

8 July 2009

**Property & Casualty Insurance**  
**Summary – June 1, 2009- June 1, 2010**  
Canadian Coast Guard Auxiliary et al

**MARSH**



MARSH MERCER KROLL  
GUY CARPENTER OLIVER WYMAN

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## **SUMMARY OF INSURANCE**

### **CANADIAN COAST GUARD AUXILIARY**

This summary of insurance includes the main features of the insurance program for the Canadian Coast Guard Auxiliary for the benefit of their members and their vessels while on authorized activity

The terms and conditions of insurance coverage are subject to change at any time and without prior notice.

The named insured under the various policies are as follows, note that Pacific, Newfoundland and Labrador are not named insured on the automobile policy:

Canadian Coast Guard Auxiliary (National) Inc.

Canadian Coast Guard Auxiliary (Maritimes) Inc.

Garde Cotière Auxiliaire Canadienne (Québec) Inc.

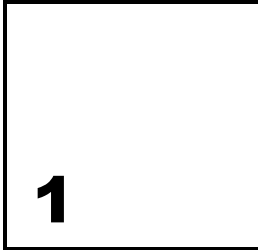
Canadian Coast Guard Auxiliary (Central & Arctic) Inc.

Canadian Coast Guard Auxiliary (Pacific) Inc.

Canadian Coast Guard Auxiliary (Newfoundland & Labrador) Inc.

collectively operating as the Canadian Coast Guard Auxiliary

***The Canadian Coast Guard Auxiliary member must refer to the actual policies for complete details, limitations, exclusions and protection provided.***



## Property/Equipment Breakdown

<b>Named Insured:</b>	Canadian Coast Guard Auxiliary et Al.	
<b>Insurer::</b>	St. Paul Fire and Marine Insurance Company	
<b>Location Insured:</b>	\$ 537,000	17 Prince Street, Sorel, Quebec J3P 4J4
	\$ 745,000	25 Huron Street, Victoria B.C. V8V 4V9
	\$ 34,000	223 Chamberlan Rd., Quispamsis, N.B E2G 1A9
	\$ 41,500	152 Backman Rd. Route 329, Bayswater, N.S. B0J 1T0
	\$ 16,500	22 Ocean View Drive, Halifax, N.S. B3P 2H3
	\$ 147,000	577 Kingston Street, Suite 206, Toronto, Ontario
	\$ 70,500	47 Riverview, Gatineau, Quebec J9H 4S7
<b>Coverage/Limits:</b>	\$ 1,591,000	Blanket Limit All Risk Form
	\$ 1,591,000	Flood & Earthquake Aggregate
	\$ 50,000	Accounts Receivable
	\$ 100,000	Building Ordinances or Laws Increase Cost of Construction
	\$ 100,000	Building Ordinances or Laws Demolition Cost
	\$ 100,000	Change or Extremes in Temperature
	\$ 100,000	Data and Records Restoration Costs
	\$ 250,000	Debris Removal
	\$ 25,000	Deferred Payments
	\$ 25,000	Extra Expense

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\$	25,000	Expediting Expenses
\$	25,000	Fine Arts
\$	25,000	Fire Department Service Charges
\$	25,000	Fire Protective Equipment
\$	25,000	Inventory or Appraisals
\$	1,000,000	Newly Acquired Property/Locations and New Construction
\$	50,000	Off Premises Utility Failure
\$	25,000	Outdoor Property
\$	25,000	Personal Belongings
\$	25,000	Pollution Cleanup and Removal
\$	10,000	Products Samples
\$	25,000	Radioactive Contamination
\$	25,000	Rewards
\$	25,000	Transit
\$	50,000	Valuable Records Research
\$	25,000	Walkways, Driveways, Sidewalks, Parking Areas
\$	252,000	Unnamed locations/Exhibitions (off site equipment Bobbies)

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**Equipment Breakdown Coverage:**

**Coverage – Applicable to 17 Prince, Sorel, Quebec**

\$	537,000	Direct Damage Limit – Pressure, Mechanical & Electrical Equipment
\$	10,000	Ammonia Contamination
\$	10,000	Computer Software and Data
\$	10,000	Data and Records Restoration Costs
\$	250,000	Demolition and Increased Cost of Construction
\$	10,000	Expediting Expenses
\$	25,000	Extra Expense
\$	50,000	Hazardous Substances
\$	50,000	Inventory, Appraisal, Professional Fees
\$	250,000	Newly Acquired Locations
\$	50,000	Off Premises Utility Failure
\$	10,000	Products Sample
\$	25,000	Spoilage
\$	50,000	Water Damage

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**Valuation:** Replacement Cost

**Co-Insurance Clause:** 90%

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**Key Exclusions:**

- Terrorism
- Hacking Event or Computer Virus Attack
- Seepage
- Mould, other Fungi or Bacteria
- Nuclear
- Pollution
- War

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**Deductibles:**

\$ 10,000 All losses except:  
\$ 25,000 Flood  
3% of value or \$100,000 Minimum Earthquake  
48 Hours Business Interruption

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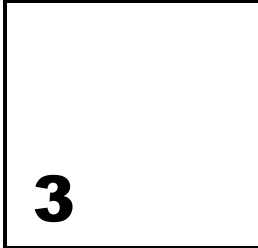
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## Crime

This policy will cover losses resulting from Dishonesty, as well as Destruction and Disappearance of property. The following is a brief description of some of the key coverages offered in your crime policy:

- Employee Dishonesty covers loss of money, securities and any property resulting from dishonest acts committed by employees.
- Loss Inside Robbery covers loss of money, securities and any other property from an actual or attempted robbery from within the insured's premises.
- Loss Outside Robbery covers loss of money, securities from an actual or attempted robbery while located outside your premises and in your care and custody.
- Money Orders and Counterfeit Paper Currency covers loss due to the acceptance in good faith of counterfeit money orders or paper currency.
- Forgery or Alteration covers loss sustained through forgery of a cheque, draft, and promissory note made or drawn by or upon you.
- Computer Systems Fraud covers loss or damage to property that results directly from computer systems fraud.

<b>Named Insured:</b>	Canadian Coast Guard Auxiliary et Al.	
<b>Insurer::</b>	St. Paul Fire and Marine Insurance Company	
<b>Coverage:</b>	\$ 100,000	Employee Dishonesty Coverage
	\$ 2,500	Loss Inside Robbery Coverage
	\$ 2,500	Loss Outside Robbery Coverage
	\$ 10,000	Money Order and Counterfeit Paper Currency Coverage
	\$ 50,000	Forgery or Alteration Coverage
	\$ 10,000	Computer System Fraud
	\$ 25,000	Rewards
	\$ 10,000	Telecommunications Theft
	\$ 5,000	Professional Fees
	\$ 2,500	Transportation of Property by Armoured Car
<b>Scope of Coverage:</b>	Depositors forgery section does not cover fraud or dishonesty by CCGA employees	
<b>Deductible:</b>	\$1,000 per loss	
<b>Extensions/Limitations:</b>	<ul style="list-style-type: none"> <li>▪ 60 Days to file Sworn Statement of Loss</li> <li>▪ Cancellation Clause 60 days</li> <li>▪ Inventory Shortages Exclusion</li> <li>▪ Computer Virus Exclusion</li> <li>▪ Nuclear Activity Exclusion</li> <li>▪ Terrorism Exclusion</li> <li>▪ Employee Dishonesty extended to cover 12 volunteers</li> </ul>	



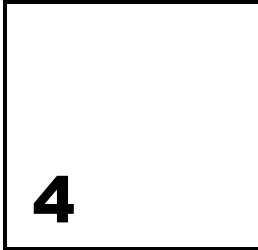
### Commercial General Liability

This policy provides coverage for bodily injury or property damage suffered by a third party caused by the negligence of a member of the CCGA. Negligence is often defined as the omission to do what a reasonable person (with similar training and background) would do – or the “doing” of something which a prudent and reasonable person would not do.

The coverage is subject to a limit of \$5,000,000.00 for any one occurrence and the main exclusion would be loss arising out of the use of watercraft, as this would be covered under the Protection and Indemnity policy.

<b>Named Insured:</b>	Canadian Coast Guard Auxiliary et Al.	
<b>Insurer:</b>	St. Paul Fire and Marine Insurance Company	
<b>Coverage:</b>	\$ 5,000,000	Bodily Injury and/or Property Damage
	\$ 5,000,000	Aggregate Products & Completed Operations
	\$ 5,000,000	Personal & Advertising Injury Total Limit
	\$ 5,000,000	Employers Liability Each person/each event (Office & Clerical Employees)
	\$ 1,000,000	Tenants Legal Liability
	\$ 1,000,000	Employee Benefit Programs Liability – each wrongful act / total limit
	\$ 5,000,000	Non-Owned Automobile Liability (SEF 6)
	\$ 65,000	Legal Liability for Damage to Hired Automobiles (SEF 94)
	\$ 500,000	Forest Fire Fighting Expenses
	\$ 10,000	Medical Expenses
	\$ 5,000,000	General Total Limit

<b>Scope of Coverage:</b>	This insurance will pay on behalf of the CCGA in the event of Property Damage or Bodily injury to Third Parties arising of ongoing day to day operations	
<b>Deductibles:</b>	\$ 10,000	Property Damage & Bodily Injury, Personal Injury & Forest & Prairie Fire Fighting including Defence Cost, Charges & Expenses.
	\$ 2,500	Tenants Legal Liability & Employee Benefits Liability
	\$ 2,500	Legal Liability for Damage to Hired Vehicles
<b>Extensions/Limitations:</b>	<ul style="list-style-type: none"> <li>▪ Post-judgement Interest on full amount</li> <li>▪ Territory- Canada, United States, it's territories and possession, and Puerto Rico</li> <li>▪ Broad Definition of Insureds - Including Volunteers</li> <li>▪ Broad Form Property Damage</li> <li>▪ Products &amp; Completed Operations</li> <li>▪ Pollution Liability Exclusion – Hostile Fire excepted</li> <li>▪ Blanket Contractual</li> <li>▪ Voluntary Compensation</li> <li>▪ SEF 94 – Damage to Hired Automobile</li> <li>▪ SEF 96 – Contractual Liability</li> <li>▪ SEF 99 – Excluding Long Term Leased Vehicle</li> <li>▪ Defense Costs in addition to Policy Limit</li> <li>▪ Attached Machinery</li> <li>▪ Owners Protective</li> <li>▪ Employers Liability (excludes USA employees): Covers Office &amp; Clerical Employees only</li> <li>▪ Contingent Employers Liability</li> <li>▪ Broad Definition of Bodily Injury</li> <li>▪ Cross Liability / Separation of Insureds</li> <li>▪ Incidental Medical Malpractice</li> <li>▪ Newly Operated or Acquired Organization – 180 day reporting</li> <li>▪ Host Liquor Liability</li> <li>▪ Non Owned Automobile, minimum underlying liability insurance limit of \$1,000,000 when renting an automobile or driving a non CCGA owned vehicle on Company Business.</li> </ul>	
<b>Key Exclusions:</b>	<ul style="list-style-type: none"> <li>▪ Total watercraft exclusion</li> <li>▪ Terrorism Exclusion</li> <li>▪ Cyber Exclusion</li> <li>▪ Mould, other Fungi or Bacteria Injury or Damage</li> <li>▪ Asbestos Exclusion</li> <li>▪ Abuse Exclusion</li> <li>▪ Employment Practices Exclusion</li> <li>▪ Professional Liability Exclusion</li> </ul>	



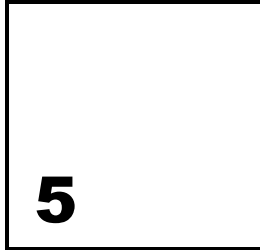
## Hull & Machinery – Protection and Indemnity

Provide protection up to \$3,000,000 for total loss of any one commercial vessel, \$3,000,000 for total loss of any one fishing vessel (nets and gear must be declared in vessel valuation and are insured only in case of the total loss of the vessel) and up to \$1,200,000 for total loss of any other vessel. This insurance is only applicable while the vessel is on an Authorized CCGA Activity and does not cover the catch or cargo on board any insured vessel. Personal effects are covered to a maximum limit of \$2,500 any one item. The CCGA member must refer to the actual policy (ies) for complete details, limitations, and protection provided.

This contract also includes a liability limit of \$10,000,000 (Protection & Indemnity) in the event that the CCGA authorized activity causes bodily injury or property damage to a third party while on board of a vessel.

<b>Named Insured:</b>	Canadian Coast Guard Auxiliary et Al.	
<b>Insurers:</b>	AXA Pacific Insurance Co.	50%
	St Paul Fire & Marine Insurance Canada	50%
<b>Coverage:</b>	Coverage is the sole primary insurance from the time the CCGA vessel commences operations on an Authorized Activity, including but not limited to search and rescue, and continues until such activity ceases. In the event of a casualty involving physical damage to a vessel, the coverage shall continue in effect until the vessel has reached a port where repairs can be effected and the vessel is moored safely.	
<b>Key Exclusions:</b>	<ol style="list-style-type: none"> <li>1) No type of diving activities is covered</li> <li>2) Flare demonstrations are not covered</li> <li>3) Institute Chemical, Biological, Biochemical, Electromagnetic Weapons Exclusion</li> <li>4) Institute Extended Radioactive Contamination Exclusion Clause</li> </ol>	

<b>Coverage:</b>	\$ 3,000,000	For any one commercial vessel
	\$ 3,000,000	For any one commercial fishing vessel
	\$ 1,200,000	For any one other type vessel
	\$ 1,500	Per day for substitute fishing vessels/ \$90,000 each accident
	\$ 2,500	Any one Item Personal Effects
	\$ 10,000,000	Protection & Indemnity
<b>Valuation:</b>	Valuation shall be agreed between the CCGA vessel owner(s), CCGA, and the Canadian Coast Guard	
<b>Other Limitations:</b>	<ul style="list-style-type: none"> <li>▪ Catch and cargo on board the insured vessel are not covered.</li> <li>▪ Nets and gear are not covered unless specifically declared and then only for total loss of nets and gear when there is a total loss of the vessel.</li> <li>▪ Personal effects and property are covered to a maximum of \$2,500 per claim / item but only when a claim is made against the vessel.</li> </ul>	
<b>Deductibles:</b>	<p>Hull including P&amp;I - 1% of declared hull value but not less than:</p> <p>(i) \$ 1,000 For any one commercial vessel;</p> <p>(ii) \$ 1,000 For any one fishing vessel; and,</p> <p>(iii) \$ 1,000 For any one other vessel</p> <p>(iv) Cost of Charter Hire – 4 day deductible</p> <p>If Hull damage is occasioned by ice, the deductible is calculated at 3% of the hull value, but not less than above deductibles.</p>	



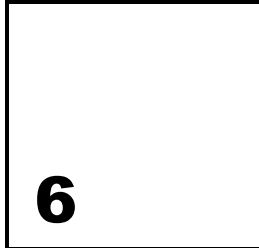
## Excess Liability (Bumbershoot)

Provides an Additional \$15,000,000 in liability over and above the current limits of the CCGA underlying liability policies.

Thus the total Limit of Protection provided is:

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|--|---------------|
| ▪ Protection & Indemnity                                     | \$25,000,000. |
| ▪ Comprehensive General Liability incl. Non Owned Automobile | \$20,000,000. |
| ▪ Automobile Liability                                       | \$17,000,000. |

<b>Named Insured:</b>	Canadian Coast Guard Auxiliary et Al.	
<b>Insurers:</b>	Continental Casualty Insurance Company	
<b>Coverage:</b>	\$15,000,000. <u>excess of underlying insurance's of</u>	
	Protection and Indemnity	Limit of \$10,000,000
	Comprehensive General Liability	Limit of \$5,000,000
	Non-Owned Automobile	Limit of \$5,000,000
	Automobile Liability	Limit of \$2,000,000
<b>Deductible:</b>	\$100,000. When not covered by underlying insurance's. (Self Insured Retention)	
<b>Extensions:</b>	<ul style="list-style-type: none"> <li>▪ Asbestos – Absolute Exclusion</li> <li>▪ Fungi / Mold / Mildew / Yeast/ Microbe Exclusion</li> <li>▪ Respirable Dust Exclusion</li> <li>▪ Silicone Exclusion</li> </ul>	



## Directors & Officers Liability

Director's and Officers' Liability insurance is a "Professional Management" Errors and Omissions policy. Various professions, such as lawyers, doctors, accountants, engineers and architects, are insured to varying degrees for professional errors and/or omissions (mistakes). Directors' & Officers' are professional in their own right and are insured under a Directors' & Officers' Liability Insurance policy.

The nature of a director and/or officer is, of course, very different from those of a medical doctor or an architect. Directors' & Officers' Liability Insurance insures what are known as WRONGFUL ACTS. Wrongful acts are generally errors, misstatements or misleading statements, acts or omissions, neglect or breach of duty, and other matters relating to the position of director or officer. The Insurance policy is intended to protect the financial assets of the individual directors and officers if not indemnified and, subsequent to indemnification, the financial assets of the corporation.

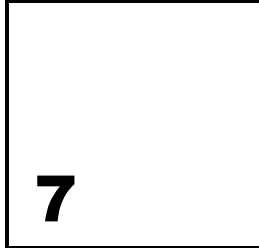
<b>Named Insured:</b>	Canadian Coast Guard Auxiliary et Al.
<b>Insurance Manager:</b>	Encon Group Inc.
<b>Insurers:</b>	Continental Casualty Company (CNA) 40% XL Reinsurance America Inc. 20% Temple Insurance Company 25% Aviva Insurance Company of Canada 15%
<b>Limits of Liability:</b>	\$ 5,000,000. each loss and annual aggregate
<b>Self-Insured Retention:</b>	\$ 0
<b>Extensions:</b>	<ul style="list-style-type: none"> <li>▪ Cancellation Notice – 120 days except for non payment.</li> <li>▪ Continuity Date: Full Prior Acts</li> <li>▪ Defence Costs Outside the Limit</li> <li>▪ Employment Practices Liability Included</li> </ul>

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- Pollution Endorsement - Defence Cost Only Side A only
  - Discovery Period – one year 50% if insured cancels, one year 100% if insurer cancels or non-renews.
  - Fiduciary Liability Included
  - Non-Rescindable Side A Coverage
  - Punitive Damages where permitted by law
  - Order of Payments Endorsement
  - Statutory Liability Not Excluded
  - Domestic Partner Coverage
  - Final Determination Wording

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**Exclusions:**

- Nuclear Energy Liability Exclusion
  - Bodily Injury
  - Property Damage
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## Automobile

<b>Named Insured:</b>	Canadian Coast Guard Auxiliary et Al.	
<b>Insurer:</b>	St. Paul Fire and Marine Insurance Company	
<b>Coverage:</b>	\$ 2,000,000.	Bodily Injury and Property Damage per occurrence
	Accident Benefits	Basic Statutory Coverage
	Direct Compensation applicable	\$0.00 Deductible where coverage applicable
	Uninsured Automobile	As per Statute
<b>Deductibles:</b>	\$ 2,500	All perils Deductible on all Power Units
	\$ 2,500	QEF / SEF / NBEF 27
	\$ 1,000	All Perils Deductible on all Trailers
<b>Endorsements:</b>	<ul style="list-style-type: none"> <li>▪ 60 Day Cancellation Clause Except for Non-Payment of Premium</li> <li>▪ OPCF No. 3 – Drive Government Automobiles</li> <li>▪ QEF / ASEF / NBEF / OPCF No. 5 - Permission to Rent or Lease Automobiles (Specified Lessees)</li> <li>▪ QEF / SEF / NBEF / OPCF No. 20 - Loss of Use - \$900 Limit Per Occurrence - No Daily Limit – Private Passenger or Light Commercial Vehicles only</li> <li>▪ QEF / SEF / OPCF No. 21B - Blanket Fleet Coverage including Blanket Lessors - 50/50 Adjustment</li> <li>▪ QEF / SEF / NBEF / OPCF No. 23A - Mortgagee Endorsement -</li> <li>▪ QEF / ASEF / NBEF No. 27 / OPCF No. 27B - Liability For Damage to Non-Owned Autos – Private Passenger &amp; Light Commercial Vehicles Only \$40,000</li> <li>▪ QEF / SEF / OPCF No. 30 – Excluding operation of attached machinery</li> </ul>	

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- Q.E.F. 34 - Quebec Accident Benefits - \$10,000 / \$10,000 / \$2,000 - Total Disability - \$50. Weekly - 104 Week Maximum
  - OPCF / QEF / SEF / NBEF No. 43 (r) - Limited Waiver of Depreciation - Private Passenger & Light Commercial Vehicles Only - Less Than 24 months old
  - SEF / NBEF / OPCF No. 44R - Family Protection Endorsement - Private Passenger and Light Commercial Vehicles only – Excluding Quebec
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## **Marine Claims Procedures**

All claims should be reported immediately to the Director of the nearest Regional Office prior to any repairs being done.

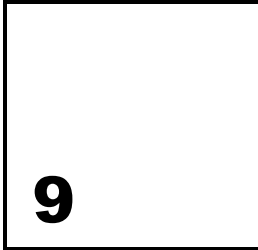
The Director to contact Marsh Canada Limited - Toronto at (416) 349-4403 Patrick Lobo or Sheila Foster at (613)725-2919 with details of claim:

- Where incident occurred
- Damages sustained
- Estimate of damages
- Name of vessel and vessel owner
- Date of loss

To follow up with documents to support claim:

- Insurance Claim Report
- Collision Wreck & Injury Report
- Search & Rescue Operation Report
- Covering Letter, including:
  - Vessel name:
  - Owner:
  - Incident No.:
  - Date of Loss:
  - Insured Value:
  - Estimate Repair:
  - Insurer's cheque to be payable to:

**NOTE: Surveyor is to be contacted on claims that exceed \$1,000.**



## Service Team



# MARSH



MARSH MERCER KROLL  
GUY CARPENTER OLIVER WYMAN

Marsh Canada Limited  
Carling Executive Park  
1565 Carling Avenue, Suite 600  
Ottawa, Ontario K1Z 8R1