

COMMERCIAL BUILDING, EQUIPMENT AND STOCK BROAD FORM

Words and phrases in quotation marks have special meaning and are defined in this form or in the Commercial Common Agreements, Definitions, Exclusions and Conditions Form attached to this Policy

INDEMNITY AGREEMENT

- (1) In the event that any of the property insured be lost or damaged by the perils insured against, "we" will indemnify "you" against the direct loss so caused to an amount not exceeding whichever is the least of :
- (a) the actual cash value of the property at the time of loss or damage;
 - (b) "your" interest in the property;
 - (c) the amount of insurance specified on the "Declaration Page" in respect of the property lost or damaged.
- Provided, however, that where the insurance applies to the property of more than one person or interest, "our" total liability for loss sustained by all such persons and interests shall be limited in the aggregate to the amount or amounts of insurance specified on the "Declaration Page".

PROPERTY INSURED

- (2A) This form insures the following property but only those items for which an amount of insurance is specified on the "Declarations Page" and only while at the "premises".

"Building"
"Equipment"
"Stock"
"Contents of Every Description"
"Property of Every Description"

- (2B) This form also insures those of the following items for which an amount of insurance is specified on the "Declarations Page":

Temporary Locations: "Equipment" and "stock" other than at a specified location except while in transit or outside Canada, but there shall be no liability under this item at any location owned, rented or controlled in whole or in part by "you".

Newly Acquired Location: "Building", "equipment" and "stock" at any newly acquired location within Canada that is owned, rented or controlled by "you" in whole or in part, in or on vehicles within 100 meters of such location. This limit of insurance attaches at the time of the acquisition and extends for a period of 30 days or to the date of endorsement of this form adding such location whichever first occurs.

Parcel Post: "Equipment" and "stock" in any one package in course of transit by parcel post within Canada or the continental United States of America.

Other Transit: "Equipment" and "stock" in transit other than parcel post within Canada or the continental United States of America.

Sales Representative: "Equipment" and "stock", whether in transit or otherwise, within Canada or the continental United States of America while in the custody of "your" sales representative.

CO-INSURANCE

- (3) This clause applies separately to each item for which a co-insurance percentage is specified on the "Declarations Page" and only where the total loss exceeds the lesser of 5% of the applicable amount of insurance or ten thousand dollars (\$10,000.).

"You" shall maintain insurance concurrent with this form on the property insured to the extent of at least the amount produced by multiplying the actual cash value of the property by the co-insurance percentage specified on the "Declarations Page", and failing to do so, shall only be entitled to recover that portion of any loss that the amount of insurance in force at the time of loss bears to the amount of insurance required to be maintained by this clause.

PERILS INSURED

- (4) This form, except as herein provided, insures against all risks of direct physical loss of or damage to the property insured.

EXCLUSIONS

- (5A) **Property Excluded**

This form does not insure loss of or damage to:

- (a) sewers, drains or watermains located beyond the outside bearing walls or foundations of the property insured, , but this exclusion does not apply to loss or damage caused directly by "Named perils".
- (b) growing plants, trees, shrubs or flowers, all while in the open except as provided in the Extensions of Coverage Clause 6(c);
- (c) animals, fish or birds, but this exclusion does not apply to loss or damage caused directly by "Named

- Perils" or from theft or attempted theft;
- (d) furs, fur garments, jewels, jewellery, costume jewellery, watches, pearls, or precious and semi-precious stones, tobacco and tobacco products, pre-recorded digital and video media but this exclusion does not apply to:
 - (i) the first one thousand dollars (\$1,000) of any loss otherwise insured;
 - (ii) loss or damage caused directly by "Named Perils";
 - (e) property insured under the terms of any Marine Insurance, and property while waterborne, except while on a regular ferry or railway car transfer in connection with land transportation;
 - (f) property on loan or on rental or sold by "you" under conditional sale, installment payment or other deferred payment plan, from the time of leaving "your" custody, but this exclusion does not apply while such property is in the custody of a carrier for hire for the purpose of delivery at "your" risk;
 - (g) property in the custody of a sales representative outside "your" premises", unless an amount of insurance is shown on the "Declarations Page" pertaining to sales representative;
 - (h) property illegally acquired, kept, stored or transported; property seized or confiscated for breach of any law or by order of any public authority;
 - (i)
 - (i) any pressure vessel having normal internal working pressure greater than 103 kilopascals (15 pound per square inch) above atmospheric pressure;
 - (ii) any boiler, including the piping and equipment connected to it, which contains steam or water under steam pressure (except tanks having an internal diameter of 610 millimeters (24 inches) or less used for the storage of hot water for domestic use):

caused directly or indirectly by explosion, rupture, bursting, cracking, burning out of bulging of such property while connected ready for use, but this exclusion does not apply to;

 1. manually portable gas cylinders;
 2. explosion of natural, coal or manufactured gas;
 3. explosion of gas or unconsumed fuel within a furnace or within the gas passages therefrom to the atmosphere.
 - (j) roadways, walkways, parking lots or other exterior paved surfaces. This exclusion does not apply to the first ten thousand dollars (\$10,000) of any loss otherwise insured;
 - (k) property used in whole or in part for the cultivation, harvesting, processing, manufacture, distribution or sale of marijuana or any product or substance falling within the Schedules of Controlled Drugs and Substance Act, whether or not "you" are aware of such use of the property.

(5B) **Peril Excluded**

This form does not insure against loss or damage caused directly or indirectly:

- (a) by earthquake, except for ensuing loss or damage which results directly from fire, explosion, smoke or leakage from "fire protective equipment". This exclusion does not apply to property in transit;
- (b) by flood, including "surface water", waves, tides, tidal waves, tsunamis, or the rising of, the breaking out or the overflow of, any body of water, whether natural or man-made, but this exclusion does not apply to ensuing loss or damage which results directly from fire, explosion, smoke, leakage from "fire protective equipment", all as described in Clause 19(i) or leakage from a watermain. This exclusion does not apply to property in transit;
- (c)
 - (i) by seepage, leakage or influx of water derived from natural sources through basement walls, doors, windows or other openings, foundations, basement floors, sidewalks or sidewalk lights, unless concurrently and directly caused by a peril not otherwise excluded in this form;
 - (ii) by the backing up or overflow of water from sewers, sumps, septic tanks or drains, wherever located, unless concurrently and directly caused by a peril not otherwise excluded in this form;
 - (iii) by the entrance of rain, sleet or snow through doors, windows, skylights or other similar wall or roof openings, unless through an aperture concurrently and directly by a peril not otherwise excluded in this form;
 - (iv) by the entrance of water or natural precipitation diffused over the surface of the roof, unless through an aperture concurrently and directly caused by a peril not otherwise excluded in this form;
- (d) by centrifugal force, mechanical or electrical breakdown or derangement in or on the "premises", unless fire ensues and then only for the loss or damage caused directly by such ensuing fire:
- (e)
 - (i) by dampness or dryness of atmosphere;
 - (ii) by changes in or extremes of temperature, heating or freezing;
 - (iii) by total or partial interruption to the supply of electricity, water, gas or steam;

This exclusion (e) does not apply to:

 1. loss or damage caused directly by rupture of pipes or breakage of apparatus not excluded in paragraph (i) of Clause 5A;
 2. damage to pipes caused directly by freezing, unless such pipes are excluded in paragraph (i) of Clause 5A;
 3. loss of or damage to "building" or "equipment" caused directly by "Named Perils", theft or attempted theft;
 4. loss or damage caused directly by an accident to a transporting conveyance;

- (f) (i) by shrinkage, evaporation, loss of weight, leakage of contents, exposure to light, change in colour or texture or finish,
- (ii) by contamination;
- (iii) by marring, scratching or crushing;
- This exclusion (f) does not apply to loss or damage caused directly by:
 1. "Named Perils";
 2. rupture of pipes or breakage of apparatus not excluded in paragraph (j) of Clause 5A;
 3. theft or attempted theft;
 4. an accident to a transporting conveyance;
- (g) by smoke from agricultural smudging or industrial operations;
- (h) by rodents, insects, bats, raccoons, skunks or vermin, but this exclusion does not apply to loss or damage caused directly by a peril not otherwise excluded under this form;
- (i) by delay, loss of market, or loss of use or occupancy;
- (j) (i) by misappropriation, secretion, conversion, infidelity or any dishonest or criminal act on the part of "you" or any other party of interest, employees or agents of "yours", or any person to whom the property may be entrusted (bailees for hire excepted), but this exclusion does not apply to physical damage, caused directly by employees of "yours", which results from a peril otherwise insured and not otherwise excluded under this form;
- (ii) by voluntary parting of ownership or title by "you" to any party whether from a legal or illegal transaction;
- (iii) by loss or shortage disclosed on taking inventory or any mysterious disappearance;
- (k) by snowslide, landslide, subsidence or other earth movement, except for ensuing loss or damage which results directly from fire, explosion, smoke or "leakage from fire protective equipment";
- (l) by explosion (except with respect to explosion of natural, coal, or manufactured gas), collapse, rupture, bursting, cracking, burning out or bulging of the following property owned, operated or controlled by "you", unless fire ensues and then only for the loss or damage caused directly by such ensuing fire:
 - (i) the portions containing steam or water under steam pressure of all boilers generating steam, and piping or other equipment connected to said boilers and containing steam or water under steam pressure;
 - (ii) piping and apparatus or parts thereof normally containing steam or water under steam pressure from an external source and while under such pressure;
 - (iii) other vessels and apparatus and pipes connected therewith while under pressure, or while in use or in operation provided their maximum normal internal working pressure exceeds 103 kilopascals (15 pounds per square inch) above atmospheric pressure but this exclusion does not apply to loss or damage resulting from the explosion of manually portable gas cylinders or of tanks having an internal diameter of 610 millimeters (24 inches) or less used for the heating and storage of hot water for domestic use;
 - (iv) moving or rotating machinery or their parts;
 - (v) any vessels and apparatus and pipes connected therewith while undergoing pressure tests but this exclusion does not apply to other property insured hereunder that has been damaged by such explosion;
 - (vi) gas turbines;
- (m) by settling, expansion, contraction, moving, shifting or cracking unless concurrently and directly caused by a peril not otherwise excluded in Clause 5B of this form;

(5C) Other Excluded Losses

This form does not insure against loss or damage caused directly or indirectly

- (m) by
 - (i) wear and tear
 - (ii) rust or corrosion
 - (iii) gradual deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself.

This exclusion (m) does not apply to loss or damage caused directly by a resultant peril not otherwise excluded in this form;
- (n) by the cost of making good:
 - (i) faulty or improper material;
 - (ii) faulty or improper workmanship;
 - (iii) faulty or improper design.

This exclusion (n) does not apply to loss or damage caused directly by a resultant peril not otherwise excluded in this form;
- (o) by mysterious disappearance or shortage of "equipment" or "stock" disclosed on taking inventory;
- (p) by loss or damage sustained to "equipment" or "stock" while actually being worked upon and directly resulting therefrom or caused by any repairing, adjusting or servicing of "equipment" or "stock", unless fire or explosion ensues and then only for such ensuing loss or damage;
- (q) by disturbance or erasure of electronic readings by electric or magnetic injury except by lightning.

(5D) **Common Exclusions**

This form does not insure against loss or damage caused directly or indirectly by the exclusions below as defined on the Commercial Common Agreements, Definitions, Exclusions and Conditions Form (COMM) which form part of this policy.

Automobile
Aircraft
By-law
Data
Disease, Illness or Infection
Electrical Current
Fungi and Spores Exclusion
Nuclear Incident
Pollution
Terrorism
Vacant Property
War
Unmanned Air Vehicle Systems

EXTENSIONS OF COVERAGE

- (6) The following extensions of coverage shall not increase the amounts of insurance applying under this form and are subject to all conditions of this form.
- a) **Personal Property of Officers and Employees:** At "your" option, "equipment" also includes personal property of officers and employees of "yours". The insurance on such property;
 - (i) shall not attach if it is insured by the owner unless "you" are obliged to insure it or is liable for its loss or damage;
 - (ii) is, in any event, limited to a maximum recovery of two hundred and fifty dollars (\$250) in respect of any one officer or employee;
 - (iii) shall apply only to loss or damage occurring at a location specifically described on the "Declarations Page" or included in a Newly Acquired Location.
 - b) **"Building" Damage by Theft:** This form is extended to insure damage (except by fire) to that part of a "building" occupied by "you" directly resulting from theft or any attempted theft and from vandalism or malicious acts committed on the same occasion, provided that "you" are the owner of such "building" or are liable for such damage and the "building" is not otherwise insured under this policy. This extension of cover shall be limited to a maximum recovery of twenty-five hundred dollars (\$2,500) in respect of any one loss. Glass and lettering or ornamentation thereon is excluded from this extension.
 - c) **Growing Plants, Trees, Shrubs or Flowers in the Open:** This form is extended to insure loss or damage to growing plants, trees, shrubs or flowers in the open caused directly by "Named Perils" (with the exception of windstorm or hail or from theft or attempted theft. This extension of coverage shall be limited to a maximum recovery of five hundred dollars (\$500) for each growing plant, tree, shrub or flower in the open including debris removal expense.
 - d) **Debris Removal and Removal of Windstorm Debris** as defined on the Commercial Common Agreements, Definitions, Exclusions and Conditions Form (COMM) which forms part of this policy.
 - e) **Removal** as defined on the Commercial Common Agreements, Definitions, Exclusions and Conditions Form (COMM) which form part of this policy.
 - f) **Exterior Paved Surfaces:** This form is extended to insure loss or damage to roadways, walkways, parking lots or other exterior paved surfaces owned by the Insured directly resulting from a cause of loss for which loss or damage insurance is afforded under this policy. This extension of coverage shall be limited to a maximum recovery of ten thousand dollars (\$10,000) in all including debris removal expense

PROPERTY PROTECTION SYSTEMS

- (7) It is agreed that "you" shall notify "us" forthwith of any interruption to, or flaw or defect, coming to "your" knowledge, in any:
- (a) sprinkler or other fire extinguishing system; or
 - (b) fire detection system; or
 - (c) intrusion detection system;
- and shall also notify "us" as soon as possible of the cancellation or non-renewal of any contract which provides monitoring or maintenance services to any of these systems or of the notification of the suspension of police service in response to any of these systems.

PREMIUM ADJUSTMENT

- (8) This clause is applicable if a specific amount of insurance is shown on the "Declarations Page" for "stock". If within six months after the expiry or anniversary date of each period of insurance, "you" shall file with "us" a Premium Adjustment Application Form showing, for the said period, the actual cash value of the "stock" insured on the last day of each month at each location as commented upon by "your" Accountant, the actual premium for the said period shall then be calculated at the rate applying to each location for the average amount of the total values declared. If the premium paid by "you" for such "stock" exceeds the actual premium thus calculated, "we" shall refund

to “you” any excess paid, subject to a maximum refund of 50% of the premium paid. In the event of any monthly declared values being in excess of the amount of insurance, the amount of the excess shall not be included in the premium adjustment calculations.

VALUATIONS

- (9) For the purpose of calculating the total of the property for the application of Co-insurance, value reporting and for loss adjustment, the following valuation basis applies:
- (a) on unsold “stock”: the actual cash value of the property at the time any loss occurs, but in no event to exceed what it would cost to repair or replace with material of like kind and quality;
 - (b) on sold “stock”: the selling price after allowance for discounts;
 - (c) on property of others in “your” custody or control for the purpose of performing work thereon: the amount for which “you” are liable but in no event to exceed the actual cash value at the time and place of loss plus allowance for labour and materials expended to such time;
 - (d) on tenant’s improvements and records : as defined in paragraphs (a) and (b) of Clause 11;
 - (e) on all other property insured under this form and for which no more specific conditions have been set out: the actual cash value at the time the loss or damage occurs but in no event to exceed what it would then cost to repair or replace with material of like kind and quality.

Actual Cash Value: Various factors shall be considered on the determination of actual cash value. The factors to be considered shall include, but not be limited to, replacement cost less any depreciation and market value. In determining depreciation, consideration shall be given to the condition of the property immediately before the damage, the resale value, the normal life expectancy of the property and obsolescence.

SPECIAL BASIS OF SETTLEMENT

- (11) (a) **Tenant’s Improvements:** “Our” liability shall be determined as follows:
- (i) if repaired or replaced with due diligence and dispatch, the amount actually and necessarily expended but in no event exceeding the actual cash value of the tenant’s improvements immediately prior to the time of destruction or damage;
 - (ii) if not repaired or replaced with due diligence and dispatch after such loss, that portion of the original cost of the damaged or destroyed tenant’s improvement which the unexpired term of the lease at the time of loss bears to the period(s) from the date(s) such tenant’s improvements were made to the expiration date of the lease.
- (b) **Records:** “Our” liability for loss or damage to:
- (i) books of accounts, drawings, card index systems and other records, other than as described in (ii) below, shall not exceed the cost of blank books, blank pages or other materials, plus the cost of labour for actually transcribing or copying said records;
 - (ii) media, data storage devices, and program devices for electronic and electro-mechanical data processing or for electronically controlled equipment, notwithstanding that “data” is not insured, shall not exceed the cost of reproducing such media, data storage devices, and program devices from duplicates or from originals of the previous generation of the media, but no liability is assumed hereunder for the cost of gathering or assembling information or “data” for such reproduction.
 - (iii) Whichever of the above is applicable shall be the basis to be adopted for the purpose of applying co-insurance.

PROPERTY OF OTHERS

- (12) “We” have the option, at any loss, to pay “you”, or adjusted with and paid to the customer or the owner of the property.

LOCKED VEHICLE WARRANTY

- (13) This clause does not apply to property which is under the control of a common carrier. Warranted by “you” that any vehicle in which the property insured is carried, is equipped with a fully enclosed metal body or compartment, and “we” shall only be liable in case of loss by theft from an unattended vehicle as a direct result of forcible entry (of which there shall be visible evidence) into such body or compartment the doors and windows of which shall have been securely locked.

DEFINITIONS

- (14) Wherever used in the form:
- (a) **“Building”** is as defined in the Commercial Common Agreements, Definitions, Exclusions and Conditions Form (COMM) which form part of this policy.
 - (b) **“Contents of Every Description”** is as defined in the Commercial Common Agreements, Definitions, Exclusions and Conditions Form (COMM) which form part of this policy
 - (c) **“Declarations Page”** means the Declarations page applicable to the form.
 - (d) **“Equipment”** is as defined in the Commercial Common Agreements, Definitions, Exclusions and Conditions Form (COMM) which form part of this policy
 - (e) **“Fire Protective Equipment”** is as defined in the Commercial Common Agreements, Definitions, Exclusions and Conditions Form (COMM) which form part of this policy

- (f) **“Named Perils”** is as defined in the Commercial Common Agreements, Definitions, Exclusions and Conditions Form (COMM) which form part of this policy.
- (g) **“Premises”** is as defined in the Commercial Common Agreements, Definitions, Exclusions and Conditions Form (COMM) which form part of this
- (h) **“Stock”** is as defined in the Commercial Common Agreements, Definitions, Exclusions and Conditions Form (COMM) which form part of this policy
- (i) **“Surface water”** means water or natural precipitation temporarily diffused over the surface of the ground.
- (j) **“We” “Us” “Our”** is as defined in the Commercial Common Agreements, Definitions, Exclusions and Conditions Form (COMM) which form part of this policy
- (k) **“You” “Your”** is as defined in the Commercial Common Agreements, Definitions, Exclusions and Conditions Form (COMM) which form part of this policy