

SCHEDULE 14

INSURANCE

1. Insurance During Construction

Project Co will obtain and keep in force or cause to be kept in force the following policies of insurance in accordance with the terms of this Section. Copies of these policies will be delivered to VCHA promptly when received by Project Co:

- (a) throughout the term until the Substantial Completion Date all risk course of construction insurance policy; covering all Construction (including testing and commissioning), and all materials and equipment intended for permanent use in the Facility or incidental to the Construction, the cost of which is included in the Work, while on or about the Site awaiting or during Construction, which policy shall include the following terms:

DELETED

Such policy must be obtained before the commencement of any Construction.

- (b) professional errors and omissions insurance policy, which policy shall include the following terms:

- (1) be in an amount no less than **DELETED** per claim and in the aggregate;
- (2) be on a "claims-made" basis; and
- (3) have an extended reporting period, or be renewed for a period of not less than **DELETED** after the Substantial Completion Date.

Such policy must have a retroactive date effective before the commencement of any Design.

- (c) commercial general liability insurance-with respect to the Site or arising out of the maintenance, use or occupation of the Site, non-owned automobile liability insurance and such other types of extensions as VCHA or Project Co, each acting reasonably, may require with coverage including the activities and operations conducted by Project Co, and any other person on the Site and by Project Co and any person performing work on behalf of Project Co and those for whom Project Co is in law responsible. This policy will:

- (1) have coverage for any one occurrence or claim of not less than **DELETED**;
- (2) contain a severability of interests clause and cross-liability clause; and
- (3) be maintained throughout the Term until the Substantial Completion Date.

2. Bonding

Prior to the commencement of any Construction, Project Co will cause the Prime Contractor to obtain a Performance Bond (including VCHA as an obligee) and a Labour and Materials Bond both in the amount of **DELETED** of the aggregate price for the Construction.

3. Insurance During Operational Term

Project Co will obtain and keep in force or cause to be obtained and kept in force throughout the Operational Term the following insurance coverage:

- (a) all risks property insurance (including flood and earthquake) on a stated amount co-insurance basis for the Full Insurable Value in amounts insuring all buildings, improvements (other than tenants' improvements in the Facility) and equipment (other than tenants' equipment) that are built or placed on the Site, and the basis of the indemnity under such insurance will be **DELETED**;
- (b) broad form boiler and machinery insurance on all insurable objects located on the Site with coverage for any one occurrence or claim of not less than **DELETED**;
- (c) business interruption insurance in such amounts from time to time as necessary to fully compensate Project Co for direct loss of income and earnings resulting from or attributable to any of the perils required to be insured against under the policies referred to in Sections 3(a) and (b) above including losses resulting from interference with or prevention of access to the Site or the Facility, in each case in whole or in part, as a result of such perils or for any other reason with an indemnity period of **DELETED**;
- (d) comprehensive general liability insurance insuring against liability of Project Co, the Services Contractor and Johnson Controls LP with respect to the Site or arising out of the maintenance, use or occupation of the Site, non-owned automobile liability insurance and such other types of extensions as VCHA or Project Co, each acting reasonably, may require with coverage including the activities and operations conducted by Project Co, and any other person on the Site and by Project Co, the Services Contractor and Johnson Controls LP and any person performing work on behalf of Project Co, the Services Contractor and Johnson Controls LP and those for whom they are in law responsible. Those policies will:
 - (1) be written on a comprehensive basis;
 - (2) have coverage for any one occurrence or claim of not less than **DELETED**; and
 - (3) contain a severability of interests clause and cross-liability clause;

- (e) environmental impairment insurance for a building owner having coverage for any one occurrence or claim of not less than **DELETED**;
- (f) directors and officers legal liability and corporate indemnification insurance having coverage for any one occurrence or claim of not less than **DELETED**;
- (g) employee dishonesty (crime) insurance against the fraudulent/dishonest acts of employees of Project Co, the Services Contractor and Johnson Controls Limited, including additional coverage for broad form money and securities, money orders and counterfeit paper currency, depositor's forgery, computer fraud and funds transfer fraud, audit expenses and credit card forgery with coverage for any one occurrence or claim of not less than **DELETED**; and
- (h) any other form of insurance and with such limits, in such form, in amounts and for risks as VCHA, acting reasonably, may require from time to time.

4. Full Insurable Value

For the purposes of this Schedule, "Full Insurable Value" of any building, improvement, equipment or other property will be determined by Project Co, acting reasonably, at the time the insurance is initially taken out and thereafter at least once every 12 months, and Project Co will promptly notify VCHA in writing of each such determination, provided that VCHA may at any time (but not more frequently than once in any 12 month period), by written notice to Project Co, require the Full Insurable Value of any building, improvement, equipment or other property to be redetermined by an independent qualified appraiser designated by the insurer's agent. Project Co will cause such redetermination to be made promptly and the results of such redetermination communicated in writing to Project Co and VCHA.

In addition to the determination of "Full Insurable Value", as part of the periodic review contemplated in the preceding paragraph of this Section 4, Project Co will determine whether the policies set out in Section 3 and the limits of such policies are adequate for the Project, and Project Co will promptly notify VCHA in writing of each such determination, provided that VCHA may at any time (but not more frequently than once in any 12 month period), by written notice to Project Co, require the policies or the limits of such policies be redetermined by an independent qualified appraiser designated by the insurer's agent. Project Co will cause such redetermination to be made promptly and the results of such redetermination communicated in writing to Project Co and to VCHA.

All costs and expenses incurred by Project Co in connection with this Section 4 shall be included in the definition of "Insurance Costs" for purposes of Schedule 15 of this Agreement.

5. Policy Requirements

The policies required under Sections 1(c), 3(d) and 3(e) will name VCHA as an additional insured and the policies required under Sections 1(a), 3(a) and 3(b) will name VCHA as named insured. The policies required under Sections 1(c), and 3(d) will name the Lender, as an additional insured. The policies required under Sections 1(a), 3(a), 3(b), 3(c), 3(e) and 3(h) will name the Lender as first loss payee. The policies required under Sections 1(a), 1(c), 3(a), 3(b),

3(c), 3(d), 3(e) and 3(h) will name the Services Contractor, with respect to all of its operations on the Site, as an additional insured. The policies required under Sections 1(a) and 1(c) will name the Prime Contractor as named insured and the policies required under Sections 3(a), 3(b), 3(c), 3(d) and 3(e) will contain a waiver of any subrogation rights which Project Co's insurers may have against the Prime Contractor and those for whom the Prime Contractor is in law responsible, whether or not the damage is caused by its act, omission or negligence. Project Co will be named insured under all policies required under this Schedule except the policy required under Section 1(b). The all risk course of construction insurance policy required under Section 1(a) will contain a waiver of any subrogation rights which Project Co's insurers may have against VCHA and those for whom VCHA is in law responsible, whether or not the damage is caused by its act, omission or negligence.

Each policy of insurance required under this Schedule will:

- (a) contain a waiver of any subrogation rights which Project Co's insurers may have against VCHA and those for whom VCHA is in law responsible, whether or not the damage is caused by its act, omission or negligence;
- (b) be issued during the Operating Term:
 - (1) , under the Province of British Columbia's Health Care Protection Program, or any successor program, ("**HCPP**") if, for as long as and to the extent that HCPP's policy provides the coverage required by this Schedule on terms acceptable to Project Co, acting reasonably; and
 - (2) otherwise, by such reputable and duly qualified insurers licensed in British Columbia and be in a form as are approved by VCHA, such approval not to be unreasonably withheld;
- (c) be non-contributing with and will apply only as primary and not excess to any other insurance available to VCHA; and
- (d) contain an undertaking by the insurers to notify VCHA and any mortgagee of Project Co's interest in the Site in writing not less than thirty (30) days before any material change, cancellation or termination.

6. Evidence Of Insurance

Upon the issue of and upon every renewal of a policy of insurance, and otherwise upon request by VCHA, Project Co will deliver to VCHA and to the Services Contractor (to the extent of coverage under which it is an additional insured) a certified copy of the policy of insurance or other satisfactory evidence of adequate insurance. Upon request by VCHA and to the extent that Project Co is required to pay the premiums, Project Co will deliver proof of payment of premiums for insurance required to be effected pursuant to this Schedule. No review or approval of any insurance certificate or insurance policy by VCHA derogates from or diminishes VCHA's rights under this Agreement.

7. Deductibles

Any of the policies of insurance required under this Schedule may provide that the amount payable in the event of any loss will be reduced by a deductible amount designated by Project Co and approved by VCHA, such approval not to be unreasonably withheld. Unless otherwise agreed by both Project Co and the Services Contractor (to the extent of coverage under which it is an additional insured), during the Operational Term deductibles shall not be increased above the levels of the current HCPP Program. Project Co will be a co-insurer to the extent of the amount deducted from the insurance moneys paid in the event of any loss, and the amount will, for the purposes of Section 9 of this Schedule, be included as part of the insurance moneys payable and paid, except that if the loss was caused or contributed to by an act or omission of VCHA or any person for whom VCHA is responsible (which will include the Facility Users other than the tenants/licensees of the Commercial Space) then VCHA will be a co-insurer to the extent of the amount deducted from the insurance moneys paid and that amount will, for purposes of Section 9 of this Schedule, be included as part of the insurance moneys payable and paid.

8. Cancellation Of Insurance

Project Co will comply promptly with the requirements of all insurers pertaining to the Site and the Facility. Project Co will not knowingly do or permit anything to be done that results in the cancellation or the reduction of coverage under any insurance policy on the Site or any part of the Site, or on the Facility or any part of the Facility.

9. Waiver

Except to the extent caused by an Uninsurable Event or an event which is an excluded peril or is not included in the events to be insured against, in each case, pursuant to this Schedule, Project Co waives as against VCHA each claim and demand of every nature whatsoever for damage, loss or injury to the buildings, improvements and equipment upon the Site, including the Facility, and to the property of Project Co in, upon or about the Site and the Facility which are caused by or result from fire or other perils, events or happenings which are covered by insurance pursuant to Section 3 of this Schedule but only to the extent that proceeds are received by Project Co pursuant to such insurance.

10. VCHA's Right To Repair And Receive the Insurance Proceeds

If Project Co fails to fulfill its obligations under Sections 11.3 or 11.4 of this Agreement and such failure constitutes a Project Co Event of Default under Section 15.1 of this Agreement and all cure periods relating thereto have expired, then VCHA will be entitled to effect such restoration, reconstruction, or replacement and the mortgagee to whom such insurance moneys are paid will pay or cause to be paid to VCHA such insurance moneys in the same manner the mortgagee would have done had Project Co effected such restoration, reconstruction, or replacement.

11. Payment Of Insurance Premiums

Project Co will pay or cause to be paid all of the premiums under the policies of insurance required under this Schedule as they become due and payable, and if Project Co does not do so, VCHA may, but is not obliged to, do so and Project Co will promptly reimburse VCHA on demand.

12. Insurance May Be Maintained By VCHA

If Project Co at any time during the Term fails to insure or keep insured the Facility against loss or damage by fire and other perils as required under this Schedule, or fails to maintain insurance against claims for personal injury, death, or property damage or loss as required under this Schedule, then in any of such events VCHA, although not obliged to do so, may obtain and maintain such insurance in such amount or amounts with such deductible amounts and for such period or periods of time as VCHA deems advisable; and Project Co will pay to VCHA, upon VCHA obtaining any such insurance and thereafter annually during the Term, within 30 days after receipt of any invoice from VCHA, such amounts as VCHA has expended for such insurance. If VCHA pays for or obtains and maintains any insurance pursuant to this Section, VCHA will submit to Project Co annually a statement of the amount or amounts payable by Project Co under this Section as the cost of such insurance for the next ensuing year, and upon receipt of payment therefor will apply it on account of the premiums of such insurance with the loss, if any, thereunder payable to VCHA, Project Co, and any mortgagee as their interests may appear.

13. Uninsurability

In this Section, "Uninsurable" means, in relation to a risk, either that:

- (a) insurance is not available to Project Co in respect of the Project with reputable insurers of good standing in respect of that risk; or
- (b) the insurance premium payable for insuring that risk is at such a level that the risk is not generally being insured against with reputable insurers of good standing by contractors in North America.

If at any time a party determines that a risk usually covered by the insurance required to be obtained and kept in force under this Schedule 14 has become Uninsurable then:

- (c) that party will notify the other party within 5 Business Days of such determination; and
- (d) if both parties agree, or it is determined under the Dispute Resolution Procedure that the risk is Uninsurable and that third parties operating the same or substantially similar businesses in North America would, if faced with the same Uninsurable risk in similar circumstances, cease to operate such businesses as a result of that risk becoming Uninsurable,

the parties will meet to discuss the means by which the risk should be managed (including considering the issue of self-insurance by either party).

If the parties cannot agree as to how to manage the risk, then this Agreement will continue and, unless the other party agrees in writing, the party responsible for procuring the insurance to cover the Uninsurable Risk shall continue to approach the insurance market on a regular basis (and in any event at intervals of not more than 6 months) and use all reasonable efforts to obtain insurance to cover as much or all of the Uninsurable Risk as can be insured in the available insurance market from time to time. If and for as long as the risk remains Uninsurable, on the occurrence of the risk VCHA will in its discretion either:

- (e) pay to Project Co an amount equal to the insurance proceeds that would have been payable had the relevant insurance continued to be available, in which case the Agreement will continue; or
- (f) give notice of termination and pay to Project Co an amount equal to the amount set out in:
 - (1) Section 2 of Schedule 12 to the extent the risk was Uninsurable due to the wrongful or negligent action or omission of VCHA;
 - (2) Section 3 of Schedule 12 to the extent the risk was Uninsurable due to the wrongful or negligent action or omission of Project Co; or
 - (3) in all other circumstances Section 4 of Schedule 12,and upon payment this Agreement will forthwith terminate.