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INSURING AGREEMENTS

WORDS AND PHRASES IN BOLD HAVE SPECIAL MEANING AS DEFINED

We provide the insurance described in this **policy** in return for payment of the premium and subject to the terms and conditions set out in the **policy**.

This **policy** consists of two sections and a **Declaration Page**.

- Section I describes the insurance for **your** property.
- Section II describes the insurance for **your** legal liability to others because of **bodily injury** or **property damage** and **personal and advertising injury liability**.

We shall be liable only for the coverages as indicated on the **Declaration Page**.

Provided, however, that where the insurance applies to the property of more than one person or interest, our total liability for loss sustained by all such persons and interests shall be limited in the aggregate to the specified limits of insurance.

GENERAL DEFINITIONS

You or **your** means the person(s) named as Insured on the **Declaration Page** and, while living in the same household, his or her **spouse**, the relatives of either, or any person under the age of twenty-one (21) in their care. This also includes any **student** insured by this **policy**, who is temporarily living away from home for the purpose of attending a school, college or university.

Spouse means a person of the same or opposite sex who is legally married to the Insured or a **domestic partner** who has been living with an Insured for at least twelve (12) consecutive months. **Domestic partner** means an unmarried opposite sex or same sex partner with whom **you** live in a committed relationship.

Only the person(s) named on the **Declaration Page** may take legal **action** against us.

We or **us** means the company providing this insurance.

SECTION I - FARM PROPERTY

DEFINITIONS FOR SECTION I

"**Actual Cash Value**" means the cost, at the time of loss or damage to property, which takes into account such things as the cost of replacement less any depreciation, and market value. In determining depreciation, **we** will consider the condition immediately before damage, the resale value, the upkeep, condition and maintenance of such property and the normal life expectancy.

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

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

"**Declaration Page**" means the section of the insurance **policy** containing basic information such as **your** name and address, the description and location of the insured property, the **policy** term, the amount of coverage, limit of insurance, and premium amounts.

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

"**Earthquake**" means all **earthquake** shocks and aftershocks occurring within any consecutive one hundred and sixty-eight (168) hours during the **policy** period.

"**Explosion**" means the **explosion** of coal, natural, or manufactured gas.

"**Falling Object**" means a **falling object** which strikes the exterior of a **farm building** but not objects which strike the **farm building** because of snow slide, landslide or any other earth movement.

"**Farm**" means an area of land and **farm buildings** for the growing of crops and/or raising of animals.

"Farm Building(s)" means barns, implement sheds, storage buildings, private workshops, silos and grain bins that are owned by **you** which are designed and built for storage or housing of **farm produce** and/or **farm livestock** or **farm machinery** including additions, extensions or lean-tos in contact with the **farm building**. **Farm Building** includes materials and supplies on **premises** intended for use in construction, alteration, repair, service or maintenance of a **farm building**. **Farm Building** includes fixtures attached to the **farm building** including ventilation fans, stabling, stalls, pens, lighting, computer/robotic equipment, electronic data equipment, milk coolers, milking equipment, stable cleaners, weigh scales, feeding equipment, watering equipment, exterior wiring systems and **farm** fences, that are attached to the **farm building**.

"Farm Building Contents" means contents usual to a farming operation that are not permanently attached to a **farm building** as defined above.

"Farm Livestock" means such classes of livestock as horses, mink, cattle, sheep, goats, swine and poultry with each class insured separately.

"Farm Income" means the amount by which **revenue** and the amounts of closing stocks and work in progress, exceeds the sum of the amounts of opening stock and work in progress and the amount of the **variable operating expenses**.

"Farm Machinery" means all mobile machinery, farm tools, **farm** equipment and implements used in the farm operation, only while in use for agricultural purposes, which are not fixed to any **farm building** or the ground.

"Farm Produce" means commercial feeds, commercial fertilizers, commercial herbicides and pesticides, milk and eggs, and anything that is an agricultural product of the soil. **Farm produce** shall not include tobacco, lumber, unharvested crops, or if held for resale, unless specifically insured: seed, commercial fertilizers, herbicides and pesticides. Produce shall include unharvested grain for loss or damage by fire only.

"Flood" means waves, tides, tsunamis, tidal waves, and the rising of, the breaking or the overflow of, any body of **water**, whether natural or manmade.

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

"Glass Breakage" means loss to glass constituting a part of a **farm building(s)** insured, including glass in storm doors and storm windows. Leaded or stained glass windows are only insured as ordinary glass.

"Leakage" means the accidental entry, escape or release of **water** or other fluid through a gap, flaw or other opening.

"Normal" means the condition which would have existed had no loss occurred.

"Occurrence" means an accident or event, occurring within the **policy** period, to which coverage under this **policy** applies. Continuous or repeated exposure to the same general harmful conditions or to similar acts or omissions constitutes a single **occurrence**.

"Plumbing System" means: **water** supply and distribution pipes, wells and attached equipment, waste and vent pipes, inside drains, permanently installed fixtures such as toilets, sinks, tubs and showers, but **plumbing system** does not include: **water mains**, septic systems or connected piping located outside of the **farm building**, sewer lines located outside of the **farm building**, sump pits, sump pumps and their attached piping or equipment, outside drains, weeping tiles, French drains or similar systems, eaves troughs or downspouts located inside or outside the **farm building**.

"Policy" includes the wordings, sections, **Declaration Page** and **policy** amendments contained herein.

"Pollutants" mean any solid, liquid, gaseous or thermal irritant, or contaminants including odour, vapour, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

"Premises" means **farm buildings** as named in the **Declaration Page** including the land immediately surrounding and belonging to it.

"Rateable Proportion" means the amount of insurance provided by this **policy**, divided into the total amount of insurance in force on the property damaged or destroyed at the time of loss, multiplied by the actual loss incurred.

"Replacement" includes repair, construction or reconstruction with new property of like kind and quality.

"Replacement Cost" means the cost, at the time of loss, of repairs, or replacement (whichever is lower) with new property of similar kind and quality and usefulness, without deduction for depreciation.

"Revenue" means the money paid or payable to **you** for goods sold and delivered and for services rendered in the course of the **business** insured under this policy after allowing for returns and discounts.

"**Seepage**" means the slow movement or oozing of **water** or other fluid through small openings, cracks, or pores.

"**Site**" means the footprint of the **farm building** as outlined by the **farm building's** foundation.

"**Smoke**" means **smoke** due to a sudden, unusual and faulty operation of any apparatus vented to a chimney.

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

"**Student**" means any **student** insured by this **policy**, who is temporarily living away from home for the purpose of attending a school, college, or university. The **student** must be dependent on **you** or **your spouse** for support and maintenance.

"**Surface Water**" means **water** on the surface of the ground where **water** does not usually accumulate in ordinary watercourses, lakes, or ponds. This includes any waterborne objects.

"**Terrorism**" means an ideologically motivated unlawful act or acts, including, but not limited to the use of violence or force or threat of violence or force, committed by, or on behalf of any group(s), organization(s) or government(s) for the purpose of influencing any government and/or instilling fear in the public or a section of the public. If an act of **terrorism** results in a fire and the *Insurance Act* or similar statute applicable to the location of the insured property requires coverage for losses resulting from fire, then such fire damage shall be insured by this **policy**.

"**Transportation**" means loss or damage to insured property while it is in transit caused by collision, upset, overturn, derailment, stranding or sinking of any motorized vehicle or attached trailer in which the insured property is being carried. This also applies to any conveyance of a common carrier.

"**Under Construction**" means construction from the foundation, or any alterations, additions or repairs to the **farm building** which results in the piercing of an exterior wall, or the roof, for more than twenty-four (24) hours, or which necessitates **your** temporary relocation.

"**Unoccupied**" means a **farm building** that is not used on a regular basis. In such instances, the majority of the usual contents remain in the **farm building** because **you** intend to continue to utilize the **farm building** after frequent, short intervals.

"**Vacant**" means a **farm building** where the occupant(s) has/have moved out with no intent to return, regardless of the presence of contents.

"**Variable Operating Expense**" means those expenses, which are directly linked to activity and therefore maintain the same ratio to sales whatever the level of trading.

"**Water**" means the chemical element defined as H₂O in any of its three natural states: liquid, solid, and gaseous.

"**Water Escape**" means:

- (a) the sudden and accidental escape of **water** from within a **water main**, swimming pool or equipment attached;
- (b) the sudden and accidental escape of **water** or steam from within a heating, sprinkler, air conditioning or **plumbing system**, or **domestic appliance** which is located inside the **farm building**;
- (c) **water** which enters through an opening which has been created suddenly and accidentally by an insured peril.

"**Water Main**" means a pipe forming part of a public **water** distribution system, which conveys consumable **water** but not wastewater.

"**Windstorm or Hail**" means damage done by a wind or hail storm, but excludes loss or damage caused by weight of ice, snow or sleet, waves or **floods**, all whether driven by wind or not. **Windstorm or hail** does not include loss or damage to **your farm building contents** within a **farm building**, caused by **windstorm, hail**, or coincidental rain damage unless the storm first creates an opening in the **farm building**.

COVERAGE FAA, FA, FB and FC - FARM BUILDINGS & FARM BUILDING CONTENTS

We insure the **farm buildings** and **farm building contents** as described and scheduled with an amount of insurance as listed on the **Declaration Page**. The insurance provided by this coverage is against direct physical loss or damage resulting from the perils listed for the applicable coverage. The coverage applicable to **you** (FAA, FA, FB, or FC) will be indicated on the **Declaration Page** of this **policy**:

Coverage FAA includes Perils (1) to (13)

Coverage FA includes Perils (1) to (12)

Coverage FB includes Perils (1) to (8)

Coverage FC Includes Perils (1) to (3)

- (1) Fire;
- (2) Lightning;
- (3) **Explosion;**
- (4) **Falling object;**
- (5) Impact by aircraft or parts of aircraft, land vehicle, or spacecraft;
- (6) Artificial Electricity;
- (7) Riot;
- (8) **Windstorm or Hail;**
- (9) **Smoke;**
- (10) **Glass Breakage;**
- (11) Vandalism or Malicious Acts;
- (12) Theft;
- (13) All risks of direct physical loss or damage, subject to terms and conditions below.

LOSS OR DAMAGE NOT INSURED BY COVERAGE FAA, FA, FB and FC

We shall not be liable for loss or damage:

- (a) Under (3) **Explosion:**
 - (i) as a result of **water** hammer.
- (b) Under (8) **Windstorm or Hail:**
 - (i) to outdoor radio or television antennae, satellite dishes, towers or their appurtenances;
 - (ii) to straw or hay stacks;
 - (iii) caused by **water**, waterborne objects, snow, snow load, ice, ice load, waves, tidal waves, or land subsidence;
 - (iv) to insured property or to the interior of an insured **farm building** caused by **windstorm, hail** or coincidental rain damage, unless the storm first creates an opening in the **farm building**.
- (c) Under (10) **Glass Breakage**, (11) Vandalism or Malicious Acts:
 - (i) occurring while the **farm building** insured is **vacant** or **under construction**, irrespective of any permission for vacancy or construction elsewhere in the **policy**; or
 - (ii) to property insured caused by theft or attempted theft.
- (d) Under (11) Vandalism or Malicious Acts:
 - (i) caused by **you** or any of **your** tenants, employees or members of **your** household.
- (e) Under (13) All risks of direct physical loss or damage:
 - (i) due to the cost of making good faulty material, workmanship or design;
 - (ii) caused by settling, expansion, contraction, moving, shifting or cracking;
 - (iii) caused by **smoke** from agricultural smudging or industrial operations;
 - (iv) due to build-up of **smoke** from any source. **Smoke** damage must be sudden and accidental;
 - (v) caused by snow slide, ice slide, landslide, subsidence, **earthquake**, or any other earth movement. If any of these results in fire, **explosion, smoke** or **leakage** from fire protective equipment **we** will pay only for the resulting loss or damage;
 - (vi) caused by **flood, surface water**, spray, waves, tides, tidal waves, and the rising of, the breaking out or the overflow of any body of **water** whether natural or not, unless the loss or damage results from fire, **explosion, smoke**, or **leakage** from fire protective equipment or from a **water main**;
 - (vii) caused by backing up of **water** from a sewer or drain, sump, or septic tank;
 - (viii) caused by freezing in a **farm building** that is not heated during the normal heating season by a permanently installed mechanical heating device;
 - (ix) caused by **seepage, leakage** or influx of **water** from natural sources including through sidewalks, sidewalk lights, driveways, foundations, walls, basement or other floors, or through doors, windows or any other openings in the **farm building**;
 - (x) caused by the entrance of rain, sleet or snow through doors, windows, skylights or other wall or roof openings;

- (xi) due to delay, loss of use or occupancy;
- (xii) caused directly or indirectly from the growing, manufacturing, processing, storing, possession 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 knowledge of such activity;
- (xiii) by **terrorism**;
- (xiv) by **fungi**.

ADDITIONAL AGREEMENTS OF COVERAGE FAA and FA

The following additional agreements shall not increase the amount of insurance.

(1) **Optional Loss Settlement Clause**

At **your** option, in the event of loss or damage to the **farm building**, **we** agree to make settlement on the basis of the cost of repairs to, or the **replacement cost** of the **farm building** (whichever is the lesser) with material of like kind and quality without deduction for depreciation, subject to the following provisions:

- (a) that if there is other valid insurance, such insurance is written subject to this "Optional Loss Settlement Clause" in identical terms;
- (b) replacement shall be on any **premises** insured by this policy;
- (c) that repair or replacement must be executed with due diligence and dispatch.

In the event of **you** exercising this option, our Limit of Liability shall be the least of the following:

- (a) the amount actually spent for repair or replacement;
- (b) the limit of insurance applicable for such **farm building**; or
- (c) that proportion of the cost of repair or replacement which the total amount of all valid insurance applicable thereto under all like options in force at the time of the loss or damage bears to 80% of the **replacement cost** of the entire **farm building**.

If this Section insures two or more **farm buildings**, this Optional Loss Settlement Clause shall apply separately to each **farm building**.

(2) **Fences**

We insure fences or corrals to a maximum of \$500 for loss or damage caused by fire.

SEE ALSO CONDITIONS OF SECTION I, LOSS OR DAMAGE NOT INSURED BY SECTION I AND CONDITIONS OF THIS POLICY

COVERAGE FD - FARM PRODUCE

We insure the **farm produce** that is scheduled with an amount of insurance as listed on the **Declaration Page**. The insurance provided by this coverage **is against** direct physical loss or damage to **farm produce**, resulting from the perils as listed:

- (1) Fire, **Explosion, Smoke** or Lightning;
- (2) **Windstorm or Hail**;
- (3) Riot;
- (4) Collapse of **farm buildings**, bridges or culverts;
- (5) Collision or Derailment or Overturn of a vehicle on which insured property is being transported;
- (6) Impact by aircraft or parts of aircraft, land vehicle, or spacecraft;
- (7) Stranding, sinking, burning or collision of vessels including general average and salvage charges incurred, while waterborne on land conveyances on board any regular ferry while operated on inland or coastal waterways only;
- (8) Theft from within **farm buildings**;
- (9) Vandalism or Malicious Acts.

LOSS OR DAMAGE NOT INSURED BY COVERAGE FD

We shall not be liable for loss or damage under (2) **Windstorm or Hail**:

- (i) to **farm produce** inside a **farm building** caused by **windstorm, hail** or coincidental rain damage, unless the storm first creates an opening in the **farm building**.

ADDITIONAL AGREEMENTS OF COVERAGE FD

Refrigerated Farm Produce

This coverage includes direct physical loss or damage to insured produce, while contained in refrigeration units within **farm building(s)** insured under this **policy**, due to change of temperature as a result of direct physical damage to these **farm building(s)** or equipment in said **farm building(s)**, caused by a peril insured against under Coverage FD, or due to mechanical breakdown of the refrigeration unit or electrical power interruption.

LOSS OR DAMAGE NOT INSURED BY REFRIGERATED FARM PRODUCE

We shall not be liable for loss or damage resulting from:

- (i) inherent vice and/or natural spoilage;
- (ii) spoilage as a result of accidental or manual disconnection of the refrigeration unit.

SEE ALSO CONDITIONS OF SECTION I, LOSS OR DAMAGE NOT INSURED BY SECTION I AND CONDITIONS OF THIS POLICY

COVERAGE FE - FARM MACHINERY AND EQUIPMENT

We insure the **farm machinery** and equipment as described and scheduled with an amount of insurance as listed on the **Declaration Page**. The insurance provided by this coverage is against direct physical loss or damage resulting from the perils listed for the applicable coverage. The coverage applicable to **you** will be indicated on the **Declaration Page** of this **policy**:

Coverage FE1 includes Perils (1) to (12)

Coverage FE2 includes Perils (1) to (11)

Coverage FE3 includes Perils (1) to (3)

- (1) Fire;
- (2) Lightning;
- (3) **Explosion**;
- (4) **Windstorm or Hail**;
- (5) **Earthquake**;
- (6) Theft or attempted theft;
- (7) Riot;
- (8) Impact by aircraft or parts of aircraft, or spacecraft;
- (9) Rising **water**;
- (10) Stranding, sinking, burning, derailment or collision of any conveyance in or upon which the insured machinery is being transported;
- (11) Collision with another object or upset. There is no liability under this peril for internal damage to harvesting machines caused by material or objects passing through the machine;
- (12) All risks of direct physical loss or damage from any external cause subject to the terms and conditions below.

LOSS OR DAMAGE NOT INSURED BY COVERAGE FE

We shall not be liable for loss or damage:

- (a) to tires or tubes unless the loss or damage is caused by fire, **windstorm or hail**, theft or vandalism or is coincident with other loss or damage insured by this coverage;
- (b) for internal damage to combines, balers, forage harvesters or other harvesting equipment caused by clogging, compacting, plugging or piling up of straw, hay or other material intended to be ingested into the machine;
- (c) caused by or resulting from breaking or falling through ice.

PROPERTY NOT INSURED UNDER COVERAGE FE

This Section FE does not insure against loss or damage:

- (1) to automobiles, motorcycles, mobile homes, house trailers, vehicles designed or licensed for road use (except **farm** tractors or **farm** implements), motorized snow vehicles, aircraft or any vehicle subject to registration under any government authority, including equipment and appurtenances of any of the foregoing;

- (2) for described property if used for brush cutting (other than brush cutting on land owned, leased or used by the Insured), logging, forestry or sawmill operations;
- (3) for machinery used principally for custom work (coverage is provided on machinery used principally on the Insured's own farm with only incidental custom use).

LIMITS OF COVERAGE FE

Unless specifically insured, coverage shall be limited to not more than \$1,000 on any individual item. Unless specifically scheduled, coverage on repair parts shall be limited to an aggregate of \$1,000 per **occurrence**.

Farm tractors and combines must be specifically insured.

ADDITIONAL AGREEMENTS OF COVERAGE FE

(1) **Newly Acquired Farm Machinery & Equipment**

The insurance provided by this coverage with respect to **farm machinery** and equipment is extended to apply to additional items of a similar nature to those scheduled and described in the **Declaration Page** of this **policy**, which are **your** property and have been acquired during the term of this **policy**. In consideration of this additional agreement **you** agree to report such additions within thirty (30) days from the date acquired, and to pay premiums thereon from the date acquired at pro rata of the coverage rate. It is specifically understood and agreed, however, that this coverage shall cease to cover such items if they are not reported to **us** within the said thirty (30) day period. **We** shall not be liable under the provisions of this agreement for more than 25% of the limit of insurance under this coverage on **farm machinery** and equipment.

(2) **Damage to Non-Owned Farm Equipment (Excluding Rented or Leased Equipment)**

At **your** option up to 10% of the limit of insurance on **farm machinery** and equipment may be applied to indemnify **you** for direct loss or damage to non-owned **farm machinery** and equipment while in **your** care, custody or control resulting from the perils insured against in this coverage.

OPTIONAL COVERAGES FOR FARM MACHINERY AND EQUIPMENT

These optional coverages apply only if a limit of insurance for the applicable coverage is shown on the **Declaration Page**.

LOSS OF USE ENDORSEMENT

If the **Declaration Page** shows that the **Loss of Use Endorsement** applies, **we** will pay for the necessary extra expense which **you** incur for rental of a substitute machine to continue normal farming operations which are interrupted because of loss or damage to the machine resulting from the perils for which the damaged or destroyed machine is insured.

LIMITS

Payment is limited to:

- (a) the limit of insurance stated on the **Declaration Page**; and
- (b) only the reasonable time required to repair or replace the damaged or destroyed machine, but **we** will not pay for the first thirty-six (36) hours of rental of the substitute machine.

LOSS OR DAMAGE NOT INSURED BY LOSS OF USE ENDORSEMENT

We shall not be liable for loss or damage:

- (a) for the costs of transporting the substitute machine; or
- (b) for any rental costs unless damage to **your** own **farm machinery** and equipment, which necessitated the rental, is covered under this **policy**.

CONDITIONS OF LOSS OF USE ENDORSEMENT

It is a condition of this coverage that **you** agree:

- (a) to notify **us** of rental of substitute **farm machinery** and equipment within thirty-six (36) hours of the rental; and
- (b) **we** will not pay for more than the cost to rent farm machinery and equipment comparable to the damaged machinery and equipment in size, power, usefulness and purpose, whether or not such machinery is available.

BORROWED OR SHORT TERM RENTAL ENDORSEMENT

If the **Declaration Page** shows that the **Borrowed or Short Term Rental Endorsement** applies we insure unscheduled **farm machinery** and equipment, including self-propelled equipment, which **you** borrow or are legally responsible for

under a rental agreement. **We** shall not be liable for loss or damage beyond the limit of insurance stated on the **Declaration Page** in any one **occurrence**.

LOSS OR DAMAGE NOT INSURED BY BORROWED OR SHORT TERM RENTAL ENDORSEMENT

This coverage shall not apply to **farm machinery** and equipment:

- (a) subject to a rental agreement extending beyond sixty (60) days; or
- (b) used for any custom work.

FARM MACHINERY - LIMITED WAIVER OF DEPRECIATION ENDORSEMENT

If the **Declaration Page** shows that the Limited Waiver of Depreciation applies to farm machinery scheduled under this coverage, in the event loss or damage to such **farm machinery** exceeds the deductible amount shown on the **Declaration Page**, **we** agree to waive our right under basis of claim payment subject to the terms and conditions below:

- (a) the limit of insurance on the damaged item must be maintained at 100% of its **replacement cost** value. Failing to do so, **you** will only be entitled to recover that portion of any loss that the amount of insurance in force at the time of loss bears to the amount of insurance required to be maintained by this clause;
- (b) the owner/lessee must be the first owner/lessee of the **farm machinery** and the **farm machinery** was of the current model year at the time of delivery to the owner/lessee;
- (c) the damage must occur within thirty-six (36) months of the date on which the **farm machinery** was first delivered to the owner/lessee;
- (d) this coverage will not apply with respect to:
 - (i) tires and batteries; or
 - (ii) betterment resulting from the necessary repair or replacement of parts having prior unrepaired damage; and
- (e) settlement will be made on this basis only when replacement has been made by **you**. In no event will **we** pay more than the actual purchase price of the **farm machinery** and its equipment to the owner/lessee or the manufacturer's suggested list price at the original date of purchase (or list price since then), or the actual **replacement cost** of the **farm machinery** and its equipment, whichever is the lesser amount.

COVERAGE FF - FARM LIVESTOCK

We insure the **farm livestock** as described and scheduled with an amount of insurance as listed on the **Declaration Page**.

The insurance provided by this coverage is against death or total destruction of **farm livestock** resulting from the perils listed for the applicable coverage. The coverage applicable to **you** will be indicated on the **Declaration Page** of this **policy**:

Coverage FF1 includes Perils (1) to (23)

Coverage FF2 includes Perils (1) to (19)

Coverage FF3 includes Perils (1) to (3)

- (1) Fire;
- (2) **Explosion**;
- (3) Lightning;
- (4) **Smoke**;
- (5) **Windstorm or Hail**;
- (6) Riot;
- (7) Collapse of **farm buildings**, bridges or culverts;
- (8) **Flood**;
- (9) Collision or derailment or overturn of a vehicle on which insured property is being transported;
- (10) Impact with any aircraft or parts of aircraft, land vehicle, or spacecraft;
- (11) Stranding, sinking, or burning or collision of vessels including general average and salvage charges incurred, while waterborne on board any regular ferry while operated on inland or coastal waterways only;
- (12) Theft;
- (13) Accidental Shooting;
- (14) Drowning;
- (15) Electrocutation;

- (16) Attack by wild animals or non-owned dogs;
- (17) Blizzard, Snow, Sleet or Rainstorm;
- (18) Vandalism or Malicious Acts;
- (19) Accidental physical entrapment meaning involuntary physical constraint;
- (20) Electrical Power Interruption;
- (21) Electrical or Mechanical Breakdown of the heating or ventilation systems of the **farm building** in which the insured **farm livestock** are confined;
- (22) Huddling, Piling, Smothering, Freezing or Stampeding;
- (23) Fumes.

LOSS OR DAMAGE NOT INSURED BY COVERAGE FF

We shall not be liable for loss or damage:

- (a) Under (19) Accidental physical entrapment:
 - (i) to animals in the process of being bred, either by natural or artificial means;
 - (ii) for death due to animal birth or while animal is birthing;
 - (iii) for **farm livestock** in transit or while being loaded or unloaded;
 - (iv) for choking on objects or food, bloat or medicine taken;
 - (v) to any animal which contracted a disease or is sick before entrapment;
 - (vi) for **farm livestock** being handled or forcibly restrained for care or treatment;
 - (vii) for death caused by huddling, piling, smothering, freezing or stampeding;
 - (viii) for death directly resulting from physical injury due to a beast having been split;
 - (ix) for suffocation of animals in their own fluids, when caused by the animals' natural inability to regain an upright position.
- (b) Under (22) Huddling, Piling, Smothering, Freezing or Stampeding:
 - (i) unless it is the immediate and direct result of one of the perils in 1 to 18 above causing actual physical damage to the **farm building(s)** in which such insured **farm livestock** are confined;
 - (ii) unless it is the immediate and direct result of one of the perils 1 to 18 above causing an interruption of electrical power in the **farm building(s)** in which the insured **farm livestock** are confined.

LIMITS OF COVERAGE FF

Livestock is subject to a limit of \$2,000 for each registered animal and \$1,500 for each unregistered animal unless specifically insured.

ADDITIONAL CONDITION OF COVERAGE FF

In case of **farm livestock** alleged to have been killed by lightning, fumes, electrical power interruption, or accidental physical entrapment, the carcass shall not be moved. **We** shall be immediately notified. Satisfactory evidence that death occurred from one of these perils must be produced, and this may include a veterinarian's certificate.

ADDITIONAL AGREEMENTS OF COVERAGE FF

This **policy** is extended to cover:

- (a) newly acquired animals similar to those currently scheduled. Newly acquired animals are automatically insured under this coverage if **you** notify **us** within thirty (30) days. **We** will pay a maximum of twenty-five (25) percent of the total amount of insurance per class of animals shown on the **Declaration Page** subject to a limit of \$2,000 per animal or the purchase price, whichever is less.
- (b) reasonable fees due to veterinarians employed by **you** to confirm the cause of death, or other documents of relevant information on **your business**, which **we** will require following a loss to determine the indemnity payable under the present **policy**. **We** will not indemnify **you** for veterinarian fees when the fees arise from a loss not insured under this **policy**.

SEE ALSO CONDITIONS OF SECTION I, LOSS OR DAMAGE NOT INSURED BY SECTION I AND CONDITIONS OF THIS POLICY

OPTIONAL COVERAGE – POULTRY HEAT PROSTRATION ENDORSEMENT – HP2

This coverage applies only if a limit of insurance for the applicable coverage is shown on the **Declaration Page**.

We agree to extend coverage to insured birds against loss by heat prostration.

WARRANTY:

As a condition of this additional coverage for heat prostration, **you** are agreeing that the following conditions shall be in place:

- (1) The **farm buildings** housing the insured birds shall contain specifically designed cooling, heating, and ventilation units in working order adequate for the risk and operating at maximum capacity at the time of loss;
- (2) **You** shall maintain, at all times, an operating generator of sufficient capacity to produce an alternative source of electricity to the **farm building(s)** housing the insured birds;
- (3) **You** shall test the generator every thirty (30) days to ensure it is generating sufficient electricity and maintain verifiable records of the dates such tests were made and allow **us** to have access to these records upon request;
- (4) **You** shall maintain at all times, an operating alarm system monitoring power interruption in areas of the **farm building** housing the insured birds. **You** further agree to test the alarm system every thirty (30) days to ensure it is operating properly and to maintain verifiable records of the dates such tests were made and allow **us** to have access to these records upon request;
- (5) **You** shall immediately notify **us** of any interruption, flaw or defect in the aforementioned generator and/or alarm systems in writing;
- (6) The stocking density of the birds in the **farm building** at the time of loss is not greater than the total maximum weight as per the current animal care program as endorsed by the appropriate provincial producer association.

DEDUCTIBLE:

Subject to Deductible Amount as stated on the **Declaration Page**.

LOSS OR DAMAGE NOT INSURED BY POULTRY HEAT PROSTRATION ENDORSEMENT– HP2

We will not pay for loss:

- (a) of birds unless death directly results or is required because of physical injury received from the peril insured against, within forty-eight (48) hours of the incidence of damage;
- (b) of market, loss of market-value or loss or damage caused by delay;
- (c) unless all fans contained in the **farm building** which houses the birds were working at maximum capacity and all doors and other openings were maintained in the closed position;
- (d) unless the birds were being maintained according to the current animal care program as endorsed by the appropriate provincial producer association;
- (e) resulting from any intentional interruption or disconnection of electrical power supply;
- (f) resulting from any maintenance procedures usual to the operation while the systems are being worked upon;
- (g) where the stocking density exceeds the total maximum weight as per the current animal care program as endorsed by the appropriate provincial producer association.

SEE ALSO ADDITIONAL AGREEMENTS OF COVERAGE FF.

COVERAGE FS – SEMEN, EMBRYO AND TANK

We insure your **farm livestock** semen or embryo(s) and tank(s) as described and scheduled with an amount of insurance as listed on the **Declaration Page** against direct physical loss or damage including loss caused by the escape of liquid nitrogen from the tank in which the semen and/or embryo(s) are stored, subject to the terms and conditions below.

LOSS OR DAMAGE NOT INSURED BY COVERAGE FS

We shall not be liable for:

- (a) loss or damage sustained while the property insured is being worked upon and directly resulting therefrom unless fire or **explosion** ensues and then only for loss caused by such ensuing fire or **explosion**;
- (b) loss resulting from loss of market or loss of use;
- (c) vandalism or malicious acts caused by **you** or any of **your** tenants, employees, or members of your household;
- (d) loss by wind or hail, unless the tank is contained in a fully enclosed building;

- (e) loss by theft while in or on a motor vehicle or trailer unless the loss follows forcible entry (of which there must be visible evidence) into a fully enclosed body or luggage compartment, the doors and windows of which have been locked;
- (f) loss or shortage of any individual vials, doses or embryos disclosed upon taking inventory;
- (g) loss to the tank resulting from gradual deterioration, wear and tear or corrosion.

CONDITIONS OF COVERAGE FS

- (a) **We** will not pay more than the amount insured bears to the **actual cash value** of the property insured under this coverage on the date of loss. This condition applies separately to semen, embryos and tanks.
- (b) Subject to the conditions of the coverage, the semen, embryo(s) and tank(s) are covered anywhere within the territorial limits of Canada and the continental United States of America.
- (c) It is warranted by you that the property insured under this coverage will be packed and unpacked by competent packers.
- (d) It is warranted by you that the liquid nitrogen tank containing semen and/or embryo(s) is serviced and refilled within the normal working duration of the tank or indicated in the manufacturer's specifications.

SEE ALSO CONDITIONS OF SECTION I, LOSS OR DAMAGE NOT INSURED BY SECTION I AND CONDITIONS OF THIS POLICY

COVERAGE FI – LOSS OF FARM INCOME: 100% CO-INSURANCE EXTENDED FORM

If the **Declaration Page** shows that Coverage FI - Loss of Farm Income - 100% Co-Insurance - Extended Form applies, **we** agree to indemnify **you**, up to the limit of insurance shown on the **Declaration Page**, for **loss of farm income** as a result of direct damage or destruction of property insured on this **policy** by the perils insured against, less operating expenses which do not necessarily continue.

We will only pay for:

- (a) such loss during that period of time, starting with the date of the damage or destruction, as would be required for the operations income to be restored to **normal** within a reasonable time after the date of loss but not limited by the expiry date of this **policy**, beginning with the **occurrence** of a peril insured against and ending not later than twelve (12) months after the loss, unless the **Declaration Page** shows a longer period; and
- (b) such expenses which are necessary to reduce any loss under this coverage (except expenses charged to extinguish a fire), not exceeding however, the amount by which the loss under this coverage is reduced.

CONDITIONS OF COVERAGE FI

- (1) In determining loss under this coverage the following factors will be considered:
 - (a) the **farm income** before the date of damage or destruction, and to the probable **farm income** after such damage or destruction, had no loss occurred;
 - (b) the continuation of operating expenses, including payroll expense which is necessary to resume operations with the same quality of service which existed immediately before the loss;
 - (c) the reduction of loss which could be made possible by resuming complete or partial operation of the described property, or by making use of other property.
- (2) If a claim is to be made under this form **you** will with due diligence do and agree to do and permit to be done all things which may be reasonably practicable to minimize or check any interruption of or interference with **your** operation or to avoid or diminish the loss. If **you** decide not to resume **normal farm** operations this loss of income coverage shall be limited to the period of time that would normally have been required, with the exercise of due diligence and dispatch, to rebuild, repair or replace the damaged property.
- (3) **We** reserve the right to inspect **your** books and records which relate to this coverage for verification of any claim under this coverage or for the purpose of adjusting the premium for this coverage.

ADDITIONAL AGREEMENTS OF COVERAGE FI

- (1) Extra Expenses
We will pay **you** for the necessary extra expenses which **you** incur in order to continue as nearly as possible the **normal business** operations following damage to or destruction which occurs during the term of this **policy**, to property insured under this **policy**, by the perils insured against.

We will pay for the extra expenses so incurred, for not exceeding such length of time, referred to as the "period of restoration", starting with the date of loss and not limited by the expiry date of this **policy**, as would be required to repair, rebuild, or replace such property as may be destroyed or damaged within a reasonable time after the date of loss.

The extra expenses covered in this clause are in excess of those which are necessary to reduce any loss under this coverage.

The amount payable under this clause will not exceed \$2,000 (or other amount shown on the **Declaration Page** for extra expenses).

(2) Professional Fees

We will indemnify **you** for reasonable fees to professionals whom **you** may hire to produce and certify particulars or details of **your business** required by **you** to arrive at the amount payable. The amount payable under this clause will not exceed \$2,000 (or other amount shown on the **Declaration Page** for professional fees).

(3) Interruption by Civil Authority

This coverage is extended, for a period not exceeding four weeks, to respond to a loss of income if a **civil authority** prohibits access to **premises** insured under this **policy** as a result of damage by an insured peril to neighbouring premises.

(4) Premium Adjustment

If within twelve (12) months after the expiry date of this **policy**, **you** file with **us** a premium adjustment application form, certified by **your** auditors, showing that 100% of the income as defined in this coverage, as earned during **your** financial year most nearly concurrent with the annual term of the **policy**, was less than the total amount of insurance on income under this coverage, then **we** will allow a refund of premium on the difference, not to exceed 50% of the premium paid by **you** for such loss of income coverage.

CO-INSURANCE CLAUSE APPLICABLE TO COVERAGE FI

You will maintain an amount of insurance that reflects the income that would have been made in the twelve months following the loss or damage to the extent of at least the co-insurance percentage specified on the **Declaration Page**. Failing to do so, **you** will be entitled to recover that portion of any loss that the amount of insurance in force at the time of loss bears to the amount of insurance required to be maintained by this clause.

LOSS OR DAMAGE NOT INSURED BY COVERAGE FI

We will not pay for:

- (a) any increase of loss due to interference at insured **premises** by strikers or other persons, with rebuilding, repairing or replacing the property, or with the resumption or continuation of **business**;
- (b) loss due to fines or damages for breach of contract for late or non-completion of orders, or for any penalties of whatever nature;
- (c) loss due to the suspension, lapse or cancellation of any lease of license, contract or order, which may affect **your** earnings after the period following any loss payable under this **policy**;
- (d) the cost of compiling books of account, abstracts, drawings, card index systems or other records including film, tape, disc, drum, cell or other magnetic recording or storage media for electronic data processing;
- (e) any other consequential loss or remote loss.

ALL THE STATUTORY AND ADDITIONAL CONDITIONS OF THIS POLICY ALSO APPLY TO THIS COVERAGE

SEE ALSO DEFINITIONS, LOSS OR DAMAGE NOT INSURED BY SECTION I, CONDITIONS OF SECTION I AND CONDITIONS OF THIS POLICY

ADDITIONAL COVERAGES OF SECTION I

(1) **Removal of Debris**

This coverage pays for the cost of removing debris of the property insured under this **policy** as a result of any insured peril. When the damage to the property plus the cost of cleaning and removal of debris exceed the limit of insurance for the damaged property, an additional 5% of the limit of insurance on the damaged **farm building(s)** will be available to cover debris removal expenses. This coverage does not apply to **farm livestock**. This coverage, however, does not insure against direct or indirect loss, damage, cost or expense, arising out of the clean-up, removal, containment, treatment, detoxification, decontamination, stabilization, neutralization, or

remediation resulting from any actual, alleged, potential, or threatened spill, discharge, emission, dispersal, **seepage, leakage**, migration, release, or escape of **pollutants**.

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

(2) **Exterior Wiring Systems**

Up to \$2,000 of the insurance provided on all **farm buildings** may be applied to exterior wiring systems consisting of poles, wires, transformers, switches and lighting on the insured **premises**, supplying electricity to insured **farm buildings**, for damage caused by the perils insured.

(3) **Pollution Coverage — Insured Premises**

If a sudden and unintentional event occurs during the **policy** term resulting in pollution or contamination of property of the insured **premises**, **we** will pay up to \$5,000 in any one **policy** year, subject to the **policy** deductible, for costs to remove and restore property of the insured **premises**, which is ordered removed under Provincial Statute or Regulation.

CONDITIONS OF SECTION I

- (1) **We** shall not be liable for loss or damage occurring to the **farm building(s)** or **farm building contents**, unless permission is given by the **policy** or an endorsement to the **policy**:
 - (a) during or as a result of, addition to or alteration of the **farm building(s)**, other than normal repairs; or
 - (b) when the **farm building(s)** insured or containing the property insured is, to **your** knowledge, **vacant** or **unoccupied** for more than thirty (30) consecutive days.
- (2) If **you** must remove insured property from **your premises** to protect it from loss or damage, it is insured by this **policy** for thirty (30) days or until **your policy** term ends, whichever occurs first. The amount of insurance will be divided in the proportions that the value of the property removed bears to the value of all property at the time of loss.

LOSS OR DAMAGE NOT INSURED BY SECTION I

We shall not be liable for loss or damage:

- (a) caused by war, invasion, act of foreign enemy, hostilities (whether war be declared or not), **terrorism**, civil war, rebellion, revolution, insurrection or military power;
- (b) caused by any nuclear incident as defined in the Nuclear Liability Act, nuclear **explosion** or radiation by contamination by **radioactive material**;
- (c) caused by wear, tear, gradual deterioration, birds, moths, insects, vermin, rodents, latent or mechanical defect, inherent vice, scraping, scratching, dampness or dryness of atmosphere, corrosion, rust, or contamination;
- (d) caused by freezing or extremes of temperature (this exclusion shall not apply to Coverage FD, Refrigerated Produce or Coverage FF, Peril 22);
- (e) caused by mechanical or electrical breakdown or failure, repairing, or maintenance operations unless fire or **explosion** results and then only for direct loss or damage caused by such resulting fire or **explosion** (this exclusion shall not apply to Coverage FF1 – Livestock or Optional Coverage for FF1 – HP2 – Heat Prostration);
- (f) caused by or resulting from wrongful conversion, secretion, infidelity or any other dishonest act or omission by **you**, **your** tenants, employees or other persons to whom the property insured may be loaned, rented or entrusted (carriers for hire excepted);
- (g) caused by **explosion** arising from within steam boilers or internal combustion engines;
- (h) because of increased costs of repair due to the operation of any law regulating the zoning, demolition, repair or construction of **farm buildings** and their related services;
- (i) caused by escape or mysterious disappearance;
- (j) to books of account, evidence of debt or title or computer records, unless specifically listed;
- (k) to property while undergoing a process involving the application of heat, but resulting damage to other property is insured;
- (l) to automobiles, trucks, motorcycles, all-terrain vehicles or similar equipment designed or licensed for highway use or any vehicle subject to motor vehicle registration, aircraft, portable saw mills, or machinery and

equipment used in logging and forestry operations or the equipment and appurtenances of all of them, unless specifically listed;

- (m) caused by voluntary parting with title or ownership, whether or not induced to do so by fraudulent scheme, trick, device or false pretenses;
- (n) to horses while on the grounds of any race track or while in any aircraft;
- (o) occurring after an insured **farm building** has, to **your** knowledge, been **vacant** for more than thirty (30) consecutive days;
- (p) to any property illegally acquired or kept, stored, imported or transported or any property subject to forfeiture;
- (q) to any property lawfully seized or confiscated unless such property is destroyed to prevent the spread of fire;
- (r) caused by delay or loss of market;
- (s) caused by or contributed to by asbestos.

BASIS OF CLAIM PAYMENT OF SECTION I

Unless stated otherwise, **we** will pay the **actual cash value** of insured loss or damage up to **your** financial interest in the property but not exceeding the applicable limit(s) of insurance for any loss or damage arising out of one **occurrence**.

If **you** qualify for a tax credit, the loss payment will be reduced by that amount.

Any loss or damage will not reduce the amounts of insurance provided by this **policy**.

Deductible: **We** are liable in any one **occurrence** for only the amount by which the loss or damage caused by any of the perils insured against exceeds the deductible sum as stated in the **Declaration Page**. This provision shall not apply to Coverage FI - Loss of Farm Income, or Section II – Farm Liability, unless specified per item.

Rebuilding Provision: (This provision will not apply unless stated in the **Declaration Page**)

In the event of **farm building(s)** insured under this **policy** being damaged or destroyed, upon receipt of proof(s) of loss **we** will make an initial payment of fifty (50) percent only of the amount of loss payable on the **farm building(s)** under this **policy**, subject to the following:

- (i) If **you** notify **us** of **your** intention to repair, rebuild or replace the damaged **farm building** or **farm buildings** within three hundred (300) feet (91.4 metres) of the original **site** thereof, on lands owned by yourself with a **farm building** or **farm buildings** of like use and furnish proof satisfactory to **us** within twelve (12) months of the date of loss, that **you** expended in so doing an amount not less than the total amount of all insurance payable, including amounts deferred or conditionally payable, as well as amounts already paid in respect thereof, **we** will, within thirty (30) days thereafter, pay the balance of loss payable under this **policy**.
- (ii) If **you** notify **us** of **your** intention to rebuild or replace on lands owned by yourself within the Province of Nova Scotia any **farm building** or **farm buildings** which have been damaged or destroyed with a **farm building** or **farm buildings** of like use but at a distance of more than three hundred (300) feet (91.4 metres) from the site of the damaged or destroyed **farm building** or **farm buildings** to be replaced, and furnish proof satisfactory to **us** within twelve (12) months of the date of loss that **you** expended in so doing an amount not less than the total amount of all insurance payable, including amounts deferred or conditionally payable as well as amounts already paid in respect thereof, **we** will, within thirty (30) days thereafter, pay the balance of funds to **you** up to seventy-five (75) percent of the loss payable under this **policy**.
- (iii) If due to any ordinance or law regulating construction or repair **you** are prohibited from repairing or rebuilding the damaged **farm building(s)** on the same **site**, and notify **us** of **your** intention to rebuild or replace the destroyed **farm building(s)** with a **farm building(s)** of like use on land owned by **you** other than the same **site** within the Province of Nova Scotia and furnish proof satisfactory to **us** within twelve (12) months of the date of loss, that **you** expended in so doing an amount not less than the total amount of all insurance payable, including amounts deferred or conditionally payable as well as amounts already paid in respect thereof, **we** will within thirty (30) days pay the balance of funds to **you** up to the amount of loss payable under this **policy**.
- (iv) Failing compliance by **you** with the provisions of Clauses (i) or (ii) or (iii) hereof, the initial payment shall be the only payment under this **policy** in respect to the loss.

Co-Insurance:

- (i) It is agreed that **you** shall, at all times, maintain an amount of insurance on the property insured equivalent to at least 80% of the **actual cash value** of such property. Should **you** fail to maintain such insurance, **we** shall not be

liable for a greater proportion of any loss than the amount insured bears to 80% of the **actual cash value** of such property at the time of loss. This provision shall apply only to **Farm Machinery** and **Farm Produce**.

- (ii) Where coverage is provided on a herd or class of **farm livestock**, insurance must be maintained to at least 80% of their **actual cash value**. If the amount of insurance carried fails to meet the required amount, settlement shall be based on the ratio that the amount of insurance carried under this **policy** bears to 80% of the **actual cash value** at the time of loss.

Insurance Under More Than One Policy:

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

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 or 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 INSURED – 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.

CONDITIONS

With respect to Section II, Liability Coverage, Statutory Conditions 1, 3, 4, 5 and 15 only apply. Otherwise, all of the Conditions set out under the titles Statutory Conditions and Additional Conditions apply with respect to all of the perils insured by this **policy** except as these Conditions may be modified or supplemented by the Forms or 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 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 shall avoid the contract as to the part affected thereby, unless the change is promptly notified in writing to the Insurer or its local agent, and the Insurer when so notified may return the unearned portion, if any, of the premium paid and cancel the contract, or may notify the Insured in writing that, if he desires the contract to continue in force, he must, within fifteen (15) 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 (15) days' notice of termination by registered mail or five (5) days' written notice of termination personally delivered;
 - b) by the Insured at any time on request.
- 2) Where this contract is terminated by the Insurer,
 - a) the Insurer shall refund the excess of premium actually paid by the Insured over the pro rata premium for the expired time, but, in no event, shall the pro rata premium for the expired time be deemed to be less than any minimum retained premium specified; and
 - b) the refund shall accompany the notice unless the premium is subject to adjustment or determination as to amount, in which case the refund shall be made as soon as practicable.
- 3) Where this contract is terminated by the Insured, the Insurer shall refund as soon as practicable the excess of premium actually paid by the Insured over the short rate premium for the expired time, but in no event shall the short rate premium for the expired time be deemed to be less than any minimum retained premium specified.
- 4) The refund may be made by money, postal or express company money order or cheque payable at par.
- 5) The fifteen days mentioned in clause (a) of sub-condition (1) of this condition commences to run on the day following the receipt of the registered letter at the post office to which it is addressed.

6. REQUIREMENTS AFTER LOSS

- 1) Upon the **occurrence** of any loss or damage to the insured property, the Insured shall, if the loss or damage is covered by the contract, in addition to observing 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 (c) and (d) of subparagraph (1) of this condition shall not be considered proofs of loss within the meaning of conditions 12 and 13.

7. FRAUD

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

8. WHO MAY GIVE NOTICE AND PROOF

Notice of loss may be given and proof of loss may be made by the agent of the Insured named in the contract in case of absence or inability of the Insured to give 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 pro rata towards any reasonable and proper expenses in connection with steps taken by the Insured and required under sub-paragraph (1) of this condition according to the respective interests of the parties.

10. ENTRY, CONTROL, ABANDONMENT

After 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 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 (60) 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 (30) 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 (45) days after receipt of the proofs of loss, and shall thereafter proceed with all due diligence to the completion thereof.

14. ACTION

Every action or proceeding against the Insurer for the recovery of any claim under or by virtue of this contract is absolutely barred unless commenced within one year next after the loss or damage occurs.

15. NOTICE

Any written notice to the Insurer may be delivered at or sent by registered mail to, the chief agency or head office of the Insurer in the Province. Written notice may be given to the Insured named in the contract by letter personally delivered to him or by registered mail addressed to him at his latest post office address as notified to the Insurer. In this condition, the expression "registered" means registered in or outside Canada.

ADDITIONAL CONDITIONS

- (1) **NOTICE TO AUTHORITIES:** When loss is claimed to be due to theft, burglary, robbery, vandalism or malicious acts **you** shall give immediate notice of the loss to the police or other authorities having jurisdiction.
- (2) **NO BENEFIT TO BAILEE:** This insurance does not apply directly or indirectly to the benefit of any carrier or other bailee.
- (3) **PAIRS, SETS AND PARTS:**
 - (a) In the case of loss or damage to any article or articles, whether scheduled or unscheduled, which are a part of a set, the measure of loss of or damage to such article or articles shall be a reasonable and fair proportion of the total value of the set, but in no event shall such loss or damage be construed to mean total loss of set;
 - (b) In the case of loss or damage to any part of the insured property whether scheduled or unscheduled, consisting when complete for use, of several parts, **we** shall only be liable for the value of the part lost or damaged including the cost of installation.
- (4) **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 or to protect such property from further damage. **We** shall contribute pro rata towards any reasonable and proper expenses in connection with such efforts according to the respective interest of the parties.
- (5) **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.
- (6) **NON WAIVER:** No Exclusion, Definition or Provision of this **policy** shall be deemed to be waived by **us** in whole or in part unless the waiver is clearly expressed in writing, signed by a person authorized for that purpose by us. Neither **we** nor **you** shall be deemed to have waived any term or condition of this **policy** by any act relating to the appraisal of the amount of loss or to the delivery and completion of proofs, or to the investigation or adjustment of any claim under the **policy**.