

ENHANCED FARM MACHINERY AND EQUIPMENT

Attached to and forming part of the Farm Property Form

COVERAGE

"We" insure "your" "farm equipment", listed on the Declaration Page and/or Supplementary Schedule subject to the terms and conditions of the Policy and this Form. This cover is subject to 80% co-insurance clause and provides coverage anywhere within Canada and the continental United States of America.

DEFINITION

"Farm Equipment" includes all machinery, tools, and implements, used in the farm operation, which are not fixed to any farm building. The term "farm equipment" does not include any automobile, recreational motor vehicle or any other vehicle subject to registration under any government authority.

INSURED PERILS

"We" insure "your" "farm equipment" against all risks of direct physical loss or damage, subject to the Loss or Damage Not Insured section below.

LOSS OR DAMAGE NOT INSURED

- (1) "We" do not insure:
 - (a) automobiles and motor trucks or any motorcycles, snowmobiles or similar equipment designed or licensed for highway use or any vehicle subject to motor vehicle registration, all terrain vehicles (ATV's), gators, air cushion vehicles, aircraft, "unmanned air vehicles", watercraft, portable saw mills or machinery and equipment used in logging or forestry operations;
 - (b) property illegally acquired, kept, stored, transported or property subject to forfeiture;
 - (c) any property lawfully seized or confiscated unless such property is destroyed to prevent the spread of fire;
 - (d) property because of voluntary parting with title or ownership, whether or not induced to do so by any fraudulent scheme, trick, device or false pretenses.
- (2) "We" do not insure loss or damage caused by or resulting:
 - (a) from wear and tear, deterioration, latent defect, inherent vice, mechanical or electrical breakdown or failure, corrosion, rust, vermin, wet or dry rot, mould, dampness or dryness of atmosphere, freezing, or extremes in temperature;
 - (b) from repairing, adjusting, servicing or maintenance operations unless fire or explosion ensues and then only for the loss or damage by such ensuing fire or explosion;
 - (c) from infidelity of "your" employees or persons to whom "your" property is entrusted;
 - (d) to tires or tubes except as provided for under Special Conditions of this form
 - (e) by short circuit or other electrical disturbances of any kind, exclusive of lightning, within electrically equipped machinery or equipment, unless fire ensues, and then for loss or damage caused by fire only;
 - (f) from the weight of a load exceeding the rated capacity of any machine;
 - (g) while in any Race or Speed Test or Tractor Pull Contest;
 - (h) from delay, loss of use or loss of market;
 - (i) from breaking or falling through ice;
 - (j) by mysterious disappearance.

Data Exclusion

This "Form" does not insure:

- (1) "Data"; or
- (2) loss or damage resulting from, contributed to or caused directly or indirectly by "Data Problem".

However, if loss or damage caused by "Data Problem" results in the occurrence of further loss of or damage to property insured that is directly caused by fire, explosion, smoke, water damage, all as described "Specified Perils", this exclusion shall not apply to such resulting loss or damage.

"Specified Perils"

Subject to the exclusions and conditions in this "Form". Specified Perils means:

- (1) fire;
- (2) lightning;
- (3) explosion;
- (4) smoke due to a sudden, unusual and faulty operation of any heating or cooking unit in or on the premises;
- (5) falling object which strikes the exterior of a building;
- (6) impact by aircraft, spacecraft or land vehicle;
- (7) riot;
- (8) vandalism or malicious acts, not including loss or damage caused by theft or attempted theft;
- (9) windstorm or hail.

SPECIAL CONDITIONS

Unscheduled "farm equipment", agricultural tools and equipment are limited to a maximum of \$2,500 in value per item, unless specifically insured on a blanket basis and shown on the Declaration Page as "Blanket Farm Machinery and Equipment", and a premium is charged. "We" agree coverage is extended to apply to all such property including equipment, which has been acquired subsequent to the effective date and during the term of this extension.

"You" agree to maintain the coverage at not less than 90% of the total cash value of all property owned at the time loss occurs and provide "us" with an inventory of all such property for premium adjustment on the anniversary of the Policy. If "you" do not meet the co-insurance requirement, "You" are only entitled to recover that portion of the loss that the amount of insurance bears to the amount of insurance required.

Newly Acquired Equipment -- If "you" acquire any additional equipment "we" will automatically insure these provided "you" tell "us" within 30 days of acquisition and agree to pay premiums thereon from the date of acquisition. Under this extension "we" will not pay more than 25% over and above the amount of insurance under the coverage on farm machinery and equipment that was in force prior to the acquisition.

Equipment Loss of Use

It is agreed that in the event of loss or damage to farm machinery valued over \$5,000 which is covered by this Form, "we" agree to reimburse any reasonable expense "you" incur for the rental of a substitute machine subject to the terms and conditions of this Form.

Provided that:

- (1) "We" will pay for \$10,000 or 5% of the value of the damaged individual item whichever is greater;
- (2) Reimbursement is limited to such expense incurred commencing from the time of loss or damage occurs and terminating, regardless of the expiration of the policy;
 - (a) On the date of completion of repairs or "replacement" of the property lost or damaged, or
 - (b) Upon such earlier date that "We" make or tender settlement of the loss or damage, or
 - (c) After a reasonable period of time has elapsed for the completion of repairs to or "replacement" of, the lost or damaged property with all due diligence and dispatch
- (3) No indemnity is provided unless the loss or damage to the equipment exceeds any applicable deductible amount specified in the Form for such loss or damage.
- (4) There shall be no coverage under this extension for "farm machinery" used for "custom farming" operations or commercial contracting work unless it is specified on the "Declaration Page" or the gross annual receipts received is less than \$10,000 within the Policy Period

Damage to Non-Owned "Farm Equipment"

"We" will pay up to \$50,000 or 10% of the limit of insurance on machinery and equipment whichever is greater; for loss or damage to non-owned farm machinery and equipment while in "your" care, custody or control and caused by a peril insured against. This extension also applies to non-owned machinery and equipment in "your" control through any rental or lease agreement.

Fuel

Coverage for loss or damage to fuel used to operate insured machinery and equipment will be limited to not more than \$1,000 in any one storage unit.

Removal of Debris

This coverage pays for the cost of removing debris of the property insured under this Form as a result of any insured peril. When the damage to the property plus the cost of cleaning and removal of debris exceed the limit of insurance for the damaged property, an additional 5% of the limit of insurance on the damaged insured property will be available to cover debris removal expenses.

This coverage, however, does not insure against direct or indirect loss, damage, cost or expense, arising out of the "clean-up", removal, containment, treatment, detoxification, decontamination, stabilization, neutralization, or remediation resulting from any actual, alleged, potential, or threatened spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of "pollutants"

Further, this coverage does not insure against direct or indirect loss, damage, cost or expense, for any testing monitoring, evaluating or assessing of an actual, alleged, potential or threatened spill, discharge, emission, dispersal, seepage, leakage, migration, release, or escape of "pollutants".

GPS Software (programming or configuration)

It is agreed that in the event of loss or damage to GPS equipment attached to "farm machinery", "we" will pay to a maximum of \$1,000 for software programming or configuration unless otherwise scheduled on the "declaration page".

Tires and Tubes

Coverage for loss or damage to tires and tubes will be limited to not more than \$2,500 on any individual item of machinery or equipment. This limit shall not apply to loss or damage caused by fire, windstorm, theft, or vandalism and malicious acts or when the loss happens at the same time as other loss or damage insured by this coverage. The basis of settlement will be based on Actual Cash Value and is subject to the deductible shown on the Declaration Page.

BASIS OF CLAIM PAYMENT

"We" will pay whichever is the least of the following:

- (1) the actual cash value of the property at the time of loss;
- (2) what it would cost to repair or replace the property with materials of similar quality at the time of loss;
- (3) the amount shown on the Declaration Page.

Agricultural Tractors and Mobile Implements up to and including 5-years of age.

If "you" repair or replace the damaged or destroyed property "we" will pay without deduction for depreciation, the lesser of:

- (1) the cost of repairs; or
- (2) the cost of new machinery of similar kind, quality and usefulness.

However, "we" will not pay more than the Actual Cash Value of the loss or damage:

- (1) if repair or replacement is not made as soon as reasonably possible; or
- (2) for property which is older than 5 years; or
- (3) for property no longer in use for its originally intended purposes; or
- (4) for property which has been used for custom farm work; or
- (5) for machinery or parts which are obsolete or by their inherent nature cannot be replaced with a comparable article; or
- (6) for livestock drawn implements.

Increase due to Currency Fluctuation

In the event of a shortfall due to currency fluctuation, we will automatically increase the amount of insurance on your farm machinery and equipment, as shown on the current inventory dated and filed with us for the policy term. The increase shall be solely attributable to mid-term fluctuation of the U.S. exchange rate at the time of loss and will not take into consideration any other factors. This clause will attach to the policy when the U.S. exchange rate trades 10% or higher than the Canadian dollar within the policy term. This clause will not increase the overall limit of insurance as shown on the declaration page for all farm machinery and equipment

Deductible

"We" are responsible only for the amount by which the loss or damage caused by any of the Insured Perils exceeds the amount of deductible shown on the Declaration Page in any one occurrence.

Any loss or damage shall not reduce the amounts of insurance provided by this Form.

Co-Insurance Clause

"We" will not be liable in the event of loss or damage for any greater proportion of such loss or damage than the amount hereby insured bears to 80% of the actual cash value or the amount as stipulated on the declaration page for the property insured at the time such loss or damage occurs. If this Form covers two or more items, this condition applies to each item separately.

Waiver of Co-insurance

In case of loss the Co-insurance Clause shall not be held to apply where the total loss does neither exceed \$5,000 nor 5% of the sum insured on the involved item or items of the schedule. Each division or sub-division (if any) of the sum insured shall be deemed to be an "item". Within 60 days after the loss, "you" must submit to "us", under oath if required, a PROOF OF LOSS FORM containing the following information:

- (1) the amount, place, time and cause of loss;
- (2) the interest of all persons in the property affected;
- (3) the actual cash value of the property at the time of loss. If necessary, "You" must help "us" verify the damage.

Actual Cash Value

The actual cash value will take into account such things as the cost of replacement less any depreciation and in determining depreciation; "we" will consider the condition immediately before the damage, the resale value and the normal life expectancy.

Insurance Under More Than One Policy

If "you" have insurance on specifically described property, "our" Policy will be considered excess insurance and "we" will not pay any loss or claim until the amount of such insurance is used up. In all other cases, "our" Policy will pay its ratable proportion of the loss or claim.