

COMMERCIAL POLICY CONDITIONS AND STATUTORY CONDITIONS

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Throughout this Form the word "Insured" refers to the Named Insured shown in the Declaration Page(s). The word "Insurer" refers to the company providing this insurance.

The following Statutory Conditions and supplementary Additional Conditions apply to all coverages insured by this Policy (including fire), except where indicated.

Other words and phrases that appear in bold font have special meaning, as defined either in the Definitions Section of this Form or in the Liability or Property Coverage forms attached to this Policy.

For British Columbia, Alberta and Manitoba, Statutory Conditions 1., 6., 7., 8., 9., 10., 11., 12. and 13. apply only to property insurance.

For Northwest Territories, Nunavut, Saskatchewan and Yukon, Statutory Conditions 2., 6., 7., 8., 9., 10., 11., 12., 13. and 14. apply only to property insurance.

SECTION I – STATUTORY CONDITIONS (BRITISH COLUMBIA, ALBERTA AND MANITOBA)

1. MISREPRESENTATION

If a person applying for insurance falsely describes the property to the prejudice of the Insurer, or misrepresents or fraudulently omits to communicate any circumstance that is material to be made known to the Insurer in order to enable it to judge the risk to be undertaken, the contract is void as to any property in relation to which the misrepresentation or omission is material.

2. PROPERTY OF OTHERS

The Insurer is not liable for loss or damage to property owned by a person other than the Insured unless:

- 2.1. otherwise specifically stated in the contract; or
- 2.2. the interest of the Insured in that property is stated in the contract.

3. CHANGE OF INTEREST

The Insurer is liable for loss or damage occurring after an authorized assignment under the *Bankruptcy and Insolvency Act* (Canada) or a change of title by succession, by operation of law or by death.

4. MATERIAL CHANGE IN RISK

- 4.1. The Insured must promptly give notice in writing to the Insurer or its agent of a change that is:
 - 4.1.1. material to the risk; and
 - 4.1.2. within the control and knowledge of the Insured.
- 4.2. If an Insurer or its agent is not promptly notified of a change under sub-paragraph 4.1. of this condition, the contract is void as to the part affected by the change.
- 4.3. If an Insurer or its agent is notified of a change under sub-paragraph 4.1. of this condition, the Insurer may:
 - 4.3.1. terminate the contract in accordance with Statutory Condition 5; or
 - 4.3.2. notify the Insured in writing that, if the Insured desires the contract to continue in force, the Insured must, within fifteen (15) days after receipt of the notice, pay to the Insurer an additional premium specified in the notice.
- 4.4. If the Insured fails to pay an additional premium when required to do so under sub-paragraph 4.3.2. of this condition, the contract is terminated at that time and Statutory Condition 5.2.1. applies in respect of the unearned portion of the premium.

5. TERMINATION OF INSURANCE

- 5.1. The contract may be terminated
 - 5.1.1. by the Insurer giving to the Insured fifteen (15) days' notice of termination by registered mail or 5 days' written notice of termination personally delivered; or
 - 5.1.2. by the Insured at any time on request.
- 5.2. If the contract is terminated by the Insurer,
 - 5.2.1. the Insurer must refund the excess of premium actually paid by the Insured over the prorated premium for the expired time, but in no event may the prorated premium for the expired time be less than any minimum retained premium specified in the contract; and
 - 5.2.2. the refund must accompany the notice unless the premium is subject to adjustment or determination as to amount, in which case the refund must be made as soon as practicable.
- 5.3. If the contract is terminated by the Insured, the Insurer must refund as soon as practicable the excess of premium actually paid by the Insured over the short rate premium for the expired time specified in the contract, but in no event may the short rate premium for the expired time be less than any minimum retained premium specified in the contract.
- 5.4. The fifteen (15) day period referred to in sub-paragraph 5.1.1. of this condition starts to run on the day the registered letter or notification of it is delivered to the Insured's postal address.

6. REQUIREMENTS AFTER LOSS

- 6.1. On the happening of any loss or of damage to insured property, the Insured must, if the loss or damage is covered by the contract, in addition to observing the requirements of Statutory Condition 9,
 - 6.1.1. immediately give notice in writing to the Insurer;
 - 6.1.2. deliver as soon as practicable to the Insurer a proof of loss in respect of the loss or damage to the insured property verified by statutory declaration;
 - 6.1.2.1. giving a complete inventory of that property and showing in detail quantities and cost of that property and particulars of the amount of loss claimed;
 - 6.1.2.2. stating when and how the loss occurred, and if caused by fire or explosion due to ignition, how the fire or explosion originated, so far as the Insured knows or believes;
 - 6.1.2.3. stating that the loss did not occur through any wilful act or neglect or the procurement, means or connivance of the Insured;
 - 6.1.2.4. stating the amount of other insurances and the names of other Insurers;
 - 6.1.2.5. stating the interest of the Insured and of all others in that property with particulars of all liens, encumbrances and other charges on that property;
 - 6.1.2.6. stating any changes in title, use, occupation, location, possession or exposure of the property since the contract was issued; and
 - 6.1.2.7. stating the place where the insured property was at the time of loss.
 - 6.1.3. if required by the Insurer, give a complete inventory of undamaged property showing in detail quantities and cost of that property; and
 - 6.1.4. if required by the Insurer and if practicable;
 - 6.1.4.1. produce books of account and inventory lists;
 - 6.1.4.2. furnish invoices and other vouchers verified by statutory declaration; and

6.1.4.3. furnish a copy of the written portion of any other relevant contract.

6.2. The evidence given, produced or furnished under sub-paragraph 6.1.3. and 6.1.4. of this condition must not be considered proofs of loss within the meaning of Statutory Conditions 12 and 13.

7. FRAUD

Any fraud or willfully false statement in a statutory declaration in relation to the particulars required under Statutory Condition 6 invalidates the claim of the person who made the declaration.

8. WHO MAY GIVE NOTICE AND PROOF

Notice of loss under Statutory Condition 6.1.1. may be given and the proof of loss under Statutory Condition 6.1.2. may be made:

- 8.1. by the agent of the Insured; if
 - 8.1.1. the Insured is absent or unable to give the notice or make the proof; and
 - 8.1.2. the absence or inability is satisfactorily accounted for; or
- 8.2. by a person to whom any part of the insurance money is payable, if the Insured refuses to do so or in the circumstances described in clause 8.1. of this condition.

9. SALVAGE

- 9.1. In the event of loss or damage to insured property, the Insured must take all reasonable steps to prevent further loss or damage to that property and to prevent loss or damage to other property insured under the contract, including, if necessary, removing the property to prevent loss or damage or further loss or damage to the property.
- 9.2. The Insurer must contribute on a prorated basis towards any reasonable and proper expenses in connection with steps taken by the Insured under sub-paragraph 9.1. of this condition.

10. ENTRY, CONTROL, ABANDONMENT

After loss or damage to insured property, the Insurer has:

- 10.1. an immediate right of access and entry by accredited representatives sufficient to enable them to survey and examine the property, and to make an estimate of the loss or damage; and
- 10.2. after the Insured has secured the property, a further right of access and entry by accredited representatives sufficient to enable them to appraise or estimate the loss or damage; but
 - 10.2.1. without the Insured's consent, the Insurer is not entitled to the control or possession of the insured property; and
 - 10.2.2. without the Insurer's consent, there can be no abandonment to it of the insured property.

11. IN CASE OF DISAGREEMENT

- 11.1. In the event of disagreement as to the value of the insured property, the value of the property saved, the nature and extent of the repairs or replacements required or, if made, their adequacy, or the amount of the loss or damage, those questions must be determined using the applicable dispute resolution process set out in the *Insurance Act*, whether or not the Insured's right to recover under the contract is disputed, and independently of all other questions.
- 11.2. There is no right to a dispute resolution process under this condition until:
 - 11.2.1. a specific demand is made for it in writing; and
 - 11.2.2. the proof of loss has been delivered to the Insurer.

12. WHEN LOSS PAYABLE

Unless the contract provides for a shorter period, the loss is payable within 60 days after the proof of loss is completed in accordance with Statutory Condition 6 and delivered to the Insurer.

13. REPAIR OR REPLACEMENT

- 13.1. Unless a dispute resolution process has been initiated, the Insurer, instead of making payment, may repair, rebuild or replace the insured property lost or damaged, on giving written notice of its intention to do so within 30 days after receiving the proof of loss.
- 13.2. If the Insurer gives notice under sub-paragraph 13.1. of this condition, the Insurer must begin to repair, rebuild or replace the property within 45 days after receiving the proof of loss, and must proceed with all due diligence to complete the work within a reasonable time.

14. NOTICE

- 14.1. Written notice to the Insurer may be delivered at, or sent by registered mail to, the chief agency or head office of the Insurer in the province.
- 14.2. Written notice to the Insured may be personally delivered at, or sent by registered mail addressed to, the Insured's last known address as provided to the Insurer by the Insured.

SECTION II – STATUTORY CONDITIONS (NORTHWEST TERRITORIES, NUNAVUT, SASKATCHEWAN AND YUKON)

1. MISREPRESENTATION

If a person applying for insurance falsely describes the property to the prejudice of the Insurer, or misrepresents or fraudulently omits to communicate any circumstance that is material to be made known to the Insurer in order to enable it to judge of the risk to be undertaken, the contract is void as to any property in relation to which the misrepresentation or omission is material.

2. PROPERTY OF OTHERS

Unless otherwise specifically stated in the contract, the Insurer is not liable for loss or damage to property owned by any person other than the Insured, unless the interest of the Insured therein is stated in the contract.

3. CHANGE OF INTEREST

The Insurer is liable for loss or damage occurring after an authorized assignment under the *Bankruptcy Act** or change of title by succession, by operation of law, or by death.

* *Bankruptcy and Insolvency Act* (Canada) applies to Saskatchewan.

4. MATERIAL CHANGE

Any change material to the risk and within the control and knowledge of the Insured avoids the contract as to the part affected thereby, unless the change is promptly notified in writing to the Insurer or its local agent, and the Insurer when so notified may return the unearned portion, if any, of the premium paid and cancel the contract, or may notify the Insured in writing that, if he desires the contract to continue in force, he must, within fifteen (15) days of the receipt of the notice, pay to the Insurer an additional premium, and in default of such a payment the contract is no longer in force and the Insurer shall return the unearned portion, if any, of the premium paid.

5. TERMINATION

- 5.1. This contract may be terminated:
 - 5.1.1. by the Insurer giving to the Insured fifteen (15) days' notice of termination by registered mail or five (5) days' written notice of termination personally delivered;
 - 5.1.2. by the Insured at any time on request.

5.2. Where this contract is terminated by the Insurer:

5.2.1. the Insurer shall refund the excess of premium actually paid by the Insured over pro rata premium for the expired time, but, in no event, shall the pro rata premium for the expired time be deemed to be less than any minimum retained premium specified; and

5.2.2. the refund shall accompany the notice unless the premium is subject to adjustment or determination as to amount, in which case the refund shall be made as soon as practicable.

5.3. Where this contract is terminated by the Insured, the Insurer shall refund as soon as practicable, the excess of premium actually paid by the Insured over the short rate premium for the expired time, but in no event shall the short rate premium for the expired time be deemed to be less than any minimum retained premium specified.

5.4. The refund may be made by money, postal or express company money order or cheque payable at par.

5.5. The fifteen (15) days mentioned in clause 5.1.1. of this condition commences to run on the day following the receipt of the registered letter at the post office to which it is addressed.

6. REQUIREMENTS AFTER LOSS

6.1. Upon the occurrence of any loss of or damage to the insured property, the Insured shall, if the loss or damage is covered by the contract, in addition to observing the requirements of conditions 9, 10 and 11:

6.1.1. forthwith give notice thereof in writing to the Insurer;

6.1.2. deliver as soon as practicable to the Insurer a proof of loss verified by a statutory declaration:

6.1.2.1. giving a complete inventory of the destroyed and damaged property and showing in detail quantities, costs, actual cash value and particulars of amount of loss claimed;

6.1.2.2. stating when and how the loss occurred, and if caused by fire or explosion due to ignition, how the fire or explosion originated, so far as the Insured knows or believes;

6.1.2.3. stating that the loss did not occur through any willful act or neglect or the procurement, means or connivance of the Insured;

6.1.2.4. showing the amount of other insurances and the names of other Insurers;

6.1.2.5. showing the interest of the Insured and of all others in the property with particulars of all liens, encumbrances and other charges upon the property;

6.1.2.6. showing any changes in title, use, occupation, location, possession or exposures of the property since the issue of the contract;

6.1.2.7. showing the place where the property insured was at the time of loss;

6.1.3. if required, give a complete inventory of undamaged property and showing in detail quantities, cost, actual cash value;

6.1.4. if required and if practicable, produce books of account, warehouse receipts and stock lists, and furnish invoices and other vouchers verified by statutory declaration, and furnish a copy of the written portion of any other contract.

6.2. The evidence furnished under clauses 6.1.3. and 6.1.4. of sub-paragraph 6.1. of the condition shall not be considered proofs of loss within the meaning of conditions 12 and 13.

7. FRAUD

Any fraud or willfully false statement in a statutory declaration in relation to any of the above particulars, vitiates the claim of the person making the declarations.

8. WHO MAY GIVE NOTICE AND PROOF

Notice of loss may be given and proof of loss may be made by the agent of the Insured named in the contract in case of absence or inability of the Insured to give the notice or make the proof, and absence or inability being satisfactorily accounted for, or in the like case or if the Insured refuses to do so, by a person to whom any part of the insurance money is payable.

9. SALVAGE

9.1. The Insured, in the event of any loss or damage to any property insured under the contract, shall take all reasonable steps to prevent further damage to such property so damaged and to prevent damage to other property insured hereunder including, if necessary, its removal to prevent damage or further damage thereto.

9.2. The Insurer shall contribute pro rata towards any reasonable and proper expenses in connection with steps taken by the Insured and required under sub-paragraph 9.1. of this condition according to the respective interests of the parties.

10. ENTRY, CONTROL, ABANDONMENT

After loss or damage to insured property, the Insurer has an immediate right of access and entry by accredited agents sufficient to enable them to survey and examine the property, and to make an estimate of the loss or damage, and, after the Insured has secured the property, a further right of access and entry sufficient to enable them to make appraisal or particular estimate of the loss or damage, but the Insurer is not entitled to the control or possession of the insured property, and without the consent of the Insurer there can be no abandonment to it of insured property.

11. APPRAISAL

In the event of disagreement as to the value of the property insured, the property saved or the amount of the loss, those questions shall be determined by appraisal as provided under the Insurance Act before there can be any recovery under this contract whether the right to recover on the contract is disputed or not, and independently of all other questions. There shall be no right to an appraisal until a specific demand therefor is made in writing and until after proof of loss has been delivered.

12. WHEN LOSS PAYABLE

The loss is payable within 60 days after completion of the proof of loss, unless the contract provides for a shorter period.

13. REPLACEMENT

13.1. The Insurer, instead of making payment, may repair, rebuild or replace the property damaged or lost, giving written notice of its intention so to do within thirty (30) days after receipt of the proofs of loss.

13.2. In the event the Insurer shall commence to so repair, rebuild, or replace the property within 45 days after receipt of the proofs of loss and shall thereafter proceed with all due diligence to the completion thereof.

14. ACTION**

Every action or proceeding against the Insurer for the recovery of any claim under or by virtue of this contract is absolutely barred unless commenced within one year*** next after the loss or damage occurs.

** 14. Action is not applicable in Saskatchewan

*** Two years in Yukon Territory.

15. NOTICE

Any written notice to the Insurer may be delivered at, or sent by registered mail to the chief agency or head office of the Insurer in the Province. Written notice may be given to the Insured named in the contract by letter personally delivered to him or by registered mail addressed to him at his latest post office address as notified to the Insurer. In this condition, the expression **registered** means registered in or outside Canada.

SECTION III – ADDITIONAL CONDITIONS (APPLICABLE ONLY TO PROPERTY INSURANCE UNLESS NOTED OTHERWISE)

1. NOTICE TO AUTHORITIES

Where the loss is due to malicious mischief, burglary, robbery, theft, or attempted theft, or is suspected to be so due, the Insured shall give immediate notice thereof to the police or other authorities having jurisdiction.

2. NO BENEFIT TO BAILEE

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

3. PAIR AND SET

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

4. PARTS

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

5. SUE AND LABOUR

It is the duty of the Insured in the event that any property insured hereunder is lost to take all reasonable steps in and about the recovery of such property. The Insurer shall contribute pro rata towards any reasonable and proper expenses in connection with the foregoing according to the respective interests of the parties.

6. BASIS OF SETTLEMENT

Unless otherwise provided, the Insurer is not liable beyond the actual cash value of the property at the time any loss or damage occurs and the loss or damage shall be ascertained or estimated according to such actual cash value with proper deduction for depreciation, however caused, and shall in no event exceed what it would then cost to repair or replace the same with material of like kind and quality.

7. SUBROGATION (ALL LINES OF INSURANCE)

The Insurer, upon making any payment or assuming liability for payment under this Policy, shall be subrogated to all rights of recovery of the Insured against others, and may bring action to enforce such rights. All rights of subrogation are waived against any corporation, firm, individual or other interest with respect to which insurance is provided by this Policy. The Insurer shall have the right to control such subrogation.

Where the net amount recovered, after deducting the costs of recovery, is not sufficient to provide a complete indemnity for the loss or damage suffered, that amount shall be divided between the Insurer and the Insured in the proportion in which the loss or damage has been borne by them respectively.

Any release from liability entered into by the Insured prior to loss shall not affect the right of the Insured to recover.

Refer to Special Provisions applying to Condominium Corporations which follows.

8. ACTION (EXCLUDING NORTHWEST TERRITORIES, NUNAVUT, AND YUKON)

An action or proceeding against an Insurer in relation to a contract must be commenced, where required under legislation:

- 8.1. in the case of loss or damage to insured property, not later than two years after the date the Insured knew or ought to have known the loss or damage occurred; and
- 8.2. in any other case, not later than two years after the date the cause of action against the Insurer arose.

9. BREACH OF CONDITIONS

If the Insured does not comply with a condition of this insurance, any claim for subsequent loss or damage is not recoverable. The Insurer will not deny a claim for this reason if the Insured proves that the non-compliance neither caused nor worsened the loss or damage. Coverage will not be affected if the Insured fails to comply with a condition in part of the **premises** over which the Insured has no control.

Refer to Special Provision applying to Condominium Corporations which follows.

10. OTHER INSURANCE

The Insurer is not liable:

- 10.1. for more than the portion of any loss, destruction or damage covered by this Policy which the applicable limit of this Policy bears to the total amount of insurance covering against the peril of fire irrespective of whether or not such other insurance gives insurance in respect of the perils covered by this Policy, whether by endorsement thereto or otherwise;
- 10.2. where such other insurance does not insure against loss, destruction or damage by fire, for more than the excess (if any) of any loss or damage over the applicable limit of any other insurance which would attach if this insurance had not been effected.

Refer to Special Provision applying to Condominium Corporations which follows.

11. PROPERTY OF OTHERS

At the option of the Insurer, any loss may be paid to the Insured or adjusted with and paid to the customer or the owner of the property.

12. REINSTATEMENT

With the exception of losses that are subject to annual aggregate limits, any loss under this Form shall not reduce the limits of insurance.

13. VERIFICATION OF VALUES

The Insurer or its duly appointed representative shall be permitted at all reasonable times during the Policy Period, or within a year after termination or expiration, to inspect the insured property and to examine the Insured's books, records and such policies as relate to any insured property. Such inspection or examination shall not waive nor in any manner affect any of the terms or conditions of this Form.

14. EXAMINATION UNDER OATH

In the event of loss or damage to the insured property, the Insured shall submit to examination under oath or warrant to the truth and shall produce all documents required by the Insurer and shall permit copies thereof to be made.

15. CANADIAN CURRENCY CLAUSE (ALL LINES OF INSURANCE)

All limits of insurance, premiums and other amounts as expressed in this Policy are in Canadian currency.

SECTION IV – SPECIAL PROVISIONS APPLICABLE TO CONDOMINIUMS

1. SUBROGATION

This clause replaces **Additional Conditions 7.** above.

Subrogation shall be in accordance with the provisions of the provincial or territorial legislation under which the **Condominium Corporation** is constituted. If the legislation has no such provisions, subrogation is as stated in this clause.

The Insurer, upon making any payment or assuming liability for payment under this Form, shall be subrogated to all rights of recovery of the Insured against others and may bring action in the name of the Insured to enforce such rights. The Insurer shall have the right to control such subrogation.

Where the net amount recovered, after deducting the costs of recovery, is not sufficient to provide a complete indemnity for the loss or damage suffered, that amount shall be divided between the Insurer and the Insured in the proportion in which the loss or damage has been borne by them respectively.

Except with respect to criminal or intentional acts or vehicle impact, the Insurer agrees with the Insured to waive its right of subrogation as to any claim against:

- 1.1. the **Condominium Corporation**, its Directors, Property Managers, agents and employees; and
- 1.2. the owner of a **unit** and, if residents of a the household of the owner of a **unit**, his or her **spouse**, the relatives of either and any other person under the age of 21 in the care of an owner of a **unit** or his or her **spouse**.

Independent contractors shall not be considered agents or employees of the **Condominium Corporation**, its Directors, Property Managers, or of the **unit** owners.

Any release from liability entered into by the Insured prior to loss does not affect the right of the Insured to recover.

2. LOSS PAYABLE

Loss, if any, shall be payable in accordance with the provisions of the legislation under which the **Condominium Corporation** is constituted. If the legislation has no such provisions, loss, if any, shall be payable as stated on the Declaration Page(s).

3. BREACH OF CONDITION

This clause replaces **Additional Conditions 9.** above:

If the **Condominium Corporation** does not comply with a condition of this insurance, any claim for subsequent loss or damage is not recoverable. The Insurer will not deny a claim for this reason if the **Condominium Corporation** proves that the non-compliance neither caused nor worsened the loss or damage.

Coverage will not be affected:

- 3.1. if the **Condominium Corporation** fails to comply with a condition in part of the **premises** over which the **Condominium Corporation** has no control; or
- 3.2. if the breach is committed by an owner of a **unit** or occupant without the knowledge or consent of the **Condominium Corporation**.

4. WAIVER OF INSURER'S OPTION TO REPAIR

Where, after a loss, a valid determination is made in accordance with provincial or territorial legislation not to repair or rebuild and any relevant statutory requirements in connection with such determination have been complied with, or where, by virtue of such legislation, the court has made an order directing the application of insurance monies, the Insurer waives its option to repair and settlement of the loss shall be on an actual cash value basis.

5. TERMINATION

In those jurisdictions where provincial or territorial legislation under which the **Condominium Corporation** is constituted prescribes different policy termination conditions from those contained in the Statutory Conditions or Special Provisions of this Policy, such prescribed provincial or territorial conditions shall apply.

6. OTHER INSURANCE

This clause replaces **Additional Conditions 10.** above:

If at the time of the loss there is other insurance in the name of the **Condominium Corporation** insuring the property described in this Form (whether collectible or not), the Insurer shall be liable for no greater proportion of any loss than the amount of insurance under this Form bears to the whole amount of insurance covering such property or as in accordance with provincial or territorial legislation applicable to Other Insurance.

SECTION V – GENERAL LIABILITY CONDITIONS

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

1. NOTICE OF CLAIM OR SUIT

Upon the happening of an accident or **occurrence** that may give rise to a claim under this Policy, the Insured shall give notice of such accident or **occurrence** to the Insurer as soon as practicable after notice has been received by an officer of the Insured.

Such notice shall contain all available information pertaining to such accident or **occurrence** that is obtainable at the time.

If a claim is made or suit is brought against the Insured, the Insured shall immediately forward to the Insurer every demand, notice, summons or other process received by the Insured or the Insured's representatives.

2. ASSISTANCE AND COOPERATION

The Insured shall cooperate with the Insurer and, upon the Insurer's request, assist in making settlements in the conduct of suits and in enforcing any right of contribution or indemnity against any person or organization who may be liable to the Insured because of injury or damage with respect to which insurance is afforded under this Policy; and the Insured shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses.

3. ASSUMPTION OF LIABILITY

The Insured shall not, except at its own cost, voluntarily make any payment, assume any obligation or incur any expenses other than for first aid to others at the time of accident.

4. ACTION AGAINST INSURER

No action shall lie against the Insurer unless, as a condition precedent, to such action there shall have been full compliance with all of the terms of this Policy. In addition, no action shall lie against the Insurer until the amount of the Insured's obligation to pay shall have been finally determined either by judgement against the Insured after actual trial, or by written agreement of the Insured, the claimant and the Insurer. The Insurer shall not be liable for **compensatory damages** that are not payable under the terms of this Policy or that are in excess of the applicable limit of insurance.

Unless another time limit is specified to the contrary in any Canadian province's Insurance Act governing this Policy, every action or proceeding against the Insurer shall be commenced within one year of the date of such judgement or written agreement and not afterwards. The sole venue for coverage legal action related to this Policy shall be a Superior Court in Canada.

Nothing contained in this Policy shall give any person or organization any right to join the Insurer as a co-defendant in any action against the Insured to determine the Insured's liability.

Bankruptcy or insolvency of the Insured or of the Insured's estate shall not relieve the Insurer of any of its obligations under this Policy.

Every action or proceeding against an insurer for the recovery of insurance money payable under contract is absolutely barred unless commenced within the time set out in the Insurance Act or other applicable legislation.

5. PREMIUM AND ADJUSTMENT OF PREMIUMS

- 5.1. Unless indicated as "Flat rate premium", the premium stated in the Declaration Page(s) for this Form is an estimated deposit premium only. Adjustment of premium shall be made at least annually and for this purpose the premium basis and rates shown in the Declaration Page(s) for this Form as "Basis of premium adjustment" shall be used in ascertaining the earned premium.
- 5.2. In the case of any hazards existing and covered under coverage rider(s) attached but not specified in the Declaration Page(s), or in any endorsement, the earned premium shall be computed in accordance with the Insurer's rules, rates, rating plans and minimum premiums applicable to such hazards.
- 5.3. Subject to the retention by the Insurer of the amount stated in the Declaration Page(s) for this Form as "Minimum annual premium", if the earned premium for this Policy thus computed exceeds the estimated deposit premium paid, the Insured shall pay such excess to the Insurer; on the other hand, if the estimated deposit premium exceeds the earned premium, the Insurer shall return to the Named Insured such excess.
- 5.4. The Named Insured shall maintain for each hazard insured against, a record of the information necessary for premium computation on the basis stated and shall submit such record to the Insurer at the end of the Policy Period and at such other times during the Policy Period as the Insurer may direct.

6. INSPECTION AND AUDIT

- 6.1. The Insurer shall be permitted, but is not obligated, to inspect the Insured's property and operations. Neither the Insurer's right to inspect nor reporting based on such inspections shall constitute an undertaking on behalf of or for the benefit of the Insured or others to determine or warrant that such property or operations are safe.
- 6.2. The Insurer may examine and audit the Insured's books and records at any time during the Policy Period and extensions of the Policy Period and within three years after the final termination of this Policy, as far as they relate to the subject matter of this insurance.

7. OTHER INSURANCE

The Insurer shall not be liable if at the time of an accident or **occurrence** covered by this Policy there is any other insurance that would have attached if this insurance had not been effected, and this insurance shall specifically exclude losses covered by such other valid insurance. This insurance shall apply only as excess insurance and in no event as contributing insurance and then only after all such other insurance has been exhausted.

The Insurer acknowledges the existence of any Policies arranged to apply in excess of the insurance provided by this Policy and it is agreed that notwithstanding anything contained in this Condition the insurance provided by such excess Policies shall be considered as excess and non-contributing insurance insofar as the insurance provided under this Policy is concerned and shall be held to attach and cover only after the insurance under this Policy has been exhausted.

8. SUBROGATION

8.1. Applicable to underlying insurance

In the event of any payment under this Policy, the Insurer shall be subrogated to the extent of such payment to all the Insured's rights of recovery against any third party except where the amount of settlement exceeds the amount provided in aggregate by this Policy and any other valid and collectible insurance in which case the Insured shall be entitled to all recovery until such excess has been made good to the Insured. The Insured shall execute all papers required and shall do everything necessary within his power to secure such rights.

8.2. Applicable to umbrella insurance

All salvages, recoveries or payments recovered or received subsequent to a loss settlement under this insurance shall be applied as if recovered or received prior to such settlement. All necessary adjustments shall be made between the Insured and the Insurer, provided always that nothing in this clause shall be construed to mean that losses under this insurance are not recoverable until the Insured's **ultimate net loss** has been finally ascertained. In as much as this Policy is umbrella-type excess coverage, the Insured's right of recovery against any person or other entity cannot always be exclusively subrogated to the Insurer. It is therefore understood and agreed that, in case of any payment under this Policy, the Insurer shall act in concert with all other interests concerned (including the Insured) in the exercise of such rights of recovery. The apportioning of any amounts that may be so recovered shall follow the principle that any other insurer or the Insured that shall have paid an amount over and above any payment under this Policy shall first be reimbursed up to the amount paid by them. The Insurer shall then be reimbursed of out of any balance then remaining up to the amount paid under this Policy. Lastly, the interests of any insurer and the Insured of which this coverage is excess are entitled to claim the residue, if any. Expense necessary to the recovery of any such amounts shall be apportioned between the insurers and the Insured concerned, in the ratio of their respective recoveries as finally settled.

9. CANCELLATION - TERMINATION

- 9.1. This Policy may be cancelled at any time at the request of the Named Insured, and the Insurer shall, upon surrender of the Policy, refund the excess of paid premium above the earned premium computed in accordance with the customary short rate table and procedure for the time the Policy has been in force.
- 9.2. This Policy may be cancelled or terminated:
 - 9.2.1. In the event of cancellation for non-payment of premium, this Policy may be cancelled by the Insurer giving to the Insured fifteen (15) days notice in writing of cancellation by registered post, or five (5) days notice in writing of cancellation personally delivered;
 - 9.2.2. In the event of cancellation for any reason other than non-payment of premium, at any time by the Insurer giving to the Named Insured thirty (30) days notice in writing of cancellation by registered post, and refunding the excess of paid premium beyond the earned premium computed pro rata for the expired time. Repayment of excess premiums may be made by money, post office order, postal note or cheque. Such payment shall accompany the notice;
- 9.3. This Policy may be cancelled or terminated by the Named Insured at any time on written request.
- 9.4. Where the Policy is terminated by the Insurer:
 - 9.4.1. and where the premium is developed on other than an estimated basis, the Insurer will refund the excess of the paid premium for the time the Policy has been in force, calculated pro rata; or
 - 9.4.2. where the premium is developed on an estimated basis, the Insurer will refund the excess of the premium above the premium earned, when determined.
- 9.5. Where the Policy is terminated by the Named Insured:
 - 9.5.1. and where the premium is developed on other than an estimated basis, the Insurer will refund the excess of the paid premium above the short rate premium for the time the Policy has been in force calculated in accordance with the short rate premium table in use by the Insurer, subject to the retention of any minimum retained premium, provided by the Policy; or
 - 9.5.2. where the premium is developed on an estimated basis, the Insurer will refund the excess of the paid premium above the premium earned, when determined, subject to the retention of any minimum retained premium, provided by the Policy.
- 9.6. Refund of premium may be made by money, postal or express company money order or by cheque payable at par.
- 9.7. The thirty (30) days and fifteen (15) days notice of cancellation by registered post referred to in sub-paragraphs 9.2.1. and 9.2.2. commences to run on the day following the receipt of the registered letter at the post office to which it is addressed.
- 9.8. Premium adjustment may be made at the time cancellation is effected and if not then made shall be made as soon as practicable after cancellation becomes effective but payment or tender of unearned premium is not a condition of cancellation.
- 9.9. In this condition the expression "paid premium" means premium actually paid by the Insured to the Insurer and does not include any premium or part thereof paid to the Insurer by an Agent unless actually paid to the Agent by the Insured.

10. WAIVER

No notice to any Agent or knowledge possessed by any Agent or by any other person shall be held to effect a waiver or change in any part of this Policy. The terms of this Policy shall not be waived or changed except by endorsement issued to form a part of this Policy.

11. ASSIGNMENT

Assignment of interest under this Policy shall not bind the Insurer until their consent is endorsed on this Policy, except through change of title by succession, death or proceedings under any bankruptcy act.

12. SPECIAL STATUTES

If any condition of this Policy, relating to limitation of time for notice of accident or for instituting legal proceedings, is at variance with any specific statutory provision in the province in which the accident occurs such statutory provision shall be substituted for such condition.

13. CROSS LIABILITY AND SEPARATION OF INSURED

The insurance as is afforded by this Policy shall apply in respect to any claim or **action** brought against any one Insured by any other Insured. The coverage shall apply in the same manner and to the same extent as though a separate Policy had been issued to each Insured.

The inclusion under this Policy of more than one Insured shall not operate to increase the Limit of Liability under this Policy.

Any breach of a condition of this Policy by any Insured shall not affect the protection given by this Policy to any other Insured who is not, or was not, a party to such breach of condition.

14. DEDUCTIBLE CLAUSE

COVERAGE A

The Insured shall pay the amount stated in the Declaration Page(s) for this Form as Deductible or Deductible - U.S. Claims for each and every claim related to **property damage** under paragraph 1. **INSURING AGREEMENT of COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY** of the Commercial General Liability Max Form. If more than one claim arises or results from a single **occurrence**, the deductible amount shall only apply once.

15. REIMBURSEMENT CLAUSE

Applicable to COVERAGE A and to **personal injury** under COVERAGE B

In the event a claim payment is made by the Insurer, the Insured shall reimburse the Insurer with respect to all claims, legal fees and adjusting expenses combined in any one accident or **occurrence**, up to the Deductible amount stated in the Declaration Page(s) for this Form as **Reimbursement or Reimbursement - US Claims**, and the Insurer shall only be liable for loss, damage or expense in excess of that amount.

The terms of the Policy, including those with respect to notice of accident or **occurrence** and the Insurer's right to investigate, negotiate and settle any claim or suit, apply irrespective of the application of the reimbursement.

SECTION VI – DEFINITIONS

1. **Condominium Corporation** means a Corporation constituted under provincial or territorial legislation relating to condominiums or co-ownership by declaration. It refers to a strata corporation in British Columbia.
2. **Premises** means:
 - 2.1. the entire area within the property lines at the location(s) described in the Declaration Page(s) or at any newly acquired location, including:
 - 2.1.1. areas under adjoining sidewalks and driveways;
 - 2.1.2. in or on vehicles within 100 metres (328 feet) of such property lines described in 2.1.;
 - 2.2. in the open within 305 metres (1000 feet) of such property lines described in 2.1.
3. **Spouse** means a person:
 - 3.1. who is married to or has entered a civil union with another person and is living with that person;
 - 3.2. who has been living with another person of the opposite or of the same sex and has been publicly represented as that person's spouse for at least three years: or in the following cases, for at least one year if:
 - 3.2.1. a child has been born or is to be born of their union;
 - 3.2.2. they have adopted a child together.
4. **Unit** means the unit as defined in the declaration, description or bylaws of the **Condominium Corporation** or provincial or territorial legislation relating to condominiums or divided co-ownership. It refers to a strata lot in British Columbia.

SECTION VII – ADDITIONAL CONDITIONS (APPLICABLE ONLY TO BRITISH COLUMBIA, ALBERTA, MANITOBA, NORTHWEST TERRITORIES, NUNAVUT, SASKATCHEWAN AND YUKON)

Property Insured on a Blanket Basis

The following additional condition applies to the Building and/or Contents - Broad Form (BF02):

Item 1. of the BF02 Indemnity Agreement is deleted and is replaced by the following:

1. In the event that any of the insured property is lost or damaged during the Policy Period by an insured peril, the Insurer will indemnify the Insured for the actual amount of direct loss or damage so caused, to an amount not exceeding whichever is the least of:
 - 1.1. the value of the lost or damaged property as determined in SPECIAL PROVISIONS- Item 5. - Basis of Valuation, or if the Declaration Page(s) specifies that this Policy is endorsed with a Form that contains a Replacement Cost clause applicable to this Form, by the valuation determined in the replacement cost clause;
 - 1.2. the interest of the Insured in the property;
 - 1.3. the amount of insurance specified on the Declaration Page(s) for the lost or damaged property;
 - 1.4. in the case of property insured on a blanket basis, 115% of the total value(s) for each insured location subject to the schedule of property declared in a current Statement of Values that is filed with the Insurer within 90 days of the most recent renewal preceding insured loss or damage; less applicable deductibles.

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

SECTION VIII – ADDITIONAL CONDITION APPLICABLE TO BOTH LIABILITY AND PROPERTY (APPLICABLE TO BRITISH COLUMBIA, ALBERTA, MANITOBA, NORTHWEST TERRITORIES, NUNAVUT, SASKATCHEWAN AND YUKON)

1. TRADE AND ECONOMIC SANCTIONS

The Insurer shall not provide any coverage or be liable to provide any indemnity or payment or other benefit under this Policy if and to the extent that doing so would breach any **Prohibition**.

For the purposes of this Clause:

1. **Prohibition** means any prohibition or restriction imposed by law or regulation including but not limited to:

- 1.1. trade and/or economic sanctions laws and/or regulations of Canada, the United Kingdom, or any other jurisdiction or authority relevant to the parties; and
- 1.2. any activities that would be subject to a license requirement under those laws and/or regulations in respect of transit and/or export control, unless such license has been obtained prior to the activity commencing and the Insurer has approved the provision of insurance for the activity.

SECTION IX – SHORT RATE CANCELLATION TABLE

As per Statutory Condition 5, if this Policy is cancelled by the Insured, it will be subject to a short-rate cancellation formula as outlined in the following table. The minimum retained premium is the amount that is stated in the Declaration Page(s) for all parts of the Policy.

Days Policy in Force	Returned Premium Factor	Days Policy in Force	Returned Premium Factor	Days Policy in Force	Returned Premium Factor	Days Policy in Force	Returned Premium Factor	Days Policy in Force	Returned Premium Factor	Days Policy in Force	Returned Premium Factor	Days Policy in Force	Returned Premium Factor
0	0.925	53	0.787	106	0.649	159	0.511	212	0.373	265	0.235	318	0.097
1	0.922	54	0.784	107	0.647	160	0.509	213	0.371	266	0.233	319	0.095
2	0.920	55	0.782	108	0.644	161	0.506	214	0.368	267	0.230	320	0.092
3	0.917	56	0.779	109	0.641	162	0.503	215	0.365	268	0.227	321	0.090
4	0.915	57	0.777	110	0.639	163	0.501	216	0.363	269	0.225	322	0.087
5	0.912	58	0.774	111	0.636	164	0.498	217	0.360	270	0.222	323	0.084
6	0.909	59	0.771	112	0.633	165	0.496	218	0.358	271	0.220	324	0.082
7	0.907	60	0.769	113	0.631	166	0.493	219	0.355	272	0.217	325	0.079
8	0.904	61	0.766	114	0.628	167	0.490	220	0.352	273	0.214	326	0.077
9	0.902	62	0.764	115	0.626	168	0.488	221	0.350	274	0.212	327	0.074
10	0.899	63	0.761	116	0.623	169	0.485	222	0.347	275	0.209	328	0.071
11	0.896	64	0.758	117	0.620	170	0.483	223	0.345	276	0.207	329	0.069
12	0.894	65	0.756	118	0.618	171	0.480	224	0.342	277	0.204	330	0.066
13	0.891	66	0.753	119	0.615	172	0.477	225	0.339	278	0.201	331	0.063
14	0.889	67	0.751	120	0.613	173	0.475	226	0.337	279	0.199	332	0.061
15	0.886	68	0.748	121	0.610	174	0.472	227	0.334	280	0.196	333	0.058
16	0.883	69	0.745	122	0.607	175	0.470	228	0.332	281	0.194	334	0.056
17	0.881	70	0.743	123	0.605	176	0.467	229	0.329	282	0.191	335	0.053
18	0.878	71	0.740	124	0.602	177	0.464	230	0.326	283	0.188	336	0.050
19	0.876	72	0.738	125	0.600	178	0.462	231	0.324	284	0.186	337	0.048
20	0.873	73	0.735	126	0.597	179	0.459	232	0.321	285	0.183	338	0.045
21	0.870	74	0.732	127	0.594	180	0.457	233	0.319	286	0.181	339	0.043
22	0.868	75	0.730	128	0.592	181	0.454	234	0.316	287	0.178	340	0.040
23	0.865	76	0.727	129	0.589	182	0.451	235	0.313	288	0.175	341	0.037
24	0.863	77	0.725	130	0.587	183	0.449	236	0.311	289	0.173	342	0.035
25	0.860	78	0.722	131	0.584	184	0.446	237	0.308	290	0.170	343	0.032
26	0.857	79	0.719	132	0.581	185	0.443	238	0.306	291	0.168	344	0.030
27	0.855	80	0.717	133	0.579	186	0.441	239	0.303	292	0.165	345	0.027
28	0.852	81	0.714	134	0.576	187	0.438	240	0.300	293	0.162	346	0.024
29	0.850	82	0.712	135	0.574	188	0.436	241	0.298	294	0.160	347	0.022
30	0.847	83	0.709	136	0.571	189	0.433	242	0.295	295	0.157	348	0.019
31	0.844	84	0.706	137	0.568	190	0.430	243	0.293	296	0.155	349	0.017
32	0.842	85	0.704	138	0.566	191	0.428	244	0.290	297	0.152	350	0.014
33	0.839	86	0.701	139	0.563	192	0.425	245	0.287	298	0.149	351	0.011
34	0.837	87	0.699	140	0.561	193	0.423	246	0.285	299	0.147	352	0.009
35	0.834	88	0.696	141	0.558	194	0.420	247	0.282	300	0.144	353	0.006
36	0.831	89	0.693	142	0.555	195	0.417	248	0.280	301	0.142	354	-
37	0.829	90	0.691	143	0.553	196	0.415	249	0.277	302	0.139	355	-
38	0.826	91	0.688	144	0.550	197	0.412	250	0.274	303	0.136	356	-
39	0.823	92	0.686	145	0.548	198	0.410	251	0.272	304	0.134	357	-
40	0.821	93	0.683	146	0.545	199	0.407	252	0.269	305	0.131	358	-
41	0.818	94	0.680	147	0.542	200	0.404	253	0.267	306	0.129	359	-
42	0.816	95	0.678	148	0.540	201	0.402	254	0.264	307	0.126	360	-
43	0.813	96	0.675	149	0.537	202	0.399	255	0.261	308	0.123	361	-
44	0.810	97	0.673	150	0.535	203	0.397	256	0.259	309	0.121	362	-
45	0.808	98	0.670	151	0.532	204	0.394	257	0.256	310	0.118	363	-
46	0.805	99	0.667	152	0.529	205	0.391	258	0.253	311	0.116	364	-
47	0.803	100	0.665	153	0.527	206	0.389	259	0.251	312	0.113	365	-
48	0.800	101	0.662	154	0.524	207	0.386	260	0.248	313	0.110	366	-
49	0.797	102	0.660	155	0.522	208	0.384	261	0.246	314	0.108		
50	0.795	103	0.657	156	0.519	209	0.381	262	0.243	315	0.105		
51	0.792	104	0.654	157	0.516	210	0.378	263	0.240	316	0.103		
52	0.790	105	0.652	158	0.514	211	0.376	264	0.238	317	0.100		