

Home Based Business Endorsement Extension

AGREEMENT

This form extends the insurance provided by your principal dwelling policy to cover the business conducted from your home and operated by you, or a member of your family residing in the same household as you.

This Extension is subject to all the terms, limitations, exclusions and conditions of your principal dwelling policy, except as amended by this form.

You have this coverage only if "Home Based Business Extension" and an amount of insurance are shown on your Coverage Summary page.

BUSINESS PROPERTY

Business Property On Your Premises

Section I, Coverage C - Personal Property of the policy, to which this extension is attached, is amended to include Business Property. We insure your business property, pertaining to the business pursuit shown on your Coverage Summary page, only while on your premises.

"Business Property" includes business related:

1. furniture and fixtures, contents and equipment, tools and office supplies;
2. stock and goods held for sale;
3. property of others for which you are liable;
4. books and papers;
5. computers and licensed computer software;
6. cellular phones and fax machines unless permanently attached to an automobile.

Business Property Away From Your Premises

We insure your business property for **\$5,000** or the amount shown on your Coverage Summary page, whichever is greater, while it is temporarily removed from your premises anywhere within Canada.

Accounts Receivable

We insure Accounts Receivable of your insured business up to a maximum of **\$10,000**.

Accounts Receivable means:

1. all sums due to you from customers, that you are unable to collect as a direct result of loss or damage to records of accounts receivable caused by an insured peril;
2. interest charges on any loan to offset impaired collections pending repayment of those sums which the loss or damage prevents you from collecting;
3. collection expense in excess of normal collection costs made necessary because of the loss or damage;
4. other expenses reasonably incurred by you in re-establishing records of accounts receivable following the loss or damage.

"Records of Accounts Receivable" are any printed, written or recorded records detailing accounts receivable, including records that have been converted to a form usable in your data processing operations.

Valuable Papers

We insure the Valuable Papers of your insured business against loss or damage resulting from an insured peril, up to a maximum of **\$10,000**.

"Valuable Papers" mean any written, printed or otherwise inscribed documents or records, including books, maps, films, drawings, abstracts, deeds, mortgages and manuscripts, but does not mean money, bullion or securities.

Money

The Special Limit of Insurance that applies to "money" in the policy to which this Extension is attached also applies to money held in connection with the home based business.

Credit, Debit or Automated Teller Cards, Depositors Forgery and Counterfeit Paper Money

At your option, the "Credit, Debit or Automated Teller Cards, Depositors Forgery and Counterfeit Paper Money" coverage, in your residential policy, may be applied to such property held in connection with the business we insure. This coverage does not increase the amount of insurance under your residential policy to which this Extension is attached and is subject to all terms and conditions of the policy.

Insured Perils

You are insured against the same perils that apply to "Coverage C – Personal Property" in your residential policy.

Loss or Damage Not Insured

All exclusions under Section I, "Loss or Damage Not Insured" of your residential policy, apply to this Extension. In addition, the following exclusions apply to Business Property insured under this Extension:

- a. property owned, rented or sold to others under a conditional sales agreement or deferred payment plan, once it has left your custody;
- b. any loss resulting from dishonesty on the part of you, members of your household, or your employees;
- c. loss due to mysterious disappearance or shortage of property discovered when taking inventory;
- d. loss of business property carried in any vehicle unless vehicle is locked, or in the case of a pick-up, trailer or similar open vehicle, unless the property is in a locked compartment;
- e. loss due to delay or loss of market;
- f. jewellery, watches, gems, fur garments and garments trimmed with fur;

Inflation Protection

The "Inflation Protection" section of your residential policy does not apply to property insured under the Home Based Business Extension.

Single Amount of Insurance

Business Property covered under this Extension is expressly excluded from the provisions of the "Single Amount of Insurance" of your residential policy, to which this Extension is attached.

Basis of Claim Settlement

When coverage applies, we will pay claims for insured loss or damage to all business related property except stock on a replacement cost basis. Losses on stock will be paid on an actual cash value basis. The terms "replacement cost" and "actual cash value" have the same meaning as in the residential policy to which this Extension is attached.

Deductible

The deductible amount that applies to this Extension is shown on the coverage summary page. We pay only the amount by which the insured loss or damage exceeds the deductible amount in any one occurrence. If your claim involves Business Property as well as nonbusiness personal property, arising from one occurrence, only one deductible will apply. If the deductible amounts are not the same, then the higher deductible will apply to the total loss.

EXTRA EXPENSE

We will pay for Extra Expense you incur to continue, as nearly as practicable, the normal conduct of your home based business following damage to or destruction of the property, by an insured peril under your Policy. Under this coverage, we will pay the lesser of **\$5,000** or the actual expenses incurred.

This coverage is **not** subject to a deductible.

Agreement

- a. We will pay for the Extra Expenses incurred during a period of twelve months from the date of the loss or until you are able to resume normal operations, however, the damage or destruction must occur during the term of the Policy.
- b. As soon as practicable after any loss, you must resume the normal conduct of your home based business and reduce or dispense with such Extra Expenses as are being incurred.
- c. If a civil authority prohibits use or access to your residence premises as a direct result of damage to neighboring premises caused by loss or damage we insure, we will pay the resulting Extra Expense loss, for a maximum period of 30 days.

Exclusions

All exclusions under Section I, "Loss or Damage Not Insured" and all limitations listed in your residential policy apply to this coverage. In addition, you are not insured for claims arising out of the following:

- a. any loss of income;
- b. loss due to fines or damages due to breach of contract for late or non-completion of orders, or for any penalties;
- c. loss due to suspension, lapse or cancellation of any lease or licence, contract or order;
- d. the cost of compiling books of account, abstracts, drawings, card index systems or other records including film, tape, disk, drum, cell or other magnetic recording or storage media for electronic data processing;
- e. increase of loss due to delays in resumption of business caused by strikers or other persons;

Basis of Payment

We will pay for all expenses, during the period of restoration, which exceed your normal operating expenses had the insured loss or damage not occurred. The amount of insurance payable is reduced by any Extra Expense coverage under any other insurance policy. Any salvage value of property remaining after resumption of normal business operations will be taken into consideration in the adjustment of any loss.

BUSINESS INTERRUPTION

We will pay for the reduction in business income from your business operation caused by loss or damage to or destruction of the property insured by the Extension by an insured peril up to a maximum of **\$10,000**. We will pay for losses incurred during a twelve month period from the date of the loss, or until business income returns to the level it was immediately prior to the loss. This period is not limited by the expiration of the policy.

If a civil authority prohibits use of, or access to, your residence premises as a direct result of damage to neighboring premises caused by loss or damage we insure, we will pay the resulting business interruption loss for a period not exceeding 30 days.

We will determine the amount of loss based on:

- the net income of your business operation we insure prior to the loss or damage resulting in lost income;
- the probable income of your business operation had no loss or damage occurred;
- your operating expenses, including payroll expenses, necessary to resume normal business operation;
- other relevant sources of information, including financial records and accounting procedures, bills, invoices and other vouchers, and deeds, lines or contracts.

This coverage is **not** subject to a deductible.

Exclusions

All exclusions under Section I, "Loss or Damage Not Insured" and all limitations listed in your residential policy apply to this coverage. In addition, we will not pay:

- for any increase of loss directly or indirectly, proximately or remotely, resulting from, or contributed to by the operation of any by-law, ordinance or law regulating zoning or the demolition, repair or construction of buildings or structures, unless the liability is otherwise specifically assumed by endorsement hereon;
- for any increase of loss due to interference at the described premises by strikers or other persons, with rebuilding, repairing or replacing the property, or with the resumption or continuation of business;
- for loss due to fines or damages for breach of contract for late or non-completion of orders, or for any penalties of whatever nature;
- or loss due to the suspension, lapse or cancellation of any lease or licence, contract or order, which may affect the insured's business income after the period following any loss during which indemnity is payable;
- for any other consequential loss or remote loss;

LIABILITY COVERAGE

Coverage

Section II, Coverage E - Personal Liability of your residential policy, is extended to include:

- All sums, which you become legally liable to pay as compensatory damages because of personal injury or property damage arising out of the operation of the home based business insured under this policy, up to the limit shown on the Coverage Summary page. Coverage applies to claims arising from any accident or occurrence that takes place during the policy period.
- All sums which you become legally liable to pay as compensatory damages because of property damage caused by fire, explosion, smoke or leakage from fire protective equipment to premises rented to you, or occupied by you, arising out of the business operation we insure.

Limits of Liability - Coverage E

The amount of insurance shown in the Coverage Summary page is the maximum amount we will pay, under one or more sections of Coverage E for all compensatory damages in respect of an occurrence, and is the maximum aggregate we will pay for any occurrence in any one policy period, if caused by the products-completed operations hazard.

Advertising Injury

You are also insured for up to **\$10,000** in any one policy term, for advertising injury caused by an offense committed in the course of advertising the goods, products or services arising out of the business operation we insure.

Defence, Settlement, Supplementary Payments

Coverage provided under Section II, Coverage E of your residential policy, is extended to the business operation we insure, however, we will not pay for the investigation, settlement or defence of any claim, suit, proceeding, damages, loss, cost or expense excluded under Exclusion 16 of this Extension, or alleging, or in any way involving the items excluded under Exclusion 12 of this Extension.

Limits of Liability - Coverage F

Section II, Coverage F of this Policy, Voluntary Medical Payments, is extended to include the reasonable business voluntary medical expenses of other persons who sustain bodily injury accidentally arising out of your business operation we insure, even though you are not legally liable.

Territory

This insurance applies only to occurrences taking place in Canada.

Exclusions

All exclusions under Section II, Personal Liability Protection of your residential policy, are applicable. In addition, this insurance does not apply to:

1. Liability for bodily injury or property damage by reason of assumption of liability in a contract or agreement.
2. Any obligation under workers' compensation, disability benefits or employment compensation or similar law.
3. Damage to that particular part of real property on which you or any contractor or sub-contractor working directly or indirectly on your behalf is performing operations if the property damage arises out of these operations.
4. Damage to that particular part of any property which must be restored, repaired or replaced because your work was performed on it, other than property damage included in the products-completed operations hazard.
5. Property damage to your product arising out of it or any part of it.
6. Property damage to your work arising out of it or any part of it and included in the products-completed operations hazard; however, this exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a sub-contractor.
7. Property damage to impaired property or property that has not been physically injured, arising out of:
 - i. a defect, deficiency, inadequacy or dangerous condition in your product or your work or
 - ii. a delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with the terms.

This exclusion does not apply to loss of use of other property arising out of a sudden and accidental physical injury to your product or your work after it has been put to its intended use.
8. Any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:
 - a. your product;
 - b. your work;
 - c. impaired property;

if such product, work or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.
9. Pollution Liability
 - a) bodily injury or property damage arising out of the actual, alleged, potential or threatened spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of pollutants:
 - i. at, or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to you;
 - ii. at, or from any premises, site or location which is or was at any time used by or for you or others for the handling, storage, disposal, processing or treatment of waste;
 - iii. which are or were at any time transported, handled, stored, treated or disposed of, or processed as waste by or for you or any person or organization for whom you may be legally responsible; or
 - iv. at or from any premises, site or location on which you or any contractors or sub-contractors working directly or indirectly on your behalf are performing operations:
 - a) if the pollutants are brought on or to the premises, site or location, in connection with such operations by you, such contractor or sub-contractor; or
 - b) if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify, decontaminate, stabilize, remediate or neutralize, or in any way respond to, or assess the effect of pollutants;
 - b) any loss, cost or expense arising out of any request, demand or order that you or others test for, monitor, cleanup, remove, contain, treat, detoxify, decontaminate, stabilize, remediate or neutralize or in any way respond to, or assess the effect of pollutants unless such loss, cost or expense is consequent upon bodily injury or property damage covered by this policy;
 - c) fines, penalties, punitive or exemplary damages arising directly or indirectly out of the discharge, emission, dispersal, seepage, leakage, migration, release or escape of pollutants:

"Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, odour, vapour, soot, fumes, acids, alkalis, chemicals and waste. "Waste" includes materials to be recycled, reconditioned or reclaimed.
10. Bodily injury or property damage arising out of your product sold, handled, or distributed by you or on your behalf outside of Canada
11. Bodily injury or property damage arising out of your work performed by you or on your behalf outside of Canada
12. a) sexual, physical, psychological or emotional abuse, molestation or harassment, including corporal punishment by, at the direction of, or with the knowledge of any person insured by this policy; or
 - b) failure of any person insured by this policy to take steps to prevent sexual, physical, psychological or emotional abuse, molestation or harassment or corporal punishment
13. Punitive or exemplary damages, meaning that part of an award by a court which is in excess of compensation for loss and is stated or intended to be a punishment to any person or named insured who is insured by this Extension
14. Premises other than the residence premises we insure, as stated on the Coverage Summary page, to which this Extension is attached
15. The rendering or failure to render any professional service
16. Personal Injury or Advertising Injury;
 - a) arising out of oral or written publication of material, if done by or at the direction of any person or any named insured who is insured by this Extension with knowledge of its falsity;
 - b) arising out of oral or written publication whose first publication took place before the beginning of the policy period;
 - c) for which you have assumed liability under any contract or agreement;

- d) arising out of the willful violation of a penal law or ordinance committed by, or with the knowledge of, any person or any named insured who is insured under this Extension;
- e) sustained by any person or any named insured who is insured by this Extension as a result of an offense directly or indirectly related to employment of such a person by you;
- f) arising out of any civic or public activities performed for pay by any person or named insured who is insured by this Extension.

Definitions

In addition to the Definitions under your residence premises policy to which this Extension is attached, the following additional definitions apply to Section II, Liability Insurance, of this Extension.

1. "You" and "Your" have the same meaning described in the Policy. In addition, You and Your includes:
 - a) any person or any named insured who is insured by this Extension;
 - b) your employees, but only for acts within the scope of their employment with respect to the business operation we insure under this Extension.
2. "Advertising Injury" means any injury arising out of one or more of the following offenses:
 - a) oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
 - b) oral or written publication of material that violates a person's right of privacy;
 - c) misappropriation of advertising ideas or style of doing business; or
 - d) infringement of copyright, title or slogan.
3. "Business" means any continuous or regular pursuit undertaken for financial gain including a trade, profession or occupation.
4. "Impaired Property" means tangible property, other than your product or your work, that cannot be used or is less useful because:
 - a) it incorporates your products or your work that is known or thought to be defective, deficient, inadequate or dangerous; or
 - b) you have failed to fulfill the terms of a contract or agreement, if such property can be restored to use by:
 - i. the repair, replacement, adjustment or removal of your product or your work; or
 - ii. your fulfilling the terms of the contract or agreement.
5. "Occurrence" means an accident, including continued or repeated exposure to substantially the same general harmful conditions that results during the policy period.
6. "Personal Injury" means injury arising out of one or more of the following offenses:
 - a) bodily injury, sickness or disease or resulting death;
 - b) false arrest, detention or imprisonment;
 - c) malicious prosecution; or
 - d) wrongful entry into, or eviction of a person from, a room, dwelling or premises that the person occupies.
7. "Products-Completed Operations Hazard" includes all bodily injury and property damage occurring away from the premises you own or rent and arising out of your product or your work except:
 - a) products that are still in your physical possession; or
 - b) work that has not yet been completed or abandoned.

Your work will be deemed completed at the earliest of the following times:

 - a) when all of the work called for in your contract has been completed;
 - b) when all of the work to be done at the site has been completed if your contract calls for work at more than one site;
 - c) when that part of work done at a job site has been put to its intended use by any person or organization other than another contractor or sub-contractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed. This hazard does not include bodily injury or property damage arising out of the existence of tools, uninstalled equipment or abandoned or unused materials.
8. "Residence Premises" means the premises we insure under a Homeowners, Condominium or Tenants policy, to which this Extension is attached where you conduct your business operation.
9. "Your Product" means:
 - a) any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - i. you; or
 - ii. others trading under your name; or
 - iii. a person or organization whose business or assets you have acquired during the policy term; and
 - b) containers (other than vehicles), materials, parts or equipment furnished in connection with such goods and products:

Your product includes warranties or representations made at the time with respect to the fitness, quality, durability or performance of any of the items included in a) and b) above.

Your product does not include vending machines or other property rented to or located for the use of others but not sold.
10. "Your Work" means:
 - a) work or operations performed by you or on your behalf; and
 - b) materials, parts or equipment furnished in connection with such work or operations.

Your work includes warranties or representations made at the time with respect to the fitness, quality, durability or performance of any of the items included in a) and b) above.

ADDITIONAL CONDITIONS

The coverage under this Extension replaces, and is not in addition to, any coverage for business property and liability relating to the home based business already provided under this Policy.

Coverage under this Extension is subject to all other provisions, conditions, definitions, limitations and exclusions of Section I, Property Insurance, and Section II, Personal Liability Insurance, of your residence premises policy to which this Extension is attached.