
THIS IS A NEW POLICY

VERGE INSURANCE BROKERS LIMITED

P.O. BOX 487
ST. CATHARINES, ONTARIO
L2R6W2

AGENCY NUMBER : 6773910

MERIT CONTRACTORS OF
NIAGARA
123-161 CARLTON STREET
ST. CATHARINES, ONTARIO
L2R1R5



COMPOSITE POLICY

THIS POLICY CONTAINS A CLAUSE(S) THAT MAY LIMIT THE AMOUNT PAYABLE.

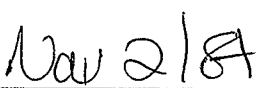
NO TERM OR CONDITION OF THIS POLICY SHALL BE DEEMED TO BE WAIVED IN WHOLE OR IN PART BY THE INSURER UNLESS THE WAIVER IS CLEARLY EXPRESSED IN WRITING SIGNED BY A PERSON AUTHORIZED FOR THAT PURPOSE BY THE INSURER.

IN WITNESS WHEREOF, THE INSURER HAS EXECUTED AND ATTESTED THESE PRESENTS BUT THIS POLICY SHALL NOT BE VALID UNLESS COUNTERSIGNED BY A DULY AUTHORIZED REPRESENTATIVE OF THE INSURER.

COUNTERSIGNED:



AUTHORIZED REPRESENTATIVE



DATE
VERGE INSURANCE BROKERS LTD.



AUTHORIZED SIGNATORY

THE CONTINENTAL INSURANCE COMPANY

A STOCK COMPANY HEREINAFTER CALLED THE INSURER

AGENCY : VERGE INSURANCE BROKERS

AGENCY NO: 6773910

REPLACES POLICY NO. NEW
CODE: 200**COMPOSITE POLICY****DECLARATIONS**

IN CONSIDERATION OF THE PREMIUM(S) AND THE STATEMENTS CONTAINED IN THE "DECLARATIONS" HEREON AND SUBJECT TO THE CONDITIONS OF THE FORMS, THE INSURER AGREES WITH THE INSURED NAMED IN THE "DECLARATIONS" TO INSURE AS PROVIDED AND LIMITED IN THIS POLICY, ITS FORMS AND ENDORSEMENTS, AND SUBJECT TO ITEM 4 OF THESE "DECLARATIONS".

ITEM

1. NAME AND MAILING ADDRESS OF INSURED:

MERIT CONTRACTORS OF NIAGARA
123-161 CARLTON STREET
ST. CATHARINES, ONTARIO
L2R 1R5

THE NAMED INSURED IS: CORPORATION

ADDRESS OF INSURED PREMISES: TOWNSQUARE, FENTHILL, ONTARIO

INTEREST OF NAMED INSURED IN SUCH PREMISES: GENERAL CONTRACTOR

OCCUPIED BY NAMED INSURED AS: BUILDERS RISK

AND BY OTHERS AS:

DESCRIPTION OF BUILDING: 1 STOREY(S)
CONSTRUCTION OF WALLS: MASONRY
ROOF: WOOD & SHINGLES

**2. POLICY PERIOD FROM: SEPTEMBER 14, 1987 TO SEPTEMBER 14, 1988
12:01 A.M. STANDARD TIME AT THE MAILING ADDRESS OF THE NAMED INSURED
AS STATED HEREIN**

**3. LOSS, IF ANY, PAYABLE AS FOLLOWS: (THE ABSENCE OF AN ENTRY HERE DENOTES
"LOSS PAYABLE TO INSURED")**

4. INSURANCE IS PROVIDED ONLY FOR THOSE COVERAGES FOR WHICH A FORM NUMBER AND A SPECIFIC AMOUNT OF INSURANCE OR LIMIT OF LIABILITY OR PREMIUM IS STATED HEREUNDER.

COVERAGE	CO. INSURANCE CLAUSE %	AMOUNT OF INSURANCE OR LIMIT OF LIABILITY \$	FORM NO. CP	PREMIUM \$
PART 1 FIRE AND MULTI-PERIL				
A. BUILDING				
B. STOCK				
C. EQUIPMENT				
D. BUILDERS RISK	100	832,000.	152	2,246.00
E.				
F.				
PART 2 BUSINESS INTERRUPTION				
A.				
B.				
PART 3 INLAND MARINE				
A.		AS PER FORM		
B.		AS PER FORM		
PART 4 CRIME				
A.	----			
B.	----			
PART 5 GLASS				
A.		AS PER FORM		
PART 6 BOILER AND MACHINERY				
A. PHYSICAL DAMAGE	----			
B. BUSINESS INTERRUPTION	----			
THIS PART IS SUBJECT TO FORM(S) NUMBERED:				
PART 7 LIABILITY				
A.	----	AS PER FORM		
B.	----	AS PER FORM		
C.	----	AS PER FORM		
PART 8 ADDITIONAL COVERAGES				
A.	----	AS PER FORM		
TOTAL OF ABOVE PREMIUMS			\$	2,246.00
DISCOUNT - IF APPLICABLE			\$	INCLUDED
PREMIUM PAYABLE			\$	2,246.00

**GENERAL CONDITIONS
APPLICABLE TO ALL PARTS**

POLICY PERIOD

THIS POLICY APPLIES ONLY TO LOSS, DAMAGE, OCCURRENCE OR ACCIDENT (ACCORDING TO THE COVERAGE APPLICABLE) OCCURRING DURING THE POLICY PERIOD STATED IN THE "DECLARATIONS".

ACCEPTANCE BY THE INSURED

BY ACCEPTANCE OF THIS POLICY THE INSURED AGREES THAT THE STATEMENTS IN THE DECLARATIONS ARE HIS AGREEMENTS AND REPRESENTATIONS, AND THIS POLICY IS ISSUED IN RELIANCE UPON THE TRUTH OF SUCH REPRESENTATIONS AND THAT IT EMBODIES ALL AGREEMENTS EXISTING BETWEEN THE INSURED AND THE INSURER OR ANY OF ITS AGENTS RELATING TO THIS INSURANCE.

CHANGES

NO OFFICER, AGENT OR OTHER REPRESENTATIVE OF THIS INSURER SHALL HAVE POWER TO WAIVE OR BE DEEMED TO HAVE WAIVED ANY PROVISION OR CONDITION OF THIS POLICY UNLESS SUCH WAIVER, IF ANY, SHALL BE WRITTEN UPON OR ATTACHED HERETO, NOR SHALL ANY PRIVILEGE OR PERMISSION AFFECTING THE INSURANCE UNDER THIS POLICY EXIST OR BE CLAIMED BY THE INSURED UNLESS SO WRITTEN OR ATTACHED.

DECLARATIONS - COVERAGES PROVIDED

IN CONSIDERATION OF THE DECLARATIONS MADE BY THE INSURED AND OF THE PREMIUMS SPECIFIED, INSURANCE IS PROVIDED FOR THE COVERAGES FOR WHICH SPECIFIC AMOUNTS OF INSURANCE OR LIMITS OF LIABILITY ARE STATED HEREIN. SUBJECT TO ALL THE CONDITIONS, EXCLUSIONS AND STIPULATIONS HAVING REFERENCE THERETO CONTAINED HEREIN AND IN THE INDICATED FORMS, AND ANY ENDORSEMENTS, ALL OF WHICH CONSTITUTE THE COMPLETE POLICY.

TERMINATION OF INSURANCE**(A) THE INSURANCE MAY BE TERMINATED:**

- (I) BY THE INSURER GIVING TO THE NAMED INSURED 15 DAYS WRITTEN NOTICE OF TERMINATION BY REGISTERED MAIL OR 5 DAYS NOTICE OF TERMINATION BY PERSONAL DELIVERY;
- (II) BY THE NAMED INSURED AT ANY TIME ON WRITTEN REQUEST.

(B) WHERE THE POLICY IS TERMINATED BY THE INSURER,

- (I) AND WHERE THE PREMIUM IS DEVELOPED ON OTHER THAN AN ESTIMATED BASIS, THE INSURER WILL REFUND THE EXCESS OF THE PAID PREMIUM FOR THE TIME THE POLICY HAS BEEN IN FORCE, CALCULATED PRO RATA; OR
- (II) WHERE THE PREMIUM IS DEVELOPED BY AN ESTIMATED BASIS, THE INSURER WILL REFUND THE EXCESS OF THE PREMIUM ABOVE THE PREMIUM EARNED, WHEN DETERMINED.

(C) WHERE THE POLICY IS TERMINATED BY THE NAMED INSURED.

- (I) AND WHERE THE PREMIUM IS DEVELOPED ON OTHER THAN AN ESTIMATED BASIS, THE INSURER WILL REFUND THE EXCESS OF THE PAID PREMIUM ABOVE THE SHORT RATE PREMIUM FOR THE TIME THE POLICY HAS BEEN IN FORCE CALCULATED IN ACCORDANCE WITH THE SHORT RATE PREMIUM TABLE IN USE BY THE INSURER, AND EXCEPT IN QUEBEC, SUBJECT TO THE RETENTION OF THE MINIMUM PREMIUM, IF ANY, PROVIDED BY THE POLICY; OR
- (II) WHERE THE PREMIUM IS DEVELOPED BY AN ESTIMATED BASIS, THE INSURER WILL REFUND THE EXCESS OF THE PAID PREMIUM ABOVE THE PREMIUM EARNED, WHEN DETERMINED, AND EXCEPT IN QUEBEC, SUBJECT TO THE RETENTION OF THE MINIMUM PREMIUM, IF ANY, PROVIDED BY THE POLICY.

THE STATUTORY CONDITIONS AND ADDITIONAL CONDITIONS APPLY WITH RESPECT TO ALL THE PERILS INSURED BY THIS POLICY AND TO THE LIABILITY COVERAGE, WHERE PROVIDED, EXCEPT WHERE THESE CONDITIONS MAY BE MODIFIED OR SUPPLEMENTED BY RIDERS OR ENDORSEMENTS ATTACHED.

STATUTORY CONDITIONS

(APPLICABLE TO ALL PROVINCES EXCEPT THE PROVINCE OF QUEBEC)

MISREPRESENTATION

1. IF A PERSON APPLYING FOR INSURANCE FALSELY DESCRIBES THE PROPERTY TO THE PREJUDICE OF THE INSURER, OR MISREPRESENTS OR FRAUDULENTLY OMITTS 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.

PROPERTY OF OTHERS

2. UNLESS OTHERWISE SPECIFICALLY STATED IN THE CONTRACT, THE INSURER IS NOT LIABLE FOR LOSS OR DAMAGE TO PROPERTY OWNED BY ANY PERSON OTHER THAN THE INSURED, UNLESS THE INTEREST OF THE INSURED THEREIN IS STATED IN THE CONTRACT.

CHANGE OF INTEREST

3. THE INSURER IS LIABLE FOR LOSS OR DAMAGE OCCURRING AFTER AN AUTHORIZED ASSIGNMENT UNDER THE BANKRUPTCY ACT OR CHANGE OF TITLE BY SUCCESSION, BY OPERATION OF LAW, OR BY DEATH.

MATERIAL CHANGE

4. ANY CHANGE MATERIAL TO THE RISK AND WITHIN THE CONTROL AND KNOWLEDGE OF THE INSURED AVOIDS THE CONTRACT AS TO THE PART AFFECTED THEREBY, UNLESS THE CHANGE IS PROMPTLY NOTIFIED IN WRITING TO THE INSURER OR ITS LOCAL AGENT; AND THE INSURER WHEN SO NOTIFIED MAY RETURN THE UNEARNED PORTION, IF ANY, OF THE PREMIUM PAID AND CANCEL THE CONTRACT, OR MAY NOTIFY THE INSURED IN WRITING THAT, IF HE DESIRES THE CONTRACT TO CONTINUE IN FORCE, HE MUST, WITHIN FIFTEEN DAYS OF THE RECEIPT OF THE NOTICE, PAY TO THE INSURER AN ADDITIONAL PREMIUM; AND IN DEFAULT OF SUCH PAYMENT THE CONTRACT IS NO LONGER IN FORCE AND THE INSURER SHALL RETURN THE UNEARNED PORTION, IF ANY, OF THE PREMIUM PAID.

TERMINATION

5. (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;
 - (B) BY THE INSURED AT ANY TIME ON REQUEST.
- (2) WHERE THIS CONTRACT IS TERMINATED BY THE INSURER,
 - (A) THE INSURER SHALL REFUND THE EXCESS OF PREMIUM ACTUALLY PAID BY THE INSURED OVER THE PRO RATA PREMIUM FOR THE EXPIRED TIME, BUT, IN NO EVENT, SHALL THE PRO RATA 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

SALVAGE

9. (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 ANY 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 PRO RATA TOWARDS ANY REASONABLE AND PROPER EXPENSES IN CONNECTION WITH STEPS TAKEN BY THE INSURED AND REQUIRED UNDER SUB-PARAGRAPH (1) OF THIS CONDITION ACCORDING TO THE RESPECTIVE INTERESTS OF THE PARTIES.

ENTRY, CONTROL, ABANDONMENT

10. AFTER LOSS OR DAMAGE TO INSURED PROPERTY, THE INSURER HAS AN IMMEDIATE RIGHT OF ACCESS AND ENTRY BY ACCREDITED AGENTS SUFFICIENT TO ENABLE THEM TO MAKE APPRAISEMENT OR PARTICULAR ESTIMATE OF THE LOSS OR DAMAGE, BUT THE INSURER IS NOT ENTITLED TO THE CONTROL OR POSSESSION OF THE INSURED PROPERTY, AND WITHOUT THE CONSENT OF THE INSURER THERE CAN BE NO ABANDONMENT TO IT OF INSURED PROPERTY.

APPRAISAL

11. IN THE EVENT OF DISAGREEMENT AS TO THE VALUE OF THE PROPERTY INSURED, THE PROPERTY SAVED OR THE AMOUNT OF THE LOSS, THOSE QUESTIONS SHALL BE DETERMINED BY APPRAISAL AS PROVIDED UNDER THE INSURANCE ACT BEFORE, THERE CAN BE ANY RECOVERY UNDER THIS CONTRACT WHETHER THE RIGHT TO RECOVER ON THE CONTRACT IS DISPUTED OR NOT, AND INDEPENDENTLY OF ALL OTHER QUESTIONS. THERE SHALL BE NO RIGHT TO AN APPRAISAL UNTIL A SPECIFIC DEMAND THEREFOR IS MADE IN WRITING AND UNTIL AFTER PROOF OF LOSS HAS BEEN DELIVERED.

WHEN LOSS PAYABLE

12. THE LOSS IS PAYABLE WITHIN SIXTY DAYS AFTER COMPLETION OF THE PROOF OF LOSS, UNLESS THE CONTRACT PROVIDES FOR A SHORTER PERIOD.

REPLACEMENT

13. (1) THE INSURER, INSTEAD OF MAKING PAYMENT, MAY REPAIR, REBUILD, OR REPLACE THE PROPERTY DAMAGED OR LOST, GIVING WRITTEN NOTICE OF ITS INTENTION SO TO DO WITHIN THIRTY DAYS AFTER RECEIPT OF THE PROOFS OF LOSS.
- (2) IN THAT EVENT THE INSURER SHALL COMMENCE TO SO REPAIR, REBUILD, OR REPLACE THE PROPERTY WITHIN FORTY-FIVE DAYS AFTER RECEIPT OF THE PROOFS OF LOSS, AND SHALL THEREAFTER PROCEED WITH ALL DUE DILIGENCE TO THE COMPLETION THEREOF.

ACTION

14. EVERY ACTION OR PROCEEDING AGAINST THE INSURER FOR THE RECOVERY OF ANY CLAIM UNDER OR BY VIRTUE OF THIS CONTRACT IS ABSOLUTELY BARRED UNLESS COMMENCED WITHIN ONE YEAR (TWO YEARS IN MANITOBA) NEXT AFTER THE LOSS OR DAMAGE OCCURS.

NOTICE

15. ANY 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. WRITTEN NOTICE MAY BE GIVEN TO THE INSURED NAMED IN THIS CONTRACT BY LETTER PERSONALLY DELIVERED TO HIM OR BY REGISTERED MAIL ADDRESSED TO HIM AT HIS LATEST POST OFFICE ADDRESS AS NOTIFIED TO THE INSURER. IN THIS CONDITION, THE EXPRESSION "REGISTERED" MEANS REGISTERED IN OR OUTSIDE CANADA.

TO THE EXTENT THAT THE CIVIL CODE OF THE PROVINCE OF QUEBEC IS APPLICABLE, TO THIS CONTRACT, THE FOLLOWING GENERAL CONDITIONS APPLY. IN ADDITION, THE GENERAL CONDITIONS AND PROVISIONS APPLY WITH RESPECT TO ALL THE PERILS INSURED AGAINST BY THIS POLICY AND TO THE LIABILITY COVERAGE, WHERE PROVIDED, EXCEPT WHERE THOSE CONDITIONS AND PROVISIONS MAY BE MODIFIED OR SUPPLEMENTED BY RIDERS OR ENDORSEMENTS ATTACHED.

GENERAL CONDITIONS

(APPLICABLE TO THE PROVINCE OF QUEBEC)

EFFECTIVE DATE, POLICY PERIOD, TERMINATION

1. EFFECTIVE DATE AND POLICY PERIOD

(A) THIS POLICY IS IN FORCE AS OF THE DATE AND FOR THE PERIOD SHOWN IN THE DECLARATIONS.

(B) TERMINATION

THIS CONTRACT MAY BE TERMINATED AT ANY TIME:

- (I) BY THE NAMED INSURED GIVING WRITTEN NOTICE. TERMINATION TAKES EFFECT UPON RECEIPT OF THE NOTICE AND THE INSURED SHALL THEREFORE BE ENTITLED TO A REFUND OF THE EXCESS OF PREMIUM ACTUALLY PAID OVER THE SHORT-TERM RATE FOR THE EXPIRED TIME;
- (II) BY THE INSURER GIVING WRITTEN NOTICE. TERMINATION TAKES EFFECT FIFTEEN DAYS FOLLOWING RECEIPT OF SUCH NOTICE AND THE INSURER SHALL REFUND THE EXCESS OF PREMIUM ACTUALLY PAID OVER THE PRO RATA PREMIUM FOR THE EXPIRED TIME; 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;

IN THIS "CONDITION", THE EXPRESSION "PREMIUM ACTUALLY PAID" MEANS PREMIUM ACTUALLY PAID BY THE INSURED TO THE INSURER OR ITS AGENT BUT DOES NOT INCLUDE ANY PREMIUM OR PART THEREOF OR PART THEREOF PAID TO THE INSURER BY AN AGENT UNLESS ACTUALLY PAID TO THE AGENT BY THE INSURED.

MISREPRESENTATION

2. (A) AT TIME POLICY IS ISSUED

MISREPRESENTATION BY THE INSURED OF, OR OMISSION ON HIS PART TO DISCLOSE, ANY CIRCUMSTANCES KNOWN TO HIM AND LIKELY TO MATERIALLY INFLUENCE A REASONABLE INSURER IN THE SETTING OF PREMIUM, THE EVALUATION OF THE RISK OR THE DECISION TO INSURE, AVOIDS THE CONTRACT AT THE OPTION OF THE INSURER, EVEN FOR LOSSES NOT RELATED TO THE RISKS SO MISREPRESENTED OR NOT FULLY DISCLOSED.

HOWEVER, IN THE ABSENCE OF BAD FAITH, THE INSURER IS LIABLE FOR PAYMENT OF THE LOSS IN THE PROPORTION THAT THE PREMIUM COLLECTED BEARS TO THAT WHICH IT SHOULD HAVE COLLECTED, EXCEPT WHERE IT IS ESTABLISHED THAT IT WOULD NOT HAVE INSURED THE RISK HAD IT KNOWN THE TRUE NATURE OF THE RISK.

(B) WHILE POLICY IS IN FORCE

THE INSURED SHALL PROMPTLY NOTIFY THE INSURER OF ANY INCREASE IN THE RISK WITHIN HIS KNOWLEDGE AND CONTROL AND WHICH IS LIKELY TO MATERIALLY INFLUENCE A REASONABLE INSURER IN THE SETTING OF THE RATE OF PREMIUM, THE EVALUATION OF THE RISK OR THE DECISION TO CONTINUE TO INSURE IT. THE INSURER MAY THEN TERMINATE THE CONTRACT OR NOTIFY THE INSURED IN WRITING THAT, IF HE DESIRES THE CONTRACT TO CONTINUE IN FORCE, HE MUST, WITHIN THIRTY DAYS OF RECEIPT OF THE NOTICE, PAY TO THE INSURER THE ADDITIONAL PREMIUM SPECIFIED IN THE NOTICE FAILING WHICH THE CONTRACT IS NO LONGER IN EFFECT.

ANY FAILURE BY THE INSURED TO COMPLY WITH THE ABOVE GIVES RISE TO THE SAME PENALTIES AS IN CONDITION 2 (A).

OWN COST;

- (IV) NOT INTERFERE IN ANY SETTLEMENT OR LEGAL PROCEEDING;
- (V) UPON THE INSURER'S REQUEST, COOPERATE WITH THE INSURER IN ESTABLISHING THE FACTS, SECURING AND GIVING EVIDENCE AND OBTAINING THE ATTENDANCE OF WITNESSES;
- (VI) ASSIST THE INSURER, EXCEPT IN A PECUNIARY WAY, IN THE DEFENSE OF ANY ACTION OR PROCEEDING OR IN THE ENFORCEMENT OF ANY RIGHT OF CONTRIBUTION OR INDEMNITY AGAINST ANY PERSON OR ORGANIZATION WHO MAY BE LIABLE TO THE INSURED BECAUSE OF INJURY OR DAMAGE WITH RESPECT TO WHICH INSURANCE IS PROVIDED UNDER THIS POLICY.

4. WHO MAY GIVE NOTICE AND PROOF

NOTICE OF LOSS MAY BE GIVEN AND PROOF OF LOSS MAY BE MADE BY THE AGENT OF THE INSURED NAMED IN THE CONTRACT IN THE EVENT OF ABSENCE OR INABILITY OF SUCH INSURED TO GIVE THE NOTICE OR MAKE THE PROOF, SUCH ABSENCE OR INABILITY BEING SATISFACTORILY ACCOUNTED FOR, OR IN THE LIKE CASE, OR IF THE INSURED REFUSES TO DO SO, BY A PERSON TO WHOM ANY PART OF THE INSURANCE MONEY IS PAYABLE.

SETTLEMENT

5. BASIS OF SETTLEMENT

UNLESS OTHERWISE PROVIDED, THE INSURER SHALL NOT BE LIABLE FOR MORE THAN THE ACTUAL CASH VALUE OF THE PROPERTY AT THE TIME ANY LOSS OR DAMAGE OCCURS.

6. REPLACEMENT

EXCEPT WHERE AN APPRAISAL HAS BEEN MADE, THE INSURER INSTEAD OF MAKING PAYMENT, MAY REPAIR, REBUILD, OR REPLACE THE PROPERTY DAMAGED OR LOST WITH OTHER OF LIKE KIND AND QUALITY, GIVING WRITTEN NOTICE OF ITS INTENTION TO DO SO WITHIN FIFTEEN DAYS AFTER RECEIPT OF THE PROOFS OF LOSS. IN THAT EVENT, THE INSURER SHALL COMMENCE TO SO REPAIR, REBUILD, OR REPLACE THE PROPERTY AS SOON AS PRACTICABLE AFTER RECEIPT OF THE PROOFS OF LOSS, AND SHALL THEREAFTER PROCEED WITH ALL DUE DILIGENCE TO THE COMPLETION THEREOF.

7. TIME OF PAYMENT OF INSURANCE MONEY

THE INSURER SHALL PAY CLAIMS WITHIN SIXTY DAYS AFTER RECEIPT OF NOTICE OF LOSS OR OF INFORMATION REQUIRED BY THE INSURER OR, WHERE ARBITRATION IS HELD WITHIN FIFTEEN DAYS FROM THE ARBITRATION AWARD.

8. SALVAGE

WHERE A CLAIM IS SETTLED ON TOTAL LOSS BASIS, THE SALVAGE SHALL VEST IN THE INSURER, BUT THERE SHALL BE NO ABANDONMENT OF THE DAMAGED PROPERTY TO THE INSURER WITHOUT ITS CONSENT.

9. PREMIUM

WHERE A PREMIUM IS OUTSTANDING AT THE TIME OF SETTLEMENT OF A LOSS RELATING TO PROPERTY INSURED, THE INSURER MAY DEDUCT IT FROM THE INDEMNITY PAYABLE.

10. DISAGREEMENT

ANY DISAGREEMENT AS TO THE NATURE, EXTENT, AMOUNT OF THE LOSS OR THE ADEQUACY OF REPAIRS OR REPLACEMENT, SHALL BE DETERMINED BY ARBITRATION WHETHER THE RIGHT TO RECOVER ON THE CONTRACT IS DISPUTED OR NOT.

THE INSURED AND THE INSURER SHALL EACH SELECT ONE APPRAISER AND THE TWO SO CHOSEN SHALL THEN SELECT AN UMPIRE.

THE REMAINING AMOUNT OF THE LOSS UNTIL EACH SUCH INSURER HAS PAID ITS LIMIT IN FULL OR THE FULL AMOUNT OF THE LOSS IS PAID.

(II) CONTRIBUTION BY LIMITS

IF ANY SUCH OTHER INSURANCE DOES NOT PROVIDE FOR CONTRIBUTION BY EQUAL SHARES, THIS INSURER SHALL NOT BE LIABLE FOR A GREATER PROPORTION OF SUCH LOSS THAN THE APPLICABLE LIMIT OF LIABILITY UNDER THIS CONTRACT FOR SUCH LOSS BEARS TO THE TOTAL APPLICABLE LIMIT OF LIABILITY OF ALL VALID AND COLLECTIBLE INSURANCE AGAINST SUCH LOSS.

13. LIMITATION OF ACTIONS

EVERY ACTION OR PROCEEDING AGAINST THE INSURER UNDER THE CONTRACT SHALL BE COMMENCED:

- (A) WITHIN THREE YEARS FROM THE DATE THE RIGHT OF ACTION HAS ARISEN IN RESPECT OF LOSS OF OR DAMAGE TO THE INSURED PROPERTY.
- (B) WITHIN ONE YEAR FROM THE TIME THE INSURED'S LIABILITY HAS BEEN DETERMINED BY AGREEMENT OR JUDGEMENT SUBJECT TO ANY LAW ON LIMITATION OF ACTION IN RESPECT ON INJURY OR DAMAGE TO THIRD PARTIES.

GENERAL PROVISIONS

14. CHANGES

THE TERMS OF THIS POLICY SHALL NOT BE WAIVED OR CHANGED EXCEPT BY ENDORSEMENT.

15. INSPECTION - AUDIT

THE INSURER AND ITS AUTHORIZED REPRESENTATIVES SHALL HAVE THE RIGHT TO INSPECT THE INSURED PROPERTY AND TO EXAMINE THE INSURED'S BOOKS AND RECORDS RELATED TO THE SUBJECT MATTER OF THIS INSURANCE.

16. ASSIGNMENT

ASSIGNMENT OF INTEREST UNDER THIS CONTRACT SHALL NOT BIND THE INSURER UNTIL ITS CONSENT IS ENDORSED HEREON; IF, HOWEVER, THE NAMED INSURED SHALL DIE OR BE ADJUDGED BANKRUPT OR INSOLVENT OR IF THERE BE A TRANSFER OF INTEREST IN THE INSURANCE FROM ONE INSURED TO ANOTHER, THIS CONTRACT SHALL COVER THE INSURED'S HEIR, THE TRUSTEE IN BANKRUPTCY OR THE REMAINING INSURED.

17. 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 THE COMPLETION AND DELIVERY OF PROOF OF LOSS, OR TO THE INVESTIGATION OR ADJUSTMENT OF THE CLAIM.

18. ACTION AGAINST THE INSURER

THE INSURED MAY NOT BRING AN ACTION TO RECOVER THE AMOUNT OF A CLAIM UNDER THIS CONTRACT UNLESS THE REQUIREMENTS OF THIS CONTRACT HAVE BEEN COMPLIED WITH NOR UNTIL THE AMOUNT OF THE LOSS HAS BEEN ASCERTAINED BY ARBITRATION AS THERIN PROVIDED OR BY JUDGEMENT AGAINST THE INSURED OR BY AGREEMENT BETWEEN THE PARTIES WITH THE WRITTEN CONSENT OF THE INSURER.

19. NOTICE

ANY WRITTEN NOTICE TO THE INSURER MAY BE SENT BY REGISTERED MAIL OR CERTIFIED POST OR DELIVERED TO THE INSURER OR ITS AUTHORIZED AGENT. WRITTEN NOTICE MAY BE GIVEN TO THE INSURED NAMED IN THE CONTRACT BY LETTER PERSONALLY DELIVERED TO HIM OR BY MAIL ADDRESSED TO HIM AT HIS LATEST KNOWN ADDRESS.

COMPOSITE AND COMPOSITE SUBSCRIPTION POLICIES

PART 1 - FIRE AND MULTI-PERIL

PART 1

BUILDERS' RISK COMPREHENSIVE FORM

SECTION

1. INDEMNITY AGREEMENT

IN THE EVENT THAT ANY OF THE PROPERTY INSURED BE DESTROYED OR DAMAGED BY THE PERILS INSURED AGAINST THE INSURER WILL INDEMNIFY THE INSURED AGAINST DIRECT LOSS SO CAUSED TO AN AMOUNT NOT EXCEEDING, WHICHEVER IS THE LEAST OF:

- (A) THE ACTUAL CASH VALUE OF THE PROPERTY AT THE TIME OF DESTRUCTION OR DAMAGE;
- (B) THE INTEREST OF THE INSURED IN THE PROPERTY;
- (C) THE LIMIT OF LIABILITY PROVIDED BY THIS FORM IN RESPECT OF THE PROPERTY DESTROYED OR DAMAGED.

PROVIDED, HOWEVER, THAT WHERE THE INSURANCE APPLIES TO THE PROPERTY OF MORE THAN ONE PERSON OR INTEREST THE INSURER'S TOTAL LIABILITY FOR LOSS SUSTAINED BY ALL SUCH PERSONS AND INTERESTS SHALL BE LIMITED IN THE AGGREGATE TO THE SPECIFIED LIMIT OF LIABILITY.

2. PROPERTY INSURED

THIS FORM, EXCEPT AS HEREIN PROVIDED, INSURES

- (A) PROPERTY IN COURSE OF CONSTRUCTION, INSTALLATION, RECONSTRUCTION OR REPAIR
 - (i) OWNED BY THE INSURED;
 - (ii) OWNED BY OTHERS, PROVIDED THAT THE VALUE OF SUCH PROPERTY IS INCLUDED IN THE AMOUNT INSURED;

ALL TO ENTER INTO AND FORM PART OF THE COMPLETED PROJECT INCLUDING EXPENDABLE MATERIALS AND SUPPLIES NOT OTHERWISE EXCLUDED, NECESSARY TO COMPLETE THE PROJECT DESCRIBED IN SECTION 6;

- (B) TEMPORARY BUILDINGS, SCAFFOLDING, FALSEWORK, FORMS, HOARDINGS, EXCAVATION, SITE PREPARATION, LANDSCAPING AND SIMILAR WORK, PROVIDED THAT THE VALUE THEREOF IS INCLUDED IN THE AMOUNT INSURED AND THEN ONLY TO THE EXTENT THAT REPLACEMENT OR RESTORATION IS MADE NECESSARY TO COMPLETE THE PROJECT;
- (C) EXPENSES INCURRED IN THE REMOVAL FROM THE CONSTRUCTION SITE OF DEBRIS OF THE PROPERTY INSURED, OCCASIONED BY LOSS, DESTRUCTION OR DAMAGE TO SUCH PROPERTY AND IN RESPECT OF WHICH INSURANCE IS PROVIDED BY THIS FORM.

3. LIMITS OF LIABILITY

THIS FORM INSURES IN THE AMOUNT OF \$ 832,000. APPLICABLE TO THOSE ITEMS OF THIS SECTION FOR WHICH A LIMIT IS SHOWN. THE LIABILITY OF THE INSURER(S) IN ANY ONE LOSS, CASUALTY OR DISASTER SHALL BE LIMITED TO THE PROPORTION OF ANY LOSS OR DAMAGE, INCLUDING SALVAGE CHARGES AND OTHER EXPENSES WHICH THE SUM INSURED UNDER THIS FORM BEARS TO THE TOTAL AMOUNT OF INSURANCE AND IN NO EVENT SHALL EXCEED THE SAME PROPORTION OF EACH OF THE FOLLOWING LIMITS OF LIABILITY IN ANY SUCH LOSS, CASUALTY OR DISASTER.

LIMIT(S) OF LIABILITY FOR ALL INSURANCE

- (A) \$ 832,000. AT SITUATION DESCRIBED IN SECTION 6 (B);
- (B) \$ - AT ANY OTHER LOCATION;
- (C) \$ - IN TRANSIT;

OF UNLOADING AT THE SITE OF CONSTRUCTION, EXCEPT WHILE IN ANY BUILDING USED FOR MANUFACTURING OR PROCESSING.

- (D) THIS FORM CEASES TO INSURE ANY PART OF SECTION OF THE PROJECT ON THE COMMENCEMENT OF USE OR OCCUPANCY THEREOF, UNLESS SUCH USE OR OCCUPANCY IS FOR

- (I) CONSTRUCTION PURPOSES;
- (II) OFFICE OR HABITATIONAL PURPOSES; OR
- (III) INSTALLING, TESTING EQUIPMENT OR MACHINERY.

9. PROPERTY EXCLUDED

THIS FORM DOES NOT INSURE LOSS OF OR DAMAGE TO

(A) PROPERTY

- (I) WHILE WATERBORNE, FROM THE COMMENCEMENT OF LOADING UNTIL COMPLETION OF DISCHARGE EXCEPT WHILE ON A FERRY, RAILWAY CAR OR TRANSFER BARGE, ALL IN CONNECTION WITH LAND TRANSPORTATION;
 - (II) WHILE INSURED UNDER AN OCEAN CARGO POLICY;
 - (III) WHILE ABOARD OR BEING TRANSPORTED BY ANY AIRCRAFT.
- (B) CONTRACTOR'S TOOLS AND EQUIPMENT INCLUDING SPARE PARTS AND ACCESSORIES WHETHER OWNED, LOANED, HIRED OR LEASED OTHER THAN PROPERTY SPECIFIED IN SECTION 2 (B);
- (C) MONEY, BOOKS OF ACCOUNT, SECURITIES FOR MONEY, EVIDENCES OF DEBT OR TITLE, AUTOMOBILES, TRACTORS, AND OTHER MOTOR VEHICLES AIRCRAFT OR WATERCRAFT.

10. PERILS EXCLUDED

THIS FORM DOES NOT INSURE

(A) THE COST OF MAKING GOOD

- (I) FAULTY OR IMPROPER MATERIAL;
- (II) FAULTY OR IMPROPER WORKMANSHIP;
- (III) FAULTY OR IMPROPER DESIGN;

PROVIDED, HOWEVER, TO THE EXTENT OTHERWISE INSURED AND NOT OTHERWISE EXCLUDED UNDER THIS FORM RESULTANT DAMAGE TO THE PROPERTY SHALL BE INSURED.

- (B) LOSS OR DAMAGE, UNLESS DIRECTLY CAUSED BY A PERIL NOT OTHERWISE EXCLUDED HEREIN, CAUSED DIRECTLY OR INDIRECTLY BY RUST OR CORROSION, FROST OR FREEZING.
- (C) LOSS OR DAMAGE CAUSED BY ELECTRIC OR MAGNETIC INJURY, DISTURBANCE OR ERASURE OF ELECTRONIC RECORDINGS, EXCEPT BY LIGHTNING.
- (D) LOSS OR DAMAGE CAUSED DIRECTLY OR INDIRECTLY BY MECHANICAL OR ELECTRICAL BREAKDOWN OR DERANGEMENT PROVIDED HOWEVER, TO THE EXTENT OTHERWISE INSURED AND NOT OTHERWISE EXCLUDED UNDER THIS FORM, RESULTANT DAMAGE TO THE PROPERTY SHALL BE INSURED.
- (E) LOSS OR DAMAGE CAUSED DIRECTLY OR INDIRECTLY BY EARTHQUAKE, EXCEPT
- (I) ENSUING DAMAGE WHICH RESULTS FROM FIRE, EXPLOSION, SMOKE OR LEAKAGE FROM FIRE PROTECTIVE EQUIPMENT; OR
 - (II) WHILE THE PROPERTY IS IN DUE COURSE OF TRANSIT, IF A LIMIT IS PROVIDED UNDER SECTION 3 (C).
- (F) LOSS OR DAMAGE CAUSED DIRECTLY BY FLOOD, AND THE WORD "FLOOD MEANS WAVES, TIDES, TIDAL WAVES, AND THE RISING OF, THE BREAKING OUT OR THE OVERFLOW OF, ANY BODY OF WATER, WHETHER NATURAL OR MAN MADE; BUT THIS EXCLUSION DOES NOT APPLY TO LOSS OR DAMAGE

NECESSARY AND REASONABLE REPAIRS WHICH CAN BE UNDERTAKEN BY THEM IN RESPECT OF PARTIAL DAMAGE INSURED HEREIN, UP TO A MAXIMUM OF \$50,000. BUT NOT EXCEEDING ANY APPLICABLE LIMIT OF LIABILITY. IF INSURANCE IN RESPECT OF SUCH REPAIRS IS PROVIDED BY THIS POLICY AND SUBJECT TO THE DEDUCTIBLE AND ANY LIMIT OF LIABILITY STATED IN CLAUSE 3, THE INSURER(S) WILL REIMBURSE THE INSURED FOR THEIR PROPORTION OF THE ACTUAL COST OF SUCH REPAIRS. NOTHING IN THE CLAUSE SHALL BE DEEMED TO HAVE WAIVED THE REQUIREMENT THAT NOTICE OF LOSS BE GIVEN FORTHWITH TO THE INSURER(S) AS PROVIDED IN THIS POLICY.

14. REINSTATEMENT

ANY LOSS HEREUNDER SHALL NOT REDUCE THE AMOUNT OF INSURANCE UNDER THIS FORM.

15. TERMINATION

TERMINATION BY THE INSURER(S) MAY ONLY BE EFFECTED BY THE INSURER(S) GIVING TO THE INSURED THIRTY DAYS NOTICE OF TERMINATION BY REGISTERED MAIL.

16. SUBROGATION

THE INSURER(S) UPON MAKING ANY PAYMENT OR ASSUMING LIABILITY THEREFOR UNDER THIS FORM, SHALL BE SUBROGATED TO ALL RIGHTS OF RECOVERY OF THE INSURED AGAINST OTHERS AND MAY BRING ACTION IN THE NAME OF THE INSURED TO ENFORCE SUCH RIGHT, EXCEPT THAT

- (A) ANY RELEASE FROM LIABILITY ENTERED INTO BY THE INSURED PRIOR TO LOSS SHALL NOT AFFECT THE RIGHT OF THE INSURED TO RECOVER;
- (B) NOTWITHSTANDING THE PROVISIONS OF PARAGRAPH (A) HEREOF ALL RIGHTS OF SUBROGATION ARE HEREBY WAIVED AGAINST ANY CORPORATION, FIRM, INDIVIDUAL, OR OTHER INTEREST WITH RESPECT TO WHICH INSURANCE IS PROVIDED UNDER THIS FORM.

17. VERIFICATION OF VALUES

THE INSURER(S) OR THEIR DULY APPOINTED REPRESENTATIVE(S) SHALL BE PERMITTED AT ALL REASONABLE TIMES DURING THE TERM OF THIS POLICY OR WITHIN A YEAR AFTER TERMINATION OR EXPIRATION TO INSPECT THE PROPERTY INSURED AND TO EXAMINE THE INSURED'S BOOKS, RECORDS AND SUCH POLICIES AS RELATE TO ANY PROPERTY INSURED HEREUNDER. THIS INSPECTION OR EXAMINATION SHALL NOT WAIVE NOR IN ANY MANNER AFFECT ANY OF THE TERMS OR CONDITIONS OF THIS POLICY.

PART 1

SPECIAL ENDORSEMENT NO. 1

IT IS UNDERSTOOD AND AGREED THAT THE FOLLOWING IS ADEED AS
ADDITIONAL NAMED INSURED:

THE TOWN OF PELHAM, BOX 400, FONTHILL, ONTARIO

/GZ