mildew including any 'spores' or toxins created or produced by or emanating from such mould, yeast, fungus or mildew, whether or not allergenic, pathogenic or toxigenic.

16. HOT TESTING means the checking of 'Equipment', or series of 'Equipment', under load or operational conditions including the use of feedstock or materials for processing or any other material necessary to simulate working conditions and in the case of electrical generating, transforming, distributing, converting or rectifying equipment, connection to a grid or other load circuit for the purpose of such operational checking.

17. HOT TESTING PERIOD means the period of time with or without interruption that begins with the introduction of fuel, feedstock or materials for processing or any other material necessary to simulate working conditions and in the case of electrical generating, transforming, distributing, converting or rectifying equipment, connection to a grid or other load circuit and ends with the earliest of:

- a. acceptance of the project by the principal or project owner;
- b. the project being put into operation, occupied or leased to others. For the purpose of this provision, construction, installation or testing activities or the storage of building materials shall not constitute occupation of the project;
- c. the 'Named Insured's' interest in the project ceasing;
- d. the construction being abandoned;
- e. after five (5) consecutive days following the start of the 'Hot Testing period'; or
- f. cancellation or expiration of the policy.

18. **LAND RENT** means the rent charged by neighbouring landowners in exchange for the use of their land or for rights of way on their property.
19. **LEASING AND MARKETING EXPENSES** mean the costs incurred by the 'Named Insured' for the re-leasing and remarketing of the 'Premises' due to the loss of tenants or buyers due to the delay in the opening date of the project.
20. **LEGAL AND ACCOUNTING EXPENSES** mean the fees paid to lawyers and accountants for arranging, refinancing and preparing new documents.
21. **LETTERS OF CREDIT** mean the commission charged by a financial institution to maintain an offer of a loan such that the funds remain available for the project and are not transferred or loaned to other persons or entities.
22. **MEDIA** means material on which data is recorded, such as magnetic tapes, hard disks, optical disks or floppy disks.
23. **MISCELLANEOUS CARRYING COSTS** mean property taxes, the cost of building permits, and any additional insurance premiums required to cover the project to its completion.
24. **NAMED INSURED** means the entity specified in the Policy Declarations for this form.
25. **PREMISES** mean the site of the project described in the Declarations.
26. **SPORES** mean one or more reproductive particles or microscopic fragments produced by, emitted from or arising out of 'Fungi'.
27. **SUBSTANTIAL PERFORMANCE** means the point in time when the project is ready for use or is being used for the purpose for which it was intended.
28. **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, organization or government for the purpose of influencing any government and/or instilling fear in the public or a section of the public.