A) MINIMUM COVERAGE

Prescribed by the Alberta Insurance Act:

1) Fire
   Resulting from explosion or otherwise.

2) Lightning
   + Fire resulting from.
   X Electrical devices / appliances.

3) Explosion
   + Natural, coal, manufactured Gas igniting.
   + Resulting fire damage.

B) STATUTORY CONDITIONS

Printed in all wordings, if not, still deemed part of the policy.

C) APPLICATION

Written preferred (Legal Challenges), if policy issued is incorrect:

1) Insurer writes the insured showing it differs from the application.
2) Insured, within 2 weeks of receiving such notice, rejects the policy.

THE POLICY

Data

1) Insurer.
2) Insured.
3) Loss payable.
4) Premium.
5) Subject matter.
6) Indemnity of insurer.
7) Perils insured.
8) Effective / expiry dates.
9) Rating (Building).

1) Basic Fire Policy
   Minimum coverage prescribed by the Alberta Insurance Act.

2-a) Specific Policy
   - Insuring agreement, exclusions, conditions and schedule.
   - Coverage added / deleted through endorsements/riders.
   OR

2-b) Modular Policy
   - Declarations, conditions, individual pages defining coverage.
   - Complex documents suited to commercial risks (Crime).

INSURING AGREEMENT

- Insurers promise to pay for property damage or destruction.
- Includes five elements of a legal contract.

CONTRACT OF INDEMNITY

Direct Loss $$$ value by property damaged or destroyed.
Indirect Loss $$$ value arising from loss (Rental Income).

Insured in the same financial position as prior to the loss, without profiting from it.

Least of:

1) Actual Cash Value
2) Insurable Interest
3) Amount of Insurance
EXCLUSIONS  Perils / Property **not insured**:

A) **Insurance**  Policy must include:
   1) Electrical Appliances (+ Lightning/Fire).
   2) War.
   3) Process of Heat (+ Fire).
   4) Radioactive Contamination

B) **Rating**  Limit exposures:
   5) Property (Special Limits).
   6) Construction (Welding / Renovation).
   7) Vacancy, Unoccupancy, Inoperation > 30 days.
   8) Volatile Substance (> 1 gal. of flammable liquid).
   9) Operation of Law (more $ rebuild > zoning).

**STANDARD EXTENSIONS OF COVERAGE**

1) **Removal of Insured Property**
   
   a) **Insured** recovers costs incurred to protect property from further loss (Weather).
   
   b) **Insurer** extends policy coverage, terms and conditions to property removed for 7 days.
   
   c) Limited period prompts insured to arrange new coverage on property removed.

   Distribution  
   1) Limit of insurance is reduced by amount of loss.
   
   2) Remainder applies based on the % of value in each location.
   
   3) Remaining amount returns to original location after 7 days.

2) **Debris Removal**

   a) Some losses (fire) leave debris that must be removed at added expense.
   
   b) Included in the limit of insurance.
   
   c) Limit of insurance normally increased to accommodate added expense (5% average).