

FARMERS TENANTS' LEGAL LIABILITY

The Insurer agrees, subject to the statements contained on the "declarations page" of the policy to pay on behalf of the "Insured" all sums which the "Insured" shall become legally obligated to pay as "compensatory damages" because of "property damage" caused by accident to structures or portions thereof rented to or occupied by the Named "Insured" and described on the policy "declarations page" including fixtures permanently attached thereto, if such "property damage" arises out of any of the following perils:

- (a) Fire
- (b) Explosion: Except explosion arising from within steam boilers or internal combustion engines.
- (c) Smoke: The term "Smoke" means smoke due to a sudden, unusual and faulty operation of any stationary furnace.
- (d) Leakage from "fire protective equipment": Meaning thereby the leakage or discharge of "water" or other substances from within the equipment used for fire protection purposes for the "premises" herein described or for adjoining "premises" and "property damage" caused by the fall, breakage or freezing of such equipment.

The term "Fire Protective Equipment" includes tanks, water mains, hydrants, valves and any other equipment, whether used solely for fire protection or jointly for fire protection and for other purposes, but does not include:

- (i) branch piping from a joint system where such branches are used entirely for purposes other than fire protection;
- (ii) any water mains or appurtenances located outside of the described "premises" and forming a part of the public "water" distribution system;
- (iii) any pond or reservoir in which the "water" is impounded by a dam.

Defense, Settlement, Supplementary Payments: As respects insurance afforded by this coverage the Insurer shall:

- (a) Defend any suit against an "Insured" alleging such "bodily injury" or "property damage" and seeking damages on account thereof, even if such suit is groundless, false or fraudulent; but the Insurer may make such investigation, negotiation and settlement of any claim or suit as it deems expedient;
- (b) Pay in addition to the applicable limits of liability:
 - (i) all expenses incurred by the Insurer, all costs taxed against an "Insured" in any such suit and any interest accruing after entry of judgment (or in those jurisdictions where interest accrues from the date of "action", any interest accruing from such date) upon that part of the judgment which is within the limit(s) of the Insurer's liability;
 - (ii) premiums on appeal bonds required in any such suit, premiums on bonds to release attachments for an amount not in excess of the applicable limit of liability of this coverage, but without any obligation to apply for or furnish any such bonds;
 - (iii) expenses incurred by an "Insured" for such immediate medical and surgical relief to others as shall be imperative at the time of accident;
 - (iv) all reasonable expenses, other than loss of earnings, incurred by an "Insured" at the Insurer's request.

EXCLUSIONS

This insurance does not apply to:

- (a) liability assumed by the "Insured" under any contract or agreement except liability which would attach in the absence of such contract or agreement;
- (b) "property damage" due to war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military power;
- (c) Environmental Liability: This Agreement does not cover any liability for:
 - (a) "Bodily Injury" or "Property Damage" arising out of the actual, alleged or threatened spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of "pollutants":
 - i. At or from "premises", site or location which is or was at any time occupied by, or rented or loaned to, any "Insured". However, this subparagraph does not apply to:
 - a. "Bodily Injury" if sustained within a building and caused by smoke, fumes, vapour or soot from equipment used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests;
 - b. "Bodily Injury" or "property damage" for which an "Insured" may be held liable, if an "Insured" is a contractor and the lessee of such premises, site or location has been added to this policy as an additional "Insured" with respect to an "insured's" ongoing operations performed for that additional "Insured" at that "premises", site or location and such "premises", site or location is not an never was owned or occupied by, or rented or loaned to, any "insured", other than that additional "Insured"; or
 - c. "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";
 - ii. At or from any "premises", site or location which is or was at any time used by or for any "Insured" or others

for the handling, storage, disposal, processing or treatment of waste;

- iii. Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:
 - a. Any "Insured", or
 - b. Any person or organization for whom the "Insured" may be legally responsible, or
 - iv. At or from any "premises", site or location on which any "Insured" or any contractors or subcontractors working directly or indirectly on any "Insured's" behalf are performing operations if the "pollutants" are brought on or to the "premises", site or location in connection with such operations by such "Insured", contractor or subcontractor or subcontractor. However, this subparagraph does not apply to:
 - a. "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of mobile equipment or its parts, if such fuels, lubricants or other operating fluids escape from a permanent and integral mobile equipment part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the "premises", site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such "insured", contractor or subcontractor;
 - b. "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapours from materials brought into that building in connection with operations being performed by the "Insured" or on behalf of the "Insured" by a contractor or subcontractor; or
 - c. "Bodily Injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".
 - v. At or from any "premises", site or location on which any "insured" or any contractors or subcontractors working directly or indirectly or indirectly on any "insured's" behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".
- (b) Any loss, cost or expense arising out of any:
- i. Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
 - ii. Claim or "action by or on behalf of a governmental authority for "compensatory damages" because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this Section (b) does not apply to "compensatory damages" because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "action" by or on behalf of a governmental authority.

"Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including but not limited to smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

- (d) To "bodily injury" to "property damage" with respect to which an "Insured" under this Coverage is also insured under a contract of nuclear energy liability insurance (whether the "Insured" is unnamed in such contract and whether or not it is legally enforceable by the "Insured") issued by the Nuclear Insurance Association of Canada or any other group or pool of Insurers or would be an "Insured" under any such Policy but for its termination upon exhaustion of its limit of liability

THE SPECIAL DEFINITIONS AND PROVISIONS OF COVERAGE H SHALL APPLY.