Property insurance covers:

1) **Fortuitous loss:**
   - a) Accidental.
   - b) Outside cause.
   - c) Not inevitable (Exposure).

2) **Hostile fire:**
   - Escapes accidentally from intended confines, igniting other property.
   - No recovery for the value of the fuel or damage to the device itself.

   **FIRE**
   _Combustion accompanied by visible flame or glow._

3) **Other losses:**
   - a) Heat exposure.
   - b) Combustion residue (Soot).
   - c) Fire fighting (Chemicals / Water).

**PROXIMATE CAUSE**

_That event in a natural and continuous sequence of events, unbroken by any efficient intervening cause, that results in the loss and without which the loss would not have occurred._

1) Insured, under law, must establish the proximate cause of loss and prove it is insured.
2) Fire damage may be covered even though the device is not (Application of Heat).

**PERMISSION**

1) Clauses override certain exclusions, limitations or conditions.
2) Insurer must grant before specific acts performed (Construction).

**AUTOMATIC REINSTATEMENT**

IBC wording:
1) Limit of insurance remains even if several losses occur.
2) insured gets refund (short rate) if policy cancelled after loss.

**INDEMNITY**

Insured cannot profit from a loss, but may pay added cost to restore building.

**REPLACEMENT COST ENDORSEMENT**

 Applies to building:
1) Prompt replacement.
2) Same site or adjacent site.
3) Payment is the least of the cost for: a) Repair. b) Replacement. c) Reconstruction.
4) Settlement only when the work is finished and for no more than it’s actual cost.
5) Other insurance covering the same perils/risk must have same provisions (RCE).

**COINSURANCE CLAUSE**
Minimum amount is a % of replacement cost.

**FAILURE TO COMPLY**
Loss is settled for A.C.V.
ADDITIONAL PERILS

Insured often needs basic perils (FLE) and to:

1) **Expand Coverage**
   - Explosion

2) **Modify Exclusions**
   - Riot

3) **Add New Perils**
   - Windstorm

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**1) Explosion**

Most kinds are covered.

- Boilers, pressure vessels, gas turbines.
- Centrifugal force, mechanical breakdown.
- Pressure testing.
- Electric arcing, rupture, freezing.

**2) Impact by Aircraft, Spacecraft or Land Vehicle**

Or objects dropped from any.

- Land Vehicles: Owned / controlled by insured/employees.
- Aircraft/Spacecraft: Being moved in or around buildings.
- Physical Damage: Aircraft, spacecraft or land vehicle itself.

**3) Lightning**

+ Damage to electrical devices or appliances and resulting fire.

**4) Riot**

+ Locked-out employees / strikers.

- Cessation of work.
- Change in temperature.
- Water release from dam.
- Business interruption.
- Flood.
- Theft.

**5) Smoke**

Sudden, unusual, and faulty operation of a heating unit (Furnace).

- Repeated emissions.

**6) Leakage from Fire Protective Equipment**

Fallen, broken or frozen on/adjacent premises.

Insured must advise insurer of:

- Complete details of the system.
- Equipment defect.
- Maintenance or monitoring lapse.

**7) Windstorm or Hail**

+ Building interior or contents from aperture created by windstorm.

- Snowload, iceload.
- Overflow, flood, waterborne objects, waves, ice.
- Tidal wave, high water.
- Land slip or subsidence.

**8) Earthquake**

Catastrophic loss endorsed for additional premium.
OTHER INSURANCE PROVISIONS

1) Rateable Contribution  
Agreement of Guiding Principles (I.B.C.) outlines provisions of loss payment for multiple insurers of buildings or property:

Each insurer contributes to a loss proportionate to the amount of insurance they provide.

FORMULA:  
\[
\text{Policy Limit} / \text{Amount of Insurance} \times \text{Amount of Loss}
\]

- a) Fire  
  Fire policy is primary, other policies excess.
- b) Additional Perils  
  Other policies primary, fire policy excess.

MULTI-PERIL APPROACH  
Combines policy forms and classes of insurance in a package policy with a single premium.

1) Loss by Theft  
THEFT  
Taking of property without the owner's consent.

- a) Forced entry.  
- b) Premises damage.  
- c) Intentional acts, fraud.

RATING FACTORS  
a) Type of property  
b) Exposure  
c) Territory

PREMIUMS  
Per thousand based on class of property / insured perils.

FIRST LAYER  
Highest rate and most of premium.

GRADED RATES  
Fixed rate for fire and reducing rates for added perils.

PROPERTY IN TRANSIT  
Extended from premises policy:

- a) Type of transportation.  
- b) When property is covered (Load/Storage).
- c) Territory (Canada, U.S., Vessels).

RATING FACTORS  
1) Policy limit.  
2) Perils covered.  
3) Exposure.

NAMED PERILS  
a) Listed individually in the wording (Description / Limitations / Exclusions).  
b) Recovery:  
  i) Insured proves insured property lost through insured peril.  
  ii) Insurer refutes these assertions or pays claim.

ALL RISKS  
Wordings define coverage by describing only what is not covered.

Exclusions  
1) Property  
Books, securities, aircraft, watercraft.  
2) Loss  
Delay, loss of use, occupancy.  
3) Risk  
Misappropriation, conversion, dishonesty.