

NOTICE TO INSURED - DIFFERENCE IN CONDITIONS, DEDUCTIBLE AMOUNTS AND LIMITS OF INSURANCE

Important changes to your new Intact Insurance Commercial Lines policy

We wish to inform you that your previous policy, last issued by Royal & Sun Alliance Insurance Company of Canada and/or its affiliated companies, has been replaced by your new Intact Insurance Commercial Lines policy.

With your new Intact Insurance policy, you will find a large number of enhancements, including some of the following, depending on your previous policy type:

- Under your new **Property Coverage Forms**, you will be able to benefit from:
 - Additional Extensions of coverage;
 - Higher Limits of insurance for extensions of coverage; and,
 - No policy Annual Aggregate Limit.
- Under your new Commercial General Liability Form, more specifically the **CGL Max Form**, you may be able to benefit from Employer's Liability Coverage for any of your Canadian employees (subject to certain exclusions).
- Under your new **Business Interruption Coverage**, you will note that your Extensions Package will provide you with Additional Extensions of coverage;
- Under your new **Earthquake, Flood and Sewer Back-Up** Extensions Forms, you will be able to benefit from the absence of a policy Annual Aggregate Limit.
- Under your new Crime Coverage Forms, you will be able to benefit from:
 - Additional Extensions of coverage; and
 - Higher limits of insurance.

There are other changes to your policy as well. You will note that some of the definitions, as well as the wording of certain coverages, limitations and exclusions, have changed, and others have been added. We have implemented a procedure to create a seamless transition for you. In the event of a claim, we will address your claim according to your previous policy with RSA for exposures that aren't covered under your new Intact Insurance policy, including the reductions in coverages listed A. through C. below.

This protection will not apply to any reductions in coverage that:

- are imposed by law;
- are made at your request;
- are described in a specific notice that has been sent to you or your broker;
- result from renewal terms or midterm changes offered and accepted by you;
- result from any Sewer Back-Up, Earthquake or Flood Insurance endorsements included in your new policy; or,
- are outlined under the REDUCTIONS OF COVERAGE EXCLUDED FROM THE DIFFERENCE IN CONDITIONS, DEDUCTIBLE AMOUNTS AND LIMITS OF INSURANCE ENDORSEMENT section provided below.



This is only a summary of changes that may affect your coverage. Please refer to your contract for more details.

Here is some information about the reductions in coverage that result from these changes:

Only applicable to customers that previously had the coverages listed below. If these coverages were not included in your previous policy, please disregard these reductions in coverage.

A. CHANGES TO COVERAGES PREVIOUSLY AFFORDED UNDER YOUR PROPERTY COVERAGE FORMS

1. Named Perils – Reduced Coverage

Under your new Intact Insurance Property Coverage Form, the new “Named perils” definition will no longer include any escape of water from any tank, apparatus or pipe. This change will impact some of the coverages provided under certain exclusions and Extensions of Coverage of your previous Forms.

2. Error or Omission Extension – no longer included

Your Error or Omission Extension, which was included under your previous policy and afforded coverage for any loss resulting from unintentional errors or omissions in valuation or description of your property, will no longer be afforded under your new Intact Insurance Property Coverage Form.

3. Business Interruption Coverage - Data Problem resulting from Flood – no longer included

Your previous policy, which provided coverage for Business Interruption coverage resulting from any data problem caused by flood, will no longer be covered under your new Intact Insurance Property Coverage Form.

4. Waiver of Co-Insurance – Amount of Loss Reduced

The amount of loss that now qualifies you as being able to benefit from a waiver of co-insurance has now been reduced to an amount of \$50,000 under your new Intact Insurance Property Coverage Form.

B. CHANGES TO COVERAGES PREVIOUSLY AFFORDED UNDER YOUR PROPERTY PACKAGE EXTENSION FORMS

1. Consequential Loss resulting from off-premises service interruption

This coverage, which is provided under your new Intact Insurance Extensions Form, now excludes any consequential loss resulting from loss or damage to overhead electrical transmission lines or overhead distribution lines or their supporting structures that are off your premises.

2. Extra Expense - Emergency Vacating Expense and Outbreak Extra Expense Coverages no longer afforded

The Emergency Vacating Expense and Outbreak Extra Expense Coverages, which were included under the Extra Expenses Coverage of your previous forms, are no longer included in your new Intact Insurance Extensions Form.

3. Extended Pollution Cleanup Extension

Your new Intact Insurance Extensions Form now only provides coverage under this Extension, if a spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of pollutants arises from loss or damage to insured property on your premises caused by an insured peril.

C. COVERAGE NO LONGER AFFORDED UNDER YOUR NEW CRIME COVERAGE FORM

Identity Theft Coverage

This Identity Theft coverage, which was included under your previous forms and provided coverage for any of your customers who were the subject of identity theft, will no longer be afforded under your new Intact Insurance Crime Coverage Form.

REDUCTIONS OF COVERAGE EXCLUDED FROM THE COVERAGE AFFORDED BY THE DIFFERENCE IN CONDITIONS, DEDUCTIBLE AMOUNTS AND LIMITS OF INSURANCE ENDORSEMENT

BELOW ARE REDUCTIONS IN COVERAGE THAT WILL NOT BENEFIT FROM THE TWENTY-FOUR (24) MONTH COVERAGE PROVIDED UNDER THE DIFFERENCE IN CONDITIONS, DEDUCTIBLE AMOUNTS AND LIMITS OF INSURANCE ENDORSEMENT.

Only applicable to customers that previously had the coverages listed below. If these coverages were not included in your previous policy, please disregard these reductions in coverage.

A. CURRENT EXCLUSIONS WHICH WILL BE MAINTAINED UNDER YOUR NEW INTACT INSURANCE POLICY

The following exclusions, which apply to current Intact Insurance customers, shall also be maintained and applied to your new Intact Insurance policy:

- **Virus and Bacteria Exclusion – Applicable to Property Coverage only**

This exclusion does not insure against loss or damage caused directly or indirectly, in whole or in part, by any virus, bacterium or other micro-organism that induces or is capable of inducing physical distress, illness or disease. This exclusion applies whether or not there are one or more other causes or events (whether covered or not) that contribute concurrently or in any sequence to the occasioning of the loss or damage.

- **Cyber Incident Exclusion – Applicable to Property Coverage only**

This exclusion excludes loss or damage caused directly or indirectly by a cyber incident. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or any sequence to the loss or damage.

- **Communicable Diseases Exclusion or Pandemic and Epidemic Communicable Disease Exclusion – Applicable to Commercial General Liability Coverage only**

Note that this exclusion may be added to your policy, depending on the nature of your Business Activities. This exclusion excludes any bodily injury, property damage or personal injury and advertising injury arising out of the transmission of any communicable diseases by an insured.

*This exclusion may already be included under your previous policy.

B. COVERAGES NO LONGER AFFORDED UNDER YOUR NEW INTACT INSURANCE POLICY

The following Coverages will no longer be included in your new Intact Insurance policy:

- **Outbreak Extra Expense Extension**

This Extension provided coverage for any necessary additional expense you incur in order to continue the normal conduct of your business following an order of closure of your business premises by a public health or by any other statutory authority as a direct result of an outbreak of a specified disease at your business premises.

- **Negative Publicity Extension**

This Extension provided coverage for loss of business income resulting from a necessary interruption of business following an order to close by a public health authority, or from a negative publication or broadcast, which results from:

- poisoning of any person directly caused by the consumption of food or drink manufactured by you;
- murder or suicide occurring at your premises; or
- criminal discharge of a firearm occurring at your premises,

- **Specified Disease Extension**

This Extension covers any loss of gross profits directly resulting from the cancellation of, or inability to accept bookings for accommodations at your premises because your premises are closed on the order or advice of a statutory authority as a direct result of an outbreak or occurrence at your premises of any one or more of specified Disease manifesting in a human host on-site at your premises.

- **Cyber Insurance Form**

This Form provided coverage for:

- loss in respect of any claim first made against the Insured following a data liability event or network security event;
- business interruption loss resulting from a business interruption event commencing during the policy period; and
- remediation costs incurred by or on behalf of the Insured following an actual or threatened data liability event or network security event.

C. CHANGES TO COVERAGES PREVIOUSLY AFFORDED UNDER YOUR EQUIPMENT BREAKDOWN COVERAGE FORMS

1. Service Interruption – Limited coverage

The Service Interruption Extension provided under your new Intact Insurance Equipment Breakdown Coverage Form now only provides coverage if the breakdown causing the service interruption is caused to equipment situated on or within a 2500 metres radius of your premises.

2. Data and Media Coverage now sublimited

Under your new Intact Insurance Equipment Breakdown Coverage Form, your Loss of Data Extension is now sublimited to \$100,000 for any one breakdown.

3. No coverage for underground, drainage or sprinkler piping

Under your new Intact Insurance Equipment Breakdown Coverage Form, there is no coverage for the following, as clearly excluded under the “equipment” definition:

- any drainage piping, any sprinkler piping and its accessory equipment;
- equipment (including piping) which is not in a conduit beneath the surface of the ground and that requires the removal, excavation or demolition of materials in order to inspect, remove, repair or replace such equipment or such piping (excluding geothermal heating systems)

D. CHANGES TO COVERAGES PREVIOUSLY AFFORDED UNDER YOUR COMMERCIAL GENERAL LIABILITY AND COMMERCIAL UMBRELLA LIABILITY NON-COMPENSATORY COVERAGE FORMS

Under your new Intact Insurance Commercial General Liability and Commercial Umbrella Liability Coverage Forms, there will be no coverage for punitive or exemplary damages or the multiple portion of any multiplied damage award, as these are clearly excluded under the “compensatory damages” definition of your new Intact Insurance Coverage Forms.

E. COVERAGE NO LONGER AFFORDED UNDER YOUR NEW CRIME COVERAGE FORM - EMPLOYEE DISHONESTY COVERAGE - FORM B

The Employee Dishonesty coverage (Form B only), which was included under your previous forms and provided you with a limit of insurance for each employee in the event of loss or damage caused by employee dishonesty, will no longer be offered under your new Intact Insurance Crime Coverage Form.