

EQUIPMENT BREAKDOWN ELITE

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SUMMARY OF COVERAGES

INCLUDED IN POLICY LIMIT		
Item	Extensions of Coverage	Limit of Insurance
1.	Expediting Expenses	Included
2.	Hazardous Substances	As shown in the Declaration Page(s)
3.	Ammonia Contamination	As shown in the Declaration Page(s)
4.	Water Damage	As shown in the Declaration Page(s)
5.	Loss of Data	As shown in the Declaration Page(s)
6.	By-Laws	Included
7.	Professional Fees/Auditors Fees	As shown in the Declaration Page(s)
8.	New Acquisitions	As shown in the Declaration Page(s)
9.	Errors or Omissions	As shown in the Declaration Page(s)
10.	Service Interruption	Included
11.	Liberalization Clause	Included
12.	Interruption by Civil Authority	Included
13.	Spares Mitigation	Included
14.	Brands and Labels	As shown in the Declaration Page(s)
15.	Environmental "GREEN" Improvements	As shown in the Declaration Page(s)
16.	Off-Premises Portable Objects	As shown in the Declaration Page(s)
17.	Selling Price	As shown in the Declaration Page(s)
18.	Public Relations	As shown in the Declaration Page(s)
19.	Equipment Incompatibility	Included
20.	Excess Insurance	Included
21.	Functional Replacement	Included
22.	Permission to Relocate	Included
23.	Research and Development	As shown in the Declaration Page(s)
24.	Pairs and Sets	Included
25.	Course of Construction - Renovations	As shown in the Declaration Page(s)

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

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

The **Insurer** will indemnify the **Insured** for a loss:

1. resulting from an **Accident** to an **Object** occurring during the Policy Period; and
2. at a **Location** specified in this Policy;

all subject to the **Limit of Insurance** stated in the Declaration Page(s) and the terms, conditions, limitations and endorsements of this Policy.

EXCLUSIONS

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

1. from nuclear reaction, radiation or radioactive contamination, all whether controlled or uncontrolled, caused directly or indirectly by, contributed to or aggravated by an **Accident**;
2. from:
 - 2.1. war, including undeclared or civil war;
 - 2.2. warlike action by 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;
 - 2.3. insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these; or
 - 2.4. civil commotion, sabotage, strike, vandalism or malicious act;
3. by pollution, contamination or damage by a **Hazardous Substance**, however caused, except as provided under **EXTENSIONS OF COVERAGE, 2. HAZARDOUS SUBSTANCES**;
4. by an **Accident** 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. hail, snow load, ice load or sleet;
 - 4.4. fire, smoke, or combustion explosion; or
 - 4.5. 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 an **Accident** or that ensues from an **Accident**. However, with respect to any **Object** which is a fully or totally enclosed electrical or electronic machine or apparatus, fire damage within the said machine or apparatus which ensues from an **Accident** is covered;
 - 5.2. **Water** escape resulting from an **Accident**, unless the **Water** escapes from equipment that normally contains **Water** or steam and; if coverage for that cause of loss is not provided by any other insurance policy in effect at the time of loss;
 - 5.3. **Flood**. However, if an **Accident** results from a **Flood**, loss caused by said **Accident** is covered;
 - 5.4. lightning if coverage for this cause of loss is provided by any other insurance policy in effect at the time of the loss;
6. by an **Accident** to an **Object**:
 - 6.1. prior to the time the **Object** has been completely installed, operationally tested, and contractually accepted by the **Insured**;
 - 6.2. while undergoing hydrostatic, pneumatic or any pressure test;
 - 6.3. while undergoing an insulation breakdown test; or
 - 6.4. while being dried out;
7. by an explosion within the furnace of any boiler of the chemical recovery type or within the passages from the furnace to the atmosphere whether or not such explosion:
 - 7.1. is contributed to or aggravated by an **Accident** to any part of said boiler that contains heat transfer medium or its vapours;
 - 7.2. is caused in whole or in part, directly or indirectly, by an **Accident** to any **Object**, or part thereof;
8. by an explosion of gas or unconsumed fuel with the furnace of any boiler or fired vessel or within the passages from the furnace to the atmosphere, whether or not such explosion:
 - 8.1. is contributed to or aggravated by an **Accident** to any part of said **Object** that contains heat transfer medium or its vapours; or
 - 8.2. is caused in whole or in part, directly or indirectly, by an **Accident** to an **Object** or part hereof, nor shall the **Insurer** be liable for any loss from an **Accident** caused directly or indirectly by such explosion;
9. from the partial or total failure, malfunction or loss of use of any electronic **Object**, computer system, information repository, microchip, integrated circuit or other similar device due to:
 - 9.1. the erasure, destruction, corruption, misappropriation or misinterpretation of **Data**;
 - 9.2. any error in creating, amending, entering, deleting or using **Data**;
 - 9.3. the inability to receive, transmit or use **Data**; or
 - 9.4. 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, the **Insurer** shall pay for loss that ensues solely from an **Accident** to any other **Object** owned by the **Insured**;
10. 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**;
 - 10.1. 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;
 - 10.2. 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;
11. from collision, upset or external impact to any portable or mobile equipment;
12. from delay or interruption of business;
13. from lack of or too much power, light, heat, steam or refrigeration;
14. by any other indirect consequence of an **Accident** to an **Object**.

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

EXTENSIONS OF COVERAGE

The following Extensions of Coverage shall not increase the **Limit of Insurance** stated in the Declaration Page(s):

1. EXPEDITING EXPENSES

As a direct result of an **Accident** to an **Object**, the **Insurer** will pay, up to the **Limit of Insurance** stated in the Declaration Page(s) in respect of such **Accident**, for the reasonable extra cost of temporary repairs to the **Insured Property** damaged by an **Accident** or the cost to expedite the permanent repair or replacement of such damage to

Insured Property, including overtime and the extra cost of express or other rapid means of transportation. The **Insurer** 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.

2. HAZARDOUS SUBSTANCES

As a direct result of an **Accident** to an **Object**, the **Insurer** will pay, up to the **Limit of Insurance** stated in the Declaration Page(s) in respect of such **Accident**, for loss to **Insured Property** contaminated by **Hazardous Substances**.

In the event of an **Accident** to an **Object** which involves any contaminating substance, or pollutant declared by any governmental agency to be hazardous to health or the environment, the insurance provided under **SPECIAL CONDITION, 2. BASIS OF SETTLEMENT** of this Policy shall apply to the increased cost incurred for the cleanup, repair or replacement, collection, containment, transportation, storage, treatment, and disposal of any **Insured Property** contaminated by such substance or pollutant as a direct result of the **Accident**. This coverage also includes Business Interruption.

The **Insurer** shall not be liable under this extension of coverage for loss or damage caused by ammonia contamination.

The provisions specified herein shall not operate to increase the **Insurer's** liability for loss under Spoilage Coverage forming part of this Policy.

3. AMMONIA CONTAMINATION

As a direct result of an **Accident** to an **Object**, the **Insurer** will pay up to the **Limit of Insurance** stated in the Declaration Page(s) in respect of such **Accident**, for loss to **Insured Property** contaminated by ammonia. This coverage also includes Business Interruption.

The **Insurer** shall not be liable under this extension of coverage for loss or damage caused by **EXTENSION OF COVERAGE, 2. HAZARDOUS SUBSTANCES**.

The provisions specified herein shall not operate to increase the **Insurer's** liability for loss under any Spoilage Coverage forming part of this Policy.

4. WATER DAMAGE

As a direct result of an **Accident** to an **Object**, the **Insurer** will pay up to the **Limit of Insurance** stated in the Declaration Page(s) in respect of such **Accident**, for loss to **Insured Property** damaged by the escape of **Water**. This **Limit of Insurance** includes salvage expenses.

5. LOSS OF DATA

As a direct result of an **Accident** to an **Object**, Data is lost or damaged, the **Insurer** agrees to pay, up to the **Limit of Insurance** stated in the Declaration Page(s) for:

- 5.1. the cost of gathering or reproducing the **Data**;
- 5.2. the business interruption resulting from the loss or damage to the **Data**, provided Business Interruption Coverage is specified in the Declaration Page(s);

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

6. BY-LAWS

If prior to the time of an **Accident** 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**, the **Insurer** will pay for:

- 6.1. the increase in cost of repair or replacement of both damaged and undamaged **Insured Property** (including any demolition and site clearing costs) which is necessary to meet the minimum requirements of the law, by-law, ordinance, regulation, rule and/or ruling;
- 6.2. any increase in business interruption loss resulting from the enactment or application of any by-law, ordinance, law, regulation, rule and/or ruling, provided the Business Interruption Coverage is specified in the Declaration Page(s);

In no event shall any provision specified herein apply to any loss as stated in **EXTENSIONS OF COVERAGE, 2. HAZARDOUS SUBSTANCES** of this Policy.

7. PROFESSIONAL FEES/AUDITORS FEES

In the event that an **Accident** occurs, the **Insurer** will pay, up to the **Limit of Insurance** stated in the Declaration Page(s), for the reasonable and necessary fees payable to auditors, accountants, architects, legal counsels, engineers, or other such professionals, for producing and certifying particulars or details of the **Insured's** claim in order to establish the amount payable under this Policy. The **Insured's** own employees, insurance consultants, management personnel and public adjusters are excluded. This extension of coverage applies only to fees incurred in establishing the quantum of a loss for which liability is accepted by the **Insurer**.

8. NEW ACQUISITIONS

Coverage is extended to include newly acquired, rented or leased **Location** provided the **Object** and **Location** added are subject to the following conditions:

- 8.1. the **Insured** notifies the **Insurer** in writing within ninety (90) days after the date said **Location** is acquired;
- 8.2. the **Insured** shall agree to pay any additional premium;
- 8.3. the newly acquired or rented **Location** is in Canada, the United States, or within any other country in which **Insured Property** currently insured by this Policy is located;
- 8.4. the deductible(s) and/or waiting period(s) will be the highest amount shown in the Policy for loss applicable to each **Object**;
- 8.5. the **Object** and **Location** added do not differ from the usual business of the **Insured**; and
- 8.6. loss resulting from an **Accident** shall not exceed the **Limit of Insurance** specified in the Declaration Page(s). The **Insurer** shall not be liable under this extension of coverage for Spoilage Damage.

This extension of coverage shall apply at the time of the acquisition or tenancy and extends for a period of 365 days, or to the date of endorsement of this Policy adding such **Location**, or until the expiry date of this Policy, whichever occurs first.

9. ERRORS OR OMISSIONS

9.1. The **Insurer** shall be liable under this Policy for unintentional error(s) and/or unintentional omission(s) by the **Insured**, subject to the following conditions:

9.1.1. an **Accident** occurs within Canada, the United States or within any country in which **Insured Property** currently insured by this Policy is located;

9.1.2. the unintentional error(s) and/or unintentional omission(s) by the **Insured** comprises any one or combination of the following:

9.1.2.1. an unreported **Location** owned or occupied by the **Insured** at the inception date of this Policy;

9.1.2.2. the incorrect description of a **Location**;

9.1.2.3. **Insured Property** values reported for the **Location**; and/or

9.1.2.4. the incorrect deletion of a **Location**;

9.1.3. coverage for loss to **Insured Property** directly resulting from the **Accident** would have been provided under this Policy had the unintentional error(s) and/or unintentional omission(s) not been made.

9.2. If the aforesaid conditions listed are not fully complied with by the **Insured**, coverage is not afforded under this Policy for any such loss or damages.

9.3. Any unintentional error(s) and/or unintentional omission(s), when discovered, shall be reported and corrected, including but not limited to any appropriate adjustment to premium.

9.4. In no event shall the **Insurer's** liability exceed the **Limit of Insurance** stated in the Declaration Page(s), this amount being included in, and not in addition to, the **Limit of Insurance**.

9.5. The provisions contained herein shall not operate to alter or extend **EXTENSIONS OF COVERAGE, 8. NEW ACQUISITIONS**.

10. SERVICE INTERRUPTION

- 10.1. The **Insurer** shall be liable for loss solely for the purposes of any Business Interruption or Spoilage coverage provided by this Policy, the definition of **Accident** of an **Object** shall include any **Object** which is owned by a Public Utility or other supplier of service and used to supply under contract or lease: electric power; water; heat; refrigeration; gas; air; or steam, communication services except satellite services, directly to the **Location**, resulting in an interruption of services to the **Insured**.
- 10.2. This extension of coverage shall not include any loss resulting directly or indirectly from an **Accident** to an **Object**, should any coverage for Service Interruption be provided by any other insurance policy.
- 10.3. In addition to the exclusions forming part of this Policy, it is agreed that the **Insurer** shall not be liable for any interruption of service caused by or resulting from the weight of ice or snow, wind, rising waters, or by a deliberate act or acts of the supplying company to shed load to maintain system integrity.

11. LIBERALIZATION CLAUSE

The **Insurer** will provide coverage under this Policy incorporating any changes by the **Insurer**, not including endorsements, that broadens coverage, without an additional premium charge, provided that:

- 11.1. such extension of coverage has not been declined by the **Insurer**;
- 11.2. such extension of coverage has not been refused by the **Insured** following conditions proposed by the **Insurer**.

12. INTERRUPTION BY CIVIL AUTHORITY

Any Business Interruption or Spoilage coverage provided by this Policy is extended to pay for loss not exceeding 60 days. This extension of coverage must be as a direct result of an **Accident** to an **Object** at the **Location** of others, and access to the **Location** is prohibited by order of civil authority.

13. SPARES MITIGATION

Respecting an **Accident**, as defined in this Policy, to any insured spare **Object** used to reduce or avert any Property Damage and Business Interruption loss at the time of an **Accident** such **Accident** shall be considered to be part of such loss, and any applicable Property Damage and Business Interruption deductible amount or waiting period shall be continuous and only apply one time to the total Property Damage or Business Interruption loss.

Spare **Object**, as used herein shall mean any **Object** acquired by the **Insured** prior to an **Accident** and held specifically to spare existing operating **Object**.

14. BRANDS AND LABELS

In the event of loss or damage arising out of an **Accident** to **Insured Property** bearing a brand name or trademark, the **Insurer** shall indemnify the **Insured**, up to the **Limit of Insurance** stated in the Declaration Page(s), 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 an **Accident**; in accordance with the value established by the **Insurer** 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.

15. ENVIRONMENTAL "GREEN" IMPROVEMENTS

If **Object** requires replacement due to an **Accident**, the **Insurer** will pay the **Insured** additional costs to replace the **Object** with one better for the environment, and more energy efficient than the **Object** being replaced. The **Insurer** will pay up to the amount stated in the Declaration Page(s) in respect to an **Accident**, of what the cost would have been to replace with like kind, capacity, size, quality and function.

This Extension does not apply to any **Object** valued at **Actual Cash Value**, an obsolete **Object** and/or any uninsured **Object**.

Such additional costs shall include:

- 15.1. the additional reasonable and necessary fees incurred by the **Insured** for an accredited professional certified by a **Green Authority** to participate in the repair or replacement of physical damaged **Object** as **Green**;
- 15.2. the additional reasonable and necessary cost incurred by the **Insured** for certification or recertification of the replaced or repaired **Object** as **Green**; and
- 15.3. the additional reasonable and necessary cost incurred by the **Insured** for **Green** removal, disposal or recycling of damaged **Object**.

This extension of coverage does not apply to any:

- 15.4. stock, raw material, finished goods, merchandise, **Data processing Object** not used in the functional support of any **Object**, molds and dies or an **Object** of others for which the **Insured** is legally liable;
- 15.5. loss covered under any other section of this Policy; or
- 15.6. cost incurred due to any law or ordinance which the **Insured** is legally obligated to comply with prior to the time of the **Accident** to an **Object**.

16. OFF PREMISES PORTABLE OBJECTS

The **Insurer** shall be liable for loss with respect to an **Accident**, for loss or damage to **Portable Objects** that at the time of the **Accident** are not at a **Location** listed on this Policy; provided that the **Portable Object**:

- 16.1. is of a type described in the definition of **Object**; and
- 16.2. is at a **Location** which is within Canada, the United States, or within any other country in which **Insured Property** is currently insured by this Policy.
- 16.3. the **Insurer's** liability for loss to any **Portable Object** that is three (3) years old or more from the date of purchase new, is its **Actual Cash Value**.

This extension of coverage does not apply to any loss of **Portable Object**:

- 16.4. which is a refrigeration system and/or its accessory equipment;
- 16.5. which is manufactured or distributed by the **Insured** for sale;
- 16.6. which is a watercraft, aircraft or unmanned aerial vehicle (drone); or
- 16.7. resulting from collision, upset or external impact.

The limit of the **Insurer's** liability shall be the **Limit of Insurance** specified in the Declaration Page(s) for Off Premises Portable Objects including Business Interruption and/or Spoilage resulting from the loss or damage to the **Portable Object**, provided that Business Interruption and/or Spoilage are specified in the Declaration Page(s).

17. SELLING PRICE

In respect to an **Accident** for this extension, coverage for the **Insured's** finished manufactured products or manufactured merchandise is calculated under **SPECIAL CONDITIONS, 2. BASIS OF SETTLEMENT**, at the regular cash selling price at the time of the loss of such manufactured products or manufactured merchandise at the **Location** where the loss occurs, less all discounts and charges to which these manufactured products or manufactured merchandise would have been subject had no loss occurred.

18. PUBLIC RELATIONS

The **Insurer** will pay, up to the **Limit of Insurance** in the Declaration Page(s) for Public Relations in respect of an **Accident**, for loss under business interruption, 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. These communications must be directed to:

- 18.1. the media;
- 18.2. the public; or
- 18.3. customers, clients or members of the **Insured**.

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

- 18.4. thirty (30) consecutive days after the date the **Insured Property** is repaired or replaced; or
- 18.5. after the necessary period of time to proceed with due diligence and dispatch to rebuild, repair or replace such **Insured Property** that has been damaged by the **Accident**;

whichever occurs first.

19. EQUIPMENT INCOMPATIBILITY

The **Insurer** will pay for the cost of purchasing and installing technologically current equipment which is necessitated by incompatibility between:

- 19.1. New equipment installed to replace damaged or destroyed equipment; and
- 19.2. Undamaged existing equipment that no longer functions with the replaced equipment either at the same **Location** and/or interdependent **Location**;
- 19.3. Coverage is subject to the following:
 - 19.3.1. the equipment was damaged due to an **Accident** to an **Object**;
 - 19.3.2. the equipment cannot be repaired;
 - 19.3.3. the **Insurer(s)** shall be liable under this extension only for the amount sufficient to enable the **Insured** to resume operations in substantially the same manner as before the destruction or damage; and
 - 19.3.4. the damage or destruction and the necessity to replace incompatible equipment shall be regarded as one **Accident**.

20. EXCESS INSURANCE

Coverage is provided under this Policy for an **Accident** to an **Object** at any **Location** reported to the **Insurer** and owned by the **Insured** at any **Location** within Canada, the United States and/or any other country listed on this Policy where the tenant, landlord, co-owner, property manager or other third party are required by lease or other written agreement to carry Equipment Breakdown Insurance on behalf of the **Insured**. The **Insured** shall agree to pay any additional premium, and this extension of coverage is subject to the following conditions:

- 20.1. the tenant, landlord, co-owner, property manager or other third party fail to comply with the requirements of the lease or written agreement and as direct result the **Insured** suffers a loss;
- 20.2. the tenant's, landlord, co-owner, property manager or other third party lease or written agreement expires, lapses or is cancelled and the **Insured** is required to provide insurance solely due to the vacancy of the **Location**; or
- 20.3. the tenant, landlord, co-owner, property manager or other third party's insurance is not as broad as the coverages on this Policy and as direct result, the **Insured** suffers a loss.

21. FUNCTIONAL REPLACEMENT

In the event that a replacement of like kind, capacity, size, function and quality is not available, the basis of settlement shall be the cost of replacing the damaged **Object** with new equipment or machinery of like kind, capacity, size, function and quality incorporating the most current technology.

22. PERMISSION TO RELOCATE

Coverage is provided by the **Insurer** arising out of a loss under this Policy for the **Insured** for reconstruction or rebuild at a site of their own choosing however this shall not serve to increase **SPECIAL CONDITIONS, 2. BASIS OF SETTLEMENT** beyond that which would be incurred to reconstruct or rebuild on the same site.

23. RESEARCH AND DEVELOPMENT

If an **Accident** to an **Object** interrupts research and development activities which would not have generated revenue during the current indemnity period, the **Insurer** shall pay, up to the **Limit of Insurance** stated in the Declaration Page(s), any reasonable Extra Expense incurred in order to continue the activities and/or reduce the delay to such research and development activities.

This extension of coverage shall not apply if any research and development activities affected by the interruption are abandoned or deemed of no value.

24. PAIRS AND SETS

Coverage is extended in respect of an **Accident** to an **Object** resulting in direct damage to **Insured's** product, to include any part or parts of the **Insured's** product that are not damaged which causes the product to become unmarketable as a complete product.

25. COURSE OF CONSTRUCTION - RENOVATIONS

Coverage is extended to include any **Object** forming part of any renovations (such as alterations, repairs and additions) to any existing structures insured at the time of inception of this Policy or endorsed thereafter, for which the **Insured** assumes responsibility during the course of construction. Such **Object** shall be considered in the care, custody or control of the **Insured** upon being connected and ready for use. Coverage is extended up to the **Limit of Insurance** stated in the Declaration Page(s). This extension of coverage excludes testing and commissioning.

SPECIAL CONDITIONS

1. LIMIT OF INSURANCE

The **Insurer's** total liability for any loss or damage to **Insured Property** from an **Accident** shall not exceed the **Limit of Insurance** stated in the Declaration Page(s).

If more than one **Insured** is named, the **Insurer** shall not be liable under this Policy for any payment in excess of that for which it would have been liable if only one **Insured** had been named. The **Insurer's** liability under this Policy shall not be limited by the expiration of the Policy.

2. BASIS OF SETTLEMENT

In the event of an **Accident**, the **Insurer** agrees to pay for loss or damage to the **Object** and to other **Insured Property** directly damaged by the **Accident**.

The **Insurer** agrees that loss to **Insured Property** owned by the **Insured** shall mean the amount expended by the **Insured** to repair or replace such **Insured Property**, subject to the following provisions:

- 2.1. the **Insurer's** liability for any repair, or replacement shall be limited to the lesser of the following:
 - 2.1.1. the cost at the time of the **Accident** to repair said **Insured Property**; or
 - 2.1.2. the cost at the time of the **Accident** to replace said **Insured Property** with **Insured Property** of like kind, capacity, size, function and quality;

- 2.2. in the event that repair or replacement is with **Insured Property** of a better kind, capacity, size, function or quality, the **Insurer's** liability shall not exceed the amount that would have been paid if repair or replacement had been made with **Insured Property** of like kind, capacity, size, function and quality;
- 2.3. the **Insurer** shall not be liable for an **Object** obsolete to the **Insured** or be liable for the cost of repairing or replacing any part of an **Object** which is in excess of the cost of repairing or replacing the entire **Object**;
- 2.4. if any damaged **Insured Property** is not repaired or replaced within twenty-four (24) months of the **Accident**, the **Insurer's** liability as respects such **Insured Property** shall be limited to the **Actual Cash Value** of the damaged **Insured Property**;
- 2.5. any heat exchanger five (5) years old or more from the date of purchase new, that forms part of forced air heating equipment, shall be limited to the **Actual Cash Value**;
- 2.6. if at the time of a loss to insured refrigeration equipment using R22 or R142b refrigerant, there is not an adequate supply of R22 or R142b refrigerant stored at the **Location** and/or locally available for use at the insured **Location** to do a complete and timely repair, then the refrigeration equipment including compressors, motors and piping are considered uninsured objects and no liability exists for either direct or indirect damage, however caused. All refrigeration equipment including compressors, motors and piping using R22 or R142b refrigerant with an adequate supply of such refrigerant stored at the **Location** and/or locally available are subject to **Actual Cash Value**.

3. DEDUCTIBLE

For any loss or damage caused by **Any One Accident**, the **Insured** shall bear that part of the loss corresponding to the applicable deductible to an **Object** or other **Insured Property**, or for any Business Interruption or Spoilage coverage, specified in the Declaration Page(s).

If more than one deductible is applicable to covered loss under this Equipment Breakdown Elite Form, only the highest deductible shall apply as specified in the Declaration Page(s).

4. INSPECTION

The **Insurer** reserves its rights, at all reasonable times during the Policy Period, to inspect any **Object** and the **Location** where said **Object** is located. The **Insurer's** right to conduct inspections, or the making of any report thereon shall not constitute an undertaking on behalf of or for the benefit of the **Insured** or others, to determine or warrant that such **Object** is safe or not hazardous.

5. SUSPENSION

Upon the discovery of a dangerous condition respecting any **Object**, any representative of the **Insurer** may immediately suspend the insurance with respect to said **Object** by written notice mailed or delivered to the **Insured** at the mailing address of the **Insured**, as specified in the Declaration Page(s), or at the **Location** of the **Object**. The **Insurer** agrees to furnish a copy of the suspension notice to the mortgagee.

- 5.1. The **Insured** shall be allowed the unearned portion of the premium paid for such suspended insurance (pro rata) from the time of suspension for the remainder of the term.
- 5.2. Insurance so suspended may be reinstated by the **Insurer** but only by an Endorsement issued to form part of this Policy.

6. NOTICE OF ACCIDENT

When an **Accident** occurs:

- 6.1. notice shall be given immediately by or on behalf of the **Insured** to the **Insurer**, or any of the **Insurer's** authorized representatives;
- 6.2. the **Insurer** shall have reasonable time and opportunity to examine the **Insured Property** and the **Location** of the **Insured** before repairs are undertaken, or physical evidence of the **Accident** is removed, except for the protection from further damage, or salvage of **Insured Property**;
- 6.3. proof of loss shall be made by the **Insured** in such form as the **Insurer** may require;
- 6.4. the **Insured** shall render every assistance in facilitating the investigation and adjustment of any claim, submitting to examination and interview by any representative of the **Insurer**; and
- 6.5. the **Insured** shall not voluntarily incur any expense, other than at the **Insured's** own cost, except as otherwise expressly permitted in this Policy.

7. COMMENCEMENT OF LIABILITY

The commencement of the **Insurer's** liability under this Policy commences:

- 7.1. the time of the **Accident**; or
- 7.2. twenty-four (24) hours before the Notice of Accident is received by the **Insurer**;

whichever is later.

If the time in effect at the address to which a notice is sent is different from that in effect at the **Location** where the **Accident** occurred, the time of the receipt of such notice, for the determination of the Commencement of Liability shall be considered on the basis of the time in effect where the **Accident** occurred.

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. SUBROGATION

- 8.1. In the event of any payment or assumption of liability under this Policy, the **Insurer** is subrogated to all of the **Insured's** rights of recovery against any person or organization;
- 8.2. The **Insured** shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights; the **Insured** must not do anything to prejudice such rights;
- 8.3. Where the net amount recovered, after deducting the cost of recovery, is not sufficient to provide a complete indemnity for the loss suffered, that amount shall be divided between the **Insurer** and **Insured** in the proportion in which the loss has been borne by them respectively.

9. ACTION AGAINST INSURER

- 9.1. An action cannot be brought against the **Insurer** unless the **Insured** has first complied fully with all the terms and conditions of this Policy.
- 9.2. Any action against the **Insurer** must be commenced within the time prescribed by legislation in force at the time of the loss in the province, state, territory or jurisdiction of the **Location** in which the **Accident** occurs.

10. ASSIGNMENT

- 10.1. Assignment of interest, under this Policy, shall not bind the **Insurer** until its consent is endorsed hereon.
- 10.2. If the **Insured** shall die, or be adjudged bankrupt, or insolvent, during the Policy Period, this Policy, shall cover the **Insured's** legal representative.
- 10.3. Such coverage shall only apply if written notice is given to the **Insurer** within sixty (60) days after the date of such death, adjudication or insolvency.

11. CANCELLATION

- 11.1. This Policy may be cancelled by the **Insured** or by their designated management representative by mailing to the **Insurer** written notice stating when thereafter such cancellation shall be effective.
- 11.2. This Policy may be cancelled by the **Insurer** by written notice mailed or delivered to the **Insured** at the mailing address as specified in the Declaration Page(s), such cancellation shall be effective fifteen (15) days for non-payment of premium or sixty (60) days for any other reason. The effective date and hour of cancellation stated in the notice shall become the end of the Policy Period.

11.3. If the **Insured** cancels, the **Insurer** will refund to the **Insured** seventy-five (75) percent of the pro rata unearned premium. If the **Insurer** cancels, the **Insurer** will refund to the **Insured** the pro rata unearned premium. Such refund will be made as soon as practicable after cancellation becomes effective.

12. CHANGES

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

13. MORTGAGE INTEREST

- 13.1. If any name is mentioned as Mortgagee with respect to any **Location** described in this Policy, any loss to **Insured Property** of the **Insured** at the said **Location**, shall be adjusted with and payable to the **Insured** and the said Mortgagee, as their interests may appear.
- 13.2. The **Insurer** reserves the right to cancel this Policy as provided in **SPECIAL CONDITIONS, 11. CANCELLATION** of this Policy and in such case will mail to said Mortgagee, at the address of the said Mortgagee, a copy of the written cancellation notice mailed or delivered to the **Insured**; such cancellation, as respects the interest of the said Mortgagee, shall be effective at the time specified in said notice to the **Insured**, but in no event earlier than fifteen (15) days after the date of mailing of said copy of notice to said Mortgagee.
- 13.3. If the **Insured** cancels this Policy as provided in the **SPECIAL CONDITIONS, 11. CANCELLATION** of this Policy, the **Insurer** agrees to mail to said Mortgagee, at the address of said Mortgagee, details of such request for cancellation, but in no event shall cancellation, as respects the interest of said Mortgagee, become effective before the date requested by the **Insured** or fifteen (15) days after the mailing of such details, whichever is later.
- 13.4. The **Insurer** reserves the right to suspend insurance (which shall include any insurance applying to the interest of said Mortgagee) on any **Object** at the said **Location** in accordance with **SPECIAL CONDITIONS, 4. INSPECTION** and **SPECIAL CONDITIONS, 5. SUSPENSION**, and the **Insurer** agrees to furnish said Mortgagee, at the address of the said Mortgagee, a copy of the suspension notice.

14. ADDITIONAL INSURED

Any name mentioned as an additional **Insured** in the Declaration Page(s), or in any Endorsements attached to this Policy, is considered an **Insured** as their interest may appear, but only with respect to loss from an **Accident** at the **Location** for which the additional **Insured** is shown. Nothing contained in this clause, nor the inclusion under this Policy of more than one **Insured** (or of additional **Insured(s)**), shall operate to increase our **Limit of Insurance**.

15. MULTIPLE INTERESTS

If more than one **Insured** is named in this Policy, the **Insurer** shall not be liable under any coverage for any payment in excess of that for which it would have been liable if only one **Insured** had been named.

16. CURRENCY CLAUSE

The premium charged has been calculated in Canadian currency for any **Location** in Canada, and in U.S. currency for any **Location** outside of Canada. Any loss will be paid in Canadian currency for any **Location** in Canada, and in U.S. currency for any other **Location**. All **Limits of Insurance** and Deductible Amounts stated in this Policy shall be in U.S. currency with respect to any **Location** outside of Canada.

17. 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 policy would apply following an **Accident**, coverage under this Policy shall only apply as excess insurance over any other insurance policy provided.

18. DISPUTED LOSSES

If a covered loss exists and there is disagreement between the property insurer and the Equipment Breakdown **Insurer** 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 the **Insured**, the **Insurer** 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

As used in this Form, words in the singular include the plural and words in the plural include the singular.

Whenever used in this Policy:

1. **Accident** means a sudden and accidental failure of an **Object** resulting in physical damage which requires the repair or replacement of the **Object** or a part of the **Object**.
Accident does not mean:
 - 1.1. depletion, deterioration, corrosion or erosion of material;
 - 1.2. wear and tear;
 - 1.3. the functioning of any safety device or protective device;
 - 1.4. the failure of a structure or foundation supporting the **Object** or a part of the **Object**;
 - 1.5. the cracking of any part of any turbine exposed to the products of combustion;
 - 1.6. leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
 - 1.7. the sudden and accidental explosion of gas or unconsumed fuel within the furnace of any **Object** or within the gas passages therefrom to the atmosphere;
 - 1.8. with respect to any electronic equipment, any condition that can be addressed by maintenance, restoring software or firmware functionality (including rebooting, reloading or updating), or restoring a lack of proper or insufficient power;
 - 1.9. with respect to any electronic equipment, any incompatibility of the equipment with any other equipment or insufficient size, capability or capacity of the **Object**; or
 - 1.10. with respect to any electronic equipment, any loss caused by exposure to environmental conditions.
2. **Actual Cash Value** means the cost of replacing the damaged **Insured Property** with **Insured Property** of similar kind, capacity, size, quality and function less depreciation however caused. The **Insurer** will consider such items as the age, condition and normal life expectancy of the damaged **Insured Property** in determining depreciation.
3. **Any One Accident**, if either the **Accident** to an **Object** causes an **Accident** to other **Object** or a series of **Accidents** occur at the same time as a result of the same cause, such loss will be considered as **Any One Accident**.
4. **Combined Policy Limit** means the **Insurer's** total liability for loss of the kinds insured against under all coverages, resulting from **Any One Accident**.
5. **Data** means facts, concepts and information which is converted to a form useable for communications, interpretation or processing by electronic and electromechanical **Data** processing or electronically controlled equipment and includes programs, software and coded instructions for the processing and manipulation of **Data** or the direction and manipulation of such equipment.
6. **Flood** means a temporary, partial or complete inundation of land that is normally dry resulting from, but not limited to:
 - 6.1. overflow of inland river or stream, or tidal waters;
 - 6.2. rapid accumulation of water from rain or snowfall, or surface water runoff, or underground water;

- 6.3. mudflow, mudslide; or
- 6.4. subsidence of land along a body of water resulting from erosion or wave action.
7. **Fungi** includes, but is not limited to, any form or type of mould, yeast, mushroom 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. **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.
9. **Green Authority** means an authority on building products, materials, methods or processes that are 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 Environmental 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 recognized by the **Insurer**.
10. **Hazardous Substance** means:
 - 10.1. any pollutant, contaminant or other substance declared by a government authority to be hazardous to health or the environment; or
 - 10.2. any **Fungi**, **Spores** or toxins created or produced by or emanating from such **Fungi** or **Spores** whether or not allergenic, pathogenic or toxigenic.
11. **Insured** means the Insured Named on the Declaration Page(s).
12. **Insured Property** means:
 - 12.1. Property owned by the **Insured**; or
 - 12.2. Property of others in the care, custody or control of the **Insured** and for which the **Insured** is legally liable.
13. **Insurer** means the Company or Companies providing this insurance.
14. **Limit of Insurance** means the **Insurer's** total liability for each coverage described on the Declaration Page(s).
 If Combined Policy Limit is shown for the Equipment Breakdown Elite Form on the Declaration Page(s) for any **Location**, such **Location** shall be included in the **Combined Policy Limit** for all coverages.
 Business Interruption coverage forms part of the **Combined Policy Limit**. The basis for applying **SPECIAL PROVISIONS, PREMIUM ADJUSTMENT**, will be the **Limit of Insurance** as stated in the Declaration Page(s) for this coverage for each **Location**. The inclusion herein of more than one **Insured** shall not operate to increase the limits of the **Insurer's** liability.
 Spoilage Damage Coverage forms part of the **Combined Policy Limit**. The basis for applying **SPECIAL PROVISIONS, 3. COINSURANCE**, will be the **Limit of Insurance** as stated in the Declaration Page(s) for this coverage for each **Location**. The inclusion herein of more than one **Insured** shall not operate to increase the limits of the **Insurer's** liability.
15. **Location** means the premises owned by, leased by, controlled by or occupied by the **Insured** as reported to the **Insurer** prior to the inception date of this Policy or subsequently endorsed to this Policy.
16. **Mobile Object** means any complete **Object** intended for conveyance by any source that is not an individual and is not permanently affixed in position.
17. **Object** means any equipment owned, leased, operated or for which the **Insured** has care, custody or control as described below:
 - 17.1. any boiler, fired or unfired pressure vessel (including 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), 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:
 - 17.1.1. boiler setting, any refractory or insulating material;
 - 17.1.2. part of a boiler or fired pressure vessel that does not contain steam or water or other heat transfer medium or its vapour;
 - 17.1.3. oven, stove, incinerator, furnace or kiln, but not excluding:
 - 17.1.3.1. any rotary type kiln; or
 - 17.1.3.2. any combustor of any combustion gas turbine;
 - 17.1.4. cylinder forming part of an elevator or hoist, unless fully protected by (PVC) Polyvinyl Chloride covering;
 - 17.1.5. domestic and supply water piping, sewer waste and/or waste disposal piping, any piping forming a part of a sprinkler or fire suppression system or any hose;
 - 17.1.6. water piping and its accessory equipment, but not excluding:
 - 17.1.6.1. feed water piping and its accessory equipment between any boiler and its feed pumps or injectors;
 - 17.1.6.2. boiler condensate return piping and its accessory equipment, or
 - 17.1.6.3. water piping and its accessory equipment forming a part of a refrigeration, air conditioning or hot water heating system;
 - 17.1.7. penstock, draft tube or well casing;
 - 17.1.8. locomotive, aircraft, or floating vessel;
 - 17.2. any mechanical or electrical equipment used for the generation, transmission or utilization of mechanical or electrical power, but not including any:
 - 17.2.1. mobile equipment, including but not limited to, vehicle, power shovel, excavator, dragline, but not excluding any pressure vessel, mechanical or electrical equipment mounted on such machine or apparatus;
 - 17.2.2. lifting or safety cables, anchorages, car buffers or counterweight buffers forming part of an elevator or escalator system;
 - 17.2.3. oven, stove, incinerator, furnace or kiln; however, but not excluding the following:
 - 17.2.3.1. any rotary kiln;
 - 17.2.3.2. any pump, compressor, fan, blower, engine, or turbine, or any electrical equipment; or
 - 17.2.3.3. any separate enclosed gear set connected to such apparatus by a coupling, clutch, belt or chain;
 - 17.2.4. conveyor belt;
 - 17.2.5. crane or hoist, but not excluding any pressure vessel, mechanical or electrical equipment mounted on such machine or apparatus;
 - 17.2.6. cylinder forming part of an elevator or hoist, unless fully protected by (PVC) Polyvinyl Chloride covering;
 - 17.2.7. felt, wire, screen, die, mold, extrusion plate, swing hammer, chain, belt, grinding disc or cutting blade, clutch plate, brake pad, rod, bowl liner, wear plate or mantle forming a part of a machine, or any part or tool subject to frequent, periodic replacement;
 - 17.2.8. locomotive, aircraft, or floating vessel;
 - 17.3. any electronic equipment or fibre optic cable, including the optical transmitter and receiver, but not including any:
 - 17.3.1. anode tube, x-ray tube, video amplifier tube or klystron tube;
 - 17.3.2. laser cartridge;
 - 17.3.3. locomotive, aircraft, or floating vessel;

- 17.4. any **Production Machine**, but not including any:
- 17.4.1. conveyor belt;
 - 17.4.2. laser cartridge;
 - 17.4.3. felt, wire, screen, die, mold, extrusion plate, swing hammer, chain, belt, grinding disc or cutting blade, clutch plate, brake pad, rod, bowl liner, wear plate or mantle forming a part of a machine, or any part or tool subject to frequent, periodic replacement.
18. **Portable Object** means any complete **Object** intended for conveyance by individuals and is not permanently affixed in position. However, **Portable Object** shall not mean **Mobile Object**.
19. **Production Machine** means any complete machine or apparatus which processes, forms, cuts, shapes, grinds or conveys raw materials, material in process, waste material or finished product, and any equipment forming part of the driving or controlling mechanism for such machine or apparatus, but not excluding:
- 19.1. Any pump, compressor, fan, blower, engine or turbine;
 - 19.2. Any electrical machine or electrical apparatus;
 - 19.3. Any separate enclosed gear set connected to such **Production Machine** or apparatus by a coupling, clutch or belt.
- If stated on the Declarations Page(s) as Equipment Breakdown Elite – Property Damage – Excluding Production Machines, then **Object** does not include any **Production Machine**.
20. **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**.
21. **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.
22. **Water** means the liquified form of the chemical compound H₂O, including additives common or usual to business, personal or municipal use and includes, but is not limited to, natural source water, municipal water, chemically treated water or a water/glycol mix.