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INSURING AGREEMENTS

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 Coverage Summary.

Section I describes the insurance for your property.

Section II describes the insurance for your legal liability to others because of bodily injury and property damage.

We shall be liable only for the coverages as indicated on the Coverage Summary.

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 Coverage Summary and, while living in the same household, his or her husband or wife, the relatives of either or any person under the age of 21 in their care. Husband and wife includes a man and a woman who are living together as husband and wife and have so lived together continuously for a period of 3 years or, if a child was born of their union, for a period of 1 year. Only the person(s) named on the Coverage Summary may take legal action against us.

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

SECTION I – FARM PROPERTY

DEFINITIONS FOR SECTION I

- (a) **Falling Object** means a falling object which strikes the exterior of a building but not objects which strike the building because of snowslide, landslide or any other earth movement.
- (b) **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.
- (c) **Glass Breakage** means loss to glass constituting a part of a building(s) insured, including glass in storm doors and storm windows. Leaded or stained glass windows are only insured as ordinary glass.
- (d) **Policy** includes the wordings, sections, Coverage Summary and policy amendments contained herein.
- (e) **Pollutants** means 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.
- (f) **Premises** means buildings as named in the Coverage Summary including the land immediately surrounding and belonging to it.
- (g) **Smoke** means smoke due to a sudden, unusual and faulty operation of any apparatus vented to a chimney.



COVERAGE FAA, FA, FB and FC - FARM BUILDINGS

Barns or Implement Sheds means only those described for which a limit of insurance is specified in the Coverage Summary including additions in contact with the barn or shed, all permanent fittings and fixtures, glass, permanent appliances for lighting, heating or ventilating the building, fuel used for heating the building, and corrals attached to the building or structure but excluding computer and electronic data equipment, automated farming systems, milk coolers, milking equipment, electronic scales, poultry cages, conveyors and silo unloaders, unless specifically insured. Silos, whether or not attached to any building or structure, are not covered unless specifically insured.

Insurance provided by this Coverage is against direct physical loss or damage caused by the perils listed for the applicable Coverage:

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 land vehicle.
- (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) this peril does not include 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, land subsidence;
 - (iv) to insured property or to the interior of an insured building caused by windstorm, hail or coincidental rain damage, unless the storm first creates an opening in the building.
- (c) Under (11) Vandalism or Malicious Acts:
 - (i) caused by you or any of your tenants, employees or members of your household.
- (d) Under (11) Vandalism or Malicious Acts, (10) Glass Breakage:
 - (i) Occurring while the building insured is vacant or in the course of construction, irrespective of any permission for vacancy or construction elsewhere in the policy; or
 - (ii) to property insured caused by theft or attempted theft.
- (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 buildup of smoke from any source. Smoke damage must be sudden and accidental;
 - (v) caused by snowslide, iceslide, 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 watermain;
- (vii) caused by backing up of water from a sewer or drain, sump, septic tank;
- (viii) caused by freezing in a 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 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.

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 building, we agree to make settlement on the basis of the cost of repairs to, or the replacement cost of the 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, and
- (b) that replacement must be on the same site, and
- (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, or
- (b) the limit of insurance applicable for such 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 building.

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

2. Fences

We insure fences 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

Farm Produce shall include 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 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.

We agree to indemnify you for loss or damage to Farm Produce, directly resulting from:

- 
- (1) Fire, Explosion, Smoke or Lightning.
 - (2) Windstorm or Hail.
 - (3) Riot.
 - (4) Collapse of 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 land vehicle.
 - (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 buildings.
 - (9) Vandalism or Malicious Act.

LOSS OR DAMAGE NOT INSURED BY COVERAGE FD

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

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

ADDITIONAL AGREEMENTS OF COVERAGE FD

Refrigerated Produce

This coverage includes loss or damage to insured produce, while contained in refrigeration units within buildings(s) insured under this policy, due to change of temperature as a result of physical damage to these buildings(s) or equipment in said buildings(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 PRODUCE

We do not insure against:

- (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

Farm Machinery and Equipment includes farm tools, machinery and implements usual to the operation of a farm, and only while in use for agricultural purposes.

PROPERTY NOT INSURED UNDER COVERAGE FE

This Floater does not cover:

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

PERILS INSURED

The insurance provided by this Coverage is against direct loss or damage caused by the perils listed for the applicable FE Form No.

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.
- (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

Coverage FE does not insure against loss or damage:

- (1) to tires or tubes unless the loss or damage is caused by fire, windstorm, theft or vandalism or is coincident with other loss or damage insured by this Coverage;
- (2) 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;
- (3) caused by or resulting from breaking or falling through ice.

LIMIT OF COVERAGE FE

Unless specifically insured, coverage shall be limited to not more than \$1000 on any individual item. Unless specifically scheduled, coverage on repair parts shall be limited to an aggregate of \$1000 per occurrence. Farm tractors and combines must be specifically insured.

ADDITIONAL AGREEMENTS OF COVERAGE FE

1. *Newly Acquired 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 Coverage Summary 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 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 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 loss or damage to non-owned farm machinery and equipment while in your care, custody or control caused by the perils insured against in this coverage.

3. ***Limited Waiver of Depreciation***

In the event loss or damage to farm machinery exceeds the deductible amount shown on the Coverage Summary, we agree to waive our right under basis of claim payment subject to the terms and conditions below:

CONDITIONS

- (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 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
 - (1) tires and batteries, or
 - (2) betterment resulting from the necessary repair or replacement of parts having prior unrepaired damage.
- (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.

OPTIONAL COVERAGES FOR FARM MACHINERY AND EQUIPMENT

(These endorsements apply only if shown on the Coverage Summary)

Loss of Use Endorsement

If this coverage is shown as included for specified farm machinery 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 caused by perils for which the damaged or destroyed machine is insured.

LIMITS

Payment is limited to:

- (a) the limit of insurance stated on the Coverage Summary;
- (b) only the reasonable time required to repair or replace the damaged or destroyed machine, but we will not pay for the first 72 hours of rental of the substitute machine.

LOSS OR DAMAGE NOT INSURED

We will not pay for:

- (a) costs of transporting the substitute machine; or

- (b) any rental costs unless damage to the insureds own farm machinery and equipment, which necessitated the rental, is covered under this policy.

CONDITIONS

It is a condition of this coverage that you agree:

- (a) to notify us of rental of substitute farm machinery and equipment within 72 hours of the rental;
 (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

This endorsement insures unscheduled farm machinery and equipment, including self propelled equipment, which you borrow or are legally responsible for under rental agreement. We shall not be liable for loss or damage beyond the limit of insurance stated on the Coverage Summary in any one occurrence.

LOSS OR DAMAGE NOT INSURED:

This endorsement shall not apply to farm machinery and equipment:

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

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

COVERAGE FF – FARM LIVESTOCK

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

The insurance provided by this Coverage is against death or total destruction of farm livestock directly resulting from the perils listed for the applicable FF Form No.:

Coverage FF1 includes Perils (1) to (22)

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 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 land vehicle.
- (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) Electrocution.
- (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) Huddling, Piling, Smothering, Freezing or Stamping.
- (22) Fumes.

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.

LOSS OR DAMAGE NOT INSURED – 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 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 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;
 - (xi) for suffocation of animals in their own fluids, when caused by the animals' natural inability to regain an upright position.
- (b) Under (21) Huddling, Piling, Smothering, Freezing or Stamping:
 - (i) unless it is the immediate and direct result of one of the perils 1 to 18 above causing actual physical damage to the building(s) in which such insured 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 building(s) in which the insured livestock are confined.

ADDITIONAL CONDITION OF COVERAGE FF

In case of livestock alleged to have been killed by lightning, fumes, electrical power interruption, or accidental physical entrapment, the carcass shall not be moved. The Head Office or our nearest adjuster 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) If you acquire any additional animals similar to those scheduled, we will automatically insure these under this coverage if you notify us within 30 days. We will pay a maximum of 25 percent of the total amount of insurance per class of animals shown on the Coverage Summary 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

COVERAGE FG — LOSS OF FARM INCOME

If the Coverage Summary shows Coverage FG – Loss of Farm Income, we agree to pay for loss of Farm Income during the necessary interruption of business caused directly by the perils insured against which damage or destroy the described building or cause the death of described livestock as shown on the Coverage Summary for this coverage, 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 to rebuild, repair or replace the damaged or destroyed property within a reasonable time after the date of loss but not limited by the expiry date of this policy; and
- (b) expenses which are necessary to reduce any loss under this coverage (except for expenses charged to extinguish a fire), not exceeding however, the amount by which the loss under this coverage is reduced.

ADDITIONAL AGREEMENTS OF COVERAGE FG

1. **Extra Expenses**

We will pay you for the necessary Extra Expenses which you incur in order to continue as nearly as possible your normal business operations following damage to or destruction which occurs during the term of this policy, to building(s) or additions attached to them or livestock as described on the Coverage Summary by the perils insured against.

We will pay for the Extra Expenses so incurred, 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 part of the building(s) or additions to or contents of the buildings 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 Coverage Summary for Extra Expenses).

2. **Professional Fees**

We will pay the 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 loss payable. The amount payable under this clause will not exceed \$2,000 (or other amount shown on the Coverage Summary for professional fees).

3. **Interruption by Civil Authority**

If a civil authority prohibits access to the described premises as a result of damage by an insured peril to a neighbouring premises, this coverage is extended for a period not exceeding two weeks.

DEFINITIONS OF COVERAGE FG

Farm Income means Revenue (adjusted for opening and closing stocks and work in progress) less Variable Operating Expenses.

Revenue means the money paid or payable to you for goods sold and delivered and for services rendered in the course of the business at the premises, after allowing for returns and discounts.

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

CONDITIONS OF COVERAGE FG

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 are 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. As soon as possible after any loss, you must resume complete or partial business operations of the property as shown on the Coverage Summary and reduce or dispense with as much as possible your extra expenses.

3. We reserve the right to inspect your books and records which relate to this coverage for verification of any claim under this coverage.

LIMIT OF COVERAGE FG

We will not pay more than 25% of the limit of insurance shown on the Coverage Summary for this coverage in any 30 consecutive calendar days.

LOSS OR DAMAGE NOT INSURED BY COVERAGE FG

We do not insure:

- (a) any increase of loss due to interference at the described 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 or 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.

SEE ALSO CONDITIONS OF SECTION I, LOSS OR DAMAGE NOT INSURED BY 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 Building(s) will be available to cover debris removal expenses. This coverage does not apply to 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 buildings may be applied to exterior wiring systems consisting of poles, wires, transformers, switches and lighting on the insured premises, supplying hydro to insured 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) Any tractor or internal combustion engine used as a stationary source of power in any building insured by this policy shall have its exhaust extended outside the buildings or discharging into water.
- (2) Vehicles shall not be refueled, serviced or repaired in a barn(s) or refuelled while engines are running.

All self-propelled and tractor mounted harvesting equipment shall be equipped with an efficient spark-arresting muffler, and a fire extinguisher approved for use on gasoline or electrical fires.

- (3) Any fuels used for automotive purposes shall be stored at least 50 feet from any insured building unless contained in an underground tank.
- (4) Permission Required: We shall not be liable for loss or damage occurring to the Building(s) or Contents, unless permission is given by the policy or an endorsement to the policy:
 - (i) During or as a result of, addition to or alteration of the building(s), other than normal repairs;
 - (ii) When the building(s) insured or containing the property insured is, to your knowledge, vacant or unoccupied for more than thirty consecutive days.
- (5) If you must remove insured property from your premises to protect it from loss or damage, it is insured by this policy for seven (7) 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), 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 21);
- (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;
- (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 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 building has, to your knowledge, been vacant for more than thirty (30) consecutive days;
- (p) to any property illegally acquired or kept;
- (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.

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.

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

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 Coverage Summary. This provision shall not apply to FG (Farm Earnings Insurance), or Section II (Farm Liability), unless specified per item.

Rebuilding Provision: (This Provision will not apply unless stated in the Coverage Summary) In the event of 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 percent only of the amount of loss payable on the building(s) under this policy, subject to the following:

- (i) If you notify us of your intention to repair, rebuild or replace the damaged building or buildings within three hundred feet of the original site thereof, on lands owned by yourself with a building or buildings of like use and furnish proof satisfactory to us within twelve 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 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 any building or buildings which have been damaged or destroyed with a building or buildings of like use but at a distance of more than three hundred feet from the site of the damaged or destroyed building or buildings to be replaced, and furnish proof satisfactory to us within twelve 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 days thereafter, pay the balance of funds to you up to seventy-five 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 building(s) on the same site, and notify us of your intention to rebuild or replace the destroyed building(s) with a building(s) of like use on land owned by you on other than the same site within the Province and furnish proof satisfactory to us within twelve 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 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, and separately to, Farm Machinery and Farm Produce.)

- (ii) Where coverage is provided on a herd or class of animals, 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 ratable 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 behalf of the Insured within the Insurer's limit of liability for Coverage FH as stated on the Coverage Summary all compensatory sums which the Insured shall become legally obligated to pay because of:

- (a) the liability imposed by law upon the Insured, or
- (c) the liability of others assumed by the Named Insured under any written agreement relating to the Premises insured,

for damages, including damages for care and loss of services, because of Bodily Injury or Property Damage, caused by 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 Coverage Summary all compensatory sums which the Insured 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 the care, custody or control of the Insured, caused by:

- (a) fire;
- (b) explosion;
- (c) smoke due to sudden, unusual and faulty operation of any household heating or cooking unit (but excluding smoke from fireplaces or wood burning stoves); or
- (d) water escape from a heating, plumbing, sprinkler or air conditioning system or household appliance.

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 the personal acts of an insured.

A.4 VOLUNTARY PAYMENT FOR DAMAGE TO PROPERTY

To pay, to a maximum of \$500, for loss arising out of direct physical damage to or destruction of property not hereinafter excluded, caused by an Insured, and resulting from the maintenance or use of the Premises, or the personal acts of an insured.



PART II-DEFENSE, SETTLEMENT, SUPPLEMENTARY PAYMENTS

As respects the insurance afforded by Insuring Agreements A.1 and A.2, the Insurer shall:

1. Defend in the name and on behalf of the Insured and at the cost of the Insurer any civil action brought against the Insured on account of any loss insured, even if such suit is groundless, false or fraudulent, but the Insurer shall have the right to make such investigation, negotiation and settlement of any claim as it may deem expedient.
2. In addition to the applicable limits of liability:
 - (a) pay all expenses incurred by the Insurer, all costs taxed or assessed against the Insured in any civil action defended by the Insurer, and any interest accruing after entry of judgment (or in those jurisdictions where interest may accrue from the date a cause of action arises or notice in writing of a claim is given, any interest by law accruing and awarded from such date to the date of judgment upon that part of the judgment) which is within the limit of the Insurer's liability.
 - (b) pay all premiums on bonds to release attachments for an amount not in excess of the applicable limit of liability of this Coverage FH and on appeal bonds required in any such defended suit, but without obligation to apply for or furnish such bonds.
 - (c) pay expenses incurred by the Insured, in the event of accident causing bodily injury, for such immediate medical and surgical relief to others as shall be imperative at the time of the accident.
 - (d) reimburse the Insured for all reasonable expenses, other than loss of earnings, incurred by the Insured at the Insurer's request in assisting the Insurer in the investigation or defence of any claim or suit.

PART III-DEFINITIONS AS USED IN COVERAGE FH

1. **"Bodily Injury"** means bodily injury, sickness or disease, including death at any time resulting therefrom, sustained by any person.
2. **"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; or
 - (b) activities in the course of such employment cause Bodily Injury to a fellow employee; or
 - (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 an insured's trade, profession or occupation which are ordinarily incidental to non-business pursuits; or
 - (b) the temporary or part-time business pursuits of an insured under the age of 21 years.
3. **"Business Property"** means:
 - (a) all Premises on which a Business other than that specifically declared on the Coverage Summary 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 Coverage Summary.

"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 more than 2 roomers or boarders per family occupying the dwelling;
 - (c) residential buildings containing not more than 6 dwelling units if specifically declared on the Coverage Summary;
 - (d) the rental or holding for rental of a part of the Residence Premises as an office, school or studio;
 - (e) the rental or holding for rental of not more than 3 car spaces or stalls in garages or stables on the Premises insured.
4. **"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 com-

pleted 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.

5. **“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.
6. **“Farm Employee”** means an employee whose duties in the employment of the Insured are principally those connected with farm activities outside of the Insured’s Residence Premises.
7. The unqualified word **“Insured”** means:
 - (a) the Insured named on the Coverage Summary (the Named Insured);
 - (b) while living in the Named Insured’s household, his or her spouse, the relatives of either, and any other person under the age of 21 in the care of an insured;
 - (c) if the Named Insured is designated on the Coverage Summary 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 Coverage Summary 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 the employment of the Insured;
 - (f) a Residence Employee while engaged in the employment of the Insured;
 - (g) any person while providing voluntary assistance in the farming operations of the Insured;
 - (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:
 - (i) 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
 - (ii) while a resident of such premises, any person who was an insured prior to such death.
8. **“Motor Vehicle”** means a land motor vehicle, trailer or semi-trailer (including any machinery or apparatus attached thereto) but 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 vehicle;
 - (c) crawler or farm type tractor;
 - (d) self-propelled implement of husbandry; or
 - (e) if not required to be registered under any government authority, any equipment which is designed for use principally off public roads.
9. **“Premises”** means:
 - (a) all premises where the Named Insured or his/her spouse maintains a farm, and other Residence Premises specified on the Coverage Summary;
 - (b) individual or family cemetery plots or burial vaults;
 - (c) Residence Premises in which the Insured is temporarily residing, if not owned by an insured;
 - (d) vacant land, 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.
10. **“Products Hazard”** means Bodily Injury or Property Damage arising out of the Named Insured’s 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 the Insured 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, han-

dled 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.

11. **“Property Damage”** means physical injury to or destruction of tangible property, including the loss of use thereof at any time resulting therefrom.
12. **“Recreational Vehicle”** means a land motor vehicle designed for recreational use off public roads, if not required to be registered under any government authority.
13. **“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, or
 - (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.
14. **“Residence Premises”** means:
 - (a) a 1- or 2-family dwelling where the Named Insured or his or her spouse maintains a residence, or
 - (b) that portion of any other building occupied by the Named Insured or his or her spouse as a residence.
15. **“Self-propelled Implement of Husbandry”** means a self-propelled vehicle (other than a crawler or farm type tractor) manufactured, designed, redesigned, converted or reconstructed for a specific use in farming, while used for such purpose or when travelling from farm to farm or to such places as may be necessary for the maintenance or repair of the vehicle.
16. **“Spouse”** means either of a man and woman who,
 - (a) are married to each other;
 - (b) are married to each other by a marriage that is voidable and has not been voided by a judgment of nullity; or
 - (c) have gone through a form of marriage with each other in good faith, that is void and are co-habiting and have co-habited within the preceding year; and includes
 - (d) either of a man and woman not being married to each other who have cohabited,
 - (i) continuously for a period of not less than 3 years, or
 - (ii) in a relationship of some permanence where there is a child borne of whom they are the natural parents, and have so co-habited within the preceding year.

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 Coverage Summary, 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 arising out of any act or omission in connection with 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 an insured;
4. The transmission by an insured of any communicable disease;
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 (i) and (iv) 1 of paragraph (a) 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. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including but not limited to smoke, vapour, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

6. Bodily Injury or Property Damage arising out of the ownership, maintenance, operation, use, loading or unloading of:
- (a) any air cushion vehicle or any aircraft; or
 - (b) any Motor Vehicle owned or operated by, rented or loaned to any insured, but this does not apply to Bodily Injury or Property Damage occurring on the Premises insured if the Motor Vehicle is not required to be registered under any government authority because it is used exclusively on the Premises insured or kept in dead storage on the Premises insured; or
 - (c) any Recreational Vehicle owned by any insured, if the Bodily Injury, or Property Damage occurs away from the Premises insured, but this does not include golf carts while being used for golfing purposes.

Exclusions (b) and (c) do not apply to Bodily Injury, sustained by a Residence Employee arising out of and in the course of his or her employment by an 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); or
 - (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; or
 - (b) Bodily Injury to any Residence Employee arising out of and in the course of his or her employment by an insured; or
 - (c) watercraft specified on the Coverage Summary; or
 - (d) watercraft acquired by an insured during the policy period, which is declared to the Insurer within 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), 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 Coverage Summary, but this exclusion shall not apply to:
 - (a) the grazing of livestock on premises away from farm premises owned or leased by an insured; or
 - (b) farm premises or Residence Premises purchased or leased by an insured during the period this policy is in force, which is declared to the Insurer within 14 days of such acquisition, and endorsed thereon.
16. Custom Farming operations, unless specified on the Coverage Summary, 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 the Named Insured's products arising out of such products or any part of such products.

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

20. Bodily injuries or property damage caused by any intentional or criminal act or intentional or criminal failure to act by or at the direction of an insured.
21. Bodily Injury to:
 - (a) any insured; or
 - (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 the farming operations of the Insured and who does work for which no remuneration is made, given or contemplated.

22. Bodily Injury to any person if benefits therefor are payable under any Worker's Compensation Law.

Coverage A.1 does not apply to:

23. Damage to:
 - (a) property owned, used or occupied by or leased to an insured; or
 - (b) property in the care, custody or control of an insured or property as to which the Insured is for

- (c) any purpose exercising physical control; or
 (c) any personal property or any fixtures as a result of any work performed thereon by the Insured or anyone on his behalf.

Coverage A.2 does not apply to:

24. Liability assumed by an insured under a contract, except liability which would attach in the absence of such contract.

Coverage A.3 does not apply to:

25. 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.
26. Products Hazard.

Coverage A.4 does not apply to:

27. Any Business of an insured, or any occurrence in connection with Premises owned, rented or controlled by an insured, other than as stated on the Coverage Summary. For the purpose of this exclusion, "Business" includes the temporary or part-time business pursuits of an insured.
28. Property owned by or rented to an insured, any resident of the household of the Insured named on the Coverage Summary or any tenant of an insured.
29. Loss or damage arising out of the use or operation of farm machinery and equipment, Recreational Vehicles or watercraft.
30. Damage or destruction caused intentionally by or at the direction of an insured who has attained the age of 13 years or more.
31. 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 and Property Damage 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 and Property Damage 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 and Property Damage liability stated in the Liability Declarations as "aggregate 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

\$2,000.00 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 \$500.00.

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. **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.

4. **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.

5. **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 his 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.

6. **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.

7. **PROOF AND PAYMENT OF LOSS-COVERAGE A.4**

As soon as practicable, but not later than 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.

8. **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.

9. **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 60 days after the required proofs of claims have been filed with the Insurer.

10. **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 effected, 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.

11. **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.

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

PART VI – EMPLOYER'S LIABILITY ENDORSEMENT

If coverage FH Farm Liability is provided, the insurer will include employer's liability endorsement where total anticipated and incurred annual compensation for all employees does not exceed \$2,000.00. If total anticipated and incurred annual compensation for all employees exceeds \$2,000.00, employer's liability endorsement is provided only where a premium charge is specified on the Coverage Summary.

This endorsement 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 COVERAGE SUMMARY:

1. SECTION II COVERAGE FH PART IV – EXCLUSION 10 is deleted.
2. This endorsement 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

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

Throughout this policy the words "you" and "your" refer to the Named Insured shown on the Coverage Summary. The words "we", "us" and "our" refer to the insurer providing this insurance.

The word "**insured**" means any person or organization qualifying as such under PART II-WHO IS AN INSURED.

Other words and phrases that appear in quotation marks have special meaning. Refer to PART V-DEFINITIONS.

PART I - COVERAGES

1. INSURING AGREEMENTS

A. Bodily Injury and Property Damage

(a) 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.

- (b) 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 “defence expense”. This right and duty is limited as described in Clause 2 of Part I-DEFENCE OF CLAIMS OR ACTIONS.
- (c) Compensatory damages include prejudgment 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:

- (1) such “clean-up costs” are incurred because of “environmental damage” to which this insurance applies; and
- (2) 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 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, “defence 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. DEFENCE 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:

- (1) such investigation of any claim or “actions”; and
- (2) 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 defence for such claims or “actions”, we will pay for the “defence expense”. If by mutual agreement or court order the Insured assumes control of the defence before the applicable amount of insurance available is used up, we will reimburse the Insured for reasonable “defence 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 “pollution incident” 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) (1) “Bodily injury” to an employee of any insured arising out of or in the course of employment by any insured; or
(2) 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:

- (a) whether any insured may be liable as an employer or in any other capacity; or
- (b) 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
 - (1) any property owned, rented or occupied by any insured;
 - (2) any property loaned to or used by any insured;
 - (3) any property in the care, custody or control of any insured;
 - (4) 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
 - (1) below the surface of the ground or water; or
 - (2) 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, trailers or semi-trailers while attached to such vehicle or unattached, including accessories and equipment while attached to or mounted on such vehicle, trailers or semi-trailers;
- (m) (1) “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:

- (a) any railway rolling stock;
 - (b) any watercraft;
 - (c) any air cushion vehicle;
 - (d) any aircraft; or
- (2) “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)
- (1) “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;
 - (2) “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 Canada;
- (p)
- (1) Liability imposed by or arising under the Nuclear Liability Act;
 - (2) “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;
 - (3) “Bodily injury”, “property damage” or “clean-up costs” resulting directly or indirectly from the nuclear energy hazard arising from:
 - (a) the ownership, maintenance, operation or use of a nuclear facility by or on behalf of an insured;
 - (b) 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
 - (c) 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:
- (i) The term “nuclear energy hazard” means the radioactive, toxic, explosive, or other hazardous properties of radioactive material
 - (ii) 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;
 - (iii) 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 and 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.
- (iv) 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), civil war, rebellion, revolution, insurrection or military power, riot or civil commotion, sabotage or any other act of deliberate destruction of property or terrorism.

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;
- (c) fines or penalties imposed by law.

PART II - WHO IS AN INSURED

1. If you are designated on the Coverage Summary 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:
 - (1) "Bodily injury" to you or to a co-employee while in the course of his or her employment; or
 - (2) "Bodily injury" for any person who at the time of injury is entitled to benefits under any Workers' Compensation Law; or
 - (3) "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:
 - (1) With respect to liability arising out of the maintenance or use of that property; and

- (2) 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 Coverage Summary.

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; AND
 - (ii) all "defence 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 Coverage Summary as Aggregate Limit.
- (b) Any and all payments made by us for such compensatory damages, "clean-up costs" and "defence expense" shall reduce, by the amount of the payment, the limit of liability stated on the Coverage Summary 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 Coverage Summary 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 "defence 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 "defence 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, AND
 - (ii) all "defence 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 Coverage Summary, less any Deductible Amount stated on the Coverage Summary.
- (b) We may, or if required by law shall, pay part or all of any Deductible Amount stated on the Coverage Summary in order to effect 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 "defence 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 Coverage Summary, unless the policy period is extended after issuance for an additional period of less than 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 “defence expense” caused by or incurred by reason of a “pollution incident” occurring in the Province of New Brunswick, 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 “defence expense” incurred in, or as a result of, such an action on the merits being brought outside Canada.

PART V - DEFINITIONS

1. **“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.
2. **“Bodily injury”** means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
3. **“Clean-up costs”** means expenses for the removal or neutralization of “pollutants”.
4. **“Defence expense”** means payments allocated to a specific claim or “action” for its investigation, settlement, or defence, 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 defence of the claim or “action” including actual loss of earnings up to \$100 a day because of time off from work;
 - (c) all costs taxed against the Insured in the “action”.

“Defence expense” does not include salaries and expenses of our employees or the Insured’s employees, other than:

- (1) that portion of our employed lawyers’ fees, salaries and expenses allocated to a specific claim or “action”; and
 - (2) the expenses described in 4(b) above.
5. **“Environmental damage”** means the injurious presence of “pollutants” in or upon land, the atmosphere, or any watercourse or body of water.
 6. The “Insured’s product” means:
 - (a) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (1) any insured;
 - (2) others trading under any insured’s name; or
 - (3) 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.

7. The **“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.

8. **“Pollutants”** means any solid, liquid or gaseous contaminant other than heat, sound, vibration or radiation.
9. **“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”.
10. a) **“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 produce” or the “Insured’s work” except:
 - (1) Products that are still in your physical possession; or
 - (2) Work that has not yet been completed or abandoned.

(b) The “Insured’s work” will be deemed completed at the earliest of the following times:

 - (1) When all of the work called for in the Insured’s contract has been completed.
 - (2) 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.
 - (3) 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.

Work that may need service, maintenance, correction, repair or replacement but which is otherwise complete, will be treated as completed.

(c) 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.
11. **“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”.
12. **“Self-propelled land motor vehicle”** means a land motor vehicle, trailer or semi-trailer designed for travel on public roads (including any machinery or apparatus attached thereto) but does not include, except while being towed by or carried on a motor vehicle, any of the following: crawler or farm type tractor, farm implement, or if not subject to motor vehicle registration, any farm equipment which is designed for use principally off public roads.
13. **“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 Coverage Summary agrees to act on behalf of all other insureds, if any, named or described on the Coverage Summary 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 Coverage Summary 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 Coverage Summary 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:
 - (1) 15 days before the effective date of cancellation if we cancel for nonpayment of premium;
or
 - (2) 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. In Quebec, our notice of cancellation takes effect either 15 or 30 days after receipt of the last known address of the first Named Insured, depending upon the reason for cancellation.

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:
 - (1) how, when, where the "pollution incident" took place;
 - (2) the names and addresses of any injured persons and of witnesses;
 - (3) 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:
 - (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "action";
 - (2) Authorize us to obtain records and other information;
 - (3) Cooperate with us in the investigation, settlement or defence of the claim or "action"; and
 - (4) 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 Coverage Summary.
- (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 "defence 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) "defence 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

MISREPRESENTATION

1. 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.

PROPERTY OF OTHERS

2. 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.

CHANGE OF INTEREST

3. The Insurer is liable for loss or damage occurring after an authorized assignment under the Bankruptcy Act or change of title by succession, by operation of law, or by death.

MATERIAL CHANGE

4. Any change material to the risk and within the control and knowledge of the Insured avoids the contract as to the part affected thereby, unless the change is promptly notified in writing to the Insurer or its local agent, and the Insurer when so notified may return the unearned portion, if any, of the premium paid and cancel the contract, or may notify the Insured in writing that, if he desires the contract

to continue in force, he must, within fifteen days of the receipt of the notice, pay to the Insurer an additional premium, and in default of such payment the contract is no longer in force and the Insurer shall return the unearned portion, if any, of the premium paid.

TERMINATION

5. (1) This contract may be terminated,
 - (a) by the Insurer giving to the Insured fifteen days' notice of termination by registered mail or five days' written notice of termination personally delivered;
 - (b) by the Insured at any time on request
- (2) Where this contract is terminated by the Insurer,
 - (a) the Insurer shall refund the excess 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 subcondition (1) of this condition commences to run on the day following the receipt of the registered letter at the post office to which it is addressed.

REQUIREMENTS AFTER LOSS

6. (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.

FRAUD

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

WHO MAY GIVE NOTICE AND PROOF

8. 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.

SALVAGE

9. (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.

ENTRY, CONTROL, ABANDONMENT

10. 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.

APPRAISAL

11. 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.

WHEN LOSS PAYABLE

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

REPLACEMENT

13. (1) The Insurer, instead of making payment, may repair, rebuild, or replace the property damaged or lost, giving written notice of its intention so to do within thirty days after receipt of the proofs of loss.
- (2) In that event the Insurer shall commence to so repair, rebuild, or replace the property within forty-five days after receipt of the proofs of loss, and shall thereafter proceed with all due diligence to the completion thereof.

ACTION

14. 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 after the loss or damage occurs.

NOTICE

15. 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:**
 - (i) 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;
 - (ii) 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.