

The Agreements between the Named Insured and the Insurer

This Policy is the contract between the Named Insured Stated in the Declarations of the Certificate of Insurance and the Insurer and was issued in consideration of the premium that the Named Insured has agreed to pay. This Policy was issued in reliance upon the representations that the Named Insured has made upon the insurance application, which forms part of this contract. This Policy is not in force unless a Declarations Page, signed by an Authorized Representative of the Insurer, has been issued and delivered to the Named Insured or an Authorized Representative of the Named Insured.

PART I - DEFINITIONS

1. Insurer

The Insurer is shown on the Declaration Page of this Policy.

2. Named Insured

The Named Insured is the person shown on the Declarations Page of this Policy, who has applied for coverage and paid the required premium.

3. Policy

The application for insurance, the Declarations Page, the insurance coverage described in this document that the Insurer has issued as evidence of insurance coverage, and any endorsements issued by the Insurer are the documents which constitute the Policy.

4. Policy Period

The Policy Period is the period of time for which benefits under this Policy are provided, either as shown on the Declarations Page, or as amended by an endorsement to this Policy.

In the case of cancellation of this Policy, the Policy Period shall expire upon the effective date of the Policy's cancellation.

5. Claim

A Claim is a written or oral demand for compensation due to a loss resulting from a peril insured under this policy.

6. CFIA

CFIA is the Canadian Food Inspection Agency a branch of the Government of Canada.

7. Health of Animals Act

The Health of Animals Act 1990, c.21 describing diseases and toxic substances that may affect animals or that may be transmitted by animals to persons, this Act also outlines rules or guidelines for the protection of animals.

8. Animal(s)

Animal(s) would mean sheep, lamb(s) or yearling(s).

9. Yearling

A lamb that has been retained in the flock for breeding purposes.

10. Lamb(s) :

A lamb is a male or female sheep that is less than one (1) year old.

11. Lamb index :

It is the ratio of the number of lambs live born to the number of Ewes in a flock in any one production year. Live born is defined as lambs that survive either to go to market or to go back into the flock as replacement animals

12. Bluetongue

Bluetongue (BT) is a viral disease of domestic and wild ruminants that is usually transmitted by insects, however other known forms of transmission include insemination and birth. The disease is infectious, non-contagious, and seasonal.

13. Epizootic disease

A disease affecting a large number of animals at the same time within a particular region or geographical area.

14. Qualified Veterinary Surgeon

A person qualified and licensed to practice as a veterinary surgeon in the province or territory in which the services are provided.

15. Veterinary fees

Veterinary fees are the fees paid to the Qualified Veterinary Surgeon for the treatment or examination of an insured Animal.

16. Testing :

Testing includes the laboratory cost and cost testing materials required for diagnosis of a disease affecting an insured Animal.

17. Treatment:

Treatment would mean the drugs, treatment materials and veterinary supplies. Drugs are limited to prescription medicines only and do not include hormones, protein, vitamin or other oral substitutes for body building or production.

18. Humane Euthanasia :

Humane Euthanasia is the mercy killing of an Animal for reasons defined in a humane society act.

19. Additional care

Care and cost for feeding and maintaining the insured Animal(s) in case of delay in marketing the insured Animal(s).

20. Agreed Value

Agreed Value is the market value of the insured Animal(s) declared and agreed upon at the time of sale of the policy.

21. Marketed at the ideal time

Marketed at the ideal time is the selling of the Animal(s) Lamb before it matures.

22. Market Delay Cost :

Cost of maintenance of the Lambs that are prevented from being sold (marketed) since they are in the Restricted Zone.

The delay caused in the marketing of a Lamb due to the fact that the Lamb is in the Restricted Zone because of the out-break of Bluetongue.

23. Loss of productive capacity:

Loss of productive capacity is the reduction in the Named Insured's Lambing Index.

24. Pollutants

The word pollutant or the word pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapour, soot, fumes, acids, alkalis, toxic chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

25. The Broker of Record

The broker of record is the insurance broker authorized to administer and sell this insurance policy. The broker of record on this insurance policy is:

The Precept Group Inc.
785 Bridge St.
Waterloo, ON N2V 2K1

26. Reportable Disease

These diseases are outlined in the Health of Animals Act and Regulations and are usually of significant importance to human or animal health or to the Canadian economy. Animal owners, veterinarians and laboratories are required to immediately report the presence of an animal that is contaminated or suspected of being contaminated with one of these diseases to a CFIA district veterinarian. Control or eradication measures will be applied immediately

27. Notifiable Disease

In general, notifiable diseases are diseases exotic to Canada for which there are no control or eradication programs. The CFIA can undertake control measures for such diseases when notified of their presence in Canada.

28. Restricted Zone

This is the area that is declared by the CFIA for the purpose of preventing the spread of a disease or toxic substance and is limited to a maximum of 5 kilometers from the infested place

29. Infected Animal

Is an animal that is confirmed by the Qualified Veterinarian Surgeon as having contracted Bluetongue

30. Outbreak

Is a confirmed incidence of Bluetongue. An Outbreak is deemed as coming to end once the Qualified

Veterinarian Suregeon declares the farm as being Bluetongue free

PART II - INSURANCE COVERAGE

The Insurer is formally undertaking to fulfill, within the limitations of this Policy, the following obligations specified in the Insurance Coverage for Animal Mortality, Extra Expense and Business Interruption as a result of Named Peril known and defined as Bluetongue manifesting in the Named Insured's Animal(s) during the currency hereof, and subject to written notice of such disease having been given to the Insurer as specified in the terms and conditions of this policy.

The Insurer will Compensate the Named Insured in respect of the Agreed Value of such Animal(s) at the time of the disease causing its death and for Extra Expense and Business Interruption, up to but not exceeding the limit of the Compensation specified in the Schedule of Benefits in respect of such Animal(s)

1. Mortality

The Insurer will pay the Named Insured Compensation in the sum(s) specified in the Bluetongue Insurance Policy as the result of the death of the Insured Animal(s) caused as a direct result of:

- a. Bluetongue disease at the Named Insured's farm which is confirmed as such by the CFIA or equivalent Government authority; or
- b. the killing (destruction) of Named Insured 's Animal(s) by the order of the CFIA or equivalent Government authority as a direct result of Bluetongue on the insured farm; or
- c. the Insurer shall have expressly agreed to the immediate destruction(killing) of the Animal(s), which is imperative for Humane Euthanasia; or
- d. the Named Insured's Animal(s) being afflicted with an excessively painful outbreak of the disease and a qualified Veterinary Surgeon approved by the Insurer shall first have given a certificate that the suffering of that Animal(s) is incurable and Humane Euthanasia is required.

The amount payable by the insurer in respect Mortality arising out of a Claim will be restricted to the Named Insured's Agreed Loss less any compensation received from other parties under the Health of Animals Acts or other regulation.

The amount payable by the insurer will be subject to a maximum of:

Lamb	CAN\$150
Ewe	CAN\$350
Ram	CAN\$1200

Higher animals values may be included subject to acceptance and proof of value

The Insurer's obligation to pay Compensation ceases as soon as the Policy's Limits of Compensation have been reached.

2. Extra Expense

The Insurer will Compensate the Named Insured for additional expenses arising as defined below as a consequence of an outbreak of Bluetongue disease in the Named Insured's Animal(s) or as a result of action taken by the CFIA under the Health of Animals Act. The additional expense is restricted to the recovery of costs incurred for Treatment, Veterinary Fees, Testing, and Additional Care subject to the following limits:

- a) **Treatment:** Limited to a maximum of CAN\$ 25 per Infected Animal.
- b) **Veterinary fees:** Limited to a maximum of CAN\$ 750 per Outbreak
- c) **Testing : Limited** to a maximum of CAN\$ 375 per Outbreak
- d) **Humane euthanasia** limited to a maximum of CAN\$15 per Infected Animal for cost of materials and equipment needed for this purpose.

The amount payable by the insurer in respect of Extra Expense arising out of a Claim will be restricted to the Named Insured's Actual Loss less any compensation received from other parties under the Health of Animals Acts or other regulation.

The Insurer's obligation to pay Compensation ceases as soon as the Policy's Limits of Compensation stated above for each Extra Expense have been reached.

3. Business Interruption

The Insurer will Compensate the Named Insured for loss of productive capability of the Animal(s) and the additional costs associated with the feeding of market Lambs that have survived the Bluetongue.

In addition the Insurer will Compensate the Named Insured for the additional costs incurred as a result of Lambs being prevented from being marketed at The Ideal Time as a result of action taken by the CFIA under the Health of Animals Act. Compensation is restricted to amounts as defined below:

a) Loss of Productive Capability

The Named Insured will receive Compensation for a reduction in the Lambing Index as compared to the average of the five prior years. This compensation will be fixed at CAN \$ 50 per Insured Animal and subject to a maximum loss of 50%.

b) Additional Feeding and Management

The additional management cost and cost for feeding of the surviving Lamb(s) after having contracted the disease, Compensation under this benefit shall be limited to CAN\$15 per surviving Lamb.

c) Market Delay

Compensation for Market Delay is limited to those animals that are in a Restricted Zone . Such Compensation shall be limited to a maximum of \$3 per week or part thereof per lamb limited to Compensation for a maximum period of 4 weeks for each animal

The amount payable by the insurer in respect of Business Interruption arising out of a Claim will be restricted to the Named Insured's Actual Loss less any compensation received from other parties under the Health of Animals Acts or other regulation.

The Insurer's obligation to pay Compensation ceases as soon as the Policy's Limits of Compensation stated above for each Business Interruption Benefit has been reached.

The maximum amount payable under the Business Interruption Benefits on a combined basis per Named Insured in any policy year is restricted to CAN \$50,000.

4. Policy Territory

The Insurer's obligations for the payment of Compensation are restricted to Insured Animals, Lambs and Yearlings that are located in a Canadian province.

5. Coverage Period

The Policy covers Claims that took place after the effective date and before the expiry date of the policy as shown in the Declarations

PART III - EXCLUSIONS

This Policy does not apply to:

- 1.** Animal Mortality, Extra Expense or Business Interruption Claims or Losses unless they are the result of the insured peril of Bluetongue as defined in this Policy.
- 2.** Any Epizootic Diseases.
- 3.** Animals located in a place other than the one indicated in the schedule. In case of a claim or action, suit or proceedings to enforce a claim, for death under this Policy for an Animal in another location the onus of proving that there has been no change of ownership or insurable interest will be solely on the Named Insured.
- 4.** Any Claim arising out of the death of the Named Insured's Animal(s) directly or indirectly caused by, or attributed to :
 - a. Any Treatment given by a person(s) other than the Qualified Veterinary Surgeon or Veterinary Surgeon, or experienced personnel under the supervision of the Qualified Veterinary Surgeon for treatment, prevention of disease or illness other than Bluetongue or accident. This would include the drugs, medications, hormone, vitamin, protein or any other substance other than unadulterated food and drink given to the Named Insured's Animal(s) ,
 - b. poison,
 - c. malicious or wilful injury whether or not caused by the Named Insured or any other person or animals,
 - d. ill-treatment or improper care,
 - e. accidents,
 - f. natural death of the Named Insured's Animal(s)

g. nuclear fission, nuclear fission or radioactive contamination.

- 5.** This Insurance does not cover death directly or indirectly caused by or attributed :
- a. to confiscation or nationalization or requisition by or under the order of any government or public or local authority or any person or body having jurisdiction in the matter,
 - b. to any governmental direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize any pollutants.
- 6.** Any claim or liability arising directly or indirectly, in whole or in part, out of "Terrorism" or out of any activity or decision of a government agency or other entity to prevent, respond to or terminate "Terrorism". This exclusion applies regardless of any other contributing or aggravating cause or event that contributes concurrently or in any sequence to the bodily injury, property damage or personal injury.

"Terrorism" means an ideologically motivated unlawful act or acts, including but not limited to the use of violence or force or threat of violence or force, omitted by or on behalf of any group(s), organization(s) or government(s) for the purpose of influencing any government and/or instilling fear in the public or a section of the public.

- 7.** Any claim or liability arising directly or indirectly, in whole or in part, out of war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military power.

PART IV
GENERAL CONDITIONS

1. General Provisions

- a. All Animal(s) on the farm/location must be insured.
- b. It is a condition precedent to any Compensation that at the commencement of this Insurance each Animal(s) hereby insured is in sound health and free from any illness, disease, lameness, injury or physical disability whatsoever
- c. It is a condition that any Compensation is subject to a deductible of 2.5% of the Sum Insured or \$1500 whichever is greater
- d. This insurance is valid only while the Health of Animals Act is administered in its present form. If any alteration is made, Insurer has the right to cancel this policy but without prejudice to the rights of the Named Insured accrued at the time of such cancellation
- e. It is a condition precedent to any Compensation that at the commencement of this Insurance the Named Insured is the sole owner of each Animal(s) insured. This Insurance shall cease to cover an Animal(s) immediately if the Named Insured sells it or parts with any interest in the Insured Animals whatsoever, whether temporarily or permanently.

- f. It is a condition precedent to any Compensation that the Animals shall have remained within the limits of Canada during the whole period of this Insurance, any breach of this condition shall render the Named Insured's claim null and void and release Insurers from all liability under the policy.
- g. It is a condition precedent to any Compensation being paid that the Named Insured shall at all times provide proper care and attention for each Animal insured.
- h. What the Named Insured Must Do in the Event of a Claim
 - 1. The Named Insured must give immediate notice to the agent through whom this policy was effected. Any failure to do so shall render the Named Insured's claim null and void and release the Insurer from all liability in connection to the policy, irrespective of whether the Named Insured has personal knowledge of such events or such knowledge is confined to the representatives of the Named Insured's or other persons who have care, custody or control of the Animal(s).
 - 2. The proof of claim should be filled within sixty days after the death of the animal.
 - 3. The Named Insured must not do anything that might imperil the Insurer's rights of recovery against any other party.

2. Insured's Consent to Settle

The Insurer will not settle any Claims without the consent of the Named Insured. If the Named Insured fails or refuses to consent to the settlement of a Claim as recommended by the Insurer, then all the Insurer's obligations with respect to that Claim shall cease. If later the Insured settles the Claim, or if the matter is resolved through arbitration or litigation, then the Insurer's liability for that Claim shall not exceed the amount for which the Claim could have been settled plus the Claims Expenses incurred up to the date of failure or refusal of consent.

3. Other Insurance

If at the time of the death of an animal the Assured has any other insurance in force in respect of the animal, whether or not such insurance is valid or collectible, the Insurer shall be released from all liability in connection with such animal unless the agreement of the Insurers to such other insurance is endorsed on this Insurance if the agreement of the Insurers to such other insurance is endorsed on this Insurance, the Insurers shall only be liable under this Insurance for the excess beyond any amount insured by such other insurance in respect of such animal, whether or not such other insurance is valid or collectible

4. Prorata clause

The number of Animals insured on this policy is subject to average, such that if the total of the interest covered shall at the commencement of the loss or damage be more than 10% greater than the declared value of the interest covered, then the number of head under this Policy shall be reduced by the same percentage that the declared value bears to the value of the interest at the time of the loss, and the Named Insured shall be considered as being his own insured for the difference and shall bear the rateable share of the loss.

5. The Insurer's Rights To Recover from Others

After the Insurer has made payment under this Policy, the Named Insured's rights to recover against any other party are automatically transferred to the Insurer to the extent of the payments it has made. The Named Insured shall do everything needed to assist the Insurer and the Named Insured must not prejudice its rights of recovery.

The Insurer waives any right of subrogation against any Insured except the author of or accomplice to any dishonest, fraudulent, criminal or malicious act or misrepresentation for any amounts paid, pursuant to the provisions of the Policy.

6. Assignment of Policy

The Named Insured cannot assign the Insured's rights under this Policy to anyone else without the Insurer's consent. If the Insured should be adjudged bankrupt, insolvent, incompetent or die during the Policy Period, this Policy will cover the Named Insured's legal representatives in the same manner as it presently covers the Named Insured.

The Named Insured agrees that any notice of any kind the Insurer mails to the Named Insured at the address shown on the Declarations Page shall constitute notice to the Insured's legal representatives.

7. The Insurer's Right of Audit

During the Policy Period, during any extension thereof, and for one year thereafter, the Insurer has the right to inspect the Named Insured's premises and operations and to examine and audit the Named Insured's books and files, but strictly as they relate to this insurance or to the calculation of the premium for this Policy.

For claim investigation and settlement purposes, the Insurer may exercise this right of audit and inspection until the delivery of final releases by all interested parties.

The Insurer assumes no responsibility whatsoever by exercising or declining to exercise these rights.

8. Changes

Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this Policy or estop the Insurer from asserting any right under the terms of this Policy; nor shall the terms of this Policy be waived or changed except by endorsement issued to form part of this Policy and signed by an Authorized Representative of the Insurer.

9. Changes to Named Insured

Any changes to the structure or composition of the Named Insured shall not affect the validity of this Policy but must be reported to the Insurer within sixty (60) days.

10. Cancellation by the Named Insured

The Named Insured may cancel this Policy at any time by giving the Insurer notice of cancellation in writing stating the date the cancellation is to take effect. Notwithstanding premium is deemed to be fully earned at inception. The Named Insured must return the Policy to the Insurer if possible.

11. Cancellation by the Insurer

The Insurer may cancel this Policy by giving the Named Insured notice of cancellation in writing, stating the date the cancellation is to take effect.

If the Insurer cancels the Policy because the Insured has not paid the entire premium, the date of cancellation shall be at least fifteen (15) days after the date on which the notice was mailed. If the Insurer cancels for any other reason, the date of cancellation shall be at least ninety (90) days after the date on which the notice was mailed.

If the Insurer cancels the Policy, the Insurer shall be entitled to the earned premium computed pro rata. If, following cancellation, there is a return premium payable, the Insurer's cheque will be sent to the Named Insured as soon as possible but the cancellation is not contingent upon this.

12. Notice to Each Other

All notices the Insurer sends to the Named Insured under this Policy must be sent to the Named Insured at the address shown on the Declarations Page.

All notices the Named Insured sends to the Insurer under this Policy must be sent to the Broker of Record or to:

Echelon General Insurance Company
Suite 300, 2680 Matheson Blvd East,
Mississauga, Ontario
L4W 0A5

13. Policy Conformity with Statutes

Terms of this Policy that are in conflict with the statutes of the jurisdiction wherein this Policy is issued are hereby amended to conform to such statutes.

14. Notice to Insureds

Pursuant to the Freedom of Information and Protection of Privacy Act, 1987.
Legal Authority for Collection: Insurance Act, R.S.O. 1980, c.218, as amended, section 80(I).

Principal Purpose for which Personal Information is intended to be used:

Information collected by Insurers from Insureds or supplied to Insurers pertaining to the attached

document will be used:

- to compile aggregate statistical data to be used in monitoring trends in the insurance industry;
- to develop statistical exhibits to be used in monitoring the insurance industry;
- to respond to requests for customized statistical information on the insurance industry;
- to respond to inquiries on statistical information made to Office of the Superintendent of Insurance; and
- to use and disclose such information for
- purposes which are consistent with the previous clauses.

The Public Official who can answer questions about the collection is:

Director Service Development
Insurance Division
Ministry of Financial Institutions
3rd Floor, 10 Wellesley Street East
Toronto, Ontario
M7A 2H6
Telephone: (416) 326-9128
FAX: (416) 326-9112
