

SECTION A

COVERAGE: PROPERTY DAMAGE (Excluding Testing and Commissioning)

1. COVERAGE AGREEMENT

The Company agrees to pay for loss to an Object directly damaged by an Accident, which occurs during the Policy Period, to such Object at a Location specified in Endorsement L provided that:

- a) the Object has been installed in its permanent position, and
- b) the Accident occurs while the Object is being operated by the Insured following completion of Cold Testing, Hot Testing and Commissioning of the Object.

2. BASIS OF SETTLEMENT

The Company's liability for loss to Insured Property which is damaged is as follows:

- a) on business records, including Media and Data for electronic and electro mechanical data processing and production equipment, the cost of blank material plus the cost of transcription from duplicates or from originals;
- b) on used, refurbished or altered property, the Actual Cash Value of the damaged property but in no event shall the Company be liable for more than the amount paid by the Insured to purchase and refurbish such property prior to any loss or damage;
- c) on all other Insured Property, the lesser of the cost at the time of the Accident,
 - i) to repair the damaged property; or
 - ii) to replace the damaged property with similar property of like kind, capacity, size, quality and function.

The Company shall not be liable for:

- 1) more than the amount actually expended by the Insured;
- 2) the cost of repairing or replacing any part or parts of a piece of equipment which is greater than the cost of repairing or replacing the entire piece of equipment;
- 3) more than the cost that would have been incurred to replace the damaged property with other property of like kind, capacity, size, quality and function in the event that replacement is by property of a better kind or quality or of a larger capacity or size;
- 4) more than the cost that would be incurred to replace the damaged property at the same or an adjacent site; nor
- 5) loss or damage to property which is useless or obsolete to the Insured.

If the damaged property is not repaired or replaced within twelve (12) months after the date of the Accident then the Company will only pay for the Actual Cash Value of the damaged property.

Actual Cash Value is the cost of replacing the damaged property with property of similar kind, capacity, size, quality and function less depreciation however caused. The Company will consider such items as the age, condition and normal life expectancy of the damaged property in determining depreciation.

3. DEDUCTIBLE

It is agreed, with respect to any One Accident, that from the total amount of loss and expense for which the Company is liable under this Coverage there shall first be deducted the amount specified in the Declarations as Deductible for this Coverage and the insurance shall not apply to such amount deducted.

If more than one Deductible is specified and is applicable to loss under this Coverage from any One Accident, only one Deductible shall be applied to this Coverage and that shall be the largest of the applicable Deductibles.

4. LIMIT OF LIABILITY

If more than one Limit of Liability is specified for this Coverage and is applicable to any One Accident the Company shall not be liable as a result of such One Accident for an amount exceeding the highest Limit of Liability applicable.

SECTION A

COVERAGE: PROPERTY DAMAGE (Including Testing and Commissioning)

1. COVERAGE AGREEMENT

The Company agrees to pay for loss to an Object directly damaged by an Accident, which occurs during the Policy Period, to such Object at a Location specified in Endorsement L provided that:

- a) the Object has been installed in its permanent position, and
- b) the Accident occurs in the course of Cold Testing, Hot Testing or Commissioning or while the Object is being operated by the Insured following completion of such testing and commissioning of the Object.

2. BASIS OF SETTLEMENT

The Company's liability for loss to Insured Property which is damaged is as follows:

- a) on business records, including Media and Data for electronic and electro mechanical data processing and production equipment, the cost of blank material plus the cost of transcription from duplicates or from originals;
- b) on used, refurbished or altered property, the Actual Cash Value of the damaged property but in no event shall the Company be liable for more than the amount paid by the Insured to purchase and refurbish such property prior to any loss or damage;
- c) on all other Insured Property, the lesser of the cost at the time of the Accident,
 - i) to repair the damaged property; or
 - ii) to replace the damaged property with similar property of like kind, capacity, size, quality and function.

The Company shall not be liable for:

- 1) more than the amount actually expended by the Insured;
- 2) the cost of repairing or replacing any part or parts of a piece of equipment which is greater than the cost of repairing or replacing the entire piece of equipment;
- 3) more than the cost that would have been incurred to replace the damaged property with other property of like kind, capacity, size, quality and function in the event that replacement is by property of a better kind or quality or of a larger capacity or size;
- 4) more than the cost that would be incurred to replace the damaged property at the same or an adjacent site; nor
- 5) loss or damage to property which is useless or obsolete to the Insured.

If the damaged property is not repaired or replaced within twelve (12) months after the date of the Accident then the Company will only pay for the Actual Cash Value of the damaged property.

Actual Cash Value is the cost of replacing the damaged property with property of similar kind, capacity, size, quality and function less depreciation however caused. The Company will consider such items as the age, condition and normal life expectancy of the damaged property in determining depreciation.

3. DEDUCTIBLE

It is agreed, with respect to any One Accident, that from the total amount of loss and expense for which the Company is liable under this Coverage there shall first be deducted the amount specified in the Declarations as Deductible for this Coverage and the insurance shall not apply to such amount deducted.

If more than one Deductible is specified and is applicable to loss under this Coverage from any One Accident, only one Deductible shall be applied to this Coverage and that shall be the largest of the applicable Deductibles.

4. LIMIT OF LIABILITY

If more than one Limit of Liability is specified for this Coverage and is applicable to any One Accident the Company shall not be liable as a result of such One Accident for an amount exceeding the highest Limit of Liability applicable.

SECTION B

COVERAGE: DELAYED START-UP (LOSS OF PROFITS)

1. COVERAGE AGREEMENT

The Company agrees, with respect to the business at a Location specified in Endorsement L, that if a Delay of Completion of the Project at the Location occurs solely as a result of an Accident, which occurs while this Coverage is in effect, to an Object which is installed in its permanent position at an insured Location, the Company will pay the Principal or Project Owner named in the Declarations the amount of loss of Gross Profit resulting from the Delay of Completion of the Project, subject to the Limit of Liability specified in the Declarations for this Coverage.

2. BASIS OF INSURANCE

The insurance under this Coverage is limited to loss of Gross Profits due to: (a) Reduction in Turnover and (b) Increase in Cost of Working, and the amount payable as Indemnity hereunder shall be:

- a) in respect of Reduction in Turnover: the sum produced by applying the rate of Gross Profit to the amount which the Turnover during the Indemnity Period shall in consequence of the Accident fall short of the Turnover which would have been realized had the Accident not occurred;
- b) in respect of Increase in Cost of Working: the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in Turnover which but for that expenditure would have taken place during the Indemnity Period solely as a result of the Accident but not exceeding the sum produced by applying the rate of Gross Profit to the amount of the reduction in Turnover thereby avoided;

less any sum saved during the Indemnity Period in respect of such of the Insured Standing Charges as may cease or be reduced as a result of the Accident, provided that if the Limit of Liability be less than the sum produced by applying the rate of Gross Profit to the Annual Turnover, (if the Indemnity Period is greater than twelve (12) months, then the Annual Turnover shall be multiplied by the factor which proportionately reflects the increased Indemnity Period) the amount payable shall be proportionately reduced.

3. ADDITIONAL EXCLUSIONS AND LIMITATIONS

The Company shall not be liable for payment for any loss of Gross Profits:

- a) for any time during which either the Project or the business would not or could not have been carried on if the Accident had not occurred;
- b) resulting from the failure of the Insured to use due diligence and dispatch and all reasonable means in order to complete the Project or to resume business;
- c) due to fines or damages for breach of contract, for late or non-completion of orders, or for any penalties of whatever nature;
- d) resulting from delay of occupancy or use due to interference by strike, lockout, labour disturbance, riot or civil commotion with the transportation of property, the construction of the Project, the rebuilding, repairing or replacing of Insured Property or with the occupancy and use of the premises;
- e) due to non-availability of funds;
- f) resulting from alterations, additions, improvements, the rectification of defects or faults, or the elimination of any deficiencies carried out after the Accident occurred; or
- g) resulting from any restrictions imposed by a governmental or other authority.

4. LIQUIDATED DAMAGES

If any contract in respect of the Project contains a penalty clause providing for payment to the Principal or Project Owner of any penalties, fines, liquidated damages or other similar payment for a Delay of Completion of the Project caused solely by an Accident, then any portion of such payment inuring to the benefit of the Principal or Project Owner shall reduce the amount of loss that would otherwise be payable under this Coverage.

5. LIMITATION - MEDIA AND DATA

With respect to loss resulting from damage to or destruction of Media for, or programming records pertaining to, electronic data processing or electronically controlled equipment, including Data thereon, resulting from the Accident, the length of time for which the Company shall be liable hereunder shall not exceed;

- a) thirty (30) consecutive calendar days; or
- b) the length of time that would be required to rebuild, repair or replace such other Insured Property as has been damaged or destroyed by the Accident;

whichever is the greater length of time.

6. DEFINITIONS

- a) "Gross Profit" shall mean the sum produced by adding to the Net Profit the amount of all Standing Charges or if there be no Net Profit the amount of all standing charges less any net trading loss.
- b) "Net Profit" shall mean the net trading profit (exclusive of all capital receipts and accretions and all outlay properly chargeable to capital) resulting from the business of the Principal or Project Owner at the Location after due provision has been made for all standing and other charges including depreciation but before deduction of any taxation chargeable on profits.
The following shall in no event be deemed to be standing charges:
 - i) depreciation of stock,
 - ii) bad debts, or
 - iii) the entire payroll for all employees of the Principal or Project Owner, except wages and salaries for all officers, department managers, employees under contract and other important employees.
- c) "Turnover" shall mean the money paid or payable to the Principal or Project Owner for goods sold and delivered and for services rendered in the course of the business at the Location.
- d) "Indemnity Period" shall mean the period beginning with the Commencement of Liability and ending not later thereafter than the number of months specified in the Declarations during which the results of the business shall be affected solely as a result of the Accident.
- e) "Rate of Gross Profit" shall mean the percentage of Gross Profit, had the Accident not occurred, earned on the Turnover during the Indemnity Period.
- f) "Annual Turnover" shall mean the Turnover which, had the Accident not occurred, would have been realized during the twelve (12) months after the Anticipated Date of Completion of the Project.
- g) "Anticipated Date of Completion" shall mean (1) the expiration of the Policy Period as shown in the Declarations or (2) any revised date upon which the Project would have been completed had the Accident not occurred.
- h) "Delay of Completion" shall mean the time period between the Anticipated Date of Completion and the actual date of completion of the Project less any time resulting from delay caused by loss, damage or events for which the Company is not liable under this policy, but in no event exceeding the Indemnity Period.

With respect to the Rate of Gross Profit and Annual Turnover, adjustments shall be made as may be necessary to provide for the results of the business for the twelve (12) month period after completion of the Project and for variations in or special circumstances affecting the business either before or after the Accident or which would have affected the business had the Accident not occurred so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the Accident would have been obtained during the period after the Accident.

If during the Indemnity Period goods shall be sold or services shall be rendered elsewhere than at the Location for the benefit of the business either by the Principal or Project Owner or by others on his behalf, the money paid or payable in respect of such sales or services shall be brought into account in arriving at the Turnover during the Indemnity Period.

7. RESUMPTION OF BUSINESS

As soon as possible after the Accident, the Principal or Project Owner shall commence, continue or resume business, in whole or in part, and make up lost business within a reasonable period of time (not to be limited to the period during which the business is interrupted) through the use of every available means, including surplus machinery, duplicate parts, equipment, supplies and surplus or reserve stock, which may be owned or controlled by the Principal or Project Owner or obtainable by the Principal or Project Owner from other sources and through working extra time or overtime at the Location or at such other premises acquired for the purpose of making up lost business, all to the extent that the amount for which the Company would otherwise be liable under this Coverage is reduced. The Company may take such means as will in the opinion of the Company reduce or avert any Delay of Completion of the Project or interruption of the business at the Location or supply the functions of the Location in some other way.

8. COMMENCEMENT OF LIABILITY

The Commencement of the Company's liability under this Coverage shall be (1) the Anticipated Date of Completion of the Project or (2) twenty-four (24) hours before notice of the Accident is received by the Company, whichever is later. If the time in effect at the address to which the notice is sent is different from that in effect at the Location where the Accident occurred, the time of the receipt of such notice, for the determination of the Commencement of Liability shall be considered on the basis of the time in effect where the Accident occurred.

9. WAITING PERIOD

If a number of days is specified in the Declarations for this Coverage, but not otherwise, a corresponding amount shall be deducted from the total amount of any loss and expense for which the Company is liable under this Coverage for any One Accident, and no liability shall exist for such amount deducted. Such corresponding amount shall be calculated by multiplying the average daily value of loss of Gross Profits during the Indemnity Period by the specified number of days.

The Waiting Period shall apply separately to each One Accident.

10. DEDUCTIBLE

If an amount is specified in the Declarations for this Coverage, but not otherwise, such amount shall be deducted from the total amount of any loss and expense for which the Company is liable under this Coverage for any One Accident, and no liability shall exist for such amount deducted.

The Deductible shall apply separately to each One Accident.

SECTION B

COVERAGE: EXTRA EXPENSE (Temporary Equipment Rental Expense)

1. COVERAGE AGREEMENT

The Company agrees that if the Project at a Location specified in Endorsement L be interrupted solely as a result of an Accident, which occurs while this Coverage is in effect, to an Object which is installed in its permanent position at an insured Location, the Company will pay the Insured the Extra Expense necessary to continue as nearly as practicable the normal course of the Project, subject to the Limit of Liability specified in the Declaration for this Coverage.

The Company shall be liable for such Extra Expense commencing with the date of the Accident and, not to be limited by the expiration date of the policy, for not exceeding such length of time as shall be required with the exercise of due diligence and dispatch to rebuild, repair or replace such Insured Property as has been destroyed or damaged solely as a result of the Accident.

2. ADDITIONAL EXCLUSIONS

The Company shall not be liable for payment for any Extra Expense:

- a) for any time during which the Project would not or could not have been carried on if the Accident had not occurred;
- b) resulting from the failure of the Insured to use due diligence and dispatch and all reasonable means in order to rebuild, repair or replace damaged or destroyed Insured Property;
- c) due to fines or damages for breach of contract, for late or non-completion of orders, or for any penalties of whatever nature; or
- d) resulting from alterations, additions, improvements, the rectification of defects or faults, or the elimination of any deficiencies carried out after the Accident occurred.

3. DEFINITIONS

- a) The term "Extra Expense" shall mean the costs related to equipment or other property installed to replace the function of the damaged Insured Property on a temporary basis to resume the Project. In no event, however, shall the Company be liable under this Coverage for loss of income, nor for Extra Expense in excess of that necessary to continue as nearly as practicable the normal progress of the Project, nor for the cost of repairing or replacing any property that has been damaged or destroyed by an Accident, except such cost incurred for the purpose of reducing the total amount of Extra Expense; the Company's liability for such cost, however, shall not exceed the amount by which the total Extra Expense otherwise payable under this Coverage is reduced. Any salvage value of substitute or temporary equipment or property shall be taken into consideration in the adjustment of any loss hereunder.
- b) The word "normal" wherever used in this Coverage shall mean the condition that would have existed had no Accident occurred.

4. COMMENCEMENT OF LIABILITY

The commencement of the Company's liability under this Coverage shall be (1) the time of the Accident or (2) twenty-four (24) hours before the notice of the Accident is received by the Company, whichever is later. If the time in effect at the address to which a notice is sent is different from that in effect at the Location where the Accident occurred, the time of the receipt of such notice, for the determination of the Commencement of Liability, shall be considered on the basis of the time in effect where the Accident occurred.

5. DEDUCTIBLE

If an amount is specified in the Declarations for this Coverage, but not otherwise, such amount shall be deducted from the total amount of any loss and expense for which the Company is liable under this Coverage for any One Accident, and no liability shall exist for such amount deducted.

The Deductible shall apply separately to each One Accident.

SECTION B

COVERAGE: SOFT COSTS

1. COVERAGE AGREEMENT

The Company agrees that with respect to a Project at a Location specified in Endorsement L, if the Insured incurs additional costs and expenses, as described below, during the Period of Restoration, solely as a result of an Accident, to an Object which is installed in its permanent position at an insured Location, the Company will pay the Insured such additional costs and expenses subject to the Limit of Liability specified in the Declaration for this Coverage.

The additional costs and expenses shall be referred to as Soft Costs and shall be limited to:

1. **Financial Costs**, limited to Construction Loan and land rent fees; standby and/or bank commitment fees.
2. **Additional Interest Expenses** charged by lenders for the extension or renewal of loans necessary for the financing of reconstruction and repair work
3. **Leasing and Marketing Expenses** for releasing and marketing of the insured project and/or property or part of the project and/or property because of tenants and/or purchasers.
4. **Legal and Accounting Expenses** for accounting, refinancing and legal work for the preparation of accounting documents and legal papers, but not including any Professional Fees for the preparation of a claims.
5. **Miscellaneous Expenses** including property taxes, building permits and additional insurance costs to cover the insured project to its completion. Such miscellaneous expenses, however, are limited to a maximum of 10% of the soft costs covered by this endorsement and will not increase the overall limit of soft costs agreed upon by this endorsement.

As used in this Coverage the words "additional costs and expenses" shall mean those costs and expenses beyond those that would have been incurred had no Accident occurred.

2. PERIOD OF RESTORATION

The Period of Restoration is the period that begins at the time of the Accident and continues to the earlier of:

- a) the date, with the exercise of due diligence and dispatch, the physical damage to the Object is repaired or replaced;
- b) acceptance of the Project by the Principal or Project Owner;
- c) the interest of the Insured in the Project ceasing;
- d) the expiration or cancellation of the policy.

3. DEDUCTIBLE

If an amount is specified in the Declarations for this Coverage, but not otherwise, such amount shall be deducted from the total amount of any loss and expense for which the Company is liable under this Coverage for any One Accident, and no liability shall exist for such amount deducted.

The Deductible shall apply separately to each One Accident.

SECTION C

OTHER COVERAGES AND LIMITS

1. DEMOLITION AND INCREASED COST OF CONSTRUCTION

The Company shall be liable under Coverage described in Section A for the increased cost of repair or replacement of damaged and/or undamaged Insured Property (including any necessary demolition and site clearing costs) occasioned by the enforcement of any law, by-law, ordinance, regulation, rule or ruling which is in force prior to the time of the Accident and which regulates or restricts the repair, replacement, construction or installation.

The Company shall also be liable for loss under Coverage described in Section B of the policy during the additional time required, with the exercise of due diligence and dispatch, to effect such repair or replacement as a result of the enforcement of said law, by-law or ordinance.

The Company shall not be liable under Coverage described in Sections A or B for:

- a) any expense in excess of the cost at the time of the Accident to replace the said property on the same site or a site adjacent thereto with property of such kind, capacity, size, quality and function as will satisfy the minimum requirements prescribed by any law, by-law, ordinance, regulation, rule or ruling. In the event the replacement is by property of a better kind or quality or of a larger capacity or size, the liability of the Company shall not exceed the amount that would be paid if replacement had been made by property as would satisfy such minimum requirements.
- b) any increase in loss occasioned by the enforcement of any law, by-law, ordinance, rule or ruling affecting the use or operation of the Location or any Object;
- c) loss or expense excluded by Exclusions 3(b) and/or 3(c) of the policy;
- d) loss in excess of the Limit of Liability specified in the Declarations for Demolition and Increased Cost of Construction.

2. ERRORS AND OMISSIONS

The Company shall be liable for loss under Coverage described in Sections A and B if such loss is otherwise not payable solely due to any of the following:

- a) any error or unintentional omission by the Insured in the description or location of Insured Property;
- b) the failure by the Insured through error to include in the policy any premises owned or occupied by the Insured at the inception date of the policy;
or
- c) any error or unintentional omission by the Insured that results in the cancellation of a Location.

The following conditions shall apply to this Coverage:

- 1) the Insured must notify the Company of such error or omission immediately upon discovery and report corrections;
- 2) the location is in Canada or within any other country in which a Location specified in Endorsement L is located;
- 3) the Insured agrees to pay an additional premium for insurance, in accordance with the Company's Manual of Rates, from the date the Location should have been insured had no error or omission occurred;
- 4) the Deductible amount for such Coverage will be the highest amount shown in the policy for loss applicable to each Coverage;
- 5) the Company shall be liable for loss under this Coverage only to the extent that the Company would have been liable had the error or omission not occurred; and
- 6) the limit of the Company's liability shall be the lesser of:
 - (i) the Limit of Liability applicable to each Coverage described in Sections A and B; or
 - (ii) the Limit of Liability specified in the Declarations for Errors and Omissions Coverage.

3. HAZARDOUS SUBSTANCES

If a Hazardous Substance is involved in or released by an Accident, the Company shall be liable under Coverage described in Section A for the increase in cost to repair, replace, clean up or dispose of affected Insured Property, however the limit of the Company's liability for such increase shall not exceed the amount specified in the Declarations for Hazardous Substances.

The Company shall not be liable for any increase in loss under any Coverage described in Section B. The Company shall not be liable under this Coverage for loss or damage caused by Ammonia Contamination.

As respects this Coverage, the "increase in cost" or "increase in loss" shall mean that cost or loss beyond that which would have been incurred had no Hazardous Substance been present.

4. WATER DAMAGE

The limit of the Company's liability for loss under Coverage described in Section A for loss to Insured Property damaged by water, including salvage expense, as a direct result of an Accident to any piping described in the definition of Object shall not exceed the amount specified in the Declarations for Water Damage.

5. AMMONIA CONTAMINATION

Where ammonia is used as a refrigerant, the Company shall be liable under Coverage described in Sections A and B for loss or damage caused by ammonia contacting property owned by the Insured or for which the Insured is legally liable as a direct result of an Accident to any refrigerating or air conditioning vessels and piping described in the definition of Object.

The Company shall not be liable for loss or damage to any property unless the value of such property is included in the Project values insured and the property forms part of the Project.

The limit of the Company's liability under Coverage described in Section A shall not exceed the amount specified in the Declarations for Ammonia Contamination. If a separate Deductible Amount is shown for Ammonia Contamination, such amount shall apply to loss under Coverage described in Section A.

6. PROFESSIONAL FEES

The Company shall be liable under Coverage described in Sections A and B for the reasonable and necessary fees authorized by the Company and payable to auditors, accountants, lawyers, architects, engineers or other professionals for producing and certifying information required by the Company to establish the amount payable under the policy. This Coverage does not apply to either the Insured's own employees or to Public Adjusters.

The limit of the Company's liability under this Coverage shall not exceed the amount specified in the Declarations for Professional Fees.

7. EXPEDITING EXPENSES

If there is an Accident the Company shall be liable for the reasonable extra cost, including overtime and the extra cost of express or rapid means of transportation, necessary to:

- a) make temporary repairs;
- b) expedite permanent repairs; or
- c) expedite permanent replacement of the Object which was damaged.

The Company shall not be liable for those costs related to equipment or other property installed to replace the function of the damaged property on a temporary basis.

The limit of the Company's liability under this Coverage shall be the lesser of:

- a) the amount equal to that payable under Coverage described in Section A; or
- b) the Limit of Liability specified in the Declarations for Expediting Expenses.

8. DATA RESTORATION

If, solely as a result of an Accident to an Object, Data is lost or damaged, the Company shall be liable under Coverage described in Section A for the additional costs of repairing or replacing such Data, including the cost of gathering or assembling information.

The Company shall not be liable for loss or damage caused by or resulting from programming errors, nor for loss in excess of the amount specified in the Declarations for Data Restoration.

9. DENIAL OF ACCESS

With respect to Coverage described in Section B, the Company shall be liable for loss under said coverage in the event ingress or egress from a Location specified in Endorsement L is denied solely as a direct result of an Accident to an Object at or adjacent to the Location specified in Endorsement L.

The Company shall be liable for loss under this Coverage for the period of time commencing with the time of the Accident, not exceeding (i) two (2) consecutive weeks, or (ii) the period of time specified on the Declarations as Coverage Period for this Coverage, whichever is greater.

10. SERVICE INTERRUPTION

With respect to Coverage described in Section B, the Company shall be liable for loss under said Coverage from an Accident to equipment not owned or operated by the Insured, which is used to supply steam, gas, air, water, refrigeration, electricity or communication services to a Location specified in Endorsement L provided that the equipment:

- a) is of a type described in the definition of Object;
- b) is located on or within one thousand (1000) metres of the Location; and
- c) is owned either by the building owner at the Location, a public utility or a company contracted by the Insured for said services.

SECTION C

OTHER COVERAGES AND LIMITS

1. DEMOLITION AND INCREASED COST OF CONSTRUCTION

The Company shall be liable under Coverage described in Section A for the increased cost of repair or replacement of damaged and/or undamaged Insured Property (including any necessary demolition and site clearing costs) occasioned by the enforcement of any law, by-law, ordinance, regulation, rule or ruling which is in force prior to the time of the Accident and which regulates or restricts the repair, replacement, construction or installation.

The Company shall also be liable for loss under Coverage described in Section B of the policy during the additional time required, with the exercise of due diligence and dispatch, to effect such repair or replacement as a result of the enforcement of said law, by-law or ordinance.

The Company shall not be liable under Coverage described in Sections A or B for:

- a) any expense in excess of the cost at the time of the Accident to replace the said property on the same site or a site adjacent thereto with property of such kind, capacity, size, quality and function as will satisfy the minimum requirements prescribed by any law, by-law, ordinance, regulation, rule or ruling. In the event the replacement is by property of a better kind or quality or of a larger capacity or size, the liability of the Company shall not exceed the amount that would be paid if replacement had been made by property as would satisfy such minimum requirements.
- b) any increase in loss occasioned by the enforcement of any law, by-law, ordinance, rule or ruling affecting the use or operation of the Location or any Object;
- c) loss or expense excluded by Exclusions 3(b) and/or 3(c) of the policy;
- d) loss in excess of the Limit of Liability specified in the Declarations for Demolition and Increased Cost of Construction.

2. HAZARDOUS SUBSTANCES

If a Hazardous Substance is involved in or released by an Accident, the Company shall be liable under Coverage described in Section A for the increase in cost to repair, replace, clean up or dispose of affected Insured Property, however the limit of the Company's liability for such increase shall not exceed the amount specified in the Declarations for Hazardous Substances.

As respects this Coverage, the "increase in cost" or "increase in loss" shall mean that cost or loss beyond that which would have been incurred had no Hazardous Substance been present.

3. PROFESSIONAL FEES

The Company shall be liable under Coverage described in Sections A and B for the reasonable and necessary fees authorized by the Company and payable to auditors, accountants, lawyers, architects, engineers or other professionals for producing and certifying information required by the Company to establish the amount payable under the policy. This Coverage does not apply to either the Insured's own employees or to Public Adjusters.

The limit of the Company's liability under this Coverage shall not exceed the amount specified in the Declarations for Professional Fees.

4. EXPEDITING EXPENSES

If there is an Accident the Company shall be liable for the reasonable extra cost, including overtime and the extra cost of express or rapid means of transportation, necessary to:

- a) make temporary repairs;
- b) expedite permanent repairs; or
- c) expedite permanent replacement of the Object which was damaged.

The Company shall not be liable for those costs related to equipment or other property installed to replace the function of the damaged property on a temporary basis.

The limit of the Company's liability under this Coverage shall be the lesser of:

- a) the amount equal to that payable under Coverage described in Section A; or
- b) the Limit of Liability specified in the Declarations for Expediting Expenses.

EXCLUSIONS

This policy does not insure:

1. loss caused by or resulting from:
 - a) an Accident caused directly or indirectly by nuclear reaction, nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, or
 - b) nuclear reaction, nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, caused directly or indirectly by, contributed to or aggravated by an Accident,nor shall the Company be liable for any loss covered in whole or in part by any contract of insurance, carried by the Insured, which also covers any hazard or peril of nuclear reaction or nuclear radiation;
2. loss from an Accident caused by or resulting from:
 - a) war, bombardment, invasion, insurrection, rebellion, revolution, military or usurped power, enemy attack including any action or measure taken in resisting, combating or delaying the enemy,
 - b) operations of armed forces while engaged in hostilities, whether war be declared or not, or
 - c) strike, riot, civil commotion or sabotage, vandalism or malicious mischief;
3.
 - a) any increase in loss necessitated by any ordinance, law, regulation, rule or ruling regulating or restricting repair, replacement, alteration, use, operation, construction or installation,
 - b) any increase in loss as a result of damage, contamination or pollution by a substance declared to be a contaminant, pollutant or Hazardous Substance by an authorized governmental agency,
 - c) any increase in loss or additional expenses incurred for cleanup, repair, replacement or disposal of damaged, contaminated or polluted property. As used herein "additional expenses" shall mean expenses incurred beyond those for which the Company would have been liable had no contaminant, pollutant or Hazardous Substance been involved in the Accident, except as specifically provided under Coverage described in Section C;
4. loss from an Accident caused by or resulting from:
 - a) earth movement, including but not limited to earthquake, landslide, mud flow, subsidence, volcanic eruption, tidal wave or tsunami,
 - b) wind, including but not limited to cyclone, tornado or hurricane, or from hail,
 - c) fire, smoke or combustion explosion,
 - d) water or other means used to extinguish a fire,
 - e) lightning, if coverage for that cause of loss is provided by any other policy of insurance in effect at the time of the loss,
 - f) frost or freezing,
 - g) weight of snow, ice or sleet,
 - h) collapse of buildings, structures or a material part thereof, or
 - i) impact of aircraft or spacecraft, including articles dropped therefrom, or land vehicles;
5. loss caused by or resulting from:
 - a) fire, smoke or combustion explosion that occurs concomitant with or that ensues from an Accident; however only with respect to any Object which is an electrical or electronic machine or apparatus this exclusion shall read "a) fire, smoke or combustion explosion outside the Object that occurs concomitant with or that ensues from an Accident",
 - b) flood,
 - c) escape of water resulting from an Accident if coverage is provided by any other policy of insurance in effect at the time of the loss, or
 - d) external impact, collision or upset;
6. loss caused by or resulting from:
 - a) delay or interruption of business, manufacturing or process,
 - b) lack of power, light, heat, steam or refrigeration, or
 - c) any other indirect result of an Accident,except as specifically provided under Coverage described in Section B;
7.
 - a) the cost of making good
 - i) faulty or improper material,
 - ii) faulty or improper workmanship,
 - iii) faulty or improper design;
 - b) loss or damage caused by or resulting from cessation of work or by interruption of construction;
 - c) penalties or liquidated damages for non-completion of or delay in completion of contract or non-compliance with contract conditions or costs incurred solely in an effort to eliminate or reduce penalties or liquidated damages for which the Insured may be contractually liable;
 - d) any loss or damage which is insured under a policy of Course of Construction or under a policy of fire insurance and is in force at the time of the "Accident" covering the same Location;

8. loss caused by or resulting from:
the partial or total failure, malfunction or loss of use of any electronic equipment, computer system, information repository, microchip, integrated circuit or other similar device due to:
- i) the erasure, destruction, corruption, misappropriation or misinterpretation of Data;
 - ii) any error in creating, amending, entering, deleting or using Data;
 - iii) the inability to receive, transmit or use Data; or
 - iv) the impact of any virus or the functioning or malfunctioning of the internet, intranet, local area networks, virtual private networks or similar facility, or of any internet address, website or similar facility;
- however loss that ensues solely from an Accident to any other insured Object is covered;
9. loss caused directly or indirectly, in whole or in part, by Terrorism or by any activity or decision of a government agency or other entity to prevent, respond to or terminate Terrorism. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

As used herein Terrorism means an ideologically motivated unlawful act or acts, including but not limited to the use of violence or force or threat of violence or force, committed by or on behalf of any group(s), organization(s) or government(s) for the purpose of influencing any government and/or instilling fear in the public or a section of the public.

SECTION D

EXCLUSIONS

This policy does not insure:

1. loss caused by or resulting from:
 - a) an Accident caused directly or indirectly by nuclear reaction, nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, or
 - b) nuclear reaction, nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, caused directly or indirectly by, contributed to or aggravated by an Accident,nor shall the Company be liable for any loss covered in whole or in part by any contract of insurance, carried by the Insured, which also covers any hazard or peril of nuclear reaction or nuclear radiation;
2. loss from an Accident caused by or resulting from:
 - a) war, bombardment, invasion, insurrection, rebellion, revolution, military or usurped power, enemy attack including any action or measure taken in resisting, combating or delaying the enemy,
 - b) operations of armed forces while engaged in hostilities, whether war be declared or not, or
 - c) strike, riot, civil commotion or sabotage, vandalism or malicious mischief;
3.
 - a) any increase in loss necessitated by any ordinance, law, regulation, rule or ruling regulating or restricting repair, replacement, alteration, use, operation, construction or installation,
 - b) any increase in loss as a result of damage, contamination or pollution by a substance declared to be a contaminant, pollutant or Hazardous Substance by an authorized governmental agency,
 - c) any increase in loss or additional expenses incurred for cleanup, repair, replacement or disposal of damaged, contaminated or polluted property. As used herein "additional expenses" shall mean expenses incurred beyond those for which the Company would have been liable had no contaminant, pollutant or Hazardous Substance been involved in the Accident,except as specifically provided under Coverage described in Section C;
4. loss from an Accident caused by or resulting from:
 - a) earth movement, including but not limited to earthquake, landslide, mud flow, subsidence, volcanic eruption, tidal wave or tsunami,
 - b) wind, including but not limited to cyclone, tornado or hurricane, or from hail,
 - c) fire, smoke or combustion explosion,
 - d) water or other means used to extinguish a fire,
 - e) lightning, if coverage for that cause of loss is provided by any other insurance in effect at the time of the loss,
 - f) frost or freezing,
 - g) weight of snow, ice or sleet,
 - h) collapse of buildings, structures or a material part thereof, or
 - i) impact of aircraft or spacecraft, including articles dropped therefrom, or land vehicles;
5. loss caused by or resulting from:
 - a) fire, smoke or combustion explosion that occurs concomitant with or that ensues from an Accident; however only with respect to any Object which is an electrical or electronic machine or apparatus this exclusion shall read "a) fire, smoke or combustion explosion outside the Object that occurs concomitant with or that ensues from an Accident",
 - b) flood,
 - c) escape of water resulting from an Accident if coverage is provided by any other insurance in effect at the time of the loss, or
 - d) external impact, collision or upset;
6. loss caused by or resulting from:
 - a) delay or interruption of business, manufacturing or process,
 - b) lack of power, light, heat, steam or refrigeration, or
 - c) any other indirect result of an Accident,except as specifically provided under Coverage described in Section B;
7.
 - a) the cost of making good
 - i) faulty or improper material,
 - ii) faulty or improper workmanship,
 - iii) faulty or improper design;
 - b) loss or damage caused by or resulting from cessation of work or by interruption of construction;
 - c) penalties or liquidated damages for non-completion of or delay in completion of contract or non-compliance with contract conditions or costs incurred solely in an effort to eliminate or reduce penalties or liquidated damages for which the Insured may be contractually liable;
 - d) any loss or damage which is insured under Course of Construction insurance or under a policy of fire insurance and is in force at the time of the "Accident" covering the same Location;

8. loss caused by or resulting from:
the partial or total failure, malfunction or loss of use of any electronic equipment, computer system, information repository, microchip, integrated circuit or other similar device due to:
- i) the erasure, destruction, corruption, misappropriation or misinterpretation of Data;
 - ii) any error in creating, amending, entering, deleting or using Data;
 - iii) the inability to receive, transmit or use Data; or
 - iv) the impact of any virus or the functioning or malfunctioning of the internet, intranet, local area networks, virtual private networks or similar facility, or of any internet address, website or similar facility;
- however loss that ensues solely from an Accident to any other insured Object is covered;
9. loss caused directly or indirectly, in whole or in part, by Terrorism or by any activity or decision of a government agency or other entity to prevent, respond to or terminate Terrorism. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

As used herein Terrorism means an ideologically motivated unlawful act or acts, including but not limited to the use of violence or force or threat of violence or force, committed by or on behalf of any group(s), organization(s) or government(s) for the purpose of influencing any government and/or instilling fear in the public or a section of the public.

SECTION E

DEFINITIONS AND SPECIAL PROVISIONS PRESSURE, MECHANICAL AND ELECTRICAL EQUIPMENT (Including Production Machines)

DEFINITIONS

1. ACCIDENT

"Accident" shall mean a sudden and accidental breakdown of an Object or a part thereof, which manifests itself at the time of its occurrence by physical damage to the Object or part thereof that necessitates its repair or replacement, but Accident shall not mean:

- a) depletion, deterioration, corrosion or erosion of material;
- b) wear and tear;
- c) leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
- d) vibration or misalignment;
- e) the breakdown of any structure or foundation supporting the Object or any part thereof;
- f) the functioning of any safety device or protective device;
- g) the cracking of any part of a gas turbine exposed to the products of combustion;
- h) the breakdown of any boiler setting, any refractory or insulating material; nor
- i) the breakdown of any part of a boiler or fired vessel that does not contain steam or water.

2. OBJECT

"Object" shall mean any equipment owned, leased, operated or controlled by the Insured installed as part of the Project and which will form a permanent part of the finished Project and described below, subject to the exclusions specified herein:

- a) any boiler, any fired or unfired pressure vessel normally subject to vacuum or internal pressure other than static pressure of contents, any refrigerating or air conditioning vessels and piping or any other piping and its accessory equipment, any heat exchanger that forms part of forced air heating equipment; but Object shall not include:
 - i) any hose, buried piping, sewer piping, drainage piping, sprinkler system or its accessory equipment; nor
 - ii) any oven, stove, furnace or kiln but not excluding heat recovery piping or vessels used therewith;
- b) any mechanical or electrical machine or electrical apparatus used for the generation, transmission or utilization of mechanical or electrical power, but Object shall not include:
 - i)
 - 1) any crane or hoist; nor
 - 2) any oven, stove, furnace or kiln;but not excluding:
 - a) any pump, compressor, fan, blower, engine or turbine;
 - b) any separate enclosed gear set connected to such machine or apparatus by a coupling, clutch or belt;
 - c) any electrical equipment; nor
 - d) any electronic equipment used solely to start, stop, control or monitor one or more insured Objects;
 - ii) any vehicle, power shovel, excavator dragline or other mobile equipment, but not excluding any electrical equipment used with such machine or apparatus;
 - iii) any lifting or safety cables, anchorages, car buffers or counterweight buffers forming part of an elevator system;
 - iv) any electronic equipment used for the generation, control, transmission, reception, recording, reproduction, playback or other use of television, radio or telephone signals;
 - v) any electronic equipment used for research, diagnostic, treatment, experimental or other medical or scientific purposes;
 - vi) any electronic equipment used for computing, data processing, duplicating, inventory control, monitoring, scanning or other electronic office equipment but not excluding such equipment used primarily to start, stop, control or monitor one or more insured Objects; nor
 - vii) any conveyor belt.

3. ONE ACCIDENT

If either an Accident to one Object causes an Accident simultaneously to another Object or a series of Accidents occur simultaneously as a result of the same cause, they will be considered as One Accident.

4. INSURED PROPERTY

Insured Property is any Object.

5. HAZARDOUS SUBSTANCE

A hazardous substance is:

- a) any pollutant, contaminant or other substance declared by a governmental authority to be hazardous to health or the environment; or
- b) any mould, yeast, fungus or mildew including any spores or toxins created or produced by or emanating from such mould, yeast, fungus or mildew, whether or not allergenic, pathogenic or toxigenic.

6. DATA

Data means facts, concepts, information or software in a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment.

7. MEDIA

Media means material on which data is recorded, such as magnetic tapes, hard disks, optical disks or floppy disks.

8. LOCATION

Location means the premises where the Insured has undertaken the Project.

9. COLD TESTING (Functional Testing)

Cold Testing means the checking of an Object, or part thereof, by mechanical, electrical, hydrostatic or other forms of testing under "dry run" conditions, being those conditions that do not necessitate the firing of furnaces, any application of direct or indirect heat, the use of fuel, feedstock or other materials for processing, or in the case of electric motors, electrical generating, transforming, distributing, converting or rectifying equipment, connection to a grid or other load circuit.

10. HOT TESTING (Operational Testing)

Hot Testing means the checking of an Object, or series of Objects, under load or operational conditions including the use of fuel, feedstock or materials for processing or any other material necessary to simulate working conditions and in the case of electrical generating, transforming, distributing, converting or rectifying equipment, connection to a grid or other load circuit for the purpose of such checking.

11. COMMISSIONING

Commissioning means the use of an Object or series of Objects under normal operating or production conditions for the purpose of attaining specification requirements and/or for training operational personnel.

12. HOT TESTING PERIOD

Hot Testing Period means the period of time with or without interruption that begins with the introduction of fuel, feedstock or materials for processing or any other material necessary to simulate working conditions and in the case of electrical generating, transforming, distributing, converting or rectifying equipment, connection to a grid or other load circuit and ends with the earliest of:

- a) acceptance of the Project by the Principal or Project Owner;
- b) the Project being put into operation, occupied or leased to others. For the purpose of this provision, construction, installation or testing activities or the storage of building materials shall not constitute occupation of the Project;
- c) the interest of the Insured in the Project ceasing;
- d) the construction being abandoned;
- e) expiration of the number of days specified in the Declarations as Hot Testing Period; or
- f) cancellation or expiration of the policy.

13. COMMISSIONING PERIOD

Commissioning Period means the period of time that begins with the introduction of any electricity, fuel, flammable or combustible solid, liquid or gas; steam (or water in the case of a hydroelectric facility); heat or feedstock in any system or sub-systems of the Project under construction and ends with the earliest of:

- a) acceptance of the Project by the Principal or Project Owner;
- b) the Project being put into operation, occupied or leased to others. For the purpose of this provision, construction, installation or testing activities or the storage of building materials shall not constitute occupation of the Project;
- c) the interest of the Insured in the Project ceasing;
- d) construction or commissioning having ceased for more than 30 consecutive days;
- e) expiration of the number of days specified in the Declarations as Commissioning Period; or
- f) cancellation or expiration of the policy.

Should Commissioning be interrupted then the number of days of complete or partial interruption shall be deducted from the total number of days that make up the Commissioning Period.

14. SUBSTANTIAL PERFORMANCE

Substantial Performance shall mean the point in time when the Project is ready for use or is being used for the purpose for which it was intended.

SPECIAL PROVISIONS

1. As respects any boiler or fired vessel, the Company shall not be liable for loss from an explosion of gas or unconsumed fuel within the furnace of such Object or within the passages from the furnace to the atmosphere, whether or not such explosion is (a) contributed to or aggravated by an Accident to any part of said Object that contains steam or water, or (b) is caused in whole or in part, directly or indirectly, by an Accident to any Object, or part thereof.
2. As respects any boiler of the chemical recovery type, the Company shall not be liable for loss from an explosion within the furnace of any such boiler or within the passages from the furnace to the atmosphere, whether or not such explosion (a) is contributed to or aggravated by an Accident to such boiler, or (b) is caused in whole or in part, directly or indirectly, by an Accident to any Object, or part thereof.
3. As respects any boiler which uses a heat transfer medium other than water, such heat transfer medium and its vapour shall be considered as substituted for the words "water" and "steam" wherever such words appear in the definition of Object.
4. As respects any oven, stove, furnace or kiln, the Company shall not be liable for loss from an explosion within said equipment whether or not such explosion (a) is contributed to or aggravated by an Accident to any Object, or (b) is caused in whole or in part, directly or indirectly by an Accident to any Object, or part thereof.
5. The Company shall not be liable for loss resulting from an Accident to any Object which is shown in the policy as an "Uninsured Object".
6. The Company shall not be liable for loss to any equipment belonging to any contractor, subcontractor or supplier that will not form a permanent part of the finished Project.
7. As respects any used, refurbished or altered Object, the Company shall not be liable for loss from an Accident while such Object is undergoing any Cold Testing, Hot Testing or Commissioning.

SECTION F

CONDITIONS

1. POLICY

The policy includes the Insuring Agreement, Declarations, any Forms and Endorsements specified in the Declarations together with any other Endorsements to the policy subsequently issued.

Wherever in the policy reference is made to an Endorsement which has been cancelled and replaced by another Endorsement, such reference shall be understood to refer to the replacing Endorsement.

2. POLICY PERIOD

For the Company to be liable under the policy, the Accident must occur within the Policy Period. The Policy Period begins with the effective date of the Policy Period shown in the Declarations and ends with the earliest of:

- a) acceptance of the Project by the Principal or Project Owner,
- b) the interest of the Insured in the Project ceasing,
- c) expiration of the Policy Period as shown in the Declarations,
- d) cancellation of the policy, or
- e) ten (10) days after the date of Substantial Performance.

Coverage begins and ends at 00:01 Standard Time at the Location.

3. EXTENSION OF POLICY TERM

If the Project is not completed within the Policy Period the Company may consider the extension of the Policy Period for additional premium and at terms and conditions agreed to by the Company and Insured.

The Insured shall immediately advise the Company of any change in the declared progress schedule of the Project.

4. ADDITIONAL INSURED

Any person or organization named in the policy as an "Additional Insured" shall be considered as an Insured under the policy only as respects their interest in the Property Insured.

The naming of any Additional Insured shall not serve to increase the liability of the Company under this policy for loss from any One Accident.

5. EXAMINATION OF BOOKS AND RECORDS

The Company may examine and audit the books and records of the Insured as they relate to the policy at any time during the Policy Period and up to three years thereafter.

6. INSPECTION

The Company has the right to inspect any Object at any reasonable time. Neither the right to make inspections nor the making of them is an undertaking to the Insured or others that such Object is safe and not hazardous or injurious to health.

7. SUSPENSION

Upon the discovery of any Object in or exposed to a dangerous condition, any representative of the Company may immediately suspend the insurance against loss from an Accident to that Object by giving written notice to the Insured either by mail, by facsimile or in person at the mailing address shown in the policy or at the Location of the Object. Once the insurance has been suspended, it can only be reinstated by an Endorsement to the policy issued by the Company.

The Insured shall be allowed the unearned pro-rata portion of the premium for that Object for the period that the insurance is suspended, such allowance to be paid at the expiration of the policy period.

8. CHANGES

The policy contains all the agreements between the Company and the Insured concerning the insurance afforded. Notice to any agent or broker shall not effect a change in any part of this policy nor stop the Company from asserting any rights under the policy. The terms of the policy may be changed only by an Endorsement to the policy issued by the Company.

9. TRANSFER OF INTEREST

The interest of the Insured in the policy can only be transferred or assigned with the agreement of the Company in writing, except when bankruptcy, insolvency or death occurs. In such cases, the Company will cover the Insured's legal representative as the Insured if written notice is given to the Company within sixty (60) days after the date of the bankruptcy, insolvency or death.

10. MORTGAGEE INTEREST

If a Mortgagee is named in the policy with respect to any insured Location, loss on the property of the Insured at the Location shall be paid jointly to the Insured and the Mortgagee as their interest may appear.

While the Company has the right to cancel the policy, if a Mortgagee is named, the Company agrees to mail to the Mortgagee at the address of the Mortgagee shown in the policy, a copy of the cancellation notice that has been mailed or delivered to the Insured, and as respects the interest of the Mortgagee, the cancellation shall be effective at the time specified in said notice but in no event earlier than fifteen (15) days after the date of mailing to the Mortgagee. If the Insured cancels the policy, the Company agrees to mail to the Mortgagee details of such request and as respects the interest of the Mortgagee, the cancellation shall not be effective until fifteen (15) days after the date of mailing of such details.

Suspension of coverage, as described in Condition 7, will suspend all insurance including the Mortgagee's interest. However, the Company agrees to furnish a copy of the suspension notice to the Mortgagee at the address of the Mortgagee shown in the policy.

11. CANCELLATION

The policy may be cancelled at any time by the Company or by the Insured. The Insured may cancel by notifying the Company in writing of the date thereafter the cancellation will be effective.

The Company may cancel either by mailing or delivering to the Insured, at the mailing address shown in the policy, written notice stating the date of cancellation of the policy. The Company will notify the Insured at least:

- a) fifteen (15) days before coverage ends if cancellation is for non-payment of premium; or
- b) thirty (30) days, unless a number of days is specified in the Declarations as Cancellation, before coverage ends if cancellation is for any other reason.

If cancellation by the Company is by mail, notice will be given by registered mail and the notice period will begin on the day after it arrives at the post office from which it is delivered to the Insured. If the Insured cancels, the Company will refund to the Insured 75% of the pro-rata unearned premium but in no event shall the amount refunded be more than 50% of the premium specified in the Declarations. If the Company cancels, the Company will refund to the Insured the pro-rata unearned premium but in no event shall the amount refunded be more than 50% of the premium specified in the Declarations. Such refund will be made as soon as possible after the cancellation becomes effective.

12. SPECIAL PROVISIONS

In the event that an Accident occurs to an Object to which any Special Provision applies, the Company's liability for loss under all Coverages shall be subject to such Special Provision.

13. NOTICE OF LOSS

When an Accident occurs which may result in loss under the policy, the Insured or his representative must notify the Company in writing immediately. Any delay in notifying the Company may affect the amount of loss recoverable under the policy.

14. DUTIES IN THE EVENT OF LOSS OR DAMAGE

In the event of loss or damage which may result in a claim under this policy, the Insured:

- a) must take the measures necessary to salvage or protect Insured Property from further damage. The Insured must, however, allow the Company reasonable time and opportunity to examine the damaged property before repairs are undertaken or physical evidence of the Accident is removed;
- b) must assist the Company in investigating and adjusting the claim, including making property and records available and permitting the questioning of employees about any matter relating to the insurance or the claim;
- c) must send the Company a signed statement of loss containing the information the Company requires to settle the claim; and
- d) must not voluntarily incur any expense, other than at the Insured's own cost, except as expressly permitted in this policy.

15. LIMIT OF LIABILITY

With respect to any Coverage provided by this policy, the liability of the Company on account of any One Accident shall not exceed the Limit of Liability specified in the Declarations.

The Limit of Liability specified for each Coverage under Sections A and B shall apply separately. The Limits of Liability specified for each Coverage under Section C shall be a part of and not in addition to the limits specified for the Coverage under Sections A and B to which they apply.

Any payment for which the Company is liable with respect to any Coverage shall be considered a loss under that Coverage.

16. MULTIPLE INTERESTS

If more than one Insured is named in the policy, the Company shall not be liable for an amount in excess of that for which it would have been liable had only one Insured been named.

17. SUBROGATION

Upon assuming liability or making any payment under this policy, the Company shall be subrogated to the Insured's rights of recovery therefore against any person or organization. The Insured must provide any legal documents and other assistance required by the Company to pursue such rights. The Insured shall do nothing after the Accident to waive or prejudice these rights of recovery.

18. LIMITATION OF COVERAGE - WARRANTY AND DESIGN

Notwithstanding any other provisions of this policy, this policy does not insure:

- a) any manufacturer or supplier of machinery, equipment or other property for the cost of making good any loss or damage which such party has agreed to make good under a guarantee or warranty, whether expressed or implied; nor
- b) any consulting engineer, architect or designer for loss or damage which arises out of the performance of their professional activities;

whether or not named as an Insured under this policy.

19. OTHER INSURANCE

If the Insured has other insurance which would apply to a loss covered by this policy had this policy not existed, then to the extent not in conflict with Guiding Principles, the insurance hereunder shall apply only as excess insurance over such other insurance, provided however,

- a) that in the event that such other insurance contains a similar Other Insurance clause, this Company shall be liable and only liable under this policy for the proportion of the said loss that the amount which would have been payable under this policy on account of the loss, had no other insurance existed, bears to the combined total of the said amount which would have been payable under all other insurance on account of the loss had there been no insurance under this policy;
- b) that in the event that such other insurance is insurance of a class other than boiler and machinery insurance, this Company shall be liable for and only for the proportion of the said loss set out in sub-paragraph (a) above.

20. INSURERS AGREEMENT

With respect to the insurance provided under this policy;

- a) if on the date of loss, there is valid property insurance in force covering property or other insurable interest of the Insured involved in the loss, and
- b) if there is a disagreement between the Company and the property Insurer as to either (a) which Insurer is liable, or (b) the proportion of loss to be paid by each Insurer,

then, upon the written request of the Insured, the Company shall settle the loss in accordance with the "Agreement Respecting Disputed Losses Between Property Insurance and Boiler and Machinery Insurance Policies" of the Insurance Bureau of Canada providing the property Insurer is a signatory to that Agreement or has agreed in writing to be bound by its acts.

21. ACTION AGAINST THE COMPANY

No action may be taken against the Company in connection with this policy unless the Insured has first complied with all of its terms and conditions nor unless commenced within fourteen (14) months from the date of the Accident. If this limitation of time is shorter than that prescribed by the applicable statute, it is agreed such statutory limitation of time shall apply.

SECTION F

CONDITIONS

1. POLICY

The policy includes the Insuring Agreement, Declarations, any Forms and Endorsements specified in the Declarations together with any other Endorsements to the policy subsequently issued.

Wherever in the policy reference is made to an Endorsement which has been cancelled and replaced by another Endorsement, such reference shall be understood to refer to the replacing Endorsement.

2. POLICY PERIOD

For the Company to be liable under the policy, the Accident must occur within the Policy Period. The Policy Period begins with the effective date of the Policy Period shown in the Declarations and ends with the earliest of:

- a) acceptance of the Project by the Principal or Project Owner,
- b) the interest of the Insured in the Project ceasing,
- c) expiration of the Policy Period as shown in the Declarations,
- d) cancellation of the policy, or
- e) ten (10) days after the date of Substantial Performance.

Coverage begins and ends at 00:01 Standard Time at the Location.

3. EXTENSION OF POLICY TERM

If the Project is not completed within the Policy Period the Company may consider the extension of the Policy Period for additional premium and at terms and conditions agreed to by the Company and Insured.

The Insured shall immediately advise the Company of any change in the declared progress schedule of the Project.

4. ADDITIONAL INSURED

Any person or organization named in the policy as an "Additional Insured" shall be considered as an Insured under the policy only as respects their interest in the Property Insured.

The naming of any Additional Insured shall not serve to increase the liability of the Company under this policy for loss from any One Accident.

5. EXAMINATION OF BOOKS AND RECORDS

The Company may examine and audit the books and records of the Insured as they relate to the policy at any time during the Policy Period and up to three years thereafter.

6. INSPECTION

The Company or its Reinsurer has the right to inspect any Object at any reasonable time. Neither the right to make inspections nor the making of them is an undertaking to the Insured or others that such Object is safe and not hazardous or injurious to health.

7. SUSPENSION

Upon the discovery of any Object in or exposed to a dangerous condition, any representative of the Company or its Reinsurer may immediately suspend the insurance against loss from an Accident to that Object by giving written notice to the Insured either by mail, by facsimile or in person at the mailing address shown in the policy or at the Location of the Object. Once the insurance has been suspended, it can only be reinstated by an Endorsement to the policy issued by the Company.

The Insured shall be allowed the unearned pro-rata portion of the premium for that Object for the period that the insurance is suspended, such allowance to be paid at the expiration of the policy period.

8. CHANGES

The policy contains all the agreements between the Company and the Insured concerning the insurance afforded. Notice to any agent or broker shall not effect a change in any part of this policy nor estop the Company from asserting any rights under the policy. The terms of the policy may be changed only by an Endorsement to the policy issued by the Company.

9. TRANSFER OF INTEREST

The interest of the Insured in the policy can only be transferred or assigned with the agreement of the Company in writing, except when bankruptcy, insolvency or death occurs. In such cases, the Company will cover the Insured's legal representative as the Insured if written notice is given to the Company within sixty (60) days after the date of the bankruptcy, insolvency or death.

10. MORTGAGEE INTEREST

If a Mortgagee is named in the policy with respect to any insured Location, loss on the property of the Insured at the Location shall be paid jointly to the Insured and the Mortgagee as their interest may appear.

While the Company has the right to cancel the policy, if a Mortgagee is named, the Company agrees to mail to the Mortgagee at the address of the Mortgagee shown in the policy, a copy of the cancellation notice that has been mailed or delivered to the Insured, and as respects the interest of the Mortgagee, the cancellation shall be effective at the time specified in said notice but in no event earlier than fifteen (15) days after the date of mailing to the Mortgagee. If the Insured cancels the policy, the Company agrees to mail to the Mortgagee details of such request and as respects the interest of the Mortgagee, the cancellation shall not be effective until fifteen (15) days after the date of mailing of such details.

Suspension of coverage, as described in Condition 7, will suspend all insurance including the Mortgagee's interest. However, the Company agrees to furnish a copy of the suspension notice to the Mortgagee at the address of the Mortgagee shown in the policy.

11. CANCELLATION

The policy may be cancelled at any time by the Company or by the Insured. The Insured may cancel by notifying the Company in writing of the date thereafter the cancellation will be effective.

The Company may cancel either by mailing or delivering to the Insured, at the mailing address shown in the policy, written notice stating the date of cancellation of the policy. The Company will notify the Insured at least:

- a) fifteen (15) days before coverage ends if cancellation is for non-payment of premium; or
- b) thirty (30) days, unless a number of days is specified in the Declarations as Cancellation, before coverage ends if cancellation is for any other reason.

If cancellation by the Company is by mail, notice will be given by registered mail and the notice period will begin on the day after it arrives at the post office from which it is delivered to the Insured. If the Insured cancels, the Company will refund to the Insured 75% of the pro-rata unearned premium but in no event shall the amount refunded be more than 50% of the premium specified in the Declarations. If the Company cancels, the Company will refund to the Insured the pro-rata unearned premium but in no event shall the amount refunded be more than 50% of the premium specified in the Declarations. Such refund will be made as soon as possible after the cancellation becomes effective.

12. SPECIAL PROVISIONS

In the event that an Accident occurs to an Object to which any Special Provision applies, the Company's liability for loss under all Coverages shall be subject to such Special Provision.

13. NOTICE OF LOSS

When an Accident occurs which may result in loss under the policy, the Insured or his representative must notify the Company in writing immediately. Any delay in notifying the Company may affect the amount of loss recoverable under the policy.

14. DUTIES IN THE EVENT OF LOSS OR DAMAGE

In the event of loss or damage which may result in a claim under this policy, the Insured:

- a) must take the measures necessary to salvage or protect Insured Property from further damage. The Insured must, however, allow the Company reasonable time and opportunity to examine the damaged property before repairs are undertaken or physical evidence of the Accident is removed;
- b) must assist the Company in investigating and adjusting the claim, including making property and records available and permitting the questioning of employees about any matter relating to the insurance or the claim;
- c) must send the Company a signed statement of loss containing the information the Company requires to settle the claim; and
- d) must not voluntarily incur any expense, other than at the Insured's own cost, except as expressly permitted in this policy.

15. LIMIT OF LIABILITY

With respect to any Coverage provided by this policy, the liability of the Company on account of any One Accident shall not exceed the Limit of Liability specified in the Declarations.

The Limit of Liability specified for each Coverage under Sections A and B shall apply separately. The Limits of Liability specified for each Coverage under Section C shall be a part of and not in addition to the limits specified for the Coverage under Sections A and B to which they apply.

If more than one Insured is named in the policy, the Company shall not be liable for an amount in excess of that for which it would have been liable had only one Insured been named.

Any payment for which the Company is liable with respect to any Coverage shall be considered a loss under that Coverage.

16. MULTIPLE INTERESTS

If more than one Insured is named in the policy, the Company shall not be liable for an amount in excess of that for which it would have been liable had only one Insured been named.

17. SUBROGATION

Upon assuming liability or making any payment under this policy, the Company shall be subrogated to the Insured's rights of recovery therefore against any person or organization. The Insured must provide any legal documents and other assistance required by the Company to pursue such rights. The Insured shall do nothing after the Accident to waive or prejudice these rights of recovery.

18. LIMITATION OF COVERAGE - WARRANTY AND DESIGN

Notwithstanding any other provisions of this policy, this policy does not insure:

- a) any manufacturer or supplier of machinery, equipment or other property for the cost of making good any loss or damage which such party has agreed to make good under a guarantee or warranty, whether expressed or implied; nor
- b) any consulting engineer, architect or designer for loss or damage which arises out of the performance of their professional activities;

whether or not named as an Insured under this policy.

19. OTHER INSURANCE

If the Insured has other insurance which would apply to a loss covered by this policy had this policy not existed, then to the extent not in conflict with Guiding Principles, the insurance hereunder shall apply only as excess insurance over such other insurance, provided however,

- a) that in the event that such other insurance contains a similar Other Insurance clause, this Company shall be liable and only liable under this policy for the proportion of the said loss that the amount which would have been payable under this policy on account of the loss, had no other insurance existed, bears to the combined total of the said amount which would have been payable under all other insurance on account of the loss had there been no insurance under this policy;
- b) that in the event that such other insurance is insurance of a class other than boiler and machinery insurance, this Company shall be liable for and only for the proportion of the said loss set out in sub-paragraph (a) above.

20. INSURERS AGREEMENT

With respect to the insurance provided under this policy;

- a) if on the date of loss, there is valid property insurance in force covering property or other insurable interest of the Insured involved in the loss, and
- b) if there is a disagreement between the Company and the property Insurer as to either (a) which Insurer is liable, or (b) the proportion of loss to be paid by each Insurer,

then, upon the written request of the Insured, the Company shall settle the loss in accordance with the "Agreement Respecting Disputed Losses Between Property Insurance and Boiler and Machinery Insurance Policies" of the Insurance Bureau of Canada providing the property Insurer is a signatory to that Agreement or has agreed in writing to be bound by its acts.

21. ACTION AGAINST THE COMPANY

No action may be taken against the Company in connection with this policy unless the Insured has first complied with all of its terms and conditions nor unless commenced within fourteen (14) months from the date of the Accident. If this limitation of time is shorter than that prescribed by the application statute, it is agreed such statutory limitation of time shall apply.