

ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement, effective 12:01 A.M.,
Forms a part of Policy No.:

WINERIES PROPERTY COVERAGE ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
CAUSES OF LOSS – SPECIAL FORM

Schedule

Coverage	Limit of Insurance
Outdoor Growing Vines	\$
Packaging Errors	\$
Trellises	\$

(Information required to complete this Schedule, if not shown above, will be shown in the Declarations)

A. Broadened Business Personal Property

A. Coverage, Paragraph 1. **Covered Property**, subparagraph **b. Your Business Personal Property**, item (6) of Building and Personal Property Coverage Form, CP 00 10, is replaced by the following:

(6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:

- (a) Made a part of the building, structure or "wine cave" you occupy but do not own: and
- (b) You acquired or made at your expense but cannot legally remove;

B. Additional Property Not Covered

1. **A. Coverage**, Paragraph 2. **Property Not Covered**, subparagraph **h.** of Building and Personal Property Coverage Form, CP 00 10 is replaced by the following:

h. Land (including land on which the property is located), water, unharvested grapes, other growing crops or lawns;

2. The following is added to **A. Coverage**, Paragraph 2. **Property Not Covered** of Building and Personal Property Coverage Form, CP 00 10:

- r. "mobile equipment".

C. Coverage Extensions

The following is added to **A. Coverage**, Paragraph 5. **Coverage Extensions** of Building and Personal Property Coverage Form, CP 00 10:

Outdoor Growing Grapevines

(1) You may extend the insurance provided under this Coverage Form, including debris removal expense, to apply to direct physical loss of or damage to your outdoor growing grapevines at the described premises.

(2) This Coverage Extension applies only to loss or damage caused by or resulting from any of the following causes of loss:

- (a) Fire;
- (b) Lightning;
- (c) Explosion;

- (d) Riot or civil commotion;
 - (e) Aircraft;
 - (f) Vehicles not owned or operated by you or your employees;
 - (g) Vandalism; or
 - (h) Theft
- (3) The most we will pay for all loss or damage in any one "occurrence" under this Coverage Extension, regardless of the number of outdoor growing grapevines lost or damaged is \$25,000 or the Limit of Insurance shown in the Schedule of this Endorsement. We will not pay more than \$500 for loss or damage to any one outdoor growing grapevine.
- (4) This is an additional amount of insurance.

Packaging Errors

- (1) We will pay your actual incurred costs to repackage your "wine product" or "stock" due to accidental errors in labeling, bottling or packaging.
- (2) The most we will pay under this Extension in any one "occurrence" is \$25,000 or the Limit of Insurance shown in the Schedule of this Endorsement.
- (3) The most we will pay under this extension during each separate 12 month period of this policy is \$25,000 or the limit shown in the Schedule of this Endorsement.

Trellises

- (1) You may extend the insurance that applies to your Business Personal Property to apply to direct physical loss or damage caused by a Covered Cause of Loss to your trellises and drip irrigation systems attached to the trellises at the described premises.
- (2) The most we will pay under this Extension in any one occurrence is \$25,000 or the Limit of Insurance shown in the Schedule of this Endorsement.

D. The following is added to **C. Limitations** of Causes of Loss – Special Form CP 10 30:

Wine Leakage

- (1) We will not pay for loss or damage caused by or resulting from leakage of finished or in-

process wine products from any tanks, vessels or barrels used to process or store the wine products, or from any component parts of or connections to or from the tanks, vessels or barrels, unless the wine leakage is itself caused by or results from:

- (a) Any covered cause of loss;
 - (b) The implosion or inward collapse of the tank, vessel or barrel due to the failure of a pressure relief device on the tank, vessel or barrel; or
 - (c) Errors or omissions in the workmanship of you or your employee(s).
- (2) Under **Section B. Exclusions** of Causes of Loss – Special Form CP 10 30, the following exclusions do not apply to the coverage provided under Wine Leakage Cause of Loss:

- (a) Exclusion 2. d. (6); and
- (b) Exclusion 3. c. (2).

(3) Special Wine Leakage Exclusion

We will not pay for any loss or damage caused by or resulting from wine leakage that can reasonably be considered normal and customary to the trade.

E. Special Winery Exclusions

We will not pay for loss or damage caused by or resulting from the following:

(1) Temperature, Marring, Shrinkage

The following causes of loss to "stock":

- (a) Dampness or dryness of atmosphere;
- (b) Changes in or extremes of temperature or humidity;
- (c) Marring or scratching;
- (d) Shrinkage, evaporation or weight loss; or
- (e) Change in flavor, color, texture, finish, quality, kind character, odor or variety.

But if an excluded cause of loss that is listed in (1) (a) through (e) is caused by or results in a "specified cause of loss", building glass breakage or Collapse as provided under Additional Coverage – Collapse, we will

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pay for the loss or damage caused by that “specified cause of loss”, building glass breakage or Additional Coverage – Collapse.

This exclusion does not apply to your “stock” while in the care, custody or control of an entity:

- (f) That you have hired; and
- (g) In which you have no direct or indirect ownership interest; and
- (h) Over which you have no, direct or indirect management or operational control;

During manufacturing, processing, warehousing or shipping.

(2) Faulty, Defective, Inadequate or Negligent Product, Process, or Design

Loss attributed to faulty, defective, inadequate or negligent:

- (a) Product or raw material, including those products or raw materials that are unfit for its intended purpose;
- (b) Design, development or testing of a product, including specifications for a product; or
- (c) Manufacturing or processing operations.

This exclusion does not apply to your “stock” while in the care, custody or control of an entity :

- (d) That you have hired; and
- (e) In which you have no direct or indirect ownership interest; and
- (f) Over which you have no, direct or indirect management or operational control;

During manufacturing, processing, warehousing or shipping.

(3) Damage to “stock”

Loss or damage caused by or resulting from mistakes, errors or omissions in manufacturing or processing operations that result in damage to your “stock” while the “stock” is being processed, manufactured, worked on or tested by you or your employees.

(4) Improper Storage or Handling

Improper storage or handling.

This exclusion does not apply to your “stock” or while in the care, custody or control of an entity :

- (a) That you have hired; and
- (b) In which you have no direct or indirect ownership interest; and
- (c) Over which you have no, direct or indirect management or operational control;

During manufacturing, processing, warehousing or shipping.

(5) Utility Supply Errors

- (a) The disconnection of any refrigerating, cooling or humidity control system from the source of electrical power, gas or water supply; or
- (b) The deactivation of electrical power, gas or water supply caused by the manipulation of any switch or other device used to control the flow of electrical power, gas or water supply;

By you or your employees.

F. Broadened Building – Additional Coverage – Collapse

Under **Section D. Additional Coverage – Collapse** of Cause of Loss – Special Form CP 10 30, wherever the word building appears, it is replaced by building, “wine cave” or wine tank.

G. Business Income – Limitation

The following is added to **A. Coverage** of Business Income (and Extra Expense) Coverage Form CP 00 30:

Additional Limitation – Land

Coverage for Business Income and Extra Expense does not apply when a “suspension” of “operations” is the result of direct physical loss of or damage to land (including land on which the property is located), water, vines, unharvested grapes, other growing crops or lawns.

H. Valuation

The following is added to **E. Loss Conditions**,

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Paragraph 7. **Valuation** of Building and Personal Property Coverage Form, CP 00 10:

Wine Valuation

In the event of loss or damage, we will determine the value of your "wine product" as follows:

- (1) "Irreplaceable inventories" will be valued at that price for which your "wine product" could have been sold at the time and place of loss or damage, had no loss or damage occurred.
- (2) "Replaceable inventories" will be valued at:
 - (a) The price for which your "wine product" could have been sold at the time and place of loss or damage; or
 - (b) The market price of replaceable "wine product" of like kind and quality as of the time of loss or damage;

Whichever is less.

- (3) All values exclude:
 - (a) Unpaid U.S. Government Internal Revenue taxes for which you are liable; and
 - (b) Discounts and expenses you otherwise would have had.

But values include State, County and Local taxes for which you are liable.

I. Definitions

- 1. For the purposes of this endorsement only, **G. Definitions**, Paragraph 2. "Specified Causes of Loss" of Cause of Loss – Special Form, CP 10 30, is replaced by the following:
 - 2. "Specified Causes of Loss" means the following: Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage; theft or attempted theft.
 - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone

or dolomite. This cause of loss does not include:

- (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into manmade underground cavities.
- b. Falling objects does not include loss or damage to:
 - (1) Personal property in the open; or
 - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
 - c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam.

But water damage does not include loss or damage otherwise excluded under the terms of the Water Exclusion. Therefore, for example, there is no coverage under this policy in the situation in which discharge or leakage of water results from the breaking apart or cracking of a pipe which was caused by or related to weather-induced flooding, even if wear and tear contributed to the breakage or cracking. As another example, and also in accordance with the terms of the Water Exclusion, there is no coverage for loss or damage caused by or related to weather-induced flooding which follows or is exacerbated by pipe breakage or cracking attributable to wear and tear.

To the extent that accidental discharge or leakage of water falls within the criteria set forth in this Paragraph c. of this definition of "specified causes of loss," such water is not subject to the provisions of the Water Exclusion which

preclude coverage for surface water or water under the surface of the ground.

2. For the purposes of this endorsement only, the following definitions are added to **H. Definitions** of Building and Personal Property Coverage Form, CP 00 10:
 4. "Irreplaceable inventories" means your "wine product" that in the ordinary course of your business as a wine producer or processor, would be bottled or otherwise packaged for sale or distribution, is stored at the described premises, and is also identified by at least two (2) of the following additional designations:
 - a. Estate Bottled;
 - b. Named Vineyard;
 - c. American Viticultural Area and Vintage; or
 - d. Methode Champenoise.
 5. "Mobile equipment" means equipment designed for use in your vineyards and wineries and includes:
 - a. Accessories, whether attached or not;and
 - b. Tools and spare parts that are

specifically designed and intended for use in the maintenance and operation of the mobile devices.

6. "Occurrence" means all loss or damage that is attributable to:
 - a. An act, event, cause or series of similar, related acts, events or causes involving one or more persons; or
 - b. An act, event, cause or series of similar, related acts, events or causes not involving any person.
7. "Replaceable inventories" means your "wine product" other than "irreplaceable inventories".
8. "Wine cave" means an engineered, underground chamber or subterranean structure for the processing, storage or aging of wine.
9. "Wine product" means your "stock" which is raw stock, in process, cased or bulk:
 - a. wine;
 - b. champagne;
 - c. sparkling wine; or
 - d. other products you have made from wine.

All other terms and conditions of the policy remain the same.

Authorized Representative

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