

STATUTORY CONDITIONS

DETAILS OF YOUR COVERAGE

Applicable to Alberta, British Columbia and Manitoba only.

The following policy conditions, as modified or supplemented by the attached forms or endorsements, apply to all of the perils insured by the Policy (including fire) unless applicable legislation provides otherwise.

In respect of *Section ii – Liability Coverage*, only policy conditions 1,3,4,5 and 14 apply.

1. MISREPRESENTATION

If a person applying for insurance falsely describes the property to the prejudice of the Insurer, or misrepresents or fraudulently omits to communicate any circumstance that is material to be made known to the Insurer in order to enable it to judge of the risk to be undertaken, the contract is void as to any property in relation to which the misrepresentation or omission is material.

2. PROPERTY OF OTHERS

The insurer is not liable for loss or damage to property owned by a person other than the insured unless

- 1) otherwise specifically stated in the contract, or
- 2) the interest of the insured in that property is stated in the contract.

3. CHANGE OF INTEREST

The insurer is liable for loss or damage occurring after an authorized assignment under the Bankruptcy and Insolvency Act (Canada) or change of title by succession, by operation of law, or by death.

4. MATERIAL CHANGE

- 1) The insured must promptly give notice in writing to the insurer or its agent of a change that is
 - a) material to the risk, and
 - b) within the control and knowledge of the insured.
- 2) If an insurer or its agent is not promptly notified of a change under subparagraph (1) of this condition, the contract is void as to the part affected by the change.
- 3) If an insurer or its agent is notified of a change under subparagraph (1) of this condition, the insurer may
 - a) terminate the contract in accordance with Statutory Condition 5, or
 - b) notify the insured in writing that, if the insured desires the contract to continue in force, the insured must, within 15 days after receipt of the notice, pay to the insurer an additional premium specified in the notice.
- 4) If the insured fails to pay an additional premium when required to do so under subparagraph (3) (b) of this condition, the contract is terminated at that time and Statutory Condition 5 (2) (a) applies in respect of the unearned portion of the premium.

5. TERMINATION

- 1) This contract may be terminated,
 - a) by the Insurer giving to the Insured fifteen days' notice of termination by registered mail or five days' written notice of termination personally delivered, or

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- b) by the Insured at any time on request.
- 2) If the contract is terminated by the Insurer,
 - a) the Insurer shall refund the excess of premium actually paid by the Insured over the proportion premium for the expired time, but, in no event, shall the proportionate premium for the expired time be deemed to be less than any minimum retained premium specified; and
 - b) the refund shall accompany the notice unless the premium is subject to adjustment or determination as to amount, in which case the refund shall be made as soon as practicable.
- 3) Where this contract is terminated by the Insured, the Insurer shall refund as soon as practicable the excess of the premium actually paid by the Insured over the short rate premium for the expired time, but in no event shall the short rate premium for the expired time be deemed to be less than any minimum retained premium specified. The refund may be made by money, postal or express company money order or cheque payable at par.
- 4) The fifteen days mentioned in clause (a) of subcondition (1) of this condition commences to run on the day following the receipt of the registered letter at the post office to which it is addressed.

6. REQUIREMENTS AFTER LOSS

- 1) Upon the occurrence of any loss of or damage to the insured property, the Insured shall, if the loss or damage is covered by the contract, in addition to observing the requirements of conditions 9, 10 and 11,
 - a) forthwith give notice thereof in writing to the Insurer;
 - b) deliver as soon as practicable to the Insurer a proof of loss verified by a statutory declaration,
 - i) giving a complete inventory of the destroyed and damaged property and showing in detail quantities, costs, actual cash value and particulars of amount of loss claimed,
 - ii) stating when and how the loss occurred, and if caused by fire or explosion due to ignition, how the fire or explosion originated, so far as the Insured knows or believes,
 - iii) stating that the loss did not occur through any willful act or neglect or the procurement, means or connivance of the Insured,
 - iv) showing the amount of other insurances and the names of other insurers,
 - v) showing the interest of the Insured and of all others in the property with particulars of all liens, encumbrances and other charges upon the property,
 - vi) showing any changes in title, use, occupation, location, possession or exposures of the property since the issue of the contract,
 - vii) showing the place where the property insured was at the time of loss;
 - c) if required, give a complete inventory of undamaged property and showing in detail quantities, cost, actual cash value;
 - d) if required and if practicable, produce books of account, warehouse receipts and stock lists, and furnish invoices and other vouchers verified by statutory declaration, and furnish a copy of the written portion of any other contract.
- 2) The evidence furnished under clauses (c) and (d) of this condition shall not be considered proofs of loss within the meaning of conditions 12 and 13.

7. FRAUD

Any fraud or willfully false statement in a statutory declaration in relation to the particulars required under Statutory Condition 6 invalidates the claim of the person who made the declaration.

8. WHO MAY GIVE NOTICE AND PROOF

- 1) Notice of loss under Statutory Condition 6 (1) (a) may be given and the proof of loss under Statutory Condition 6 (1) (b) may be made
 - a) by the agent of the insured, if
 - i) the insured is absent or unable to give the notice or make the proof, and
 - ii) the absence or inability is satisfactorily accounted for, or

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- 2) by a person to whom any part of the insurance money is payable, if the insured refuses to do so or in the circumstances described in clause (a) of this condition.

9. SALVAGE

- 1) The Insured, in the event of any loss or damage to any property insured under the contract, shall take all reasonable steps to prevent further damage to such property so damaged and to prevent damage to other property insured hereunder including, if necessary, its removal to prevent damage or further damage thereto.
- 2) The Insurer shall contribute proportionate towards any reasonable and proper expense, in connection with steps taken by the Insured and required under subparagraph (1) of this condition according to the respective interests of the parties.

10. ENTRY, CONTROL, ABANDONMENT

After loss or damage to insured property, the insurer has

- 1) an immediate right of access and entry by accredited representatives sufficient to enable them to survey and examine the property, and to make an estimate of the loss or damage, and
- 2) after the insured has secured the property, a further right of access and entry by accredited representatives sufficient to enable them to appraise or estimate the loss or damage, but
 - a) without the insured's consent, the insurer is not entitled to the control or possession of the insured property, and
 - b) without the insurer's consent, there can be no abandonment to it of the insured property.

11. IN CASE OF DISAGREEMENT

- 1) In the event of disagreement as to the value of the insured property, the value of the property saved, the nature and extent of the repairs or replacements required or, if made, their adequacy, or the amount of the loss or damage, those questions must be determined using the applicable dispute resolution process set out in the Insurance Act, whether or not the insured's right to recover under the contract is disputed, and independently of all other questions.
- 2) There is no right to a dispute resolution process under this condition until
 - a) a specific demand is made for it in writing, and
 - b) the proof of loss has been delivered to the insurer.

12. WHEN LOSS PAYABLE

Unless the contract provides for a shorter period, the loss is payable within 60 days after the proof of loss is completed in accordance with Statutory Condition 6 and delivered to the insurer.

13. REPAIR OR REPLACEMENT

- 1) Unless a dispute resolution process has been initiated, the insurer, instead of making payment, may repair, rebuild or replace the insured property lost or damaged, on giving written notice of its intention to do so within 30 days after receiving the proof of loss.
- 2) If the insurer gives notice under subparagraph (1) of this condition, the insurer must begin to repair, rebuild or replace the property within 45 days after receiving the proof of loss, and must proceed with all due diligence to complete the work within a reasonable time.

14. NOTICE

- 1) Written notice to the insurer may be delivered at, or sent by registered mail to, the chief agency or head office of the insurer in the province.

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- 2) Written notice to the insured may be personally delivered at, or sent by registered mail addressed to, the insured's last known address as provided to the insurer by the insured.

By the acceptance of this policy the Insured acknowledges the cancellation, from the effective date of this policy, of any previous policy (or renewal thereof) which is stated as replaced.

In Witness Whereof, the Insurer has executed this policy as evidenced by the signature of the authorized representative of the Insurer.

PRESIDENT AND CHIEF EXECUTIVE OFFICER
DEFINITY INSURANCE COMPANY
OFFICE -- WATERLOO, ONTARIO

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