

ALL SYSTEMS GO PLUS™

SECTION I – EQUIPMENT BREAKDOWN COVERAGE

COVERAGE AGREEMENTS

1. BASIC COVERAGE

If there is a Breakdown of Insured Equipment at a Location specified in the Declarations, we will:

- a. pay for loss
 - i) to the Insured Equipment; and
 - ii) to other Insured Property; directly damaged by the Breakdown;
- b. pay for loss of perishable Insured Property that spoils solely as a result of the Breakdown;
- c. pay for the Business Interruption/Extra Expense which results solely from the Breakdown.

2. OTHER COVERAGES AND LIMITS

a. EXPEDITING EXPENSES

If there is a Breakdown of Insured Equipment, we will pay the reasonable extra cost to:

- i) make temporary repairs;
 - ii) expedite permanent repairs; or
 - iii) expedite permanent replacement;
- of the Insured Equipment or other Insured Property which is directly damaged by the Breakdown.

b. SERVICE INTERRUPTION

If solely as a result of a Breakdown of equipment which is not owned or operated by you and located on or within one thousand (1000) metres of your Location, you incur:

- i) loss of perishable Insured Property which spoils; or
 - ii) Business Interruption/Extra Expense loss;
- we will pay for such loss only if the equipment is also:
- 1) of a type described in the definition of Insured Equipment;
 - 2) owned by the building owner at your Location or public utility company; and
 - 3) used to supply communication, electricity, air conditioning, refrigeration, heating, gas, water or steam services to your Location.

c. BY-LAWS

If prior to the time of a Breakdown of Insured Equipment there is in force a law, by-law, ordinance, regulation, rule or ruling regulating or restricting repair, alteration, use, operation, construction or installation of Insured Property, we will pay:

- i) the increase in cost or repair or replacement of both damaged and undamaged property (including any demolition and site clearing costs) which is necessary to meet the minimum requirements of the law, by-law, ordinance, regulation, rule or ruling;
- ii) the increase in Business Interruption/Extra Expense because of the law, by-law, ordinance, regulation, rule or ruling.

d. HAZARDOUS SUBSTANCES

If a Hazardous Substance is involved in or released by a Breakdown of Insured Equipment, we will pay:

- i) the increase in cost to repair, replace, cleanup or dispose of, affected Insured Property; and
 - ii) the increase in Business Interruption/Extra Expense loss because of the presence of Hazardous Substances;
- however, in no event will we pay more than the limit for Hazardous Substances shown in the Declarations.

As used in this coverage, increase in cost or in loss is that cost or loss beyond that for which we would have been liable had no Hazardous Substance been present.

e. PROFESSIONAL FEES

If there is a Breakdown of Insured Equipment, we will pay for the reasonable and necessary fees authorized by us and payable to auditors, accountants, lawyers, architects, engineers or other professionals, excepting your own employees, for producing and certifying the information required by us in order to arrive at the amount of loss payable under the policy.

f. DENIAL OF ACCESS

If there is a Breakdown of equipment of a type described as Insured Equipment either at your Location or at a neighbouring or adjacent Location and as a result access to your Location is denied, we will pay any resulting Business Interruption/Extra Expense for up to four (4) consecutive weeks.

g. AUTOMATIC COVERAGE

We will automatically cover you for loss from a Breakdown at a newly acquired Location for up to ninety (90) days after acquisition provided:

- i) you inform us in writing of the acquisition;
 - ii) the equipment is of a type covered in the definition of Insured Equipment;
 - iii) you pay an additional premium for the acquisition; and
 - iv) any newly acquired location is in Canada or within any other country in which a Location is specified in the Declarations.
- Any loss will be subject to the highest deductible amount stated in the policy.

h. ERRORS AND OMISSIONS

We will pay you for loss otherwise not payable solely due to any of the following:

- i) any error or unintentional omission by you in the description of any covered Location;
- ii) the failure by you through error to include in the policy any premises owned or occupied by you at the inception date of the policy; or
- iii) any error or unintentional omission by you that results in the cancellation of a Location.

The following conditions apply to this coverage:

- 1) you must notify us 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 is specified in the Declarations;
- 3) you agree to pay an additional premium 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 amount shown in the Declarations; and
- 5) we shall be liable for loss under this coverage only to the extent that we would have been liable had the error or omission not occurred; however, in no event will we pay more than the limit for Errors and Omissions shown in the Declarations.

i. DATA RESTORATION

If as a result of a Breakdown of Insured Equipment, Data is lost or damaged, we will pay:

- i) the cost of gathering or reproducing the Data; and
 - ii) the Business Interruption/Extra Expense resulting from the loss or damage to the Data;
- however, in no event will we pay more than the limit for Data Restoration shown in the Declarations.

We will not pay for Data which is lost or damaged as a result of programming errors of any kind including the inability of software to correctly read, recognize, save, process or interpret any date or time.

j. ANCHOR LOCATION

We will pay for your loss and expense as defined under Coverage Agreement 1.c. that results from a Breakdown of equipment you do not own or operate and is located at an Anchor Location, but only if the equipment is of a type described in the definition of Insured Equipment.

k. GREEN COVERAGE

- i) Under Coverage Agreement 1.a., if Insured Equipment requires repair or replacement due to a Breakdown, we will pay the additional cost:
 - 1) to repair or replace damaged property, whichever is the lesser of the cost at the time of a Breakdown, using equipment, materials and service firms required or recommended by a Recognized Environmental Standards Program;
 - 2) to dispose of damaged property or equipment, if practicable, through a recycling process; and
 - 3) to flush out reconstructed space with up to 100% outside air using new filtration media.
- ii) With respect to any building that is Insured Property and was, at the time of the Breakdown, certified by a Recognized Environmental Standards Program, we will pay the additional costs:
 - 1) to prevent lapse of such certification;
 - 2) to reinstate the certification or replace it with an equivalent certification;
 - 3) for an engineer authorized by a Recognized Environmental Standards Program to oversee the repair or replacement of the damaged Insured Property; and
 - 4) for a professional engineer to commission or recommission your damaged mechanical, electrical, or electronic building systems.
- iii) As used in this coverage, additional costs mean those beyond what would have been payable in the absence of this Green Coverage.
- iv) This coverage is subject to the following provisions:
 - 1) This coverage applies in addition to any coverage that may apply under the Environmental and Efficiency Improvements condition, or any other applicable coverage.
 - 2) This coverage only applies to Insured Property that must be repaired or replaced as a direct result of a Breakdown.
 - 3) This coverage does not apply to any Insured Property or equipment to which Actual Cash Value applies.
- v) In no event will we pay more than the limit for Green Coverage shown in the Declarations.

EXCLUSIONS

We will not pay for:

1. loss caused by or resulting from nuclear reaction or radiation, or radioactive contamination, however caused;
2. loss caused by or resulting from:
 - a. war, including undeclared civil war;
 - b. warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
 - c. insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these;but unless associated with the foregoing, we do cover loss from a Breakdown of Insured Equipment arising out of any strike, riot civil commotion, acts of sabotage, vandalism or malicious acts by others;
3. 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) for the purpose of influencing any government and/or instilling fear in the public or a section of the public;
4. loss caused by or resulting from pollution, contamination or damage by a Hazardous Substance, however caused, except as provided in Coverage Agreement 2.d.;
5. 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:

 - a. the erasure, destruction, corruption, misappropriation or misinterpretation of Data;
 - b. any error in creating, amending, entering, deleting or using Data;
 - c. the inability to receive, transmit or use Data; or
 - d. 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, we do cover loss that ensues solely from the Breakdown of any other Insured Equipment;
6. loss from a Breakdown 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;
 - c. flood;
 - d. fire, smoke or combustion explosion;
 - e. water or other means used to extinguish a fire;
 - f. collapse of any building or structure; or
 - g. falling objects, hail or weight of snow, ice or sleet;
7. loss caused by or resulting from:
 - a. fire, smoke or combustion explosion that occurs at the same time as a Breakdown or that ensues from a Breakdown. However, with respect to any Insured Equipment which is an electrical or electronic machine or apparatus, we will pay for the fire damage within such machine or apparatus which occurs at the same time as a Breakdown or that ensues from a Breakdown.
 - b. lightning, if coverage for that cause of loss is provided by any other policy of insurance in effect at the time of the loss whether collectible or not;
 - c. escape of water resulting from a Breakdown unless:
 - i) coverage is not provided by any other insurance in effect at the time of the loss; and
 - ii) the water escapes from Insured Equipment that normally contains water or steam;
 - d. damage to Data except as provided in Coverage Agreement 2.i.; or
 - e. except as provided in Coverage Agreements 1.b. and 1.c., any other indirect result of a Breakdown;
8. under any Business Interruption/Extra Expense coverage
 - a. loss during any time during which business could not or would not have been carried on if the Breakdown had not occurred;
 - b. loss resulting from your failure to use due diligence and dispatch to resume as soon as possible complete or partial operations of the business;
 - c. fines or damages for breach of contract; nor
 - d. any penalties.

DEFINITIONS

1. BREAKDOWN

Breakdown means sudden and accidental physical damage to equipment resulting in failure of the equipment which requires the repair or replacement of the equipment or part of the equipment.

Breakdown does not mean:

- a. depletion, deterioration, corrosion or erosion of material;
- b. wear and tear;
- c. vibration or misalignment;
- d. the functioning of any safety or protective device; nor
- e. the failure of a structure of foundation supporting the equipment or a part of the equipment.

2. INSURED EQUIPMENT

Insured Equipment is any equipment owned, leased, operated or controlled by you as described below:

- a. any boiler, fired or unfired pressure vessel normally subject to vacuum or internal pressure other than static pressure of contents, any piping connected thereto and its accessory equipment, any heat exchanger that forms part of forced air heating equipment, but not including:
 - i) any boiler setting, any refractory or insulating material;
 - ii) any part of a boiler or fired pressure vessel that does not contain steam or water; nor
 - iii) buried piping, drainage piping, sprinkler piping and its accessory equipment;
- b. any mechanical or electrical equipment used for the generation, transmission or utilization of mechanical or electrical power; but not including:
 - i) any vehicle or mobile equipment; nor
 - ii) any lifting or safety cables, anchorages, car buffers or counterweight buffers forming part of an elevator system;
- c. any electronic equipment or fibre optic cable, but not including:
 - i) any anode tube, x-ray tube, video amplifier or klystron tube; nor
 - ii) any laser cartridge.

3. INSURED PROPERTY

Insured Property is:

- a. Property you own; or
- b. Property of others in your care, custody or control and for which you are legally liable.

4. BUSINESS INTERRUPTION/EXTRA EXPENSE

Business Interruption/Extra Expense is:

- a. the actual loss sustained by your business because of the loss of gross profit due to reduction in business revenue, and
- b. the reasonable and necessary extra expense you incur in order to either resume or continue the normal operation of business.

5. HAZARDOUS SUBSTANCE

A Hazardous Substance is:

- a. any pollutant, contaminant or other substance declared by a government 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 usable 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. ONE BREAKDOWN

If either the Breakdown of Insured Equipment causes the Breakdown of other Insured Equipment or a series of Breakdowns occur at the same time as a result of the same cause, they will all be considered as one Breakdown.

9. LOCATION

Location means the premises owned or occupied by you at the address shown in the Declarations.

10. RECOGNIZED ENVIRONMENTAL STANDARDS PROGRAM

Recognized Environmental Standards Program means one of the following:

- a. The ENERGY STAR® program;
- b. The Canadian Green Building Council LEED® program; or
- c. Any nationally or internationally recognized environmental standards program designed to achieve energy savings and related objectives of the type included in the programs listed above.

11. ANCHOR LOCATION

Anchor Location means a Location, operated by others, upon which you depend to attract customers to your Location. An Anchor Location must have been open for business for at least six (6) months prior to the Breakdown, and must be located within one thousand (1000) metres of your Location.

CONDITIONS

1. POLICY PERIOD

For coverage to apply under this policy Section, the Breakdown must occur within the Policy Period in the Declarations. Coverage begins and ends at 12:01 a.m. Standard Time at the Location where the Breakdown occurs.

2. ADDITIONAL INSURED

If a person or organization is named in the policy as Additional Insured, we will consider them to be an insured under the policy as their interest may appear.

3. UNINSURED EQUIPMENT

If any equipment is shown in the policy as Uninsured Equipment, we will not pay for any loss resulting from the Breakdown of such equipment.

4. EXAMINATION OF THE BOOKS AND RECORDS

We may examine and audit your books and records as they relate to the policy at any time during the Policy Period and up to three (3) years afterwards.

5. INSPECTION

We have the right to make inspections of Insured Equipment at any reasonable time. Neither this right to make inspections nor making them is an undertaking to you or others that the Insured Equipment is safe and not hazardous or injurious to health.

6. SUSPENSION

If we find Insured Equipment in or exposed to a dangerous condition, any of our representatives may immediately suspend the insurance against loss from the Breakdown of that equipment. We will give you notice of the suspension either at your mailing address or at the Location of the equipment. Once coverage has been suspended, it can only be reinstated by an endorsement to the policy.

If we suspend insurance, you will receive a pro-rata refund of the premium for that equipment for the period that coverage is suspended.

7. CHANGES

The policy contains all agreements between you and us concerning the insurance afforded. The policy may only be changed by an endorsement issued by us to form part of the policy.

8. TRANSFER OF INTEREST

Your interest in the policy can only be transferred or assigned with our agreement in writing, except when bankruptcy, insolvency or death occurs. In such cases, your legal representative will be covered automatically in place of you but only if we are notified in writing within sixty (60) days of such occurrence.

9. MORTGAGEE INTEREST

If the Mortgagee is named in the policy for any covered Location, any loss to your property at that Location will be paid jointly to you and the Mortgagee as interests may appear.

While we have the right to cancel the policy, if a Mortgagee is named, we will also mail a copy of the notice of cancellation to the Mortgagee at the address shown for them in the policy. We will protect the Mortgagee's interest for fifteen (15) days after the date we mail the copy. If you want to cancel the policy, we will send details of your request to the Mortgagee and continue their protection for fifteen (15) days in the same way.

Suspension of coverage as described in the Suspension Condition, will suspend all coverage, including the Mortgagee's interest. However, we will provide them with a copy of the written notice at the address shown for them in the policy.

10. CANCELLATION

The policy may be cancelled at any time by you or by us. You may cancel by notifying us in writing of the date thereafter you want your coverage to end. We will refund to you 75% of the unearned premium.

We may cancel by mailing to you or personally delivering to you written notice stating the date of cancellation of the policy. We will notify you at least:

- a. fifteen (15) days before coverage ends if we cancel for non-payment of premium; or
- b. thirty (30) days before coverage ends if we cancel for any other reason.

If we cancel by mail, we will use registered mail and the notice period will begin on the day after it arrives at the post office from which it is delivered to you. If we cancel, we will refund to you the pro-rata unearned premium.

11. NOTICE OF LOSS

When a Breakdown occurs which may result in loss under the policy, you or your representative must notify us immediately and provide written confirmation as soon as possible.

12. DUTIES IN THE EVENT OF LOSS OR DAMAGE

In the event of loss or damage following a Breakdown of Insured Equipment:

- a. you must take the measures necessary to salvage or protect Insured Property from further damage. You must however allow us reasonable time and opportunity to examine the damaged property before physical evidence of the Breakdown is removed;
- b. you must reduce your loss, if possible, by:
 - i) resuming business, either partially or completely;
 - ii) using merchandise or other property available to you;
 - iii) using the property or services of others;
- c. you must assist us in investigating and adjusting the claim, including making property and records available for us to see, and permitting us to question you and your employees about any matter relating to the insurance or the claim; and
- d. you must send us a signed statement of loss containing the information we require to settle the claim.

13. BASIS OF SETTLEMENT

a. PROPERTY DAMAGE

Under Coverage Agreement 1.a., we will pay for Insured Property which is damaged as follows:

- i) on business records, including Media and Data the cost of blank material plus the cost of transcription from duplicates or from originals;
- ii) on any heat exchanger that forms part of forced air heating equipment that is five (5) years old or more from the date of purchase new, its Actual Cash Value;
- iii) on all other Insured Property, the lesser of the cost at the time of the Breakdown
 - 1) to repair, or
 - 2) to replace with similar property of like kind, capacity, size, quality and function.

We will not pay for:

1. cost of repairing any part or parts of a piece of equipment which is greater than the cost of repairing or replacing the entire piece of equipment;
2. more than the cost for you to replace the property with other property of like kind, capacity, size, quality and function, except as described in Condition 13.b. Environmental and Efficiency Improvements;
3. more than the cost for you to replace the damaged property at the same or adjacent site; nor
4. loss or damage to property which is useless or obsolete to you.

If you do not repair or replace the damaged property within twenty four (24) months after the date of the Breakdown then we 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, quality and function less depreciation however caused. We will consider such items as the age, condition and normal life expectancy of the property in determining depreciation.

b. ENVIRONMENTAL AND EFFICIENCY IMPROVEMENTS

Under Coverage Agreement 1.a., if Insured Equipment requires replacement due to a Breakdown, we will pay your additional cost to replace with equipment that is better for the environment, or more efficient than the equipment being replaced. However, we will not pay more than 150% of what the cost would have been to replace with like kind, capacity, size, quality and function.

This provision does not apply to any property valued or insured on an Actual Cash Value basis.

c. SPOILAGE

Under Coverage Agreement 1.b., we will pay the amount you spend to replace perishable Insured Property which spoils solely as a result of the Breakdown of Insured Equipment. If the Insured Property is not replaced, we will only pay for the Actual Cash Value of the property.

d. BUSINESS INTERRUPTION/EXTRA EXPENSE

Under Coverage Agreement 1.c., we will pay until the earlier of:

- i) the date the revenue and operations of the business return to normal, or
- ii) twelve (12) months from the date of the Breakdown.

14. DEDUCTIBLE

From the total amount of loss, damage and expense for which we are liable following any One Breakdown of Insured Equipment, we will subtract the Deductible shown in the Declarations.

If more than one Deductible is shown in the Declarations and is applicable to loss from any One Breakdown, only one Deductible shall be applied and that shall be the largest of the applicable Deductibles.

15. PAYING LOSSES

We will make payment to you or as you direct us in writing except that:

- a. if there is a Mortgagee or Additional Insured shown in the policy, we will make payment jointly to them as well as you, and
- b. if there is a Loss Payee shown in the policy, we will make payment to the person or organization shown as Loss Payee together with any Mortgagee or Additional Insured.

16. RECOVERY FROM OTHERS

When we make payment, the rights you may have to recover all or part of your loss from someone else are transferred to us to the extent of our payment. You must give us any legal documents and other assistance we may require to pursue such rights. You must not do anything to waive or prejudice these rights of recovery.

17. OTHER INSURANCE

If you have other insurance which would apply to a loss covered by this policy if this policy did not exist, this insurance shall apply only as excess insurance over the other insurance provided, however

- a. in the event the other insurance contains a similar other insurance clause, this policy produces its effects in proportion to all the insurance in force up to the amount of the loss. For this sole purpose of determining our contribution to a loss under this sub-paragraph, the amount of insurance under this policy is deemed to be the total value of the property insured at the Location as the last reported to and on file with us;
- b. in the event that the other insurance is of a class other than boiler and machinery insurance, we shall be liable for and only for the proportion of the loss set out in sub-paragraph a. above.

18. ACTION AGAINST US

You cannot bring action against us in connection with this policy unless you have first complied with all of its terms and conditions or unless commenced within fourteen (14) months from the date of the Breakdown. If this limitation of time is shorter than the prescribed applicable statute, it is agreed such statutory limitation of time shall apply.

19. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this policy without any additional premium within forty-five (45) days prior to or during the policy period, the broadened coverage will apply immediately to this policy.

20. LIMIT OF LIABILITY

The most we will pay under Coverage Agreement 1 for any One Breakdown is the Limit of Insurance shown in the Declarations for this Coverage.

The Limits of Insurance shown for Coverage Agreement 2, Other Coverages and Limits, will not increase the Limit of Insurance shown on the Declarations for Coverage Agreement 1.

SECTION II – DATA COMPROMISE COVERAGE

If limits are shown under Section II – Data Compromise Coverage in the Declarations, the following coverage will apply.

The coverage, limits, deductibles and service provided under this section are separate from Section I – Equipment Breakdown Coverage. The Conditions, except for Conditions 1, 3, 5, 6, 9, 13, 14 and 15 from Section I – Equipment Breakdown Coverage also applies to this Section, provided, however, that for the purposes of this Section only, wherever the term Breakdown or Breakdown of Insured Equipment is used, the term Personal Data Compromise shall be substituted.

COVERAGE AGREEMENTS

1. DATA COMPROMISE AGREEMENT

Any coverage under this Section Applies only if all of the following conditions are met:

- a. there has been a Personal Data Compromise;
- b. such Personal Data Compromise is first discovered by you during the policy period for which this Data Compromise Coverage is applicable; and
- c. such Personal Data Compromise is reported to us within a reasonable period of time after it is first discovered by you.

2. COVERAGES AND LIMITS

a. RESPONSE EXPENSES COVERAGE

If all three conditions listed above in 1. Data Compromise Agreement have been met, then we will provide coverage for the following expenses directly arising from the Personal Data Compromise:

- i) **Legal Review**
We will pay your necessary and reasonable expense for outside professional legal counsel review of the Personal Data Compromise and how you should best respond to it.
- ii) **Forensic Information Technology (IT) Review**
We will pay your necessary and reasonable expense for outside professional information technology review if needed to determine, within the constraints of what is possible and reasonable, the nature and extent of the Personal Data Compromise and the number of identities of the Affected Individuals.
- iii) **Regulatory Notifications**
We will pay your necessary and reasonable expenses to provide notification of the Personal Data Compromise to the Office of the Privacy Commissioner of Canada and any other regulatory authority as required.
- iv) **Notification to Affected Individuals**
We will pay your necessary and reasonable expenses to provide notification of the Personal Data Compromise to Affected Individuals.
- v) **Services to Affected Individuals**
We will pay your necessary and reasonable expenses to provide the following services to Affected Individuals:
 - 1) **Information Materials**
A packet of loss prevention and customer support information.
 - 2) **Help Line**
A toll-free telephone line for Affected Individuals with questions about the Personal Data Compromise or wanting to request the additional services of Fraud Alert and Identity Restoration Case Management, described below.
 - 3) **Fraud Alert**
An alert placed on a credit file advising the creditor to validate the legitimacy of a credit application by contacting the Affected Individual. This service is initiated by the Affected Individual contacting the designated service provider who will provide assistance with placement alerts with all designated Canadian credit bureaus.
 - 4) **Identity Restoration Case Management**
As respects any Affected Individual who is, or appears to be, a victim of Identity Theft that may reasonably have arisen from the Personal Data Compromise, the services of an identity restoration professional who will assist that Affected Individual through the process of correcting credit and other records and, within the constraints of what is possible and reasonable, restoring control over his or her personal identity.
- vi) **Public Relations Services**
We will pay your necessary and reasonable expenses for a professional public relations firm review of and response to the potential impact of the Personal Data Compromise on your business relationships. This includes costs to implement public relations recommendations of such firm. This may include advertising and special promotions designed to retain your relationship with Affected Individuals; however, we will not pay for promotions:
 - 1) Provided to any of your directors or employees; or
 - 2) Costing more than \$25 per Affected Individual.

b. RESPONSE EXPENSES LIMIT

The most we will pay under 2.a. Response Expenses Coverage is the Response Expenses Limit shown in the Declarations. If a Personal Data Compromise is first discovered in one policy period but causes covered expenses in other policy periods, all covered expenses arising from such Personal Data Compromise will be subject to the Response Expenses Limit applicable to the policy period when the Personal Data Compromise was first discovered.

The Response Expenses Limit is an annual aggregate limit. This amount is the most we will pay for the total of all loss covered under paragraph 2.a. Response Expenses Coverage, arising out of all Personal Data Compromise events which are first discovered by you during the present annual policy period. This limit applies regardless of the number of Personal Data Compromise events occurring during that period.

The most we will pay under each of the coverages listed in 2.a. for loss arising from any one Personal Data Compromise is the amount shown for that coverage in the Declarations. This limit is part of, and not in addition to, the Response Expenses Limit.

Public Relations Services Coverage is also subject to a limit per Affected Individual as described in 2.a.vi) Public Relations Services. This limit is part of, and not in addition to, the Response Expenses Limit.

The most we will pay under Response Expenses coverage for loss arising from any Malware-Related Compromise is the sublimit shown for that coverage in the Declarations. This limit is part of, and not in addition to, the Response Expenses Limit.

Coverage for Services to Affected Individuals is limited to the expenses to provide such services for a period of up to twelve (12) months from the date of the notification to the Affected Individuals. Except that coverage for Identity Restoration Case Management services initiated within such twelve (12) months period will continue for a period of up to twelve (12) months from the date such Identity Restoration Case Management services are initiated.

c. RESPONSE EXPENSES DEDUCTIBLE

Response Expenses Coverage is subject to the Response Expenses Deductible shown in the Declarations. You will be responsible for such Deductible amount as respects each Personal Data Compromise covered under this Section.

EXCLUSIONS

The following additional exclusions apply to this Section.

We will not pay for costs arising from any of the following:

1. your intentional or wilful complicity in a Personal Data Compromise;
2. any criminal, fraudulent or dishonest act, error or omission, or any intentional or knowing violation of the law by you;
3. any Personal Data Compromise occurring prior to the first inception of this Coverage. However, if you had coverage under another policy that is substantially similar to this Coverage so that your coverage as provided under this Coverage has been continuously in force with no interruption of coverage, then this exclusion will not apply to any Personal Data Compromise occurring after the first inception of such coverage under the other policy;
4. except as specifically provided under Coverage Agreement 2.a.i) 2. Forensic Information Technology (IT) Services, costs to research any deficiency or the costs to correct any deficiency. This includes, but is not limited to, any deficiency in your systems, procedures or physical security that may have contributed to a Personal Data Compromise;
5. any fines or penalties. This includes, but is not limited to, fees or surcharges from affected financial institutions;
6. any criminal investigations or proceedings;
7. any threat, extortion or blackmail. This includes, but is not limited to, ransom payments and private security assistance;
8. your reckless disregard for the security of Personally Identifying Information in your care, custody or control; and
9. any third party liability or defence costs.

ADDITIONAL CONDITIONS

The following additional conditions apply to coverage under this Section:

1. DUE DILIGENCE

You agree to use due diligence to prevent and mitigate costs covered under this Section. This includes, but is not limited to, complying with reasonable and industry-accepted protocols for:

- a. providing and maintaining appropriate physical security for your premises, computer systems and hard copy files;
- b. providing and maintaining appropriate computer and Internet security;
- c. maintaining and updating at appropriate intervals backups for computer data;
- d. protecting transactions, such as processing credit card, debit card and cheque payments; and
- e. appropriate disposal of files containing Personally Identifying Information including shredding hard copy files and destroying physical media used to store electronic data.

2. LEGAL ADVICE

We are not your legal advisor. Our determination of what is or is not covered under this Section does not represent advice or counsel from us about what you should or should not do.

3. PRE-NOTIFICATION CONSULTATION

You agree to consult with us prior to the issuance of notification of Affected Individuals. We assume no responsibility under this Section for any services promised to Affected Individuals without our prior agreement. If possible, this Pre-Notification Consultation will also include the designated service provider(s) as agreed to under Additional Condition 4. Service Providers.

You must provide the following at our Pre-Notification Consultation with you:

- a. the exact list of Affected Individuals to be notified, including contact information;
- b. information about the Personal Data Compromise that may appropriately be communicated with Affected Individuals; and
- c. the scope of services that you desire for the Affected Individuals. For example, coverage may be structured to provide fewer services in order to make these services available to more Affected Individuals without exceeding the available Response Expense Limit.

4. SERVICE PROVIDERS

- a. We will only pay under this Section for services that are provided by service providers approved by us. You must obtain our prior approval for any service provider whose expenses you want covered under this Section. We will not unreasonably withhold such approval.
- b. Prior to the Pre-Notification Consultation described in Additional Condition 3. Pre-Notification Consultation above, you must come to agreement with us regarding the service provider(s) to be used for the notification to Affected Individuals and services to Affected Individuals as described in Coverage Agreement 2.a.ii) Notification to Affected Individuals and 2.a.iii) Service to Affected Individuals. We will suggest a service provider. If you prefer to use an alternate service provider, our coverage is subject to the following limitations:
 - i) such alternate service provider must be approved by us;
 - ii) such alternate service provider must provide services that are reasonably equivalent or superior in both kind and quality to the services that would have been provided by the service provider we had suggested; and
 - iii) our payment for services provided by an alternate service provider will not exceed the amount that we would have paid using the service provider we had suggested.

5. SERVICES

The following conditions apply as respects any services provided to you or Affected Individual by us, our designees, or any service firm paid for in whole or in part under this Section:

- a. The effectiveness of such services depends on your co-operation and assistance;
- b. Service in the United States of America will be different from service in Canada in accordance with local conditions;
- c. You will have a direct relationship with the professional service firms paid for in whole or in part under this coverage. These firms will work for you; and
- d. We do not warrant that any service will:
 - i) end or eliminate all problems associated with the covered events; or
 - ii) be available or applicable to all individuals. For example, Affected Individuals who are minors or foreign nationals may not have credit records that can be provided or monitored.

6. COVERAGE TERRITORY

The Identity Theft must occur within the following coverage territory:

- a. Canada; and
- b. The United States of America (including its territories and possessions).

DEFINITIONS

The following Definitions will apply to this Section:

1. AFFECTED INDIVIDUAL

Affected Individual means any person who is your current, former or prospective customer, client, member, owner, director or employee and whose Personally Identifying Information is lost, stolen, accidentally released or accidentally published by a Personal Data Compromise covered under this Section.

This definition is subject to the following provisions:

- a. Affected Individual does not include any business or organization. Only an individual person may be an Affected Individual.
- b. An Affected Individual must have a direct relationship with your interests as an insured under this policy. The following are examples of individuals who would not meet this requirement:
 - i) If you aggregate or sell information about individuals as part of your business, the individuals about whom you keep such information do not qualify as Affected Individuals. However, specific individuals may qualify as Affected Individuals for another reason, such as being an employee of yours;
 - ii) If you store, process, transmit or transport records, the individuals whose Personally Identifying Information you are storing, processing, transmitting or transporting for another entity do not qualify as Affected Individuals. However, specific individuals may qualify as Affected Individuals for another reason, such as being an employee of yours; or
 - iii) You may have operations, interests or properties that are not insured under this policy. Individuals who have a relationship with you through such other operations, interests or properties do not qualify as Affected Individuals. However, specific individuals may qualify as Affected Individuals for another reason, such as being an employee of the operation insured under this policy;
- c. An Affected Individual may reside anywhere in the world.

2. IDENTITY THEFT

Identity Theft means the fraudulent use of Personally Identifying Information. This includes fraudulently using such information to establish credit accounts, secure loans, enter into contracts or commit crimes. Identity Theft does not include the fraudulent use of a business name, d/b/a or any other method of identifying a business activity.

3. PERSONAL DATA COMPROMISE

Personal Data Compromise means the loss, theft, accidental release or accidental publication of Personally Identifying Information as respects one or more Affected Individuals, if such loss, theft, accidental release or accidental publication has or could reasonably result in the fraudulent use of such information. This definition is subject to the following provisions:

- a. At the time of the loss, theft, accidental release or accidental publication, the Personally Identifying Information need not be at the insured premises but must be in your direct care, custody or control of:
 - i) You; or
 - ii) A professional entity with which you have a direct relationship and to which you (or an Affected Individual at your direction) have turned over (directly or via a professional transmission or transportation provider) such information for storage, processing, transmission or transportation of such information.
- b. Personal Data Compromise includes disposal or abandonment of Personally Identifying Information without appropriate safeguards such as shredding or destruction, subject to the following provisions:
 - i) Your failure to use appropriate safeguards must be accidental and not reckless or deliberate; and
 - ii) Such disposal or abandonment must take place during the time period for which this coverage is effective;
- d. Personal Data Compromise includes situations where there is a reasonable cause to suspect that such Personally Identifying Information has been lost, stolen, accidentally released or accidentally published, even if there is no firm proof; and
- e. All incidents of Personal Data Compromise that are discovered at the same time or arise from the same cause will be considered one Personal Data Compromise.

4. PERSONALLY IDENTIFYING INFORMATION

Personally Identifying Information means information that could be used to commit fraud or other illegal activity involving the credit or identity of an Affected Individual. This includes, but is not limited to, Social Insurance Numbers or account numbers correlated with names and addresses. Personally Identifying Information does not mean or include information that is otherwise available to the public, such as names and addresses with no correlated Social Insurance Numbers or account numbers.

5. MALWARE-RELATED COMPROMISE

Malware-Related Compromise means a Personal Data Compromise that is caused, enabled or abetted by a virus or other malicious code that, at the time of the Personal Data Compromise, is named and recognized by the CERT® Coordination Center, McAfee®, Secunia, Symantec or other comparable third party monitors of malicious code activity.

SECTION III – IDENTITY RECOVERY COVERAGE

If limits are shown under Section III – Identity Recovery Coverage in the Declarations, the following coverage will apply.

The coverage, limits, deductibles and service provided under this section are separate from your Equipment Breakdown Coverage. The Conditions, except for Conditions 1, 3, 5, 6, 9, 13, 14 and 15, from your Equipment Breakdown Coverage also applies to this Section, provided, however, that from the purposes of this Section only, wherever the term Breakdown or Breakdown of Insured Equipment is used, the term Identity Theft shall be substituted.

COVERAGE AGREEMENTS

1. IDENTITY RECOVERY AGREEMENT

Coverage under this Section applies only if all the following conditions are met:

- a. There has been an Identity Theft involving the personal identity of an Identity Recovery Insured under this policy;
- b. Such Identity Theft is first discovered by the Identity Recovery Insured during the policy period for which this Identity Recovery Coverage is applicable; and
- c. Such Identity Theft is reported to us within a reasonable period of time after it is first discovered by the Identity Recovery Insured.

2. COVERAGES AND LIMITS

If all three of the conditions listed above in 1. Identity Recovery Agreement have been met, then we will provide the following to the Identity Recovery Insured.

a. CASE MANAGEMENT SERVICE

We will provide the services of an Identity Recovery Case Manager as needed to respond to the Identity Theft.

- i) **Limit**
Case Management Service is available as needed for any one Identity Theft for up to twelve (12) months from the inception of the service. Expenses we incur to provide Case Management Service do not reduce the available Expense Reimbursement Coverage Limit.
- ii) **Deductible**
Case Management Service is not subject to a deductible.

b. EXPENSE REIMBURSEMENT COVERAGE

We will pay for reimbursement of necessary and reasonable Identity Recovery Expenses incurred as a direct result of the Identity Theft.

- i) **Limit**
Expense Reimbursement Coverage is subject to the Expense Reimbursement Coverage Limit shown in the Declarations. The Expense Reimbursement Coverage Limit is an annual aggregate limit per Identity Recovery Insured. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or expense arising out of all Identity Thefts to any one Identity Recovery Insured which are first discovered by the Identity Recovery Insured during the present annual policy period. If an Identity Theft is first discovered in one policy period and continues into other policy periods, all loss and expense arising from such Identity Theft will be subject to the Expense Reimbursement Coverage Limit applicable to the policy period when the Identity Theft was first discovered. Lost wages as provided under item e. and Supervision Expenses as provided under item f. of the definition of Identity Recovery Expenses are jointly subject to the Lost Wages and Supervision Expenses Limit shown in the Declarations. Miscellaneous unnamed costs as provided under item g. of the definition of Identity Recovery Expenses are subject to the Miscellaneous Unnamed Costs Limit shown in the Declarations.

All Identity Recovery Expenses are subject to the Expense Reimbursement Coverage Limit. Coverage for Identity Recovery Expenses is limited to costs and expenses incurred and wages lost within twelve (12) months after the first discovery of the Identity Theft by the Identity Recovery Insured.

- ii) **Deductible**
Expense Reimbursement Coverage is subject to the Expense Reimbursement Coverage Deductible shown in the Declarations. Each Identity Recovery Insured will be responsible for only one Deductible under this Identity Recovery Coverage during any one policy period.

EXCLUSIONS

The following additional exclusions apply to this Section.

We will not cover loss or expense arising from:

1. the theft of a professional or business identity;
2. any fraudulent, dishonest or criminal act by an Identity Recovery Insured or any person aiding or abetting an Identity Recovery Insured, or by any authorized representative of an Identity Recovery Insured, whether acting alone or in collusion with others. However, this exclusion will not apply to the interests of an Identity Recovery Insured who has no knowledge of or involvement in such fraud, dishonesty or criminal act; or
3. an Identity Theft that is not reported in writing to the police.

ADDITIONAL CONDITIONS

The following additional conditions apply to this Section:

1. IDENTITY RECOVERY ASSISTANCE

For assistance, the Identity Recovery Insured should email the Identity Recovery Assistance email address shown in Section III of the Declarations.

Identity Recovery Assistance can provide the Identity Recovery Insured with:

- a. information and advice for how to respond to a possible Identity Theft; and
- b. instructions for how to submit a service request for Case Management Service and/or a claim form for Expense Reimbursement Coverage.

In some cases, we may provide Case Management Services at our expense to an Identity Recovery Insured prior to a determination that a covered Identity Theft has occurred. Our provision of such services is not an admission of liability under this policy. We reserve the right to deny further coverage or service if, after investigation, we determine that a covered Identity Theft has not occurred.

With respect to Expense Reimbursement Coverage, the Identity Recovery Insured must send to us receipts, bills or other records that support his or her claim for Identity Recovery Expenses within a reasonable period of time after our request.

2. SERVICES

The following conditions apply as respects any services provided by us or our designees to any Identity Recovery Insured under this Section:

- a. Our ability to provide helpful services in the event of an Identity Theft depends on the cooperation, permission and assistance of the Identity Recovery Insured;
- b. Service in the United States of America will be different from service in Canada in accordance with local conditions;
- c. We do not warrant that any service will:
 - i) End or eliminate all problems associated with an Identity Theft; or
 - ii) Prevent future Identity Theft; or
 - iii) Be available or applicable to all individuals. For example, Identity Recovery Insureds who are minors or foreign nationals may not have credit records that can be provided or monitored.

3. COVERAGE TERRITORY

The Identity Theft must occur within the following coverage territory:

- a. Canada; and
- b. The United States of America (including its territories and possessions).

DEFINITIONS

The following Definitions apply to this Section:

1. IDENTITY RECOVERY CASE MANAGER

Identity Recovery Case Manager means one or more individuals assigned by us to assist an Identity Recovery Insured with communications we deem necessary for re-establishing the integrity of the personal identity of the Identity Recovery Insured. This includes, with the permission and cooperation of the Identity Recovery Insured, written and telephone communications with law enforcement authorities, governmental agencies, credit agencies and individual creditors and businesses.

2. IDENTITY RECOVERY EXPENSES

Identity Recovery Expenses means the following when they are reasonable and necessary expenses that are incurred as a direct result of Identity Theft:

- a. costs for re-filing applications for loans, grants or other credit instruments that are rejected solely as a result of an Identity Theft;
- b. costs for notarizing affidavits or other similar documents, long distance telephone calls and postage solely as a result of efforts to report an Identity Theft or amend or rectify records as to the Identity Recovery Insured's true name or identity as a result of an Identity Theft;
- c. costs for credit reports from established credit bureaus;
- d. fees and expenses for any attorney approved by us for the following:
 - i) the defence of any civil suit brought against an Identity Recovery Insured;
 - ii) the removal of any civil judgement wrongfully entered against an Identity Recovery Insured;
 - iii) legal assistance for an Identity Recovery Insured at an audit or hearing by a governmental agency;
 - iv) legal assistance in challenging the accuracy of the Identity Recovery Insured's consumer credit report;
 - v) the defence of any criminal charges brought against an Identity Recovery Insured arising from the actions of a third party using the personal identity of the Identity Recovery Insured;
- e. actual lost wages of the Identity Recovery Insured for time reasonably and necessarily taken away from work and away from the work premises. Time away from work includes partial or whole days. Actual lost wages may include payment for vacations days, discretionary days, floating holidays and paid personal days. Actual lost wages does not include sick days or any loss arising from time taken away from self employment. Necessary time off does not include time off to do tasks that could reasonably have been done during non-work hours.
- f. actual costs for supervision of children or elderly or infirm relatives or dependants of the Identity Recovery Insured during time reasonably and necessarily taken away from such supervision. Such care must be provided by a professional care provider who is not a relative of the Identity Recovery Insured; and
- g. any other reasonable costs necessarily incurred by an Identity Recovery Insured as a direct result of the Identity Theft.
 - i) Such costs include:
 1. Costs by the Identity Recovery Insured to recover control over his or her personal identity; and
 2. Deductibles or service fees from financial institutions
 - ii) Such costs do not include:
 1. Costs to avoid, prevent or detect Identity Theft or other loss;
 2. Money lost or stolen; and
 3. Costs that are restricted or excluded elsewhere in this Section.

3. IDENTITY RECOVERY INSURED

Identity Recovery Insured means the following:

- a. when the Named Insured under this policy is a sole proprietorship, the Identity Recovery Insured is an individual person who is the sole proprietor of the Named Insured at any time during the policy period;
- b. when the Named Insured under this policy is a partnership, the Identity Recovery Insureds are the current partners at any time during the policy period; and
- c. when the Named Insured under this policy is a corporation or other organization, the Identity Recovery Insureds are all individuals having an ownership position of 20% or more of the Named Insured at any time during the policy period. However, if and only if there is no one who has such an ownership position, then the Identity Recovery Insured will be:
 - i) the chief executive of the Named Insured at any time during the policy period; or
 - ii) as respects a religious institution, the senior ministerial employee at any time during the policy period.

An Identity Recovery Insured must always be an individual person. An entity insured under this policy is not an Identity Recovery Insured.

4. IDENTITY THEFT

Identity Theft means the fraudulent use of the Social Insurance Number or other method of identifying an Identity Recovery Insured. This includes fraudulently using the personal identity of an Identity Recovery Insured to establish credit accounts, secure loans, enter into contracts or commit crimes.

Identity Theft does not include the fraudulent use of a business name, d/b/a or any other method of identifying a business activity.