

EQUIPMENT BREAKDOWN MAX

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SUMMARY OF COVERAGES

IN ADDITION TO THE POLICY LIMIT		
Item	Extensions of Coverage	Amounts of Insurance
1.	Hazardous substances	\$500,000 in respect to any one breakdown
2.	Ammonia contamination	\$500,000 in respect to any one breakdown
3.	Equipment Upgrade	25% - maximum \$250,000 to any one breakdown
4.	Loss of data	\$100,000 to any one breakdown
5.	Errors or omissions in statements of values	\$500,000 in respect to any one breakdown
6.	Liberalization clause	\$50,000 in any one Policy Period
7.	Brands and Labels	\$250,000 in respect to any one breakdown
8.	Environmental "green" improvements	125% - maximum \$250,000 to any one breakdown
9.	Off-premises mobile equipment	\$25,000 in respect of any one breakdown
10.	Public Relations	\$10,000 in respect of any one breakdown
11.	Contingent business interruption	\$25,000 in respect of any one breakdown

INCLUDED IN POLICY LIMIT		
Item	Extensions of Coverage	Amounts of Insurance
12.	Expediting expenses	Included
13.	By-Laws	Included
14.	Professional fees/Auditors' fees	Included
15.	New acquisitions	Included
16.	Service interruption	Included
17.	Interruption by civil authority	Included - maximum 30 consecutive days
18.	Spares mitigation	Included
19.	Selling price	Included

N.B. See the wording of each Extension for full conditions of coverage.

Throughout this Policy the words "you" and "your" refer to the Named Insured shown in the Declaration Pages. The words "we", "us" and "our" refer to the company providing this insurance.

Words and phrases that appear in bold have special meaning. Refer to DEFINITIONS Section.

Various provisions in this Policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

INSURING AGREEMENT

- In consideration of the premium, if there is a **breakdown** of the **equipment** during the Policy Period, while said **equipment** is on the **premises** and in use or connected ready for use, when such **equipment** is owned by you, leased, rented and/or under your care, custody or control, we agree to pay for:
 - loss or damage to the **equipment** and to other **insured property** directly damaged by the **breakdown**;
 - loss or damage to perishable **insured property** that spoils solely from the **breakdown**;
 - business interruption/extra expense** which results solely from the **breakdown**;
 up to the amounts of insurance stated in the Declaration Page(s).

EXCLUSIONS

This Form does not apply to loss or damage arising directly or indirectly:

- from nuclear reaction, radiation or radioactive contamination, all whether controlled or uncontrolled, caused directly or indirectly by, contributed to or aggravated by a **breakdown**;
- from:
 - war, including undeclared or civil war;
 - warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents;
 - insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these; or
 - civil commotion, sabotage, strike, vandalism or malicious acts;
- by pollution, contamination or damage by a **hazardous substance**, however caused, except as provided under Extension of Coverage **2. HAZARDOUS SUBSTANCES**;

4. by a **breakdown** caused by or resulting from:
 - 4.1. earth movement, including but not limited to earthquake, landslide, mud flow, subsidence, volcanic eruption, tidal wave or tsunami;
 - 4.2. wind, including but not limited to cyclone, tornado or hurricane;
 - 4.3. fire, smoke, or combustion explosion; or
 - 4.4. water or other means used to extinguish a fire;
 5. by:
 - 5.1. 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 a fully or totally enclosed electrical or electronic machine or apparatus, fire damage within the said machine or apparatus which occurs at the same time as a **breakdown** or that ensues from a **breakdown** is covered;
 - 5.2. water escaping resulting from a **breakdown** unless:
 - 5.2.1. coverage is not provided by another insurance in effect at the time of the loss; and
 - 5.2.2. water escapes from **equipment** that normally contains water or steam;
 - 5.3. flood. However, if a **breakdown** results from a flood, damage or expense caused by such **breakdown** is covered;
 - 5.4. lightning, if coverage for the cause of loss is provided by any other insurance in effect at the time of the loss; or
 - 5.5. a peril otherwise covered elsewhere within this Policy or in any other policy issued by us;
 6. 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:
 - 6.1. the erasure, destruction, corruption, misappropriation or misinterpretation of **data**;
 - 6.2. any error in creating, amending, entering, deleting or using **data**;
 - 6.3. the inability to receive, transmit or use **data**; or
 - 6.4. 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, we shall pay for loss that ensues solely from the **breakdown** of any other **equipment**;
 7. 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;
- This Form does not insure:**
8. specific to sub-paragraph 1.3. under the **INSURING AGREEMENT** section:
 - 8.1. to loss occurring any time during which business could not or would not have been carried out if the **breakdown** had not occurred;
 - 8.2. to loss resulting from your failure to use due diligence and dispatch to resume, as soon as possible, complete or partial operations of the business;
 - 8.3. to fines or damages for breach of contract or for late or non-completion of orders; or
 - 8.4. to any penalties of whatever nature.
 9. loss from any indirect result of a **breakdown** except as provided under Sections 1.2. and 1.3. of Insuring Agreement.

EXTENSIONS OF COVERAGE

The following Extensions of Coverage are in addition to the amount of insurance stated in the Declaration Page(s):

1. HAZARDOUS SUBSTANCES

If a **hazardous substance** is involved in or released by a **breakdown** of **equipment**, we will pay, up to an amount of \$500,000 in respect of **any one breakdown**, for:

- 1.1. the increase in cost to repair, replace, clean up or dispose of affected **insured property**;
- 1.2. any increase in **business interruption/extra expense** loss because of the presence of **hazardous substances**.

We shall not be liable under this Coverage for loss or damage caused by ammonia contamination.

As used in this Coverage, "increase in cost" is that cost beyond that for which we would have been liable had no **hazardous substance** been present.

2. AMMONIA CONTAMINATION

If there is a **breakdown** to **equipment**, we will pay, up to an amount of \$500,000 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.

3. EQUIPMENT UPGRADE

This Form is extended to cover any increase in the cost of replacing an **equipment** damaged as a result of a **breakdown**, provided:

- 3.1. the **equipment** is replaced with a new **equipment** that is capable of performing the same functions and that may include technological improvements;
- 3.2. the amount of loss or damage to the **equipment** equals or exceeds its **actual cash value**.

This Extension shall not exceed 25% of the value of the damaged **equipment**, determined in accordance with the basis of settlement clause of this Policy, subject to a maximum recovery of \$250,000 in respect of **any one breakdown**.

4. LOSS OF DATA

Notwithstanding the Data problem exclusion provided under this Form or this Policy, if **data** is lost or damaged, we will pay, up to the amount of \$100,000 in respect of **any one breakdown**, for:

- 4.1. the cost of gathering or reproducing the **data**;
- 4.2. the **business interruption/extra expense** resulting from the loss or damage to the **data**;

However, we shall not be liable for **data** which is lost or damaged as a result of programming errors of any kind.

5. ERRORS OR OMISSIONS IN STATEMENTS OF VALUES

In the event of any unintentional error or omission in the statements of values that you submit to us or in the description of the **insured property**, we shall indemnify you subject to a maximum recovery of \$500,000 in respect of **any one breakdown**.

It is a condition of this Extension of Coverage that such error or omission be reported to us as soon as it is discovered. We reserve our right to charge an appropriate premium or to impose appropriate, additional conditions with respect to any such corrections that are made to the Policy.

6. LIBERALIZATION CLAUSE

For a period not exceeding 24 months from this Policy's first inception date, this Form is extended to include any extension of coverage afforded under the direct property damage section of the Equipment Breakdown/Boiler and Machinery policy immediately preceding this Form but not afforded by this Form or subject to a lesser limit under this Form, provided that:

- 6.1. such extension of coverage has not been declined by us;
- 6.2. such extension of coverage has not been refused by the Insured following conditions proposed by us;
- 6.3. our liability does not exceed the amount of insurance specified for such extension of coverage in the prior policy; and

This Extension is limited to a maximum recovery of \$50,000 in any one Policy Period. If during the Policy Period we introduce any broadening of this Form and for which no additional premium is charged, then such broadened insurance inures to the benefit of the Insured under this Form (effective from the date of formal introduction by us of such broadened insurance).

7. BRANDS AND LABELS

In the event of loss or damage arising out of a **breakdown** to **insured property** bearing a brand name or trademark, we shall indemnify you, subject to a maximum of \$250,000 in respect to **any one breakdown**, for the cost of removal of such brands, trademarks or other identifying characteristics (provided that such removal will not physically damage the **insured property**) prior to the sale, as salvage, of such **insured property** damaged by a **breakdown**; in accordance with the value established by us during loss adjustment. The salvage value of such damaged **insured property** is determined after removal (in the customary manner) of all such brands or trademarks or other identifying characteristics.

8. ENVIRONMENTAL "GREEN" IMPROVEMENTS

If the **equipment** requires replacement due to a **breakdown** we will pay you additional costs to replace your **equipment** with one that is better for the environment, and more efficient than the **equipment** being replaced. We will not pay more than 125% to a maximum amount of \$250,000 in respect of **any one breakdown** of what the cost would have been to replace with like kind, capacity, size, quality and function.

This Extension does not apply to any **equipment** valued at **actual cash value**, obsolete **equipment** and/or uninsured **equipment**.

Furthermore, we will pay up to a maximum of \$25,000, such amount being a part of the above stated limit and not in addition to:

- 8.1. the additional reasonable and necessary fees incurred by you for an accredited professional certified by a **green authority** to participate in the repair or replacement of physical damaged **equipment** as **green**;
- 8.2. the additional reasonable and necessary cost incurred by you for certification or recertification of the replaced or repaired **equipment** as **green**; and
- 8.3. the additional reasonable and necessary cost incurred by you for **green** in removal, disposal or recycling of damaged **equipment**.

This coverage does not apply to any:

- 8.4. stock, raw material, finished goods, production equipment, merchandise, electronic data processing **equipment** not used in the functional support of the **equipment**, process water, molds and dies, property in the open, property of others for which you are legally liable;
- 8.5. loss covered under any other section of the Form; or
- 8.6. cost incurred due to any law or ordinance with which you were legally obligated to comply prior to the time of the **equipment breakdown**.

9. OFF-PREMISES MOBILE EQUIPMENT

We will pay, up to a maximum of \$25,000 in respect of **any one breakdown**, for your loss or damage as defined in the **INSURING AGREEMENT** section of this Form, for mobile **equipment** that at the time of the **breakdown** is not on the **premises** provided that such mobile **equipment** is:

- 9.1. of a type described in the definition of **equipment**; and
- 9.2. at a location within Canada.

This coverage does not apply to any loss of mobile equipment:

- 9.3. when such **equipment** is manufactured or distributed by you or on your behalf for sale; or
- 9.4. resulting from collision, upset or external impact.

10. PUBLIC RELATIONS

We will pay, up to an amount of \$10,000 in respect of **any one breakdown**, for loss under **business interruption/extra expense** as described under sub-paragraph 1.3. of the **INSURING AGREEMENT** section and defined under the **DEFINITIONS** Section for reasonable costs for public relations services rendered by professionals to draft, create or broadcast communications, when the need for such communications arises directly from **business interruption/extra expense**. These communications must be directed to:

- 10.1. the media;
- 10.2. the public; or
- 10.3. your customers, clients or members.

Such costs must be incurred during the Policy Period and end:

- 10.4. thirty (30) consecutive days after the date the **insured property** is repaired or replaced; or
 - 10.5. the necessary period of time to proceed with due diligence and dispatch to rebuild, repair or replace such **insured property** as has been damaged by the **breakdown**;
- whichever occurs first.

11. CONTINGENT BUSINESS INTERRUPTION

We will pay, up to an amount of \$25,000 in respect of **any one breakdown**, for loss under **business interruption/extra expense** as described under sub-paragraph 1.3. of the **INSURING AGREEMENT** section and defined under the **DEFINITIONS** Section from a **breakdown**, to equipment not owned, operated or controlled by you provided that said equipment:

- 11.1. is of a type described in the definition of **insured equipment**; and
- 11.2. is located at the **premises** of any company, with whom you are bound by contract as a customer or supplier, that is located within Canada and the continental United States of America:
 - 11.2.1. a Customer Location, owned by such customer to which your products are shipped, which wholly or partially prevents the acceptance of your products and result in a necessary **business interruption/extra expense**;
 - 11.2.2. a Supplier Location, owned by such supplier from which materials are shipped to you, which wholly or partially prevents the delivery of material(s) to you and results in a necessary **business interruption/extra expense**.

This coverage does not apply to any:

- 11.3. explosion of **insured equipment** other than any:

- 11.3.1. steam boiler, steam piping, steam turbine, gas turbine, steam engine; or
- 11.3.2. machine when such loss or damage is caused by centrifugal force or mechanical **breakdown**.
- 11.4. catalyst within any **insured equipment**, the catalyst shall not be considered to be part of the **insured equipment** and we will not pay for loss or damage caused by, arising from or resulting from loss or damage to such catalyst.

The following Extensions of Coverage shall not increase the amount of insurance stated in the Declaration page(s):

12. EXPEDITING EXPENSES

We will pay for the reasonable extra cost of temporary repairs to the **insured property** damaged by a **breakdown** or the cost to expedite the repair or replacement of such damage to **insured property**, including overtime and the extra cost of express or other rapid means of transportation. We will not pay for the costs of other property for use on a temporary basis while the damaged **insured property** is being repaired or replaced.

13. 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 **insured property**, we will pay for:

- 13.1. the increase in cost of repair or replacement of both damaged and undamaged property (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;
- 13.2. any increase of loss due to **business interruption/extra expense** resulting from the enactment or application of any by-law, ordinance, law, regulation, rule or ruling, if covered by the Policy.

14. PROFESSIONAL FEES/AUDITORS FEES

In the event that a **breakdown** occurs, we will pay for the reasonable and necessary fees payable to auditors, accountants, architects, legal counsel, engineers or other professionals, excluding your employees, to help produce and certify information required by us to establish the amount payable under this Form.

15. NEW ACQUISITIONS

Coverage is extended to include new premises you may acquire, or those you occupy as a tenant, provided:

- 15.1. you notify us of your new acquisition in writing;
- 15.2. the **equipment** situated inside these premises is a type covered in the definition of **equipment**;
- 15.3. you agree to pay the resulting additional premium;
- 15.4. the newly acquired or rented location is in Canada or in the continental United States of America.

This Extension of Coverage shall apply at the time of the acquisition or location and extends for a period of 180 days, or to the date of endorsement of this Form adding such location, or until the expiry date of this Policy, whichever occurs first.

16. SERVICE INTERRUPTION

If there is a **breakdown** of **equipment** not owned or operated by you, we will pay for:

- 16.1. loss of perishable **insured property** which spoils;
- 16.2. loss due to **business interruption/extra expense**, but only if such **business interruption/extra expense** is covered under this Policy;

But only if the **equipment** is also:

- 16.3. of a kind described under the definition of **equipment**;
- 16.4. situated on or within a 2500 metres radius of the **premises**;
- 16.5. the property of a public utility or of the building owner of the **premises**;
- 16.6. used to supply steam, gas, air, water, refrigeration, electricity, air conditioning, heating or communication services to the **premises**.

17. INTERRUPTION BY CIVIL AUTHORITY

Under the Coverage provided by sub-paragraph 1.3. under the **INSURING AGREEMENT** section, we shall pay, for up to thirty (30) consecutive days, for losses resulting from civil authority barring access to your **premises** and which compromises the normal course of your activities. This interdiction must be a direct consequence of a **breakdown** to equipment, which would have been covered if the said **breakdown** had happened to your 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 **equipment**.

This Extension does not apply if coverage for loss arising out of interruption by civil authority is specifically insured under a separate form of commercial property or **business interruption/extra-expense insurance**, whether attached to this Policy or not.

18. SPARES MITIGATION

If a **breakdown** occurs to a spare **equipment** that is connected and in use for the sole purpose of reducing loss under this Form, such **breakdown** shall be considered as part of the loss being so reduced and no additional deductible shall apply.

Spare **equipment**, as used herein shall mean an **equipment** acquired by you prior to **breakdown** and held specifically to spare existing operating **equipment**.

19. SELLING PRICE

Coverage for your finished manufactured products or your merchandise is calculated under clause 2. **BASIS OF SETTLEMENT** from the **SPECIAL CONDITIONS** section, at the regular cash selling price at the time of the loss of such manufactured products or merchandise located on the **premises** where the loss occurs, less all discounts and charges to which these manufactured products or merchandise would have been subject had no loss occurred.

SPECIAL CONDITIONS

1. AMOUNTS OF INSURANCE

Our total liability for any loss or damage to **equipment** from any one **breakdown**, subject to the **INSURING AGREEMENT** section, shall not exceed the amounts of insurance stated in the Declaration Page(s).

2. BASIS OF SETTLEMENT

2.1. Property damage

Under sub-paragraph 1.1. of the **INSURING AGREEMENT** section, we agree to pay for **insured property** which is damaged as follows:

- 2.1.1. with regards to **media**, the cost of blank material;
- 2.1.2. with regards to exposed film, records, manuscripts and drawings, the cost of blank material plus the cost of transcription;

- 2.1.3. with regards to any heat exchanger that forms part of forced air heating **equipment** that is five (5) years old or more from the date of purchase new, its **actual cash value**;
- 2.1.4. with regards to any building for which the Guaranteed Replacement Cost Endorsement is specified in the Declaration Page(s), the terms and conditions specified in such endorsement will apply regardless of clause **1. AMOUNTS OF INSURANCE** of this Section;
- 2.1.5. with regards to all other **insured property**, the lesser of the cost at the time of the **breakdown**:
 - 2.1.5.1. to repair; or
 - 2.1.5.2. to replace with similar property of like kind, capacity, size, quality and function.

We shall not be liable:

- 2.1.6. for 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**;
 - 2.1.7. for more than the cost to replace the property with other property of like kind, capacity, size, quality and function;
 - 2.1.8. for loss or damage to any **insured property** which is useless or obsolete to you.
- 2.2. Spoilage
We will pay, under sub-paragraph 1.2. of the **INSURING AGREEMENT** section, the amount that is spent to replace perishable **insured property** which spoils solely as a result of the **breakdown** of **equipment**. If the **insured property** is not replaced, we shall only pay for the **actual cash value** of the property.
- 2.3. Business Interruption/Extra Expense
Under sub-paragraph 1.3. of the **INSURING AGREEMENT** section, we will pay until the earlier of:
- 2.3.1. the date the revenue and operations of the business return to normal; or
 - 2.3.2. twelve (12) months from the date of the **breakdown**.

3. INDEMNITY PERIOD

The **indemnity period**, with respect to **business interruption/extra expense**, is not limited by the fact that the policy period has expired, should a loss extend beyond this date.

4. DEDUCTIBLE

For any loss or damage caused by **any one breakdown**, you shall bear that part of the loss corresponding to the applicable deductible specified in the Declaration Page(s).
If more than one deductible is specified and is applicable to covered loss under this Policy from **any one breakdown**, only one deductible shall be applied and that shall be the highest of the applicable deductibles as specified in the Declaration Page(s).

5. INSPECTION AND SUSPENSION

We reserve our right, at all reasonable times during the Policy Period, to inspect any **equipment** and the **premises** where said **equipment** is located. If it is discovered by any one of our representatives that any **equipment** is subject to or is exposed to a dangerous condition this 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 Declaration Page(s), or at the **premises** where the **equipment** is situated. We agree 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. You shall be allowed a pro rata refund of premium for that **equipment** for the period that coverage is suspended.

6. REFILLABLE TANKS

We consider as connected ready for use any unfired pressure vessel used for storage of gas or liquid which is periodically filled, moved, emptied and refilled in the course of its normal service.

7. 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".

Where the laws of Québec govern this Policy, the general conditions contained under form 240.0e, General Conditions, supersede the following special conditions in case of duplication:

8. OTHER INSURANCE

Notwithstanding the Other Insurance clause stipulated under the General Conditions form or the Statutory and General Conditions Form, in the event where another insurance would apply following a **breakdown**, coverage under this Policy shall only apply as excess insurance over any other insurance provided.

9. NOTICE OF BREAKDOWN AND COMMENCEMENT OF LIABILITY

You shall immediately give notice of **breakdown** to any of our offices. The commencement of our liability under this coverage shall be:

- 9.1. the time of the **breakdown**; or
 - 9.2. 24 hours before the notice of **breakdown** is received;
- whichever is later.

10. SUBROGATION

In the event of any payment under this Form, we are subrogated to all of your rights of recovery against any person or organization. You shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. Following a **breakdown**, you must not do anything to prejudice such rights.

11. OTHER DUTIES AND RESPONSIBILITIES

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

12. ACTION AGAINST INSURER

No action lies against us unless, as a condition precedent to any such action, you have fully complied with all terms of this Policy. No action lies against us unless such action is begun within 14 months from the date of a **breakdown**.

13. ASSIGNMENT - BANKRUPTCY

The assignment by you of an interest in the **insured property** under this Form does not bind us until its consent is endorsed onto the policy. If you die, are adjudged bankrupt or insolvent or if you assign your interest in the insurance to a co-insured during the Policy Period, this Form (unless cancelled for non-payment) covers your legal representative, your trustee in bankruptcy or any remaining insured in the same manner it does for you, provided that written notice is given to us within 60 days after the date of your death or adjudication.

14. CANCELLATION

This Form may be cancelled by you by mailing us a written notice stating the date such cancellation is effective. This Form may be cancelled by us by mailing you at your address specified in the Declaration Page(s), written notice stating when not less than 60 days thereafter such cancellation is effective. Such mailing of notice is sufficient proof of notice. The effective date and hour of cancellation stated in the notice becomes the end of the Policy Period. Delivery of such written notice either by you or by us is

equivalent to mailing. If you cancel, the earned premium is computed in accordance with the standard short rate cancellation table. If the Insurer cancels, the earned premium is computed pro rata.

Computation of any premium refund due to cancellation is subject to any premium amount specified for this Form as a minimum retained premium.

15. CHANGES

By accepting this Form, you agree that this Form embodies all agreements existing between yourself and us or any of our 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 Form. Such notice does not stop us from asserting any rights under this Form. The terms of this Form are in no way waived or changed except by endorsement issued to form a part of this Form. The additional or return premium for any such endorsement shall be computed in accordance with our rating standards and practices that are applicable to such change.

16. MORTGAGE INTEREST

If any loss payee is noted in the Declaration Page(s) or in the Locations and Loss Payees Schedule as Mortgagee with respect to any Location described in the Declaration Page(s), loss (if any) under the Direct Damage Insuring Agreement, on your property at the said Location, shall be adjusted with and payable to you and the said Mortgagee, as their interests may appear. We reserve our right to cancel the policy as provided in the Cancellation Condition of the policy. In such case we agree 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 you. Such cancellation, as respects the interest of the said Mortgagee, is effective at the time specified in said notice to you, but in no event earlier than 60 days after the day of mailing of said copy of notice to said Mortgagee. We reserve our right to suspend insurance (which includes any insurance applying to the interest of said Mortgagee) on **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.

17. ADDITIONAL INSURED

Any name mentioned as an additional Insured in the Declaration Page(s), or in any Schedules or Endorsements attached to the Form, 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 Condition clause, nor the inclusion under this Form of more than one Insured (or of additional Insureds), shall operate to increase our Limit of Insurance.

18. CANADIAN CURRENCY CLAUSE

All sums, limits, deductibles and other amounts shown in this Form, stipulated in the Declaration Page(s) or in connection with this Policy are in Canadian currency.

19. DISPUTED LOSSES

If a covered loss exists and there is disagreement between the Property Insurer and us as to which Insurer is liable or as to the proportion of the loss to be paid by each Insurer, then upon written request by you we shall settle the loss in accordance with the Insurance Bureau of Canada's Property/Boiler Agreement Respecting Disputed Losses, providing the Property Insurer is signatory to that Agreement or has agreed in writing to be bound by its contents.

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. We consider such items as the age, condition and normal life expectancy of the damaged property in determining depreciation.
2. **Actual Loss Sustained** means the sum of:
 - 2.1. the loss of **net profit** on the business prevented; and
 - 2.2. that part of the following fixed charges and expenses which the business did not incur because of a **breakdown**, but which the business would have earned had the **breakdown** not occurred:
 - 2.2.1. salaries and wages of officers, executives, department managers, employees under contract and other essential employees; and
 - 2.2.2. manufacturing, selling, administrative expenses and any other items contributing to the overhead expenses of the Insured but due consideration shall be given to the experience of the business before the **breakdown** and probable experience thereafter.
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 **any one breakdown**.
4. **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:
 - 4.1. depletion, deterioration, corrosion or erosion of material;
 - 4.2. wear and tear;
 - 4.3. the functioning of any safety device or protective device.
5. **Business Interruption** means:
 - 5.1. either the business interruption coverages offered and showing in the Declaration Page(s) under the Property Policy that are also applicable to a business interruption resulting from a **breakdown** (follow form); or
 - 5.2. either:
 - 5.2.1. the **actual loss sustained** if Actual Loss Sustained is shown in the Declaration Page(s);
 - 5.2.2. the **loss of profits** if Loss of Profits is shown in the Declaration Page(s);
 - 5.2.3. the **gross rents** if Gross Rents is shown in the Declaration Page(s); or
 - 5.2.4. the **gross earnings** if Gross Earnings is shown in the Declaration Page(s).
6. **Data** means facts, concepts and information which is converted to a form useable for computer equipment and includes programs, software, interpretation and coded instructions for the processing and manipulation of data and the electromechanical data processing, and also includes data arising from electronically controlled **equipment**.
7. **Equipment** means any **equipment** owned, leased, operated or for which you have, care, custody or control as described below:
 - 7.1. any boiler, fired or unfired pressure vessel normally subject to vacuum or internal pressure other than static pressure of contents, any piping connected thereto or any other piping and its accessory **equipment**, any heat exchanger that forms part of forced air heating **equipment**, but not including any:
 - 7.1.1. boiler setting, any refractory or insulating material,
 - 7.1.2. part of a boiler or fired pressure vessel that does not contain steam or water; or
 - 7.1.3. any drainage piping, any sprinkler piping and its accessory **equipment**;
 - 7.1.4. **equipment** (including piping) which is not in a conduit beneath the surface of the ground and that requires the removal, excavation or demolition of materials in order to inspect, remove, repair or replace such **equipment** or such piping; However, this exclusion doesn't apply to **geothermal heating systems**.

- 7.2. any mechanical or electrical **equipment** used for the generation, transmission or utilization of mechanical or electrical power, but not including:
- 7.2.1. any vehicle, power shovel, excavator dragline or other mobile **equipment**, floating vessel, locomotive or aircraft, but not excluding any electrical **equipment** and/or pressure vessel used with such machine or apparatus;
- 7.2.2. any lifting or safety cables, anchorages, car buffers or counterweight buffers which forms part of an elevator system;
- 7.3. any electronic **equipment** or fibre optic cable, used for research, diagnosis, treatment, communication, word processing, data processing, duplicating, monitoring or scanning, but **equipment** shall not include:
- 7.3.1. any anode tube, x-ray tube, video amplifier tube or klystron tube; nor
- 7.3.2. any laser cartridge.
8. **Extra Expense** means the reasonable and necessary extra expenses incurred by yourselves in order to either resume or continue the normal operation of your business.
9. **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.
10. **Finished stock** means the stock manufactured by you, in the ordinary course of your business, which is ready for packing, shipment or sale.
11. **Geothermal heating systems** means underground piping as a means of heat transfer.
12. **Goods** means goods kept for sale by you which are not the product of manufacturing operations conducted by you.
13. **Green** means products, materials, methods and processes certified by a **green authority** that conserve natural resources, reduce energy or water consumption, avoid toxic or other polluting emissions or otherwise minimize environmental impact.
14. **Green Authority** means an authority on building products, materials, methods or processes certified and accepted by industry associations or government as supporting environmental sustainability and/or energy conservation. These entities include but are not limited to: leadership in energy and Design (LEED), Green Building Initiative (Green Globes), Energy Star, Building Owners and Managers Association (BOMA) BEST, any applicable Canadian Standards Association guideline (CSA), ISO Standards or any other environmental sustainability or energy conservation rating or certification system recognised by us.
15. **Gross earnings** means the sum of:
- 15.1. total net sales value of production;
- 15.2. total net sales of **goods**;
- 15.3. other earnings derived from operations of the business;
- Less the cost of:
- 15.4. **raw stock** from which such production is derived;
- 15.5. supplies consisting of materials consumed directly in the conversion of such **raw stock** into **finished stock** or in supplying the service(s) sold by you at the **premises**;
- 15.6. **goods** sold, including packaging materials thereof;
- 15.7. services purchased from outsiders (not your employees) for resale which do not continue under contract;
- 15.8. your **ordinary payroll** expense.
- No other costs are deducted in determining **gross earnings**. In determining **gross earnings**, due consideration will be given to the experience of the business before the **breakdown** and the probable experience thereafter had no **breakdown** occurred.
16. **Gross rents** means the sum of:
- 16.1. the **gross rents** for one year of the part or parts of the **premises** occupied;
- 16.2. the estimated annual rental value of the part or parts of the **premises** not occupied; and
- 16.3. the reasonable rental value, as the case may be, of the part or parts of the **premises** occupied by you.
- (*) In determining the **gross rents**, due consideration is given to the experience of your business before the **breakdown** and the probable experience thereafter had no **breakdown** occurred.
17. **Hazardous Substance** means:
- 17.1. any pollutant, contaminant or other substance declared by a government authority to be hazardous to health or the environment; or
- 17.2. any **fungi**, **spores** or toxins created or produced by or emanating from such **fungi** or **spores** whether or not allergenic, pathogenic or toxigenic.
18. **Insured property** means:
- 18.1. Your property; or
- 18.2. Property of others in your care, custody or control and for which you are legally liable.
19. **Indemnity period** means the period beginning with the occurrence of the **breakdown** and ending no later than twelve (12) months thereafter, during which the results of the business shall be affected in consequence of the **breakdown**.
20. **Insured standing charges** means all standing charges are insured unless otherwise specified in the Declaration Page(s), in which case only those standing charges so specified are insured. The following shall in no event be deemed to be standing charges:
- 20.1. Depreciation of stock;
- 20.2. Bad debts;
- 20.3. Wages and salaries other than salaries to permanent staff and wages to foremen and important employees whose services would not be dispensed with should the business be interfered with or interrupted.
21. **Loss of profit** means the sum produced by adding to the **net profit** the amount of the **insured standing charges** or if there is no **net profit** the amount of the **insured standing charges** less such a proportion of any net trading loss as the amount of the **insured standing charges** bears to all standing charges of the business.
22. **Media** means tangible material or virtual support on which **data** is recorded.
23. **Net profit** means the net trading profit (exclusive of all capital receipts and accretions and all outlay properly chargeable to capital) resulting from the business of the Insured at the **premises** specified in the Declaration Page(s) after due provision has been made for all standing and other charges including depreciation, but before the deduction of any taxation chargeable on profits.
24. **Ordinary payroll** means the entire payroll for all your employees, except salaries and wages to:
- 24.1. officers;
- 24.2. executives;
- 24.3. department managers;
- 24.4. employees under contract; and
- 24.5. other essential or important employees.

- 25. Premises** means the entire area within the property lines and areas under adjoining sidewalks and driveways at the location described in the Declaration Page(s).
- 26. Raw stock** means the material in the state in which you receive it for conversion by you into **finished stock**.
- 27. 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**.
- 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(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.