

STATUTORY AND ADDITIONAL CONDITIONS

CONDITIONS REQUIRED BY LAW

All the conditions set forth under the titles Statutory Conditions and Additional Conditions apply with respect to all property coverage perils insured by this policy except as these conditions may be modified or supplemented by the forms or endorsements attached.

Statutory Conditions 1, 3, 4, 5 and 15 and Additional Conditions 6, 8, 9, 10, 11, 12, 14 and 15, also apply with respect to the Liability Coverages insured by this policy except as these conditions may be modified or supplemented by the forms and endorsements attached.

STATUTORY CONDITIONS

1. **MISREPRESENTATION.** If a person applying for insurance falsely describes the property to the prejudice of the insurer or misrepresents or fraudulently omits to communicate any circumstance that is material to be made known to the insurer in order to enable it to judge of the risk to be undertaken, the contract is void as to any property in relation to which the misrepresentation or omission is material.
2. **PROPERTY OF OTHERS.** Unless otherwise specifically stated in the contract, the insurer is not liable for loss or damage to property owned by any person other than the insured, unless the interest of the insured therein is stated in the contract.
3. **CHANGE OF INTEREST.** The insurer is liable for loss or damage occurring after an authorized assignment under the *Bankruptcy and Insolvency Act* (Canada) 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 avoids the contract as to the part affected thereby, unless the change is promptly notified in writing to the Insurer or its local agent, and the insurer when so notified may return the unearned portion, if any, of the premium paid and cancel the contract, or may notify the Insured in writing that, if the Insured desires the contract to continue in force, the Insured 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of the receipt of the notice, pay to the Insurer an additional premium, and in default of such payment the contract is no longer in force and the Insurer shall return the unearned portion, if any, of the premium paid.
5. **TERMINATION.**
 - 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 or delivered by prepaid courier if there is a record by the person who delivered it that the notice has been sent;
 - 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 of premium actually paid by the Insured over the proportionate premium for the expired time, but, in no event, shall the proportionate 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 cheque payable at par.
- 5) The fifteen days mentioned in clause (1) (a) 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. The five days mentioned in clause (1) (a) of this condition commences to run on the day following the day there is a record by the person who delivered it that the notice has been sent.

6. REQUIREMENTS AFTER LOSS.

- 1) Upon the occurrence of any loss of or damage to the insured property, the Insured shall, if the loss or damage is covered by the contract, in addition to observing the requirements of conditions 9, 10 and 11,
 - 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, costs, "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 (1) (c) and (d) 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 vitiates 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 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 proportionately towards any reasonable and proper expenses in connection with steps taken by the Insured and required under sub condition (1) of this condition according to the respective interests of the parties.
10. **ENTRY, CONTROL, ABANDONMENT.** After loss or damage to insured property, the Insurer has an immediate right of access and entry by accredited agents sufficient to enable them to survey and examine the property, and to make an estimate of the loss or damage, and, after the Insured has secured the property, a further right of access and entry sufficient to enable them to make appraisal or particular estimate of the loss or damage, but the Insurer is not entitled to the control or possession of the insured property, and without the consent of the Insurer there can be no abandonment to it of insured property.
11. **APPRAISAL.** In the event of disagreement as to the value of the property insured, the property saved or the amount of the loss, those questions shall be determined by appraisal as provided under the Insurance Act before there can be any recovery under this contract whether the right to recover on the contract is disputed or not, and independently of all other questions. There shall be no right to an appraisal until a specific demand therefor is made in writing and until after proof of loss has been delivered.
12. **WHEN LOSS PAYABLE.** The loss is payable within 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 a claim under or by virtue of this contract is absolutely barred unless commenced within one year next after the loss or damage occurs.
15. **NOTICE.**
- (1) Written notice may be given to the insurer in the following ways:
 1. It may be personally delivered at the chief agency or head office of the insurer in the Province.
 2. It may be sent by registered mail to the chief agency or head office of the insurer in the Province.
 3. It may be delivered by electronic means.
 - (2) Written notice may be given to the insured named in the contract in the following ways:
 1. It may be personally delivered.
 2. It may be delivered by prepaid courier to the latest address of the insured on the records of the insurer if there is a record by the person who has delivered it that the notice has been sent.
 3. It may be sent by registered mail to the latest address of the insured on the records of the insurer.
 4. It may be delivered by electronic means if the insured consents to delivery by electronic means.
 - (3) In this condition, the expression "registered" means registered in or outside Canada.

ADDITIONAL CONDITIONS

1. **NOTICE TO AUTHORITIES.** Where the loss is due to a malicious act, burglary, robbery, theft or attempt thereat, or is suspected to be so due, "You" must notify the police or other authority immediately.
2. **NO BENEFIT TO BAILEE.** "We" will not recognize any assignment or provide any coverage for the benefit of any bailee, which includes any person or organization holding, storing, or transporting property for a fee regardless of any other provision of this policy.
3. **PAIR AND SET.** In the case of loss or damage to any article or articles, whether scheduled or unscheduled, which are a part of a set, "We" will pay only a reasonable and fair proportion of the total value of the set, and such loss or damage will not be understood to mean total loss of the set.
4. **PARTS.** In the case of loss of or damage to any part of the insured property whether scheduled or unscheduled, consisting, when complete for use, of several parts, "We" will not pay for more than the insured value of the part lost or damaged, including the cost of installation.
5. **YOUR DUTY AFTER LOSS.** It is "your" duty in the event that any property insured by this policy is damaged or lost to take all reasonable steps to recover such property. "We" will contribute pro rata towards any reasonable and proper expenses in connection with such efforts according to the respective interests of the parties.
6. **TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US.** "Your" rights to recover any part of "your" loss, for which "We" have made or agreed to make payment under this policy, are transferred to "us". "You" must not impair those rights and must help "us" enforce them. When the net amount recovered after deducting the costs of recovery is not enough to provide a complete indemnity for the loss or damage suffered, that amount will be divided between "You" and "us" in the proportion in which the loss or damage has been borne by "You" and "us".
7. **REBUILDING CLAUSE.** If the "Declaration Page" shows that the Rebuilding Clause applies, to the building(s) specified on the "Declaration Page", this clause applies to those specified buildings.
In the event an insured peril damages or destroys any of the buildings to which this rebuilding clause applies, "You" must complete and submit a 'Proof of Loss' form to "us". Upon receipt of the Proof of Loss form, "We" will make a first payment of only 50% of the amount of loss payable on the damaged or destroyed building(s). The amount of loss payable will be the lesser of a) the actual amount of the damage; or b) the limit of insurance applicable to the damaged or destroyed buildings.

The balance of the amount of loss payable is subject to the following:

- (a) If "You" notify "us" of "your" intention to repair, rebuild or replace the damaged building(s) within 300 feet (90 meters) of its original site on lands "You" own at the time of the loss with a building(s) of like use and "You" provide "us" with satisfactory proof within 12 months of the date of loss, that "You" spent an amount not less than the total amount of all insurance payable in doing so, "We" will pay the balance of the amount of loss payable under this policy within 30 days.
- (b) If "You" notify "us" of "your" intention to rebuild or replace any building(s) which have been damaged or destroyed with a building(s) of like use on lands "You" own at the time of the loss within the Province of Ontario but at a distance of more than 300 (90 meters) feet from the site of the damaged or destroyed building(s) sought to be replaced, and provide "us" with satisfactory proof within 12 months of the date of loss that "You" spent an amount not less than the total amount of all insurance payable, in doing so, "We" will pay

- "You" the balance of funds within 30 days up to 75% of the amount of loss payable under this policy.
- (c) If due to any regulation or law applying to construction or repair "You" are prohibited from repairing or rebuilding the damaged building(s) on the same site, and notify "us" of "your" intention to rebuild or replace the destroyed building(s) with a building(s) of like use on land "You" own on other than the same site within the Province of Ontario and "You" provide "us" with satisfactory proof within 12 months of the date of loss, that "You" spent an amount not less than the total amount of all insurance payable in doing so, "We" will pay "You" the balance of the amount of loss payable under this policy, within 30 days.
- (d) If "You" do not comply with the conditions of Clauses (a) or (b) or (c), the first payment will be the only payment for the loss.
- If two or more items are subject to this clause, it will apply separately to each item.
8. **LIBERALIZATION CLAUSE.** During the term of this policy, if "We" adopt and publish for use any forms, endorsements or rules which would extend or broaden the insurance provided by this policy, without additional premium charge, either by endorsement or substitution, then such extended or broadened insurance will apply to loss occurring after the effective date of such adoption and publication as though such endorsement or substitution had been made.
9. **NON-WAIVER.** "We" shall not be deemed to have waived any term or condition of this policy in whole or in part, unless "our" waiver is clearly stated and in writing and is signed by a person authorized to do so. In addition, neither "We" nor "You" may be lawfully considered to have waived any term or condition of this policy by any act relating to the appraisal of the amount of a claim, the delivery or completion of proof, or the investigation of or adjustment of any claim under the policy.
10. **ASSIGNMENT.** Assignment of any interest by "You" under this policy shall not bind "us" without "our" consent.
11. **EXAMINATION OF INSURED.** In the event of a claim under this policy, "You" must submit to examination under oath, at "our" request, and produce for examination at such reasonable place and time as designated by "us" or "our" representative, all documents in "your" possession or control that relate to the matters in question, and "You" must permit extracts and copies of such documents to be made.
12. **INSURANCE UNDER MORE THAN ONE POLICY:** If "You" have other insurance which applies to a loss or claim or would have applied if this policy did not exist, "our" policy will be considered excess insurance, and "We" will not pay any loss or claim until the amount of such other insurance is used up. In all other cases, "our" policy will pay its ratable proportion of an insured loss.
13. **AUTOMOTIVE FUELS.** Any fuels used for automotive purposes must be stored in accordance with government regulations.
14. **ARBITRATION CLAUSE.** Should the parties to this insurance disagree as to the rights and obligations owed by "us" under the policy, including the effect of any applicable statutes or common law upon contractual obligations otherwise owed, either party may request that the dispute be resolved by mediation, failing which it shall be decided by binding arbitration. The parties shall submit any dispute or controversy arising out of or relating to this policy or the breach, termination or invalidity thereof to final and binding arbitration which shall be governed by the Arbitration Act in effect in the province or territory where the insured property is situated, or in the absence thereof, by an arbitration agreement entered into by the parties. In any such arbitration, each party will bear its own legal fees and expenses.
15. **SANCTIONS CLAUSE.** "We", the Insurer, shall not be liable to pay any premium or claim or provide any benefit hereunder to the extent that the payment of such premium or claim or

provision of such benefit would be in violation of any trade or economic sanctions, laws, or regulations imposed by Canadian authorities.

16. **STANDARD MORTGAGE CLAUSE.**

Mortgage Conditions: It is hereby provided and agreed that subject to the terms of this mortgage condition (and these shall supersede any policy conditions in conflict therewith but only as to the interest of the mortgagee), loss under this policy is made payable to the Mortgagee specified on the "Declaration Page".

- a. **Breach of Conditions by Mortgagor Owner or Occupant** - This insurance and every documented renewal thereof as to the Interest of the Mortgagee only therein is and shall be in force notwithstanding any act, neglect, omission, or misrepresentation attributable to the mortgagor, owner or occupant of the property insured, including transfer of interest, any vacancy or non occupancy or the occupation of the property for purposes more hazardous than specified in the description of the risk;
Provided always that the Mortgagee shall notify forthwith the Insurer (if known) of any vacancy or non occupancy extending beyond 30 consecutive days, or of any transfer of interest or increased hazard that shall come to his knowledge; and that every increase of hazard (not permitted by the policy) shall be paid for by the Mortgagee on reasonable demand from the date such hazard existed, according to the established scale of rates for the acceptance of such increased hazard, during the continuance of this insurance.
- b. **Right of Subrogation** - Whenever the Insurer pays the Mortgagee any loss award under this policy and claims that as the Mortgagor or Owner no liability therefor existed, it shall be legally subrogated to all rights of the Mortgagee against the Insured; but any subrogation shall be limited to the amount of such loss payment and shall be subordinate and subject to the basic right of the Mortgagee to recover the full amount of its mortgage equity in priority to the Insurer; or the Insurer may as its option pay the Mortgagee all amounts due or to become due under the mortgage or on the security thereof, and shall thereupon receive a full assignment and transfer of the mortgage together with all securities held as collateral to the mortgage debt.
- c. **Other Insurance** - If there be other valid and collectible insurance upon the property with loss payable to the Mortgagee at law or in equity then any amount payable thereunder shall be taken into account in determining the amount payable to the Mortgagee.
- d. **Who May Give Proof Of Loss** - In the absence of the Insured, or the inability, refusal, or neglect of the Insured to give notice of loss or deliver the required Proof of Loss under the policy, then the Mortgagee may give the notice upon becoming aware of the loss and deliver as soon as practicable the Proof of Loss.
- e. **Termination** - The term of this mortgage condition coincides with the term of the policy: Provided always that the Insurer reserves the right to cancel the policy as provided by Statutory condition but agrees that the Insurer will neither terminate nor alter the policy to the prejudice of the Mortgagee without the notice stipulated in such Statutory condition.
- f. **Foreclosure** - Should title or ownership to said property become vested in the Mortgagee and/or assigns as owner or purchaser under foreclosure or otherwise, this insurance shall continue until expiry or cancellation for the benefit of the said Mortgagee and/or assigns.