

**RCIIQ Home Closing Delay and Withdrawal,
Legal Assistance and Legal Expenses
Policy Terms and Conditions**
(Applicable to the province of Quebec only)

**Underwritten by The Sovereign General Insurance
Company and DAS Canada**

INSURING AGREEMENT

We will provide You with the applicable benefit(s) described herein with regards to the Covered Property under this Policy during the Coverage Period subject to all the terms, conditions, limitations and exclusion contained in this Policy.

We agree to provide the following coverage:

1. Home Closing Delay and Withdrawal
2. Legal Assistance and Legal Expense(s)

Important:

We are only liable when there is no other valid coverage or insurance that would cover the Claim payment if this Policy was not in force. For certainty, when there is other coverage, this Policy covers proportionately with the totality of all other sources from which You may benefit, including insurances, warranties, other coverages or refunds in effect, up to the coverage limit.

All benefits are paid in Canadian currency.

This Policy is subject to the conditions and provisions set forth on all pages.

PLEASE READ ALL DOCUMENTATION CAREFULLY

**For Legal Assistance or to report a Claim,
please call toll-free 1-855-845-5399,
9 am to 8 pm Eastern Standard Time, Monday to Friday,
holidays excluded.**

SECTION A – DEFINITIONS

The following words, phrases or expressions when used in this Policy will have the specific meaning as described below:

“**Action**” means the pursuit or defence of civil legal Disputes where a statement of Claim or defence is issued by You with regards to a Dispute.

“**Action Level**” means a Litigation dollar amount that exceeds the exclusive jurisdiction of the Quebec Small Claims Court stipulated in Article 536 of the Code of Civil Procedure of Quebec and its amendments.

“**Additional Expenses**” means the provable, necessary and reasonable expenses that were incurred due to a Delay or Withdrawal on the Covered Property which was beyond Your or Your Spouse’s control.

“**Binding Promise to Purchase**” means the binding contract entered into between a Vendor and a Buyer for the transfer of ownership of the Covered Property, where all conditions have been removed and there are no further conditions or outstanding requirements, and the financing for the Buyer has been pre-approved in writing by a corporate mortgage lender within ninety (90) days of the signing of the Binding Promise to Purchase.

“**Buyer**” means an individual person or a group of individuals engaged in a transaction to purchase the Covered Property which will become the Buyer’s Residence.

“**Claim**” means a request for coverage presented by You to Us.

“**Coverage Period**” means:

- a) for Coverage 1, Home Closing Delay and Withdrawal, a maximum of one hundred and eighty (180) consecutive days from the Scheduled Date of Closing;
- b) for Coverage 2, Legal Assistance and Legal Expense(s), coverage commences with the completion of the Binding Promise to Purchase and expires three hundred and sixty five (365) days from the original Binding Promise to Purchase;

or any lesser period in case of cancellation or termination of this Policy.

“**Covered Property**” means the property at the registered address and corresponding to the description stipulated in the Binding Promise to Purchase and in the Declaration, provided such property is a Residence.

“**Date of Closing**” means the date the Deed of Sale has been completed by a notary.

“**Deed of Sale**” means the written legal document that transfers title of the Covered Property from the Vendor to the Buyer.

“**Delay**” means the period of time by which the Scheduled Date of Closing is postponed.

“**Dispute**” means all written notices of any actual or alleged complaints, all right of Action or disagreements related directly from the real estate transaction on the Covered Property carried out through the Real Estate Broker, excluding all professional, volunteer or commercial activity, and which can all be included in the same civil Action.

“**Event**” means any incident occurring during the Coverage Period that:

- (a) causes a Delay in the Date of Closing or a Withdrawal of the Binding Promise to Purchase;

- (b) causes a Dispute(s) which may result in Litigation requiring an intervention before the courts.

“Expert Fees” means fees from an expert who is able to give an unbiased expert opinion and assessment of the issues with the Covered Property and is fully licensed in that particular trade and is a recognized specialist in their field, including but not limited to a licensed home inspector, engineer, architect, and appraiser or other trades, who will go to court if required.

“Home System” means any part or a component of the Residence including but not limited to structure, foundation, drains, roofing, heating, cooling, electrical, plumbing, gas lines, windows, doors or walls.

“Insurance Broker” means Octave Assurances Inc.

“Insured” means an individual acting as either the Buyer or the Vendor on a Binding Promise to Purchase for the Covered Property and is represented by a Real Estate Broker as shown in the Declaration. May also be referred to herein as **“You”** or **“Your”**.

“Legal and Professional Fees” means fees reasonably and properly charged by the lawyer retained by the Insured for the necessary steps to protect the Insured's interests in connection with a Litigation, and includes reasonable out-of-court disbursements and fees for expert witnesses that are not reimbursed by the opposing party.

“Legal Disbursements” means disbursements that are taxable by a judicial or quasi-judicial court by virtue of law or regulation. Legal disbursements include taxable costs for ordinary witnesses and court experts as well as costs for preparing expert opinions that are not reimbursed by the opposing party, in accordance with Coverage 2, *Table of Covered Maximum Fees and Costs*.

“Litigation” means any civil proceeding between You and a third party resulting directly from a Dispute regarding the real estate transaction and/or the Covered Property carried out through the services of a Real Estate Broker. Any Litigation served upon You is considered a request to invoke the terms of this Policy and must be reported to Us by You as a Claim.

“Loss” means damages suffered by You.

“Mobile Home” means a mobile home that is permanently fixed to a concrete, masonry or wood foundation, and is occupied as a Residence and is situated on land intended for the emplacement of a mobile home with a real property title or cadastral designation and taxed as an immovable in the municipality in which the mobile home is located.

“Policy” means the document or documents provided to You evidencing coverage under the program, including the Declaration.

“Premium” means the dollar amount, excluding taxes, paid by Your Real Estate Broker on Your behalf for coverage under this Policy.

“Real Estate Broker” means an affiliated or certified real estate broker who is a member and participating independent broker under the RCIQ network in Québec.

“Residence” means either:

- i) a principal residence (meaning a single dwelling home, a Mobile Home or a condominium unit or a residential multi-dwelling building of two (2) to five (5) housing units) in which the Buyer occupies or the Vendor occupied one of the housing units as a principal residence for at least one hundred and eighty

(180) days per calendar year, excluding any property which is a primary source of income for You; or

- ii) a secondary residence (meaning a condominium unit or any residential property) which is occupied by the Buyer or has been occupied by the Vendor and can be occupied year-round by You but is not Your principal Residence. The Residence must be or have been only occupied by you and must not be or have been leased to third parties.

“Scheduled Date of Closing” means the date stipulated as the original Date of Closing in the Binding Promise to Purchase.

“Settlement” or **“Out-of-Court Settlement”** means Litigation which has been voluntarily settled prior to going before a judicial, quasi-judicial or administrative court or prior to a verdict or adjudication of the issues by a judicial, quasi-judicial or administrative court.

“Spouse” means the person who, at the time of the real estate transaction is either:

- (i) married to or in a civil union with You and who lives with You; or
- (ii) someone of the opposite or same sex with whom You have been living in a conjugal relationship for at least three (3) years or one (1) year if:
 - a child has been or is to be born of Your union;
 - You have adopted a child together;
 - one has adopted a child from the other.

“Transition Period” means the period between the signing date of the Binding Promise to Purchase and the Scheduled Date of Closing.

“Vendor” means an individual person or a group of individuals engaged in a transaction to sell the Covered Property to which they are named on the title deed.

“We”, **“Us”** and **“Our”** means The Sovereign General Insurance Company and DAS Canada

“Withdrawal” means the Buyer or Vendor terminates the Binding Promise to Purchase prior to or on the Scheduled Date of Closing.

SECTION B – COVERAGE AND LIMITS

Eligibility

This Policy and all coverage hereunder are only applicable to the Covered Property up to the maximum aggregate limits of coverage shown in the Declaration and subject to all the terms, conditions, limitations and exclusions contained herein.

Deductible

This is the part of any Claim for which You are responsible to pay as shown in the Declaration.

Coverage 1 – Home Closing Delay and Withdrawal

Delay and Withdrawal covers up to a maximum aggregate limit as shown in the Declaration for Coverage 1.

Subject to all the terms, conditions, limitations and exclusions of this Policy, if an Event entirely beyond Your control occurs during the Transition Period and the Deed of Sale

cannot be executed or its execution is postponed beyond the Scheduled Date of Closing, We shall cover You for the following, in excess of Your deductible:

- a) Additional Expenses incurred by You during the Coverage Period, less any recoverable amounts; and
- b) all necessary, reasonable expenses incurred by You to avoid or reduce Additional Expenses.

Under Coverage 1 - Delay and Withdrawal, We shall not be liable for the following:

- a) Losses as excluded under the section entitled "Section C - General Exclusions".
- b) Losses reported by You and that, at the time the Binding Promise to Purchase was signed, You were aware or ought to have been aware of the problem(s) that caused a Delay or Withdrawal;
- c) Losses where a lender or creditor retracts the originally approved mortgage financing due to discovery of information that would have been an exclusion criteria for mortgage approval and that should have been disclosed;
- d) Losses where there is no promise or proof of the availability of deposit funds and/or proof of a non-expired mortgage approval notice.

Coverage 2 - Legal Assistance and Legal Expense(s)

The Legal Assistance and Legal Expense(s) coverage consists in providing You with telephone legal assistance with regards to a Dispute concerning the Covered Property or the real estate transaction carried out through the services of a Real Estate Broker. Moreover, this coverage consists in providing a contribution in the form of financial assistance for the payment of Legal and Professional Fees related to Litigation in order to allow You to find an amicable or judicial solution to this Litigation. This coverage is offered during the Coverage Period and is subject to the limitations and exclusions specified in the Policy.

Subject to maximum stated limits and Your compliance with the terms, conditions, limitations and exclusions of this Policy, We agree to pay the lawyer hired by You for up to the permitted Legal and Professional Fees as stated and limited below under Legal Assistance and Legal Expense(s) Coverage Limits.

If You are a legal professional by trade, under no circumstance shall You self- represent or have an immediate family member represent You in the event of a Litigation.

Legal Assistance and Legal Expense(s) Coverage Limits

Scheduled Limits of Legal and Professional Fees

The maximum aggregate coverage amount for Legal and Professional Fees provided under Litigation is stipulated in the Declaration. This amount includes all applicable taxes and represents the maximum payable per Coverage Period. This amount can cover up to a maximum of two (2) Litigations per Coverage Period.

Our rights and duty to pay for Legal and Professional Fees ends when the maximum aggregate amount or any applicable sub-limit, subject to the deductible, has been exhausted, or upon a change in the status of the Dispute as described in the *Table of Covered Maximum Fees and Costs* below.

Table of Covered Maximum Fees and Costs

STATUS OF THE DISPUTE	Sub-limits per Claim (includes taxes unless otherwise stated)	Hourly Limits per Claim
Deductible: The coverage covers only the costs exceeding that of the deductible stipulated in the Declaration.		
ABOVE ACTION LEVEL (Litigation ineligible for Small Claims Court)	The maximum amount of coverage payable under the Declaration may include the following: <ul style="list-style-type: none"> • Legal and Professional Fees; • Expert Fees, up to a maximum of \$ 1,000. 	<ul style="list-style-type: none"> • Initial consultation: 1 hour • Hearing preparation: 6 hours • Our-of-Court Settlement: 8 hours • Hearing (per day): 5 hours
BELOW ACTION LEVEL (Litigation eligible for Small Claims Court)	Legal and Professional Fees: \$ 360 maximum N.B. No Expert Fees	<ul style="list-style-type: none"> • Support and help for the preparation of a Litigation where the amount in dispute is below the Action Level: 3 hours

Hourly Rate

The maximum hourly rate for a lawyer which We will reimburse under this Policy is limited to one hundred and twenty dollars (\$ 120) including taxes, except for services rendered by an articling student or paralegal personnel employed under the responsibility of the retained lawyer which is limited to a maximum hourly rate of fifty dollars (\$ 50) including taxes, subject to the maximum limits of Legal and Professional Fees shown in the *Table of Covered Maximum Fees and Costs* above.

Legal Disbursements

The following specific limits apply on a per Claim basis, including taxes, and are also subject to the maximum limits of Legal and Professional Fees shown in the *Table of Covered Maximum Fees and Costs* above:

- Long distance calls, communications by fax, messenger services or any other means of rapid communication are limited to two hundred dollars (\$ 200) per Claim.
- Meals are limited to ten dollars (\$ 10) for each meal up to a maximum of 3 meals per day.
- Travel costs related directly to the Litigation are limited to thirty-five cents (\$ 0.35) per kilometer traveled provided each trip (one way) is in excess of twenty (20) kilometers.

Payment of Legal and Professional Fees

The Legal and Professional Fees covered under this Policy shall be paid directly to the lawyer in charge of Your Litigation upon submission of an invoice of Legal and Professional Fees detailing the services rendered by the lawyer and the Legal Disbursements paid, all of which is subject to verification and approval by Us.

The lawyer shall not incur Legal and Professional Fees or any extrajudicial fees before notifying Us in advance of the procedures they will follow. At the time of such

notification, We shall inform the lawyer of the coverage and limits under this Policy. Failure of the lawyer to notify Us before Legal and Professional Fees or any extrajudicial fees are first incurred, except in cases of dire emergency, shall result in You losing Your rights pursuant to this Policy with regards to the Litigation in question. In all instances the Legal and Professional Fees must represent actual services rendered. The limits of payable indemnities and Legal and Professional Fees shall not increase if there are multiple lawyers involved in the case. We reserve the right to ensure any invoice for Legal and Professional Fees and disbursements of the lawyer, as well as any request for payment of Legal and Professional Fees that are covered are grounded and reasonable. We reserve the right to reject and/or challenge any request for payment submitted in accordance with this Policy.

You can request a refund for payment already made for Legal and Professional Fees provided that You have authorization from Us and submit to Us, the invoice including proof of payment.

No payment will be considered under this Policy until invoices for Legal and Professional Fees and other required documents are received by Us.

Payment of Expert Fees

The cost incurred in respect of Expert Fees is covered up to a maximum limit of one thousand dollars (\$ 1,000), including all applicable taxes, for Claims meeting the Action Level; however there is no coverage for Expert Fees for Claims below the Action Level. Expert Fees may be refunded to You upon the receipt of the invoice with proof of payment once there is an Out-of-Court Settlement, or when there is a final court judgement or once the limitation has been reached according to Article 2925 of the Civil Code of Quebec.

Under Coverage 2 - Legal Assistance and Legal Expense(s), We shall not be liable for the following:

- a) Losses as excluded under the section entitled "Section C – General Exclusions";
- b) Litigation Losses reported by You that, at the time the Binding Promise to Purchase was signed, You and/or Your Spouse were aware of or ought to have been aware of the problem or potential problem, including those stated in inspection reports and/or disclosed to You from any other source;
- c) Litigation Losses resulting from wiring or electrical systems where the Covered Property is over twenty-five (25) years of age, except where the electrical system has been fully updated and installed to Our satisfaction through Your provision of documented proof of such updating ;
- d) situations where, at the time of commencement of Litigation, You and/or Your Spouse had already turned over the Litigation to a lawyer without prior approval from Us, except in a dire emergency, or which, in all cases, has already been settled without prior approval from Us.
- e) any Claim not declared to Us no later than thirty (30) days from any Event likely to involve the application of this coverage, or within a shorter period if the law restricts You and/or Your Spouse to exercise Your right within such a period;
- f) situations which result from libel, slander, or verbal or written insults by any means of communication whatsoever, whether related to civil or penal proceedings;
- g) situations where You and/or Your Spouse have representation available by a union, or syndicate of co-ownership;

- h) situations where You and/or Your Spouse are eligible for a private or public legal aid system;
- i) any Litigation relating directly or indirectly to You or Your Spouse's professional, volunteer or commercial activity.

SECTION C – GENERAL EXCLUSIONS

The following exclusions APPLY TO THE WHOLE Policy and every coverage.

We shall not be liable for loss, damage or costs relating directly or indirectly to:

- a) Claims occurring outside of the Coverage Period;
- b) theft, fraud, criminal acts or intentional actions by You, Your Spouse or similar actions taken at Your or Your Spouse's direction and/or any penal or criminal charges taken against You;
- c) confiscation, nationalization, requisition, destruction or deterioration of goods by authorities or by order thereof;
- d) situations where the Residence is totally or partially uninhabitable because of construction carried out by contractors;
- e) financing default, withdrawal or insufficiency of funds, as well as financial failure of any party due to circumstances which You or Your Real Estate Broker knew or, with due diligence, ought to have known about before the Coverage Period including at the time of the Binding Promise to Purchase where there is known financial instability or insolvency of the Buyer and/or Vendor, and/or where the financing for the Buyer has not been pre-approved in writing by a corporate mortgage lender within ninety (90) days of the signing of the Binding Promise to Purchase;
- f) wear and tear, physical deterioration and/or obsolescence of a Home System;
- g) the need to update all or part of the Covered Property or the Home System in order to comply with current regulations, whether municipal, provincial or federal, including without limitation codes and regulations governing zoning and construction;
- h) nuclear or radioactive contamination;
- i) war, invasion, riot, terrorism, acts by a foreign enemy, hostility (war being declared or not), civil war, rebellion, revolution, insurrection, coup d'etat or military coup;
- j) freezing, solar flare, lightning, earthquake, flood, soil movement, wind, tornado, hail or other acts of God, and/or fire, electrical surge, including any other damages beyond Your control occurring after the Binding Promise to Purchase or if they were known to You;
- k) use of the Covered Property for the purpose of growing or storing cannabis or other illegal substances;
- l) the presence of pyrite, pyrrhotite, vermiculite, iron ochre, urea formaldehyde foam (UFFI) or asbestos in or on the Covered Property and/or infiltration of pollution or contamination, from whatever cause or source, in or on the Covered Property;

- m) Your failure to disclose any condition of the property that You knew or, with due diligence, ought to have known about;
- n) any amounts of money that may be recuperated or due at the Scheduled Date of Closing or Litigation-related judgements;
- o) the purchase or sale of a newly constructed home;
- p) any transaction involving a real estate developer or a contractor awaiting city approval for permission to demolish and rebuild an immovable property;
- q) any Claim where We believe, following compulsory audits, the Claim is patently groundless in fact and in law, or patently constitutes on behalf of You a procedure in bad faith or a malicious, vexatious, vengeful or delaying undertaking toward a third party;
- r) Where You have agreed to the conditions under the Binding Promise to Purchase, stating “without warranty” or “at his or her own risk and peril” or “sold at the Buyer’s own risk and peril, without warranty against hidden or latent defects” or similar statement;
- s) any Dispute(s) with a Real Estate Broker, Insurance Broker, RCIQ and/or one of its subsidiaries or affiliates, or with Us, one of our sister or affiliated companies and/or one of our agents or representatives;
- t) a Real Estate Broker acting as guarantor, a bondsman or an assignee;
- u) a boundary marking, expropriation or nuisance;
- v) indirect, consequential, or incidental damages of any kind;
- w) any Delay or Withdrawal due to strikes or lockouts;
- v) a Dispute of family or matrimonial nature.

SECTION D - CONDITIONS

We shall not be liable to pay any Claim unless You comply with the requirements in the following conditions:

Responsibilities

You are responsible for minimizing the Legal and Professional Fees incurred and for ensuring this obligation is met by Your chosen lawyer. Upon request by Us, You shall submit required documents as well as an account of the Litigation to let Us review its legal basis. Following receipt of these documents We may modify Our decision to grant coverage and/or reject the Claim if said documents prove the Litigation is not covered. Failure to meet these obligations may result in You losing Your rights in accordance with this Policy concerning the Litigation in question. Even during proceedings, We can, following communication of documents or information, reject the Claim made by You on the grounds the Litigation is patently groundless in fact or in law.

When there is other valid coverage, this Policy covers proportionately with the totality of all other sources from which You may benefit including insurances, warranties, other coverages or refunds in effect, up to the coverage limit.

Unknown whereabouts or insolvency of the opposing party

If it is impossible to locate the opposing party or to assert Your rights or if the opposing party is insolvent, We reserve the right to suspend payment of the Legal and Professional Fees for a case or action that has become useless, subject to being taken up again if new substantiated information makes it possible to locate the opposing party and confirm his solvency.

Choice of Legal Professional

You may freely choose Your lawyer; however, You shall never initiate a lawyer, an expert or an arbitrator about the case, or have a judicial or extrajudicial writ issued before notifying Us of the Litigation, except in cases of dire emergency. Failure to respect this obligation may result in a denial of Your Claim. You must provide Your chosen lawyer with a complete copy of this Policy.

Collection of Legal Disbursements

Legal disbursements collected from the opposing party as expenses shall reduce by the same amount the invoice for disbursements from Your lawyer. The invoice for disbursements paid by Us shall be paid at the conclusion of Litigation which is covered under this Policy.

Offer to settle

Any offer to settle must be submitted to Us by the lawyer. If We are of the opinion the settlement offer is acceptable, but You reject it, We can refuse to cover the Legal and Professional Fees incurred subsequent to Your refusal.

Plurality of represented parties

If the lawyer represents other persons in addition to You, We are only responsible for the actual share of Your Legal and Professional Fees.

Right of verification

Should We so choose, We reserve the right to verify or have verified the grounds and apparent right of Your position, the appropriateness and urgency of decisions to be made, the possibility of an Out-of-Court Settlement before any proceedings, as well as the grounds and amount of the Legal and Professional Fees.

Small Claims

In a Litigation valued below the Action Level and below the maximum amount determined under Title II of Book VI of the Code of Civil Procedure of Quebec entitled "Recovery of Small Claims" and which must be exercised pursuant to the provisions of Book VI, or heard before the Small Claims Division of the Civil Court of Quebec, We will only be responsible for Legal and Professional Fees and Expert Fees shown in the *Table of Covered Maximum Fees and Costs under Below Action Level*.

Interpretation of Terms and Conditions

In the event a Court of competent jurisdiction determines that one (1) of the conditions of this Policy violates an act or regulation of the province wherein the transaction took place, this condition shall be interpreted or modified so as to comply with this act or regulation.

Arbitration

Any dispute, misunderstanding or claim between the parties to this Policy as to the interpretation or application of the Policy terms and conditions or resulting from failure of one of the parties to fulfill its obligations must be submitted to arbitration pursuant to the provisions of the Civil Code of Quebec, the Code of Civil Procedure of the Province of Quebec and the Consumer Protection Act. Arbitration, if required shall take place in the municipality in which the building is located, or in another municipality or district upon agreement of all parties before a single arbitrator appointed jointly by the parties. Arbitration fees, which do not include Your representative's fees, shall be charged to each party except if You win the case, then We shall pay the fees in their entirety up to the limits of this Policy.

Plurality of Coverage

When several valid legal insurance coverage policies have been contracted without fraud and cover the same Litigation, this Policy takes effect proportionately with the totality of the coverage in effect, up to the coverage limit.

Territory

The Policy applies exclusively to Residences in Quebec, and within the jurisdiction of judicial, quasi-judicial or administrative courts of Quebec and carried out before them. We assume no responsibility for litigation that is likely to end in legal decisions that could only be applied outside of Quebec.

Non transferability of Coverage

Your rights and duties under this Policy may not be transferred except in the case of Your death. If You die, Your rights and duties will be transferred to Your legal representative but only while acting within the scope of duties as Your legal representative.

SECTION E - CLAIMS PROCEDURES

For questions or to report a Claim, call toll-free 1-855-845-5398, from 9 am to 8 pm Eastern Standard Time, Monday to Friday, holidays excluded.

Notice of Claim

Any Event that invokes coverage under this Policy shall be reported by You no later than within thirty (30) days of their occurrence. You must consult with Us prior to consulting a lawyer for any Disputes that may be covered by this Policy, except in cases of dire emergency.

If You submit a Claim, You shall provide all the relevant information and reasonably required proof and shall fully co-operate with the proceedings and settlement.

STATUTORY CONDITIONS

This Policy is subject to the Civil Code of the Province of Quebec.

Reference to the Civil Code articles in some instances is for easier reading only and should not be construed as exact quotations.

For all coverages except where inapplicable:

1. STATEMENTS

1.1 Representation of risk (Article 2408)

The client, and the Insured if the Insurer requires it, is bound to represent all the facts known to him which are likely to materially influence an insurer in the setting of the premium, the appraisal of the risk or the decision to cover it, but he is not bound to represent facts known to the Insurer or which from their notoriety he is presumed to know, except in answer to inquiries.

The client means the person submitting an insurance application.

1.2 Material change in risk (Articles 2466 and 2467)

The Insured shall promptly notify the Insurer of any change that increases the risks stipulated in the policy and that results from events within his control if it is likely to materially influence an insurer in setting the rate of the premium, appraising the risk or deciding to continue to insure it.

On being notified of any material change in the risk, the Insurer may cancel the contract or propose, in writing, a new rate of premium. Unless the new premium is accepted and paid by the Insured within thirty days of the proposal, the policy ceases to be in force.

1.3 Misrepresentation or concealment (Article 2410,2411, and 2466)

Any misrepresentation or concealment of relevant facts mentioned in section 1.1 and in the first paragraph of section 1.2 by the client or the Insured nullifies the contract at the instance of the Insurer, even in respect of losses not connected with the risk so misrepresented or concealed.

Unless the bad faith of the client or of the Insured is established or unless it is established that the Insurer would not have covered the risk if he had known the true facts, the Insurer remains liable towards the Insured for such proportion of the indemnity as the premium he collected bears to the premium he should have collected.

1.4 Warranties (Article 2412)

Any increase in risk resulting from a breach of warranty suspends the coverage until accepted by the Insurer or until such breach has been remedied by the Insured.

2 GENERAL PROVISIONS

2.1 Insurable Interest (Article 2484)

The insurance of a property in which the Insured has no insurable interest is null.

2.2 Changes (Article 2405)

The terms of this policy shall not be waived or changed except by endorsement.

2.3 Assignment (Articles 2476)

Upon the death or bankruptcy of the Insured or the assignment of his interest in the insurance to a co-Insured, the insurance continues in favor of the heir, trustee in bankruptcy or remaining Insured, subject to his performing the obligations that were incumbent upon the Insured.

2.4 Books and records

The Insurer and its authorized representatives shall have the right to examine the Insured's books and records related to the subject matter of this insurance at any time during the period of this policy and the three subsequent years.

2.5 Inspection

The Insurer and its authorized representatives shall have the right but are not obligated to make inspections of the risk, inform the Insured of the conditions found and recommend changes. Any inspections, surveys, findings or recommendations relate only to insurability and the premiums to be charged. They shall not constitute a warranty that the premises, property or operations are safe or healthful or comply with laws, codes or standards.

2.6 Currency

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

3 LOSSES

3.1 Notice of loss (Article 2470)

The Insured shall notify the Insurer of any loss which may give rise to an indemnity, as soon as he becomes aware of it. Any interested person may give such notice.

In the event that the requirement set out in the preceding paragraph is not fully complied with, all rights to compensation shall be forfeited by the Insured where such non-compliance has caused prejudice to the Insurer.

3.2 Information to be provided (Article 2471)

The Insured shall inform the Insurer as soon as possible of all the circumstances surrounding the loss, including its probable cause, the nature and extent of the damage, the location of the insured property, the rights of third parties, and any concurrent insurance; he shall also furnish him with vouchers and swear or warrant to the truth of the information.

Where, for a serious reason, the Insured is unable to fulfill such obligation, he is entitled to a reasonable time in which to do so. If the Insured fails to fulfill his obligation, any interested person may do so on his behalf.

In addition, the Insured shall forthwith send to the Insurer a copy of any notice, letter, subpoena or writ or document received in connection with a claim.

3.3 False representation (Article 2472)

Any deceitful representation entails the loss of the right of the person making it to any indemnity in respect of the risk to which the representation relates.

3.4 Intentional Fault (Article 2464)

The insurer is never liable to compensate for injury resulting from the Insured's intentional fault.

Where there is more than one Insured, the obligation of coverage remains in respect of those Insureds who have not committed an intentional fault.

Where the Insurer is liable for injury caused by a person for whose acts the Insured is liable, the obligation of coverage subsists regardless of the nature or gravity of that person's fault.

3.5 Notice to Police

The Insured must promptly give notice to the police of any loss caused by vandalism, theft or attempted theft or other criminal act.

3.6 Safeguarding and examination of property (Article 2495)

At the expense of the Insurer, the Insured must take all reasonable steps to prevent further loss or damage to the insured property and any further loss or damage resulting directly or indirectly from the Insured's failure to take such action shall not be recoverable.

The Insured may not abandon the damaged property if there is no agreement to that effect. The Insured shall facilitate the salvage and inspection of the insured property by the Insurer.

He shall, in particular, permit the Insurer and his representatives to visit the premises and examine the insured property before repairing, removing or modifying the damaged property, unless so required to safeguard the property.

3.7 Admission of liability and cooperation

The Insured shall cooperate with the Insurer in the processing of all claims.

No transaction made without the consent of the Insurer may be set up against him.

4 COMPENSATION AND SETTLEMENT

4.1 Basis of settlement (Articles 2490, 2491, 2493)

Unless otherwise provided, the Insurer shall not be liable for more than the actual cash value of the property at the time of loss as normally determined.

In unvalued policies, the amount of insurance does not make proof of the value of the insured property. In valued policies, the agreed value makes complete proof, between the Insurer and the Insured, of the value of the insured property.

If the amount of insurance is less than the value of the property the Insurer is released by paying the amount of the insurance in the event of total loss or a proportional indemnity in the event of partial loss.

4.2 Pair and set In the case of loss of or damage to any article or articles, whether scheduled or unscheduled, which are part of a set, the measure of loss of or damage to such article or articles shall be a reasonable and fair proportion of the total value of the set, but in no event shall such loss or damage be construed to mean total loss of set.

4.3 Parts In the case of loss of or damage to any part of the insured property, whether scheduled or unscheduled, consisting, when complete for use, of several parts, the Insurer is not liable for more than the insured value of the part lost or damaged, including the cost of installation.

4.4 Replacement (Article 2494)

Subject to the rights of preferred and hypothecary creditors, the Insurer reserves the right to repair, rebuild or replace the insured property. He is then entitled to salvage and may take over the property.

4.5 Time of Payment (Articles 1591, 2469, 2473)

The Insurer shall pay the indemnity within sixty days after receiving the notice of loss or, at his request, all relevant information and vouchers, provided the Insured shall have complied with all the terms of the contract.

Any outstanding premium may be deducted from the indemnity payable.

4.6 Property of others Where a claim is made as a result of loss of or damage to property not owned by the Insured, the Insurer reserves the right to pay the indemnity to the Insured or to the owner of the property and to deal directly with such owner

4.7 Waiver

Neither the Insurer nor the Insured shall be deemed to have waived any term or condition of the policy by any act relating to arbitration or to the completion or delivery of proof of loss, or to the investigation or adjustment of the claim.

4.8 Limitations of actions (Article 2925)

Every action or proceeding against the Insurer under this policy shall be commenced within three years from the date the right of action has arisen.

4.9 Subrogation (Article 2474)

Unless otherwise provided, the Insurer shall be subrogated to the extent of the amount paid or the liability assumed therefore under this policy to the rights of the Insured against persons responsible for the loss except when they are members of the Insured's household. The Insurer may be fully or partly released from his obligation towards the Insured where, owing to any act of the Insured, he cannot be so subrogated.

5 OTHER INSURANCE

5.1 Property Insurance (Article 2496)

The Insured who, without fraud, is insured by several insurers, under several policies, for the same interest and against the same risk so that the total amount of indemnity that would result from the separate performance of such policies would exceed the loss incurred may be indemnified by the insurer or insurers of his choice, each being liable only for the amount he has contracted for. No clause suspending all or part of the performance of the contract by reason of other insurance may be used against the Insured.

Unless otherwise agreed, the indemnity is apportioned among the insurers in proportion to the share of each in the total coverage, except in respect of specific insurance, which constitutes primary insurance.

6 Cancellation (Articles 2477 and 2479)

This policy may be cancelled at any time:

- a. By mere written notice from each of the Named Insureds. Termination takes effect upon receipt of the notice and the Insured shall therefore be entitled to a refund of the excess of the premium actually paid over the short-term rate for the expired time.
- b. By the Insurer giving written notice to each Named Insured. Termination takes effect fifteen days following receipt of such notice by the Insured at his last known address and the Insurer shall refund the excess of premium actually paid over the pro-rata premium for the expired time. If the premium is subject to adjustment or determination as to amount, the refund shall be made as soon as practicable.

Where one or more of the Named Insureds have been mandated to receive or send the notices provided for under paragraph (a) or (b) above, notices sent or received by them shall be deemed to have been sent or received by all Named Insureds.

In this Condition, the words "premium actually paid" mean the premium actually paid by the Insured to the Insurer or its representative, but do not include any premium or part thereof paid to the Insurer by a representative unless actually paid to the representative by the Insured.

7 Notice

Any notice to the Insurer may be sent by any recognized means of communication to the Insurer or its authorized representative. Notice may be given to the named Insured by letter personally delivered to him or by mail addressed to him at his last known address.

It is incumbent upon the sender to prove that such notice was received.