



The Reinsurance Research Council
Le Conseil de Recherche en Réassurance

BULLETIN 25

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RRC Loss Occurrence Clause (Canada)

1. The term “loss occurrence” shall mean the sum of all individual losses directly occasioned by any one disaster, accident or loss or series of disasters, accidents or losses arising out of one event which occurs within the area of one state of the United States or province or territory of Canada, or states, provinces or territories contiguous thereto and to one another. However, the duration and extent of any one “loss occurrence” shall be limited to all individual losses sustained by the Company occurring during any period of 168 consecutive hours arising out of and directly occasioned by the same event except that the term “loss occurrence” shall be further defined as follows:
 - (i) As regards windstorm, hail, tornado, hurricane, cyclone, including ensuing collapse and water damage, all individual losses sustained by the Company occurring during any period of 72 consecutive hours and arising out of and directly occasioned by the same event. However, the event need not be limited to one state, province or territory, or states, provinces or territories contiguous thereto.
 - (ii) As regards riot, riot attending a strike, civil commotion, vandalism and malicious mischief, all individual losses sustained by the Company occurring during any period of 72 consecutive hours within the area of one county, district or similar jurisdiction and the counties districts or similar jurisdictions contiguous thereto and one to another arising out of and directly occasioned by the same event. The maximum duration of 72 consecutive hours may be extended in respect of individual losses which occur beyond such 72 consecutive hours during the continued occupation of an insured’s premises by strikers, provided such occupation commenced during the aforesaid period.
 - (iii) As regards forest fires, all individual losses sustained by the Company that commence during any period of 168 consecutive hours arising out of and directly occasioned by the same event.
 - (iv) As regards earthquake (the epicenter of which need not necessarily be within the territorial confines referred to in the opening Section of this Article) and fire following directly occasioned by the earthquake, only those individual fire losses which commence during the period of 168 consecutive hours may be included in the Company’s “loss occurrence”.
 - (v) As regards “freeze”, only individual losses directly occasioned by the collapse, breakage of glass and water damage (caused by bursting of frozen pipes and tanks) may be included in the Company’s “loss occurrence”.
2. Except for those “loss occurrences” referred to in Paragraphs 1(i), 1(ii), and 1(iii) the Company may choose the date and time when any such period of consecutive hours commences provided that it is not earlier than the date and time of the occurrence of the first recorded individual loss sustained by the Company arising out of that disaster, accident or loss and provided that only one such period of 168 consecutive hours shall apply with respect to one event.

3. However, as respects those "loss occurrences" referred to in Paragraphs 1(i) and 1(ii), if the disaster, accident or loss occasioned by the event is of greater duration than 72 consecutive hours, or, as respects those "loss occurrences" referred to in Paragraph 1(iii), if the disaster accident or loss occasioned by the event is of greater duration than 168 consecutive hours, then the Company may divide that disaster, accident or loss into two or more "loss occurrences" provided no two periods overlap and no individual loss is included in more than one such period and provided that no period commences earlier than the date and time of the occurrence of the first recorded individual loss sustained by the Company arising out of that disaster, accident or loss.
4. No individual losses occasioned by an event that would be covered by 72 hours clauses may be included in any "loss occurrence" claimed under the 168 hours provision.
5. For the purpose of applying this clause, any part of Canada which is not within a province or territory is deemed to be part of the province or territory to which it is closest.
6. Where the occurrence falls within the territorial definition of the first paragraph in Section 1 above, it is not necessary that the Company sustain a loss in each contiguous state, province or territory. Where the occurrence falls within the territorial definition of Section 1, subsection (ii) above, it is not necessary that the Company sustain a loss in each contiguous county, district or similar jurisdiction.
7. Losses directly or indirectly occasioned by:
 - (i) erasure, destruction, corruption, misappropriation, misinterpretation of "data"
 - (ii) error in creating, amending, entering, deleting or using "data", or
 - (iii) inability to receive, transmit or use "data"

do not in and of themselves constitute an event unless directly resulting from one or more of the following perils:

fire, lightning, explosion, water escape, impact by aircraft, spacecraft or land vehicle, smoke, windstorm or hail, leakage from fire protective equipment, earthquake, tsunami, flood, freeze or weight of snow.

"Data" means representations of information or concepts, in any form.

Notes on Loss Occurrence Clause 2005:

The Underwriting Research Committee of the RRC has developed a new Definition of Occurrence Clause, which includes numerous suggestions from the reinsurance broker community.

1. Section 1: Territorial coverage continues to be limited to contiguous states, provinces and territories of Canada and the United States of America. Within that North American context, a necessarily more regional definition of "area" continues to apply to riot, civil commotion, vandalism and malicious mischief.
2. Section 5: This section was added in response to concerns that an offshore island of Canada might not be included within the territorial definitions.
3. Section 6: This section makes it clear that "contiguous," as used in Section 1, refers to the occurrence and not necessarily to the loss experience of any one ceding company.
4. Section 7: The words "water escape" have been added to the perils list.