

COMMON POLICY AND PROPERTY CONDITIONS

Whenever the following words are used in the following sections, they will not be in quotation marks however they will be specifically defined as follows:

You and **your** means the **Named Insured**.

We, us and **our** means **The Wawanesa Mutual Insurance Company**.

All insurance provided under this policy is subject to the following conditions:

COMMON POLICY CONDITIONS

1. REPRESENTATIONS

By accepting this policy, you agree that:

- a. The statements in the 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 representations.

2. CANADIAN CURRENCY CLAUSE

All amounts of insurance, premiums and other amounts as expressed in this policy are in Canadian currency.

3. CHANGES

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

4. EXAMINATION OF YOUR BOOKS AND RECORDS

We may examine and audit your books and records as they relate to this policy at any time during the Policy Period and up to three years afterward.

5. 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. We do not warrant that conditions:

- (i) Are safe or healthy; or
- (ii) Comply with laws, regulations, 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.

6. LIBERALIZATION

If we adopt any revision which would broaden coverage under this policy without any additional premium during the Policy Period, the broadened coverage will immediately apply to this policy.

7. PREMIUMS

The first Named Insured shown in the Declarations:

- a. Is responsible for the payment of all premiums; and
- b. Will be the payee for any return premiums we pay.

We will compute all premiums for this policy in accordance with our rules and rates.

We may, because of undeclared exposures or change in your business operations, acquisition or use of locations not shown in the Declarations, require an additional premium in accordance with our rules, rates and forms in effect at the time of the change.

8. TERMINATION

- a. The first Named Insured shown in the Declarations may terminate this policy by mailing or delivering to us advance written notice of termination.
- b. We may terminate this policy by mailing or delivering to the first Named Insured written notice of termination at least:
 - (i) 5 days before the effective date of termination if personally delivered;
 - (ii) 15 days before the effective date of termination if we terminate for nonpayment of premium; or
 - (iii) 30 days before the effective date of termination if we terminate for any other reason.

Except in Quebec, if notice is mailed, termination takes effect 15 or 30 days after receipt of the letter by the post office to which it is addressed, depending upon the reason for termination. Proof of mailing will be sufficient proof of notice. In Quebec, termination takes effect either 15 or 30 days after receipt of the notice at the last known address of the first Named Insured, depending upon the reason for termination.

- c. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
- d. The policy period will end on the date termination takes effect.
- e. If this policy is terminated, we will send the first Named Insured any premium refund due. If we terminate, the refund will be pro rata. If the first Named Insured terminates, the refund may be less than pro rata. The termination will be effective even if we have not made or offered a refund.

9. 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.

10. DECLARATION OF EMERGENCY – TERMINATION OR EXPIRY DATE EXTENSION

The effective date of termination of this policy, if terminated by us or the expiry date of this policy, is extended subject to the terms and conditions set out below. This extension is only in effect when an "emergency" is declared by a Canadian public authority designated by statute for the purpose of issuing such an order.

- a. The "emergency" must have a direct effect or impact on:
 - (i) you, the insured site or insured property located in the declared emergency area; or
 - (ii) our operations, or our agent's or broker's operations located in the declared emergency area.
- b. (i) Any time limitation described in the Termination condition of this policy, with respect to our termination of this policy, will not continue to run until the date the "emergency" is ended plus the lesser of:
 - 1) 30 days; or
 - 2) the number of days equal to the total time the "emergency" order was in effect.
- (ii) If this policy is due to expire during an "emergency", it will continue in force until the "emergency" is terminated plus the lesser of:
 - 1) 30 days; or
 - 2) the number of days equal to the total time the "emergency" order was in effect.
- c. In no event shall the total term of this extension exceed 120 consecutive days.
- d. You agree to pay the pro rata premium earned for the additional time we remain on risk as a result of the above.
- e. **"Emergency"** means the first statutory declaration of an emergency:
 - (i) with respect to a situation or an impending situation that constitutes a danger of major proportions that could result in serious harm to persons or substantial damage to property and that is caused by the forces of nature, a disease or other health risk, an accident or an act whether intentional or otherwise; or
 - (ii) as provided for by the relevant governing legislation if different from paragraph (i) above; but does not include any subsequent statutory declaration that may be issued relating to the same event.

11. LIMITATION OF ACTION (only applicable in British Columbia, Alberta and Manitoba)

Every action or proceeding against an insurer for the recovery of insurance money payable under the contract is absolutely barred unless commenced within the time set out in the *Insurance Act*.

LIMITATION OF ACTIONS (only applicable in Saskatchewan)

An action or proceeding against an insurer must be commenced within the period as established in *The Limitations Act*.

COMMON PROPERTY CONDITIONS

1. NO BENEFIT TO BAILEE

No person or organization, other than you, having custody of Insured Property will benefit from this insurance.

2. CONTROL OF PROPERTY

Any act or neglect of any person, other than you, beyond your direction or control will not affect this insurance.

The breach of any condition of this section at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

3. LOSS PAYMENT

- a. In the event of loss or damage covered by this Coverage Section, at our option, we will either:

- (i) Pay the value of lost or damaged property;
- (ii) Pay the cost of repairing or replacing the lost or damaged property;
- (iii) Take all or any part of the property at an agreed or appraised value; or
- (iv) Repair, rebuild or replace the property with other property of like kind and quality.
- b. We will give notice of our intentions within 30 days after we receive the sworn Proof of Loss.
- c. We will not pay you more than your financial interest in the Insured Property.
- d. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Insured Property.
- e. We may elect to defend you against actions arising from claims of owners of property. We will do this at our expense.
- f. We will pay for insured loss or damage within 60 days after we receive the sworn Proof of Loss, if:
 - (i) You have complied with all the terms of this Coverage Section; and
 - (ii) (1) We have reached agreement with you on the amount of loss; or
 - (2) An appraisal award has been made.

4. PROPERTY PROTECTION SYSTEMS

It is a condition of this insurance that you will immediately notify us of any interruption to, or flaw or defect, coming to your knowledge, in any:

- a. sprinkler or other fire extinguishing system; or
- b. fire detection system; or
- c. intrusion detection system;

and shall also immediately notify us of the cancellation or non-renewal of any contract which provides monitoring or maintenance services to any of these systems or of the notification of the suspension of policy service in response to any of these systems.

5. RECOVERED PROPERTY

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Amount of Insurance.

6. POLICY PERIOD, COVERAGE TERRITORY

Under this policy:

- a. We insure loss or damage commencing:
 - (i) during the policy period shown in the Declarations; and
 - (ii) within the coverage territory.
- a. The coverage territory is
 - (i) Canada; and
 - (ii) the United States of America, including its territories and possessions.

7. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

8. OTHER INSURANCE

- a. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this policy. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Amount of Insurance under this policy bears to the total available limits of all insurance covering on the same basis.
- b. If there is other insurance covering the same loss or damage, other than as described in paragraph (a) above, we will pay only for the amount of insured loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Amount of Insurance.