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Updated Commercial Endorsements

Shortly after the Insurance Bureau of Canada introduced the new Commercial Property Wordings, both Broad Form and Named Perils, they also amended several of the common endorsements used with these forms.

The previous Replacement Cost Endorsement – clause 2 stated that “any reference to actual cash value in the co-insurance clause is deemed to be reference to replacement cost.” This has been deleted in the new Replacement Cost Endorsement as the new Commercial Property Wording does not make reference to actual cash value in the revised co-insurance clause. Actual Cash Value is dealt with and defined in the section 15 - Basis of Valuation.

The previous “Inflation Protection Endorsement” has had a name change to “**Building** Inflation Protection Endorsement.” The title was changed to clarify that coverage available by this endorsement is for buildings only. The clause which indicates that the endorsement applies separately to each location for which Building Inflation Protection is specified on the Declaration Page, has been simplified and moved to the top of the page. The use of the form and term “Restricted to locations” is deleted as the new wording reflects this intent.

Earthquake coverage has a new title “Earthquake Shock Endorsement”. This was to clarify that coverage is provided for “shock” only, as loss or damage caused directly by resultant fire, explosion, smoke or leakage from fire protective equipment is provided in the base wording. Earthquake is defined to include snowslide, landslide, or other earth movements occurring concurrently with and directly resulting from an earthquake shock. Earthquake occurrence has been defined to include all shocks which occur within 168 consecutive hours as one claim.

The new “Building By-laws Endorsement” has had a title change by deleting the word “blanket”. The endorsement can cover the undamaged portion **or** demolition of the undamaged portion or increased cost of construction. By adding the word “**or**” it has clarified that you may use all or any of the three loss scenarios.

The previous Consequential Loss Endorsement has been replaced by one of two Stock Spoilage Endorsements. The first endorsement limits the spoilage to a loss to buildings or equipment, including supply or transmission lines and pipes and their connections furnishing services **on the premises**. The Stock Spoilage (Extended form) will extend the coverage to apply to interruption to the supply and services **to the premises**. The apparatus that sustains loss or damage must be located on or **within 1 kilometer of the premises**.

The Stated Amount Co-insurance Extension has had a name change to Stated Amount – Waiver of Co-insurance. The new endorsement will delete the Co-insurance clause, provided that (a) a Statement of Values is filed with the insurer and (b) the amount of insurance is not less than the amount on this statement. The endorsement then adds that the signed Statement of Values must

be filed within 30 days of the effective date of each policy period and failing this, the Co-insurance Clause referred to in the policy will apply. **There is no longer a clause which states that if the amount of insurance is not maintained to be 100% of the stated amount that the coverage would be subject to a 100% Co-insurance clause** (instead of the 80% or 90% in the policy to which this clause is attached)

The Flood Endorsement has been written in a more readable fashion but does not change the coverage from the previous endorsement. The base policy has added a separate exclusion applicable to sewer back-up. A new Sewer Back-up Endorsement has defined what is covered to mirror the exact wording of the exclusion in the base policy. This does not change the intent or coverage from what was included by the previous endorsement.

It is not clear which insurers will be adopting the new IBC Commercial Property wordings, in whole or in part, or these amended endorsements. It is necessary that you identify with your markets as to which form is being used.

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