

Homeowner's Insurance

Policy booklet



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Insurance for Homeowners

Your Homeowner's insurance policy is made up of a Declaration Page and this booklet. This booklet explains a number of coverages. Your Declaration Page shows the coverages you have chosen and identifies the Form # for easy reference. Your Declaration Page shows what we agree to insure, the coverage we provide and the amount of protection. It also shows the premium you have agreed to pay. All amounts of protection are shown and all losses are payable in Canadian dollars.

All Homeowner's policies cover dwellings, detached private structures, personal property and personal liability. Other property may be insured if you choose. There are two forms of coverages available:

Homeowners Comprehensive Coverage Form H100:

- provides comprehensive coverage on your dwelling, detached private structures and personal property.

Homeowners Broad Coverage Form H101

- provides comprehensive coverage on your dwelling and detached private structures and named perils coverage on your personal property.

Your Declaration Page shows which Coverage and Form you have.

This policy booklet is in three parts:

Part 1 – Dwelling, Detached Private Structures and Personal Property – explains coverage for property you own or use.

Personal Articles Coverage – explains coverage for property you wish to insure separately due to its nature or value or because it is excluded under blanket coverages. This includes items such as high valued jewelry, furs, boats and motors.

Part 2 – Personal Liability – explains coverage for your liability due to your personal actions that involve bodily injury or property damage to someone else.

Part 3 – Statutory Conditions – these are conditions we must tell you about by law.

All claims will be settled directly with the person(s) named on your Declaration Page. Only the person(s) named on your Declaration Page may make a claim against this policy and may take legal action against us.

Claims presented for loss or damage by any person(s) as defined above shall be considered to be made by all named or unnamed insured person(s) jointly. Action(s) of any person either individually or jointly shall be considered action(s) by all for the purpose of investigation and settlement of losses.

The key to your policy is its Declaration Page. It shows the type and amount of your coverage. It gives the location of property you are insuring and it describes certain types of property you are insuring. Your coverage starts at 12:01 a.m. standard time on the **Effective Date**. It ends at 12:01 a.m. standard time on the **Expiry Date**. The Declaration Page shows both of these dates. This is your policy term.

This policy contains various exclusions and limitations that eliminate or restrict coverage. Please read it carefully.

Insurance cannot be a source of profit. It is designed to indemnify you against actual losses or expenses incurred by you or for which you are liable.

Part 1 – Insurance on Your Property

Definitions

Amount of Protection means the maximum amount we will pay for any one occurrence or incident no matter how many people covered by this policy are involved. Different amounts apply to different coverages and these amounts are shown on the Declaration Page.

Business means any continuous or regular pursuit undertaken for financial gain including a trade, profession, occupation or agricultural operation.

Business Premises means premises on which a business is conducted, premises rented in whole or in part to others, or held for rental.

Business Property means property pertaining to a business, trade, profession or occupation.

Civil Authority means any person acting under the authority of the Governor General in Council of Canada or the Lieutenant Governor in Council of a province, and/or any person acting with authority under a Federal, Provincial or Territorial legislation with respect to the protection of persons and property in the event of an emergency.

Data means information, including programs, recorded on electronic media usable in data processing operations.

Domestic Appliance means a device or apparatus for personal use on the premises for containing, heating, chilling or dispensing water.

Dwelling means the building described on the Declaration Page, wholly or partially occupied by you as a private residence.

Dwelling Evaluation means a residential dwelling evaluation worksheet that determines what it would cost to replace your home, excluding the value of the land. Evaluations are completed using approved new construction valuation tools that are acceptable to us.

Ground Water means water in the soil beneath the surface of the ground, including but not limited to water in wells, underground streams and percolating water.

Insured means the person(s) named on your Declaration Page and the following unnamed person(s) living in the same household:

- the spouse of the person(s) named on the Declaration Page.
Spouse shall also mean either of two persons who are living together in a conjugal relationship and have so lived together for a period of two years or, if they are the natural or adoptive parents of a child, for a period of one year.
- the relatives of any of the above. We also mean any spouse, mother, father, grandmother, grandfather or child of the person(s) named on the Declaration Page, while residing away from your dwelling in an approved nursing or care home.
- anyone in the care of any of the above.
- unmarried student(s) while attending school and while residing away from your dwelling.

Insured Peril means a cause of loss or damage insured under the type of coverage shown on your Declaration Page for that specific property.

Occurrence means loss or damage to insured property by one or more of the insured perils.

Plumbing System means water supply, distribution and disposal piping on the premises, including appliances and equipment attached thereto, between their connection points to a public or private system. A plumbing system does not include sumps, septic tanks, retention tanks, sewers, drains, eavestroughs or downspouts.

Pollutant(s) means any solid, liquid, gaseous or thermal irritant or contaminants, including smoke, odour, vapour, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

Premises means your dwelling and the grounds and detached private structures associated with it that you own and live on, at the location shown on your declaration page.

Principal Residence means the sole or primary location at which you live. This can also mean the location that you keep most, or all, of your personal property.

Rental Income or Rental Value means the financial remuneration you receive as a result of the property being rented to others.

Residence Employee means a person employed by you to perform household or domestic services or duties of a similar nature in connection with the maintenance or use of the insured premises. It does not include any person(s) performing duties in connection to any business you conduct.

Seasonal Dwelling means a dwelling that you occupy on a seasonal basis but which is usually unoccupied for periods of more than 60 consecutive days. These dwellings are usually located at a lake or resort area.

Secondary Residence means a dwelling that you occupy that is not your principal residence. This dwelling cannot be unoccupied for more than 60 consecutive days at any time during the policy term.

Surface Waters means water on the surface of the ground where water does not usually accumulate in ordinary watercourses, lakes or ponds.

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.

Vacant means you must tell us when your dwelling becomes vacant. Vacant refers to the circumstances where, regardless of the presence of personal property:

- all occupants have moved out with no intentions of returning and no new occupant has taken up residence; or
- no occupant has yet taken up residence; however, a newly acquired dwelling, which is to be your principal residence, will not be deemed vacant for the first 30 days from the date of the title registration to you; or
- the dwelling will not be deemed vacant or subject to vacancy restrictions up to the first 90 consecutive days following the death of the insured or until the expiry date of the policy, whichever comes first.

You must also tell us when no one has been living in your dwelling for a full year. We feel that these dwellings are vacant too – even if personal property is still in place.

By “occupant” we mean a person as defined under **Insured**.

Watermain means a pipe forming a part of a water distribution system that conveys consumable water but not waste water.

We, us or our means the insurance company providing this insurance policy and as identified on your Declaration Page.

You or your refers to **Insured**.

Coverage

The Coverage provided by this policy is as follows. Additional details are provided under each of the coverage descriptions. Your choice of coverage will be shown on your Declaration Page. Refer to the specific coverage details for a complete description of the coverage, exclusions, limitations and conditions applicable.

Coverage A – Dwelling

Coverage B – Detached Private Structures

Coverage C – Personal Property

Coverage D – Additional Living Expenses and Lost Rental Income

Coverage E – Personal Liability

Coverage F – Voluntary Medical Payments

Coverage G – Voluntary Property Damage

Coverage Forms

As stated on Page 3, we provide two forms of coverage:

Homeowners Comprehensive Coverage Form H100

If your Declaration Page shows this coverage at the legal location stated, you have coverage against Comprehensive Perils on your dwelling, detached private structures and personal property subject to the limitations and exclusions defined under the described coverage.

Homeowners Broad Coverage Form H101

If your Declaration Page shows this coverage at the legal location stated, you have coverage against Comprehensive Perils on your dwelling and detached private structures and Named Perils on your personal property subject to the limitations and exclusions defined under the described coverage.

Part 1 – Your Dwelling, Detached Private Structures and Personal Property – What We Cover

Your Premises

Means your dwelling and detached private structures associated with it that you own and live on, at the location shown on your Declaration Page. We cover the following property for the amount of protection shown on your Declaration Page.

Your Dwelling – Coverage A

Means your dwelling and attached additions including:

- equipment and structures that are permanently in place as part of your dwelling except those used in whole or in part for any business or farming purpose. This includes such things as fences, storm windows, satellite antennae, swimming pools, hot tubs, saunas and their attached equipment. These things are covered even while away from your dwelling for a short time due to repair or seasonal storage. Detached private structures are not included here. See Detached Private Structures described below.
- building materials that you are going to use as part of your dwelling
 - (a) located at your premises,
 - (b) which you acquire and transport to your premises.
- permission is granted to make alterations, additions and repairs to your dwelling.

Dwellings that become vacant or unoccupied for more than 30 consecutive days have special requirements. Refer to “**General Conditions for Part 1.**”

Your Detached Private Structures – Coverage B

Means any building located on the grounds and separated from the dwelling. They are separate buildings even if they are attached to the dwelling by a fence, utility line or similar connection. This includes such things as garages, garden sheds, gazebos, swimming pool enclosures. We cover building materials that you are going to use as a part of your detached private structures:

- a) located at your premises,
- b) which you acquire and transport to your premises.

If your seasonal dwelling is insured under this policy, we will also cover bathhouses, docks and boat lifts which are located at the same resort area.

We will not cover detached private structures that are used in whole or in part for any business, residential occupancy, or farming purpose. You may rent them to someone else, as long as they are not used in whole or in part for any business, residential or farming purpose.

Permission is granted to make alterations, additions and repairs to your detached private structures.

Your Personal Property – Coverage C

Means personal property that you own or use, kept at your premises. Coverage is extended to include the following:

- personal property that is away from your premises temporarily, other than personal property in storage. Personal property in storage shall mean personal property not in current use and kept at a location away from your premises.
- personal property in storage in an occupied private dwelling.

- personal property in storage away from your premises for up to 30 consecutive days, if stored elsewhere than in an occupied private dwelling or commercial storage facility designed for that purpose. We will extend this 30 day coverage if you tell us of placing your personal property into storage and this is shown on your Declaration Page. This will involve an extra premium charge.
- furs, boats, their equipment, accessories, outboard motors, and jet propulsion personal watercraft, including unlicensed boat trailers during seasonal storage away from your premises.
- golf carts kept year round at a golf course.
- personal property while you move them to a new principal residence in Canada. This coverage lasts for 30 days from the day you start the move and covers:
 - at your premises shown on your Declaration Page,
 - in transit,
 - at your new premises.

If you wish, you may apply up to \$2,000 of the amount of protection on your personal property to:

- uninsured personal property of others while it is on that portion of your premises which you occupy; or
- personal property of others for which you are responsible, while in your possession anywhere in the world.

We do not insure property of roomers or boarders.

There are some limits on the kinds of personal property we will cover and the amounts blanket coverage will pay. They are shown in “**Property with Specific Amounts of Protection**” and “**Property and Causes of Loss We Do Not Cover.**”

Any personal property we cover under the Personal Articles Coverage, or which are specifically insured elsewhere are not covered here under the blanket form.

Perils Insured – Named Perils

You are covered for loss or damage caused by the following named perils where applicable and as defined under the form of coverage shown on your Declaration Page.

We cover dwellings, detached private structures, and personal property for direct physical loss or damage caused by the following Perils:

- 1) **Fire or Lightning.**
- 2) **Explosion or Implosion.**
- 3) **Smoke.** Means damage due to sudden and unusual failure of a heating or cooking unit in or on the premises. This includes such things as a furnace, stove or fireplace.
- 4) **Falling Objects** that hit the outside of an insured building or structure.
- 5) **Impact by Aircraft, Spacecraft or Land Vehicles.**
- 6) **Riot.**
- 7) **Vandalism or Malicious Acts.** We do not cover loss or damage:
 - directly or indirectly caused by theft or attempted theft; or
 - while your dwelling is under construction or vacant; or
 - caused by you or anyone living in your household; or
 - caused by any tenant, tenant’s guests, tenant’s employees, or members of their household.
- 8) **Water Escape and Rupture.** If you are away from your premises for more than four days in a row during the normal heating season, you must do one of three things. You must shut off the water supply and drain all pipes, attached fixtures and appliances; or arrange to have a reliable person come in daily to check the heating; or have your heating system connected to a centrally monitored alarm equipped for immediate response. If you do not, we will not cover loss or damage caused by freezing, or resulting water damage.

We do not cover loss or damage caused by freezing to any part of a plumbing, heating, fire sprinkler, or air conditioning system; or household appliance not in a heated building, or any resulting water damage.

We do not cover loss or damage to your dwelling or personal property if your dwelling has been vacant for more than 30 consecutive days or while it is under construction.

Water Escape. Means accidental discharge or overflow of water or steam from a plumbing, heating, fire sprinkler or air conditioning system, household appliance, aquarium, waterbed, a swimming pool or hot tub or their attached equipment, or a public watermain. We do not cover loss or damage caused:

- by seepage, or continuous or repeated leakage; or
- by back up, discharge or escape or overflow of water or sewage from a sewer, sump, sump pump, septic tank, or eavestrough or downspout connected to your sewer; or
- by water from the accumulation, buildup or damming of ice and snow in any system, eavestrough or downspout; or
- by escape of water from a waterbed.

Rupture. Means damage to a plumbing, heating, fire sprinkler or air conditioning system within your dwelling caused by sudden and accidental bursting, tearing apart, cracking, burning, or bulging of the system, due to the pressure of or lack of water or steam. We do not cover damage caused by rust, corrosion, or deterioration.

- 9) **Windstorm or Hail.** The interior of a building and personal property inside are covered only if the damage happens immediately after wind or hail first makes an opening in the building. This peril does not cover loss or damage caused by waves, flood, high water, ice, rain, snow or sleet, whether driven by wind or not.

We do not cover loss or damage caused by water that enters through the dwelling exterior roof or walls, unless caused by a named peril that creates a sudden and accidental opening.

- 10) **Electricity.** Means sudden and accidental loss or damage caused by artificially generated electrical current.
- 11) **Glass Breakage.** This peril means that we cover loss or damage to glass or safety glazing material. These things must be part of a building, storm door or window that forms a part of or is intended to form a part of your dwelling or detached private structures. We do not cover greenhouses, garden frames or similar structures that are primarily covered with glass or plastic sheeting. We do not cover glass or safety glazing materials while your dwelling or detached private structures are under construction or vacant.
- 12) **Theft, including damage caused by Attempted Theft.** We do not cover the following:
- property on your premises while your dwelling is under construction or vacant.
 - property from that part of your premises rented by you to others caused by any tenant, tenant's guests, tenant's employees, or members of their household.
 - loss or damage caused by you or anyone living in your household.
- 13) **Transportation.** We cover loss or damage to personal property and building fixtures and fittings while they are being transported if caused by an accident to the transporting vehicle.
- 14) **Escape of Fuel Oil.** This peril means loss or damage to insured property caused by the sudden and accidental bursting or overflowing of your domestic fixed fuel tank, apparatus or pipes. We will not pay for the cleanup or removal of contaminated soil unless required to do so in order to repair or replace insured property.

15) **Collapse.** We cover collapse of a foundation, wall, floor, or roof of your dwelling or detached private structures caused by any of these three things:

- a peril insured by this policy; or
- the weight of contents, equipment, or people; or
- the weight of rain, ice, snow, or sleet on the roof.

We do not cover collapse while your dwelling or detached private structure is vacant, unoccupied or under construction.

There are other causes of loss we will not cover under this policy. These are shown under “Property and Causes of Loss We Do Not Cover.”

Perils Insured – Comprehensive

We cover dwellings, detached private structures and personal property for direct physical loss or damage caused by Comprehensive Perils, subject to the terms, exclusions, conditions and limitations shown in this booklet.

Shown below are perils or causes of loss that we exclude. If these are the cause of loss or damage, we do not cover such loss or damage.

We do not cover loss or damage:

- a) caused by flood, surface water, waves, tidal waves, overflow of streams or other bodies of water, spray, ice, water borne ice, shoreline ice build-up, or water borne objects whether any of the former are driven by wind or not. We will, however, cover loss or damage if it is due to a sudden and unexpected escape of water from a swimming pool, hot tub or sauna or attached equipment or fire fighting activities or public watermain.
- b) caused by water below ground level including that which exerts pressure on or flows, seeps or leaks through any opening in a sidewalk, driveway, foundation, wall, window, door, or floor. But we will cover if it was due to a sudden and unexpected escape of water from a swimming pool, hot tub or sauna or attached equipment or fire fighting activities or public watermain.
- c) caused by escape of water or steam from a plumbing, heating, fire sprinkler, air conditioning system, household appliance, swimming pools, hot tub or sauna or attached equipment or public watermain, occurring after your dwelling has been vacant for more than 30 consecutive days or is under construction.
- d) caused by sudden and accidental bursting, tearing apart, cracking, burning, or bulging due to the pressure of or the lack of water or steam of a plumbing, heating, fire sprinkler or air conditioning system or an appliance for heating water occurring after your dwelling has been vacant for more than 30 consecutive days or is under construction.
- e) caused by freezing or resulting water escape from a plumbing, heating, fire sprinkler, or air conditioning system, or household appliance during the normal heating season and you have been away from your premises for four days in a row. In order to have this coverage, you must shut off the water supply and drain all pipes, attached fixtures, and appliances, or, arrange to have a reliable person come in daily to check the heating, or, have your heating system connected to a centrally monitored alarm system equipped for immediate response. But we will not cover if your dwelling has been vacant for more than 30 consecutive days or is under construction.
- f) caused by continuous or repeated seepage or leakage of water or steam from a plumbing, heating, fire sprinkler, or air conditioning system, household appliance, a swimming pool, hot tub or sauna and attached equipment, or public watermain.
- g) caused by rupture or freezing to an outdoor swimming pool, hot tub or sauna and their attached equipment, any part of a plumbing, heating, fire sprinkler, or air conditioning system, or household appliance not in a heated building or public watermain.
- h) caused by back up, accidental discharge or seepage or continuous or repeated leakage of sewage or water from a sewer, drain, sump,

sump pump, septic tank, or eavestrough or downspout connected to a sewer. We do not cover damage caused by back up, discharge, escape, or overflow of water or sewage from public sewers or drains outside your dwelling.

- i) caused by water that enters through the dwelling exterior roof or walls, unless an opening is suddenly and accidentally created by a named peril.
- j) due to theft or attempted theft, vandalism or malicious acts:
 - i) to property from that part of your premises rented by you to others caused by any tenant, tenant's guests, tenant's employees or members of their household.
 - ii) caused by you or anyone living in your household.
- k) due to theft, attempted theft, vandalism, or malicious acts while your dwelling is under construction or vacant.
- l) caused by birds, vermin, racoons, squirrels, skunks, rodents, bats or insects and domesticated animals, except resultant damage and loss or damage to building glass caused by birds.
- m) caused by wear and tear, rust, corrosion, or deterioration.
- n) caused by smoke from agricultural or industrial operations.
- o) to sporting equipment due to the use of it.
- p) to contact lenses unless the loss or damage is caused by a **Listed Peril** as defined, theft, or attempted theft.
- q) to retaining walls not constituting part of an insured building, unless caused by a **Listed Peril** as defined.
- r) caused by cracking of ceilings or walls.
- s) due to marring or scratching of any property or breakage of any fragile or brittle article unless caused by a **Listed Peril** as defined, theft, or attempted theft.
- t) to glass while your dwelling or outbuilding is under construction or vacant.
- u) caused by dampness of atmosphere, extremes of temperature, condensation, wet or dry rot, mould, contamination, inherent vice, acid rain or contamination, unknown flaw and defect or mechanical breakdown.

We do not cover the following three things if they happen at the same time as an excluded peril or cause of loss above or elsewhere in this policy or contribute with an excluded peril or cause of loss to produce a loss:

- weather conditions; or
- acts or decisions of any person, civic authorities, or government authorities; or
- faulty, inadequate, or defective planning, design, material, construction, or maintenance of public utilities or public structures.

The Listed Perils referred to previously are fire, lightning, explosion or implosion, smoke, falling objects, impact by aircraft, spacecraft or land vehicles, riot, vandalism or malicious acts, water escape, rupture, windstorm, hail, electricity, transportation and escape of fuel oil; all as defined under **Perils Insured – Named Perils**.

There are other causes of loss we will not cover under this policy. These are shown under “Property and Causes of Loss We Do Not Cover”.

Additional Living Expenses and Lost Rental Income – Coverage D

The amount of insurance for any one or a combination of Additional Living Expenses and Lost Rental Income is an amount equal to 20% of the amount of protection on your dwelling. This amount adds to your total amount of protection. We provide this coverage even if this time extends beyond the policy period. We will not pay for any expense that does not continue (such as heat, cable, water or power) while the dwelling is unfit for occupancy.

1. **Additional Living Expenses.** If your dwelling becomes unfit for occupancy because of an insured peril and you have to move out while repairs are being made, we will pay any necessary increase in living expenses, including moving expenses you incur to maintain your normal standard of living. Payment will be made for the shortest period required to repair or rebuild your dwelling, or if you permanently relocate, the reasonable time required to settle your household.
2. **Lost Rental Income.** If the part of your dwelling you rent, or are trying to rent to others, becomes unfit for occupancy because of an insured peril, we cover its fair rental value for the shortest period of time required to repair or rebuild it.

We will also pay when a public authority denies you access to your premises. We will pay these costs for up to two weeks. The denial can be due to actual or threatened damage to your dwelling or detached private structures, but it must be due to a peril for which you are insured. If you have Broad or Comprehensive coverages, it must be due to a **Listed Peril**.

Added Features Of Your Part 1 Coverage

We give you some “added features” along with your regular coverage. There is no extra cost. These could be special types of coverage available to you. They could be special uses of your regular coverage too. We have noted those features that **add** to your total amount of protection. Otherwise they are **part** of the amount of protection shown on your Declaration Page.

Arson Conviction Reward

We will pay up to \$1,000 for information which leads to a conviction for arson in connection with a fire loss to property insured by this policy. The amount we pay adds to your total amount of protection. The \$1,000 limit will not be increased regardless of the number of persons providing information. This coverage is not subject to a deductible.

Automatic Acquisitions

Any insurable personal property you acquire after the effective date of this policy is automatically covered subject to the terms of this policy. This includes items you purchase while away on vacation.

Automatic Residence Coverage

When you purchase a new residence in Canada, to replace your dwelling shown on the Declaration Page and notify us within 30 days of the title registration to you, we will cover both residences for a period of thirty (30) days before and after that registration. This coverage no longer applies after the policy expiry date or after someone else has legal title to the dwelling. The amount we pay adds to your total protection. We will not pay more than the amount shown on the Declaration Page for each dwelling. Vacancy restrictions apply.

Credit, Debit, or Electronic Funds Transfer Cards, Cheques, and Counterfeit Money Coverage

This feature adds to your total amount of protection. There is no deductible. The loss must take place during the policy term. But you are covered if you do not discover it for up to one year after the term ends. We will pay up to a total amount of \$1,000 for any one loss and a total amount of \$2,500 in all for losses in any one policy term even if losses involve more than one card, cheque, forgery, law suit, or piece of counterfeit money, or involved multiple purchases, transactions, or occurrences.

We will pay up to the limits provided for the following situations:

- 1) Someone else misuses your lost or stolen credit or debit cards. Misuse is covered for up to seven days after you find the cards missing or stolen. You must call the credit card company at once and comply with all the terms of your contract with them.
- 2) Someone else alters or forges your cheque, draft, or similar promise to pay a certain sum. We will also pay if you write a cheque to a person who does not exist or who pretends that he or she is someone else. But you must be deliberately tricked into doing it.

- 3) You are sued for the payment of a credit card charge or cheque that has been forged or altered. We will pay for your reasonable legal expenses. You must have our permission to defend yourself against the suit.
- 4) You accept counterfeit Canadian or U.S. money thinking that it is real.
- 5) We will pay when someone else misuses the above lost or stolen card(s) to make unauthorized cash withdrawals or transactions that result in a loss through an automated teller machine or other similar device. Misuse is covered for up to seven days after you find the card(s) missing or stolen. You must call the people that issued the card at once and comply with all the terms of your contract with them. We will not pay any loss if you allow others to find out your personal identification number (P.I.N.) or you do not keep your P.I.N. and card completely separate to prevent losing both at the same time. Keeping those things in different compartments of the same object, such as your wallet, handbag, dresser, or vehicle shall not be considered as being kept separate.

Debris Removal

You may have us pay to remove debris of insured property from your premises, if your insured property has been damaged or destroyed by an insured peril.

We will also pay for removal of property of others, excluding trees, shrubs and plants, blown on to your premises by windstorm, if your insured property is damaged or destroyed by an insured peril.

Debris removal expenses shall not be considered for the purpose of applying any co-insurance.

Declaration of Emergency Endorsement (Extension of Termination or Expiry Date)

The effective date of termination of this policy by the Insurer or the expiry date of this policy is extended, subject to the conditions and definitions set out below, as follows when an "Emergency" is declared by a Canadian public authority designated by statute for the purpose of issuing such an order.

- 1) The "Emergency" must have a direct effect or impact on:
 - a) The Insured, the insured site or insured property located in the declared emergency area; or
 - b) The operations of the Insurer or its agent/broker located in the declared emergency area.
- 2) a) Any time limitation described in the Termination condition of this policy, with respect to termination of this policy by the Insurer, will not continue to run until the "Emergency" is terminated plus the lesser of:
 - i) 30 days; or
 - ii) the number of days equal to the total time the "Emergency" order was in effect.
- b) If this policy is due to expire during an "Emergency", it will continue in force until the "Emergency" is terminated plus the lesser of:
 - i) 30 days; or
 - ii) the number of days equal to the total time the "Emergency" order was in effect.
- 3) In no event shall the total term of the extension exceed 120 consecutive days.

The Insured agrees to pay the pro rata premium earned for the additional time the Insurer remains on risk as a result of the above.

4) Definitions:

"Emergency" is defined as the first statutory declaration of an emergency:

- a) with respect to a situation or an impending situation that constitutes a danger of major proportions that could result in serious harm to persons or substantial damage to property and

that is caused by the forces of nature, a disease or other health risk, an accident or an act whether intentional or otherwise; or

- b) as provided for by the relevant governing legislation if different from a) but does not include any subsequent statutory declaration(s) that may be issued relating to the same event.

All other terms and conditions of the Policy to which this endorsement applies remain unchanged.

Emergency Entry Property Damage

We will pay if your dwelling (permanent or temporary residence) is damaged as a result of forcible entry by police, ambulance, fire department, or other persons to save and preserve life. Coverage is automatically provided to repair or replace such damaged property. This coverage is not subject to a deductible.

Fire Department Charges

We will pay up to \$5,000 for charges incurred by you if a fire department charges for attending your home because of an insured peril. You must be legally responsible for such charges. This coverage is not subject to a deductible.

Fraud Conviction Reward

We will pay up to \$1,000 for information that leads to a conviction for fraud in connection with an insured loss to property insured by this policy. The amount we pay adds to your total amount of protection. The \$1,000 limit will not be increased regardless of the number of persons providing information. This coverage is not subject to a deductible.

Freezer Foods

We will pay up to \$1,000 for loss or damage to frozen food contained in the freezer unit(s) located within your dwelling when caused by accidental interruption of electrical power off the premises, or mechanical breakdown of the refrigeration unit(s) itself. This coverage is not subject to a deductible.

We do not cover loss or damage caused by or resulting from:

- inherent vice or natural spoilage;
- any process or refinishing, renovating or repairing of the freezer unit(s);
- your failure to use all reasonable means to save and preserve the insured property;
- spoilage resulting from manual disconnection of the power supply within your dwelling or unit, whether accidental or deliberate; or
- expenses incurred in the acquisition of the food.

Identity Theft Coverage

This coverage adds to your total amount of protection. The identity theft occurrence must take place during the policy term. You are covered even if you do not discover the occurrence for up to a year after the policy term ends.

We will pay for identity theft expenses up to the amount shown on your Declaration Page for each occurrence. These expenses are defined as the costs associated with the restoration of your identity. The policy deductible will apply.

“Identity theft” means the act of knowingly acquiring, transferring or using key pieces of a person’s identity, without lawful authority, which represents a violation of any federal, provincial, territorial or local law.

“Identity theft occurrence” means any act or series of acts of identity theft by a person or group of persons.

We will pay:

- a) the costs for obtaining up to two (2) credit reports, notarizing affidavits and/or similar documents for law enforcement agencies, credit agencies and financial institutions or similar credit grantors;

- b) the reasonable cost of certified mail, telephone expenses, and credit agencies and financial institutions or similar credit grantors;
- c) the fees associated with re-applying for loans due to the rejection of your original application as the lender(s) received incorrect information;
- d) up to 50% of the amount of protection shown on your Declaration Page for this coverage for wages or salary lost by you. This includes time off work to complete fraud affidavits, or to meet with merchants, legal counsel, law enforcement agencies, credit agencies and financial institutions or similar credit grantors;
- e) the reasonable legal fees incurred for:
 - (i) your defence for any claim(s) or any suit(s) made against you by any business or their collection agencies;
 - (ii) the removal of any criminal or civil judgments wrongly entered against you;
 - (iii) any challenge to the accuracy of information in your credit report.

This coverage does not apply to losses covered under the Credit, Debit, or Electronic Funds Transfer Cards, Cheques and Counterfeit Money Coverage.

Inflation Protection

To help protect you in the event of a loss, we will raise the total amount of protection on your dwelling, detached private structures, and personal property by a portion of the Inflation Protection Factor (IPF) percentage shown on your Declaration Page:

- 2 months after inception date - 25% of the IPF.
- 5 months after inception date - 50% of the IPF.
- 8 months after inception date - 75% of the IPF.
- 11 months after inception date - 100% of the IPF.

“Inception” means the effective date of the policy or, if the policy has been in force for more than one year, its last anniversary date. If you request a change in the amount of insurance during the policy term, the effective date of that change will be considered the “inception”, until the next policy anniversary date.

Vacant buildings do not have this added feature.

Lock Replacement

We will pay up to \$1,000 for the cost of changing the key combination in your lockset or, if necessary, replacing the lockset(s) on your dwelling or detached private structures if their keys are stolen. The policy deductible does not apply to this coverage. Your policy must cover loss or damage caused by theft for this coverage to apply.

Mass Evacuation

We will pay for increased living expenses when a public authority denies you access to your premises because of a mass evacuation order due to a sudden and unexpected event. We will pay these costs for up to four weeks. The amount we pay adds to your total amount of protection.

We will not pay costs due to:

- a) flood, meaning waves, tides, tidal waves and the rising of, the breaking out or the overflow of any body of water, whether natural or man-made;
- b) earthquake;
- c) war, invasion, act of foreign enemy, hostilities (whether war be declared or not), acts of terrorism, civil war, rebellion, insurrection or military power;
- d) any nuclear incident as defined in *The Nuclear Liability Act*, nuclear explosion or contamination by radioactive material.

Outdoor Trees, Shrubs, Plants and Lawns

You may use up to 5% of the amount of protection on your dwelling to pay for loss or damage to outdoor trees, shrubs, plants and lawns. The loss or damage must be as a result of one of these named causes: fire, lightning, explosion or implosion, riot, impact by aircraft, spacecraft, or land vehicle, vandalism or malicious acts.

We will pay up to \$1,000 for your lawn or single tree, plant or shrub. We do not insure any items grown for commercial purposes or sale nor for any item that is more than 65 metres (200ft) from your dwelling.

Personal Property of Guests and Employees

You may use up to 10% of your personal property protection for personal property of your residence employees or non-paying guests. This personal property must be at your premises or in the care of residence employees carrying out duties of their employment away from your premises. Loss must be due to a peril for which your own personal property is covered. Your guests or residence employees must not have any coverage on their personal property. All claims will be settled directly to you.

Property Protection Coverage

We will pay for property that is damaged or used trying to protect your dwelling, detached private structures, or personal property from a loss. For example, we will pay to recharge a neighbour's fire extinguisher if it was used to fight your fire. We will not pay for property owned by a fire department. The amount we pay adds to your total protection. This coverage is not subject to a deductible.

Tear out

We will pay to remove and replace or repair parts of your dwelling or premises if that is necessary to repair rupture damage to plumbing, heating, fire sprinkler or air conditioning systems. Such rupture damage must be covered by this policy in order to have this coverage.

We will not pay the cost for tearing out and replacing or repairing property when required to repair damage related to swimming pools, hot tubs, saunas or similar installations, public watermains, or sewers.

No deductible applies.

Temperature Change

If there is a failure of any system in your dwelling or detached private structures that maintains an artificial temperature, such as your furnace or freezer, we will pay for the loss or damage to your personal property that is caused by the resulting change in temperature. The personal property must be inside a building. Under Homeowners Broad form, the loss or damage to personal property will be covered where the failure of the system is caused by an insured peril for which you are covered.

Dwelling Under Construction (Comprehensive Coverage)

If you have this coverage your Declaration Page shows what property you have chosen to cover, the location, and the amount of protection.

Property Covered

The property covered as shown on the Declaration Page shall have the following meaning:

Dwelling shall mean a newly constructed private dwelling and its detached private structures including additions in contact therewith, dwelling fixtures and fittings, frescoes, glass, materials and supplies intended for use in construction of such dwelling(s) located on the premises shown on the Declaration Page, or while in your possession. Building materials and supplies acquired by you and intended for use in the construction of such dwelling(s) are covered during transport to your premises, as shown on the Declaration Page.

Property and Causes of Loss We Do Not Cover

- a) Loss or damage caused by flood, surface water, waves, tidal waves, overflow of streams or other bodies of water, spray, ice or waterborne

objects, whether any of the former are driven by wind or not. We will cover loss or damage if it was due to a sudden and unexpected escape of water from a swimming pool or its attached equipment, fire fighting activities, or a public watermain.

- b) Loss or damage caused by water below ground level including that which exerts pressure on or flows, seeps or leaks through any opening in a sidewalk, driveway, foundation, wall, window, door, or floor. We will cover the loss or damage if it is was due to a sudden and unexpected escape of water from a swimming pool or its attached equipment, fire fighting activities, or a public watermain.
- c) Loss or damage caused by dampness of atmosphere, extremes of temperature, condensation, wet or dry rot, mould, contamination, inherent vice, unknown flaw and defect or mechanical breakdown.
- d) Loss or damage caused by vermin including skunks, rodents, moths, insects, raccoons and domesticated animals, including birds.
- e) Loss or damage caused by wear and tear, rust, corrosion, or deterioration.
- f) Loss or damage caused by back up, accidental discharge or escape or overflow of water or sewage from a sewer, sump, septic tank, or eavestrough or downspout connected to your sewer or from drains or public sewers outside your dwellings.
- g) Any loss of use of occupancy under any circumstance.
- h) Loss or damage caused by war, invasion, act of foreign enemy, declared or undeclared hostilities, civil war, rebellion, revolution, insurrection, or military power.
- i) Loss or damage caused by a nuclear incident as defined in *The Nuclear Liability Act*. Nor do we cover nuclear explosion or contamination by radioactive material.
- j) Property otherwise specifically insured.
- k) Penalties for delay in completion or non-completion of contract and non-compliance with contract provisions or conditions.
- l) Loss or damage caused by frost or freezing.
- m) Books of account, evidence of debt or title, and documents or other evidence to establish ownership or the right or claim to a benefit or thing.
- n) The cost of excavations, brick, stone or concrete foundations, piers or other supports which are below the under surface of the lowest basement floor, or where there is no basement, which are below the surface of the ground.
- o) Loss or damage of temporary coverings of polyethylene or other plastic materials, tarpaulins and fabrics.
- p) Loss or damage caused by snowslide, earthquake, landslide, or any earth movement. If any of those results in fire or explosion, we will pay for the resulting loss.
- q) Loss or damage directly or indirectly caused by fault, defect, error or omission in design, plan or specifications.
- r) Loss or damage directly or indirectly caused by any dishonest or criminal act on the part of:
 - you, your employees, your agents, or any person whose property is insured under this policy;
 - anyone to whom you have entrusted your property, except a hired transportation carrier.
- s) Loss or damage caused by you resulting from any additions, renovations, or alterations on any existing dwellings, or from any materials used.
- t) Loss or damage not due to a sudden, unexpected event.
- u) Loss or damage caused directly or indirectly by faulty design, material, workmanship or construction.
- v) Wind turbine systems including the related equipment and structures manufactured for a rated power generation exceeding 1kw.

Optional Coverages

Your Declaration Page will show which of the following optional coverages apply to your policy.

Water Extension Endorsement (sewer back up and water extension combined)

If this coverage is shown on your Declaration Page, we will pay for loss or damage caused by accidental discharge of sewage or water from a sewer, drain, sump pump, septic tank, or eavestrough or downspout connected to a sewer. We do not cover the loss or damage caused by back up, escape or overflow of water or sewage from public sewers or drains outside your dwelling.

We do not cover your dwelling or personal property while your dwelling is under construction or vacant.

The amount of protection is shown on your Declaration Page. This coverage is subject to the deductible shown at the location indicated on the Declaration Page.

OVERLAND WATER ENDORSEMENT

***THIS ENDORSEMENT EXTENDS COVERAGE UNDER YOUR POLICY SO WE ASK YOU TO READ THE ATTACHED CAREFULLY. YOU MUST BE GEOGRAPICALLY ACCEPTED AND HAVE PREVIOUSLY PURCHASED WATER EXTENSION COVERAGE TO QUALIFY.**

ICPEI reserves the right not to add this endorsement 72 hours before a forecasted weather event. The expiration of the policy will not reduce the 72 hour period.

This coverage is an add-on to your Water Extension Endorsement **YOU MUST HAVE A PREVENTATIVE MEASURE IN PLACE TO QUALIFY FOR OVERLAND WATER COVERAGE.** For the purpose of this endorsement the following changes have been made to your policy.

DEFINITIONS

"Flood" means waves, tides, tidal waves, tsunamis or the rising or, the breaking out or the overflow of any body of salt water, whether natural or man-made.

"Overland Water" means sudden accumulation of water on land caused by overflow of fresh water Lake/River, heavy rains or rapid snow melt that enters your home from a point at or above the ground surface.

"Preventative Measures" means a permanently installed sump with pump and or a check valve on a sewage line.

AMOUNT OF INSURANCE

The Amount of insurance provided for Overland Water Coverage is included and limited to the total amount of protection found under your "Water Extension Endorsement" on the declaration page. The Coverage available for Overland Water does not increase the amount of Insurance found in this Endorsement. The stated amount on your declaration page is the maximum amount we will pay for any single occurrence.

COVERAGE

You are insured:

- a) Against direct physical loss or damage caused by overland water which enters your home from a point at or above ground surface.
- b) Against direct physical loss or damage as described under the Sewer Back Up section of the water extension endorsement if Overland Water directly or indirectly contributes concurrently or in any other sequence to the loss or damage.
- c) Against direct physical loss or damage caused by the sudden and accidental entrance of surface waters that enter your dwelling or additional buildings on your premises through a point at or above the surface of the ground.
- d) Under the Sewer Back Up section of the water extension endorsement, if surface waters enter your dwelling or additional buildings through a point at or above the surface of the ground and directly or indirectly contribute concurrently or in any other sequence to the loss or damage

EXCLUSIONS

We do not insure loss or damage:

- 1) Arising from flood caused by waves, tide, tidal wave, tsunami, storm surge, seiche.
- 2) Caused by continuous or repeated seepage or leakage of water;
- 3) 3. Caused by ground water or rising of the water table which enters through the foundations, basement walls or basement floors;
- 4) Occurring while the dwelling is under construction or vacant unless we have given permission for construction or vacancy;
- 5) Caused by landslide or any other earth movement.

These exclusions apply whether or not there are one or more other causes or events (whether covered or not) that contribute concurrently or in any other sequences to the occasioning of the loss or damage.

LIMIT OF LIABILITY

The total maximum amount we will pay for all loss or damage from any single occurrence amount on your declaration page of Property Insurance:

- 1) Coverage A – Dwelling Building
- 2) Coverage B – Detached Private Structures
- 3) Coverage C – Personal Property
- 4) Coverage D – Additional Living Expenses

In the event of loss or damage for which coverage is provided by this endorsement, the following clauses DO NOT apply:

- 1) Guaranteed Replacement Cost on Dwelling Buildings and, if applicable, Detached Private Structures
- 2) Single Limit of Insurance

DEDUCTIBLE

We will only pay that amount by which the Insured losses exceeds the stated deductible on the Declaration page

All other terms and conditions of the policy remain unchanged.

Guaranteed Replacement Cost (GRC) Dwelling

You have this coverage only if it is shown on your Declaration Page. We will pay to repair or replace your dwelling at today's prices with material of like kind and quality. We will do this even if the cost is more than the amount of protection shown on your Declaration Page. We will not, however, pay for any increased costs resulting from any law or change in laws dealing with building or repair, except as outlined in the Building Code/By-Law Extra Expense Added Feature which is outlined herein.

This clause does not apply:

- a) to any dwelling that is vacant at the time of loss or damage; or
- b) when the loss or damage is caused by the sudden and accidental bursting or overflowing of your domestic fixed fuel oil tank, apparatus or pipes.

After an insured loss, you must comply with the following conditions in order for the GRC to take effect:

- * you must rebuild your dwelling on a permanent foundation on the same site; and
- you must rebuild your dwelling or within a reasonable amount of time. We will not pay for increased costs as a result of unnecessary delays on your part; and
- you must re-occupy it as your principal residence.

You must tell us if you are making changes to your dwelling that will increase its total replacement cost by \$25,000 or more. You must tell us within 90 days of the date work starts. For example, when you add on to your dwelling or build rooms in your basement. You must pay any additional premium for this increase in value. If you do not tell us of the increase in value, we will not pay more than the amount of protection shown on the Declaration Page for the dwelling in case of an insured loss. We will increase the amount of protection shown on the Declaration Page

only by the amount allowed under the Inflation Protection Coverage.

Features of Guaranteed Replacement Cost

- a) **Building Code/By-Law Extra Expense**
This coverage applies only if your Declaration Page shows that you have Guaranteed Replacement Cost on your dwelling.
*When loss or damage occurs to your dwelling, it must be repaired or rebuilt to meet current building codes and bylaws. This may involve extra expenses not covered by ordinary insurance. Guaranteed Replacement Cost will pay these extra expenses. Any extra expenses due to a law preventing you from rebuilding on the same site are not covered.
- b) **Mortgage Protection Clause**
This coverage applies only if your Declaration Page shows that you have Guaranteed Replacement Cost on your dwelling.
In the event of a total loss to your dwelling, your financial institution may have the right to call in your mortgage. If they do, you may have to take a new mortgage at a higher rate of interest. We will pay the difference between your new rate of interest and the old rate of interest on the balance of your outstanding mortgage amount at the time of the loss. We will pay the amount each month until the term of your old mortgage would have expired. We will stop paying, however, if you give up title to your dwelling or your financial interest in your dwelling.
We also pay for fees charged by your lawyer to obtain the new mortgage. We will not pay for other costs such as judgments or service charges.
You may use this feature only when the total amount of loss or damage to your dwelling is equal to or greater than the amount of protection shown on your Declaration Page. The loss must be from a peril that you are insured against.
- c) **Combined Amount of Protection**
This coverage applies only if your Declaration Page shows that you have Guaranteed Replacement Cost on your dwelling.
- a) In the event of a major loss to your dwelling, you may combine the limits shown on your Declaration Page for these items:
- personal property
 - additional living expenses, lost rental income and emergency evacuation.
- You may then use the total amount in any manner you choose to the total limit of these coverages. For example, if you have \$80,000 for personal property and \$20,000 for additional living expenses and lost rental income, your total is \$100,000. You choose what portion of that amount you want to use for each insured item.
- b) Should the amount of protection be inadequate to cover your loss, you may use up unused amounts from your dwelling and detached private structures to assist with your loss.

This feature does not add to the amount of protection you have but allows you to use the proceeds from your insurance in a manner that best meets your needs at the time of a major financial loss.

This feature is subject to all other terms, conditions and limitations of this policy.

Earthquake Damage Extension

You have this coverage only if it is shown on your Declaration Page. When shown, it means we insure direct loss or damage caused by Earthquake. You are also covered for direct loss or damage caused by snowslide, landslide and other earth movements occurring at the same time as the earthquake shock. For the purpose of this coverage extension, all earthquake shocks occurring within any 168 consecutive hours shall be considered a single occurrence. The initial earthquake shock must occur within the term of the policy.

We will apply the deductible shown on the Declaration Page for Earthquake coverage. The deductible is a percentage amount of the insurance carried and applies to each claim for a single occurrence as defi

Under this coverage extension, we do not cover loss or damage caused by or resulting from;

- a) any of the following perils whether or not attributable to earthquake: leakage from fire fighting equipment, flood of any nature, waves including tidal waves, high water, waterborne objects or ice;
- b) wind, hail, rain or snow unless the building insured or contained property insured, is first damaged by the direct force of an earthquake making an opening in the roof or walls of the building. Then we will pay for damages caused by wind, hail, rain or snow which enters the building through such an opening;
- c) your neglect or failure to take all reasonable measures to save, preserve and protect your property during or following an earthquake;
- d) any earthquake shock that occurs before this extension takes effect or after the expiration of the policy.

All other terms, conditions, exclusions and limitations of this policy apply.

Personal Articles Coverage

Your Declaration Page will show if you have **Personal Articles Coverage** with a description of the property covered. It will show the perils you are insured against. The coverages are as outlined under **Comprehensive** coverage and all exclusions, limitations and conditions as shown under Part 1 shall apply.

The **“Property with Specific Amounts of Protection”** clause does not apply to the belonging(s) that are specifically scheduled on the Declaration Page as Personal Articles.

Personal Articles are covered only while at your premises or while temporarily removed from your premises. Some additional exclusions, limitations and conditions apply specifically to some types of Personal Articles as described herein.

Boats, their Equipment, Accessories, Outboard Motors, and Jet Propulsion Personal Watercraft, including Unlicensed Boat Trailers

Coverage is limited to Canada and the Continental United States. We will not pay for loss or damage when:

- they are rented to others or used to carry passengers for a fee; or
- they collide with ice while in any waterway; or
- they are used in any race or speed test; or
- they are not being operated in accordance with *The Canada Shipping Act* regulations governing age and horse power restrictions and operator competency requirements; or
- caused by freezing.

We do not pay for loss or damage to a propeller or impeller if no other damage occurs. We will, however, cover damage to the propeller or impeller when the damage occurs at the same time as other loss or damage that is covered by this policy.

Added Feature: If you have coverage for a boat or motor or jet propulsion personal watercraft, we will pay up to \$2,500 for damage to a new unit that is not purchased to replace an existing unit. If the new unit is purchased to replace an existing unit, then we will cover the new unit for the amount of protection shown on your Declaration Page if it is more than \$2,500. You must tell us within 30 days of the purchase of the new or replacement unit in order to qualify for this coverage. If you do not tell us within 30 days of purchase, we will not cover any loss or damage.

Home Computers

If shown on your Declaration Page, you have coverage for your computer equipment, component parts and active data processing media that you own, lease or rent. We do not cover these things if they are used professionally or for any business including farming, unless this use is shown on your Declaration Page.

“Active data processing media” means all forms of converted data, program vehicles and instruction vehicles that you use.

We do not cover loss or damage:

- to accounts, bills, evidence of debt, valuable papers, records, abstracts, deeds, manuscripts or other documents except as they may be converted to a data processing media form and then only in that form; or
- to any active data processing media which cannot be replaced with other media of similar kind and quality; or
- to data processing media caused by media failure, mechanical breakdown or machinery malfunction of the system on which it is being run unless a fire or explosion ensues and then coverage is provided for loss or damage caused by such fire or explosion only; or
- caused by dryness or dampness of atmosphere, extremes of temperature, corrosion, rust, mould or mildew unless loss or damage is a direct result of physical damage to the data processing system’s air conditioning facilities caused by an insured peril; or

- caused by electronic or magnetic injury, electrical disturbance or erasure of electronic recordings unless caused by lightning or electricity, unless fire or explosion ensues and then the coverage is provided for loss or damage caused by fire or explosion only.

Special Limit of Liability. We will not pay more than the actual reproduction costs for loss or damage to active data processing media or, if it is not replaced, we will pay only the value of the blank media.

Collectibles

Coin, Stamp, Card and Sports Memorabilia Collections

We will not pay more than \$200 for any single item in any collection unless such items are specifically described and listed on the Declaration Page with an amount of protection applying to that item. Any single item means any one stamp, coin or other individual article, pair, strip, block, series sheet, cover, frame, card or similar item.

We do not cover any collection in whole or in part while on exhibit or display or while it is being held by someone else for sale or on consignment.

Automatic Acquisitions (not applicable to boats, their equipment and accessories, outboard motors, jet propulsion personal watercraft and unlicensed boat trailers)

When an amount of protection is shown on your Declaration Page for Personal Articles Coverage, additional articles of the same type and nature of property that you acquire ownership of during the policy term will be covered automatically. You must tell us about the new article(s) within 30 days of acquisition and pay any additional premium required. The new article(s) will be covered for the same perils as the articles in that class on your policy.

Under this agreement, we will pay up to 25% of the amount of protection shown on your Declaration Page for the same type and nature of property for a new article(s) or \$5,000 whichever is the lesser amount.

Settling a Claim

Your Declaration Page will show the amounts of protection on property insured in Part 1. These amounts, along with the features we have said add to your amount of protection, are the most we will pay for your loss. The only exception to this is if you have the Guaranteed Replacement Cost Coverage. We will pay only up to your financial interest in the property.

Our payment will also depend on your share of the loss and other rules used to settle claims. These are explained in the following.

Deductible

A deductible is used for losses covered in Part 1.

A deductible means that you will have to bear the first part of your loss yourself. We will subtract this amount from the total of your loss. Then we will pay for the rest of your loss. We will pay up to your total amount of protection for the damaged property. We will not pay if your loss is less than the deductible. The deductible is shown on your Declaration Page.

You may have different deductibles depending on the type of property and the type of loss that we cover. When two or more items are lost or damaged in one loss, or several insured perils occur at the same time contributing to the loss, we will use only one deductible. We will use the largest single deductible of all that apply.

Franchise Clause

Where the amount of loss from an insured peril exceeds ten times your deductible amount or \$30,000, whichever is greater, we will waive your deductible. This means that you will not have to pay the deductible shown on the Declaration Page when you have a major loss for which you are insured. This clause does not apply to any loss or damage caused by sewer back up and/or water escape or rupture.

Replacement Cost and Actual Cash Value

Wherever we use these terms, we mean the following:

Replacement cost: This is the cost to replace or repair property with material of similar kind and quality at today's prices.

Actual cash value: This is the cost to replace or repair your property considering depreciation which includes such things as its age, condition, resale value, obsolescence, and normal life expectancy at the time of loss. The value of property usually falls as it ages. Thus, actual cash value is normally lower than the cost to replace your property at today's prices.

Swimming pool liners are subject to Actual Cash Value in all cases regardless of cause of loss or age of the pool liner, even if your declaration page shows Replacement cost coverage on your dwelling building.

Matching Property – Dwelling

In the event of an insured loss where part of your dwelling (including fittings and fixtures) is damaged, we will replace or repair only the damaged portion without consideration to matching exact colours or textures. For example, if the siding on one side of your dwelling is damaged due to a windstorm, we will repair or replace that siding. If we cannot exactly match the colour or texture to other undamaged sides of the dwelling, we will match as close as possible with material of like kind and quality. We will not pay to replace the siding on the entire dwelling.

Obsolescence

We will not pay for increased costs that result when you cannot fix or replace your property because material or parts are unavailable, obsolete or outmoded. We will only pay the cost that would have been needed if materials or parts were available. We will pay the last known cost of material or parts.

Roof and Roof Covering Limitation

Loss or damage to roofs and roof coverings shall be settled on an Actual Cash Value basis when the roof covering is twenty (20) years of age or older. This means that depreciation of the roof coverings will be applied to the amount of loss.

Where direct loss or damage is caused by wind, hail, rain, ice or snow, such loss or damage to your roof coverings is subject to repair or replacement, considering depreciation, of only the damaged portion when the roof covering is twenty (20) years of age or older. This means that all reasonable steps will be taken to match the colour and style of roof coverings but will not extend to replacing undamaged coverings in order to match colour and style.

*Dwelling

(Not applicable if your Declaration Page shows that you have Guaranteed Replacement Cost.)

If you repair or replace the damaged or destroyed building on the same site with material of similar quality within a reasonable time after the damage, you may choose as the basis of loss settlement either (A) replacement cost or (B) actual cash value below. We will pay only up to the total amount of protection shown on the Declaration Page.

(A) The actual cost of repairs or replacement (whichever is less) without deduction for depreciation. In this case, if the loss is over \$1,000, we will pay in the proportion that the applicable amount of protection bears to 80% of the replacement cost of the damaged building at the date of loss. This means that if the amount of protection you have chosen is less than 80% of the replacement cost of your building you will have to pay part of the loss.

Settlement will be in (B) below if any of the following happens:

- you decide not to repair or replace your dwelling or outbuilding on a permanent foundation at the same site.
- you do not repair or replace your dwelling or outbuilding within a reasonable time from the date of loss.
- at the time of loss or damage, your dwelling was vacant.
- you do not re-occupy your dwelling as your principal residence.

(B) The actual cash value of the property at the date of loss.

We will not pay for increased costs due to any law or by-law dealing with building or repair. We will not pay for any increased costs due to unnecessary delays on your part.

Personal Property and Personal Articles

We will pay the cost of repair or the cost of new personal property or scheduled Personal Articles (whichever is less) of similar kind, quality, and usefulness up to your total amount of protection for personal property. If you replace a belonging with one of lesser quality, we will pay only the amount you paid for the replacement. You must give us written proof of replacement or repair in order to get replacement cost coverage. You may choose payment on an Actual Cash Value basis initially. You may make a subsequent claim on a Replacement Cost basis but not later than 180 days after payment of an Actual Cash Value Settlement to you. We will not pay for increased costs due to unnecessary delays on your part. We will keep any salvage or proceeds from salvage.

We will only pay the Actual Cash Value for loss or damage to these seven types of personal property:

- 1) Property that is not in good, useable condition at the time of loss.
- 2) Property not in current use by you at the time of loss that you stored away and for which you had no specific future use.
- 3) Property of an age or condition that makes it out of date or no longer useable for its original purpose.
- 4) Art works, antiques, rare objects, collectibles and other items that cannot be replaced.
- 5) Property that has not been fixed or replaced after a loss.
- 6) Boats, their equipment, accessories, outboard motors, and jet propulsion personal watercraft including unlicensed boat trailers that are more than ten years of age from the date they were originally purchased as new.
- 7) Spare auto parts and accessories.

Pairs and Sets (Applies to Personal Property and Personal Articles)

Pair: If there is a loss to half of a pair, we will pay as though the complete pair had the loss. The undamaged piece becomes our property.

Set: For items that are part of a set of two or more pieces, we will only pay for those parts that had the loss. For example, if your chair is destroyed, we would pay for that damage. We would not pay for the matching chesterfield, unless it was damaged as well.

Property with Specific Amounts of Protection

For certain types of property the amount we will pay is explained below. The deductible on your Declaration Page applies. If your Declaration Page shows that you have Personal Articles Coverage, these limits do not apply to those scheduled items.

- (1) **For losses due to any insured peril** (unless otherwise specified) we will pay up to these amounts:
 - a) \$5,000 in all for books, tools, and instruments pertaining to a business, profession, trade, or occupation. We will pay up to \$5,000 in all for computer hardware used in a business, trade or occupation. They are covered only at your dwelling. We do not cover other business or farm property, such as samples, supplies, or goods held for sale.
 - b) \$5,000 in all for securities.
 - c) \$500 in all for bullion and money. Money includes gift cards, cash cards and gift certificates. We will pay for loss of bullion and money only while these items are in your dwelling, a place you are living for a short time (like a hotel room), a bank or trust company; but we will cover loss due to the peril of theft, where covered, at any location except where such property is on exhibit or display, or any time such property is being held for sale by others.

- d) \$2,500 in all for boats, their equipment, accessories, outboard motors, and jet propulsion personal watercraft, including unlicensed boat trailers that are not required to be licensed. Coverage applies anywhere in Canada and continental USA for the perils of fire or lightning and theft including damage caused by attempted theft. Loss or damage from windstorm or hail is also insured if this property is located inside a fully enclosed building and damage happens immediately after wind or hail fire makes an opening in the building. Other perils you are insured for apply only at your premises. We do not cover loss or damage due to freezing.
 - e) \$5,000 in all for computer software. We will not pay the cost of gathering or assembling information or data.
 - f) \$2,500 in all for the death of domesticated animals, birds or fish. We will pay only when death occurs within 30 days of injury caused by fire, lightning, explosion or smoke.
 - g) \$7,500 in all for personal property of each unmarried student while temporarily residing away from your dwelling, for the purpose of attending a school, college or university.
 - h) \$10,000 in all for lawnmowers, garden tractors or snowblowers and their attachments and accessories.
 - i) \$7,500 in all for personal property of relatives while residing away from your dwelling in a nursing or special care home, provided that such relatives are under your legal custody.
 - j) \$250 on any one item and a total amount of \$2,500 in all, for losses, in any one policy term, for trading cards and comic books.
 - k) \$1,000 in all for auto parts and accessories.
 - l) \$5,000 in all for cemetery property anywhere in Canada.
- (2) **For losses due to Peril 12 – Theft and Comprehensive** (excluding the Listed Perils) we will pay up to these amounts:
- a) \$10,000 in all for jewelry, watches and gems.
 - b) \$10,000 in all for furs, fur garments, and garments trimmed with fur.
 - c) \$500 in all for numismatic property (such as coin collections).
 - d) \$2,500 in all for manuscripts, stamps and philatelic property (such as stamp collections).
 - e) \$10,000 in all for silverware, silver-plated ware, goldware, gold-plated ware, and pewterware.
 - f) \$1,000 for each bicycle, tricycle or unicycle, or electric assisted bicycle (up to 500 watts and not exceeding 32km/h) including accessories and attached equipment.
 - g) *\$500 in all for audio, video and compact discs while in or on motor vehicles, watercraft or aircraft.
 - h) \$1,500 in all for personal property from within the passenger compartment of a motor vehicle or trailer. There must be signs of forced entry into the vehicle or trailer. "Passenger compartment" means the interior of the vehicle or trailer but does not include any fully enclosed compartment used solely for the purpose of holding property.

Property and Causes of Loss We Do Not Cover

Under any policy we do not cover the following:

- a) buildings, detached private structures, personal property and any other property when designed, used, or intended for use in whole or in part for:
 - (i) business or farming purposes; but we do give permission to use personal computers and related office equipment for farming purposes; or,
 - (ii) storage, housing, or upkeep of agricultural products, supplies, livestock, poultry or animals other than household pets; except as provided under Property with Specific Amounts of Protection. Incidental office use is permitted.
- b) property illegally acquired, used, kept, or imported.

- c) books of account, evidence of debt or title, and documents or other evidence to establish ownership or the right or claim to a benefit or thing.
- d) property lawfully seized or confiscated. But we will cover such property if it is destroyed to prevent the spread of fire.
- e) motorized vehicles, trailers, aircraft, and their equipment. This includes such things as a car, truck, travel trailer, motorcycle, dirt bike, snowmobile, all-terrain vehicle, go-cart, dune buggy, and hang glider, ultralight, or other similar aircraft of any name. Nor do we cover any parts, furnishings, or equipment of those things. For example: a CB, tape deck, tire, or antenna. We will, however, cover motorized wheelchairs, lawnmowers, garden equipment, golf carts, snowblowers, electric assisted bicycles (up to 500 watts and not exceeding 32km/hr) and skidsteers on your premises for personal use only (if shown on your Declaration Page).

An unlicensed boat trailer kept at your premises is a special case. This is shown in Property with Specific Amounts of Protection.

- f) losses or increased costs of repair due to the operation of any by-law, ordinance or law regulating the zoning, demolition, repair, or construction of buildings and their related services unless your Declaration Page shows that you have Guaranteed Replacement Cost.
- g) the cost of making good any faulty design, material, or workmanship.
- h) loss or damage caused by settling, expansion, contraction, moving, shifting, bulging, buckling or cracking, unless fire or explosion follows, then we will pay for the resulting damage. If Glass Breakage is a peril for which you are insured, we will cover damage to building glass except when the dwelling or detached private structure is under construction or vacant.
- i) personal property, undergoing any process, including cleaning or being worked on, where the damage results from such process. Resulting damage to other property caused by an insured peril is covered.
- j) loss or damage caused by snowslide, earthquake, landslide, or any earth movement. If any of those results in fire or explosion, we will pay for the resulting loss or damage.
- k) loss or damage to property on exhibit or display, or any time your property is being held for sale by others.
- l) loss or damage not due to a sudden, unexpected event.
- m) loss or damage caused by a nuclear incident as defined in *The Nuclear Liability Act*. Nor do we cover nuclear explosion or contamination by radioactive material.
- n) loss or damage caused by war, invasion, act of a foreign enemy, declared or undeclared hostilities, civil war, rebellion, revolution, insurrection, or military power.
- o) loss or damage caused by criminal or wilful acts done by you or any person whose property is insured under this policy, including acts done for you by someone else.
- p) loss or damage caused by acts you deliberately did or acts you failed to do.
- q) dwellings, detached private structures and personal property contained therein that have been placarded or condemned by any authority.
- r) loss or damage to dwellings, detached private structures or personal property contained therein, while being moved or while being raised off or lowered onto its foundation.
- s) loss or damage resulting from a change in ownership of property that is agreed to, even if that change was brought about by trickery or fraud.
- t)
 - i) loss or damage caused directly or indirectly, in whole or in part, by any fungi or spore(s);
 - ii) the cost or expense of any testing, monitoring, evaluating or assessing fungi and spore(s).

Fungi means, but is not limited to, any form or type of mould, yeast, mushroom or mildew whether or not allergenic, pathogenic or toxigenic, and any substance, vapour or gas produced by, emitted from or arising out of any fungi or spore(s) or resultant mycotoxins, allergens or pathogens.

Spore(s) means, but is not limited to, any reproductive particle or microscopic fragment produced by, emitted from or arising out of any fungi.

- u) caused by or resulting from contamination or pollution, or the release, discharge, or dispersal of contaminants or pollutants, unless the loss or damage is caused by the sudden and accidental bursting or overflowing of your domestic fixed fuel oil tank, apparatus or pipes. We will not pay for the cost of cleanup or removal of contaminated soil caused by the escape of fuel oil unless it is necessary in order to repair or replace insured property.
- v) loss or damage caused directly or indirectly, 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 regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage, but you are still insured for ensuing loss or damage which results directly from fire or explosion.
- w) wind turbine systems including all related equipment and structures manufactured for a rated power generation exceeding 1kw.
- x) loss or damage caused directly or indirectly by any illegal or unauthorized activity related to and including the growing, harvesting, manufacturing, processing, storing, sale or distribution of any drug or narcotic or the possession of any substance or item or any kind which constitutes a criminal offence, to any dwelling, detached private structures or personal property contained therein, whether or not you have any knowledge of or are able or unable to control such illegal activity. This includes any alteration of the premises to facilitate such illegal activity.
- y) loss or damage to any outdoor hot water heating unit(s) on the premises, including the structure or enclosure housing the unit(s), and all contents of the same structure if caused by or resulting from the use of the heating unit.
- z) i) loss or damage to data; or
ii) loss or damage caused directly or indirectly by a data problem. However, if the loss or damage caused by a data problem results in the occurrence of further loss of or damage to property insured that is directly caused by a fire, explosion, smoke or water damage, this exclusion shall not apply to such resulting loss or damage.

General Conditions for Part 1

The following general conditions apply to Part 1 of this policy:

- 1) When you pay someone else a fee for holding, storing or transporting your property, we do not cover such people for loss or damage that occurs while your property is in their care, custody or control.
- 2) After we pay your claim, we may find that someone else is legally responsible for your loss. We have the right to recover our payment from that person. If we ask, you must co-operate with us in any legal action we take against the responsible person. We will pay any legal fees involved and use our lawyers. You may release another person from legal responsibility for loss or damage to your property but you must tell us if you do. The agreement must be in writing and you must have made the agreement before any loss or damage occurs.
- 3) Any payment for a loss will not lower your total amount of protection for the rest of the policy term.
- 4) The Statutory Conditions printed in this booklet apply to Part 1 of this policy.
- 5) When you have other insurance on property covered by Part 1 of this policy, we will pay only our share of the loss or damage. We will do this even if your other insurance covers different perils than this policy. Our share will be in the same proportion that the amount of our protection bears to the total amount of all your fire protection.
- 6) You must tell us when your dwelling becomes vacant. Vacant refers to the circumstance where, regardless of the presence of personal property:

- all occupants have moved out with no intentions of returning and no new occupant has taken up residence; or
- no occupant has yet taken up residence; however, a newly acquired dwelling, which is to be your principal residence, will not be deemed vacant for the first 30 days from the date of title registration to you; or
- the dwelling will not be deemed vacant or subject to vacancy restrictions up to the first 90 consecutive days following the death of the Insured or until the expiry date of the policy, whichever comes first.

You must also tell us when no one has been living in your dwelling for a full year. We feel that these dwellings are vacant too – even if personal property is still in place.

If you do not tell us within 30 days of your dwelling becoming vacant, we will not cover any loss or damage that happens after 30 consecutive days of vacancy.

When you tell us within 30 days, your vacant dwelling is covered with replacement cost coverage until expiry. Vacancy restrictions apply.

Any permission for vacancy that we allow in this condition does not change any coverage restriction, due to vacancy, mentioned in other parts of this policy.

- 7) If your loss is due to a crime, you must report the loss to the police or other policing authorities immediately. This includes such crimes as theft, burglary, vandalism and malicious acts.
- 8) You must take all reasonable steps to protect your property.
- 9) If Comprehensive coverage applies to a loss and it is more restrictive than Named Perils coverage shown in this booklet, we will adjust your claim using the coverage that is most beneficial to you.
- 10) If we adopt any revision that would broaden coverage under your policy during the policy term, and we do not charge additional premium, the broadened coverage will immediately apply to your policy.

Part 2 – Personal Liability – Coverage E – What We Cover

Definitions Applicable to Part 2

“**Bodily Injury**” means bodily injury, sickness or disease or resulting death.

“**Business**” means a trade, profession, or occupation undertaken for the purpose of financial gain.

“**Jet Propulsion Personal Watercraft**” means any motorized sea vehicle, jet ski, or other motorized water device designed as a self-propelled unit used on water. They can be designed to carry the operator only or to carry the operator and one or more passengers. Where we use the term “personal watercraft unit” it means a “jet propulsion personal watercraft” as defined herein.

“**Occurrence**” means an accident, including continuous or repeated exposure to conditions which results in “bodily injury” or “property damage” neither expected nor intended.

“**Premises**” in this Part has the same meaning as in Part 1. It also includes the following:

- a place you live in for a short time, but that you do not own. For example, a hotel or motel room.
- your own or your family’s burial site in Canada.
- a non-business location in Canada which you become owner of or take possession of during the policy term. You will be covered for up to 30 days after you take ownership or possession.

“**Property Damage**” means physical damage to, or destruction of tangible property, including the loss of use of this property.

“**Residence Employee**” means a person employed by you to perform duties in connection with the maintenance or use of the premises. This includes persons who perform household or domestic services for you, or duties of a similar nature, at or away from your premises. This does not include persons while performing duties in connection with your business. Your residence employee will be covered while using farm machinery if it is not a usual part of their job.

“**We**”, “**us**”, or “**our**” in this Part has the same meaning as in Part 1.

“**You**” or “**your**” in this Part has the same meaning as in Part 1.

In Part 2, “you” and “your” also means these additional people:

- your residence employees;
- workers during construction of your premises. The workers can be paid or unpaid. But we will not cover any independent contractor or employees of the contractor;
- any person or organization legally liable for damages cause by watercraft (excluding jet propulsion personal watercraft) or animals owned by you, and to which this insurance applies. This does not include anyone using or having custody of the watercraft (excluding jet propulsion personal watercraft) or animals, in the course of any business or without your permission;
- any person who is insured by this policy at the time of your death and who continues residing on the premises. We will cover them until the end of the policy term or cancellation of the policy, whichever comes first;
- your executors or administrators while they are tending to your premises. We will cover them until the end of the policy term or cancellation of the policy, whichever comes first.

Personal Liability

You must take reasonable care that you or your property do not harm someone else or their property. If you do not, you may be negligent. People who are hurt or whose property is unintentionally damaged because of your negligence may have a legal right to be paid for their

losses. A liability claim or action brought against you can come from a single event or it can come from a continuous or repeated condition. We will treat this as if all damage was from a single occurrence.

We will only pay compensatory damages for “bodily injury” or “property damage”. We will pay for claims arising out of your personal actions anywhere in the world, including claims due to your actions while engaged in volunteer work for a charitable or non-profit organization. We will pay for claims due to the condition or use of your premises. We will only pay claims where you are legally liable; however, there may be situations where we will pay and you are not legally liable. These are explained under “Added Features of Your Part 2 – Personal Liability Coverage”: “Voluntary Medical Payments” or “Voluntary Property Damage Payments”.

We will not pay for bodily injury or property damage caused by or arising out of:

- a) the ownership of a rented dwelling, vacant dwelling, or a seasonal dwelling and its related property within the same resort area; or
- b) the renting of a room or suite to others; or
- c) the use of and ownership of a jet propulsion personal watercraft; or
- d) business use of the premises.

These will be covered only if shown on your Declaration Page as extensions under Personal Liability.

Except as provided under “Bodily Injury and Property Damage” cause of loss for non-owned off-road vehicles, we will pay claims only where you are at fault.

Amount of Protection

We will pay up to the Amount of Protection shown on your Declaration Page. The amount shown is the maximum amount we will pay for all compensatory damages in respect of any one occurrence, regardless of the number of Insureds against whom claim is made or action is brought. As explained later under “Defense Settlement – Supplementary Payments”, we will pay for certain related costs too, which are in addition to the Amount of Protection.

Bodily Injury and Property Damage

We will pay if you are legally liable to someone else for bodily injury or property damage. This includes these causes:

- a) Claims due to an agreement you sign that accepts the liability of another as it relates to premises owned by you.
- b) Claims for your liability if your residence employee is hurt while on the job. You are also covered if the employee is hurt using motor vehicles, boats or jet propulsion personal watercraft for you. But we will not cover for injuries caused by aircraft or air cushion vehicles.
- c) Claims for your liability if other people are hurt while they are working for you during construction on your premises. They can be paid or unpaid.
- d) Claims for your liability for loss caused by an independent contractor or employees of the contractor. But only during construction, renovations or remodeling at a location shown on your Declaration Page.
- e) Claims due to motorized wheelchairs, lawnmowers, snowblowers, garden equipment or golf carts that you own or use. We also cover you when someone else uses this equipment for you.
- f) Claims due to your use of motorized vehicles that are owned by someone else. These vehicles must be recreational in nature and must be intended for off-road use. They must not have a license, nor be required by law to have one.

Example – A go-cart at an amusement park. We will not cover claims caused by or arising from use in a race or speed test or claims caused by or arising from business use.

- g) Claims due to boats and motors you own. But if they are of more than 25 horsepower, this must be shown on your Declaration Page for coverage to apply.

- h) Claims due to your use of boats, motors or jet propulsion personal watercraft that are owned by someone else.

Tenants and Renters

We will cover your legal liability for certain damage to premises or property within such premises that you rent or use but do not own. For example, a rented dwelling, suite, or a hotel or motel room.

We will only pay if Part 1 coverages are shown on the Declaration Page. We will not pay if the only reason you are legally liable is that you have agreed to accept another's liability. We will only pay if you would be legally liable without that agreement.

We will only pay for "property damage" caused by the perils insured shown on the Declaration Page and as described and limited in Part 1.

A "property damage" deductible of \$1,000 will apply to this coverage except for any loss or damage caused by Perils 1) - 10) listed under Named Perils of Part 1.

We may pay a part or all of this "property damage" deductible amount to affect the settlement of a claim or action against you. You shall be responsible to promptly reimburse us the amount of the property damage deductible paid on your behalf.

Added Features of Your Part 2 Coverage

We give you two added features as part of your liability coverage. The amounts paid add to your total amount of protection. There are no deductibles.

Voluntary Medical Payments – Coverage F

We will pay up to \$5,000 for medical and related costs of each person hurt in any one occurrence. The bodily injury must be due to your actions or the condition or use of your premises. We will pay even if you are not legally liable.

We will pay for these types of costs: 1) first aid 2) ambulance 3) medical 4) surgical 5) dental 6) professional nursing 7) funeral costs. We will only pay for reasonable medical expenses incurred within one year of the date of the occurrence.

We will only pay for those costs not covered by a health plan the injured people may have. This includes a Worker's Compensation law.

We will not pay for bodily injury to you or any other member of your residence. But we will pay for bodily injury to your residence employees. We will pay for bodily injury to paid or unpaid workers who are hurt during construction work on your premises. We will not pay for bodily injury to an independent contractor or employees of the contractor.

Voluntary Property Damage Payments – Coverage G

We will pay up to \$5,000 for direct damage to the property of someone else. The damage must be due to your actions or the conditions or use of your premises. We will pay even if you are not legally liable. This feature can cover deliberate damage, but it must be caused by a person we cover who is 12 years of age or less.

We will not pay for three types of losses:

- claims resulting from the loss of use, theft or disappearance of property; or
- loss or damage to property of your tenant; or
- loss or damage caused by your business activities.

Optional Extensions

Jet Propulsion Personal Watercraft Liability Coverage

Your Personal Liability will extend to cover "bodily injury" or "property damage" arising out of the ownership, maintenance, operation or use of a personal watercraft unit, if your Declaration Page shows that this extension of coverage applies. It will also show which option applies

to you and to which personal watercraft unit(s) it applies. We will automatically provide coverage for newly acquired units for a period of 30 days from the date of acquisition. The Amount of Protection shown on your Declaration Page for this extension of coverage, is the maximum amount we will pay for claims arising from the newly acquired unit.

Passenger Hazard Option (applies only if shown on your Declaration Page)

You may be legally liable for bodily injury to a passenger of a personal watercraft unit. A passenger is anyone being carried upon, getting on to, or alighting from the unit.

We will not pay for claims when the seating capacity, as established by the manufacturer, has been exceeded.

Claims We Will Not Cover

We will not cover:

- 1) claims due to the bodily injury to a passenger unless the **Passenger Hazard Option** is shown on your Declaration Page;
- 2) claims due to bodily injury or property damage caused by an operator under 16 years of age;
- 3) claims due to bodily injury or property damage caused by an operator under the influence of intoxicating liquor or drugs;
- 4) claims due to bodily injury or property damage caused by an operator in any race or speed test;
- 5) claims due to bodily injury or property damage resulting from any illicit, prohibited trade or transportation;
- 6) claims due to bodily injury or property damage resulting from carrying passengers for a fee;
- 7) claims due to bodily injury or property damage caused while the personal watercraft unit is rented or leased to others;
- 8) claims due to bodily injury or property damage resulting from the operation of personal watercraft units in any area where their use and operation is restricted or prohibited;
- 9) claims due to bodily injury or property damage when a personal watercraft unit is not operated in accordance with *The Canada Shipping Act* regulations governing age and horsepower restrictions and operator competency requirements.

Claims We Will Not Cover

This applies to all coverages in **Part 2 – Personal Liability**

We will not cover:

- a) claims due to bodily injury or property damage deliberately caused by you or for you by someone else.
- b) claims to property you own or owned, rent or rented or had in your care except as shown under **Tenants and Renters**.
- c) claims due to any obligation of the insured under Workers Compensation, disability benefits or Employment Insurance, or compensation law or any similar law;
- d) 1) claims arising from bodily injury or property damage arising out of the actual, alleged or threatened discharge, dispersal, release or escape of pollutants:
 - a) at or from the premises owned, rented or occupied by an Insured;
 - b) at or from any site or location used by or for an Insured or others for the handling, storage, disposal, processing or treatment of waste;
 - c) which are at any time transported, handled, stored, treated, disposed of, or processed as waste by or for an Insured or for any person or organization for whom the Insured may be legally responsible; or

- d) at or from any site or location on which an Insured or any contractors or subcontractors working directly or indirectly on behalf of an Insured are performing operations;
 - i) if the pollutants are brought on or to the site or location in connection with such operations; or
 - ii) if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the pollutants.
- 2) Any loss, cost or expense arising out of any governmental direction or request that an Insured test for, monitor, clean up remove, contain, treat, detoxify or neutralize pollutants.

Sub-paragraphs a) and d) i) of this exclusion do not apply to bodily injury or property damage caused by heat, smoke or fumes from a hostile fire. As used in this exclusion, a "hostile fire" means one that becomes uncontrollable or breaks out from where it was intended to be.

- e) claims caused by radioactive contamination or fallout.
- f) claims due to aircraft, air cushion vehicles, hang gliders, ultralights or other similar aircraft of any name, or aircraft landing areas that you own or use. We will not cover the use of them for you by others, or claims caused by their use when you have entrusted them to others. Model aircraft are not part of this exclusion; however, we will only cover them when kept or used for amusement purposes as part of your hobby.
- g) claims due to a motorized vehicle or a trailer that you own or use. This includes cars, vans, trucks, motorcycles, motorized snow vehicles, dune buggies, dirt bikes, all-terrain vehicles and the like and any vehicle required to be licensed. We will not cover the use of them for you by others or claims due to their use when you have entrusted them to others. However, as an exception to this, we will cover claims which arise out of the use of golf carts, off-road vehicles, all-terrain vehicles including dirt bikes, electric assisted bicycles (up to 500 watts and not exceeding 32 km/h) and motorized vehicles used by your residence employees while they are working for you. We will cover bodily injury or property damage claims arising out of your ownership, maintenance, use or operation of any utility, boat, camper or home trailer or its equipment, provided that such trailers are not required to be licensed and are not being towed by, attached to or carried on a motorized vehicle.
- h) claims caused by bodily injury to a co-worker while you are on the job.
- i) claims arising from war, invasion, act of a foreign enemy, hostilities, civil war, rebellion, revolution, insurrection or military power.
- j) claims caused by bodily injury to, or damage to property of, persons covered by this policy, except those persons called "additional people" under "**Whom We Cover in Part 2.**"
- k) claims due to bodily injury resulting from transmission of any communicable disease.
- l) claims caused by a watercraft:
 - used in a race or speed test;
 - used for carrying passengers for a fee;
 - used for business purposes;
 - used or operated by anyone under the influence of intoxicating liquor or drugs;
 - rented or leased to others.
- m) claims caused by any intentional, illegal or criminal act or failure to act by;
 - (i) any person insured by this policy; or
 - (ii) any other person at the direction of any person insured by this policy.

- n) claims caused by the use and ownership of a jet propulsion personal watercraft, all-terrain vehicle or dirt bike unless coverage extension is shown on your Declaration Page.
- o) claims caused by sexual, physical, psychological, or emotional abuse, molestation or harassment, including corporal punishment by, at the direction of, or with the knowledge of any person insured by this policy, or failure of any person insured by this policy to take steps to prevent sexual, physical, psychological or emotional abuse, molestation or harassment or corporal punishment.
- p) claims due to bodily injury or property damage when a watercraft is not being operated in accordance with *The Canada Shipping Act* regulations governing age and horse power restrictions and operator competency requirements.
- q) claims due to:
 - (i) the erasure, destruction, corruption, misappropriation, misinterpretation of data; or erroneously creating, amending, entering, deleting or using data; including any loss of use arising from any of these actions or events; or
 - (ii) the distribution or display of data, by means of an internet website, the internet, an intranet, extranet, or similar device or system designed or intended for electronic communication of data.
- r) claims arising out of any business, farming or professional activities or operations, however, we will cover claims due to your actions while engaged in work for someone else in the following jobs: teacher, clerical worker, sales person, bill or money collector, messenger, or lifeguard;
- s) claims caused by the use and/or ownership of a skidsteer away from your premises;
- t) claims arising directly or indirectly, in whole or in part, out of terrorism or out of any activity or decision of a government agency or other entity to prevent, respond to or terminate terrorism. This exclusion applies regardless of any other contributing or aggravating cause or event that contributes concurrently or in any sequence to the claim;
- u) claims due to bodily injury or property damage arising directly or indirectly from any fungi or spore(s). We will not cover the cost or expense for any testing, monitoring, evaluating or assessing of fungi or spore(s).

Fungi means, but is not limited to, any form or type of mould, yeast, mushroom or mildew whether or not allergenic, pathogenic or toxigenic, and any substance, vapour or gas produced by, emitted from or arising out of any fungi or spore(s) or resultant mycotoxins, allergens, or pathogens.

Spore(s) means, but is not limited to, any reproductive particle or microscopic fragment produced by, emitted from or arising out of any fungi.

- v) claims due to bodily injury or property damage caused directly or indirectly by an animal you own or for which you are responsible and which, prior to the occurrence which gives rise to the claim, has been declared under any law, by-law or municipal ordinance to be a dangerous animal.
- w) claims arising from the ownership or housing of livestock, poultry or animals other than household pets.



- x) claims due to bodily injury or property damage that arises out of electronic aggression, including but not limited to harassment or bullying committed:
 - (i) by any means of an electronic forum, including but not limited to a blog, an electronic bulletin board, an electronic chat room, a gripe site, a social networking site, a website, or a weblog; or
 - (ii) by other electronic means, including but not limited to e-mail, instant messaging, or text messaging.

If You Have a Loss What You Must Do

- You must promptly give us notice in writing when an occurrence takes place.

The notice must include:

- (i) the date, time, place and circumstances of the occurrence;
 - (ii) names and addresses of witnesses and potential claimants.
- You must not admit that you are legally liable. You may not know all of the facts. This means that you must not pay or offer to pay for bodily injury or property damage. It could be taken as an admission that you were legally liable.
 - You must follow all conditions of the policy that deal with your claim.
 - You must give us any letters or papers you receive from the people or the representatives of the people making the claim. You must do this as soon as you get them.
 - You must co-operate fully with us while we handle your claim.
 - You must co-operate fully in the legal matters we are handling for you. You must not interfere in any legal action or discussion.

If You Have a Loss What We Will Do

If a claim is made against you for which you are insured, we will defend you even if the claim is groundless, false or fraudulent. We reserve the right to select legal counsel, investigate, negotiate and settle any claim if we decide this is appropriate. We will only pay for the legal counsel we select. We will try to settle the claim out of court if we feel that is the best thing to do.

Defense Settlement – Supplementary Payments

We will:

- pay up to \$100 a day for your actual loss of wages or salary when we ask you to do something for us. For example, if we ask you to appear in court;
- pay other reasonable expenses and court costs charged against you, including expenses which you have incurred for emergency medical or surgical treatment to others following an occurrence insured by this policy;
- buy any appeal bonds;
- buy any bonds needed to release property held by the court because of a law suit. However, the total face value of these bonds cannot be more than your applicable Amount of Protection;
- pay the interest that a court charges on the part of the final judgment that we are paying.

How We Settle a Part 2 Claim

We will not pay until you have fully complied with all the terms of this coverage, nor until the amount of your obligation to pay has been finally determined, either by a judgment against you or by an agreement that has our consent.

If we feel that you have done nothing wrong, we may refuse to pay a claim. This does not mean that you will not be covered. It means we feel that you are not legally liable. If after we deny a claim on your behalf a court finds that you are legally liable, you are covered.

General Conditions for Part 2

The following general conditions apply to Part 2 of this policy:

- 1) The bodily injury or property damage must take place during the policy term.
- 2) There are only two ways to cancel Part 2 coverage before the end of your policy term:
 - a) you must tell us that you wish to cancel and when you wish your coverage to end; or
 - b) we must tell you in writing that we wish to cancel. We will do this by registered mail or in person. If our notice to you comes by registered mail, your coverage will end 15 days after your Post Office gets the letter. When we give you the notice in person, your coverage will end 5 days later.

We will refund the unearned premium for the time between the cancellation date and the end of the policy term.
- 3) If you take legal action against us, you must do so within one year of the date on which you had cause to take such action.
- 4) If you have other personal liability insurance, we will pay only our share of the claim. Our share will be in the same proportion that the amount of our coverage bears to the total of all your personal liability coverages.

Statutory Conditions

In respect of Part 2 – Personal Liability, only Statutory Conditions 1, 3, 4, 5 and 15 apply. Otherwise all of the Statutory Conditions apply with respect to all perils insured by this policy. In the following “you”, the name shown on the Declaration Page, are called the “Insured”. “We” are call the “Insurer”.

1. Misrepresentation

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

4. Material Change

Any change material to the risk and within the control and knowledge of the Insured shall void 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 days of the receipt of the notice pay to the Insurer an additional premium; and in default of such payment the contract shall no longer be in force and the Insurer shall return the unearned portion, if any, of the premium paid.

5. Termination of Contract

(1) This contract may be terminated:

- (a) by the Insurer giving to the Insured fifteen days' notice of termination by registered mail, or five days written notice of termination personally delivered;
- (b) by the Insured at any time on request.

(2) Where this contract is terminated by the Insurer:

- (a) the Insurer shall refund the excess premium actually paid by the Insured over the 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
- (b) 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.

(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.

- (4) The refund may be made by money, postal or express company money order, or by cheque payable at par.
- (5) The fifteen days mentioned in clause (a) of subcondition (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

- (1) Upon the occurrence of any loss or damage to the insured property, the Insured shall, if such loss or damage is covered by the contract, in addition to observing the requirements of conditions 9, 10 and 11,
 - (a) forthwith give notice thereof in writing to the Insurer;
 - (b) deliver as soon as practicable to the Insurer a proof of loss verified by a statutory declaration,
 - (i) giving a complete inventory of the destroyed and damaged property and showing in detail quantities, cost, actual cash value and particulars of amount of loss claimed;
 - (ii) 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;
 - (iii) stating that the loss did not occur through any wilful act or neglect or the procurement, means or connivance of the Insured;
 - (iv) showing the amount of other insurances and the names of other Insurers;
 - (v) 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;
 - (vi) showing any changes in title, use, occupation, location, possession or exposures of the property since the issue of the contract;
 - (vii) showing the place where the property insured was at the time of loss.
 - (c) if required give a complete inventory of undamaged property and showing in detail quantities, cost, actual cash value;
 - (d) 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.
- (2) The evidence furnished under clauses (c) and (d) of subparagraph (1) of this condition shall not be considered proofs of loss within the meaning of conditions 12 and 13.

7. Fraud

Any fraud or wilfully false statement in a statutory declaration in relation to any of the above particulars, shall vitiate the claim of the person making the declaration.

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

- 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 any 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.

- (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 (1) of this condition according to the respective interests of the parties.

10. Entry, Control, Abandonment

After any loss or damage to insured property, the Insurer shall have 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 shall not be 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 therefore is made in writing and until after proof of loss has been delivered.

12. When Loss Payable

The loss shall be payable within sixty days after completion of the proof of loss, unless the contract provides for a shorter period.

13. Replacement

- (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 days after receipt of the proofs of loss.
- (2) In that event the Insurer shall commence to so repair, rebuild, or replace the property within forty-five 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 shall be absolutely barred unless commenced within one year next after the loss or damage occurs.

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; and 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; and in this condition, the expression "registered" means registered in or outside Canada.

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