

SECTION II - LIABILITY

COVERAGE FH (FARM LIABILITY)

PART I - INSURING AGREEMENTS

The Insurer agrees with the Named Insured:

A.1 PUBLIC LIABILITY

To pay on **your** behalf within the Insurer's limit of liability for Coverage FH as stated on the **Declaration Page** all compensatory sums which **you** shall become legally obligated to pay:

- (a) as a result of the liability imposed by law;
- (b) as a result of the liability of others assumed by **you** under any written agreement relating to the **premises** insured; or
- (c) for damages, including damages for care and loss of services, because of **bodily injury or property damage, personal and advertising injury liability** caused by an accident or **occurrence**.

A.2 TENANTS' LEGAL LIABILITY

To pay on behalf of the Insured within the Insurer's limit of liability for Coverage FH as stated on the **Declaration Page** all compensatory sums which **you** shall become legally obligated to pay as damages because of the liability imposed by law upon the Insured for **property damage** to residence **premises** or contents therein used by or rented to or in **your** care, custody or control, caused by:

- (a) fire;
- (b) **explosion**;
- (c) **smoke**;
- (d) **water** escape.

A.3 VOLUNTARY MEDICAL PAYMENTS

To pay all reasonable and necessary medical, surgical, dental, hospital, professional nursing, ambulance and funeral costs, to a maximum of \$2,000 and incurred within one year from the date of accident, to or for each person not hereinafter excluded, who sustains **bodily injury** caused by an accident or **occurrence**, and resulting from the maintenance or use of the **premises**, or **your** personal acts.

A.4 VOLUNTARY PAYMENT FOR DAMAGE TO PROPERTY

To pay, to a maximum of \$1,000 for loss arising out of direct physical damage to or destruction of property not hereinafter excluded, caused by **you**, and resulting from the maintenance or use of the **premises**, or **your** personal acts.

PART II - DEFENSE, SETTLEMENT, SUPPLEMENTARY PAYMENTS

If a claim is made against **you** for which **you** are insured under Coverage FH, **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 pay only for the legal counsel **we** select.

As part of, and not in addition to the limit of insurance under Coverage FH, **we** will pay:

- (1) all expenses which **we** incur;
- (2) all costs charged against **you** in any suit insured under Coverage FH;
- (3) any interest accruing after judgment on that part of the judgment which is within the amount of insurance of Coverage FH;
- (4) premiums for appeal bonds required in any insured lawsuit involving **you** and bonds to release any property that is being held as security, up to the amount of insurance, but **we** are not obligated to apply for or provide these bonds;
- (5) expenses which **you** have incurred for emergency medical or surgical treatment to others following an accident or **occurrence** insured by this **policy**;
- (6) reasonable expenses, which **you** incur at our request.

PART III - DEFINITIONS AS USED IN COVERAGE FH

All of the definitions used in Section I shall have the same meanings in Section II, unless otherwise defined.

"Abuse" means any act or threat involving molestation, harassment, corporal punishment or any other form of physical, sexual, or emotional abuse.

"Action" means a civil proceeding in a Canadian court in which compensatory damages to which this insurance applies are claimed. **Action** includes an arbitration proceeding in Canada in which such **compensatory damages** are claimed, provided that the Insured is either required to submit or submits with our consent to such arbitration proceeding.

"Bodily Injury" means **bodily injury**, sickness or disease sustained by a person, including death resulting from any of these at any time.

"Business" means any continuous or regular pursuit undertaken for financial gain, including a trade, profession or occupation. Employment as a clerk, salesman, collector, messenger or teacher shall be deemed **business** only where:

- (a) an Insured is the sole owner or a partner in such **business**;
- (b) activities in the course of such employment cause **bodily injury** to a fellow employee;
- (c) **bodily injury** is sustained by a pupil arising out of corporal punishment administered by or at the direction of an Insured as a teacher.

Business shall not include:

- (a) activities during the course of **your business** which are ordinarily incidental to non-**business** pursuits; or
- (b) the temporary or part-time **business** pursuits of an Insured under the age of twenty-one (21) years.

"Business Property" means:

- (a) all **premises** on which a **business** other than that specifically declared on the **Declaration Page** is conducted; and
- (b) all **premises** if the whole or part thereof is rented to others or held for such rental by an Insured, except as specifically declared on the **Declaration Page**.

Business property shall not include:

- (a) the occasional rental or holding for rental of the residence **premises**;

- (b) the rental in whole or in part to others of a 1 or 2 family **dwelling** usually occupied in part by the Insured as a residence, unless such rental is for the accommodation of not more than 2 roomers or boarders per family occupying the **dwelling**;
- (c) residential buildings containing not more than six (6) **dwelling** units if specifically declared on the **Declaration Page**;
- (d) the rental or holding for rental of a part of the residence **premises** as an office, school or studio; or
- (e) the rental or holding for rental of not more than three (3) car spaces or stalls in garages or stables on the **premises** insured.

“**Completed Operations Hazard**” means any **bodily injury** or **property damage** arising out of operations, but only if the **bodily injury** or **property damage** occurs after such operations had been completed or abandoned, and occurs away from **premises** owned, rented or controlled by the Insured. Operations which may require further service or maintenance work, or correction, repair or replacement because of any defect or deficiency, but which are otherwise complete, shall be deemed completed. The **completed operations hazard** shall not include **bodily injury** or **property damage** arising out of the existence of tools, uninstalled equipment or abandoned or unused materials.

“**Custom Farming**” means the ownership, maintenance or operation by or on behalf of an Insured of any **farm** tractors, **farm** trailers or **farm** implements attached to **farm** tractors, self-propelled or motor driven or animal-drawn farm implements, draft animals or vehicles commonly used therewith, all while being used under contract to another for a charge.

“**Farm Employee**” means an employee whose duties in **your** employment are principally those connected with **farm** activities outside of **your** residence **premises**.

The unqualified word “**Insured**” means:

- (a) the Insured named on the **Declaration Page** (the Named Insured);
- (b) while living in **your** household, his or her **spouse**, the relatives of either, and any other person under the age of twenty-one (21) in the care of any person insured by this **policy**;
- (c) if the Named Insured is designated on the **Declaration Page** as a partnership or joint venture, the partnership or joint venture so designated and any partner or member thereof, but only with respect to his/her liability as such;
- (d) if the Named Insured is designated on the **Declaration Page** as other than an individual, partnership or joint venture, the corporation or organization so designated and any executive officer, director or stockholder thereof while acting within the scope of his/her duties as such;
- (e) a **farm employee** while engaged in **your** employment;
- (f) a **residence employee** while engaged in **your** employment;
- (g) any person while providing voluntary assistance in **your farming** operations; or
- (h) under Coverages A.1 and A.3 with respect to animals or watercraft to which this insurance applies, owned by an Insured, any person or organization legally responsible therefor:
 - (i) in the event of the death of the Named Insured;
 - (ii) the legal representative of the Named Insured but only with respect to the **premises** of the original Named Insured and those of his/her **spouse**; and
 - (iii) while a resident of such **premises**, any person who was an Insured prior to such death.

“**Motor Vehicle**” means a land motor vehicle, trailer or semi-trailer that is required by law to be insured by a motor vehicle liability **policy**, or any vehicle insured under such a contract, including any attached machinery or equipment. **Motor Vehicle** does not include, except while being towed by or carried on a **motor vehicle**, any of the following:

- (a) utility, boat, camp or home trailer;
- (b) **recreational vehicles** designed for use off public roads, including golf carts while being used for golfing purposes;
- (c) crawler or **farm** type tractor;
- (d) self-propelled vehicles other than crawler or **farm** type tractors used specifically for farming; or
- (e) any equipment designed for use principally off of public roads.

“**Personal and Advertising Injury**” means injury, including consequential **bodily injury**, arising out of one or more of the following offenses:

- (a) False arrest, detention or imprisonment;
- (b) Malicious prosecution;
- (c) Discrimination (unless prohibited by law)
- (d) Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person’s or organization’s goods, products or services;
- (e) The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, **dwelling** or **premises** that a person occupies, committed by or on behalf of its owner, landlord, or lessor;
- (f) Oral or written publication, in any manner of material that violates a person’s right of privacy;
- (g) The use of another’s advertising idea in **your** advertisement; or
- (h) Infringing upon another’s copyright, trade dress or slogan in **your** advertisement.

“**Premises**” has the same definition as Section I and shall also include:

- (a) individual or family cemetery plots or burial vaults;
- (b) residence **premises** in which the Insured is temporarily residing, if not owned by an Insured; and
- (c) vacant land, in Canada, other than **farm** land, owned by or rented to an Insured. Land shall not be vacant after the commencement of any construction operations thereon, unless such operations are being performed solely by independent contractors in connection with the construction of a 1-or 2-family dwelling for an Insured.

“**Products Hazard**” means **bodily injury** or **property damage** arising out of **your** products or out of the existence of any condition therein or any warranty with respect thereto, but only if the **bodily injury** or **property damage** occurs away from **premises** owned, rented or controlled by **you** and after physical possession of such products has been relinquished to others.

As used in this definition, the term “**Named Insured’s Products**” means goods or products sold, handled or distributed by the Named Insured or by others trading under his name, but shall not include any property rented to or loaned for the use of others but not sold.

“**Professional Services**” shall include, but not be limited to:

- (a) Medical, surgical, dental, x-ray or nursing service or treatment, or the furnishing of food or beverages in connection therewith;
- (b) Any **professional service** or treatment conducive to health;
- (c) **Professional services** of a pharmacist;
- (d) The furnishing or dispensing of drugs or medical, dental, or surgical supplies or appliances;

- (e) The handling or treatment of deceased human bodies including autopsies, organ donations or other procedures;
- (f) Any cosmetic, body piercing, tonsorial, massage, physiotherapy, chiropody, hearing aid, optical, or optometrical services or treatment;
- (g) The preparation or approval of maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications;
- (h) Supervisory, inspection, architectural, design or engineering services;
- (i) Accountants, advertisers, notaries, public notaries, paralegals, lawyers, real estate brokers or agents, insurance brokers or agents, travel agents, financial institutions or consultants professional advices or activities;
- (j) Any computer programming or re-programming, consulting, advisory or related services; or
- (k) Claim, investigation, adjustment, appraisal, survey or audit services.

“**Property Damage**” means:

- (a) physical injury to tangible property, including all resulting use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- (b) loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the **occurrence** that caused it.

“**Recreational Vehicle**” means a land **motor vehicle** designed for recreational use off public roads, if not required to be registered under any government authority.

“**Residence Employee**” means an employee, other than a **farm employee**, whose duties in the employment of the Insured are exclusively in connection with the ownership, maintenance, use or operation of the residence **premises**, and who is:

- (a) an inservant, whose duties are principally of a domestic nature and are performed principally inside such residence;
- (b) an outservant, whose duties are principally of a domestic nature and are performed principally outside such residence; or
- (c) a private chauffeur, whose duties are solely in connection with the care, maintenance, use or operation of a motor vehicle.

“**Spouse**” has the same meaning as in Section I.

“**Terrorism**” has the same meaning as in Section I.

PART IV - EXCLUSIONS

Coverages A.1, A.2, A.3 and A.4 do not apply to:

- (1) Any **business** use of the **premises** unless stated on the **Declaration Page**, or to any **business** of an Insured, or to any **business property**.
- (2) The rendering of or the failure to render **professional services**.
- (3) **Bodily injury** or **property damage, personal and advertising injury liability** arising out of any act or omission in connection with the **premises** (other than the **premises** insured), owned, rented or controlled by an Insured, but this exclusion does not apply to **bodily injury**, sustained by a **residence employee** arising out of and in the course of his or her employment by any person insured by this **policy**.
- (4) The transmission by an Insured of any communicable disease or sickness by anyone insured by this **policy**.
- (5) Any environmental liability of an Insured for:
 - (a) **Bodily injury** and **property damage** arising out of the actual, alleged or threatened discharge, dispersal, release or escape of **pollutants**:
 - (i) at or from **premises** owned, rented or occupied by an Insured;
 - (ii) 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;
 - (iii) which are at any time transported, handled, stored, treated, disposed of, or processed as waste by or for an Insured or any person or organization for whom the Insured may be legally responsible; or
 - (iv) 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:
 - (1) if the **pollutants** are brought on or to the **site** or location in connection with such operations; or
 - (2) if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the **pollutants**.
 - (b) 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**;
 - (c) fines, penalties, punitive or exemplary, damages arising directly or indirectly out of the discharge, dispersal, release or escape of any **pollutants**.

Sub-paragraphs (5) (a) (i) and (5) (a) (iv) (1) 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 which becomes uncontrollable or breaks out from where it was intended to be.

- (6) **Bodily injury** or **property damage** arising out of the ownership, maintenance, operation, use, loading or unloading :
 - (a) of any air cushion vehicle or any aircraft, including unmanned aircraft; or
 - (b) by or on behalf of the Insured of any **motor vehicle**. This exclusion shall not be construed to apply to liability imposed by law upon the Insured for loss or damage arising from the ownership, use or operation of any machinery or equipment mounted on or attached to any **motor vehicle** at the site of the use or operation of such machinery or equipment, provided the Insured is not insured for liability arising from the ownership, use or operation of such mounted or attached machinery or equipment under any motor vehicle liability **policy**.

This exclusion b) does not apply to:

 - (i) **bodily injury** sustained by a residence **employee** arising out of and in the course of his or her employment by an Insured.
 - (ii) **bodily injury** or **property damage** arising out of a defective condition in, or improper maintenance of, any **motor vehicle** owned by the Insured while leased to others for a period of thirty (30) days or more, provided the lessee is obligated under contract to ensure that the **motor vehicle** is insured.
- (7) Any liability arising out of the ownership, existence, use or operation of any portion of the **premises** for the purpose of an aerodrome, airport or aircraft landing facility, and all operations necessary, or incidental thereto.
- (8) **Bodily injury** or **property damage** arising out of the ownership, maintenance, operation, use, loading or unloading of any watercraft owned by an Insured, if the watercraft:
 - (a) has inboard or inboard-outboard motor power of more than 38 kW (50 HP);
 - (b) has outboard motor power, singly or in combination, of more than 12 kW (16 HP) in all; or
 - (c) exceeds 8 metres (26 ft.) in overall length.

This exclusion does not apply to:

- (a) **bodily injury or property damage** occurring on the **premises** insured;
 - (b) **bodily injury** to any residence **employee** arising out of and in the course of his or her employment by an Insured;
 - (c) watercraft specified on the **Declaration Page**; or
 - (d) watercraft acquired by an Insured during the **policy** period, which is declared to the Insurer within thirty (30) days of such acquisition, and endorsed hereon.
- (9) Any liability arising out of the ownership, use or operation of any watercraft during participation in any race or speed contest other than a sailboat.
 - (10) **Bodily injury** to any employee, other than a **residence employee**, if the **bodily injury** arises out of and in the course of his or her employment by an Insured.
 - (11) Any obligation for which the Insured or his Insurer may be held liable under any Workers' Compensation Law.
 - (12) **Bodily injury or property damage** arising out of the ownership, maintenance, operation, use, loading or unloading of any self-propelled land vehicle while being used in any pre-arranged or organized racing, speed, demolition, tractor pull or similar contest or in any stunting activity or in practice or preparation for any such contest or activity.
 - (13) **Bodily injury or property damage** caused by war, invasion, act of foreign enemy, hostilities (whether war be declared or not), **terrorism**, civil war, rebellion, revolution, insurrection or military power.
 - (14) **Bodily injury or property damage** with respect to which an Insured under this coverage is also insured under a contract of nuclear energy liability insurance (whether the Insured is named or not in such contract and whether or not it is legally enforceable by the Insured) issued by the Nuclear Insurance Association of Canada or any other group or pool of insurers or would be an Insured under any such **policy** but for its termination upon exhaustion of its limit of liability.
 - (15) Liability arising out of the ownership, maintenance, use or operation by or on behalf of an Insured of any **premises** other than as specified on the **Declaration Page**, but this exclusion shall not apply to:
 - (a) the grazing of **farm livestock** on **premises** away from **farm premises** owned or leased by an Insured; or
 - (b) **farm premises** or residence **premises**, in Canada, purchased or leased by an Insured during the period this **policy** is in force, which is declared to the Insurer within fourteen (14) days of such acquisition, and endorsed thereon.
 - (16) **Custom farming** operations, unless specified on the **Declaration Page**, and an additional premium charge made therefor.
 - (17) The application of anhydrous ammonia away from the **premises** insured.
 - (18) The ownership, use or operation by or on behalf of an Insured of:
 - (a) riding stables; or
 - (b) race horses off the **premises** insured, but this does not apply to grazing away from the **premises** insured.
 - (19) **Property damage** to **your** products arising out of such products or any part of such products.
 - (20) The growing, manufacturing, processing, storing, or distribution, by anyone of any drug, narcotic or any illegal substances or items of any kind. This includes any alteration of the **premises** to facilitate such activity, whether or not **you** have any knowledge of such activity;
 - (21) **Abuse** directly or indirectly, by:
 - (a) any person or person who is insured by this **policy**;
 - (b) any person or person who is insured by this **policy** having knowledge of such activity taking place;
 - (c) any person or person who is insured by this **policy** failing to prevent such an activity from taking place; or
 - (d) at the direction of any person or any person who is insured by this **policy**.
 - (22) Punitive or exemplary damages, meaning that part of any award by a court which is in excess of compensatory damages and is stated or intended to be a punishment to **you**;
 - (23)
 - (a) The actual or alleged failure, malfunction or inadequacy of any computer or other equipment, including embedded microchips, computer programme or software, to correctly read, recognize, process, distinguish, interpret or accept any date, time or combined date/time data or data field. Such failure shall include any error in original or modified data entry or programming;
 - (b) Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by **you** or for **you** to determine, rectify or test for any potential or actual problems described in paragraph a) of this exclusion.
 - (24) **Bodily injury, property damage, or personal and advertising injury** related to or arising from any actual or alleged liability for any legal remedy of any kind whatsoever (including but not limited to damages, interest, mandatory or other injunctive relief, statutory orders or penalties, legal or other costs, or expenses of any kind) in respect of actual or threatened loss, damage, cost or expense directly or indirectly caused by, resulting from, in consequence of or in any way involving asbestos or any materials containing asbestos in whatever form or quantity. This exclusion applies regardless of any other contributing or aggravating cause or event that contributes concurrently or in any sequence to the **bodily injury, property damage or personal and advertising injury**.

Coverage A.1, A.2 and A.3 do not apply to:

- (25) **Bodily injury, property damage, or personal and advertising injury** caused by any intentional or criminal act or intentional or criminal failure to act by or at the direction of an Insured.
- (26) **Bodily injury** to:
 - (a) any Insured;
 - (b) any person regularly residing on the **premises** (other than a **residence employee**); or
 - (c) any person while engaged in alteration, demolition or new construction operations of the Insured.
 This exclusion does not apply to any person while providing voluntary assistance in **your** farming operations and who does work for which no remuneration is made, given or contemplated.
- (27) **Bodily injury** to any person if benefits therefor are payable under any Worker's Compensation Law.

Coverage A.1 does not apply to:

- (28) Damage to:
 - (a) property owned, used or occupied by or leased to an Insured;
 - (b) property in **your** care, custody or control or property as to which **you** are for any purpose exercising physical control; or
 - (c) any personal property or any fixtures as a result of any work performed thereon by **you** or anyone on **your** behalf.

Coverage A.2 does not apply to:

- (29) Liability assumed by **you** under a contract, except liability which would attach in the absence of such contract.

Coverage A.3 does not apply to:

- (30) Those portions of such expenses payable or recoverable under any medical, surgical, dental or hospitalization plan or law, or under any other insurance **policy** or certificate issued to or for the benefit of any person for whom indemnity is provided.
- (31) **Products Hazard**.

Coverage A.4 does not apply to:

- (32) Any **business** of an Insured, or any **occurrence** in connection with **premises** owned, rented or controlled by **you**, other than as stated on the **Declaration Page**. For the purpose of this exclusion, **business** includes the temporary or part-time **business** pursuits of any person insured by this **policy**.
- (33) Property owned by or rented to **you**, any resident of **your** household, or any tenant of **yours**.
- (34) Loss or damage arising out of the use or operation of **farm machinery** and equipment, **recreational vehicles** or watercraft.
- (35) Damage or destruction caused intentionally by or at the direction of any person insured by this **policy** who has attained the age of thirteen (13) years or more.
- (36) Loss caused by loss of use, disappearance or theft of property.

PART V - CONDITIONS

- (1) **POLICY PERIOD**
Coverage FH applies only to accidents and **occurrences** which take place during the period this **policy** is in force.
- (2) **LIMITS OF LIABILITY**
The inclusion under Coverage FH of more than one Insured shall not operate to increase the limits of the Insurer's liability.
 - (a) Under Coverages A.1 and A.2:
The limit of **bodily injury** liability, **property damage** liability, and **personal and advertising injury** liability inclusive stated in the Liability Declarations as applicable to "each accident or **occurrence**" is the limit of the Insurer's liability for all damages arising out of **bodily injury** liability, **property damage** liability, **personal and advertising** liability combined, in respect of any one accident or **occurrence** or series of accidents or **occurrences** arising out of one event, regardless of the number of claims arising therefrom. All **property damage** arising out of a continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one accident or **occurrence**.
The limits of **bodily injury** liability, **property damage**, and **personal and advertising injury** liability stated in the Liability Declarations as "aggregate limit each **policy** year" are the total limits of the Insurer's liability for all damages arising out of the products hazard and completed operations hazard in any one **policy** year. All such damages arising out of one prepared or acquired lot of goods or products shall be considered as arising out of one accident or **occurrence**.
 - (b) Under Coverage A.3:
\$2,000 is the limit of the Insurer's liability for all expenses incurred by or on behalf of each person who sustains **bodily injury**, including death resulting therefrom, in any one accident or **occurrence**.
 - (c) Under Coverage A.4:
The limit of the Insurer's liability for loss of property arising out of any one accident or **occurrence**, shall not exceed the least of:
 - (i) the **actual cash value** of the property at the time of loss;
 - (ii) what it would then cost to repair or replace the property with other of like kind and quality; or
 - (iii) the limit of \$1000.
 Under Coverage A.4 the Insurer may pay for the loss in money, or may repair or replace the property and may settle any claim for loss of property either with the Named Insured or the owner thereof. Any property so paid for or replaced shall, at the option of the Insurer, become the property of the Insurer.
- (3) **BANKRUPTCY**
Bankruptcy or insolvency of **you** or **your** estate will not relieve **us** of our obligations under this **policy**.
- (4) **CANADIAN CURRENCY CLAUSE**
All limits of insurance, premiums and other amounts as expressed in this **policy** are in Canadian currency.
- (5) **NOTICE OF ACCIDENT OR OCCURRENCE**
When an accident or **occurrence** takes place, written notice shall be given by or on behalf of the Insured to the Insurer or any of its authorized agents as soon as practicable. Such notice shall contain particulars sufficient to identify the Insured and all reasonably obtained information respecting the time, place and circumstances of the accident or **occurrence**, the names and addresses of the injured persons and of available witnesses.
- (6) **NOTICE OF CLAIM OR SUIT - COVERAGE A.1, A.2**
If claim is made or suit is brought against an Insured, the Insured shall immediately forward to the Insurer every demand, notice, summons or other process received by him or his representatives.
- (7) **ASSISTANCE AND COOPERATION OF THE INSURED - COVERAGE A.1, A.2**
The Insured shall cooperate with the Insurer and, upon the Insurer's request, shall attend hearings and trials and shall assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses and the conduct of suits.
The Insured shall not, except at their own cost, voluntarily make any payment, assume any obligation or incur any expense other than for such immediate medical and surgical relief to others as shall be imperative at the time of the accident or **occurrence**.
- (8) **MEDICAL REPORTS: PROOF AND PAYMENT OF CLAIM - COVERAGE A.3**
As soon as practicable, the Insured shall arrange for the injured person or someone on his behalf to give to the Insurer written proof of claim, under oath if required, and at the request of the Insurer execute authorization to enable the Insurer to obtain medical reports and copies of records. The injured person shall submit to physical examination by physicians selected by the Insurer when and as often as the Insurer may reasonably require. The Insurer may pay the injured person or organization rendering the services and such payment shall reduce the amount payable hereunder for such injury. Payment hereunder shall not constitute an admission of liability.
- (9) **PROOF AND PAYMENT OF LOSS - COVERAGE A.4**
As soon as practicable, but not later than sixty (60) days after the loss, the Insured shall file proof of loss with the Insurer, under oath if required, setting forth the interest of all persons in the property affected, the actual cash value thereof at time of loss, and the amount, place, time and cause of such loss. Upon the Insurer's request, the Insured and any interested person shall exhibit the damaged property to the Insurer and produce for the Insurer's examination all pertinent records and sales invoices, all at such reasonable times and places as the Insurer shall designate, and shall cooperate with the Insurer in all matters pertaining to loss or claims with respect thereto.
- (10) **ACTION AGAINST INSURER - COVERAGE A.1, A.2**
No **action** shall lie against the Insurer unless, as a condition precedent thereto, the Insured shall have fully complied with all the terms of this coverage, nor until the amount of the Insured's obligation to pay shall have been finally determined either by Judgment against the Insured after actual trial or by written agreement of the Insured, the claimant and the Insurer.
- (11) **ACTION AGAINST INSURER - COVERAGE A.3, A.4**
No **action** shall lie against the Insurer unless, as a condition precedent thereto, there shall have been full compliance with all terms of this coverage, nor until sixty (60) days after the required proofs of claims have been filed with the Insurer.
- (12) **OTHER INSURANCE**

If, at the time of an accident or **occurrence** covered by this coverage there is any other insurance which would attach if this insurance had not been in effect, the Insured under this coverage shall be liable only for the excess, if any, of any loss over the applicable limit of the other insurance covering such loss.

(13) **PREMIUMS**

If the premium is based wholly or partly upon an estimate of **receipts**, such premium shall be subject to adjustment at the termination of the **policy** period if written for one year or less, or at the end of each annual period if written for more than one year, when the Insured shall furnish to the Insurer for the purpose of such adjustment a written statement of the exact amount of all **receipts** accruing during the period of such adjustment. If the earned premium computed thereon exceeds the advance premium paid for such estimates, the Insured shall immediately pay the additional premium due to the Insurer; if less, the Insurer shall return to the Insured the unearned portion of such premium subject to the retention of the minimum premium expressed in the coverage. When used as a premium basis, the word "**receipts**" shall mean the gross amount of money charged by the Insured for such operations during the **policy** period as are rated on a **receipts** basis.

(14) **SEPARATION OF INSUREDS – CROSS LIABILITY**

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this **policy** to the first Named Insured, this insurance applies:

- (a) as if each Named Insured were the only Named Insured; and
- (b) separately to each Insured against whom claim is made or **action** is brought.

SEE ALSO STATUTORY CONDITIONS 1, 3, 4, 5 AND 15 OF THIS POLICY.

PART VI - EMPLOYER'S LIABILITY COVERAGE

If coverage FH Farm Liability is provided, the insurer will include the employer's liability coverage where total anticipated and incurred annual compensation for all employees does not exceed \$2,000. If total anticipated and incurred annual compensation for all employees exceeds \$2,000, employer's liability coverage is provided only where the coverage is listed and a premium charge is specified on the **Declaration Page**.

The coverage modifies insurance provided under Section II Coverage FH (Farm Liability). The following changes are made in **your policy** but only with respect to claims or **actions** because of **bodily injury** to an employee of the Insured arising out of and in the course of employment by the Insured in the **business** described on the **Declaration Page**.

This coverage:

- (1) deletes Section II - Coverage FH - Part IV — Exclusion 10; and
- (2) does not apply to **bodily injury** to an employee while employed in violation of the law with **your** actual knowledge or the actual knowledge of any of **your** executive officers.

THE SPECIAL DEFINITIONS AND PROVISIONS OF COVERAGE FH SHALL APPLY.

COVERAGE FH3 - FARMER'S LIMITED POLLUTION LIABILITY INSURANCE

Applicable only if this coverage is shown to apply on the **Declaration Page**.

Various provisions in this **policy** restrict coverage. Read the entire **policy** carefully to determine rights, duties and what is and is not covered.

PART I - COVERAGES

(1) INSURING AGREEMENTS

(a) Bodily injury and Property Damage

(i) **We** will pay those sums that the Insured becomes legally obligated to pay as compensatory damages because of **bodily injury** or **property damage** to which this insurance applies, provided that:

- (1) such **bodily injury** or **property damage** is caused by a **pollution incident** which commences during the **policy** period; and
- (2) the claim for such compensatory damages is first made against the Insured during the **policy** period or within one year after its termination and reported to **us** in accordance with Part VI Condition 5.

A claim by a person or organization seeking compensatory damages will be deemed to have been made when notice of such claim is received and recorded by any Insured or by us, whichever comes first.

All claims for compensatory damages because of **bodily injury** or **property damage** sustained by any one person or organization as a result of any one **pollution incident** shall be deemed to have been made at the time the first of those claims is made.

(ii) **We** have the right and duty to defend claims made or **actions** brought in Canada against the Insured seeking such compensatory damages and to pay for the **defense expense**. This right and duty is limited as described in Clause 2 of Part I - Defense of Claims or **Actions**.

(iii) Compensatory damages include pre-judgment interest awarded against the Insured on that part of the judgment **we** pay.

(b) Clean-up costs

We will pay the Insured for reasonable and necessary **clean-up costs** incurred by the Insured as a result of the performance by the Insured of an obligation imposed by law on the Insured provided that:

- (i) such **clean-up costs** are incurred because of **environmental damage** to which this insurance applies; and
- (ii) the **environmental damage** is caused by a **pollution incident** which commences during the **policy** period and is reported to **us** during the **policy** period or within thirty (30) days after its termination.

We shall have the right, but not the duty, to participate at our expense in any proceeding seeking to impose legal obligations because of such **environmental damage**.

Each payment **we** make for compensatory damages, **defense expense** or **clean-up costs** reduces the amount of insurance available, as provided under Part III - Limits of Insurance and Deductible. **We** have no obligation under this insurance to make payments or to perform acts or services except as provided for above.

(2) DEFENSE OF CLAIMS OR ACTIONS

(a) **We** have the right and duty to defend claims made or **actions** brought in Canada against the Insured seeking compensatory damages payable under this **policy** for **bodily injury** or **property damage**. **We** may make:

- (i) such investigation of any claim or **actions**; and
- (ii) such settlements within the applicable amount of insurance available as **we** think appropriate.

(b) Our right and duty to defend such claims or **actions** ends when **we** have used up the amount of insurance available, as provided under Part III - Limits of Insurance and Deductible. This applies both to claims and **actions** pending at that time and those filed thereafter.

(c) When **we** control the defense for such claims or **actions**, **we** will pay for the **defense expense**. If by mutual agreement or court order the Insured assumes control of the defense before the applicable amount of insurance available is used up, **we** will reimburse the Insured for the reasonable **defense expense**. In either case, however, the amounts **we** pay will reduce the amount of insurance available, as provided under Part III - Limits of Insurance and Deductible.

(3) EXCLUSIONS

This insurance does not apply to:

- (a) **bodily injury**, **property damage** or **clean-up costs** which are expected or intended from the standpoint of any Insured;
- (b) **bodily injury**, **property damage** or **clean-up costs** arising out of a **pollution incident** which is expected or intended from the standpoint of any Insured;
- (c) liability assumed by any Insured under any contract or agreement, but this exclusion does not apply to liability that such Insured would have in the absence of such contract or agreement;
- (d) any obligation of any Insured pursuant to any employment standards law, workers' compensation law, unemployment insurance law, disability benefits law, occupational health and safety law or any similar law;
- (e)
 - (i) **bodily injury** to an employee of any Insured arising out of or in the course of employment by any Insured; or
 - (ii) any claim for damages by the **spouse**, child, parent, brother, sister or other dependent of an employee of any Insured as a result of **bodily injury** to an employee arising out of or in the course of employment by any Insured.

This exclusion applies:

- (1) whether any Insured may be liable as an employer or in any other capacity; or
 - (2) to any claim for contribution or indemnity by any person, Commission, Board, Corporation or Organization required to pay compensatory damages to an employee of any Insured because of **bodily injury** to that employee;
- (f) **property damage** to or **clean-up costs** at, in or on:
 - (i) any property owned, rented or occupied by any Insured;
 - (ii) any property loaned to or used by any Insured;
 - (iii) any property in the care, custody or control of any Insured; or
 - (iv) any property sold, given away or abandoned by any Insured;
 - (g) **property damage** to or **clean-up costs** at, in or on any waste facility;
 - (h) **bodily injury**, **property damage** or **clean-up costs** caused by a **pollution incident** originating at, in or on any waste facility or caused by a **pollution incident** arising from or incidental to the delivery, handling, storage, disposal, processing or treatment of waste at, in or on any waste facility;
 - (i) **bodily injury**, **property damage** or **clean-up costs** that are within the **products-completed operations hazard**;
 - (j) **bodily injury**, **property damage** or **clean-up costs** caused by a **pollution incident** originating:
 - (i) below the surface of the ground or **water**; or
 - (ii) from **pollutants** which have, at any time, been buried under the surface of the ground or **water**, and then subsequently exposed by erosion, excavation or other means;
 - (k) **bodily injury** in the form of genetic damage or birth defects;

- (l) **bodily injury, property damage, or clean-up costs** arising out of the ownership, use or operation by or on behalf of any Insured of any **self-propelled land motor vehicle**;
 - (m)
 - (i) **bodily injury, property damage or clean-up costs** arising out of the ownership, maintenance, use, operation, loading or unloading, or the entrustment to others, by or on behalf of any Insured of:
 - (1) any railway rolling stock;
 - (2) any watercraft;
 - (3) any air cushion vehicle;
 - (4) any aircraft, including unmanned aircraft; or
 - (ii) **bodily injury, property damage or clean-up costs** arising out of the ownership, existence, use or operation by or on behalf of any Insured of any **premises** for the purpose of an airport or aircraft landing area and all operations necessary or incidental thereto.
 - (n)
 - (i) **bodily injury, property damage or clean-up costs** arising out of a **pollution incident** which results from or is attributable to a failure to comply with any applicable statute, regulation, ordinance, directive or order relating to the protection of the environment and promulgated by any governmental body, provided that failure to comply is a wilful or deliberate act or omission of any Insured; or
 - (ii) **clean-up costs** caused by a **pollution incident** if any Insured is convicted of an offence under any applicable statute or regulation, relating to the protection of the environment and promulgated by any governmental body, as a result of any Insured's failure to comply with a legal duty to report the **pollution incident** to a governmental body or to take remedial steps after the **pollution incident**;
 - (o) **bodily injury or property damage or clean-up costs** outside of Canada;
 - (p)
 - (i) Liability imposed by or arising under the Nuclear Liability Act;
 - (ii) **bodily injury, property damage or clean-up costs** with respect to which an Insured under this **policy** is also insured under a contract of nuclear energy liability insurance (whether the Insured is unnamed in such contract and whether or not it is legally enforceable by the Insured) issued by the Nuclear Insurance Association of Canada or any other insurer or group or pool of insurers or would be an Insured under any such **policy** but for its termination upon exhaustion of its limit of liability;
 - (iii) **bodily injury, property damage or clean-up costs** resulting directly or indirectly from the **nuclear energy hazard** arising from:
 - (1) the ownership, maintenance, operation or use of a **nuclear facility** by or on behalf of an Insured;
 - (2) the furnishing by an Insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility; and
 - (3) the possession, consumption, use, handling, disposal or transportation of **fissionable substances**, or of other **radioactive material** (except radioactive isotopes, away from a nuclear facility, which have reached the final stage of fabrication so as to be usable for any scientific, medical, agricultural, commercial or industrial purpose) used, distributed, handled or sold by an Insured.
- As used in this **policy**:
- (1) The term "**nuclear energy hazard**" means the radioactive, toxic, explosive, or other hazardous properties of **radioactive material**;
 - (2) The term "**radioactive material**" means uranium, thorium, plutonium, neptunium, their respective derivatives and compounds, radioactive isotopes of other elements and any other substances that the Atomic Energy Control Board may, by regulation, designate as being prescribed substances capable of releasing atomic energy, or as being requisite for the production, use or application of atomic energy;
 - (3) The term "**nuclear facility**" means:
 - (a) any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of plutonium, thorium, uranium or any one or more of them;
 - (b) any equipment or device designed or used for:
 - (i) separating the isotopes of plutonium, thorium, and uranium or any one or more of them;
 - (ii) processing or utilizing spent fuel; or
 - (iii) handling, processing or packaging waste;
 - (c) any equipment or device used for the processing, fabricating or alloying of plutonium, thorium or uranium enriched in the isotope uranium 233 or in the isotope uranium 235, or any one or more of them if at any time the total amount of such material in the custody of the Insured at the **premises** where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
 - (d) any structure, basin, excavation, **premises** or place prepared or used for the storage or disposal of waste **radioactive material**; and includes the site on which any of the foregoing is located, together with all operations conducted thereon and all **premises** used for such operations.
 - (4) The term "**fissionable substance**" means any prescribed substance that is, or from which can be obtained, a substance capable of releasing atomic energy by nuclear fission.
- (q) **bodily injury, property damage or clean-up costs** caused by a **pollution incident** resulting from war, invasion, act of foreign enemy, hostilities (whether war be declared or not), **terrorism**, civil war, rebellion, revolution, insurrection or military power, riot or civil commotion, sabotage or any other act of deliberate destruction of property;
 - (r) the erasure, destruction, corruption, misappropriation or misinterpretation of data;
 - (s) erroneously creating, amending, entering, deleting or using data;
 - (t) **bodily injury or property damage or clean-up costs** caused by a **pollution incident** arising out of any actual or alleged liability whatsoever for any claim or claims in respect of loss or losses, damage, cost or expenses directly or indirectly caused by resulting from or in consequence of, or in any way involving asbestos, or any materials containing asbestos in whatever form or quantity. This exclusion applies regardless of any other cause that contributes concurrently or in any sequence to the loss, damages, cost or expense.

(4) **CLARIFICATION OF INTENTION**

For greater certainty in interpreting the Insuring Agreements, the parties to this **policy** confirm that the Insuring Agreements are not intended to apply to:

- (a) **bodily injury, property damage or clean-up costs** which result from or are caused by anything other than a **pollution incident**;
- (b) punitive, aggravated or exemplary damages; or
- (c) fines or penalties imposed by law.

PART II - WHO IS AN INSURED

- (1) If **you** are designated on the **Declaration Page** as:
 - (a) an individual, **you** and **your spouse** are Insureds, but only with respect to the conduct of a **business** of which **you** are the sole owner;
 - (b) a partnership or joint venture, **you** are an Insured. **Your** members, **your** partners, and their **spouses** are also Insureds, but only with respect to the conduct of **your business**;
 - (c) an organization other than a partnership or joint venture, **you** are an Insured. **Your** executive officers and directors are Insureds, but only with respect to their duties as **your** officers or directors. **Your** shareholders are also Insureds, but only with respect to their liability as shareholders.
- (2) Each of the following is also an Insured:
 - (a) **Your** employees, other than **your** executive officers, but only for acts within the scope of their employment by **you**. However, none of these employees is an Insured for:
 - (i) **bodily injury** to **you** or to a co-employee while in the course of his or her employment; or
 - (ii) **bodily injury** to any person who at the time of injury is entitled to benefits under any workers' compensation law; or
 - (iii) **property damage** to property owned or occupied by or rented or loaned to that employee, any of **your** other employees, or any of **your** partners or members (if **you** are a partnership or joint venture).
 - (b) Any person (other than **your** employee), or any organization while acting as **your** real estate manager.
 - (c) Any person or organization having proper temporary custody of **your** property if **you** die, but only:
 - (i) with respect to liability arising out of the maintenance or use of that property; and
 - (ii) until **your** legal representative has been appointed.
 - (d) **Your** legal representative if **you** die, but only with respect to duties as such. That representative will have all **your** rights and duties under this **policy**.

No person or organization is an Insured with respect to the conduct of any current or past partnership or joint venture that is not shown as a Named Insured on the **Declaration Page**.

PART III - LIMITS OF INSURANCE AND DEDUCTIBLE

- (1) **AGGREGATE LIMIT**
 - (a) Regardless of the number of Insureds under this **policy**, or the number of persons or organizations who make claims or bring **actions**, or the number of claims made or **actions** brought, or the amount of **clean-up costs** incurred, in no event shall our total limit of liability for:
 - (i) all **clean-up costs** incurred;
 - (ii) all **defense expense** for claims and **actions** seeking compensatory damages because of **bodily injury** and **property damage**, or both; and
 - (iii) all compensatory damages because of all **bodily injury** and all **property damage**;exceed the limit of liability stated on the **Declaration Page** as Aggregate Limit.
 - (b) Any and all payments made by **us** for such compensatory damages, **clean-up costs** or **defense expense** shall reduce, by the amount of the payment, the limit of liability stated on the **Declaration Page** as Aggregate Limit. In this **policy**, the Aggregate Limit as reduced by any such payment or payments is referred to as the amount of insurance available.
 - (c) When the Aggregate Limit stated on the **Declaration Page** is reduced to the extent that there is no amount of insurance available, **we** shall have no further obligations or duties under this **policy**. Without limiting the generality of the foregoing, **we** shall have no further obligation to make any payments for damages, **clean-up costs** or **defense expense** and shall have no further duty to defend or to continue to defend any claims or **actions**.
 - (d) **You** agree to reimburse **us** for any amounts paid by **us** for compensatory damages, **clean-up costs** or **defense expense** in excess of the amount of insurance available forthwith upon demand.
- (2) **INCIDENT LIMIT**
 - (a) Subject to Section 1 of Part III above, and regardless of the number of Insureds under this **policy**, or the number of persons or organizations who make claims or bring **actions**, or the number of claims made or **actions** brought, or the amount of **clean-up costs** incurred, in no event shall our total limit of liability for:
 - (i) all **clean-up costs** incurred;
 - (ii) all **defense expense** for claims and **actions** seeking compensatory damages because of **bodily injury** or **property damage** or both; and
 - (iii) all compensatory damages because of **bodily injury** and **property damage**, from any one **pollution incident** exceed the limit of liability for each **pollution incident** stated on the **Declaration Page**, less any Deductible Amount stated on the **Declaration Page**.
 - (b) **We** may, or if required by law shall, pay part or all of any Deductible Amount stated on the **Declaration Page** in order to affect settlement of any claim or **action**. **You** shall reimburse **us** for any Deductible Amount so paid by **us** forthwith upon demand.
 - (c) **You** agree to reimburse **us** for any amounts paid by **us** for compensatory damages, **clean-up costs** or **defense expense** in excess of the amount of insurance available forthwith upon demand.

The limits of this **policy** apply separately to each consecutive annual period, starting with the beginning of the **policy** period shown on the **Declaration Page**, unless the **policy** period is extended after issuance for an additional period of less than twelve (12) months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

PART IV - POLICY TERRITORY AND SCOPE

This insurance applies only to **bodily injury**, **property damage**, **clean-up costs** or **defense expense** caused by or incurred by reason of a **pollution incident** occurring in the Province of Nova Scotia or Prince Edward Island but not to any such **bodily injury**, **property damage** or **clean-up costs** for which an **action** on the merits is brought outside Canada, nor to any **defense expense** incurred in, or as a result of, such an **action** on the merits being brought outside Canada.

PART V - DEFINITIONS

“**Clean-up costs**” means expenses for the removal or neutralization of **pollutants**.

“**Defense Expense**” means payments allocated to a specific claim or **action** for its investigation, settlement, or defense, including:

- (a) legal fees, expert fees, disbursements and all other litigation expenses;

- (b) reasonable expenses incurred by the Insured at our request to assist **us** in the investigation or defense of the claim or **action** including actual loss of earnings up to \$300 a day because of time off from work;
- (c) all costs taxed against the Insured in the **action**.

Defense Expense does not include salaries and expenses of our employees or the Insured's employees, other than:

- (i) that portion of our employed lawyers' fees, salaries and expenses allocated to a specific claim or **action**; and
- (ii) the expenses described in (b) above.

"Environmental damage" means the injurious presence of **pollutants** in or upon land, the atmosphere, or any watercourse or body of **water**.

"Insured's Product" means:

- (a) any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (i) any Insured;
 - (ii) others trading under any Insured's name; or
 - (iii) a person or organization whose **business** or assets any Insured has acquired; and
- (b) containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

The **Insured's product** includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in (a) and (b) above.

The **Insured's product** does not include vending machines or other property rented to or located for the use of others but not sold.

"Insured's Work" means:

- (a) work or operations performed by any Insured or on behalf of any Insured; and
- (b) materials, parts or equipment furnished in connection with such work or operations.

The **Insured's work** includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in (a) or (b) above.

"Motor Vehicle" means a land motor vehicle, trailer or semi-trailer that is required by law to be insured by a motor vehicle liability **policy**, or any vehicle insured under such a contract, including any attached machinery or equipment. **Motor Vehicle** does not include, except while being towed by or carried on a **motor vehicle**, any of the following:

- (a) utility, boat, camp or home trailer;
- (b) **recreational vehicles** designed for use off public roads, including golf carts while being used for golfing purposes;
- (c) crawler or **farm** type tractor;
- (d) self-propelled vehicles other than crawler or **farm** type tractors used specifically for farming; or
- (e) any equipment designed for use principally off of public roads.

"Pollutants" means any solid, liquid or gaseous contaminant other than heat, sound, vibration or radiation.

"Pollution incident" means an unexpected and unintentional discharge, dispersal, release or escape of any **pollutants**, that is sudden and accidental. Such discharge, dispersal, release or escape is the result of the normal farming operations of the Insured resulting in **environmental damage**. The entirety of any such **occurrences** which arises out of a continuous or repeated exposure to substantially the same conditions shall be deemed to be one **pollution incident**.

"Products-Completed Operations Hazard" includes all **bodily injury, property damage** and **clean-up costs** occurring away from **premises** any Insured owns or rents and arising out of the **Insured's product** or the **Insured's work** except:

- (a) products that are still in **your** physical possession; or
- (b) work that has not yet been completed or abandoned.

The **Insured's work** will be deemed completed at the earliest of the following times:

- (i) when all of the work called for in the Insured's contract has been completed.
- (ii) when all of the work to be done at the site has been completed if the Insured's contract calls for work at more than one site.
- (iii) when that part of work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.
- (iv) work that may need service, maintenance, correction, repair or replacement but which is otherwise complete, will be treated as completed.

This hazard does not include **bodily injury, property damage** or **clean-up costs** arising out of the existence of tools, uninstalled equipment or abandoned or unused materials.

"Property Damage" means:

- (a) physical injury to, destruction of, or contamination of tangible property, including all loss of use thereof at any time resulting therefrom; or
- (b) loss of use of tangible property which has not been physically injured, destroyed, or contaminated but which has been evacuated, withdrawn from use, or rendered inaccessible because of a **pollution incident**.

"Waste facility" means any site operated by any person or organization for the storage, disposal, processing or treatment of waste material, other than a site operated by any Insured and disclosed in the Application for this **policy**.

PART VI - CONDITIONS

(1) Authorization

By acceptance of this **policy**, the first Named Insured on the **Declaration Page** agrees to act on behalf of all other Insureds, if any, named or described on the **Declaration Page** or included under Part II of this **policy**, with respect to all duties and obligations imposed on any Insured under this **policy**, including, without limitation, the completion of the Application for this **policy**, the giving and receiving of notice of a **pollution incident**, claim or **action**, the giving or receiving of notice of cancellation, the payment of premiums and the receiving of any return premiums that may become due under this **policy**, and all other Insureds agree that the first Named Insured on the **Declaration Page** is authorized to so act on their behalf.

(2) Bankruptcy

Bankruptcy or insolvency of the Insured or of the Insured's estate will not relieve **us** of our obligations under this **policy**.

(3) Cancellation

- (a) The first Named Insured shown on the **Declaration Page** may cancel this **policy** by mailing or delivering to **us** advance written notice of cancellation.

- (b) **We** may cancel this **policy** by mailing or delivering to the first Named Insured written notice of cancellation at least:
- (i) fifteen (15) days before the effective date of cancellation if **we** cancel for non-payment of premium; or
 - (ii) thirty (30) days before the effective date of cancellation if **we** cancel for any other reason.
- (c) **We** will mail or deliver our notice to the first Named Insured's last mailing address known to us.
- (d) Notice of cancellation will state the effective date of cancellation. The **policy** period will end on that date.
- (e) If this **policy** is cancelled, **we** will send the first Named Insured any premium refund due. If **we** cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if **we** have not made or offered a refund.
- (f) If notice is mailed, proof of mailing will be sufficient proof of notice.
- (4) **Changes**
This **policy** contains all the agreements between **you** and **us** concerning the insurance afforded. This **policy's** terms can be amended or waived only by endorsement issued by **us** and made a part of this **policy**.
- (5) **Duties in the Event of Pollution Incident, Claim or Action**
- (a) **You** must see to it that **we** are notified immediately of a **pollution incident**. Notice should include:
 - (i) how, when, where the **pollution incident** took place;
 - (ii) the names and addresses of any injured persons and of witnesses; and
 - (iii) the nature and location of any **property damage** arising out of the **pollution incident**.

Notice of a **pollution incident** is not notice of a claim.
 - (b) If a claim is made or **action** is brought against any Insured, **you** must see to it that **we** receive immediate written notice of the claim or **action**.
 - (c) **You** and any other involved Insured must:
 - (i) immediately send **us** copies of any demands, notices, summonses or legal papers received in connection with the claim or **action**;
 - (ii) authorize **us** to obtain records and other information;
 - (iii) cooperate with **us** in the investigation, settlement or defense of the claim or **action**; and
 - (iv) assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the Insured because of injury or damage to which this insurance may also apply.
 - (d) No Insured will, except at its own cost, voluntarily make a payment, assume any obligation, or incur any expense, without our consent other than expenses for immediate **clean-up costs** which are required by any applicable statute or regulation related to the protection of the environment and promulgated by any governmental body.
- (6) **Examination of Books and Records**
We may examine and audit any Insured's books and records as they relate to this **policy**.
- (7) **Inspections and Surveys**
We have the right but are not obligated to:
- (a) make inspections and surveys at any time;
 - (b) give **you** reports on the conditions **we** find; and
 - (c) recommend any changes.
- Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. **We** do not make safety inspections. **We** do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And **we** do not warrant that conditions:
- (a) are safe or healthful; or
 - (b) comply with statutes, regulations, ordinances, directives, orders, codes or standards.
- This condition applies not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations. The Insurer waives no right and undertakes no responsibility by reason of any such inspection, survey, report or recommendation or the omission thereof.
- (8) **Legal Action Against Us**
No person or organization has a right under this **policy**:
- (a) to join **us** as a party or otherwise bring **us** into an **action** asking for compensatory damages from an Insured; or
 - (b) to sue **us** on this **policy** unless all of its terms have been fully complied with. A person or organization may sue **us** to recover on an agreed settlement or on a final judgment against an Insured obtained after an actual trial, but **we** will not be liable for compensatory damages that are not payable under the terms of this **policy** or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the Insured and the claimant or the claimant's legal representative. Every **action** or proceeding against **us** shall be commenced within one year next after the date of such judgment or agreed settlement and not afterwards.
- (9) **Material Change in the Risk**
If any change shall occur materially varying any of the statements made in the Application or during any inspection or survey, or if the Insured shall receive information indicating a material increase in the risks to which this **policy** relates, the Insured shall, within thirty (30) days of such change of information becoming known, give **us** notice of such change in writing.
- (10) **Other Insurance**
If at the time of the **pollution incident** covered by this **policy** there is any other insurance applicable **we**, under this **policy**, will be liable only for the excess, if any, of any loss over the applicable limit of the other insurance covering such loss.
- (11) **Premium Audit**
- (a) **We** will compute all premiums for this **policy** in accordance with our rules and rates.
 - (b) Premium shown in this **policy** as advance premium is a deposit premium only. At the close of each audit period **we** will compute the earned premium for that period. Audit premiums are due and payable on notice to the first Named Insured. If the sum of the advance and audit premiums paid for the **policy** term is greater than the earned premium, **we** will return the excess to the first Named Insured subject to the retention of the minimum premium shown on the **Declaration Page**.
 - (c) The first Named Insured must keep records of the information **we** need for premium computation, and send **us** copies at such times as **we** may request.
- (12) **Priority of Payment**
Where the total of all compensatory damages because of **bodily injury** or **property damage** and all **clean-up costs** and all **defense expense** exceed the limits of liability for any one **pollution incident** or exceed the amount of insurance available, the available proceeds of this insurance shall be applied in the following descending order of priority:
- (a) **clean-up costs**;

- (b) **defense expense;**
- (c) **property damage;**
- (d) **bodily injury.**

(13) **Representations**

By accepting this **policy**, **you** agree that:

- (a) the statements in the Application and Declarations are accurate and complete;
- (b) those statements are based upon representations **you** made to us; and
- (c) **we** have issued this **policy** in reliance upon **your** statements and representations.

(14) **Separation of Insureds, Cross Liability**

Except with respect to the Limits of Insurance, and any rights or duties assigned to the first Named Insured, this insurance applies:

- (a) as if each Named Insured were the only Named Insured; and
- (b) separately to each Insured against whom claim is made or **action** is brought.

(15) **Transfer of Rights of Recovery Against Others to Us**

If the Insured has rights to recover all or part of any payment **we** have made under this **policy**, those rights are transferred to us. The Insured must do nothing after loss to impair them. At our request, the Insured will bring **action** or transfer those rights to **us** and help **us** enforce them.

(16) **Transfer of your Rights and Duties Under this Policy**

Your rights and duties under this **policy** may not be transferred without our written consent except in the case of death of an individual Named Insured.

If **you** die, **your** rights and duties will be transferred to **your** legal representative but only while acting within the scope of duties as **your** legal representative. Until **your** legal representative is appointed, anyone having proper temporary custody of **your** property will have **your** rights and duties but only with respect to that property.