

# HYDROELECTRIC ENERGY PROPERTY COVERAGE – BROAD FORM INCLUDING EQUIPMENT BREAKDOWN

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Certain words and phrases in bold font have special meaning as defined in the DEFINITIONS Section.

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

Coverage under this coverage Form commences once the Insured Property has been installed, tested and/or commissioned and put into operation by the Insured.

This insurance is subject to the General Conditions Form which is attached to the present coverage Form and to the terms, conditions, definitions, and exclusions of this coverage Form (including endorsements and other forms forming part thereof).

## INDEMNITY AGREEMENT

1. 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:

- 1.1. the value of the lost or damaged property as determined in SPECIAL PROVISIONS- Item 6. – Basis of Valuation;
- 1.2. the interest of the Insured in the property;
- 1.3. the limits shown on any applicable Statement of Values;
- 1.4. the limit of insurance specified on the Declaration Page(s) for the lost or damaged property.

The inclusion of more than one person or interest shall not increase the Insurer's liability.

### 2. INSURED PROPERTY

This coverage Form insures the **Hydro Electric Generating Facility** at the location(s) specified on the Declaration Page(s).

### 3. INSURED PERILS

#### 3.1. Property Coverage

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

#### 3.2. Equipment Breakdown Coverage

In the event of a **breakdown** of **equipment**, this coverage Form, except as otherwise provided, will also provide coverage for any loss or damage to the **equipment** and to the other insured property which is directly damaged by the **breakdown** to such **equipment**, while said **equipment** is on the **Hydro Electric Generating Facility** location(s) specified in the Declaration Page(s), in use or connected ready for use, and is owned, leased or rented by the Insured and/or under the Insured's care, custody or control.

## EXCLUSIONS

### 1. EXCLUDED PROPERTY

This coverage Form does not insure loss of or damage to:

#### 1.1. Land and Land Values

land and land values, standing timbers, crops and water;

#### 1.2. Automobiles, Watercraft and Aircraft

automobiles, watercraft, aircraft and trailers, but this exclusion does not apply to unlicensed automobiles or unlicensed trailers used in the business of the Insured when on the **Hydro Electric Generating Facility** location(s) specified in the Declarations Pages;

#### 1.3. Money, Precious Metals and Securities

money, digital currency, cash cards, bullion, platinum, precious metals and alloys, securities, stamps, tickets (except lottery tickets) and tokens, or evidence of debt or title;

#### 1.4. Property Covered under Marine Insurance

property that is insured under the terms of any marine insurance;

#### 1.5. Property Illegally Acquired

property illegally acquired, kept, stored or transported; property seized or confiscated for breach of any law or by order of any public authority;

#### 1.6. Data Exclusion

data;

#### 1.7. Books of Account, Manuscripts, Drawings

books of account, manuscripts, drawings, card index systems, and other records, film, tape, disc, drum, cell, and other magnetic recording or **data** storage devices, electronic hardware and networks and other computer equipment and programs, which are used to store, manipulate or process **data**, except as provided under Extension of Coverage 14. Valuable papers and Records;

#### 1.8. Property under Construction

property in the course of construction, erection, fabrication, completion, installation, reconstruction or repair, all to enter into and form part of a completed project;

#### 1.9. Non-Operational Locations

property at locations which, to the knowledge of the Insured, are shut down and non-operational for more than 30 consecutive days.

### 2. EXCLUDED PERILS

This coverage Form does not insure against increased costs, and loss or damage caused directly or indirectly:

#### 2.1. Seepage, Leakage or Influx of Water

by seepage, leakage or influx of water derived from natural sources through basement walls, doors, windows or other openings, foundations, basement floors, sidewalks or sidewalk lights, unless concurrently and directly caused by an insured peril not otherwise excluded in this coverage Form;

**2.2. Atmospheric, Temperature Change, Service Interruption or other Damage**

by dampness or dryness of atmosphere, changes of temperature, frost or freezing, exposure to light, contamination, rust or corrosion, marring, scratching or crushing, but this exclusion does not apply to:

- 2.2.1. loss or damage caused directly by an insured peril not otherwise excluded in this coverage Form, except for loss or damage caused by **breakdown to equipment**; or
- 2.2.2. with respect to frost or freezing only, loss or damage caused by **breakdown to equipment**;

**2.3. Rodents, Insects or Vermin**

by rodents, insects or vermin. This exclusion does not apply to loss or damage caused directly by an insured peril not otherwise excluded in this coverage Form; including **breakdown to equipment**.

**2.4. Delay**

any delay, loss of market or loss of use or occupancy;

**2.5. War**

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;

**2.6. Nuclear**

- 2.6.1. by any nuclear incident (as defined in the Nuclear Liability and Compensation Act, 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. 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
- 2.6.2. by contamination by radioactive material;

**2.7. Dishonest or Criminal Act**

- 2.7.1. by any dishonest or criminal act committed by the Insured or any agent of the Insured, acting alone or in collusion with others (except bailees for hire);
- 2.7.2. by theft or attempted theft committed by any employee of the Insured, acting alone or in collusion with others;
- 2.7.3. by any dishonest or criminal act committed by anyone, except as stated in 2.6.2., 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;
- 2.7.4. by voluntary parting of ownership or title by the Insured to any party whether from a legal or illegal transaction;

**2.8. Settling, Expansion, Shifting or Cracking**

by settling, cracking, shrinkage, bulging or expansion of walls, foundations, (including any pedestal, pad, platform or other property supporting machinery), pavements, sidewalks and pilings. However this exclusion shall not apply to loss or damage caused by an insured peril not otherwise excluded in this coverage Form, except for loss or damage caused by **breakdown to equipment**;

**2.9. Wear and Tear, Defects**

- 2.9.1. by hidden or latent defect or any quality in property that causes it to damage or destroy itself, however this exclusion 2.8.1. does not apply to loss or damage caused by **breakdown to equipment**;
  - 2.9.2. by wear and tear;
  - 2.9.3. by gradual deterioration;
- provided however, to the extent otherwise insured and not otherwise excluded under this coverage Form, **resultant damage** to the property is insured;

**2.10. Breach of Contract**

by loss due to fines or damages for breach of contract or for any penalties of whatever nature;

**2.11. Data Problem**

by a **data problem**;

However, this exclusion does not apply to loss or damage caused directly by resultant fire, explosion, smoke, **leakage from fire protective equipment**, escape of water from any tank, apparatus or pipe;

**2.12. Pollution**

- 2.12.1. 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:**

- 2.12.1.1. if the spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of pollutants is directly caused by an insured peril not otherwise excluded in this coverage Form; or
- 2.12.1.2. to loss or damage caused directly by a resultant insured peril not otherwise excluded in this coverage Form;

- 2.12.2. Nor does this coverage Form cover the 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**;

Except as provided in Extension of Coverage 7. Land And Water Pollution Clean-Up.

**2.13. Fungi and Spores**

- 2.13.1. in whole or in part, by any **fungi** or **spores**, unless such **fungi** or **spores** are directly caused by an insured peril not otherwise excluded in this coverage Form;
- 2.13.2. Nor does this coverage Form cover the cost or expense for any testing, monitoring, evaluating or assessing of **fungi** or **spores**;

**2.14. Pressure or Insulation Breakdown Tests**

from a **breakdown** to any **equipment** while undergoing any pressure test, insulation breakdown test or is being dried out;

**2.15. Faulty or Improper Material, Workmanship, Design**

The cost of making good:

- 2.15.1. faulty or improper material;
- 2.15.2. faulty or improper workmanship;
- 2.15.3. faulty or improper design;
- 2.15.4. faulty or improper construction;

provided however, to the extent otherwise insured and not otherwise excluded under this coverage Form, **resultant damage** to the property is insured.

- 2.15.1. This exclusion shall not apply to loss or damage caused by **breakdown to equipment**.

#### 2.16. Terrorism

in whole or in part, by **terrorism** or by any activity or decision of a government agency or other entity to prevent, respond to or terminate **terrorism**;

This exclusion applies whether or not there are one or more other causes or events (whether covered or not) that contribute concurrently or in any sequence to the occasioning of the loss or damage.

If any portion of this exclusion is found to be invalid, unenforceable or contrary to statute, the remainder shall remain in full force and effect.

#### 2.17. Earthquake

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**;

This exclusion does not apply to property in transit, provided such coverage is afforded by endorsement attached to this coverage Form;

#### 2.18. Flood

Flooding 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 or leakage from **fire protective equipment**;

This exclusion does not apply to property in transit, provided such coverage is afforded by endorsement attached to this coverage Form, or to loss or damage caused directly by leakage from a **watermain**;

#### 2.19. Disappearance

2.19.1. by mysterious disappearance;

2.19.2. by shortage of equipment or stock disclosed on taking inventory.

## EXTENSIONS OF COVERAGE

This coverage Form only provides the following Extensions of coverage listed below if a limit is shown in the Declarations Page(s) with respect to each Extension of coverage.

The following Extensions of coverage shall not increase the limits of insurance applying under this coverage Form and are subject to all the conditions of this coverage Form.

### 1. BY-LAWS

In the event of loss or damage to the insured property by the perils insured against under this coverage Form, this coverage Form is extended to cover:

- 1.1. loss occasioned by the demolition of any undamaged portion of the insured property;
- 1.2. the cost of demolishing and clearing the site of any undamaged portion of the insured property;
- 1.3. any increase in the cost of repairing, replacing, constructing or reconstructing the damaged portion of the insured property on the same site or on an adjacent site, of like height, floor area and style, and for like occupancy;

arising from the enforcement of the minimum requirements of any by-law, regulation, ordinance or law which regulates zoning or the demolition, repair or construction of damaged insured property, and is in force at the time of such loss or damage:

**This Extension of coverage does not insure against:**

- 1.4. the enforcement of any by-law, regulation, ordinance or law which prohibits the Insured from rebuilding or repairing on the same site or an adjacent site or prohibits continuance of like occupancy; or
- 1.5. direct or indirect loss, damage, cost or expense, arising out of **clean up** resulting from any actual, alleged, potential or threatened spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of **pollutants**; or
- 1.6. direct or indirect loss, damage, 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**; or
- 1.7. direct or indirect loss, damage, cost, or expense relating to the removal of asbestos not physically damaged, or
- 1.8. the enforcement of any by-law, regulation, ordinance or law which would apply in the absence of a loss; or
- 1.9. the enforcement of any by-law, regulation, ordinance or law that the Insured was required to comply with prior to the loss but failed to do so.

### 2. DEBRIS REMOVAL

Subject to the Sub-Limit of Insurance stated in the Declaration Page(s) in any one **occurrence**, the Insurer will indemnify the Insured for :

- 2.1. expenses incurred in the removal from the **Hydro Electric Generating Facility** location(s) specified on the Declaration Page(s) of debris of the insured property, occasioned by loss or damage to such property, for which loss or damage insurance is afforded under this coverage Form;
- 2.2. expenses incurred in the removal of debris or other property which is not insured by this coverage Form but which has been blown by windstorm upon the **Hydro Electric Generating Facility** location(s) specified on the Declaration Page(s).

**This Extension of coverage does not apply to costs or expenses:**

- 2.3. to **clean up pollutants** from land or water; or
- 2.4. 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**.

### 3. ERRORS OR OMISSIONS

For insured property that was both previously disclosed to the Insurer and covered under this coverage Form, the Insured shall not be prejudiced by any erroneous valuation or description of such property, provided that:

- 3.1. such error or omission was inadvertent and unintentional;
- 3.2. notice of such error or omission is delivered to the Insurer as soon as practicable after discovery of same and any deficiency in premium if any, made good;
- 3.3. the Insurer's liability with respect to this Extension of coverage is limited to the lesser of:
  - 3.3.1. 10 % of the total insured value applicable to the location as scheduled any applicable Statement of Values for the **Hydro Electric Generating Facility** or, in the absence of a such Statement of Values, of the limit of insurance shown on the Declaration Page(s) in respect of the property lost or damaged; or
  - 3.3.2. \$1,000,000;
- 3.4. an improper or an inaccurate appraisal shall not be considered to be an inadvertent or an unintentional error or omission.

#### 4. ESCALATION

If, during the policy period, the actual replacement value of the property insured exceeds the original limit of insurance stated in the Declaration Page(s), then the limit of insurance shall be increased by the amount of such excess, but only up to 110% of the amount declared on any applicable Statement of Values for the **Hydro Electric Generating Facility** or, in the absence of a such Statement of Values, the limit of insurance shown on the Declaration Page(s) in respect of the property lost or damaged. However, this Extension of coverage shall not extend to the By-laws Extension of coverage provided under item 1 of this Section.

#### 5. EXPEDITING EXPENSES

Subject to the Sub-Limit of Insurance stated in the Declaration Page(s) in any one **occurrence**, this coverage Form is extended to cover expediting expenses, including overtime or other rapid means of transportation, incurred as a result of loss or damage to insured property by an insured peril, for such costs incurred to:

- 5.1. make reasonable temporary repairs;
- 5.2. expedite reasonable permanent repairs;
- 5.3. expedite permanent replacement;

whichever is less, of the insured property that has been lost or damaged by an insured peril.

This Extension does not apply to additional costs incurred for the rental or borrowing of property while the damaged property is being repaired or replaced.

Replacement means repair, construction or reconstruction with new property of like kind and quality.

#### 6. FIRE OR POLICE DEPARTMENT SERVICE CHARGES

Subject to the Sub-Limit of Insurance stated in the Declaration Page(s) in any one **occurrence**, this coverage Form is extended to cover expenses directly incurred by the Insured or incurred on the Insured's behalf, when a fire or police department is called on the **Hydro Electric Generating Facility** location(s) specified on the Declaration Page(s), or an adjacent location, in order to protect the insured property.

The Insured agrees to subrogate to the Insurer any rights of recovery against any third party for expenses incurred on premises other than the **Hydro Electric Generating Facility** location(s) specified on the Declaration Page(s).

#### 7. LAND AND WATER POLLUTANT CLEAN UP EXPENSES

This coverage Form is extended to cover expenses incurred for the **clean up of pollutants** from land or water at the **Hydro Electric Generating Facility** location(s) specified on the Declaration Page(s), provided the spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of **pollutants**:

- 7.1. arises directly from loss or damage due to an insured peril to insured property at the at the **Hydro Electric Generating Facility** location(s) specified on the Declaration Page(s); and
- 7.2. is sudden, unexpected and unintended from the standpoint of the Insured; and
- 7.3. first occurs during the policy period.

##### Reporting Period

It is a condition precedent to recovery under this Extension of coverage that all expenses insured by this Extension must be incurred and reported to the Insurer within 180 days of the spill, discharge, emission, dispersal, seepage, leakage, release, migration or escape of **pollutants** for which **clean up** expenses are being claimed.

##### Limit of Insurance

The maximum amount of insurance under this Extension of coverage during any one annual policy period shall not exceed in the aggregate, the amount of insurance specified in the Declaration Page(s) for this Extension of coverage.

##### No automatic reinstatement

Notwithstanding the Reinstatement Clause in the General Conditions Form to which this coverage Form is attached, the amount of insurance specified for this Extension will be reduced, following a loss, by the amount payable.

This Extension of coverage does not apply to:

- 7.4. expenses for **clean up** away from or beyond the **Hydro Electric Generating Facility** location(s) specified on the Declaration Page(s) resulting from any spill, discharge, emission, dispersal, leakage, seepage, migration, release or escape of **pollutants**, even if the pollutants emanated from the **Hydro Electric Generating Facility** location(s) specified on the Declaration Page(s);
- 7.5. expenses for **clean up** of any spill, discharge, emission, dispersal, leakage, seepage, migration, release or escape of pollutants that began before the effective date of this coverage Form;
- 7.6. fines, penalties, punitive or exemplary damages;
- 7.7. expenses incurred for the **clean up of pollutants** at or from any **Hydro Electric Generating Facility** site or location which is or was at any time used by or for any Insured or others for the handling, storage, disposal, processing or treatment of waste.

##### Other insurance

The insurance afforded by this Extension of coverage shall apply as excess over any other valid and collectible insurance available to the Insured or any other interested party, unless the Insured has no other valid and collectible insurance, in which case this policy shall be primary.

#### 8. LEASED EQUIPMENT RENTAL COSTS

Subject to the Sub-Limit of Insurance stated in the Declaration Page(s) in any one **occurrence**, this coverage Form is extended to cover necessary continuing rental charges on leased equipment lost or damaged by an insured peril. The Insurer will pay the actual rental charges which are the responsibility of the Insured as stipulated in the rental contract or lease agreement. Coverage under this Extension will commence on the date of the loss and will end on the date the property is actually repaired, rebuilt or replaced with due diligence and dispatch. This period of time does not include any additional time required for re-staffing or retraining employees or any additional time due to the Insured's inability to resume operations regardless of the reason.

#### 9. NEWLY ACQUIRED LOCATION

Subject to the Sub-Limit of Insurance specified in the Declarations Page(s) in any one **occurrence**, this coverage Form is extended to cover property at any newly acquired location in Canada or the continental United States of America that is owned, rented or controlled by the Insured and occupied by the Insured for the purposes that are usual to the business of the Insured and that are stated in the Declaration Page(s).

This coverage attaches at the time of the acquisition and extends for a period of 90 days, or to the date of endorsement of this coverage Form adding such location, or until the expiry date of this policy, whichever occurs first.

#### 10. PROFESSIONAL FEES

Subject to the Sub-Limit of insurance stated on the Declaration Page(s) any one **occurrence**, this coverage Form is extended to cover necessary and reasonable fees incurred by the Insured, with the prior written approval by the Insurer, for professional services provided by auditors, accountants, lawyers, architects, surveyors, engineers or other professionals, other than public adjusters or the Insured's own employees, to produce or certify particulars or details of the Insured's business requested by the Insurer, in connection with loss or damage caused to insured property by an insured peril, to arrive at the loss payable under this coverage form.

#### 11. PROPERTY TEMPORARILY AWAY FROM THE HYDRO ELECTRIC GENERATING FACILITY LOCATION

Subject to the Sub-Limit of insurance stated on the Declaration Page(s) any one **occurrence**, this coverage Form is extended to cover property insured temporarily removed from the locations described on the Declaration Page(s), while at an unnamed location anywhere in Canada or the continental United States of America.

## 12. PROPERTY IN TRANSIT

Subject to the Sub-Limit of insurance stated on the Declaration Page(s) any one **occurrence**, this coverage Form is extended to cover insured property in transit. Coverage attaches from the time the insured property leaves the warehouse or place of storage at the place of origin for the commencement of the transit, continues during the ordinary course of transit and terminates either:

- 12.1. on delivery to the consignees' or other final warehouse or place of storage at the destination; or
- 12.2. on delivery to any other warehouse or place of storage, whether prior to or at the destination, which the Insured elects to use either;
  - 12.2.1. for storage other than in the ordinary course of transit; or
  - 12.2.2. for allocation or distribution.

**This Extension of Coverage does not insure the following property:**

generators, turbines, weirs, water conveyance systems, intake structures and dams, foundations, electric cables, gearboxes, nacelles, transformers (including switchgear panels and circuit breakers), transmission and distribution lines, and sub-stations unless otherwise agreed to by the Insurer and this coverage Form is specifically endorsed in writing.

The coverage applies only while the described property is within the territorial limits of Canada and the United States of America.

## 13. TEMPORARY REMOVAL

If any of the insured property is necessarily removed from the **Hydro Electric Generating Facility** location(s) specified on the Declaration Page(s) to prevent loss or damage or further loss or damage to such property, that part of the insurance under this coverage Form that exceeds the amount of the Insurer's liability for any loss already incurred shall, for thirty (30) days only, or for the unexpired term of the policy if less than thirty (30) days, insure the property removed and any property remaining in the **Hydro Electric Generating Facility** location(s) specified on the Declaration Page(s) in the proportions which the value of the property in each of the respective location(s) bears to the value of the property in them all.

## 14. VALUABLE PAPERS AND RECORDS

Subject to the Sub-Limit of insurance stated on the Declaration Page(s) in any one **occurrence**, this coverage Form is extended to cover loss of or damage to **valuable papers and records** and to electronic data processing media, including data storage devices, electronic hardware and networks and other computer equipment and programs, which are used to store, manipulate or process **data** which is caused by an insured peril.

### Basis of settlement

In the event of loss or damage, the value of the following property shall be determined as follows

- 14.1. **valuable papers and records**, other than electronic data and the media on which they are stored:
  - 14.1.1. the cost of blank books, blank papers or other materials; and
  - 14.1.2. the cost of labour incurred by the Insured for actually transcribing or copying such records;
- 14.2. **electronic data processing media**, including data storage devices, electronic hardware and networks and other computer equipment and programs, which are used to store, manipulate or process **data** (notwithstanding that **data** is not insured)
  - 14.2.1. the cost of blank electronic data processing media; and
  - 14.2.2. the cost of copying or restoring **data** from back-ups or from originals of a previous generation, but no liability is assumed hereunder for the cost of gathering, assembling, or recreating **data** for such reproduction.

This coverage Form does not insure any amount pertaining to the value of **data** which cannot be gathered, assembled or recreated;

It is a condition of coverage that the Insured shall observe manufacturers and suppliers recommendations for the safeguarding and securing of computer system records and information and shall keep adequate backup copies of all computer system record and shall take all reasonable precautions in maintaining and storing such copies.

# SPECIAL PROVISIONS

## 1. LIMITS OF INSURANCE

The Insurer shall not be liable in any one **occurrence** for more than the limit of insurance specified on the Declaration Page(s) for the lost or damaged property, subject to any applicable limit or sub-limit of insurance as specified on the Declaration Page(s).

Notwithstanding the above, with respect to overhead transmission and distribution lines, the Insurer shall not be liable in any one **occurrence** for more than the limit specified on the Declaration Page(s) for such overhead transmission and distribution lines. This limit of insurance shall be part of and not in addition to the limit of insurance specified on the Declaration Page(s) for the present coverage Form.

## 2. DEDUCTIBLE

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 in the Declaration Page(s) in any one **occurrence**. Should any **occurrence** give rise to the application of more than one deductible amount, only the highest deductible will be applied.

## 3. CO-INSURANCE

### 3.1. Stated Amount

- 3.1.1. In consideration of a Statement of Values filed and attested by the Insured, the following paragraph 3.1.2. is substituted for the Co-Insurance (Percentage) clause cited under paragraph 3.2 below. In order for this clause to be maintained, a new Statement of Values must be filed with the Insurer(s) within 90 days of the inception date of each term of the policy. If the Insured fails to file a new Statement of Values within the 90-day period, the terms and conditions of this clause shall cease to be in effect and the terms and conditions of the Co-Insurance (Percentage) Clause cited under paragraph 3.2 below shall apply.
- 3.1.2. It is part of the consideration of this coverage Form, and the basis upon which the rate of premium is fixed that the Insured shall maintain insurance concurrent in form, range and wording with this coverage Form on the property insured, so that the total amount of insurance on the said property (including the limit of insurance effected by this coverage Form) shall be not less than the total amount stated in the most current Statement of Values and that, failing to do so, the Insured shall be a Co-Insurer to the extent of an amount sufficient to make the total insurance on the said property equal to the total amount stated in the Declarations Page(s) and, in that capacity, shall bear their proportion of any loss that may occur.
- 3.1.3. If the terms and conditions of this Stated Amount Co-Insurance agreement cease to be in effect, the terms and conditions of the Co-Insurance (Percentage) clause cited under paragraph 3.2 below shall apply, unless otherwise afforded by written endorsement added to the coverage Form.

### 3.2. Co-Insurance (Percentage)

**This clause applies only where the amount of loss or damage exceeds \$50,000.**

The Insured shall maintain insurance concurrent with this coverage Form on the insured property to the extent of at least the amount produced by multiplying the **replacement cost** of the insured property by a co-insurance percentage of 90%. If the Insured fails to do so, the Insured shall be entitled to recover only that portion of any loss that the limit of insurance in force at the time of loss bears to the limit of insurance required to be maintained by this clause.

#### 4. PERMISSION

The Insurer grants permission:

- 4.1. for other insurance concurrent with this coverage Form;
- 4.2. to make additions, alterations or repairs.
- 4.3. to cease operations and for the premises to be vacant or unoccupied for (60) consecutive days providing the same degree of fire protection and watch service is maintained as existed at the time of the discontinuance of normal operations.

#### 5. SERIAL LOSS CLAUSE

Notwithstanding the definition of **occurrence**, loss or damage due to faulty design, defective material or casting, bad workmanship (other than faults in erection) arising, in a series of losses, out of the same cause to machinery or equipment of the same type or design shall be indemnified after applying the coverage Form deductible for each loss according to the following scale:

- 100% of the first loss
- 80% of the second loss
- 50% of the third loss
- 25% of the fourth loss

The liability of the Insurer shall be determined from the discovery of the cause of loss and indemnified according to the above mentioned scale, notwithstanding the coverage Form effective date.

The Insurer shall not indemnify the Insured for the amounts of the fifth and any subsequent loss for damage resulting from the same cause nor for any loss occurring after the expiry date of the present coverage Form.

#### 6. BASIS OF VALUATION

In the event of loss or damage, settlement shall be made on a **replacement cost** basis subject to the following provisions:

- 6.1. **Replacement** shall be effected by the Insured with due diligence and dispatch;
- 6.2. **Replacement** shall be on the same site, adjacent site or nearest available site;
- 6.3. 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**;
- 6.4. Failing compliance by the Insured with any of the above provisions, settlement shall be made on the basis of actual cash value.

**Replacement Cost** means whichever is the least of the cost of replacing, repairing, constructing or reconstructing the property on the same site with property of like kind, capacity, size and quality and for like occupancy without deduction for depreciation.

In the event that property of like kind, capacity, size and quality is not obtainable, property which is as similar as possible to that damaged or destroyed and which is capable of performing the same function, shall be deemed to be new property of like kind, capacity, size and quality.

##### Exclusions

This clause does not apply to:

Manuscripts and records meaning books of account, drawings, card index systems and other records, electronic data processing media, including data storage devices, electronic hardware and networks and other computer equipment and programs, which are used to store, manipulate or process **data**.

## DEFINITIONS

1. **BREAKDOWN** means a sudden and accidental **breakdown** of the **equipment**, or a part thereof which is accompanied at the time of the **occurrence** by physical damage to the **equipment** that necessitates repair or replacement of the **equipment** or part thereof.

**Breakdown** does not mean:

- 1.1. leakage of any valve, fitting, shaft seal, gland packing, joint or connection; or
- 1.2. the functioning of any safety device or protective device.

2. **CLEAN UP** means the removal, containment, treatment, decontamination, detoxification, stabilization, neutralization or remediation of **pollutants**, including testing which is integral to the aforementioned processes.

3. **DATA** means representations of information or concepts, in any form.

4. **DATA PROBLEM** means:

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

5. **EQUIPMENT** means any boiler, fired vessel or unfired vessel, refrigerating or air conditioning vessels and piping or any other piping and its accessory equipment, all normally subject to vacuum or internal pressure other than static pressure of contents and any machine or apparatus which generates, transmits or uses mechanical or electrical energy and any fibre optic cable including the optical transmitter and receiver.

**Equipment** does not mean or include any conveyor belt or cable, elevator, escalator, crane or hoist, but not excluding any mechanical or electrical equipment mounted thereon.

6. **FIRE PROTECTIVE EQUIPMENT** includes tanks, watermain, hydrants, valves and any other equipment used solely for fire protection or jointly for fire protection and for other purposes, but does not include:

- 6.1. branch piping from a joint system where such branches are used entirely for purposes other than fire protection;
- 6.2. any watermain or appurtenances located outside of the described **Hydro Electric Generating Facility** and forming a part of the public water distribution system;
- 6.3. any pond or reservoir in which the water is impounded by a dam.

7. **FUNGI** includes, but is not limited to, any form or type of mould, yeast, mushroom or mildew whether or not allergenic, pathogenic or toxigenic, and any substance, vapour or gas produced by, emitted from or arising out of any **fungi** or **spores** or resultant mycotoxins, allergens, or pathogens.

8. **HYDRO ELECTRIC GENERATING FACILITY**

- 8.1. hydro electric generating unit(s) and equipment, including foundation(s) weirs, water conveyance systems, intake structures and dams, substations powerhouse and building(s) (including contents), ancillary equipment, and **equipment** – including turbines, transformers, generators and switchgears;
- 8.2. transmission and distribution lines owned by the Insured, that are directly associated with the operation of the **Hydro Electric Generating Facility**; and

- 8.3. roadwork, site work, business property, rented equipment, leased equipment and spare parts; all while at the insured **Hydro Electric Generating Facility** and other scheduled locations.
9. **OCCURRENCE** means any one loss, disaster or casualty or series of losses, disasters or casualties, arising out of one event. If the same event continues for a period of time, the event shall be deemed one occurrence. If the inception of the loss commences prior to the date of the expiration of this coverage Form, then the Insurer will be liable for any loss incurred after the expiration of this coverage Form if caused by this event.
10. **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.
11. **REPLACEMENT** includes repair, construction or reconstruction with property of like kind, capacity, size and quality.
12. **RESULTANT DAMAGE** shall mean physical damage to the insured property other than the cost of rectifying the defect or fault that caused the physical damage. The cost of rectifying the defect or fault (the cost of making good) shall be the cost which the Insured would have incurred to do so had such defect or fault been discovered immediately before the physical damage occurred and rectified at that time.
13. **SPORES** includes, but is not limited to, one or more reproductive particles or microscopic fragments produced by, emitted from or arising out of any fungi.
14. **TERRORISM** means an ideologically motivated unlawful act or acts, including, but not limited to, the use of violence or force or threat of violence or force, committed by or on behalf of any group(s), organization(s) or government(s) for the purpose of influencing any government and/or instilling fear in the public or a section of the public.
15. **VALUABLE PAPERS AND RECORDS** means written, printed, or otherwise inscribed documents and records, including books, drawings, maps, films, abstracts, deeds, mortgages and manuscripts and electronically stored records, but does not mean money or securities.

## ADDITIONAL CONDITIONS

The following additional conditions apply to the present coverage Form. In the event of any conflict between these Conditions and any other provision contained under the General Conditions Forms attached to the present coverage Form, such conflict will be resolved in favor of the Insured.

### 1. BREACH OF CONDITION

Where a loss occurs and there has been a breach of a condition relating to a matter before the happening of the loss, which breach would otherwise disentitle the Insured from recovery under this coverage Form, the breach shall not disentitle the Insured from recovery if the Insured establishes that the loss was not caused or contributed to by the breach of condition or if the breach of condition occurred in any portion of the **Hydro Electric Generating Facility** over which the Insured has no control.

### 2. INSPECTION

The Insurer or its duly appointed representative shall be permitted, but not obligated, to inspect at all reasonable times, the property of the Insured. Neither the Insurer's right to make inspection, nor the making thereof nor the report thereon, shall constitute an undertaking on behalf or for the benefit of the Named Insured shown on the Declaration Page(s) or others to determine or warrant that such property is safe or healthful.

### 3. NO BENEFIT TO BAILEE

It is warranted by the Insured that this insurance shall in no way inure directly or indirectly to the benefit of any carrier or other bailee.

### 4. OTHER INSURANCE

If, on the happening of any loss or damage to property insured by this coverage Form there is in force any other insurance covering the same interest, this coverage Form shall be primary insurance.

Permission is granted to the Insured to place excess insurance against any and or all of the perils insured under this coverage Form.

### 5. PAIR AND SET

In the case of loss of or damage to any article or articles, whether scheduled or unscheduled, which are a part of a set, the measure of loss of or damage to such article or articles shall be a reasonable and fair proportion of the total value of the set, but in no event shall such loss or damage be construed to mean total loss of set.

### 6. PARTS

In the case of loss of or damage to any part of the insured property, whether scheduled or unscheduled, consisting when complete for use of several parts, the Insurer is not liable for more than the insured value of the part lost or damaged, including the cost of installation.

### 7. SUBROGATION

The Insurer, upon making any payment or assuming liability therefor under this coverage Form, shall be subrogated to all rights of recovery of the Insured against others and may bring action in the name of the Insured to enforce such rights, except that

- 7.1. any release from liability entered into by the Insured prior to loss shall not affect the right of the Insured to recover under this coverage Form;
- 7.2. notwithstanding the provisions of paragraph 7.1. above, all rights of subrogation are hereby waived against any corporation, firm, individual, or other interest with respect to which insurance is provided by this coverage Form;
- 7.3. notwithstanding the foregoing, it is a condition of this coverage Form that the Insurer shall be subrogated to all the Insured's rights of recovery against any architect, engineer, consultant or sub-consultant whether named as an Insured or not under this coverage Form, for any loss or damage arising out of the performance of professional services in their capacity as such and caused by any error, omission, deficiency or act of the architect, engineer, consultant or sub-consultant by any person employed by them, or by any others for whose acts they are legally liable.

Where the net amount recovered, after deducting the cost 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.

### 8. SUSPENSION

Upon the discovery of a dangerous condition with respect to any **equipment**, any representative of the Insurer may immediately suspend the insurance with respect to a **breakdown** to this **equipment** by written notice mailed or delivered to the Insured at the address of the Insured as specified in the Declaration Page(s) or at the location of the **equipment** as specified for it in this coverage Form.

Insurance so suspended may be reinstated by the Insurer, but only by an endorsement issued to form a part of this coverage Form and signed by duly authorized representative of the Insurer.

The Insured shall be allowed the unearned portion of the premium for the **equipment** on which insurance is suspended, pro-rata for the period of suspension. Such allowance shall be paid at the expiration of this coverage Form.

### 9. WARRANTY

This coverage Form does not insure:

- 9.1. manufacturers or suppliers 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 a guarantee or warranty, whether expressed or implied.
- 9.2. consulting engineers, architects or designers, for loss or damage which arises out of the performance of their respective professional activities, whether or not named as an Insured under this coverage Form.