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11 SUPERIOR COURT OF THE STATE OF CALIFORNIA
12 COUNTY OF SONOMA

14 KUNDE ENTERPRISES, INC.; VINTAGE
15 WINE ESTATES, INC.,

16 Plaintiffs,

17 v.

18 NATIONAL SURETY CORPORATION;
19 CERTAIN UNDERWRITERS AT LLOYD'S
20 LONDON; RSA INSURANCE GROUP;
21 LIBERTY SPECIALTY MARKETS
22 INSURANCE GROUP; NAVIGATORS
23 UNDERWRITING AGENCY LIMITED;
24 BRIT GLOBAL SPECIALTY; TRAVELERS
25 MARINE CARGO,

26 Defendants.

CASE NO. SCV-265061

**COMPLAINT FOR BREACH OF
CONTRACT, DECLARATORY RELIEF,
AND BREACH OF THE COVENANT OF
GOOD FAITH AND FAIR DEALING**

JURY TRIAL DEMANDED

**ELECTRONICALLY FILED
Superior Court of California
County of Sonoma
8/23/2019 3:14 PM
Arlene D. Junior, Clerk of the Court
By: Diane Cheney, Deputy Clerk**

1 This suit concerns the wrongful refusal by Defendants National Surety
2 Corporation (“Allianz”) and certain London Insurers (as defined below and, collectively with
3 Allianz, “Defendants”), to comply with their respective obligations to Plaintiffs Kunde
4 Enterprises, Inc. (“Kunde”) and Vintage Wine Estates, Inc. (“VWE” and, collectively with
5 Kunde, “Plaintiffs”). In exchange for significant premiums, Defendants issued insurance
6 policies that provide “*all risk*” coverage for Plaintiffs’ winery operations and products. This is
7 the broadest form of first-party insurance coverage in the marketplace. Pursuant to their all risk
8 policies, Defendants pledged to “cover[] risks of physical loss except those excluded under the
9 terms of the insuring contract.” *Vardanyan v. AMCO Ins. Co.*, 243 Cal. App. 4th 779, 792 n.3
10 (2015). Put differently, “the limits of coverage are defined by the exclusions.” *Id.*

11 Notwithstanding the broad coverage promised to Plaintiffs with no clearly
12 applicable exclusions, Defendants have refused to indemnify Plaintiffs for damage to their wines
13 caused by the October 2017 wildfires in Sonoma County, Napa County, and the surrounding
14 areas. Smoke from the wildfires infiltrated the winemaking process, resulting in substantial
15 damage, commonly referred to as “smoke taint,” to Plaintiffs’ wines. Yet when Plaintiffs needed
16 Defendants most, they refused to honor their obligations to pay for these losses, which have had
17 a significant financial impact on Plaintiffs’ businesses.

18 Accordingly, for their causes of action against Defendants, Plaintiffs allege as
19 follows:

20 **THE PARTIES**

21 1. At all pertinent times, Plaintiff Kunde was a corporation formed and existing
22 under the laws of the State of California. Kunde is a family controlled and operated winery and
23 vineyard producing multiple tiers of wine, all crafted from grapes grown on its Sonoma Valley
24 ranch.

25 2. At all pertinent times, Plaintiff VWE was a corporation formed and existing under
26 the laws of the State of California. VWE is a collection of vintner family-owned winery estates
27 and brands. VWE is an industry leader across all sales channels and is dedicated to providing
28 wine consumers with a range of wine selections from \$10 to \$150 dollars per bottle.

1 3. Plaintiffs are informed and believe and thereupon allege that, at all pertinent times
2 herein, Defendant Allianz was a corporation formed and existing under the laws of the State of
3 Illinois, and was admitted and authorized to transact insurance business in California.

4 4. Plaintiffs are informed and believe and thereupon allege that, at all pertinent times
5 herein, Defendant Certain Underwriters at Lloyd's, London comprises certain underwriters
6 transacting insurance-related business as an unincorporated association at Lloyd's of London,
7 who severally subscribed, as their interest may appear, to an insurance policy covering VWE.

8 5. Plaintiffs are informed and believe and thereupon allege that Defendant RSA
9 Insurance Group is a corporation organized and existing under the laws of England, which
10 subscribed to the insurance policy that covers VWE, and has (1) issued or delivered contracts of
11 insurance to corporations authorized to do business in the State of California; (2) collected
12 premiums, membership fees, assessments or other considerations for such contracts; and (3)
13 transacted insurance business within this State.

14 6. Plaintiffs are informed and believe and thereupon allege that Defendant Liberty
15 Specialty Markets Insurance Group (Syndicate 4472), is part of the Liberty Special Markets
16 segment of parent company Liberty Mutual Group (with its principal place of business in
17 Boston, Massachusetts), which subscribed to the insurance policy that covers VWE and has (1)
18 issued or delivered contracts of insurance to corporations authorized to do business in the State
19 of California; (2) collected premiums, membership fees, assessments or other considerations for
20 such contracts; and (3) transacted insurance business within this State.

21 7. Plaintiffs are informed and believe and thereupon allege that Defendant
22 Navigators Underwriting Agency Limited (Syndicate 1221) is a corporation organized and
23 existing under the laws of England which subscribed to the insurance policy that covers VWE,
24 and which has (1) issued or delivered contracts of insurance to corporations authorized to do
25 business in the State of California; (2) collected premiums, membership fees, assessments or
26 other considerations for such contracts; and (3) transacted insurance business within this State.

27 8. Plaintiffs are informed and believe and thereupon allege that Defendant Brit
28 Global Specialty (Syndicate 2987) is a corporation organized and existing under the laws of

1 England, which subscribed to the insurance policy that covers VWE and has (1) issued or
2 delivered contracts of insurance to corporations authorized to do business in the State of
3 California; (2) collected premiums, membership fees, assessments or other considerations for
4 such contracts; and (3) transacted insurance business within this State.

5 9. Plaintiffs are informed and believe and thereupon allege that Defendant Travelers
6 Marine Cargo (Syndicate 5000) is a corporation organized and existing under the laws of
7 England, which subscribed to the insurance policy that covers VWE and has (1) issued or
8 delivered contracts of insurance to corporations authorized to do business in the State of
9 California; (2) collected premiums, membership fees, assessments or other considerations for
10 such contracts; and (3) transacted insurance business within this State.

11 10. The insurance carriers identified in paragraphs 4–9 above are collectively referred
12 to as the “London Insurers.”

13 11. The true names and capacities, whether a corporation, agent, individual, or
14 otherwise, of Defendants, DOES 1 through 100, are unknown to Plaintiff, who therefore sues
15 said Defendants by such fictitious names. Plaintiff will request leave of Court to amend this
16 Complaint to show their names and capacities when they are ascertained.

17 **JURISDICTION AND VENUE**

18 12. This Court has personal jurisdiction over Defendants because they were admitted
19 and/or authorized to transact insurance business in the State of California. Moreover, the
20 London Insurers have contractually submitted to the jurisdiction of any United States court of
21 competent jurisdiction.

22 13. This Court has subject-matter jurisdiction over the causes of action and violations
23 alleged in this Complaint.

24 14. Venue is proper in this Court because (i) Defendants issued policies concerning
25 property located within Sonoma County, (ii) the loss at issue occurred in Sonoma County (in
26 addition to Napa and Mendocino counties), and (iii) Plaintiffs communicated with Defendants
27 regarding losses under those insurance policies from their respective places of business in
28 Sonoma County.

THE INSURANCE POLICIES

15. Allianz issued a property policy number S95-MZX-80977326 providing insurance coverage to Kunde with total blanket limits of insurance of \$35,060,173 for the period April 1, 2017 through April 1, 2018 (the “Allianz Policy”). True and correct documentation of excerpts from the Allianz Policy is attached hereto as Exhibit 1.

16. The Allianz Policy provides in relevant part that Allianz “insures all risks of physical loss or damage” to covered property subject to various exclusions and limitations. The “Property Insured” includes “[b]usiness personal property which you own, and your interest in and legal liability for personal property owned by others in your care, custody or control.”

17. Kunde has paid all applicable premiums under the Allianz Policy and complied with all applicable conditions precedent contained in the Allianz Policy.

18. The London Insurers separately subscribed to and issued a marine stock throughput insurance policy, unique market reference B1262SM0419217 with limits of \$50,000,000 for the period October 1, 2017 through October 1, 2018 (the “Lloyds Policy”). True and correct documentation of the Lloyds Policy is attached hereto as Exhibit 2.

19. The insured interest and subject matter under the Lloyds Policy extends to “goods and/or merchandise of every description consisting principally of, but not limited to case wine, bulk wine, bottled wine, grapes, barrels, packaging and/or all other interests including raw materials and semi-finished goods handled by the Insured in the course of their business and/or in the care, custody and control of the Insured whether in transit (including domestic and internal transits) or store or elsewhere anywhere in the World - shipped in and/or over.”

20. Coverage under the Lloyds Policy attaches from the time the subject matter “becomes at the Insured’s risk . . . and continues whilst the subject matter is . . . undergoing processing.” The Lloyds Policy further specifies that the insurance “remains in full force whilst the subject-matter insured is under any process.”

21. Under California law and applicable regulations, Allianz and the London Insurers are obligated to conduct a full, fair, prompt, and thorough investigation of all of the bases of losses claimed under their policies.

22. Under California law and applicable regulations, Allianz and the London Insurers are obligated to diligently search for and consider evidence that supports coverage of losses claimed under their policies.

23. Under California law and applicable regulations, Allianz and the London Insurers are obligated to conduct a non-biased investigation and honestly select outside investigators and expert consultants to conduct a fair and reasonable investigation.

24. Under California law and applicable regulations, Allianz and the London Insurers cannot attempt to settle a first-party claim by making an unreasonably low payment offer.

25. Under California law and applicable regulations, Allianz and the London Insurers are prohibited from taking any action that would impair the Plaintiffs' rights to receive the benefits for which they contracted.

THE SONOMA WILDFIRES AND RESULTING SMOKE TAINT

26. In October 2017, a series of wildfires burned across Northern California owing in part to extremely volatile weather conditions (the "Wildfires"). For example, the Nuns Fire, centered in the areas to the east and north of the city of Sonoma, merged with several other fires during the period from October 11–18, growing to over 54,000 acres in size. Concurrent fires occurred in Napa, Mendocino, and Lake Counties.

27. Air quality in the areas affected by the Wildfires reached "hazardous" levels, the most dangerous on the EPA scale, which included significant levels of smoke and other particulates.

28. For companies like Plaintiffs that owned wineries and conducted winemaking operations in the affected area, the Wildfires resulted in smoke exposure to the wine products (in various stages of the winemaking process) during and in the immediate aftermath of the fires. The smoke exposure damaged the finished wine with a perceptible "smoke taint."

29. Compounds from smoke generated by the Wildfires permeated the wine products in process, such that the finished wine conveyed strong aromas and undesirable tastes. This destroyed the marketability of the wine, beyond a mere salvage value.

30. The Wildfires resulted in significant insured losses, which constitute a new

1 substantial exposure for the insurance industry. Accordingly, insurers providing “all-risk”
2 coverage to California wineries subsequently responded to this increased exposure by adopting
3 an absolute exclusion for contamination to grapes, juice, and other wine due to wildfires and
4 related smoke taint. Importantly, neither the Allianz Policy nor the Lloyds Policy, which were
5 issued prior to the Wildfires, contains any such exclusion. Yet Defendants wrongly refuse to
6 honor their promise to insure Plaintiffs against this risk.

7 **KUNDE’S CLAIM FOR DAMAGES AND ALLIANZ’ REFUSAL TO HONOR ITS**
8 **OBLIGATIONS UNDER THE ALLIANZ POLICY**

9 31. Kunde operates the Kunde Family Winery located at 9825 Sonoma Highway in
10 Kenwood, California, which includes active vineyards and winemaking operations. The area in
11 and around the Kunde winery was impacted by the Wildfires.

12 32. Kunde determined that certain of its wine products were affected by smoke taint.

13 33. Kunde provided notice of its loss and claim to Allianz on or about October 16,
14 2017, seeking confirmation that Allianz would reimburse Kunde in connection with the loss and
15 damage to its wine caused by smoke taint. Given the broad coverage afforded under the Allianz
16 Policy, Allianz should have promptly acknowledged its full payment obligations in connection
17 with the claim.

18 34. Instead, Allianz disclaimed its obligations and initially concluded that it would
19 not make “any payments for the damaged wine” based on Allianz’ unreasonable interpretation of
20 its coverage obligations and unsupported claim that “the smoke taint which damaged the wines
21 resulted directly from the grape’s [*sic*] exposure to smoke from the wildfires while they were still
22 on the vines and did not result from exposure to smoke during the production process.”

23 35. Kunde has repeatedly requested Allianz reconsider its erroneous denial, provided
24 all appropriate evidence to document its loss and the damage to Kunde’s wine, and responded to
25 Allianz’ numerous and duplicative requests for information. Yet Allianz remains steadfast in its
26 denial, reiterating its disclaimer in correspondence to Kunde dated October 9, 2018, February 12,
27 2019, and March 14, 2019.

28 36. On June 21, 2019, Allianz once again confirmed its denial, but suggested that

1 coverage for certain of Kunde's wine products could be available under the Allianz Policy's
2 Perishable Stock Coverage, which is limited to \$1 million of coverage.

3 37. Kunde's loss of more than \$7 million due to the smoke taint damage has nothing
4 to do with a "perishable stock" sublimit, but instead is plainly covered by the general insuring
5 grant (and substantially higher limit) under the Allianz Policy.

6 38. Kunde has documented this devastating loss in conformance with provisions of
7 the Allianz Policy. However, Allianz wrongly attempted to avoid paying at every turn.

8 39. Allianz was required to conduct a reasonable, fair, and even-handed evaluation of
9 Kunde's claim for coverage. Nevertheless, in conscious disregard of Kunde's rights, Allianz has
10 flouted controlling California law and regulations in refusing to pay Kunde's claim.

11 40. Allianz has unreasonably deprived Kunde of insurance benefits to which it is
12 entitled by purposefully (i) failing to give at least equal regard to Kunde's interests in being
13 made whole under the policy as Allianz did to its own interest in attempting to avoid the cost of
14 fulfilling this obligation, and (ii) disregarding its obligation to refrain from doing anything that
15 would frustrate the agreed upon purposes of the Allianz Policy.

16 41. A reasonable insurer presented with Kunde's claim for coverage would have long
17 ago agreed to pay Kunde in connection with the coverage afforded by the Allianz Policy, but
18 Allianz has wrongfully refused to honor its obligations with a reckless disregard for Kunde's
19 rights. Allianz' egregious conduct has forced Kunde to litigate in order to vindicate its right to
20 payment under the Allianz Policy.

21 42. Allianz' wrongful conduct reflects a scheme to offer sub-limited payments—
22 capping Allianz' obligations at \$1 million—in hopes of coercing Kunde into compromising its
23 coverage rights for an unreasonably low amount.

24 43. In addition to the unreasonable conduct described above, Kunde is informed,
25 believes, and thereupon alleges that Allianz may have further breached its duty of fair dealing
26 and good faith by other acts or omissions that Kunde has not yet discovered.

27

28

**VWE'S CLAIM FOR DAMAGES AND THE LONDON INSURERS' REFUSAL TO
HONOR OBLIGATIONS UNDER THE LLOYDS POLICY**

44. VWE operates a series of vineyards and winemaking operations in areas that were affected by the Wildfires.

45. VWE's employees and winemakers tasted and sampled grapes from the vineyards during the course of the Wildfires and did not taste any smoke taint or other quality concerns.

46. However, subsequently, VWE's employees and winemakers tasted and sampled wine that was in process during the course of the Wildfires, which did have smoke taint and other quality concerns.

47. Accordingly, VWE notified the London Insurers of a claim arising out of smoke taint, seeking confirmation that the London Insurers would reimburse VWE in connection with the loss and damage to its wine. Given the broad coverage afforded under the Lloyds Policy, the London Insurers should have promptly acknowledged their full payment obligations in connection with the claim.

48. Instead, the London Insurers provided an initial disclaimer that, based on a preliminary investigation conducted by a maritime consultant and surveyor hired by the London Insurers, the damaged wine was "made with grapes that suffered appreciable smoke taint damage/exposure while the grapes were still on the vine" and the Lloyds Policy "does not cover damage to grapes on the vine. The Policy only covers damage to harvested grapes or wine . . . handled by VWE for storage or processing."

49. VWE has repeatedly requested the London Insurers to reconsider their unreasonable interpretation of the Lloyds Policy's coverage and unsupported factual assertions. In addition, VWE has provided all appropriate evidence to document its loss and the damage to the VWE wine, and responded to the London Insurers' numerous and duplicative requests for information. Yet the London Insurers remain steadfast, reiterating its disclaimer in correspondence to VWE dated August 28, 2018, September 12, 2018, and April 3, 2019.

50. The London Insurers' denial turns well-established California law on its head. For an all risk policy like the Lloyds Policy, VWE is required only to meet its minimal threshold

burden of proving that it suffered a loss within the scope of the basic coverage while the policy was in effect. *See Vardanyan v. AMCO Ins. Co.*, 243 Cal. App. 4th 779, 792 n.3 (2015) (noting that an all risk policy “covers risks of physical loss except those excluded under the terms of the insuring contract”); *Gerawan Farming Partners, Inc. v. Westchester Surplus Lines Ins. Co.*, No. Civ. 05-1186, 2008 WL 80711, at *13 (E.D. Cal. Jan. 4, 2008) (“[I]n an ‘all risks’ policy, the insured does not have to prove that the peril causing his loss was covered by the policy.”). The burden then shifts to the London Insurers to prove the claim is excluded. *See, e.g., Cent. Nat. Ins. Co. v. Superior Court*, 2 Cal. App. 4th 926, 932 (1992).

51. There is no legitimate dispute that VWE’s wines have been damaged by smoke taint, which is not an excluded peril under the Lloyd’s Policy. However, the London Insurers’ claim denial improperly attempts to rewrite the scope of coverage and shift the burden to VWE to prove the smoke taint damage occurred only after the grapes were harvested.

52. VWE estimates that its losses associated with the smoke tainted wine exceeds \$12 million, and has provided documentation to the London Insurers substantiating this loss in conformance with the provisions of the Lloyds Policy.

53. The London Insurers were required to conduct a reasonable, fair, and even-handed evaluation of VWE’s claim for coverage. However, in conscious disregard of VWE’s rights, the London Insurers have flouted controlling California law and regulations in refusing to pay VWE’s claim and conducting a results-driven investigation.

54. The London Insurers have unreasonably deprived VWE of insurance benefits to which it is entitled by purposefully (i) failing to give at least equal regard to VWE’s interests in being made whole under the policy as the London Insurers did to their own interests in attempting to avoid the cost of fulfilling this obligation, and (ii) disregarding its obligation to refrain from doing anything that would frustrate the agreed upon purposes of the Lloyds Policy.

55. A reasonable insurer presented with VWE’s claim for coverage would have long-ago agreed to pay VWE in connection with the coverage afforded by the Lloyds Policy, but the London Insurers have wrongfully refused to honor their obligations with a reckless disregard for VWE’s rights.

1 56. VWE contends that the London Insurers' unreasonable course of conduct with
2 respect to VWE's claim represents a policy and practice, knowingly and willfully calculated to
3 frustrate the agreed upon purposes of, and injure VWE's right to receive the benefits of the
4 Lloyds Policy in order to further the London Insurers' own economic interest in avoiding its
5 coverage obligations to its insured and minimizing the ongoing exposure for the Wildfires.

6 57. Accordingly, the London Insurers have exposed VWE to significant damage and
7 expense by forcing VWE to bear the burden and impact of the significant losses, while
8 simultaneously incurring the time and expense to force the London Insurers to comply with their
9 obligations under the Lloyds Policy.

10 58. In addition to the unreasonable conduct described above, VWE is informed and
11 believes and thereupon alleges that the London Insurers may have further breached its duty of
12 fair dealing and good faith by other acts or omissions that VWE has not yet discovered.

13 **FIRST CAUSE OF ACTION**

14 **(Breach of Contract by Allianz)**

15 59. Plaintiff Kunde incorporates by reference herein paragraphs 1 through 58
16 inclusive.

17 60. Kunde has timely performed all conditions required under the Allianz Policy.

18 61. Allianz has breached its obligations under the Allianz Policy by refusing to pay
19 for loss associated with Kunde's wine.

20 62. As a direct and proximate result of Allianz' breach of its obligations, Kunde has
21 sustained losses, including interest thereon, and reasonable attorneys' fees and costs that Kunde
22 has incurred and will continue to incur. To date, these amounts total more than approximately
23 \$7,000,000, with the exact amount to be proven at trial.

24 **SECOND CAUSE OF ACTION**

25 **(Declaratory Relief against Allianz)**

26 63. Plaintiff Kunde incorporates by reference herein paragraphs 1 through 62,
27 inclusive.

28 64. An actual controversy presently exists between Kunde and Allianz regarding

Allianz' obligations to Kunde under the Allianz Policy.

65. The loss or damage to Kunde's wine associated with the smoke taint is covered under the Allianz Policy. Kunde is informed and believes and thereupon alleges that Allianz contends that it is not obligated to pay Kunde associated with that loss or damage.

66. Kunde desires a judicial determination and declaration that Allianz is obligated to insure the direct physical loss or damage to Kunde's wine associated with the smoke taint under the Allianz Policy. A judicial declaration is necessary and appropriate at this time because Kunde and Allianz have failed to reach agreement on the scope of Allianz' obligations under the policy.

THIRD CAUSE OF ACTION

(Breach of the Covenant of Good Faith and Fair Dealing against Allianz)

67. Kunde incorporates by reference herein paragraphs 1 through 66, inclusive.

68. The Allianz Policy obligates Allianz to deal fairly and in good faith with Kunde in connection with its claim for coverage. Among other obligations, Allianz is required to refrain from doing anything that would (i) frustrate the agreed upon purposes of the Allianz Policies, (ii) injure Kunde's right to receive the benefits of the Allianz Policies, or (iii) fail to give at least equal regard to Kunde's interests as Allianz has given to its own interests in attempting to avoid that expense.

69. Allianz has breached its duties by engaging in unreasonable conduct, including without limitation the following:

a. Allianz has wrongfully refused to pay Kunde, even though Allianz has a clear obligation to do so pursuant to the Allianz Policy and California law;

b. Allianz failed to properly investigate, evaluate, and process Kunde's insurance claims in a fair and even-handed manner consistent with governing California law;

c. Allianz has improperly given greater weight to its own interest in avoiding its coverage obligations than it accorded to Kunde's interest in a prompt and complete payment;
and

d. Allianz has unreasonably exposed Kunde to significant damage and

1 expense by forcing Kunde to litigate to compel Allianz to comply with its obligations under the
2 Allianz Policy.

3 70. As a proximate cause of Allianz' breach of its duty to deal fairly and in good
4 faith, Kunde has incurred, and will continue to incur, substantial damages including out-of-
5 pocket expenses to vindicate its coverage rights (so-called "*Brandt* fees" under California law),
6 interest on the monies due from Allianz, and attorneys' fees, costs, and interest thereon, the exact
7 amount of which is yet to be determined.

8 71. Allianz' conduct described herein was done with a conscious disregard of
9 Kunde's rights under the Allianz Policy, and/or with the intent to injure Kunde so as to constitute
10 malice, oppression, or fraud, thereby entitling Kunde to recover punitive damages in an amount
11 appropriate to punish or set an example of Allianz.

12 72. Kunde is entitled to recover all damages proximately caused by or attributed to
13 Allianz' unreasonable and tortious conduct, including punitive damages, the amount of which
14 will be proven at or before the time of trial.

15 **FOURTH CAUSE OF ACTION**

16 **(Breach of Contract by the London Insurers)**

17 73. Plaintiff VWE incorporates by reference herein paragraphs 1 through 72
18 inclusive.

19 74. VWE has timely performed all conditions required under the Lloyds Policy.

20 75. The London Insurers have breached their obligations under the Lloyds Policy by
21 refusing to pay for loss associated with VWE's wine.

22 76. As a direct and proximate result of the London Insurers' breach, VWE has
23 sustained losses, including interest thereon, and reasonable attorneys' fees and costs that VWE
24 has incurred and will continue to incur. To date, these amounts total more than approximately
25 \$12 million, with the exact amount to be proven at trial.

1 **FIFTH CAUSE OF ACTION**

2 **(Declaratory Relief against the London Insurers)**

3 77. Plaintiff VWE incorporates by reference herein paragraphs 1 through 76,
4 inclusive.

5 78. An actual controversy presently exists between VWE and the London Insurers
6 regarding the obligations to VWE under the Lloyds Policy.

7 79. The damage to VWE's wine associated with the smoke taint is covered under the
8 Lloyds Policy. VWE is informed and believes and thereupon alleges that the London Insurers
9 contend that they are not obligated to pay VWE associated with that loss or damage.

10 80. VWE desires a judicial determination and declaration that the London Insurers are
11 obligated to insure the direct physical loss or damage to VWE's wine associated with the smoke
12 taint under the Lloyds Policy. A judicial declaration is necessary and appropriate at this time
13 because VWE and the London Insurers have failed to reach agreement on the scope of the
14 London Insurers' obligations under the policy.

15 **SIXTH CAUSE OF ACTION**

16 **(Breach of the Covenant of Good Faith and Fair Dealing**
17 **against the London Insurers)**

18 81. VWE incorporates by reference herein paragraphs 1 through 80, inclusive.

19 82. The Lloyds Policy obligates the London Insurers to deal fairly and in good faith
20 with VWE in connection with its claim for coverage. Among other obligations, the London
21 Insurers are required to refrain from doing anything that would (i) frustrate the agreed upon
22 purposes of the Lloyds Policies, (ii) injure VWE's right to receive the benefits of the Lloyds
23 Policies, or (iii) fail to give at least equal regard to VWE's interests as the London Insurers have
24 given to their own interests in attempting to avoid that expense.

25 83. The London Insurers have breached their duties by engaging in unreasonable
26 conduct, including without limitation the following:

27 a. The London Insurers have wrongfully refused to pay VWE, even though
28 the London Insurers have a clear obligation to do so pursuant to the Lloyds Policy and California

1 law;

2 b. The London Insurers have flouted California law by wrongfully refusing
3 to pay and attempting to shift onto VWE their burden to prove the smoke taint losses are
4 excluded;

5 c. The London Insurers failed to properly investigate, evaluate, and process
6 VWE's insurance claims in a fair and even-handed manner consistent with governing California
7 law;

8 d. The London Insurers conducted a biased and unreasonable investigation
9 through outside investigators and consultants;

10 e. The London Insurers have improperly given greater weight to their own
11 interest in avoiding its coverage obligations than they accorded to VWE's interest in a prompt
12 and complete payment; and

13 f. The London Insurers have unreasonably exposed VWE to significant
14 damage and expense by forcing VWE to litigate to compel the London Insurers to comply with
15 their obligations under the Lloyds Policy.

16 84. As a proximate cause of the London Insurers' breach of their duty to deal fairly
17 and in good faith, VWE has incurred, and will continue to incur, substantial damages including
18 out-of-pocket expenses to vindicate its coverage rights (so-called "*Brandt* fees" under California
19 law), interest on the monies due from the London Insurers, and attorneys' fees, costs, and interest
20 thereon, the exact amount of which is yet to be determined.

21 85. The London Insurers' conduct described herein was done with a conscious
22 disregard of VWE's rights under the Lloyds Policy, and/or with the intent to injure VWE so as to
23 constitute malice, oppression, or fraud, thereby entitling VWE to recover punitive damages in an
24 amount appropriate to punish or set an example of the London Insurers.

25 86. VWE is entitled to recover all damages proximately caused by or attributed to the
26 London Insurers' unreasonable and tortious conduct, including punitive damages, the amount of
27 which will be proven at or before the time of trial.

28

1 WHEREFORE, Plaintiffs pray for judgment against Defendants as follows:

2 1. On the First Cause of Action, plaintiff Kunde prays:

3 a. For an order declaring that Allianz has breached its obligation to Kunde;

4 b. For compensatory damages in an amount to be proven at trial, including

5 interest thereon, and attorneys' fees, costs and expenses; and

6 c. For such other and further relief as the Court deems just and proper.

7 2. On the Second Cause of Action, plaintiff Kunde prays:

8 a. For an order declaring that Allianz owes a payment obligation to Kunde

9 under the Allianz Policy; and

10 b. For attorneys' fees and costs, and such other relief as the Court deems just

11 and proper.

12 3. On the Third Cause of Action, plaintiff Kunde prays:

13 a. For an order declaring that Allianz has breached its covenant of good faith

14 and fair dealing owed to Kunde under the Allianz Policies;

15 b. For compensatory damages in an amount to be proven at trial, including

16 its attorneys' fees (*Brandt* fees), costs and expenses and interest thereon;

17 c. For exemplary and punitive damages in an amount sufficient to punish and

18 deter Allianz' willful, malicious and oppressive conduct; and

19 d. For any such other relief as the Court deems just and proper.

20 4. On the Fourth Cause of Action, plaintiff VWE prays:

21 a. For an order declaring that the London Insurers have breached their

22 obligations to VWE;

23 b. For compensatory damages in an amount to be proven at trial, including

24 interest thereon, and attorneys' fees, costs and expenses; and

25 c. For such other and further relief as the Court deems just and proper.

26 5. On the Fifth Cause of Action, plaintiff VWE prays:

27 a. For an order declaring that the London Insurers owe a payment obligation

28 to VWE under the Lloyds Policy; and

1 b. For attorneys' fees and costs, and such other relief as the Court deems just
2 and proper.

3 6. On the Sixth Cause of Action, plaintiff VWE prays:

4 a. For an order declaring that the London Insurers have breached their
5 covenant of good faith and fair dealing owed to VWE under the Lloyds Policy;

6 b. For compensatory damages in an amount to be proven at trial, including
7 its attorneys' fees (*Brandt* fees), costs and expenses and interest thereon;

8 c. For exemplary and punitive damages in an amount sufficient to punish and
9 deter the London Insurers' willful, malicious and oppressive conduct; and

10 d. For any such other relief as the Court deems just and proper.

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12 DATED: August 23, 2019

LATHAM & WATKINS LLP

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16 By: /s/Brook B. Roberts
17 Brook B. Roberts
18 Attorneys for Plaintiffs
19 Kunde Enterprises, Inc.
20 Vintage Wines Estates, Inc.
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EXHIBIT 1



**Fireman's
Fund**

POLICY NUMBER
S 95 MZX 80977326

Previous Policy Numbers
S 95 MZX 80969468

**Coverage for sections
other than WORKERS'
COMPENSATION is provided
in the following Company:**
**NATIONAL SURETY
CORPORATION**
CHICAGO, IL 60603
A STOCK INSURANCE CO. (07)

PORTFOLIO POLICY (R)

GENERAL DECLARATIONS

Risk ID. J04/

Named Insured and Mailing Address

KUNDE ENTERPRISES, INC.
DBA: KUNDE FAMILY ESTATE

**(Named Insureds are continued following the Premium Summary section of
these General Declarations)**

P.O. BOX 639
KENWOOD CA 95452

Producer Name and Address

SWEET & BAKER INS. BROKERS

44 2ND ST
SAN FRANCISCO CA 94105

The Named Insured is a(n) CORPORATION

Business or Operations of the Named Insured: WINERY

**The insurance provided by this policy consists of the following coverage
form(s). The premium may be subject to adjustment. In return for payment of
the premium and subject to all the terms of this policy, we agree with you to
provide the insurance as stated in this policy.**

PROPERTY COVERAGES
GENERAL LIABILITY COVERAGES - OCCURRENCE
INLAND MARINE COVERAGES
AUTO INSURANCE COVERAGES

Policy Period (For above coverages)

INCEPTION DATE 04-01-17

EXPIRATION DATE 04-01-18

**Beginning and Ending at 12:01 A.M., Standard Time
at the address of the insured**

**If this policy includes the "Business Auto Coverage Form", and/or the "Motor
Carrier Coverage Form" and/or the "Garage Coverage Form", each such form shall
be construed independent of any other such form, and none of the terms or
conditions contained in one such form shall be construed as being applicable
to any other such form.**

Premium is included in the premium summary below.

GD - 1

POLICY NUMBER S 95 MZX 80977326
PORTFOLIO POLICY (R)
Named Insured
KUNDE FAMILY ESTATE

GENERAL DECLARATIONS Continued

PREMIUM SUMMARY:

Estimated Annual Premium \$100,004.00
Premium Due at Inception \$100,004.00

Terrorism Risk Insurance Act ("The Act") - Certified Acts Coverage -
All Coverages Subject to the Act Excl WC and Umbrella -
Covered \$2,111

Includes California Auto Fraud and Consumer Services Surcharge of \$14.00

This Policy may be subject to Premium Adjustment per Policy Terms.

A \$10 INSTALLMENT FEE WILL BE ADDED TO EACH INSTALLMENT INVOICE.

(Named Insured continued)

KUNDE ENTERPRISES, INC.
DBA: KUNDE ESTATE WINERY

LOCATIONS OF PREMISES--Applicable to Coverages specified in these Declarations
(Not applicable to WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY POLICY)

LOC.				
001	9825 SONOMA HIGHWAY KENWOOD	(WINERY) CA 95452	SONOMA	(CNTY)
002	205 CONCOURSE BLVD SANTA ROSA	(WINE STORAGE) CA 95403	SONOMA	(CNTY)
003	9815 SONOMA HIGHWAY KENWOOD	(DWELLING) CA 95452	SONOMA	(CNTY)
004	9815 SONOMA HIGHWAY KENWOOD	(PUMPHOUSE) CA 95452	SONOMA	(CNTY)
005	9825 SONOMA HIGHWAY KENWOOD	(HILL HOUSE) CA 95452	SONOMA	(CNTY)

POLICY NUMBER S 95 MZX 80977326
PORTFOLIO POLICY (R)
Named Insured
KUNDE FAMILY ESTATE

GENERAL DECLARATIONS Continued

LOCATIONS OF PREMISES--Applicable to Coverages specified in these Declarations
(Not applicable to WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY POLICY)

LOC.				
006	9815 SONOMA HIGHWAY KENWOOD	(LAB BLDG #2) CA 95452	SONOMA	(CNTY)
007	1010 SHILOH RD WINDSOR	(WINE STORAGE) CA 95492	SONOMA	(CNTY)
008	677 HANNA DR AMERICAN CANYON	(WINE STORAGE) CA 94503	NAPA	(CNTY)

FORMS ATTACHED AT INCEPTION

GENERAL PROVISIONS

IL0003 09-08 CALCULATION OF PREMIUM (IL 00 03 09 08)
IL0017 11-98 REV 2 COMMON POLICY CONDITIONS (IL 00 17 11 98)
IL0021 09-08 NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT (BROAD FORM)
(IL 00 21 09 08)
IL0270 09-12 CALIFORNIA CHANGES - CANCELLATION AND NONRENEWAL
(IL 02 70 09 12)
IL0935 07-02 EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES (IL 09 35 07 02)
145900 04-08 FUNGI LIMITATION ENDORSEMENT (145900 04 08)
145901 01-02 DETRIMENTAL CODE EXCLUSION (145901 01 02)
145917CA 06-04 SILICA PARTICLES EXCLUSION - CALIFORNIA (145917CA 06 04)
145927 01-15 DISCLOSURE OF PREMIUM AND ESTIMATED PREMIUM FOR CERTIFIED ACTS
OF TERRORISM COVERAGE
(PURSUANT TO TERRORISM RISK INSURANCE ACT)
(145927 01 15)
145985 06-14 ECONOMIC OR TRADE SANCTIONS COMPLIANCE (145985 06 14)

PROPERTY

CP0299 06-07 CANCELLATION CHANGES (CP 02 99 06 07)
143637 04-08 EARTHQUAKE SPRINKLER LEAKAGE ENDORSEMENT (143637 04 08)
190001 05-94 REV PROPERTY-GARD SELECT REAL AND PERSONAL PROPERTY COVERAGE
SECTION (190001 05 94R)
190002 05-94 PROPERTY-GARD SELECT - GENERAL CONDITIONS (190002 05 94)
190003 05-94 PROPERTY-GARD SELECT LOSS CONDITIONS (190003 05 94)

GD - 3

POLICY NUMBER S 95 MZX 80977326
PORTFOLIO POLICY (R)
Named Insured
KUNDE FAMILY ESTATE

GENERAL DECLARATIONS Continued

FORMS ATTACHED AT INCEPTION

PROPERTY

190004 05-94 REV 2 PROPERTY-GARD SELECT ENDORSEMENT - BUSINESS INCOME WITH
EXTRA EXPENSE (190004 05 94S)
190011 05-94 PROPERTY-GARD SELECT - TRANSPORTATION COVERAGE EXTENSION
(190011 05 94)
190014 05-94 PROPERTY-GARD SELECT ENDORSEMENT LOSS PAYABLE - PROVISIONS
(190014 05 94)
190072 09-00 PROPERTY-GARD SELECT ENDORSEMENT - CALIFORNIA CHANGES - ACTUAL
CASH VALUE (190072 09 00)
190083 07-03 PROPERTY-GARD SELECT - EQUIPMENT BREAKDOWN COVERAGE
ENDORSEMENT(190083 07 03)
190089 06-05 CRISIS MANAGEMENT COVERAGE EXTENSION (190089 06 05)
190091 11-06 PROPERTY-GARD SELECT WINE PRODUCTS VALUATION AND AMENDATORY
ENDORSEMENT - (190091 11 06)
190092 05-06 PROPERTY-GARD SELECT - BASIC EXTENSIONS OF COVERAGE FOR
WINERIES (190092 05 06)
190101 06-11 PROPERTY-GARD SELECT - PERISHABLE STOCK COVERAGE
(190101 06 11)
190102 06-11 PROPERTY-GARD SELECT - TRANSPORTATION COVERAGE - WINE
VALUATION (190102 06 11)

GENERAL LIABILITY

CG0001 04-13 REV 2 COMMERCIAL GENERAL LIABILITY COVERAGE FORM
(CG 00 01 04 13S)
CG0033 04-13 REV LIQUOR LIABILITY COVERAGE (CG 00 33 04 13R)
CG2106 05-14 EXCLUSION - ACCESS OR DISCLOSURE OF CONFIDENTIAL OR PERSONAL
INFORMATION AND DATA-RELATED LIABILITY - WITH LIMITED
BODILY INJURY EXCEPTION (CG 21 06 05 14)
CG2147 12-07 EMPLOYMENT - RELATED PRACTICES EXCLUSION (CG 21 47 12 07)
CG2406 04-13 LIQUOR LIABILITY - BRING YOUR OWN ALCOHOL ESTABLISHMENTS -
(CG 24 06 04 13)
CG3234 01-05 CALIFORNIA CHANGES (CG 32 34 01 05)
CG7092 12-92 REV 2 COMPLETE LEAD POISONING AND LEAD CONTAMINATION
EXCLUSION (CG 70 92 12 92 S)
CG7093 12-92 REV COMPLETE ASBESTOS EXCLUSION (CG 70 93 12 92R)
CG7158 01-14 MULTICOVER (CG 71 58 01 14)
CG7218 04-08 FUNGI OR BACTERIA EXCLUSION (CG 72 18 04 08)
EB7000 12-97 EMPLOYEE BENEFITS ADMINISTRATION ERRORS AND OMISSIONS
INSURANCE (EB 70 00 12 97)
141869 08-95 REV LIMITED AGRICULTURAL CHEMICAL DRIFT COVERAGE FORM
(141869 08 95R)

INLAND MARINE

140559 12-86 REV CONDITIONS (140559 12 86 R)
145446 01-07 DATA COMPROMISE COVERAGE FORM - (145446 01 07)

POLICY NUMBER S 95 MZX 80977326
PORTFOLIO POLICY (R)
Named Insured
KUNDE FAMILY ESTATE

GENERAL DECLARATIONS Continued

FORMS ATTACHED AT INCEPTION

AUTOMOBILE

CA0001 10-13 BUSINESS AUTO COVERAGE FORM (CA 00 01 10 13)
CA0143 10-13 CALIFORNIA CHANGES (CA 01 43 10 13)
CA0305 10-13 CALIFORNIA CHANGES - WAIVER OF COLLISION DEDUCTIBLE
(CA 03 05 10 13)
CA0424 10-13 CALIFORNIA AUTO MEDICAL PAYMENTS COVERAGE (CA 04 24 10 13)
CA0426 10-13 CALIFORNIA DRIVE OTHER CAR COVERAGE - BROADENED COVERAGE FOR
NAMED INDIVIDUALS (CA 04 26 10 13)
CA2154 10-13 CALIFORNIA UNINSURED MOTORISTS COVERAGE - BODILY INJURY
(CA 21 54 10 13)
CA7003 10-01 EXPLANATION OF PREMIUM BASIS (CA 70 03 10 01)
CA7018 10-14 FLEETCOVER ENDORSEMENT (CA 70 18 10 14)
CA7078 01-06 REV EXCLUSION OF TERRORISM INVOLVING NUCLEAR, BIOLOGICAL OR
CHEMICAL TERRORISM (CA 70 78 01 06R)
CA9928 10-13 STATED AMOUNT INSURANCE (CA 99 28 10 13)

Countersignature of Authorized Agent: _____ Date 04/12/17

Producer SWEET & BAKER INS. BROKERS
44 2ND ST
SAN FRANCISCO CA 94105

GD - 5

Calculation of Premium - IL 00 03 09 08

Policy Amendment(s) Commercial General Provisions

This endorsement modifies insurance provided under the following:

Capital Assets Program (Output Policy) Coverage Part
Commercial Automobile Coverage Part
Commercial General Liability Coverage Part
Commercial Inland Marine Coverage Part
Commercial Property Coverage Part
Crime and Fidelity Coverage Part
Employment-Related Practices Liability Coverage Part
Equipment Breakdown Coverage Part
Farm Coverage Part
Liquor Liability Coverage Part
Medical Professional Liability Coverage Part
Owners and Contractors Protective Liability Coverage Part
Pollution Liability Coverage Part
Products/Completed Operations Liability Coverage Part
Railroad Protective Liability Coverage Part

The following is added:

The premium shown in the Declarations was computed based on rates in effect at the time the policy was

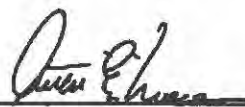
issued. On each renewal, continuation, or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

This Form must be attached to Change Endorsement when issued after the policy is written.
One of the Fireman's Fund Insurance Companies as named in the policy

Secretary



President



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INSUR

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Common Policy Conditions - IL 00 17 11 98

All Coverage Parts included in this policy are subject to the following conditions.

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. Examination of Your Books and Records

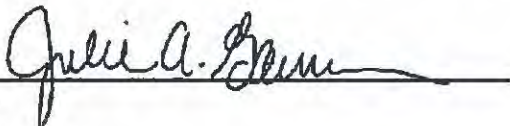
We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. Inspections and Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;
 - b. Give you reports on the conditions we find; and
 - c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

This Form must be attached to Change Endorsement when issued after the policy is written.
One of the Fireman's Fund Insurance Companies as named in the policy

Secretary



President



- a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2 of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

- 1. Is responsible for the payment of all premiums; and
- 2. Will be the payee for any return premiums we pay.

F. Transfer of Your Rights and Duties Under This Policy.

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

Nuclear Energy Liability Exclusion Endorsement - Broad Form

IL 00 21 09 08

Policy Amendment(s) Commercial General Provisions

This endorsement modifies insurance provided under the following:

Commercial Automobile Coverage Part
Commercial General Liability Coverage Part
Farm Coverage Part
Liquor Liability Coverage Part
Medical Professional Liability Coverage Part
Owners and Contractors Protective Liability Coverage Part
Pollution Liability Coverage Part
Products/Completed Operations Liability Coverage Part
Railroad Protective Liability Coverage Part
Underground Storage Tank Policy

1. The insurance does not apply:

A. Under any Liability Coverage, to **bodily injury** or **property damage**:

- (1) With respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
- (2) Resulting from the **hazardous properties of nuclear material** and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the insured is, or had this policy not been issued would be, entitled to

indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

B. Under any Medical Payments coverage, to expenses incurred with respect to **bodily injury** resulting from **hazardous properties of nuclear material** and arising out of the operation of a **nuclear facility** by any person or organization.

C. Under any Liability Coverage, to **bodily injury** or **property damage** resulting from **hazardous properties of nuclear material** if:

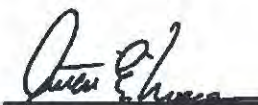
- (1) The **nuclear material** (a) is at any **nuclear facility** owned by, or operated by or on behalf of, an insured or (b) has been discharged or dispersed therefrom:
- (2) The **nuclear material** is contained in **spent fuel** or waste at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an insured; or

This Form must be attached to Change Endorsement when issued after the policy is written.
One of the Fireman's Fund Insurance Companies as named in the policy

Secretary



President



- (3) The **bodily injury or property damage** arises out of the furnishing by an **insured** of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any **nuclear facility**, but if such facility is located within the United States of America, its territories or possessions or Canada this exclusion (3) applies only to **property damage** to such **nuclear facility** and any property thereat.

2. As used in this endorsement

Hazardous properties included radioactive, toxic or explosive properties.

Nuclear material means source material, special nuclear material or by-product material.

Source material, special nuclear material, and by-product material have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

Spent fuel means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a **nuclear reactor**.

Waste means any waste material (a) containing **by-product material** other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its **source material** content, and (b) resulting from the operation by any person or organization of any **nuclear facility** included under

the first two paragraphs of the definition of **nuclear facility**.

Nuclear facility means:

- (a) Any **nuclear reactor**;
- (b) Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing **spent fuel** or (3) handling, processing or packaging **waste**;
- (c) Any equipment or device used for the processing, fabricating or alloying of **special nuclear material** if at any time the total amount of such material in the custody of the **insured** at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
- (d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of **waste**;

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

Nuclear reactor means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

Property damage includes all forms of radioactive contamination of property.

California Changes - Cancellation and Nonrenewal - IL 02 70 09 12

Policy Amendment(s) Commercial General Provisions

This endorsement modifies insurance provided under the following:

Capital Assets Program (Output Policy) Coverage Part
Commercial Automobile Coverage Part
Commercial General Liability Coverage Part
Commercial Inland Marine Coverage Part
Commercial Property Coverage Part
Crime and Fidelity Coverage Part
Employment-Related Practices Liability Coverage Part
Equipment Breakdown Coverage Part
Farm Coverage Part
Liquor Liability Coverage Part
Medical Professional Liability Coverage Part
Pollution Liability Coverage Part
Products/Completed Operations Liability Coverage Part

A. Paragraphs 2, 3, and 5. of the Cancellation Common Policy Condition are replaced by the following:

2. All Policies In Effect For 60 Days Or Less

If this policy has been in effect for 60 days or less, and is not a renewal of a policy we have previously issued, we may cancel this policy by mailing or delivering to the first Named Insured at the mailing address shown in the policy and to the producer of record, advance written notice of cancellation, stating the reason for cancellation, at least:

a. 10 days before the effective date of cancellation if we cancel for:

(1) Nonpayment of premium; or

(2) Discovery of fraud by:

(a) Any insured or his or her representative in obtaining this insurance; or

(b) You or your representative in pursuing a claim under this policy.

b. 30 days before the effective date of cancellation if we cancel for any other reason.

3. All Policies In Effect For More Than 60 Days

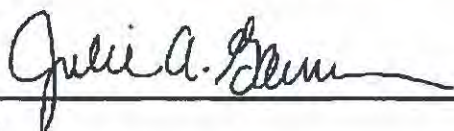
a. If this policy has been in effect for more than 60 days, or is a renewal of a policy we issued, we may cancel this policy only upon the occurrence, after the effective date of the policy, of one or more of the following:

(1) Nonpayment of premium, including payment due on a prior policy we issued and due during the current policy term covering the same risks.

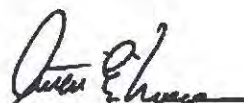
(2) Discovery of fraud or material misrepresentation by:

This Form must be attached to Change Endorsement when issued after the policy is written.

One of the Fireman's Fund Insurance Companies as named in the policy



Secretary



President

- (a) Any insured or his or her representative in obtaining this insurance; or
 - (b) You or your representative in pursuing a claim under this policy.
- (3) A judgment by a court or an administrative tribunal that you have violated a California or Federal law, having as one of its necessary elements an act which materially increases any of the risks insured against.
- (4) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by you or your representative, which materially increase any of the risks insured against.
- (5) Failure by you or your representative to implement reasonable loss control requirements, agreed to by you as a condition of policy issuance, or which were conditions precedent to our use of a particular rate or rating plan, if that failure materially increases any of the risks insured against.
- (6) A determination by the Commissioner of Insurance that the:
- (a) Loss of, or changes in, our reinsurance covering all or part of the risk would threaten our financial integrity or solvency; or
 - (b) Continuation of the policy coverage would:
 - (i) Place us in violation of California law or the laws of the state where we are domiciled; or
 - (ii) Threaten our solvency.
- (7) A change by you or your representative in the activities or property of the commercial or industrial

enterprise, which results in a materially added, increased or changed risk, unless the added, increased or changed risk is included in the policy.

- b. We will mail or deliver advance written notice of cancellation, stating the reason for cancellation, to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, at least:

- (1) 10 days before the effective date of cancellation if we cancel for non-payment of premium or discovery of fraud; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason listed in Paragraph 3.a.

B. The following provision is added to the Cancellation Common Policy Condition:

7. Residential Property

This provision applies to coverage on real property which is used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household personal property in a residential unit, if such coverage is written under one of the following:

Commercial Property Coverage Part

Farm Coverage Part - Farm Property - Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form

- a. If such coverage has been in effect for 60 days or less, and is not a renewal of coverage we previously issued, we may cancel this coverage for any reason, except as provided in b. and c. below.
- b. We may not cancel this policy solely because the first Named Insured has:
 - (1) Accepted an offer of earthquake coverage; or
 - (2) Cancelled or did not renew a policy issued by the California Earthquake Authority (CEA) that included an

earthquake policy premium surcharge.

However, we shall cancel this policy if the first Named Insured has accepted a new or renewal policy issued by the CEA that includes an earthquake policy premium surcharge but fails to pay the earthquake policy premium surcharge authorized by the CEA.

- c. We may not cancel such coverage solely because corrosive soil conditions exist on the premises. This restriction (c.) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:

- (1) Commercial Property Coverage Part - Causes Of Loss - Special Form; or
- (2) Farm Coverage Part - Causes Of Loss Form - Farm Property, Paragraph D. Covered Causes Of Loss - Special.

- C. The following is added and supersedes any provisions to the contrary:

Nonrenewal

1. Subject to the provisions of Paragraphs C.2. and C.3. below, if we elect not to renew this policy, we will mail or deliver written notice, stating the reason for nonrenewal, to the first Named Insured shown in the Declarations, and to the producer of record, at least 60 days, but not more than 120 days, before the expiration or anniversary date.

We will mail or deliver our notice to the first Named Insured, and to the producer of record, at the mailing address shown in the policy.

2. Residential Property

This provision applies to coverage on real property used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household property contained in a residential

unit, if such coverage is written under one of the following:

Commercial Property Coverage Part

Farm Coverage Part - Farm Property - Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form

- a. We may elect not to renew such coverage for any reason, except as provided in b., c. and d. below.
- b. We will not refuse to renew such coverage solely because the first Named Insured has accepted an offer of earthquake coverage.

However, the following applies only to insurers who are associate participating insurers as established by Cal. Ins. Code Section 10089.16. We may elect not to renew such coverage after the first Named Insured has accepted an offer of earthquake coverage, if one or more of the following reasons applies:

- (1) The nonrenewal is based on sound underwriting principles that relate to the coverages provided by this policy and that are consistent with the approved rating plan and related documents filed with the Department of Insurance as required by existing law;
- (2) The Commissioner of Insurance finds that the exposure to potential losses will threaten our solvency or place us in a hazardous condition. A hazardous condition includes, but is not limited to, a condition in which we make claims payments for losses resulting from an earthquake that occurred within the preceding two years and that required a reduction in policyholder surplus of at least 25% for payment of those claims; or
- (3) We have:
 - (a) Lost or experienced a substantial reduction in the availability or scope of reinsurance coverage; or

- (b) Experienced a substantial increase in the premium charged for reinsurance coverage of our residential property insurance policies; and

the Commissioner has approved a plan for the nonrenewals that is fair and equitable, and that is responsive to the changes in our reinsurance position.

- c. We will not refuse to renew such coverage solely because the first Named Insured has cancelled or did not renew a policy, issued by the California Earthquake Authority that included an earthquake policy premium surcharge.
- d. We will not refuse to renew such coverage solely because corrosive soil conditions exist on the premises. This restriction (d.) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:
- (1) Commercial Property Coverage Part - Causes Of Loss - Special Form; or
 - (2) Farm Coverage Part - Causes Of Loss Form - Farm Property, Paragraph D. Covered Causes Of Loss - Special.

3. We are not required to send notice of nonrenewal in the following situations:

- a. If the transfer or renewal of a policy, without any changes in terms, conditions or rates, is between us and a member of our insurance group.
- b. If the policy has been extended for 90 days or less, provided that notice has been given in accordance with Paragraph C.1.
- c. If you have obtained replacement coverage, or if the first Named Insured has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.
- d. If the policy is for a period of no more than 60 days and you are notified at the time of issuance that it will not be renewed.
- e. If the first Named Insured requests a change in the terms or conditions or risks covered by the policy within 60 days of the end of the policy period.
- f. If we have made a written offer to the first Named Insured, in accordance with the timeframes shown in Paragraph C.1., to renew the policy under changed terms or conditions or at an increased premium rate, when the increase exceeds 25%.

Exclusion of Certain Computer-Related Losses - IL 09 35 07 02

Policy Amendment(s) Commercial General Provisions

This endorsement modifies insurance provided under the following:

Commercial Inland Marine Coverage Part
Commercial Property Coverage Part
Crime and Fidelity Coverage Part
Standard Property Policy

A. We will not pay for loss (loss) or damage caused directly or indirectly by the following. Such loss (loss) or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss (loss) or damage.

1. The failure, malfunction or inadequacy of:

a. Any of the following, whether belonging to any insured or to others:

- (1) Computer hardware, including microprocessors;
- (2) Computer application software;
- (3) Computer operating systems and related software;
- (4) Computer networks;
- (5) Microprocessors (computer chips) not part of any computer system; or
- (6) Any other computerized or electronic equipment or components; or

b. Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph A.1.a. of this endorsement;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the

inability of computer software to recognize the year 2000.

2. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph A.1. of this endorsement.

B. If an excluded Cause of Loss as described in Paragraph A. of this endorsement results:

1. In a Covered Cause of Loss under the Crime and Fidelity Coverage Part, the Commercial Inland Marine Coverage Part or the Standard Property Policy; or

2. Under the Commercial Property Coverage Part:

a. In a Specified Cause of Loss, or in elevator collision resulting from mechanical breakdown, under the Causes of Loss - Special Form; or

b. In a Covered Cause of Loss under the Causes Of Loss - Basic Form or the Causes Of Loss - Broad Form;

we will pay only for the loss (loss) or damage caused by such Specified Cause of Loss, elevator collision, or Covered Cause of Loss.

C. We will not pay for repair, replacement or modification of any items in Paragraphs A.1.a. and A.1.b. of this endorsement to correct any deficiencies or change any features.

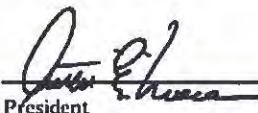
This Form must be attached to Change Endorsement when issued after the policy is written.

One of the Fireman's Fund Insurance Companies as named in the policy

Secretary



President



Fungi Limitation Endorsement - 145900 04 08

Policy Amendment(s)

This endorsement modifies insurance provided under the following:

Commercial Property Coverage Part

Property-Gard Select Real and Personal Property Coverage Section

Commercial Inland Marine Coverage Part

Standard Property Policy

All Other Property or Inland Marine Coverage Forms, Sections, or Endorsements attached to this policy

Schedule of Additional Limit

— \$50,000

— \$100,000

— \$250,000

Schedule of Locations

Description of Business Real Property to which this endorsement applies:

Location Number

Address

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

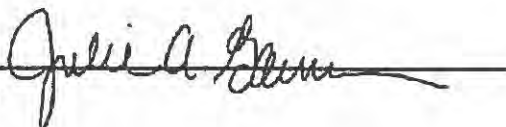
With respect to the location(s) shown in the above Schedule, the coverage parts, coverage sections, forms, or endorsements described above and attached to this policy are amended as follows.

1. The terms fungus and mold are deleted wherever they may appear in the coverage parts, coverage sections, forms, or endorsements described above and attached to this policy.
2. The following exclusion applies to any coverage part, coverage form, coverage section, coverage provision, extension of coverage, additional coverage, coverage enhancement, or amendatory endorsement attached to this policy:
 - a. This insurance does not apply to any loss, damage, expense, injury, economic loss, economic detriment, liability, or claim, directly or indirectly, arising out of, caused by, resulting from, happening through, or in consequence of fungi, notwithstanding any other provision of this policy to the contrary. This includes the cost to test for, monitor, abate, mitigate, remove, dispose of, or remediate fungi.

This Form must be attached to Change Endorsement when issued after the policy is written.

One of the Fireman's Fund Insurance Companies as named in the policy

Secretary



President



- b. Such loss, damage, expense, injury, economic loss, economic detriment, liability, or claim is excluded regardless of any other cause, condition, event, material, product or building component, that contributes concurrently or in any sequence to the loss, damage, expense, injury, economic loss, economic detriment, liability, or claim.

3. The following coverage extension is added:

Fungi

- a. If **fungi** is the result of a Covered Cause of Loss, we will pay, subject to the limitation in subsection 3.d. (below), for:

- (1) Direct physical loss of or damage to Covered Property, or Property Insured; or
- (2) Your liability for property of others;

At the premises shown in the Declarations, caused by or resulting from **fungi**. This includes the necessary and reasonable cost incurred to test for, monitor, abate, mitigate, remove, dispose of, or remediate **fungi**.

- b. Coverage provided by this extension applies only if the presence of **fungi** is reported to us within 30 days of the occurrence of the covered loss that is alleged to have caused this condition.

- c. Coverage provided by this extension includes:

- (1) The actual loss of Business Income you sustain;
- (2) The necessary Extra Expense you incur; or
- (3) Ordinance or Law Coverage;

if the Coverage Section, policy Declarations, or an endorsement attached to this policy

show that you have Business Income, Extra Expense, or Ordinance or Law Coverage.

- d. Regardless of any other limits or coverages stated in this policy, or the number of locations involved, the most we will pay under this coverage extension in any one occurrence or in the **annual aggregate** during the policy period is \$25,000 or the amount indicated in the above Schedule of Additional Limit. The provisions of this extension do not increase any Limits of Insurance provided by this policy.

4. Additional Definitions

- a. **Annual Aggregate** means the most we will pay for all loss or damage arising from all occurrence(s) during any one Policy Period. **Annual aggregate** Limit(s) of Insurance are reduced by the amount of any paid loss insured under this coverage extension.

If the policy is written for a term of more than one year, we will apply the **annual aggregate** limit of insurance separately to each consecutive year of the Policy Period. If the policy is extended for a period of time that is less than a year, the **annual aggregate** from the prior term applies to the extended period of time.

- b. **Fungi** means all types of fungus, such as mildew and mold, and all of their resulting spores and byproducts, including mycotoxins and allergens. **Fungi** does not mean **fungi** for human ingestion.

For purposes of this **Fungi** Coverage Extension, **fungi** is not considered a **pollutant**.

This endorsement is otherwise subject to all other terms, conditions, provisions and stipulations of the policy to which it is attached.

Detrimental Code Exclusion - 145901 01 02

Policy Amendment(s)

This endorsement modifies insurance provided under the following:

Commercial Property Coverage Part

Property-Gard Select Real and Personal Property Coverage Section

Commercial Inland Marine Coverage Part

Commercial Crime Coverage Part

Standard Property Policy

All Other Property, Inland Marine, or Crime Coverage Forms or Endorsements attached to this policy

The following exclusion applies to any coverage part, coverage form, coverage section, coverage provision, extension of coverage, additional coverage, coverage enhancement, or amendatory endorsement attached to this policy:

1. This insurance does not apply to any loss, damage, expense, injury, economic loss, economic detriment, liability, or claim, directly or indirectly, arising out of, caused by, resulting from, happening through, or in consequence of **detrimental code**, notwithstanding any other provision of this policy to the contrary.
2. Such loss, damage, expense, injury, economic loss, economic detriment, liability, or claim is excluded regardless of any other cause, condition, or event that contributes concurrently or in any sequence

to the loss, damage, expense, injury, economic loss, economic detriment, liability, or claim.

3. This exclusion applies regardless of who introduced the **detrimental code**, even if the **detrimental code** was introduced by your employees.

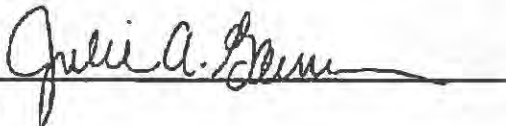
Definition:

Detrimental code means any computer virus, program, routine, sub-routine, trojan horse, worm, script or other code string that destroys, alters, or corrupts Covered Property, Property Insured, or property of others for which you are liable, regardless of how the **detrimental code** was introduced or acquired.

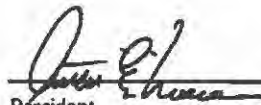
This endorsement is otherwise subject to all terms, conditions, provisions and stipulations of the policy to which it is attached.

This Form must be attached to Change Endorsement when issued after the policy is written.
One of the Fireman's Fund Insurance Companies as named in the policy

Secretary



President



145901 1-02

Exh. 1
037

FFIC-3HOL-CS

Silica Particles Exclusion - California - 145917CA 06 04

Policy Amendment(s)

This endorsement modifies insurance provided under the following:

Commercial General Liability Coverage
Liquor Liability Coverage
Owners and Contractors Protective Liability Coverage
Pollution Liability Coverage
Products/Completed Operations Liability Coverage
Railroad Protective Liability Coverage
Underground Storage Tank Liability Coverage
Farm Liability Coverage
American Business Coverage (Section II)
Garage Coverage (Section II)

The following exclusion is added:

This insurance does not apply to any claim or liability arising, in whole or in part, directly or indirectly out of, or which is in any way related to, **Silica**.

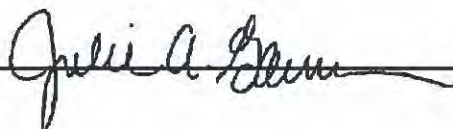
As used in this exclusion, the term **Silica** includes, but is not limited to, the actual or threatened exposure to,

inhalation of or contact with, silicon dioxide, silica, silica products, silica fibers, silica dust, any other silica byproducts, and silica, whether alone or in combination with any substance, product or material.

Without limiting the foregoing, this exclusion applies to every injury, damage, loss, cost or expense otherwise covered by this policy, if any.

This Form must be attached to Change Endorsement when issued after the policy is written.

One of the **Fireman's Fund Insurance Companies** as named in the policy

Secretary 

President 

Disclosure of Premium and Estimated Premium for Certified Acts of Terrorism Coverage (Pursuant to Terrorism Risk Insurance Act) 145927 01 15

This Endorsement is attached to and made part of your policy in response to the disclosure requirements of the Terrorism Risk Insurance Act.

A. Disclosure of Premium

In accordance with the federal Terrorism Risk Insurance Act, as amended, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act, as amended ("certified acts of terrorism"). The portion of your premium attributable to such coverage is shown in the policy Declarations. This premium is based on the rates in effect at the time of policy issuance or policy anniversary and was calculated for the full term of the current policy period.

B. Disclosure of Federal Participation in Payment of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 85% through 2015; 84% beginning on January 1, 2016; 83% beginning on January 1, 2017; 82% beginning on January 1, 2018; 81% beginning on January 1, 2019 and 80% beginning on January 1, 2020 of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act, as amended, exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceed \$100 billion.

C. Cap on Insurer Participation in Payment of Terrorism Losses

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act, as amended, exceed \$100 billion in a calendar

year and we have met our insurer deductible under the Terrorism Risk Insurance Act, as amended, then we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

D. Possibility of Additional or Return Premium

The premium for **certified acts of terrorism** coverage is calculated based in part on the federal participation in payment of terrorism losses as set forth in the Terrorism Risk Insurance Act, as amended. If the federal program terminates or if the level or terms of federal participation change, the premium charge for acts of terrorism as shown in the Declarations of this policy may also change. If this policy contains a Conditional Exclusion, continuation of coverage for **certified acts of terrorism**, or termination of such coverage, will be determined upon disposition of the federal program, subject to the terms and conditions of the Conditional Exclusion. If this policy does not contain a Conditional Exclusion, coverage for **certified acts of terrorism** will continue. In either case, when disposition of the federal program is determined, we will recalculate the premium charge made for those acts of terrorism covered by the Terrorism Risk Insurance Act, as amended, that remain covered by this policy after the disposition of the federal program. We will calculate the premium charge as follows:

1. We will calculate the pro-rated premium shown in the Declarations for **certified acts of terrorism** from the effective date of your policy to the date of expiration or change of the federal program.

This Form must be attached to Change Endorsement when issued after the policy is written.
One of the Fireman's Fund Insurance Companies as named in the policy

2. We will calculate the pro-rated premium charge for acts of terrorism that remain covered for the policy period that remains in effect from the expiration or change of the federal Program to the anniversary or expiration date of your policy.
3. We will add the amount determined in D.1. above to the amount determined in D.2. above. Such premium will be your revised annual premium for coverage for acts of terrorism.

- a. If the revised annual premium determined above is an additional premium, this additional premium may be waived by us for the remainder of the policy term.
- b. If the revised annual premium determined above is a return premium, we will refund this amount to you.

All other terms and conditions of the policy remain unchanged.

Economic or Trade Sanctions Compliance - 145985 06 14

Policy Amendment

The following is added to the Policy and replaces any other provision in the Policy addressing economic or trade sanctions:

This insurance does not apply to the extent that economic or trade sanctions or other laws or regulations prohibit us (the Company) from providing insurance.

All other terms and conditions of the policy remain unchanged.

This Form must be attached to Change Endorsement when issued after the policy is written.
One of the Fireman's Fund Insurance Companies as named in the policy

145985 6-14
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INSUR

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PROPERTY

Property

PR

PORTFOLIO POLICY (R)

INSURANCE IS PROVIDED ONLY FOR THOSE COVERAGES FOR WHICH AN ENTRY IS SHOWN AND FOR WHICH LIMITS OF INSURANCE ARE STATED IN THE PLACE PROVIDED IN THESE DECLARATIONS. THESE DECLARATIONS ARE ISSUED WITH AND ARE A PART OF THE PROPERTY-GARD SELECT COVERAGE SECTION.

**BUSINESS REAL PROPERTY - AGREED AMOUNT (REFER TO AGREED AMOUNT ENDORSEMENT)
APPLIES AT LOCATIONS 001,003,004,005,006**

BLANKET LIMITS OF INSURANCE	COINSURANCE
\$5,300,000	100
LOC. 001-002	X

POLICY NUMBER S 95 MZX 80977326

NAMED INSURED
KUNDE FAMILY ESTATE

PORTFOLIO POLICY (R)

TIME ELEMENT - AGREED AMOUNT (REFER TO AGREED AMOUNT ENDORSEMENT)
APPLIES AT LOCATIONS 001,002

PROPERTY ENDORSEMENTS

PROPERTY-GARD SELECT - GENERAL CONDITIONS (190002 05 94)

PROPERTY-GARD SELECT ENDORSEMENT - BUSINESS INCOME WITH EXTRA EXPENSE
(190004 05 94S)

PROPERTY-GARD SELECT - TRANSPORTATION COVERAGE EXTENSION (190011 05 94)

PROPERTY-GARD SELECT LOSS CONDITIONS (190003 05 94)

SUPPLEMENTARY STATE ENDORSEMENT(S)

CALIFORNIA

PROPERTY-GARD SELECT ENDORSEMENT - CALIFORNIA CHANGES - ACTUAL CASH VALUE
(190072 09 00)

ENDORSEMENTS - OTHER PROPERTY COVERAGE

**001 AGREED AMOUNT FOR BUSINESS PERSONAL PROPERTY AND/OR BUSINESS
REAL PROPERTY**

UNTIL 04-01-2018 WHEN "AGREED AMOUNT" APPEARS ON THE DECLARATIONS OF
THIS COVERAGE SECTION, THE LIMIT OF INSURANCE SHOWN ON THE DECLARATIONS
OF THIS COVERAGE SECTION AT THE APPLICABLE LOCATION(S) COVERED UNDER
THIS POLICY REPRESENTS 100% OF THE VALUE OF THE PROPERTY.

IF THE ABOVE EXPIRATION DATE IS NOT EXTENDED, THE COINSURANCE PROVISIONS
UNDER PARAGRAPH J. OF THE PROPERTY-GARD SELECT REAL AND PERSONAL
PROPERTY COVERAGE SECTION - 190001 SHALL APPLY.

002 AGREED AMOUNT FOR BUSINESS INCOME

UNTIL 04-01-2018 WHEN "AGREED AMOUNT" APPEARS ON THE DECLARATIONS OF

POLICY NUMBER S 95 MZX 80977326

NAMED INSURED
KUNDE FAMILY ESTATE

PORTFOLIO POLICY (R)

ENDORSEMENTS - OTHER PROPERTY COVERAGE (CONTINUED)

**002 AGREED AMOUNT FOR BUSINESS INCOME
(CONTINUED)**

THIS COVERAGE SECTION, THE LIMIT OF INSURANCE SHOWN ON THE DECLARATIONS OF THIS COVERAGE SECTION AT THE APPLICABLE LOCATION(S) COVERED UNDER THIS POLICY REPRESENTS 100% OF THE VALUE OF YOUR BUSINESS INCOME OR RENTAL VALUE.

IF THE ABOVE EXPIRATION DATE IS NOT EXTENDED, THE COINSURANCE PROVISIONS UNDER PARAGRAPH E. OF THE PROPERTY-GARD SELECT BUSINESS INCOME WITH EXTRA EXPENSE COVERAGE ENDORSEMENT - 190004 SHALL APPLY.

**003 Changes to the Property-Gard Select Endorsement Basic
Extension Of Coverage for Wineries 190092
Policy Amendment(s) Commercial Property Coverage**

This endorsement modifies insurance provided under the Property-Gard Select-Basic Extension Coverage for Wineries 190092

Section III.B. Beverage Leakage is deleted in its entirety and replaced by the following:

B. Beverage Leakage

1. We will pay for direct physical loss or damage to wine products and other perishable stock insured under this policy due to the leakage of the wine product or perishable stock, which occurs at the premises described in the Declarations of this policy from:
 - a. Bulk processing or storage vessels usual to your business;
 - b. The valves and fittings of the bulk processing or storage vessels described in (a) above; and
 - c. Hoses or piping connected to the bulk processing or storage vessels described in (a) above.
2. We will pay for direct physical loss or damage to wine products and other perishable stock you own, and which is

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POLICY NUMBER S 95 MZX 80977326

NAMED INSURED
KUNDE FAMILY ESTATE

PORTFOLIO POLICY (R)

ENDORSEMENTS - OTHER PROPERTY COVERAGE (CONTINUED)

003 **Changes to the Property-Gard Select Endorsement Basic
Extension Of Coverage for Wineries 190092
Policy Amendment(s) Commercial Property Coverage**

(CONTINUED)

not otherwise insured, due to the leakage of the wine product or perishable stock, which occurs at unnamed locations within the coverage territory, from:

- a. Bulk processing or storage vessels usual to your business;
- b. The valves and fittings of the bulk processing or storage vessels described in (a) above; and
- c. Hoses or piping connected to the bulk processing or storage vessels described in (a) above.

This coverage does not apply to loss or damage caused by directly or indirectly by flood or earth movement.

- 3. We will not pay under this Extension of Coverage for any shortage, leakage, spillage, evaporation or dissipation that is normal, usually anticipated, or customary in the process of your operations.
- 4. The most we will pay for all loss or damage coverage by this Extension of Coverage in any one occurrence is the Limit of Insurance for Beverage Leakage as shown in the Schedule that applies to this Endorsement.
- 5. This Beverage Leakage Extension of Coverage shall not increase any amounts or Limits of Insurance provided by this Coverage Section or the policy to which it is attached.

All other provisions of this policy apply.

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POLICY NUMBER S 95 MZX 80977326

NAMED INSURED
KUNDE FAMILY ESTATE

PORTFOLIO POLICY (R)

ENDORSEMENTS - OTHER PROPERTY COVERAGE (CONTINUED)

143637 Earthquake Sprinkler Leakage Endorsement - 143637 04 08

SCHEDULE

LIMITS OF INSURANCE

LOCATION(S)	BLANKET PER OCCURRENCE LIMIT OF INSURANCE
ALL LOCATIONS NOT COVERED	\$ _____

LOCATION(S)	PER OCCURRENCE SUBLIMIT(S) OF INSURANCE
ALL LOCATIONS NOT COVERED	\$ _____ \$ _____ \$ _____ \$ _____

LOCATION(S)	PROPERTY DAMAGE DEDUCTIBLE SCHEDULE		MINIMUM DEDUCTIBLE
	DOLLAR DEDUCTIBLE AMOUNT(\$)	PERCENTAGE AMOUNT(%)	
	\$ _____	____ %	\$ _____
	\$ _____	____ %	\$ _____
	\$ _____	____ %	\$ _____

LOCATION(S)	BUSINESS INCOME OR RENTAL VALUE DEDUCTIBLE SCHEDULE		MINIMUM DEDUCTIBLE
	DOLLAR DEDUCTIBLE AMOUNT(\$)	HOURLY DEDUCTIBLE	
	\$ _____	____ Hours	\$ _____
	\$ _____	____ Hours	\$ _____
	\$ _____	____ Hours	\$ _____

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POLICY NUMBER S 95 MZX 80977326

NAMED INSURED
KUNDE FAMILY ESTATE

PORTFOLIO POLICY (R)

ENDORSEMENTS - OTHER PROPERTY COVERAGE (CONTINUED)

143637 Earthquake Sprinkler Leakage Endorsement - 143637 04 08
(CONTINUED)

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

A Blanket Per Occurrence Limit of Insurance or Per Occurrence Sublimit of Insurance must be shown in the above Schedule, or in the Declarations applicable to this Endorsement, in order for coverage under this Endorsement to apply.

If no Blanket Per Occurrence Limit of Insurance or no Sublimit is shown in the Schedule of this Endorsement, or in the Declarations applicable to this Endorsement, then the coverage provided by this Endorsement does not apply.

If "0", "N/A", or "not covered" is shown as a Blanket Per Occurrence Limit of Insurance or as a Per Occurrence Sublimit of Insurance in the above Schedule, or in the Declarations applicable to this Endorsement, the coverage provided by this Endorsement does not apply.

190014 Property-Gard Select Endorsement - Loss Payable Provisions
190014 05 94

Schedule

Loc. No.(s)	Description of Property	Loss Payee	Provisions Applicable (A., B., or C.)
001		BANK OF THE WEST DIRECT EQUIPMENT FINANCE 2527 CAMINO RAMON NC B07 3F V SAN RAMON, CA 94583	A

POLICY NUMBER S 95 MZX 80977326

NAMED INSURED
KUNDE FAMILY ESTATE

PORTFOLIO POLICY (R)

ENDORSEMENTS - OTHER PROPERTY COVERAGE (CONTINUED)

190014 Property-Gard Select Endorsement - Loss Payable Provisions
190014 05 94

(CONTINUED)

001	Loan #1060211758	Bank of the West	B
		ISA0A	
		Fresno LMO	
		6873 N West Ave., #101	
		Fresno, CA 93711	

190089 CRISIS MANAGEMENT COVERAGE EXTENSION ENDORSEMENT -
(190089 06 05)

Schedule

Coverage Description:

Crisis Event Response Communication Cost

Limits of Insurance:

\$100,000 for up to
60 days each Covered
Crisis Event
\$100,000 maximum during
any one policy year

Crisis Event Business Income
(and Extra Expense)

\$100,000 for up to
60 days each Covered
Crisis Event
\$100,000 maximum
during any one policy
year

Post Event Expense

\$100,000 for up to
60 days each Covered
Crisis Event not to
exceed \$5,000 for any
one person
\$100,000 maximum during
any one policy year

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POLICY NUMBER S 95 MZX 80977326

NAMED INSURED
KUNDE FAMILY ESTATE

PORTFOLIO POLICY (R)

ENDORSEMENTS - OTHER PROPERTY COVERAGE (CONTINUED)

190089 CRISIS MANAGEMENT COVERAGE EXTENSION ENDORSEMENT -
(190089 06 05)

(CONTINUED)

	Waiting Period	Deductible:
Crisis Event Response Communication Cost	None	
Crisis Event Business Income	Twenty four (24) hours	
Crisis Event Extra Expense	None	
Post Event Expenses	None	

190091 PROPERTY-GARD SELECT WINE PRODUCTS VALUATIONS AND AMENDATORY
ENDORSEMENT (190091 11 06)

Schedule

	Value	Agreed Valuation Per Unit Measure	Number of Units
Harvested Fruit	\$	Per Ton	N/A

Wine Products

Description of Wine Product

Staged Release Date	\$	Per Bottle/ Case/Gallon	Bottles/Cases/Gallons (Number of)
Staged Release Date	\$	Per Bottle/ Case/Gallon	Bottles/Cases/Gallons (Number of)
Library	\$	Per Bottle/ Case/Gallon	Bottles/Cases/Gallons (Number of)

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POLICY NUMBER S 95 MZX 80977326

NAMED INSURED
KUNDE FAMILY ESTATE

PORTFOLIO POLICY (R)

ENDORSEMENTS - OTHER PROPERTY COVERAGE (CONTINUED)

190091 PROPERTY-GARD SELECT WINE PRODUCTS VALUATIONS AND AMENDATORY
ENDORSEMENT (190091 11 06)

(CONTINUED)

Description of Wine Product

Staged Release Date	\$	Per Bottle/ Case/Gallon	Bottles/Cases/Gallons (Number of)
Staged Release Date	\$	Per Bottle/ Case/Gallon	Bottles/Cases/Gallons (Number of)
Library	\$	Per Bottle/ Case/Gallon	Bottles/Cases/Gallons (Number of)

190092 PROPERTY-GARD SELECT - BASIC EXTENSION OF COVERAGE
FOR WINERIES (190092 05 06)

Schedule

Coverage	Combined Limit	Limit of Insurance	Deductible \$ Gallons
Wine caves		Included w/Policy	Policy Deductible
Animal Damage	COMBINED		\$10,000
Beverage Leakage		\$1,000,000	\$10,000
Contract Penalty	COMBINED		\$10,000
Damage during Production	COMBINED		\$10,000
Employee Theft-Limited and Forgery-Limited			

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POLICY NUMBER S 95 MZX 80977326

NAMED INSURED
KUNDE FAMILY ESTATE

PORTFOLIO POLICY (R)

ENDORSEMENTS - OTHER PROPERTY COVERAGE (CONTINUED)

**190092 PROPERTY-GARD SELECT - BASIC EXTENSION OF COVERAGE
FOR WINERIES (190092 05 06)**

(CONTINUED)

Per Occurrence	N/A	\$ 250,000	\$10,000
Annual Aggregate	N/A	NOT COVERED	
Expediting Expense	COMBINED		\$10,000
Fire Protection			
Equipment		NOT COVERED	
F.O.B. Shipments		SEE 190011	
Mobile Agricultural			
Equipment		NOT COVERED	
Rental Cost			
Reimbursement		NOT COVERED	
Packaging Errors			
Annual Aggregate		NOT COVERED	
Perishable Stock			
Per Occurrence	N/A	\$1,000,000	\$ 5,000
Annual Aggregate	N/A	NOT COVERED	
Processing Water		NOT COVERED	
Trellis or Vines		NOT COVERED	
Unintentional Errors		\$ 100,000	\$10,000
Worldwide Air			
Shipments	COMBINED		\$10,000
Combined Limit of Insurance			\$250,000

**190101 PROPERTY-GARD SELECT - PERISHABLE STOCK COVERAGE
(190101 06 11)**

Policy Amendment(s) Commercial Property Coverage

This endorsement modifies insurance provided under the Property-Gard
Select - Basic Extension of Coverage for Wineries - 190092 05-06.

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POLICY NUMBER S 95 MZX 80977326

NAMED INSURED
KUNDE FAMILY ESTATE

PORTFOLIO POLICY (R)

ENDORSEMENTS - OTHER PROPERTY COVERAGE (CONTINUED)

190101 PROPERTY-GARD SELECT - PERISHABLE STOCK COVERAGE
(190101 06 11)

(CONTINUED)

SCHEDULE

PERISHABLE STOCK - PER OCCURRENCE LIMIT OF INSURANCE \$1,000,000
PERISHABLE STOCK - ANNUAL AGGREGATE LIMIT OF INSURANCE \$1,000,000
DEDUCTIBLE \$5,000

190102 Property-Gard Select - Transportation Coverage - Wine
Valuation - (190102 06 11)

Policy Amendment(s) Commercial Property Coverage

This Endorsement modifies insurance provided under the Property-Gard
Select - Transportation Coverage Extension - 190011

I. Section I.1. Valuation is deleted and replaced with the following:

1. Valuation

- a. The value of covered property other than harvested fruit or wine products while in transit at the time loss or damage occurs will be established as follows:
 - (1) Covered property shipped to you or on your behalf will be valued at your invoice cost plus costs or charges (including your commission as selling agent) that have accrued and are legally due.
 - (2) Covered property you have sold or property you ship on behalf of others will be valued at your selling invoice plus any guaranteed, prepaid or advanced freight.

PR - 11

POLICY NUMBER S 95 MZX 80977326

NAMED INSURED
KUNDE FAMILY ESTATE

PORTFOLIO POLICY (R)

ENDORSEMENTS - OTHER PROPERTY COVERAGE (CONTINUED)

**190102 Property-Gard Select - Transportation Coverage - Wine
Valuation - (190102 06 11)**

(CONTINUED)

(3) Covered property not under invoice will be valued at its market value at the point of its destination on the date loss occurs less any charges saved that would have been due and payable upon delivery at destination.

b. The value of covered property consisting of harvested fruit or wine products while in transit at the time loss or damage occurs will be established in accordance with the Property-Gard Select Wine Products Valuation and Amendatory Endorsement 190091, except paragraph II.D.1.f. of such endorsement is deleted and replaced with:

f. Harvested fruit or wine products you have:

(1) Sold, but not delivered, will be valued at your selling price; or

(2) Sold as futures will be valued at the purchase price of the future on the date such future was sold.

II. This endorsement is otherwise subject to all other terms, conditions provisions and stipulations of the policy to which it is attached.

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This Form must be attached to Change Endorsement when issued after the policy is written.

One of the Fireman's Fund Insurance Companies as named in the policy.

190102 06 11

POLICY NUMBER S 95 MZX 80977326

NAMED INSURED
KUNDE FAMILY ESTATE

PORTFOLIO POLICY (R)

PROPERTY ENDORSEMENTS (CONTINUED)

PROPERTY-GARD SELECT - EQUIPMENT BREAKDOWN COVERAGE ENDORSEMENT(190083 07 03)

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE PROPERTY-GARD
SELECT REAL AND PERSONAL PROPERTY COVERAGE SECTION.

SCHEDULE OF EQUIPMENT BREAKDOWN COVERAGE DEDUCTIBLES

DAMAGE TO COVERED PROPERTY: \$2,500 MIN OR FOLLOWS PROP DEDUCTIBLE
EXCEPT A/C & REFRIGERATION SYSTEM: \$25/HP, \$2,500 MINIMUM
TIME ELEMENT LOSS: 1 X ADV
PERISHABLE STOCK: 10% OF LOSS, \$2,500 MINIMUM

IF A DEDUCTIBLE AMOUNT IS NOT SHOWN ABOVE, THEN COVERAGE PROVIDED BY
THIS ENDORSEMENT IS SUBJECT TO THE DEDUCTIBLE AMOUNT SHOWN IN THE
DECLARATIONS FOR EACH APPLICABLE LOCATION COVERED UNDER THIS POLICY.

SCHEDULE OF EQUIPMENT BREAKDOWN COVERAGE LIMITS

COVERAGE DESCRIPTION	LIMIT OF INSURANCE
DAMAGE TO COVERED PROPERTY	FOLLOWS PROPERTY LIMITS
TIME ELEMENT LOSS	FOLLOWS PROPERTY LIMITS
PERISHABLE STOCK	\$1,000,000 SUBLIMIT
HAZARDOUS SUBSTANCES	\$ 100,000 SUBLIMIT
EXPEDITING EXPENSE	\$1,000,000 SUBLIMIT
DATA RESTORATION	\$ 50,000 SUBLIMIT
SERVICE INTERRUPTION	\$1,000,000 SUBLIMIT
SERVICE INTERRUPTION WAITING PERIOD:	24 HOURS

PR - 13

Cancellation Changes - CP 02 99 06 07

Policy Amendment(s) Commercial Property Coverage

This endorsement modifies insurance provided under the following:

Commercial Property Coverage Part Standard Property Policy

The following is added to the Cancellation Common Policy Condition:

If any one of the following conditions exists at any building that is Covered Property in this policy, we may cancel this Coverage Part by mailing or delivering to the first Named Insured written notice of cancellation at least five days before the effective date of cancellation.

A. The building has been vacant or unoccupied 60 or more consecutive days. This does not apply to:

1. Seasonal unoccupancy;
2. Buildings in the course of construction, renovation or addition; or
3. Buildings to which the Vacancy Permit endorsement applies.

Buildings with 65% or more of the rental units or floor area vacant or unoccupied are considered unoccupied under this provision.

B. After damage by a covered cause of loss, permanent repairs to the building:

1. Have not started; and
2. Have not been contracted for,

within 30 days of initial payment of loss.

C. The building has:

1. An outstanding order to vacate;
2. An outstanding demolition order;
3. Been declared unsafe by governmental authority.

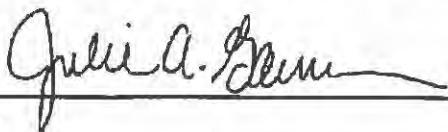
D. Fixed and salvageable items have been or are being removed from the building and are not being replaced. This does not apply to such removal that is necessary or incidental to any renovation or remodeling.

E. Failure to:

1. Furnish necessary heat, water, sewer service or electricity for 30 consecutive days or more, except during a period of seasonal unoccupancy; or
2. Pay property taxes that are owing and have been outstanding for more than one year following the date due, except that this provision will not apply where you are in a bona fide dispute with the taxing authority regarding payment of such taxes.

This Form must be attached to Change Endorsement when issued after the policy is written.
One of the Fireman's Fund Insurance Companies as named in the policy

Secretary



President



Earthquake Sprinkler Leakage Endorsement - 143637 04 08

Policy Amendment(s) Commercial Property Coverage

I. Coverage

- A. If this Endorsement is attached to the Property-Gard Building and Personal Property Coverage Part - 142000, then we will pay for direct physical loss or damage to Covered Property caused by or resulting from **Earthquake Sprinkler Leakage** at the premises described in the Schedule of this Endorsement.
- B. 1. If this Endorsement is attached to the Property-Gard Select Real and Personal Property Coverage Section - 190001, then we will pay for direct physical loss or damage to Property Insured caused by or resulting from **Earthquake Sprinkler Leakage** at the premises described in the Schedule of this Endorsement.
2. Exclusion D.1.d. of the Property-Gard Select Real and Personal Property Coverage Section - 190001 is deleted and replaced with the following:
- d. Earth Movement
- Any natural or man-made earth movement (other than sinkhole collapse), such as earthquake, landslide, subsidence or earth sinking, rising or shifting. But if loss or damage from fire or explosion results, we will pay for that resulting loss or damage.
- C. If the Declarations show you have Business Income, Business Income with Extra Expense, Extra Expense, or Expediting Expense Coverage, then we will pay for the actual loss of **business income, rental value, or necessary extra expense or expediting expense** that you sustain due to the necessary full or partial suspension of operations during the period of

restoration. The suspension must be caused by direct physical loss or damage caused by or resulting from **Earthquake Sprinkler Leakage** at the premises described in the Schedule of this Endorsement.

II. Exclusions or Limitations of Coverage

A covered **Earthquake Sprinkler Leakage** event does not create, nor will it invoke coverage for the loss of **business income, rental value, extra expense, expediting expense, or consequential loss** of any kind or nature provided elsewhere under this Coverage Section or Policy, except as provided by this Endorsement under **Earthquake Sprinkler Leakage Coverage**.

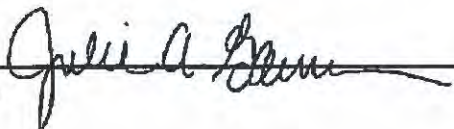
III. Deductible

- A. With respect to the coverage provided by this Endorsement, the deductible(s) stated in the Schedule of this Endorsement, or in the Declarations applicable to this Endorsement, supersedes any other such deductible contained elsewhere in this policy. No other deductible applies to coverage provided by this Endorsement.
- B. The deductible(s) stated in the Schedule of this Endorsement, or in the Declarations applicable to this Endorsement, apply to each **occurrence**.
- C. We will not pay for loss or damage in any one **occurrence** until the amount of covered loss or damage exceeds the deductible indicated in the Deductible Schedule of this Endorsement. We will then pay the amount of covered loss or damage in excess of the deductible, up to the applicable Blanket Per Occurrence Limit(s) of Insurance or the Per Occurrence Sublimit(s) of Insurance stated in the Schedule of this Endorsement.

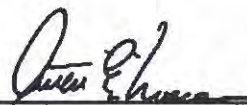
This Form must be attached to Change Endorsement when issued after the policy is written.

One of the Fireman's Fund Insurance Companies as named in the policy

Secretary



President



D. If loss or damage is caused by **Earthquake Sprinkler Leakage** and subsequent loss or damage is caused by a covered Cause of Loss, such as fire or explosion, by means of an exception to the Earth Movement Exclusion, then the only applicable deductible provisions that apply are those stated in this Endorsement.

E. If no deductible is stated in the Schedule of this Endorsement, or in the Declarations applicable to this Endorsement, then the deductible(s) stated in the Declarations apply to coverage provided under this Endorsement.

F. **Property Damage Deductibles**

1. If the Deductible stated in the Schedule of this Endorsement is a dollar deductible amount, then the dollar amount is the sum we will subtract from covered loss or damage in any one **occurrence**.

2. a. If the Deductible stated in the Deductible Schedule of this Endorsement is a percentage deductible, then the sum we will subtract from covered loss or damage in any one **occurrence** will be a percentage of each covered item's value.

b. The deductible percentage applies separately to the total value of each of the following items:

- (1) Each building or structure;
- (2) The contents of each building or structure; and
- (3) Personal property in the open.

c. If a Minimum Deductible amount is stated in the Property Damage Deductible Schedule, then we will subtract at least the Minimum Deductible amount from the covered loss or damage you sustain in any one **occurrence**.

G. **Business Income or Rental Value Deductibles**

1. If the Deductible stated in the Schedule of this Endorsement is a dollar deductible amount, then the dollar amount is the sum we will subtract from a covered

Business Income loss in any one **occurrence**.

2. If the Deductible stated in the Schedule of this Endorsement is an hourly deductible, then we will not pay for the loss of **business income or rental value** in any one **occurrence** until the amount of covered Business Income loss exceeds the designated number of hours indicated in the Business Income or Rental Value Deductible Schedule of this Endorsement. We will then pay the amount of covered loss in excess of the deductible, up to the applicable Blanket Per Occurrence Limit(s) of Insurance or the Per Occurrence Sublimit(s) of Insurance stated in the Schedule of this Endorsement.

3. If a Minimum Deductible amount is stated in the Business Income or Rental Value Deductible Schedule, then we will subtract at least the Minimum Deductible amount from the covered Business Income loss you sustain in any one **occurrence**.

H. The deductibles stated in the Deductible Schedules of this Endorsement do not apply to **extra expense** coverage provided by this Endorsement.

IV. **Limits of Insurance**

A. Regardless of any other coverage or Limits of Insurance stated in this policy, the most we will pay for loss, damage, or expense including loss of **business income, rental value, extra expense, expediting expense, or debris removal**, in any one **occurrence** for a covered loss under this Endorsement is the applicable Blanket Per Occurrence Limit(s) of Insurance or the Per Occurrence Sublimit(s) of Insurance stated in the Schedule of this Endorsement.

B. The Per Occurrence Sublimits of Insurance shown in the Schedule are a part of, not in addition to the Blanket Per Occurrence Limit(s) of Insurance stated in the Schedule of this Endorsement. If the Schedule of this Endorsement shows the term **included** as a Per Occurrence Sublimit of Insurance, then coverage under this Endorsement is subject to

the applicable Blanket Per Occurrence Limit of Insurance.

- C. If the Schedule of this Endorsement shows the term **included** as a Blanket Per Occurrence Limit of Insurance, then coverage under this Endorsement is subject to the applicable Limit of Insurance stated in the Declarations of this policy.
- D. If the Schedule of this Endorsement shows a Blanket Per Occurrence Limit of Insurance in conjunction with a Per Occurrence Sublimit(s) of Insurance, then the Per Occurrence Sublimit(s) of Insurance stated in the Schedule is part of, and not in addition to the Blanket Per Occurrence Limit(s) of Insurance.

V. Coinsurance

The Coinsurance Provisions do not apply to this endorsement.

VI. Additional Definitions

The following terms used in this Endorsement, the Schedule of this Endorsement, or in the Declarations applicable to this Endorsement, are defined as follows:

- A. **Earth Movement** means any natural earth movement, such as but not limited to the sinking, rising, shifting, expanding or contracting of earth; **earthquake**; volcanic eruption, explosion or effusion; landslide; avalanche; subsidence; mine subsidence; settling; or, erosion. Earth movement does not mean or include:
 - 1. Tsunami, tidal waves, or **flood**, whether or not directly or indirectly caused by earth movement; or
 - 2. Any vibrations or earth movement caused by or resulting from human activity.
- B. **Earthquake** means, tremors or vibrations within and upon the earth's crust caused by seismic displacement, rupture or creation of faults within the earth's crust that are associated with natural tectonic processes; or

volcanic eruption, explosion or effusion. **Earthquake** does not mean or include:

- 1. Tsunami, tidal waves, or **flood**, whether or not directly or indirectly caused by **earthquake**; or
 - 2. Any vibrations or **earth movement** caused by or resulting from human activity.
- C. **Earthquake Sprinkler Leakage** means the following:
 - 1. If this Endorsement is attached to the Property-Gard Select Real and Personal Property Coverage Section - 190001, then **Earthquake Sprinkler Leakage** means leakage of any substance from **fire protective equipment** caused by or resulting from **earth movement**.
 - 2. If this Endorsement is attached to the Property-Gard Building and Personal Property Coverage Section - 142000, then **Earthquake Sprinkler Leakage** means leakage of any substance from **fire protective equipment** caused by or resulting from **earthquake**.
 - D. **Fire Protective Equipment** means any wet, dry, chemical or gaseous fire suppression or extinguishing systems, including fire suppression supply tanks; supply lines; ducts or piping; pumps; private mains or hydrants; standpipes or outlets; and their component parts or supports; which you own, lease or rent from others.
 - E. **Occurrence** means all elements of loss, regardless of the number of locations involved, caused by or resulting from **earthquake** or **earth movement**, arising out of a single event that occurs within any 168 hour period. The expiration of this policy will not reduce the 168 hour period.
 - F. **Value** means the 100% value for each covered item at the time of loss and is based upon the valuation clause used in the Coverage Part, Coverage Section, or Policy.
- VII. This policy is otherwise subject to all the terms, conditions, provisions and stipulations of the policy to which it is attached.

**Property-Gard Select Real and Personal Property Coverage Section
190001 05 94**

Policy Amendment(s) Commercial Property Coverage

Insured: KUNDE FAMILY ESTATE

Policy Number: S 95 MZX 80977326

Producer: SWEET & BAKER INS. BROKERS

Effective Date: 04-01-17

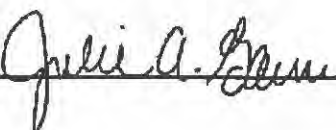
This Coverage Section, together with its Declarations and endorsements, including other conditions and exclusions that apply to this Coverage Section and the policy complete the coverage provided by this policy.

Various provisions in this Coverage Section restrict coverage. Read the entire Coverage Section carefully to determine rights, duties and what is and is not covered. The titles of paragraphs of this Coverage Section and subsequent endorsements are inserted solely for the convenience of reference and shall not be deemed in any way to limit or affect the provisions to which they relate.

Throughout this Coverage Section the words **you** and **your** refer to the Named Insured shown on the Declarations. The words **we**, **us** and **our** refer to the Company providing this insurance.

Some words and phrases that appear in **bold face** have special meaning. Refer to the Definitions Section of this Coverage Section.

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One of the Fireman's Fund Insurance Companies as named in the policy


Secretary


President

A. Covered Causes of Loss

This Coverage Section insures all risks of direct physical loss or damage, except as excluded or limited elsewhere in this Coverage Section, provided such loss or damage occurs during the term of this policy, to covered property at the location(s) described in the Declarations.

B. Property Insured

Unless otherwise excluded or limited elsewhere in this Coverage Section, we insure the following property while on the premises at the location(s) described in the Declarations, including personal property in the open (or in a vehicle in the open) within 1,000 feet thereof:

If this Coverage Section covers real property, it covers:

1. Real property which you own or which you lease or rent from others in which you have an insurable interest. This includes, but is not limited to, completed additions; permanently installed fixtures, machinery and equipment; outdoor fixtures and structures, including light standards, fences, signs and well-housings.
2. Personal property you own which is used to maintain or service the building or its premises. This includes, but is not limited to, fire extinguishing equipment, outdoor furniture, floor covering and appliances used for refrigerating, ventilating, cooking, dishwashing or laundering.
3. New construction, additions under construction, alterations and repairs to the building or structure, including their materials, equipment, supplies and temporary structures if not covered by other insurance.


If this Coverage Section covers personal property, it covers:

1. Business personal property which you own, and your interest in and legal liability for personal property owned by others in your care, custody or control. Business personal property includes **electronic data processing equipment**.
2. Improvements and betterments in which you have an insurable interest.
3. Personal property, other than motor vehicles, of your officers and employees unless otherwise insured.
4. **Accounts receivable**, but the most we will pay in any one loss is \$ **100,000**.
5. **Valuable papers**, but the most we will pay in any one loss is \$ **100,000**.
6. **Electronic data processing media**, but the most we will pay in any one loss is \$ **100,000**.

C. Property Not Insured

This Coverage Section does not insure any of the following property, unless specifically covered in the Declarations or by endorsement to this Coverage Section:

1. Land, water, growing plants and crops outside of buildings, standing timber or outdoor trees, shrubs, lawns;
2. Animals and seeds, except those you sell;
3. Currency, money, notes, securities, accounts, bills, deeds and evidences of debt or title unless otherwise provided herein;
4. Aircraft, watercraft while afloat, or vehicles otherwise insured;
5. Dams, dikes and other similar structures;

- 
- 6. Retaining walls, bulkheads, docks, piers, wharves and property located thereon, for loss or damage caused by or resulting from action of water or ice or impact of watercraft;
 - 7. Underground mines, caverns and any property contained therein;
 - 8. Personal property which you have sold under conditional sale, trust agreement, installment payment or other deferred payment plan, or which you have retained a security interest, after delivery to customers;
 - 9. Jewelry, furs, precious metals, or precious stones, except for precious metals or precious stones used for industrial purposes, from burglary, robbery or theft;
 - 10. Property in due course of transit;
 - 11. Property which is more specifically described and covered under this policy or any other policy.

D. Exclusions

- 1. This Coverage Section does not insure against loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

- a. War and Military Action

- (1) War, including undeclared or civil war;
 - (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or
 - (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

- b. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused. But if loss or damage by fire results, we will pay for that resulting loss or damage.

- c. Government Action

Seizure or destruction of property by order of governmental authority. But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Form.

- d. Earth Movement

Any natural or man-made earth movement (other than sinkhole collapse), such as earthquake, landslide, subsidence or earth sinking, rising or shifting. But if loss or damage from fire, explosion or leakage from fire protective equipment results, we will pay for that resulting loss or damage.

- e. Flood

Flood, including surface water. But if loss or damage from fire, explosion or leakage from fire protective equipment results, we will pay for that resulting loss or damage.

- f. Pollution

The actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of **pollutants**. But, if the same is the direct result of a covered cause of loss, we do insure direct physical

loss or damage to covered property caused by the actual contact of the covered property with the pollutants.

g. Off-Premises Services

The failure of power or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises. But if loss or damage from a covered cause of loss results, we will pay for that resulting loss or damage.

h. Collapse

Collapse, but this exclusion applies only if Flood or Earth Movement contribute concurrently or in any sequence to the loss.

2. This Coverage Section does not insure against loss or damage caused by or resulting from any of the following:

- a. Unexplained or mysterious disappearance of any property, or shortage disclosed by audit or upon taking inventory;
- b. Insects, vermin, birds or other animals;
- c. Delay, loss of use, loss of market, loss of occupancy, or any other consequential or remote loss of any kind;
- d. Dishonest or criminal acts by you, any of your partners, employees, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

(1) Acting alone or in collusion with others; or

(2) Whether or not occurring during the hours of employment.

This exclusion does not apply to Covered Property that is entrusted to others who are carriers for hire, or to acts of destruction by your employees. However, theft by employees is not covered.

- e. Electric arcing, injury or disturbance, caused by electrical currents artificially generated, to electrical appliances, devices, fixtures, wiring or other equipment. But if loss or damage by fire, water or other means to extinguish a fire results, we will pay for that resulting loss or damage.
- f. The explosion, implosion or bursting of steam boilers, steam turbines, steam engines, steam piping or apparatus attached to and forming a part thereof; or gas turbines or burning, bulging or cracking of boilers, turbines, engines, piping or apparatus attached to and forming a part thereof, when owned, operated or controlled by you. But this exclusion does not apply to explosion of accumulated gases or unconsumed fuel within the firebox or the combustion chamber of any fired vessel, other than gas turbines, or within the flues or passages which conduct the gases of combustion therefrom;
- g. Accumulated effects of smog, smoke, fumes or vapors from agricultural or industrial operations.

3. This Coverage Section does not insure against loss, damage or expense caused by or resulting from the following. But if loss or damage from a covered cause of loss results, we will pay for that resulting loss or damage.

- a. Wear and tear, gradual deterioration, inherent vice, latent defect, depletion, erosion, corrosion, mold, wet or dry rot;
- b. Changes in temperature or changes in humidity, all whether atmospheric or not;
- c. Shrinkage, evaporation, leakage of contents, change in flavor or texture or finish, decay or other spoilage;

- d. Settling, cracking, shrinkage, bulging, or expansion of pavements, foundations, walls, floors, roofs or ceilings;
- e. Loss attributable to manufacturing or processing operations which result in damage to stock or materials while such stock or materials are being processed, manufactured, tested or otherwise being worked upon;
- f. Mechanical or machinery breakdown; malfunction; rupture or bursting caused by centrifugal force, to property you own, operate or control;
- g. Weather conditions. But this exclusion shall only apply if weather conditions contribute in any way with loss, damage or expense excluded in section D.1. of this coverage form;
- h. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body;
- i. Faulty, inadequate or defective:
 - (1) Planning, zoning, development, surveying, siting;
 - (2) Design specifications, workmanship, repair, construction, renovation, remodeling, grading compaction;
 - (3) Materials used in repair, construction, renovation, or remodeling; or
 - (4) Maintenance;of part or all of any property wherever located.

E. Special Exclusions - Accounts Receivable, Valuable Papers, Electronic Data Processing Equipment and Media

Exclusions D.2.a. through g. and Exclusions D.3.a. through f. do not apply to **accounts receivable, valuable papers, electronic data processing equipment and media** coverages and are replaced with the following exclusions:

1. Dishonest or criminal acts by you, any of your partners, employees, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:
 - a. Acting alone or in collusion with others; or
 - b. Whether or not occurring during the hours of employment.

This exclusion does not apply to Covered Property that is entrusted to others who are carriers for hire, or to acts of destruction by your employees. However, theft by employees is not covered.
2. Delay, loss of use, loss of market or any other consequential loss.
3. Unauthorized instructions to transfer property to any person or any place.
4. With respect to **accounts receivable**, this Coverage Section does not insure against loss or damage caused by or resulting from any of the following:
 - a. Bookkeeping, accounting or billing errors or omissions;
 - b. Alteration, falsification, concealment or destruction of records of **accounts receivable** done to conceal the wrongful giving, taking or withholding of money, securities or other property. This exclusion applies only to the extent of the wrongful giving, taking or withholding;

- c. Electrical or magnetic injury, disturbance or erasure of electronic recordings that is caused by or results from:

- (1) Programming errors or faulty machine instructions;
- (2) Faulty installation or maintenance of data processing equipment or component parts;
- (3) An occurrence that took place more than 1,000 feet from your premises; or
- (4) Interruption of electrical power supply, power surge, blackout or brownout if the cause of such occurrence took place more than 1,000 feet from your premises;

But we will pay for direct loss or damage by lightning.

- 5. With respect to **valuable papers**, this Coverage Section does not insure against loss or damage caused by or resulting from any of the following:

- a. Errors or omissions in processing or copying. But if direct loss or damage from a **covered cause of loss** results, we will pay for that resulting loss or damage;
- b. Electrical or magnetic injury, disturbance or erasure of electronic recordings, except for direct loss by lightning;
- c. Wear and tear, any quality in the property that causes it to damage or destroy itself, gradual deterioration, insects, vermin or rodents;

- 6. With respect to **electronic data processing equipment and media** coverage, this Coverage Section does not insure against loss or damage caused by or resulting from any of the following:

- a. Inherent vice, wear and tear, vermin, gradual deterioration or depreciation;
- b. Dryness or dampness of atmosphere, extremes of temperature, corrosion or rust unless directly resulting from physical damage to the data processing system's air conditioning facilities. The damage to the air conditioning facilities must have resulted from a **covered cause of loss** under this policy.
- c. Electrical or magnetic injury, disturbance or erasure of electronic recordings that is caused by or results from:

- (1) Programming errors or faulty machine instructions;
- (2) Faulty installation or maintenance of data processing equipment or component parts;
- (3) An occurrence that took place more than 1,000 feet from your premises; or
- (4) Interruption of electrical power supply, power surge, blackout or brownout if the cause of such occurrence took place more than 1,000 feet from your premises;

But we will pay for direct loss or damage by lightning.

F. Extensions of Coverage

The following extensions of coverage are subject to all terms and conditions of this policy. Unless otherwise specifically stated, they are in addition to the limits of liability stated elsewhere in this policy.

1. Debris Removal

We will pay your necessary and reasonable costs to remove, from the **premises** described in the Declarations, the debris of covered property caused by or resulting from a **covered cause of loss** which occurs during the policy period.

We will not pay:

- a. The cost to extract **pollutants** from land or from water unless otherwise provided herein;
- b. The cost to repair, replace or restore property damaged or destroyed by debris removal;
- c. The cost to remove debris from any location used for the handling, treatment, storage or disposal of waste unless it is a specifically identified location shown in the Declarations of this policy.

The most we will pay is up to 25% of the sum of the direct physical loss otherwise payable under this Coverage Section and the deductible or \$5,000,000, whichever is greater.

This debris removal extension of coverage shall not increase any amounts or Limits of Insurance provided by this Coverage Section or the policy to which it is attached.

2. Pollutant Clean-Up

We will pay your reasonable cost to remove or extract **pollutants** from land or water. The release, discharge or dispersal of the **pollutants** must result from a **covered cause of loss** and must occur during the policy period. This coverage applies if no later than 180 days from the date of loss or from the end of the policy period, whichever comes first, you discover the loss and report the cost to us in writing.

We will not pay:

- a. The cost to extract **pollutants** from land or water at any location used for the handling, treatment, storage or disposal of waste unless it is a specifically identified location shown in the Declarations of this policy;
- b. The cost to extract **pollutants** from land or water at any location not specifically identified in the Declarations of this policy if the **pollutants** have been released, dispersed, or discharged from a location which is used for the handling, treatment, storage or disposal of waste and which is not specifically identified in the Declarations of this policy; or
- c. The cost to extract **pollutants** from land or water at any location if the **pollutants** arise out of or are a consequence of nuclear reaction or radioactive contamination.

The most we will pay for loss in any one occurrence is \$25,000. The most we will pay for claims for loss at any one location during the policy period is \$25,000.

3. Ordinance or Law Coverage - Coverage for Loss to the Undamaged Portion of the Building

If a **covered cause of loss** occurs to covered real property shown in the Declarations, we will pay for loss to the undamaged portion of such property caused by enforcement of any ordinance or law that:

- a. Requires the demolition of parts of the same property not damaged by a **covered cause of loss**;
- b. Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the described **premises**; and
- c. Is in force at the time of the loss.

This extension of coverage shall not increase any amounts or Limits of Insurance provided by this Coverage Section or the policy to which it is attached.

4. Ordinance or Law Coverage - Demolition Cost and Increased Cost of Construction Coverages

- a. If a **covered cause of loss** occurs to covered real property, we will pay:

- (1) The cost to demolish and clear the site of undamaged parts of the property caused by the enforcement of the building, zoning or land use law.
- (2) The increased costs to repair, rebuild or construct the property caused by the enforcement of building, zoning or land use law. When the building is repaired or rebuilt, it must be intended for similar occupancy as the current property, unless otherwise required by zoning or land use law.

We will not pay for increased construction costs until the property is actually repaired or replaced, at the same premises or elsewhere, and unless repairs are made as soon as reasonably possible after the loss or damage, not to exceed 2 years. We may extend this period in writing during the 2 years.

b. The most we will pay in any one occurrence under this Coverage Extension is:

- (1) The amount you actually spend to demolish and clear the site of the described premises; and
- (2) The increased cost of construction at the same premises or elsewhere, if required; or
- (3) \$ 100,000 whichever is less.

We will not pay for the increased cost of construction if the building is not repaired or replaced.

5. Fire Department Service Charge

When the fire department is called to save or protect covered property from a covered cause of loss, we will pay up to \$ 25,000 for your liability for fire department service charges assumed by contract or agreement prior to loss or required by local ordinance. No deductible applies to this coverage.

6. Newly Acquired Property

If the Declarations show you have Business Real Property Coverage, we cover any real property you acquire anywhere in the coverage territory. If the Declarations show you have Business Personal Property Coverage, we cover your business personal property at a newly acquired location anywhere in the coverage territory. If the Declarations show you have Business Income Coverage, we cover your business income at a newly acquired location anywhere in the coverage territory.

The most we will pay for any one loss is \$ 250,000 whether the loss occurs to real property, personal property or results in loss of business income.

This coverage ends 120 days from the date you acquire the property, on the date you report the values of the property to us, or on the date this policy expires, whichever occurs first. When you report the values of the property to us, you will owe us additional premium from the date of acquisition.

This Coverage Extension does not apply to:

- a. Loss or damage caused directly or indirectly by flood or earth movement; or
- b. Property which is otherwise insured.

7. Exhibition, Exposition, Fair or Trade Show

We will pay for direct physical loss or damage to covered property while located at any exhibition, exposition, fair or trade show within the coverage territory.

If the Declarations of this policy shows you have Business Income Coverage, we will also pay for loss of Business Income you sustain resulting from interruption of your operations due to a direct physical loss at, or in transit to and from, a trade show within the coverage territory.

The most we will pay under this Coverage Extension for loss or damage arising out of any one occurrence is \$ **100,000**. This Coverage Extension does not apply to loss or damage caused directly or indirectly by **flood** or earth movement.

8. Removal of Property

This Coverage Section is extended to:

- a. Pay for direct physical loss or damage caused by a **covered cause of loss** to covered property while it is being moved or while it is temporarily stored for not exceeding 90 days at another location, if you must move it from an insured location to preserve and protect it from a **covered cause of loss**.
- b. Cover your personal property while removed from the **premises** described in the Declarations for repairs, servicing, or to avoid threatened damage by **flood**, for a period of 90 days from the date of removal. The most we will pay is \$ **100,000**, but this extension of coverage shall not apply to personal property removed from the **premises** described in the Declarations for normal storage, for processing, to property in transit, or to property otherwise insured.

9. Unnamed Location Coverage

This Coverage Section is extended to cover your property, not otherwise insured, for direct physical loss or damage resulting from a **covered cause of loss** while it is anywhere within the coverage territory. The most we will pay for loss or damage for any one location is \$ **250,000**. This Coverage Extension does not apply to loss or damage caused directly or indirectly by **flood** or earth movement.

10. Outdoor Property: Trees, Shrubs, Plants and Lawns

This Coverage Section is extended to cover your trees, shrubs, plants and lawns that are outside a covered building including parking lots, if part of the described **premises**, when loss is caused by or results from any of the following causes of loss: fire; lightning; aircraft; explosion; riot or civil commotion; smoke; vehicles; vandalism or malicious mischief.

The most we will pay for direct loss or damage arising out of any one occurrence is \$ **25,000**, but not more than \$ **1,000** for any one tree, shrub or plant.

G. Limits of Liability

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance or Sublimit of Insurance shown in the Declarations of this Coverage Section or in the individual clauses of this Coverage Section. Sublimits do not increase any amounts or Limits of Insurance provided by this Coverage Section.

H. Deductibles

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible(s) shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

If more than one Deductible is applicable under this Coverage Section, we will only apply the single highest amount that is applicable.

I. Policy Period, Coverage Territory

Under this Coverage Section:

1. We cover loss or damage commencing during the policy period shown in the Declarations and within the coverage territory.

2. The policy period shall commence from the inception at 12:01 A.M. (Standard Time) to the expiration date at 12:01 A.M. (Standard Time).
3. The coverage territory is The United States of America (including its territories and possessions), Puerto Rico and Canada.

J. Coinsurance Provisions

If a coinsurance provision is shown in the Declarations, unless otherwise stated, the following conditions apply except to property at Unnamed locations or to Extensions of Coverage:

We will not pay the full amount of any loss or damage if the value of covered property at the time of loss or damage multiplied by the coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property. Instead, we will determine the most we will pay using the following steps:

1. Multiply the value of the covered property at the time of loss or damage by the coinsurance percentage;
2. Divide the Limit of Insurance of the covered property by the figure determined in step 1;
3. Multiply the total amount of the covered loss or damage, before the application of any deductible, by the figure determined in step 2; and
4. Subtract the deductible from the figure determined in step 3.

If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

K. Valuation

1. Replacement Cost

If a loss occurs:

- a. We will determine the value of the lost or damaged property at Replacement Cost as of the time of the loss or damage, except as provided below. Replacement cost means the cost to replace with new property of comparable material and quality and used for the same purpose without deduction for depreciation.
- b. You may make a claim for loss or damage covered by this insurance on an Actual Cash Value basis instead of a Replacement Cost Basis. In the event you elect to have loss or damage settled on an Actual Cash Value basis, you may still make a claim for the additional coverage which Replacement Cost provides if you notify us of your intent to do so within 180 days after the loss or damage.
- c. We will not pay on a Replacement Cost basis for any loss or damage until the lost or damaged property is actually repaired or replaced and unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.
- d. We will not pay more for loss or damage on a Replacement Cost basis, including loss caused by the enforcement of an ordinance or law, than the least of the following:
 - (1) The Limit of Insurance applicable to the lost or damaged property;
 - (2) The cost to replace the lost or damaged property with other new property of comparable material and quality and used for the same purpose; or
 - (3) The amount you actually spend that is necessary to repair or replace the lost or damaged property.

- e. You may voluntarily elect to rebuild on another site provided it does not increase the amount of loss or damage which we would otherwise pay to rebuild at your current site. But we will not pay for the cost of the land.

2. Actual Cash Value

If a loss occurs and the Valuation Basis shown in the Declarations is Actual Cash Value, we will determine the value of the lost or damaged property at Actual Cash Value as of the time of the loss or damage, except as provided below.

3. Stock will be valued as follows:

- a. Stock that is supplies or raw materials will be valued at Replacement Cost.
- b. Stock that is work-in-process will be valued at the cost of materials, labor, supplies and overhead incurred.
- c. Stock that is finished goods manufactured by you will be valued at the price for which it could have been sold if there had been no loss, less discounts and unincurred expenses.
- d. Stock that is finished goods that you have purchased from others for resale will be valued at Replacement Cost. However, if such stock has been sold but not delivered, it will be valued at the selling price less all discounts and unincurred expenses.
- e. Stock that you have shipped will be valued at your selling invoice plus any guaranteed, prepaid, or advanced freight.
- f. Stock that you have shipped not under invoice will be valued at its market value at destination on the date of loss less any unincurred expenses.

4. Tenants Improvements and Betterments

Tenant's Improvements and Betterments will be valued at:

- a. Replacement cost of the lost or damaged property if you make repairs promptly.
- b. A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate values as follows:
 - (1) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (2) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

- c. Nothing if others pay for repairs or replacement.

We will not pay more for loss or damage on a replacement cost basis, including loss caused by the enforcement of an ordinance or law, than the Limit of Insurance applicable to the lost or damaged property.

5. Accounts Receivable loss payment will be determined as follows:

- a. When there is proof that a covered loss has occurred but you cannot accurately establish the amount of accounts receivable outstanding at the time of the loss, the following method will be used:

- (1) Determine the total of the average monthly amounts of **accounts receivable** for the 12 months immediately preceding the month in which the loss occurs; and
- (2) Adjust that total for any normal fluctuations in the amount of **accounts receivable** for the month in which the loss occurred or for any demonstrated variance from the average for that month.
- b. The following will be deducted from the total amount of **accounts receivable**, however that amount is established:
 - (1) The amount of any accounts evidenced by records not lost or damaged;
 - (2) Any other amounts you are able to establish or collect;
 - (3) An amount to allow for probable bad debts that you are normally unable to collect; and
 - (4) All unearned interest and service charges.
- c. You will pay us the amount of all recoveries you receive for a loss paid by us. But any recoveries in excess of the amount we have paid belong to you.
6. **Electronic Data Processing Media** is valued at the cost of replacement or reproduction if you replace or reproduce it. Otherwise, it will be valued at its blank value.
7. **Valuable Papers** will be valued at the cost to research, replace, or restore the information on the **valuable papers**. If the information cannot be replaced or restored with other of like kind or quality, we will pay the blank value.
8. Glass will be valued at the cost to replace damaged property with safety glazing material if required by law.
9. **Personal Property of Others** will be valued at the amount for which you are legally liable plus the actual cost of labor and material you have expended on the personal property of others. In no event shall it be valued at more than its replacement cost.

L. Vacancy

We will not pay for loss or damage occurring while a described building, whether intended for occupancy by owner or tenant, is vacant or unoccupied beyond a period of 60 consecutive days unless existing fire protection, watch and alarm services are properly maintained or unless you notify us in writing prior to the 60th consecutive day of vacancy or unoccupancy.

M. Mortgage Holders

1. We will pay for covered loss of or damage to buildings or structures to each mortgage holder shown in the Declarations in their order of precedence, as interests may appear.
2. The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the building or structure.
3. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Section, the mortgage holder will still have the right to receive loss payment if the mortgage holder:
 - a. Pays any premium due under this Coverage Section at our request if you have failed to do so;
 - b. Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so; and
 - c. Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgage holder.

All terms of this Coverage Section will then apply directly to the mortgage holder.

4. If we pay the mortgage holder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Section:
 - a. The mortgage holder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
 - b. The mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired.

At our option we may pay to the mortgage holder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

5. If we cancel or elect not to renew this policy, we will give the mortgage holder the same written notice as we give you.

N. Definitions

1. **Accounts Receivable** means all amounts due from your customers that you are unable to collect as a result of direct physical loss or damage caused by a covered cause of loss to your records of accounts receivable and includes:
 - a. Interest charges on any loan that you secure to offset your reduced cash flow as a result of the loss;
 - b. Collection expenses in excess of your normal collection expenses that are made necessary by the loss; and
 - c. Other reasonable expenses that you incur to re-establish your records of accounts receivable as the result of the loss.
2. **Covered Cause of Loss** means a cause of loss or damage insured against by the covered cause of loss clause of the Coverage Section and not excluded or limited elsewhere in the Coverage Section.
3. **Electronic Data Processing Equipment** means data processing systems, component parts and related peripheral equipment including air conditioning and fire protection equipment used solely for data processing operations. But electronic data processing equipment does not include electronic systems that control production machinery nor the production machinery itself nor any memory bank attached to the production machinery. Nor does electronic data processing equipment mean property in course of manufacture or property you hold for sale or demonstration.
4. **Electronic Data Processing Media** means punchcards, tapes, discs, drums, cells or other magnetic or optical recording or storage devices including the information recorded on the media. It also includes the original source material used to enter data and/or program. But it does not include any memory bank attached to production machinery nor any property in course of manufacture or property you hold for sale or demonstration.
5. **Flood** means a general and temporary condition of partial or complete inundation of normally dry land areas from:
 - a. The overflow of inland or tidal waters; or
 - b. The unusual and rapid accumulation or run-off of surface waters from any source; or
 - c. Mudslides which are caused or precipitated by accumulation of water on or under the ground.

6. **Pollutants** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes material to be recycled, reconditioned or reclaimed.
7. **Premises** means that part of the location you occupy.
8. **Stock** means merchandise held in storage or for sale, raw materials and in-process or finished goods. It includes supplies used in packing or shipping of any of these.
9. **Valuable Papers** means inscribed, printed or written documents, manuscripts or records, including abstracts, books, deeds, drawings, films, maps or mortgages. But **valuable papers** does not mean money, securities, stamps, converted data, programs or instructions used in your data processing operations, including materials on which data is recorded.
10. **Value** means the valuation basis upon which payment for loss or damage is made.

Property-Gard Select - General Conditions - 190002 05 94

Policy Amendment(s) Commercial Property Coverage

A. Concealment, Misrepresentation or Fraud

This Coverage Section is void in any case of fraud by you. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent material fact concerning this Coverage Section, the Covered Property, your interest in the Covered Property or a claim under this Coverage Section.

B. Legal Action Against Us

No one may bring a legal action against us under this Coverage Section unless:

1. There has been full compliance with all of the terms of this Coverage Section; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

C. No Benefit to Bailee

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

D. Transfer of Rights of Recovery Against Others to Us

If any person or organization to or for whom we make payment under this Coverage Section has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

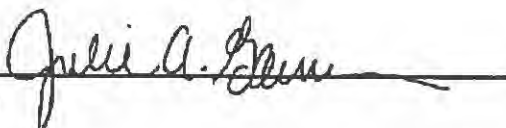
1. Prior to loss to your Covered Property or Covered Income.
2. After a loss to your Covered Property or Covered Income only if, at the time of loss, that party is one of the following:
 - a. Someone insured by this insurance;
 - b. A business firm owned or controlled by you or that owns or controls you; or
 - c. Your tenant.

E. Transfer of Your Rights and Duties Under This Policy

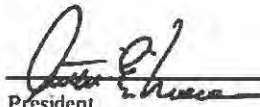
Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named Insured.

This Form must be attached to Change Endorsement when issued after the policy is written.
One of the Fireman's Fund Insurance Companies as named in the policy

Secretary



President



If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have rights and duties but only with respect to that property.

F. Control of Property

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance. The breach of any condition of this Coverage Section at any one or more locations will not affect coverage at any one location where, at the time of loss or damage, the breach of condition does not exist.

G. Defense Costs

We will defend any suit against you alleging direct physical loss or damage resulting from a covered cause of loss under this policy to personal property of others in your custody while on the premises described in the Declarations of this policy to the extent of your liability, even if such suit is groundless, false or fraudulent. But we may without prejudice make such investigation, negotiation or settlement of any such claim or suit as we deem expedient.

II. Resulting Loss or Damage

In the event of direct physical loss or damage to any covered property, at a location described in the Declarations of this policy, resulting from a covered cause of loss and when such loss or damage, without the intervention of any other independent cause, results in a sequence of events which causes direct physical damage to other covered property, then we will pay for the resulting loss or damage and the actual loss sustained under any Business Income coverages provided by this policy during such reasonable time as would be required to repair or replace the damaged property.

This provision does not increase any amounts or Limits of Insurance provided by the Property-Gard Select Coverage Section or the policy to which it is attached.

I. Policy Period

Under this Coverage Section, we insure loss or damage commencing during the policy period shown in the Declarations.

J. Insurance Under Two or More Coverages

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

K. Other Insurance Clause

If there is other insurance covering the same loss or damage under this policy or any other policy, we will only pay for the amount of covered loss or damage in excess of the amount due from that other insurance, whether collectible or not. But we will not pay more than our applicable Limit of Insurance.

L. Reinstatement of Limits After a Loss

The payment of any claim shall not reduce the Limit(s) of Insurance under this policy except for those Limits of Insurance which apply in the aggregate for all such losses which occur during the policy period. Such Limits of Insurance will be reduced by the amount of any paid loss.

M. Liberalization Clause

If we adopt any revision that would broaden the coverage provided under the Property-Gard Select Coverage Section or the policy to which it is attached without additional premium within 45 days prior to or during the policy period, this broadened coverage will immediately apply to this Coverage Section or the policy to which it is attached.

N. Premiums

The first Named Insured shown in the Declarations is responsible for the payment of all premiums and will be the payee for any return premiums we pay.

O. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

P. Examination of Your Books and Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

Q. Inspections and Surveys

We have the right but are not obligated to:

1. Make inspections and surveys at any time;
2. Give you reports on the conditions we find; and
3. Recommend changes.

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions are safe or healthful or comply with laws regulations, codes or standards.

This condition applies not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

R. Cancellation

1. The first Named Insured in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is canceled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

S. Conformity to Statute

Terms of the Coverage Section which are in conflict with the statutes of the state where the Coverage Section is issued are amended to conform to such statutes.

Property-Gard Select Loss Conditions - 190003 05 94

Policy Amendment(s) Commercial Property Coverage

A. Duties in the Event of Loss or Damage

In the event of loss or damage to Covered Property you must:

1. Notify the police if a law may have been broken.
2. Give us prompt notice of the loss or damage. Include a description of the property involved.
3. As soon as possible, give us a description of how, when and where loss or damage occurred.
4. Take all reasonable steps to protect the Covered Property from further damage by a Covered Cause of Loss. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your expenses for emergency and temporary repairs, for consideration in the settlement of the claim. This will not increase the Limit of Insurance.
5. At our request, give us complete inventory of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
6. Permit us to inspect the property and records proving the loss or damage. Also permit us to take samples of damaged property for inspection, testing and analysis.
7. If requested, permit us to question you under oath at such times as may be reasonably required about any matter relating to this insurance or your claim, including your books and records. In such event, your answers must be signed.
8. Send us a signed, sworn statement of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
9. Cooperate with us in the investigation or settlement of the claim.

B. Abandonment

There can be no abandonment of any property to us.

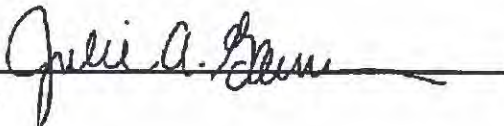
C. Brands and Labels

If covered goods bearing a brand on the label are damaged and we exercise our option to take all or part of the property at the agreed or appraised value, you may stamp salvage on the goods or their containers or remove the brands or labels.

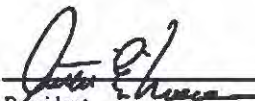
But you must not damage the goods, and must relabel the goods or containers to comply with the requirements of the law. Any cost of stamping, removing or relabeling the goods will be charged to salvage expense.

This Form must be attached to Change Endorsement when issued after the policy is written.
One of the Fireman's Fund Insurance Companies as named in the policy

Secretary



President



D. Pair, Set or Parts

In the event of loss or damage to any part of a pair or set we may repair or replace any part to restore the pair or set to its value before the loss or pay the difference between the value of the pair or set before and after the loss.

In the event of loss or damage to any part of covered property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

E. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

1. Pay its chosen appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

F. Loss Payment

1. We will pay for covered loss or damage within 30 days after we receive the sworn statement of loss, if:
 - a. You have complied with all of the terms and conditions of this Coverage Section; and
 - b. We have reached agreement with you on the amount of loss or an appraisal award has been made.
2. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.

G. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

Property-Gard Select Endorsement - Business Income with Extra Expense Coverage - 190004 05 94

Policy Amendment(s) Commercial Property Coverage

Insured: KUNDE FAMILY ESTATE

Policy Number: S 95 MZX 80977326

Producer: SWEET & BAKER INS. BROKERS

Effective Date: 04-01-17

In consideration of an additional premium, coverage under this policy is extended as described below. This endorsement is otherwise subject to all terms, conditions, provisions, and stipulations of the Property-Gard Select Coverage Section.

A. Coverage

We will pay for the actual loss of **Business Income** and **Rental Value** which you sustain due to the necessary suspension of **operations** during the **period of restoration**. The suspension must be caused by direct physical loss or damage at the **premises** described in the Declarations, including personal property in the open (or in a vehicle in the open) within 1,000 feet, caused by or resulting from a **covered cause of loss**.

We will also pay any necessary expenses you incur to reduce the amount of loss under this Endorsement. We will pay such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this Endorsement.

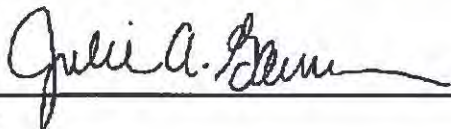
B. Additional Exclusions

With respect to coverage provided by this Endorsement, the following additional exclusions shall apply. We do not insure against loss or damage caused by or resulting from any of the following:

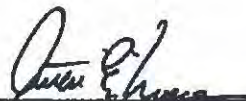
1. Loss caused by or resulting from damage to or destruction of **finished stock** or the time required to re-produce **finished stock**. But this exclusion does not apply to the **Extra Expense Additional Coverage**;
2. Any increase of loss caused by or resulting from:
 - a. Delay in rebuilding, repairing or replacing the covered property or resuming **operations** due to the interference by striking employees; or
 - b. Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of **operations**, we will cover such loss that affects your **business income** during the **period of restoration**.

This Form must be attached to Change Endorsement when issued after the policy is written.

One of the Fireman's Fund Insurance Companies as named in the policy



Secretary



President

C. Additional Coverages

1. Extra Expense

We will pay any Extra Expense to:

- a. Minimize the suspension of business and to continue operations at the described premises, replacement premises or at temporary locations including relocation expenses and costs to equip and operate the replacement or temporary locations.
- b. Minimize the suspension of business if you cannot continue operations.
- c. Repair or replace any property or to research, replace or restore the lost information on damaged valuable papers and records to the extent it reduces the amount of loss that otherwise would have been payable under this Endorsement.

The most we will pay for loss or damage in any one loss is \$ 5,300,000. This limit is in addition to the Limit of Insurance shown in the Declarations of this Coverage Section.

2. Civil Authority

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises due to a direct physical loss of or damage to property, other than at the described premises, caused by or resulting from any covered cause of loss. This coverage will apply for a period of up to 30 consecutive days from the date of that action.

3. Alterations and New Buildings

We will pay for the actual loss of Business Income you sustain due to direct physical loss or damage at the described premises caused by or resulting from any covered cause of loss to:

- a. New buildings or structures, whether complete or under construction;
- b. Alterations or additions to existing buildings or structures; and
- c. Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises used in the construction, alterations, additions or incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of operations, the period of restoration will begin on the date operations would have begun if the direct physical loss or damage had not occurred.

D. Limits of Liability

The most we will pay for any one loss in any one occurrence is the applicable Limit of Insurance or Sublimit of Insurance shown in the Declarations for Business Income and Rental Value. Unless otherwise stated, payments made under Additional Coverages will not increase the applicable Limit of Insurance.

E. Coinsurance Provisions

If a coinsurance percentage is shown in the Declarations, unless otherwise stated, the following conditions apply except to Extensions of Coverage and the following Additional Coverages:

1. Civil Authority; and
2. Alterations and New Buildings.

We will not pay the full amount of any loss if the Limit of Insurance for Business Income is less than the Coinsurance percentage shown for Business Income in the Declarations times the sum of the Net Income (Net

Profit or Loss before income taxes) and all operating expenses, including payroll expenses that would have been earned (had no loss occurred) by your operations at the described premises for the 12 months following the inception, or last previous anniversary date, of this policy (whichever is later). Instead, we will determine the most we will pay using the following steps:

1. Multiply the Net Income and operating expense for the 12 months following the inception, or last previous anniversary date, of this policy by the coinsurance percentage;
2. Divide the Limit of Insurance for the described premises by the figure determined in step 1; and
3. Multiply the total amount of loss by the figure determined in step 2.

We will pay the amount determined in step 3 or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

F. Loss Settlement

1. The amount of **Business Income** loss will be determined based on:
 - a. The Net Income of the business before the direct physical loss or damage occurred;
 - b. The likely Net Income of the business if no loss or damage occurred;
 - c. The operating expenses, including payroll expenses, necessary to resume operations with the same quality of service that existed just before the direct physical loss or damage; and
 - d. Other relevant sources of information including your financial records, accounting procedures, bills, invoices and other vouchers, deeds, liens or contracts.
2. The amount of **Extra Expense** will be determined based on the excess of the total expenses you incur in an attempt to continue operations over and above the expenses you would have incurred during the same period had no loss or damage occurred.
3. We will reduce the amount of your:
 - a. **Business Income** loss, other than **Extra Expense**, to the extent you can resume your operations, in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
 - b. **Extra Expense** to the extent you can return operations to normal and discontinue such **Extra Expense**.
4. If you do not resume operations, or do not resume operations as quickly as possible, we will pay based on the length of time it would have taken to resume operations as quickly as possible.
5. If the Declarations of this Coverage Section shows that:
 - a. **Ordinary payroll** is covered, then your **ordinary payroll** expenses will not be deducted when determining your **Business Income** loss;
 - b. **Ordinary payroll** is limited, then your **ordinary payroll** expenses will not be deducted for the number of days stated in the Declarations of this Coverage Section when determining your **Business Income** Loss;
 - c. **Ordinary payroll** is not covered, then your entire **ordinary payroll** expenses will be deducted in determining your **Business Income** Loss.

6. We will pay for covered loss within 30 days after we receive the sworn proof of loss if you have complied with all of the terms of this Coverage Section and we have reached agreement with you on the amount of loss.

G. Additional Definitions

1. **Business Income** means the net income (net profit or loss before income taxes) that would have been earned or incurred and continuing normal operating expenses incurred, including payroll.
2. **Extra Expense** means necessary expenses you incur during the **period of restoration** that you would not have incurred if there had been no direct physical loss or damage to covered property caused by or resulting from a **covered cause of loss**.
3. **Finished Stock** means stock you have manufactured including whiskey and alcoholic products being aged. But it does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Section.
4. **Operations** means your business activities occurring at the described **premises** and the tenantability of the described premises.
5. **Ordinary Payroll** means payroll expenses for all of your employees except officers, executives, department managers, employees under contract and other key employees.
6. **Period of Restoration** means the period of time that begins with the date of direct physical loss or damage caused by or resulting from any **covered cause of loss** at the described premises and ends on the date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality.

Period of Restoration does not include any increased period due to the enforcement of any ordinance or law that:

- a. Regulates the construction, use or repair, or requires the tearing down of any property or requiring the removal of **asbestos**; or
- b. Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of **pollutants**.

The expiration date of this policy will not cut short the **period of restoration**.

7. **Rental Value** means:
 - a. The total anticipated rental income from tenant occupancy of the premises described in the Declarations of this Coverage Section as furnished and equipped by you, and
 - b. The amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be your obligations, and
 - c. The fair rental value of any portion of the described premises which is occupied by you.

Property-Gard Select - Transportation Coverage Extension - 190011 05 94

Policy Amendment(s) Commercial Property Coverage

Insured: KUNDE FAMILY ESTATE

Policy Number: S 95 MZX 80977326

Producer: SWEET & BAKER INS. BROKERS

Effective Date: 04-01-17

In consideration of the premium charged, coverage under this policy is extended as described below. This endorsement is otherwise subject to all terms, conditions, provisions and stipulations of the Property-Gard Select Coverage Section.

A. Coverage

In consideration of an additional premium, this policy is extended to cover:

1. Property in the custody of a common carrier by motor vehicle, including connecting carriers;
2. Property in transit in, on or towed by any vehicle which you own lease or operate;

from the time such property leaves the initial point of shipment and continuously thereafter while in the ordinary course of transit until delivered at destination.

B. Limit of Insurance

The most we will pay for loss or damage in any one occurrence is \$ 1,000,000 including any covered expense or other covered charges.

C. Deductible

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds \$ 10,000. We will then pay the amount of loss or damage in excess of the Deductible up to the applicable Limit of Insurance.

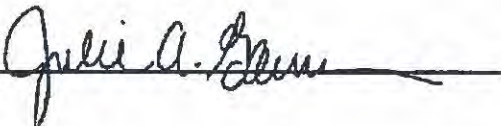
D. Paragraph C.10. of the Property-Gard Select Real and Personal Property Coverage Section, Property Not Insured, is deleted.

E. Section C. of the Property-Gard Select Real and Personal Property Coverage Section, Property Not Insured, is amended to include the following:

12. Property you ship by mail from the time such property passes into the custody of the U.S. Postal Service;
13. Property that is waterborne except when on a transporting land conveyance aboard any regular licensed ferry on an inland waterway, and then to include general average and salvage charges for which you may be liable;

This Form must be attached to Change Endorsement when issued after the policy is written.
One of the Fireman's Fund Insurance Companies as named in the policy

Secretary



President



14. Export shipments after such shipments are loaded on board an exporting conveyance on the date such export shipments are covered by a Marine Insurance Policy or on import shipments until Marine Coverage ceases;
15. Property of others carried by you while acting as a common carrier, broker, loader, consolidator or freight forwarder, unless otherwise provided herein;
16. Live animals, except we will pay for claims arising from death or injury rendering death immediately when caused by:
- a. Fire, lightning, windstorm, **flood**, riot, riot attending a strike; or
 - b. Collision, derailment, upset or overturn of the transporting vehicle; or
 - c. The stranding, sinking, burning or collision of any regular ferry operations on inland waterways.

F. Exclusion D.2.a. is deleted and replaced by the following:

- a. Shortage disclosed by audit or upon taking inventory;

G. Section D. 2. of the Property-Gard Select Real and Personal Property Coverage Section, Exclusions, is amended to include the following:

- h. Leakage, breaking, marring or scratching unless caused by fire, lightning, windstorm, **flood**, collision, derailment, upset or overturn of the transporting vehicle, or the stranding, sinking, burning or collision of any regular ferry operating on inland waterways;
- i. Improper packing;
- j. Interruption of business, delay, loss of use, loss of market or use, or indirect or consequential loss of any kind.

H. Section F. of the Property-Gard Select Building and Personal Property Coverage Section, Extensions of Coverage, is amended to include the following:

11. F.O.B. Shipments

Coverage is provided for your contingent interest in Property Insured you sell to others that is shipped to them at their risk of loss. However, this coverage only applies if you cannot collect on the bill of sale because the property has been damaged by a covered cause of loss and your customer has refused or is unable to pay.

12. Cargo Legal Liability

Subject to all provisions of this policy we cover your legal liability while you are acting as a carrier for hire for loss to property not owned by you. The most we will pay for loss or damage under this extension of coverage is \$10,000.

13. Fraudulent Bills of Lading

Coverage provided by this Endorsement shall also apply to loss of merchandise occasioned by the acceptance of fraudulent bills of lading, shipping or messenger receipts.

I. Special Conditions

1. Valuation

The value of the covered property at the time loss or damage occurs will be established as follows:

- a. Covered property shipped to you or on your behalf will be valued at your invoice cost plus costs or charges (including your commission as selling agent) that have accrued and are legally due.
- b. Covered property you have sold or property you ship on behalf of others will be valued at your selling invoice plus any guaranteed, prepaid or advanced freight.
- c. Covered property not under invoice will be valued at actual cash value at the point of its destination on the date the loss occurs less any charges saved that would have been due and payable upon delivery at destination.

2. Territorial Limits

Coverage under this endorsement shall only apply to loss or damage occurring within the 48 contiguous states of the United States, the District of Columbia, Canada, or within the State of Alaska or within the State of Hawaii.

3. Released Bill of Lading

You are permitted to accept released value Bills of Lading from carriers for hire. You may waive subrogation rights against railroads under side track agreements. Otherwise, you are not permitted to enter into any special agreements with carriers or bailees releasing them from their common law or statutory liability. We will not be liable for any loss or damage which, without our written consent, has been settled or compromised by you.

Property-Gard Select Endorsement - Loss Payable Provisions
190014 05 94

Policy Amendment(s) Commercial Property Coverage

Insured: KUNDE FAMILY ESTATE

Policy Number: S 95 MZX 80977326

Producer: SWEET & BAKER INS. BROKERS

Effective Date: 04-01-17

This endorsement modifies insurance provided under the Property-Gard Select Real and Personal Property Coverage Section.

Schedule

Loc. No.(s)	Description of Property	Loss Payee	Provisions Applicable (A., B., or C. below)
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(If no entry appears above, information required to complete this Endorsement will be shown in the Declarations as applicable to this Endorsement.)

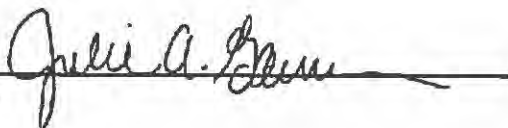
The following is added to the Loss Payment Provision, of the Property-Gard Select Loss Conditions Form, as indicated in the Declarations or in the above Schedule:

A. Loss Payable

For covered property in which both you and a Loss Payee shown in the above Schedule or in the Declarations have an insurable interest, we will adjust losses with you and pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.

This Form must be attached to Change Endorsement when issued after the policy is written.
One of the Fireman's Fund Insurance Companies as named in the policy

Secretary



President



B. Lender's Loss Payable

1. The Loss Payee shown in the above Schedule or in the Declarations is a creditor, including a mortgageholder or trustee, whose interest in covered property is established by such written instruments as warehouse receipts, a contract for deed, bills of lading, financing statements or mortgages, deeds of trust or security agreements.
2. For covered property in which you and a Loss Payee have an insurable interest:
 - a. We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.
 - b. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the covered property.
 - c. If we deny your claim because of your acts or because you have failed to comply with the terms of the Coverage Section, the Loss Payee will still have the right to receive loss payment if the Loss Payee:
 - (1) Pays any premium due under this Coverage Section at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All other terms of this Coverage Section will then apply directly to the Loss Payee.

- d. If we pay the Loss Payee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Section:
 - (1) The Loss Payee's rights will be transferred to us to the extent of the amount of the amount we pay; and
 - (2) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.

3. If we cancel this policy, we will give written notice to the Loss Payee at least 10 days before the effective date of cancellation if we cancel for your nonpayment of premium or 30 days before the effective date of cancellation if we cancel for any other reason.
4. If we elect not to renew this policy, we will give written notice to the Loss Payee at least 10 days before the expiration date of this policy.

C. Contract of Sale

1. The Loss Payee shown in the Schedule or in the Declarations is a person or organization you have entered a contract with for the sale of covered property.
2. For covered property in which both you and the Loss Payee have an insurable interest, we will adjust losses with you and pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.

Property-Gard Select Endorsement - California Changes - Actual Cash Value - 190072 09 00

Policy Amendment(s) Commercial Property Coverage

Insured: KUNDE FAMILY ESTATE

Policy Number: S 95 MZX 80977326

Producer: SWEET & BAKER INS. BROKERS

Effective Date: 04-01-17

This endorsement modifies insurance provided under the Property-Gard Select Real and Personal Property Coverage Section

The following is added to any provision which uses the term actual cash value:

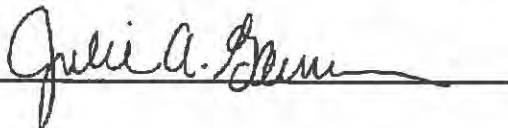
Actual Cash Value is calculated as the amount it would cost to repair or replace Covered Property, at the time of loss or damage, with material of like kind and quality, subject to a deduction for deterioration, depreciation and obsolescence. Actual cash value applies to the valuation of Covered Property regardless of whether that property has sustained partial or total damage.

The actual cash value of the lost or damaged property may be significantly less than its replacement cost.

This Form must be attached to Change Endorsement when issued after the policy is written.

One of the Fireman's Fund Insurance Companies as named in the policy

Secretary



President



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Property-Gard Select - Equipment Breakdown Coverage Endorsement 190083 07 03

Policy Amendment(s) Commercial Property Coverage

Insured: KUNDE FAMILY ESTATE

Policy Number: S 95 MZX 80977326

Producer: SWEET & BAKER INS. BROKERS

Effective Date: 04-01-17

This endorsement modifies Insurance provided under the Property-Gard Select Real and Personal Property Coverage Section

Schedule of Equipment Breakdown Coverage Deductibles

Damage to Covered Property:

Time Element Loss:

Perishable Stock:

If a Deductible Amount is not shown above, then coverage provided by this endorsement is subject to the Deductible Amount shown in the Declarations for each applicable location covered under this policy.

Schedule of Equipment Breakdown Coverage Limits

Coverage Description

Limit of Insurance

Damage to Covered Property

Time Element Loss

Perishable Stock

Hazardous Substances

Expediting Expense

Data Restoration

Special Provisions

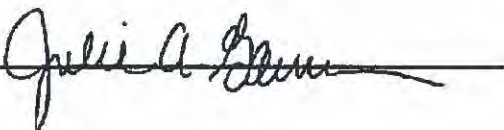
The coverage provided by this endorsement is subject to the limits shown above. If a limit is not specified, then the Limits of Insurance shown for each applicable location covered under this policy or the limit shown in this endorsement will apply.

(If no entry appears above, information required to complete this Endorsement will be shown in the Declarations as applicable to this Endorsement.)

This Form must be attached to Change Endorsement when issued after the policy is written.

One of the Fireman's Fund Insurance Companies as named in the policy

Secretary



President



A. Coverage

1. We will pay for direct physical loss or damage to property covered by this policy caused by an **equipment breakdown to covered equipment**.
2. Perishable Stock
 - a. We will pay for the following loss, damage and expense that is caused by an **equipment breakdown to covered equipment**:
 - (1) your loss of **perishable stock** due to spoilage;
 - (2) your loss of **perishable stock** due to contamination from the release of refrigerant, including but not limited to ammonia; and
 - (3) any necessary expenses you incur to reduce the amount of **perishable stock** loss to the extent that they do not exceed the amount of loss that otherwise would have been payable for **perishable stock**.
 - b. Our payment for **perishable stock** will be made in accordance with the Valuation provisions for stock.
 - c. The most we will pay for loss of **perishable stock**, including necessary expense you incur to reduce loss, is \$25,000, unless otherwise shown in the Schedule of Equipment Breakdown Coverage Limits.

3. Hazardous Substances

We will pay for the additional cost to repair or replace Covered Property because of contamination by a hazardous substance caused by an **equipment breakdown to covered equipment**. This includes the additional expenses to clean up or dispose of such property. Additional costs mean those beyond what would have been required had no hazardous substance been involved. Hazardous substance means any substance other than ammonia that has been declared to be hazardous to health by a governmental agency.

The most we will pay for additional cost and expense because of contamination by a hazardous substance including **time element loss** and loss of **perishable stock**, is \$100,000, unless otherwise shown in the Schedule of Equipment Breakdown Coverage Limits.

B. Special Exclusions

Except as specified below, all Exclusions and Limitations in the Property - Gard Select Real and Personal Property Coverage Section apply to this endorsement.

1. Exclusions D.2.e., D.2.f. and D.3.f. do not apply to coverage provided by this endorsement.
2. The following Exclusions are added as respects the coverage provided by this endorsement.

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

- a. Fire, lightning, explosion (except as specifically provided in F.2.b.), windstorm or hail, smoke, aircraft or vehicles, riot or civil commotion, vandalism, leakage from fire protective equipment, breakage of glass, falling objects, collapse, or weight of snow, ice or sleet;
- b. Freezing from weather related events;
- c. Any earth movement, such as an earthquake, landslide, mine subsidence or earth sinking, rising or shifting;

- d. **Flood.** However, if electrical **covered equipment** requires drying out because of a **flood**, we will pay for the direct expense of such drying out subject to the applicable Limit of Insurance and Deductible.
- e. Any of the following tests:
 - (1) A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel; or
 - (2) An insulation breakdown test of any type of electrical equipment.
- f. Any defect, virus, loss of data or other situation within **electronic data processing media**. But if loss or damage from an **equipment breakdown** results, we will pay for that resulting loss or damage.

Electronic Data Processing Media means punchcards, tapes, discs, cells or other magnetic or optical recording or storage devices including the information recorded on the media. It also includes the original source material used to enter data and/or program. But it does not include any memory bank attached to production machinery nor any property in course of manufacture or property you hold for sale or demonstration.

If any provision included in this policy is more restrictive than this exclusion, that other provision will supersede this exclusion.

C. Extensions of Coverage

The following coverages also apply to loss caused by or resulting from an **equipment breakdown** to **covered equipment**. These coverages do not provide additional amounts of insurance.

1. Service Interruption

The insurance provided for **time element loss** and **perishable stock** is extended to apply to loss caused by or resulting from an **equipment breakdown** to equipment that is:

- a. Owned by a utility, landlord, or other supplier contracted by you; and
- b. Used to supply electrical power, communications, waste disposal, air conditioning, refrigeration, heating, gas, air, water or steam to your **premises**.

This Service Interruption coverage supersedes and replaces any other provision or endorsement in the policy that would otherwise cover a loss covered under this Service Interruption coverage.

2. Expediting Expense

We will pay reasonable increased costs you incur for temporary repair and for expediting the permanent repair or permanent replacement of damaged Covered Property. This includes payment of overtime wages and the extra cost of express or other rapid means of transportation. The most we will pay for these increased costs is \$100,000, unless otherwise shown in the Schedule of Equipment Breakdown Coverage Limits.

3. Data Restoration

We will pay for your cost to research, replace and restore data, including programs and operating systems, that is lost or corrupted due to an **equipment breakdown** to **covered equipment**. The most we will pay for loss or damage under this coverage is \$50,000 unless otherwise shown in the Schedule of **Equipment Breakdown Coverage Limits**.

D. Deductible

1. The coverage provided by this endorsement is subject to the deductibles shown in the Schedule of **Equipment Breakdown Coverage Deductibles**. Unless otherwise shown in the Schedule the following apply:
 - a. **Time Element Loss Deductibles** apply to **time element loss**, including **time element loss** under Service Interruption coverage.
 - b. **Perishable Stock Deductibles** apply to loss to **perishable stock**, including **perishable stock loss** under Service Interruption coverage.
 - c. **Damage to Covered Property Deductibles** apply to all other loss or damage covered by this endorsement including loss to **perishable stock** if no other **Perishable Stock** deductible is specified and **time element loss** if no other **Time Element Loss Deductible** is specified.
2. If a dollar deductible is shown in the Schedule of **Equipment Breakdown Coverage Deductibles**, we will not pay for loss or damage resulting from any one **equipment breakdown** until the amount of loss or damage exceeds the applicable Deductible shown. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.
3. If a time deductible is shown in the Schedule of **Equipment Breakdown Coverage Deductibles** for **Time Element Loss**, we will not be liable for any loss occurring during the specified number of hours or days immediately following the **equipment breakdown**. If a time deductible is expressed in days, each day shall mean twenty-four consecutive hours.
4. If a Multiplier is shown in the Schedule of **Equipment Breakdown Coverage Deductibles** for **Time Element Loss**, the deductible is determined by multiplying the One Hundred Percent Average Daily Value (100% ADV) times the Multiplier. The 100% ADV will be obtained by dividing the total net profits, fixed charges and expenses that would have been earned had no damage occurred during the period of interruption of business by the number of working days in that period. No reduction shall be made for net profits, fixed charges and expenses not being earned, or in the number of working days, because of the physical loss or damage to Covered Property or other scheduled or unscheduled shutdown(s) during the period of interruption. The ADV applies to all locations included in the valuation of the loss.
5. If a **Perishable Stock** deductible is expressed as a percentage of loss, we will not be liable for the indicated percentage of the gross amount of loss or damage (prior to any applicable deductible or coinsurance) insured under the applicable coverage. If the dollar amount of such percentage is less than the indicated minimum deductible, the minimum deductible will be the applicable deductible.
6. For purposes of Paragraph D. of the Property-Gard Select Real and Personal Property Coverage Form:
 - a. The Deductible Amounts shown in the Schedule of **Equipment Breakdown Deductibles** will be applied separately and individually to the applicable loss or damage.
 - b. The total of the individual Deductible Amounts shown in the Schedule of **Equipment Breakdown Deductibles** will be considered to be a single amount.

E. Suspension

If any **covered equipment** is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the coverage provided by this endorsement for that **covered equipment**. This can be done by delivering or mailing a written notice of suspension to:

1. Your last known address; or
2. The address where the equipment is located.

Once suspended in this way, your insurance can be reinstated only by endorsement.

F. Additional Definitions

1. **Covered equipment**, unless otherwise specified in the Special Provisions, means Covered Property built to operate under vacuum or pressure, other than weight of contents, or used for the generation, transmission or utilization of energy.

Covered equipment does not include:

- a. structures and foundations, (other than a bedplate of a machine);
 - b. air supported structures or buildings;
 - c. insulating or refractory materials;
 - d. vehicles, aircraft or floating vessels or any equipment mounted on such vehicles, aircraft or floating vessels. However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power supplier will not be considered a vehicle, aircraft or floating vessel;
 - e. draglines, excavation or construction equipment;
 - f. equipment manufactured by you for sale;
 - g. sewer piping, buried vessels or piping, or piping forming a part of a sprinkler system; or
 - h. water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system.
2. **Equipment breakdown** means direct physical loss as follows:
- a. Artificially generated electric current, including electric arcing, that disturbs electrical devices, appliances or wires;
 - b. Explosion of steam boilers, steam piping, steam engines or steam turbines owned or leased by you, or operated under your control;
 - c. Loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition inside such equipment;
 - d. Loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition inside such boilers or equipment;
 - e. Mechanical breakdown, including rupture or bursting caused by centrifugal force.

The term **Covered Cause of Loss** includes the causes of loss listed in 2.a. through 2.e. above.

3. **Perishable stock** means personal property maintained under the controlled conditions required for its preservation and susceptible to loss or damage if the controlled conditions change.
4. **Time Element Loss**, as used in this endorsement, means any of the following coverages provided by this policy: Business Income, Extra Expense, Business Income with Extra Expense, Business Income from Dependent Properties, Extended Business Income, Rental Value, or any other similar coverage.
- G. The provisions of this endorsement shall not increase any amount or Limit of Insurance otherwise provided in this policy.
- H. This endorsement is otherwise subject to all the terms, conditions, provisions and stipulations of the policy to which it is attached.

Crisis Management Coverage Extension Endorsement - 190089 06 05

Policy Amendment(s) Commercial Property Coverage

This endorsement modifies insurance provided under the following:

Commercial Property Coverage Part

Schedule - Coverage Description

Limits of Insurance

Crisis Event Response Communication Cost

S limit for 60 consecutive days after a Covered Crisis Event occurs, subject to an aggregate limit for all Covered Crisis Events at any one location which is part of your Covered Premises occurring during the Policy period of S

Crisis Event Business Income
(and Extra Expense)

S for 60 consecutive days after a Covered Crisis Event occurs, subject to an aggregate limit for all Covered Crisis Events at any one location which is part of your Covered Premises occurring during the Policy Period of S

Post Crisis Event Expense

S for 60 consecutive days after a Covered Crisis Event occurs, not to exceed \$5,000 for any one person, subject to an aggregate limit for all Covered Crisis Events at any one location which is part of your Covered Premises occurring during the Policy period of S

Waiting Period Deductible:

Crisis Event Response Communication Cost

None

Crisis Event Business Income

Twenty four (24) hours

Crisis Event Extra Expense

None

Post Crisis Event Expense

None

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

A. Crisis Event Response Communication Cost

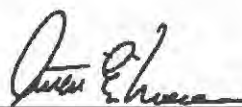
We will pay your crisis event response communication cost resulting from a covered crisis event at your covered premises for sixty (60) consecutive days after a covered crisis event occurs. Payment of all losses covered under this clause shall not exceed the applicable Crisis Event Response Communication Cost Limit of Insurance shown in the Schedule.

This Form must be attached to Change Endorsement when issued after the policy is written.
One of the Fireman's Fund Insurance Companies as named in the policy

Secretary



President



B. Crisis Event Business Income (and Extra Expense)

1. Crisis Event Business Income

- a. We will pay for the actual loss of **crisis event business income** you sustain due to the necessary **suspension of your operations during the crisis event period of restoration**. The **suspension** must be caused by or result from a **covered crisis event** at your **covered premises**. This coverage will begin after the **Waiting Period Deductible** shown in the **Schedule** and end the earlier of:
 - i. the date you could restore your **operations**, with reasonable speed, to the level which would generate the business income amount that would have existed if no **covered crisis event** occurred; or
 - ii. sixty (60) consecutive days after the **covered crisis event** occurred.
- b. If the necessary **suspension of your operations** caused by or resulting from a **covered crisis event** produces a **crisis event business income** loss payable under this policy, we will pay for the actual loss of **crisis event business income** you incur during the period that:
 - i. begins on the date **operations** are resumed or tenantability of the **covered premises** is restored; and
 - ii. ends on the earlier of:
 - (a) the date you could restore your **operations**, with reasonable speed, to the level which would generate the **crisis event business income** amount that would have existed had no **covered crisis event** occurred; or
 - (b) the date you could restore tenant occupancy, with reasonable speed, to the level which would generate the **rental value** that would have existed if the **covered crisis event** had not occurred; or
 - (c) thirty (30) consecutive days after the date determined in b.i. above.

Notwithstanding the provisions of paragraphs a. and b. above, we will not pay for loss under Crisis Event Business Income beyond sixty (60) consecutive days after the **covered crisis event** occurs.

2. Crisis Event Extra Expense

- a. We will pay **crisis event extra expense** you incur during the **period of restoration** caused by or resulting from a **covered crisis event** to:
 - (1) avoid or minimize the **suspension of your business** and to continue **operations** at the **covered premises** or at replacement or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location; or
 - (2) minimize the **suspension of business** if you cannot continue **operations**.
- b. We will not pay the cost to repair or replace property.
- c. This coverage will end the earlier of:
 - (1) the date your **operations** are restored to a condition similar to that which would have existed had there been no **covered crisis event**; or
 - (2) sixty (60) consecutive days after the **covered crisis event** occurs.

Combined payment under clauses B.1. and B.2. shall not exceed the applicable Crisis Event Business Income (and Extra Expense) Limits of Insurance shown in the Schedule.

C. Post Crisis Event Expense

We will pay **post crisis event expense** incurred as a result of a **covered crisis event** at your **covered premises**. Payment under this clause will begin immediately after the **covered crisis event** and apply for up to sixty (60) consecutive days but shall not exceed the Post Crisis Event Expense Limits of Insurance in the Schedule. Payments of all losses covered under this clause shall not exceed the applicable Post Crisis Event Expense Limits of Insurance shown in the Schedule.

D. Exclusions

In addition to any other exclusions which apply to this policy, we will not pay for cost, loss, expense or damage caused directly or indirectly by or in any way relating to any of the following. Such cost, loss, expense or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss:

1. Illegal acts by you, your Directors, Officers or Trustees;
2. Any claim or suit by a third party for bodily injury or property damage including defense costs related to bodily injury or property damage;
3. Volcanic Action;
4. Earth movement caused by:
 - a. Earthquake; or
 - b. Volcanic eruption, explosion or effusion, including fire or explosion which follow.
5. Nuclear reaction or radiation, or radioactive contamination, however caused;
6. **Flood**;
7. Windstorm or hail; or
8. We will not pay for loss from **other crisis incidents** under B. Crisis Event Business Income (and Extra Expense) coverage.

E. Additional Conditions

1. With respect to all coverages provided by this endorsement:
 - a. The Coinsurance Additional Condition does not apply.
 - b. Deductible Clauses attached elsewhere in this policy do not apply.
 - c. If there is other insurance covering the same loss under this policy or any other policy, we will pay only for the amount of the covered loss in excess of the amount due from the other insurance, whether collectible or not. If the other insurance covers the same loss but with a higher Deductible we will pay for the difference between the deductible applicable to the coverage in this endorsement and that other Coverage. Other insurance here includes the insurance coverage or non-insurance services provided by an employer's Employee Assistance Plan or similar mental health service. Irrespective of other insurance, we will not pay more than the Applicable Limit of Insurance.
2. The **covered crisis events** specified in Clause G.1. only apply to the coverages provided by this endorsement. **Covered crisis events** do not apply to any other coverage granted in any other forms or endorsements in this policy, including any coverages for Business Income, Extra Expense or Business Income

(And Extra Expense). A **covered crisis event** is not a Covered Cause of Loss in any Coverage Form unless specifically added by another endorsement as a Covered Cause of Loss to that Coverage Form.

3. **Defined Terms.** Defined terms contained elsewhere in this policy apply to the coverages afforded by this endorsement unless specifically described under G. Additional Definitions.

I. Loss Conditions

The following Loss Conditions apply to the coverages provided by this endorsement. These apply in addition to the Property-Gard Select General Conditions:

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Notice of a Covered Crisis Event

- a. You must notify us of any **covered crisis event** or any event that is likely to lead to a **covered crisis event** within forty-eight (48) hours of first becoming aware of it. This notification does not guarantee that it is a **covered crisis event**.
- b. You must notify the police if a law has been broken.
- c. When the initial notification is made verbally, written notification containing a complete description of the event must be submitted to us when requested.
- d. Notice shall include:
 - i. How, when and where the **covered crisis event** is occurring or occurred;
 - ii. The names and addresses of any injured persons and witnesses; and
 - iii. The nature and location of any injury or damage arising out of the **covered crisis event**.
- e. Take all reasonable steps to protect your **covered premises** from further loss or damage, and keep a record of your expenses necessary to protect the **covered premises**, for consideration in the settlement of the claim. This will not increase the Crisis Event Extra Expense Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a **covered crisis event**. Also, if feasible, set any damaged property aside and in the best possible order for examination.
- f. As often as may be reasonably required, permit us to inspect the **covered premises** proving the loss or damage and examine your books and records.

- g. Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

3. Loss Determination

- a. The amount of **crisis event business income** loss will be determined based on:

- i. The Net Income of the business before the **covered crisis event** occurred;
- ii. The likely Net Income of the business if no **covered crisis event** occurred, but not including any Net Income that would have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the **covered crisis event** on customers or other businesses;
- iii. The operating expenses, including payroll expenses, necessary to resume **operations** with the same quality of service that existed just before the **covered crisis event**; and
- iv. Other relevant sources of information, including:
 - (a) Your financial records and accounting procedures;
 - (b) Bills, invoices and other vouchers;
 - (c) Deeds, liens or contracts.

- b. The amount of **crisis event extra expense** loss will be determined based on:

- i. All expenses that exceed the normal operating expenses that would have been incurred by **operations** during the **crisis event period of restoration** if no **covered crisis event** had occurred. We will deduct from the total of such expenses:
 - (a) The salvage value that remains of any property bought for temporary use during the **crisis event period of restoration**, once **operations** are resumed; and
 - (b) Any Extra Expense that is paid for by other insurance, except for insurance that is written, subject to the same plan, terms, conditions and provisions as this insurance; and
- ii. Necessary expenses that reduce the **crisis event business income** loss that otherwise would have been incurred.

- c. Resumption of Operations

We will reduce the amount of your:

- i. **Crisis event business income** loss, other than **crisis event extra expense**, to the extent you can resume your **operations**, in whole or in part, at the **covered premises** or elsewhere;
 - ii. **Crisis event extra expense** loss to the extent you can return **operations** to normal and discontinue such **crisis event extra expense**.
- d. If you do not resume **operations**, or do not resume **operations** as quickly as possible, we will pay based on the length of time it would have taken to resume **operations** as quickly as possible.
- e. The amount of **crisis event response communication cost** loss will be determined based on the additional expenses incurred by you to manage your organization's communications to your employees, shareholders, customers, government authorities, news media and other members of the public after the **covered crisis event**.

G. Additional Definitions

With respect to the coverage provided by this endorsement, the following definitions are added:

1. **Covered crisis event** means the following:

- a. **Violent acts.** An actual, attempted, or threatened act committed with malicious intent on your **covered premises** against any person(s) that results in physical injury or death to such person(s). This does not apply to actual, attempted or threatened acts by an insured.
- b. **Premises contamination.** Necessary closure of your **covered premises** due to any sudden, accidental and unintentional contamination or impairment of the **covered premises** or other property on the **covered premises** which results in clear, identifiable, internal or external visible symptoms of bodily injury, illness, or death of any person(s). This includes **covered premises** contaminated by **communicable disease**, Legionnaires' disease, but does not include premises contaminated by other pollutants or fungi.
- c. **Contaminated food.**
 - (1) Closure of your **covered premises** by order of a Board of Health because of discovery or suspicion that contaminated food has been served to patrons at your **covered premises**; or
 - (2) Announcement by either you or any government body warning the public of a health hazard at your **covered premises** because of either the discovery or the suspicion that contaminated food has been served to your patrons.
- d. **Specified felonies.** The following felonies, whether committed, attempted, or threatened on your **covered premises**:
 - (1) Child abduction or kidnapping. The wrongful and illegal seizure of a child under age ten (10) from your **covered premises** by someone other than the child's parent or guardian;
 - (2) Stalking of one or more of your employees or customers;
 - (3) Sexual assault; or
 - (4) Criminal use of a firearm.
- e. **Other crisis incidents.** When one of the following causes occurs at your **covered premises**:
 - (1) explosion;
 - (2) fire;
 - (3) construction accident;
 - (4) equipment failure; or
 - (5) workplace accident,and results in significant adverse regional or national news media coverage of you.

- 2. **Covered premises** means that part of the location you occupy which is covered by this policy including the area within 100 feet thereof. If your **covered premises** are comprised of more than one location, then **covered premises** only refers to the location at which the **covered crisis event** occurred.
- 3. **Communicable disease** means any disease or any related or resulting diseases, viruses, complexes, symptoms, manifestations, effects, conditions, or illnesses.

4. **Crisis event business income** means the:
- Net income (net profit or loss before income taxes) that would have been earned or incurred before the **covered crisis event**; and
 - continuing normal operating expenses incurred, including payroll.
- For manufacturing risks, this includes the net sales value of production.
- For all risks, this includes **rental value**.
5. **Crisis event extra expense** means necessary expenses you incur during the **crisis event period of restoration** that you would not have incurred if there had been no **covered crisis event** at your **covered premises**. **Crisis event extra expense** does not include **crisis response communication cost** or the payment of ransom money paid, directly or indirectly to actual, alleged or threatened perpetrators of a **covered crisis event** or any reward relating to such persons.
6. **Crisis event period of restoration** means the period of time that:
- Begins:
 - After the Waiting Period Deductible in the Schedule for Crisis Event Business Income coverage following the date of the **covered crisis event** at your **covered premises**; or
 - With the date of the **covered crisis event** at your **covered premises** for Crisis Event Extra Expense Coverage, and
 - Ends on the date when the **operations** at your **covered premises** should be returned to the condition that would have existed had the **covered crisis event** not occurred using reasonable speed.
7. **Crisis event response communication cost** means reasonable fees and costs you incur for the services of a Public Relations or similar Professional Communications Organization in assisting or advising you to minimize negative publicity and restore or otherwise positively communicate your image following the **covered crisis event**. This does not include time or expenses incurred by your employees in your in-house Public Relations or Communications Department that is not directly related to the **covered crisis event**.
8. **Fungi** means any type or form of fungus, including but not limited to fungus, mildew, mold or resulting spores and byproducts, including mycotoxins or allergens. However, **fungi** does not include **fungi** for human ingestion.
9. **Operations** means:
- Your business activities occurring at the **covered premises**; and
 - The tenantability of the **covered premises** for **rental value**.
10. **Post crisis event expense** means reasonable and necessary expenses incurred by your employee(s), customers or other individuals who were physically on the **covered premises** at the time the **covered crisis event** occurred for:
- Medical treatment;
 - Psychological counseling or other mental health treatment; or
 - Travel to or from a place of treatment for such treatments,
- the need for which arises out of the **covered crisis event**.

Post crisis event expense also means funeral expenses for the burial of employee(s), customers or other individuals who were physically on the **covered premises** at the time the **covered crisis event** occurred and die as a result of the **covered crisis event**, and for travel expenses for the deceased individual(s) family(ies) to attend such funeral(s). **Post crisis event expense** does not include expenses, which are paid directly or indirectly, to the person(s) who threatened, perpetrated or participated in the **covered crisis event** or their families.

11. Rental value means Business Income that consists of:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the **covered premises** as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and
- b. Continuing normal operating expenses incurred in connection with that premises, including:
 - (1) Payroll; and
 - (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.

12. Suspension means:

- a. The slowdown or cessation of your business activities; or
- b. That a part or all of the **covered premises** is rendered untenable.

**Property-Gard Select Wine Products Valuation and Amendatory
Endorsement - 190091 11 06**

Policy Amendment(s) Commercial Property Coverage

This endorsement modifies insurance provided under the following:

Property-Gard Select Real and Personal Property Coverage Section - 190001

Property-Gard Select Loss Conditions - 190003

Schedule

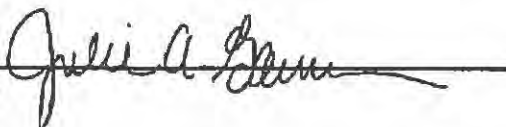
		Agreed Valuation Per Unit Measure	
		Value	Number of Units
Harvested Fruit	\$	Per Ton	N/A
Wine Products			
Description of Wine Product			
Staged Release Date	\$	Per Bottle/Case/Gallon	Bottles/Cases/Gallons (Number of)
Staged Release Date	\$	Per Bottle/Case/Gallon	Bottles/Cases/Gallons (Number of)
Library	\$	Per Bottle/Case/Gallon	Bottles/Cases/Gallons (Number of)
Description of Wine Product			
Staged Release Date	\$	Per Bottle/Case/Gallon	Bottles/Cases/Gallons (Number of)
Staged Release Date	\$	Per Bottle/Case/Gallon	Bottles/Cases/Gallons (Number of)
Library	\$	Per Bottle/Case/Gallon	Bottles/Cases/Gallons (Number of)

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

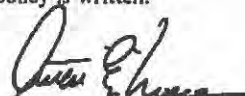
This Form must be attached to Change Endorsement when issued after the policy is written.

One of the Fireman's Fund Insurance Companies as named in the policy

Secretary



President



I. A. If

1. There is no entry in the Schedule of this Endorsement or in the Declarations applicable to this Endorsement; or
2. **0** appears in the Schedule of this Endorsement or in the Declarations applicable to this Endorsement; then there are no special valuation provisions for **harvested fruit, staged release wine products or library wine products.**

B. The inclusion of an Agreed Valuation per Unit Measure does not increase any Limit of Insurance provided by this policy.

II. The Property-Gard Select Real and Personal Property Coverage Section - 190001 is amended as follows:

A. Item 8., **stock** of section N. **Definitions**, is deleted and replaced with the following:

8. **Stock** means merchandise held in storage or for sale, raw materials and in-process or finished goods that are not included within the definition of **wine products**. **Stock** includes supplies used in packing or shipping of any of these, including the packing and shipping of **wine products**.

Item 3., **stock**, of Section K., **Valuation**, will not apply to any **wine product**.

B. The following is added to Section N., **Definitions**:

1. **Current release selling price** means the selling price, at the time and place of loss, of your youngest vintage **wine product** that is no longer in **process**. If such **wine product** is no longer for sale at the time and place of loss, then we will use the last selling price that was in effect for such **wine product**.
2. **Harvested fruit** means grapes that have been removed from the vine to be used in producing **wine products**.
3. **In process** means the **wine product**, by **varietal** and vintage, you have not released for sale.
If any portion of the **varietal** and vintage of the **wine product** has been released for sale, then all of that **varietal** and vintage will fall outside of this definition for **in process**.
4. **Library** means that portion of an already released for sale **wine product**, by **varietal** and vintage:
 - a. You have set aside; and
 - b. Is not to be sold as case goods; and
 - c. Which you have designated in your records as a **library wine**.
5. **Staged release** means that portion of an already released for sale **wine product**, by **varietal** and vintage:
 - a. You have set aside for sale as case goods at a specified future date; and
 - b. Is identified by case, bottle, or gallon in your records as a **wine product** being held for release at a specified date in the future.
6. **Varietal** means a **wine product** made principally from one variety of grape and carrying the name of that grape.
7. **Wine product** means:
 - a. Juice from **harvested fruit**;
 - b. Wine in any state of fermentation;

- c. Wine in tanks, barrels or bottles or in the process of being placed in tanks, barrels or bottles;
- d. Products you make from wine.

C. Section K., **Valuation**, of the Property-Gard Select Real and Personal Property Coverage Section - 190001 is amended to include the following valuation with respect to **harvested fruit**:

Harvested fruit will be valued at the agreed value per ton as shown in the Schedule of this Endorsement or the Declarations as applicable to this Endorsement. If no valuation for **harvested fruit** is indicated, **harvested fruit** will be valued as stock.

D. Section K. **Valuation**, of the Property-Gard Select Real and Personal Property Coverage Section - 190001 is deleted as respects to **wine products** and replaced by the following:

1. Your **wine products** will be valued as follows:

- a. **Staged release and library wine products** will be valued at the agreed value per bottle, case or gallon as shown in the Schedule of this Endorsement, and only up to the number of bottles, cases or gallons indicated for such product. However, we will not pay this agreed value for **staged release or library wine products** unless:

- (1) All bottles, cases or gallons designated as **staged release or library wine products**, for the purpose of this agreed valuation, can be specifically identified from your records as a **staged release or library wine products** by case, bottle or gallon; and
- (2) Your records prior to the loss or damage are specific as to:
 - (a) The location of your **staged release and library wine products**;
 - (b) The number of bottles, cases or gallons, including their identification numbers, designated as a **staged release or library wine products** held in storage.
- (3) For all **staged release or library wine products** not valued at an agreed valuation we will determine the value of such **staged release and library wine products** in accordance with sections D.1.c.(1). and D.1.c.(2). of this Endorsement.

- b. **In process wine product** will be valued at the lesser of:

(1) (a) **Current Release Selling Price**

We will use the **current release selling price** of your wine product based on the same **varietal**.

If the loss to your **in process wine product** involves a **varietal** that is sold through various distribution methods, then we will determine the value of your **in process wine product**, by **varietal**, as follows:

- i. We will multiply the percentage of wine product that is sold by each distribution method against such distribution method's **current release selling price**.
- ii. We will add the values determined in i. above.

The sum determined in ii. above will be the value of your **in process wine product** for the **varietal**.

- (b) When a **current release selling price** for your wine product of the same **varietal** is not available, we will use the average **current release selling price** of wineries offering a **varietal** similar to your lost or damaged wine product and produced by the same winemaker.

If the winemaker that produced your **wine product** did not produce wines for other wineries, then we will use the average of the **current release selling price** of that **varietal** charged for by wineries whose portfolio of wines are similar in price and quality to your **wine products**.

Or

(2) **Replacement Cost**

The cost to replace the **wine product** with a **wine product** of like kind, quality and state of fermentation, if replaceable.

- c. (1) **Wine products** that are not in process, including unscheduled staged released **wine products**, will be valued at the price for which the **wine product** could have been sold for as bottled case goods at the time and place of loss or damage, had no loss or damage occurred.
- (2) **Unscheduled library wine products** will be valued at the price for which **library wine product** could have been sold for at the time and place of loss or damage, had no loss or damage occurred.
- d. **Wine product** that is to be sold in bulk will be valued at the lesser of:
 - (1) The price for which the **wine product** could have been sold for at the time and place of the loss or damage, had no loss or damage occurred; or
 - (2) The market price of replaceable **wine product** of like kind and quality at the time and place of the loss or damage, had no loss or damage occurred.
- e. For all **wine products** you replace, we will not pay more than the amount you actually pay to replace the **wine product**.
- f. **Wine products** you have:
 - (1) Sold, but not delivered, will be valued at your selling price;
 - (2) Sold as futures will be valued at the purchase price of the future on the date such future was sold;
 - (3) Shipped will be valued at your selling invoice plus any guaranteed, prepaid, or advanced freight.
 - (4) Shipped not under invoice will be valued at its market value at destination on the date of loss less any unincurred expenses.
- 2. **Wine product** of others will be valued at the amount for which you are legally liable plus the actual cost of labor and material you have expended on such **wine product**, not to exceed such **wine product's** replacement cost.
- 3. Item 3., **stock**, of Section K., **Valuation**, will not apply to any **wine product**.

E. **Special Conditions**

- 1. All values include state, county and local taxes for which you are liable.
- 2. All values exclude:
 - a. Discounts and expenses you otherwise would have had; and



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- b. The value of United States Government Internal Revenue taxes and other Federal taxes applicable to **wine products** that you must pay.
- 3. If any person or organization to or for whom we make payment under this Coverage Section has rights to recover prepaid taxes or duties that are included in our payment, those rights are transferred to us.
- F. Item 3.e. of Section D., **Exclusions**, of the Property- Gard Select Real and Personal Property Coverage Section - 190001 is deleted and replaced with the following
 - e. Loss attributable to manufacturing or processing operations which result in damage to stock, **harvested fruit, wine product** or materials while such stock, **harvested fruit, wine product** or materials are being processed, manufactured, tested or otherwise being worked upon;
- III. The following is added to the Property-Gard Select Loss Conditions - 190003
 - Salvage of Your Wine Products
 - If any of your recovered **wine product** has a salvage value, then we shall control the disposition of such salvage. If the **wine product** bears your name or trademarks, then we will not dispose of **wine product** by re-introduction into the market without your permission.
- IV. This endorsement is otherwise subject to all other terms, conditions, provisions and stipulations of the policy to which it is attached.

Property-Gard Select - Basic Extensions of Coverage for Wineries 190092 05 06

Policy Amendment(s) Commercial Property Coverage

This endorsement modifies insurance provided under the following:

Property-Gard Select Real and Personal Property Coverage Section - 190001

Property-Gard Select Endorsement - Business Income with Extra Expense Coverage - 190004

Commercial Property Coverage

Schedule

Coverage	Combined Limit	Limit of Insurance	Deductible \$	Gallons
Wine caves		Included with Policy	Policy Deductible	
Animal Damage				
Beverage Leakage				
Contract Penalty				
Damage During Production				
Employee Theft - Limited and Forgery - Limited				
Per Occurrence	N/A			
Annual Aggregate	N/A			
Expediting Expense				
Fire Protection Equipment				
F.O.B. Shipments				
Mobile Agricultural Equipment				
Mobile Agricultural Equipment				
Rental Cost Reimbursement				
Packaging Errors Annual Aggregate				
Perishable Stock				
Per Occurrence	N/A			
Annual Aggregate	N/A			
Processing Water				
Trellis or Vines				
Unintentional Errors				
Worldwide Air Shipments				
Combined Limit of Insurance			\$	

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

This Form must be attached to Change Endorsement when issued after the policy is written.

One of the Fireman's Fund Insurance Companies as named in the policy

Secretary



President



If 0 appears in the Schedule of this Endorsement, or in the Declarations applicable to this Endorsement, no coverage is provided for the described coverage.

If N/A is shown for a described coverage or the described coverage does not have a corresponding Limit of Insurance shown in the Schedule of this Endorsement, or in the Declarations applicable to this Endorsement, no coverage is provided for the described coverage.

If combined appears for a described coverage under the **Combined Limit** in the Schedule of this Endorsement, or in the Declarations applicable to this Endorsement, the Limit of Insurance for the described coverage will be appear under the **Combined Limit of Insurance** as shown in the Schedule of this Endorsement or in the Declarations applicable to this Endorsement.

If N/A appears for a described coverage under the **Combined Limit** in the Schedule of this Endorsement, or in the Declarations applicable to this Endorsement, the described coverage is not available for inclusion in the **Combined Limit**.

If **Included** appears in the Schedule of this Endorsement, the applicable Limit of Insurance is specified in the Declarations of this policy.

Unless otherwise indicated, the Coinsurance Additional Condition does not apply to coverage provided by this Endorsement.

- I. The following exclusion is added to any coverage part, coverage form, coverage section, coverage provision, extension of coverage, additional coverage, coverage enhancement, or amendatory endorsement attached to this policy:

Except as provided for within the individual Extensions of Coverage contained in Section III. of the Property-Gard Select - Basic Extensions Of Coverage Endorsement For Wineries - 190092, we do not cover any loss of Business Income, Extra Expense, Expediting Expense, Rental Value, Rental Cost Reimbursement or other consequential loss when the Business Income, Extra Expense, Expediting Expense, Rental Value, Rental Cost Reimbursement or other consequential loss is the result of:

- A. Loss or damage to any property added to the policy by the Property-Gard Select - Basic Extensions Of Coverage Endorsement For Wineries - 190092; or
- B. Loss or damage that is caused by or results from a cause of loss that is added under any extension of coverage or additional coverage contained within the Property-Gard Select - Basic Extensions Of Coverage Endorsement For Wineries - 190092.

- II. Item B. **Property Insured**, of the Property-Gard Select Real and Personal Property Coverage Section 190001, is amended as follows:

Wine caves


- A. 1. If a location shown in the Declarations of this policy indicates the location is a **wine cave**, and there is a Business Real Property Limit of Insurance that applies to the **wine cave**, then the following is added to Item 1., of Section B, **Property Insured**, of the Property-Gard Select Real and Personal Property Coverage Section 190001 as respects real property you own or which you lease or rent from others in which you have an insurable interest:

Wine caves:

Retaining walls, foundations and other structural materials used in the support of **wine caves**, but we will not pay your cost to dig or excavate such **wine cave**.

2. Item 3. under Section B., **Property Insured**, with respect to real property, will not apply to:
- a. New construction of any **wine cave**;
 - b. Additions under construction to any **wine cave**;

- c. Alterations and repairs to any wine cave;
 - d. Materials, equipment, supplies and temporary structures used in the construction, alteration or repair of any wine cave.
 - B. If a location shown in the Declarations of this policy indicates the location is a wine cave, and there is a Business Personal Property Limit of Insurance that applies to the wine cave location, we will cover personal property insured from a covered cause of loss while such property is in the wine cave, up to the Business Personal Property Limit of Insurance that applies to the wine cave location.
 - C. Item 7. of Section C., **Property Not Insured**, does not apply with respect to coverage provided for wine caves.
 - D. The Limit of Insurance for any wine cave and the personal property insured within such wine cave shall be as indicated in the Declarations of, or by Endorsement to, this policy. This Extension of Coverage does not add or change any Limit of Insurance shown in the Declarations of this policy or any Endorsement attached thereto.
 - E. Section J., **Coinsurance Provisions**, as applicable to your real and personal property, shall also apply to wine caves and personal property contained within wine caves.
- III. Section F., Extensions of Coverage, of the Property-Gard Select Real and Personal Property Coverage Section - 190001 is amended to include the following:
- A. Animal Damage
 - 1. We will pay for direct physical loss of or damage to stock and wine product insured under this policy at the premises described in the Declarations of this policy caused by or resulting from animals.
 - 2. Item 2.b., of Section D., **Exclusions**, is deleted and replaced by the following, but only with respect to coverage provided by this Extension of Coverage:
 - b. (1) Insects;
 - (2) Birds;
 - (3) Bats; or
 - (4) Mice, rats, and other mammals that are classified as Rodentia;
 - 3. The most we will pay under this Extension of Coverage is the Limit of Insurance shown in the Schedule that applies to this Endorsement for Animal Damage.
 - 4. This Extension of Coverage does not include loss or damage to trellis, drip irrigation systems attached to the trellis, vines, grapes growing on vines, mobile agricultural equipment, fire protection equipment or processing water.
 - B. Beverage Leakage
 - 1. We will pay for direct physical loss or damage to wine products and other perishable stock insured under this policy due to the leakage of the wine product or perishable stock from:
 - a. Bulk processing or storage vessels usual to your business;
 - b. The valves and fittings of the bulk processing or storage vessels described in (1) above; and
 - c. Hoses or piping connected to the bulk processing or storage vessels described in (1) above.
 - 2. We will only pay for the leakage of wine product and perishable stock that occurs at the premises described in the Declarations of this policy.

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3. We will not pay under this Extension of Coverage for any shortage, leakage, spillage, evaporation or dissipation that is normal, usually anticipated, or customary in the process of your operations.
4. The most we will pay for all loss or damage covered by this Extension of Coverage in any one occurrence is the Limit of Insurance for Beverage Leakage as shown in the Schedule that applies to this Endorsement.
5. This Beverage Leakage Extension of Coverage shall not increase any amounts or Limits of Insurance provided by this Coverage Section or the policy to which it is attached.

C. Contract Penalty Clause Coverage

1. We will pay the contractual penalties you are required to pay to your customers, as a result of any clause in contracts you enter into prior to a loss, for failure to timely deliver your product according to the contract terms.
2. Such penalties must solely result from direct physical loss or damage to Property Insured that is caused by or resulting from a **Covered Cause of Loss**.
3. The most we will pay for loss, damage, expense, or penalties in any one occurrence under this Extension of Coverage, regardless of the number of contracts affected, is the Limit of Insurance shown in the Schedule of this Endorsement that applies to Contract Penalty.

D. Damage During Production

1. If you use reasonable care to maintain all heating, cooling or humidity control equipment in proper operating condition, we will pay for direct physical loss of or damage to **stock and wine product** insured under this policy during production at the **premises** described in the policy Declaration caused by or resulting from:
- a. Mechanical or electrical breakdown of heating, cooling or humidity control equipment which is owned or used by you; or
 - b. A power failure beyond your control which causes a change in temperature or humidity.
2. The most we will pay under this Extension of Coverage is the Limit of Insurance shown in the Schedule that applies to this Endorsement for Damage During Production.

E. Employee Theft - Limited and Forgery or Alteration - Limited

1. Employee Theft - Limited

We will pay for loss of or damage to **money, securities and other property** resulting directly from **theft** committed by an **employee**, whether identified or not, acting alone or in collusion with other persons.

2. Forgery or Alteration - Limited

We will pay for loss resulting directly from **forgery** or alteration of checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in **money** that are:

- a. Made or drawn by or drawn upon you; or
 - b. Made or drawn by one acting as your agent;
- or that are purported to have been so made or drawn.

3. The following exclusions apply to Employee Theft - Limited and Forgery or Alteration - Limited:

- a. Loss resulting from **theft** or any other dishonest act committed by:

- (1) You; or
 - (2) Any of your partners or **members**;
whether acting alone or in collusion with other persons.
 - b. Loss resulting from **theft** or any other dishonest act committed by any of your **employees, managers, directors, trustees** or authorized representatives:
 - (1) Whether acting alone or in collusion with other persons; or
 - (2) While performing services for you or otherwise;
except when covered under Employee Theft - Limited.
 - c. Loss that is an indirect result of any act or **occurrence** covered by Employee Theft - Limited and Forgery or Alteration - Limited, including but not limited to, loss resulting from:
 - (1) Your inability to realize income that you would have realized had there been no loss of or damage to **money, securities** or **other property**.
 - (2) Payment of damages of any type for which you are legally liable. But, we will pay compensatory damages arising directly from a loss covered under Employee Theft - Limited and Forgery or Alteration - Limited.
 - (3) Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under Employee Theft - Limited and Forgery or Alteration - Limited.
 - d. Expenses related to any legal action.
4. The following exclusions apply to Employee Theft - Limited:
- a. Loss caused by any **employee** of yours, or predecessor in interest of yours, for whom similar prior insurance has been cancelled and not reinstated since the last such cancellation.
 - b. Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:
 - (1) An inventory computation; or
 - (2) A profit and loss computation.However, where you establish wholly apart from such computations that you have sustained a loss, then you may offer your inventory records and actual physical count of inventory in support of the amount of loss claimed.
 - c. Loss resulting directly or indirectly from trading, whether in your name, or in a genuine or fictitious account.
 - d. Loss resulting from fraudulent or dishonest **signing, issuing, canceling** or failing to cancel, a warehouse receipt or any papers connected with it.
5. The following Conditions apply in addition to the Common Policy Conditions:
- a. This policy does not cover any loss committed by any **employee** immediately after you, or any of your partners, **members, managers, officers, directors** or trustees, who are not in collusion with the **employee**, discover any **theft** or other dishonest act committed by the **employee**, whether before or after becoming employed by you.
 - b. We will pay only for loss that you sustain through acts committed or events occurring during the policy period shown in the Declarations and discovered by you:

(1) During the policy period; or

(2) No later than 1 year from the date of termination or cancellation of this insurance. However, this extended period to discover loss terminates immediately upon the effective date of any other insurance obtained by you replacing in whole or in part the insurance afforded hereunder, whether or not such other insurance provides coverage for loss sustained prior to its effective date.

c. If any loss is covered:

(1) Partly by this insurance; and

(2) Partly by any prior cancelled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest;

the most we will pay are the Limits of Insurance shown under item III.E.7. below.

Regardless of the number of years this insurance remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or policy period to policy period.

d. The property covered under this insurance is limited to property:

(1) That you own or lease;

(2) That you hold for others whether or not you are legally liable for the loss of such property.

However, this insurance is for your benefit only. It provides no rights or benefits to any other person or organization. Any claim for loss that is covered under this insurance must be presented by you.

e. We will treat signatures that are produced or reproduced electronically, mechanically or by other means the same as handwritten signatures.

6. The following coverage clauses do not apply to this Extension of Coverage, whether such coverage is provided by a coverage form attached to this policy, or contained in any Endorsement or Extension of Coverage added to this policy:

a. Business Income;

b. Extra Expense;

c. Expediting Expense; or

d. Loss Adjustment Expense.

7. Limit Of Insurance

a. The most we will pay for loss, damage, or expense in any one occurrence under this Extension of Coverage is the Per Occurrence Limit of Insurance shown in the Schedule of this Endorsement applicable to Employee Theft - Limited and Forgery - Limited.

b. The most we will pay for loss, damage, or expense in all occurrences in any one policy period under this Extension of Coverage is the Annual Aggregate Limit of Insurance shown in the Schedule of this Endorsement applicable to Employee Theft - Limited and Forgery - Limited.

F. Expediting Expense Coverage

1. When a loss covered by this policy occurs, we will pay the reasonable extra costs for temporary repair of property damaged and for expediting the permanent repair or replacement of such damaged property. This includes overtime wages and extra cost of express or other rapid means of transportation.

2. We will not pay under Expediting Expense Coverage for:
 - a. Expenses recoverable elsewhere under this policy, such as but not limited to Loss Adjustment Expense, or Extra Expense Coverage; or
 - b. Your costs incurred for the temporary rental or replacement of damaged property.
3. The most we will pay for loss, damage, or expense under this Additional Coverage is the Limit of Insurance shown in the Schedule of this Endorsement that applies to Expediting Expense.

G. Fire Protection Equipment

1. We will pay your costs to recharge or refill **fire protection equipment**; and clean up and remove the fire extinguishing agent resulting from the discharge of a fire-extinguishing agent from **fire protection equipment**.

The discharge must occur at a location described in the Declarations and:

- a. Be caused by or result from the intended operation of the **fire protection equipment** to prevent or control a **Covered Cause of Loss**;
 - b. Be accidental; or
 - c. Result from a malfunction of the **fire protection equipment**.
2. We will not pay for any loss, damage or expense caused by or resulting from any of the following:
 - a. Any loss that occurs because of your failure to use reasonable care to maintain the **fire protection equipment** in proper operating condition prior to the loss;
 - b. Any discharge from the **fire protection equipment** that occurs at the time of servicing, refilling or testing of the **fire protection equipment**; or
 - c. Any loss to any **fire protection equipment** that is located underground including pipes, flues, or drains unless such loss or damage was caused by a **Covered Cause of Loss**.
 3. No deductible applies to this Extension of Coverage.
 4. The most we will pay for loss, damage, or expense in any one occurrence under this Extension of Coverage is the Limit of Insurance shown in the Schedule of this Endorsement that applies to Fire Protection Equipment.

H. F.O.B. Shipments

1. We cover your contingent interest in covered property you sell to others that is shipped to them at their risk of loss. However, this coverage only applies if you cannot collect on the bill of sale because the property has been damaged by a **covered cause of loss** and your customer has refused or is unable to pay. When coverage for F.O.B. Shipments applies, we will provide coverage for returned shipments.
2. The most we will pay in any one loss under this Extension of Coverage is the Limit of Insurance shown in the Schedule of this Endorsement for F.O.B. Shipments

I. Mobile Agricultural Equipment

1. We cover **mobile agricultural equipment** you own; and **mobile agricultural equipment** owned by others for which you are liable while such **mobile agricultural equipment** is in your care, custody, or control. We cover the **mobile agricultural equipment** against direct physical loss or damage caused by or resulting from a **covered cause of loss** while:
 - a. At a location described in the Declarations of this policy; and

- b. At any of your vineyards; and
 - c. In transit anywhere within the policy territory.
2. The most we will pay for loss, damage, or expense in any one occurrence under this Extension of Coverage is the Mobile Agricultural Equipment Limit of Insurance shown in the Schedule that applies to this Endorsement.

J. Mobile Agricultural Equipment Rental Cost Reimbursement

- 1. If we provide coverage for Mobile Agricultural Equipment, we will pay your continuing rental cost of leased or rented **mobile agricultural equipment** that you are required to pay under the rental or lease agreement when such **mobile agricultural equipment** is lost or damaged and cannot be used as a result of a **covered cause of loss**.
- 2. The most we will pay under this Mobile Agricultural Equipment Rental Cost Reimbursement Extension of Coverage is the lesser of the following:
 - a. Ten percent (10%) of the Limit of Insurance for Mobile Agricultural Equipment;
 - b. Forty-five (45) consecutive days of rental cost beginning the day after the date of loss or damage;
 - c. The actual rental cost you incur; or
 - d. The Mobile Agricultural Equipment Rental Cost Reimbursement Limit of Insurance shown in the Schedule of this Endorsement.
- 3. No deductible applies to this Extension of Coverage.

K. Packaging Errors

- 1. We will pay your actual cost you incur to repackage your **stock and wine product** insured under this policy due to an error in labeling, bottling or packaging.
- 2. We will only pay such costs if the labeling, bottling or packaging was completed at a location described in the Declarations of this policy, and a Limit of Insurance for Business Personal Property is provided at such location.
- 3. We will not pay such costs if the labeling, bottling or packaging was completed at a location not identified in the Declarations of this policy as a covered location, even if coverage is provided for your Business Personal Property at such location as a result of an Extension of Coverage contained within, or added to, the Property-Gard Select Real and Personal Property Coverage Section.
- 4. Item 3.i.(2) of Section D., **Exclusions**, of the Property-Gard Select Real and Personal Property Coverage Section is deleted and replaced by the following with respect to coverage provided by this Extension of Coverage:
 - (2) Design specifications, repair, construction, renovation, remodeling, grading compaction.
- 5. **Limit of Insurance**

The most we will pay for loss, damage, or expense for all occurrences in any one policy period under this Extension of Coverage is the **Packaging Errors Annual Aggregate Limit of Insurance** shown in the Schedule of this Endorsement.

L. Perishable Stock

- 1. The following is added under Paragraph B., **Property Insured**, as respects covered personal property:
- Perishable stock**

We insure the **perishable stock** while at a **premises** described in the Declarations of this policy.

2. The following are deleted from Section D., **Exclusions**, of the Property-Gard Select Real and Personal Property Coverage Section 190001 with respect to your **perishable stock**:
 - a. D.2.b. (Insects, vermin, birds or other animals)
 - b. D.3.b (Changes in temperature or changes in humidity)
 - c. D.3.c. (Shrinkage, evaporation).
3. The following are added to Section D.2., **Exclusions**, of the Property-Gard Select Real and Personal Property Coverage Section 190001 with respect to your **perishable stock**:
 - a. Physical injury, disease or disorder occurring during growing;
 - b. Failure or inability to promptly place the **perishable stock** in storage under conditions usual to standard industry practice except when such failure or inability is the result of loss or damage from a **covered cause of loss**.
 - c. The normal storage life of the **perishable stock** has been exceeded.
 - d. Leakage of contents, except as provided in the Extension of Coverage for Beverage Leakage found elsewhere in this Endorsement.
4. The following are not considered **covered cause of loss** as respects **perishable stock** insured under this Extension of Coverage:

Changes in temperature or changes in humidity, shrinkage, evaporation, change in flavor or texture or finish, decay or other spoilage caused by or resulting from:

 - a. Electric arching, injury or disturbance, caused by electrical currents artificially generated to electrical appliances, devices, fixtures, wiring or other equipment;
 - b. The explosion, implosion or bursting of steam boilers, steam turbines, steam engines, steam piping, or apparatus attached to or forming a part thereof; or gas turbines or burning, bulging or cracking of boilers, turbines, engines, piping or apparatus attached to and forming a part thereof, when owned, operated or controlled by you;
 - c. Mechanical or machinery breakdown; malfunction, rupture or bursting caused by centrifugal force, to **perishable stock** you own or control;
 - d. Contamination by the refrigerant.
5. The most we will pay in any one occurrence for loss or damage covered by this Extension of Coverage is the Perishable Stock - Per Occurrence Limit of Insurance shown in the Schedule that applies to this Endorsement.

The most we will pay for all occurrences in any one-policy period for loss or damage covered by this Extension of Coverage is the Perishable Stock - Annual Aggregate Limit of Insurance shown in the Schedule that applies to this Endorsement.
6. This Perishable Stock Extension of Coverage shall not increase any amounts or Limits of Insurance provided by this Coverage Section or the policy to which it is attached.

M. Processing Water

1. We will pay your cost to replace **processing water** contained in:
 - a. Above ground storage tanks;

- b. Processing equipment; or
- c. Above ground piping associated with the storage tanks and processing equipment

when the **processing water** has been lost or rendered useless as a result of a **Covered Cause of Loss** occurring to such storage tanks, processing equipment or piping.

- 2. The loss or damage must occur at a **premises** described in the Declarations.
- 3. We will not pay for any loss or damage to water contained in **fire protection equipment**.
- 4. The most we will pay under this Extension of Coverage is the Processing Water Limit of Insurance shown in the Schedule that applies to this Endorsement.

N. Trellis or Vines

- 1. We will pay for direct physical loss of or damage to your trellis, drip irrigation systems attached to the trellis, vines, and grapes growing on vines at vineyards you own or lease as shown in the Declarations and used in your business. We will also pay the cost of replacing the lost or damaged:

- a. Trellis;
- b. Drip irrigation systems attached to the trellis; and
- c. Vines. Replacement of vines will be limited to the cost of replacement rootstock, and will include the cost of planting such replacement rootstock.

- 2. We will only pay for loss or damage under this Extension of Coverage when the loss or damage is caused by or the result of one or more of the following:

Fire, lightning, explosion, aircraft, vehicles not owned or operated by you or any of your employees, vandalism, or theft.

- 3. We will not pay for any:

- a. Loss of business income, extra expense, contract cancellation or contract penalty; or
- b. Consequential loss that may be incurred until the vines reach production comparable to the production prior to the loss

as a result of loss or damage to trellis, drip irrigation systems attached to the trellis, vines, and grapes growing on vines as covered by this Extension of Coverage.

- 4. The most we will pay under this Extension of Coverage in any one occurrence for loss, damage, and expense to trellis, drip irrigation systems attached to the trellis, vines, or grapes growing on vines is the Trellis or Vines Limit of Insurance shown in the Schedule that applies to this Endorsement. This is the most we will pay, whether the loss was to trellis, drip irrigation systems attached to the trellis, vines, or grapes growing on vines or a combination of trellis, drip irrigation systems attached to the trellis, vines, and grapes growing on vines.

O. Unintentional Errors

- 1. Any unintentional error or omission you make in determining or reporting values or in describing the covered property or covered locations shall not void or impair coverage provided by this policy. You must, however, report such errors or omissions to us in writing as soon as you discover them. You also agree to pay such additional premiums as may be appropriate.
- 2. This Extension of Coverage does not apply to loss or damage caused directly or indirectly by flood, earth movement or property which is otherwise insured.

3. The most we will pay under this Extension of Coverage in any one occurrence, regardless of the number of errors or omissions involved, is the Unintentional Errors Limit of Insurance shown in the Schedule of this Endorsement.

P. Worldwide Air Shipments

1. We will pay for direct physical loss or damage to covered business personal property that is:
 - a. Shipped by you:
 - (1) From any location within the United States of America, Canada, Puerto Rico, or territories or possessions of the United States of America;
to
 - (2) Anywhere in the world, except as indicated in III.P.5. below; and
 - b. Shipped to you:
 - (1) From anywhere in the world, except as indicated in III.P.5. below;
to
 - (2) Any location within the United States of America, Canada, Puerto Rico, or territories or possessions of the United States of America
2. We will only pay for loss or damage to covered business personal property that is shipped via regularly scheduled airlines.
3. The loss or damage must be caused by or resulting from a **Covered Cause of Loss**.
4. Coverage applies from the delivery of business personal property at the point of origin shown in the air waybill until it is discharged at the destination shown in the air waybill.
5. We will not pay for loss or damage to any property in transit:
 - a. To, from or which passes through any country or jurisdiction which is the subject of trade or economic embargoes, sanctions or similar prohibitions imposed by the laws or regulations of the United States of America or Canada;
 - b. If you have purchased separate ocean marine insurance which covers any property in transit; or
 - c. If you are required to provide a negotiable special cargo policy of insurance to any seller, buyer or bank.
6. Paragraph C.10., contained in the Property-Gard Select Real and Personal Property Coverage Section - 190001, does not apply to coverage provided by this Extension of coverage.
7. The most we will pay under this Extension of Coverage is the Limit of Insurance shown in the Schedule of this Endorsement that applies to Worldwide Air Shipments.

IV. Equipment Breakdown Coverage Limitation

If a covered loss occurs that is insured under this Extension Endorsement and either:

- A. A Property-Gard Select - Equipment Breakdown Coverage Endorsement; or
- B. A Boiler and Machinery Coverage Endorsement

is attached to this policy, then the most we will pay under this policy for the covered loss or damage is the Limit of Insurance provided by either the:

A. Property-Gard Select - Equipment Breakdown Coverage Endorsement; or

B. Boiler and Machinery Coverage Endorsement

whichever form is attached to the policy.

V. Special Conditions

A. The value of wine products will be in accordance with the Property-Gard Select Wine Products Valuation and Amendatory Endorsement - 190091.

B. The following applies with respect to coverage provided under the Worldwide Air Shipments Extension of Coverage.

1. Valuation

The value of the covered property, excluding wine products, at the time of loss or damage will be established as follows:

- a. Property shipped to you or on your behalf will be valued at your invoice cost plus costs or charges (including your commission as selling agent) that have accrued and are legally due.
- b. Property you have sold or property you ship on behalf of others will be valued at your selling invoice plus any guaranteed, prepaid or advanced freight.
- c. Property not under invoice will be valued at actual cash value at the point of its destination on the date the loss occurs less any charges saved that would have been due and payable upon delivery at destination.

2. Released Bill of Lading

You are permitted to accept a released value air waybill from regularly scheduled airlines. Otherwise, you are not permitted to enter into any special agreements with the airlines releasing them from their common law or statutory liability. We will not be liable for any loss, damage, or expense that has been settled or compromised by you without our written consent.

VI. Combined Limit of Insurance

A. If the Schedule that applies to this Endorsement, or the Declarations as applicable to this Endorsement, indicates the Limit of Insurance for a specific coverage is part of the Combined Limit of Insurance, then the Combined Limit of Insurance applies to all of the coverages for which the Combined Limit of Insurance is applicable.

B. The Combined Limit of Insurance:

1. Applies separately at each location shown in the Declarations of this policy; and
2. Is subject to the Deductible shown in the Schedule of this Endorsement or in the Declarations as applicable to this Endorsement; and
3. Does not apply to any location unless the location is specifically listed in the Declarations of this policy as a covered location, even if coverage is provided for your Business Personal Property at such location as a result of an Extension of Coverage contained within, or added to, the Property-Gard Select Real and Personal Property Coverage Section. The Worldwide Air Shipments, Mobile Agricultural Equipment, Mobile Agricultural Equipment Rental Reimbursement, and F.O.B. Shipment Extensions of Coverage are not subject to this location requirement.

C. At the time of loss, the first Named Insured may elect to apportion this Combined Limit of Insurance to one or any combination of coverages for which the Combined Limit of Insurance applies.

- D. The most we will pay for all loss, damage or expense in any one occurrence for any one coverage, or for any combination of coverages, regardless of how many coverages are involved in the loss, is the Combined Limit of Insurance shown in the Schedule of this Endorsement or in the Declarations as applicable to this Endorsement.

VII. Deductible

The following provisions apply with respect to the coverage provided under this Endorsement:

- A. 1. If the Deductible shown in the Schedule of this Endorsement is:
- a. A dollar amount, then we will not pay for loss or damage in any one occurrence until the amount of covered loss or damage exceeds the Deductible shown in the Schedule of this Endorsement. We will then pay the amount of covered loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.
 - b. A number of gallons, then we will not pay for loss or damage in any one occurrence until the amount of covered loss or damage exceeds the number of gallons shown in the schedule of this Endorsement. We will then pay the amount of covered loss or damage in excess of the number of gallons, up to the applicable Limit of Insurance.
2. If both a dollar amount and a gallon amount are shown in the Schedule of this Endorsement, then the Deductible we will apply to the covered loss will be the greater of the following:
- a. The dollar Deductible; or
 - b. The value, in United States currency, of the number of gallons lost or damaged.
- B. If the deductible that applies to the described coverage in the Schedule of this Endorsement is less than the **policy deductible**, then the **policy deductible** shall apply to the described coverage.
- C. If more than one deductible is applicable under this endorsement or the Property-Gard Select Real and Personal Property Coverage Section - 190001, then we will only apply the highest deductible amount that is applicable.

VIII. The following are added to section N., Definitions of the Property-Gard Select Real and Personal Property Coverage Section:

- A. **Annual Aggregate** means the most we will pay for all loss or damage arising from all occurrences(s) during any one Policy Period. **Annual Aggregate Limits(s)** of Insurance are reduced by the amount of any paid loss.

If the policy is written for a term of more than one year, then we will apply the **annual aggregate** limit of insurance separately to each consecutive year of the Policy Period. If the policy is extended for a period of time that is less than a year, and such extension of coverage was not in conjunction with a Notice of Non-Renewal or Conditional Notice, then the remaining **annual aggregate** from the prior term applies to the extended period of time. If the policy is extended in accordance with a Notice of Non-Renewal or Conditional Renewal, then the **annual aggregate** Limits of Insurance shown in the Schedule will be increased in proportion to any policy extension provided in accordance with a Notice of Non-Renewal or Conditional Renewal, provided, however, that if the first Named Insured elects to accept the terms and conditions and rates of the conditional renewal notice, then a new **annual aggregate** limitation shall become effective as of the inception date of the renewal.

- B. The Definitions below apply to Employee Theft - Limited and Forgery or Alteration - Limited coverage clauses provided by this Endorsement:

1. **Employee** means:

- a. Any natural person:

- (1) While in your service or for 30 days after termination of service;
- (2) Who you compensate directly by salary, wages or commissions; and
- (3) Who you have the right to direct and control while performing services for you.
- b. Any natural person who is furnished temporarily to you:
 - (1) To substitute for a permanent **employee** as defined in Paragraph B.1.a. above, who is on leave; or
 - (2) To meet seasonal or short-term work load conditions;

while that person is subject to your direction and control and performing services for you, excluding, however, any such person while having care and custody of property outside the premises.
- c. Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in Paragraph B.1.b. above.
- d. **Employee** does not mean:
 - (1) Any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
 - (2) Any **manager**, director or trustee except while performing acts coming within the scope of the usual duties of an **employee**.
2. **Forgery** means the signing of the name of another person or organization with intent to deceive; it does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose.
3. **Manager** means a person serving in a directorial capacity for a limited liability company.
4. **Member** means an owner of a limited liability company represented by its membership interest, who also may serve as a **manager**.
5. **Money** means:
 - (a) Currency, coins and bank notes in current use and having a face value; and
 - (b) Travelers checks, register checks and money orders held for sale to the public.
6. **Occurrence** means:
 - (a) As respects Employee Theft, all loss caused by, or involving, one or more **employees**, whether the result of a single act or series of acts.
 - (b) As respects Forgery or Alteration, all loss caused by any person or in which that person is involved, whether the loss involves one or more instruments.
7. **Other property** means any tangible property other than **money** and **securities** that has intrinsic value but does not include any property excluded under Employee Theft - Limited and Forgery or Alteration - Limited.
8. **Securities** means negotiable and nonnegotiable instruments or contracts representing either **money** or property and includes:
 - (a) Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and

(b) Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include **money**.

9. **Theft** means the unlawful taking of **money, securities or other property** to the deprivation of the Insured.

C. **Fire Protection Equipment** means any wet, dry, chemical or gaseous fire suppression or extinguishing systems, including fire suppression supply tanks; supply lines; ducts or piping; pumps; private mains or hydrants; standpipes or outlets; and their component parts or supports; which you own, lease or rent from others.

D. **Harvested fruit** means grapes that have been removed from the vine to be used in producing **wine products**.

E. **Mobile agricultural equipment** means mobile devices designed for use in your vineyards and includes:

1. Accessories, whether attached or not; and
2. Tools and spare parts that are specifically designed and intended for use in the maintenance and operation of the mobile devices.

F. **Perishable stock** means personal property maintained under the controlled conditions required for its preservation and susceptible to loss or damage if the controlled conditions change.

G. **Policy Deductible** means the deductible described in the Property Declarations, the Property-Gard Select Real and Personal Property Coverage Section. The **policy deductible** is not the deductible shown in the schedule of this endorsement.

H. **Processing water** means water you use in your winemaking process. **Processing water** does not include water:

1. Used for the irrigation of land; or
2. Used for or in **fire protection equipment**.

I. **Wine cave** means a man made underground chamber used for the processing or storage of wine, including installed fixtures and attached equipment used for the maintenance of the **wine cave**, but does not include any other property contained in a **wine cave**.

J. **Wine product** means:

1. Juice from **harvested fruit**;
2. Wine in any state of fermentation;
3. Wine in tanks, barrels or bottles or in the process of being placed in tanks, barrels or bottles;
4. Products you make from wine.

IX. This Endorsement is otherwise subject to all the terms, conditions, provisions and stipulations of the policy to which it is attached.

Property-Gard Select - Perishable Stock Coverage - 190101 06 11
Policy Amendment(s) Commercial Property Coverage

This endorsement modifies insurance provided under the Property-Gard Select - Basic Extension of Coverage for Wineries - 190092 05 06.

Schedule

Perishable Stock - Per Occurrence Limit of Insurance \$ _____

Perishable Stock - Annual Aggregate Limit of Insurance \$ _____

Deductible \$ _____

Section III.L. of the Property-Gard Select - Basic Extensions of Coverage for Wineries - 190092 05 06 is deleted and replaced with the following:

L. Perishable Stock

1. The following is added under Paragraph B., Property Insured, as respects covered personal property:


Perishable stock

We will pay for direct physical loss or damage to **perishable stock** caused by or resulting from **spoilage** while at a **premises** described in the Declarations of this policy.

Spoilage means the act of damage to or contamination of **perishable stock**. **Spoilage of perishable stock** includes any impurity caused by contact or mixture with a foreign substance. Foreign substances include **wine products** which are not meant to be a part of the wine recipe or blend. **Spoilage** does not mean contact or mixture with any **wine products** intended to be a part of the wine recipe or blend.

2. The following are deleted from Section D., Exclusions, of the Property-Gard Select Real and Personal Property Coverage Section 190001 with respect to your **perishable stock**:
 - a. D.2.b. (Insects, vermin, birds or other animals);
 - b. D.3.b (Changes in temperature or changes in humidity, all whether atmospheric or not);
 - c. D.3.c. (Shrinkage, evaporation, leakage of contents, change in flavor or texture or finish, decay or other spoilage); and
 - d. D.3.e. (Loss attributable to manufacturing or processing operations which result in damage to stock or materials while such stock or materials are being processed, manufactured, tested or otherwise being worked upon).

This Form must be attached to Change Endorsement when issued after the policy is written.
One of the Fireman's Fund Insurance Companies as named in the policy



Secretary



President

3. If the Property-Gard Select Wine Products Valuation and Amendatory Endorsement 190091 is attached to this policy, then Section II.F of such endorsement is deleted, but only with respect to your **perishable stock** as defined by this Endorsement.
4. The following are added to Section D.2., **Exclusions**, of the Property-Gard Select Real and Personal Property Coverage Section 190001 with respect to your **perishable stock**:
 - a. Physical injury, disease or disorder occurring during growing;
 - b. Failure or inability to promptly place the **perishable stock** in storage under conditions usual to standard industry practice except when such failure or inability is the result of loss or damage from a **covered cause of loss**.
 - c. The normal storage life of the **perishable stock** having been exceeded.
 - d. Leakage of contents, except as provided in the Extension of Coverage for Beverage Leakage found elsewhere in this Endorsement.
 - e. Improper, faulty, inadequate, or defective filtering processes involving **perishable stock**.
 - f. Contamination by the refrigerant.
5. The following deductible provisions apply with respect to coverage provided under Perishable Stock Coverage:
 - a. The deductible stated above in the Schedule of this Endorsement supersedes any other such deductible contained elsewhere in this Policy but only with respect to coverage provided by this Endorsement. No other deductible applies to coverage provided by this Endorsement.
 - b. We will not pay for loss or damage in any one occurrence until the amount of covered loss or damage exceeds the Deductible shown above in the Schedule of this Endorsement. We will then pay the amount of covered loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.
6. The most we will pay in any one occurrence for loss or damage covered by this Extension of Coverage is the Perishable Stock - Per Occurrence Limit of Insurance shown in the Schedule that applies to this Endorsement.

The most we will pay for all occurrences in any one-policy period for loss or damage covered by this Extension of Coverage is the Perishable Stock - Annual Aggregate Limit of Insurance shown in the Schedule that applies to this Endorsement.
7. This Perishable Stock Extension of Coverage shall not increase any amounts or Limits of Insurance provided by this Coverage Section or the policy to which it is attached.
8. The definition of **perishable stock** in Section VIII.F. of the Property-Gard Select - Basic Extensions of Coverage for Wineries - 190092 is deleted and replaced with the following:

F. Perishable stock means personal property maintained under the controlled conditions required for its preservation and susceptible to loss or damage if the controlled conditions change. With respect to coverage provided by this endorsement, **perishable stock** includes **wine products**.
9. This Endorsement is otherwise subject to all of the terms, conditions, provisions and stipulations of the policy to which it is attached.

Property-Gard Select - Transportation Coverage - Wine Valuation
190102 06 11

Policy Amendment(s) Commercial Property Coverage

This Endorsement modifies insurance provided under the Property-Gard Select - Transportation Coverage Extension - 190011

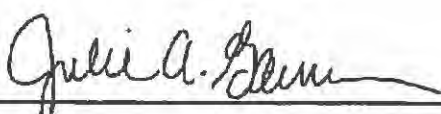
I. Section I.1. Valuation is deleted and replaced with the following:

1. Valuation

- a. The value of covered property other than **harvested fruit or wine products** while in transit at the time loss or damage occurs will be established as follows:
 - (1) Covered property shipped to you or on your behalf will be valued at your invoice cost plus costs or charges (including your commission as selling agent) that have accrued and are legally due.
 - (2) Covered property you have sold or property you ship on behalf of others will be valued at your selling invoice plus any guaranteed, prepaid or advanced freight.
 - (3) Covered property not under invoice will be valued at its market value at the point of its destination on the date the loss occurs less any charges saved that would have been due and payable upon delivery at destination.
- b. The value of covered property consisting of **harvested fruit or wine products** while in transit at the time loss or damage occurs will be established in accordance with the Property-Gard Select Wine Products Valuation and Amendatory Endorsement - 190091, except paragraph II.D.1.f. of such endorsement is deleted and replaced with:
 - f. **Harvested fruit or wine products** you have:
 - (1) Sold, but not delivered, will be valued at your selling price; or
 - (2) Sold as futures will be valued at the purchase price of the future on the date such future was sold.

II. This endorsement is otherwise subject to all other terms, conditions, provisions and stipulations of the policy to which it is attached.

This Form must be attached to Change Endorsement when issued after the policy is written.
One of the Fireman's Fund Insurance Companies as named in the policy



Secretary



President

EXHIBIT 2

TON



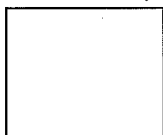
Arthur J. Gallagher

Insured: Leslie G. Rudd Living Trust

Period: 01 October 2017 to 01 October 2018

Unique Market Reference: B1262SM0419217

AJG use only





RISK DETAILS

**UNIQUE
MARKET
REFERENCE:**

B1262SM0419217

TYPE:

Marine Stock Throughput Insurance

INSURED:

Leslie G. Rudd Living Trust and/or their Subsidiary and/or Associated and/or Affiliated Companies and/or Joint Venture Companies and/or Partnerships as they are now or may thereafter be created and/or constituted and/or for whom they may have instructions to insure and/or for whom they have or assume a responsibility to arrange insurance, as their respective rights and interests may appear – hereinafter known as the Insured

Loss Payee:

In accordance with the Insured's business requirements it is agreed that banks and/or mortgagees and/or lenders and/or similar interested parties are to be automatically included as Loss Payees herein as their respective rights and interests may appear in the subject-matter insured but only in so far as losses may be recoverable under the terms and conditions agreed herein. Details of such Loss Payee interests to be advised to and retained in the files of Arthur J. Gallagher.

**ADDRESS OF THE
INSURED:**

2416 E.37th Street North, Wichita, KS 67219, USA

PERIOD:

12 months cover to take all insurances attaching hereto on or after 01 October 2017 at 00:01 Local Standard Time at the "Address of the Insured" herein. The anniversary date of this contract is deemed to be 01 October 2018 at 00:01 Local Standard Time at the "Address of the Insured" herein.

**CANCELLATION
CLAUSE:**

This contract may be reviewed and/or cancelled by either party giving notice as follows: -

1. War Risks - 7 days notice
2. Strikes, Riots and Civil Commotions Risks - 7 days notice but 48 hours in respect of sendings to or from U.S.A.
3. All other risks - 60 days notice

Cancellation shall become effective on the expiry of the appropriate number of days from midnight of the day on which notice of cancellation is issued by or to the Insurers but shall not apply to any transit insurance that shall have been declared or attached in accordance with contract terms and conditions before the cancellation becomes effective.



Cessation/Suspension of Underwriting. Other than in respect of War, Strikes, Riots and Civil Commotions Risks, it is hereby noted and agreed that in circumstances where Insurers have ceased or suspended underwriting and/or wish to amend their participation, notwithstanding the cancellation provisions contained elsewhere in this contract, Insurers' Notice of Cancellation (if given) is deemed to apply to anniversary date (or, where applicable, first review date), unless such Notice is accepted by the Insured as applying to another more specific date.

Broker's Cancellation. In the event of the premium not having been paid by the Insured by the due date, Arthur J Gallagher - London are authorised to tender notice of cancellation to the Insured on behalf of Insurers as per the Cancellation Clause elsewhere herein.

In the event that any Insurer hereon ceases underwriting whether entirely or in the class of business which includes this Insurance contract or ceases accepting new business or enters into a run-off arrangement or is subject to a scheme of arrangement, appointment of administrators, provisional liquidators or announces an intention to take any of the foregoing actions or if the Standard & Poor's security rating is lowered below A- and/or A.M. Best security rating is lowered below A- then the Insured is entitled at its option to cancel that Insurers participation in this contract as at any date thereafter. In that event, the premium due to such Insurer shall be the proportion of the premium allocated to the risk covered under the contract up to the date of cancellation and after deduction of claims under the contract. The premium due shall be determined by the Leading Insurer hereon insofar as otherwise unaffected by this clause.

CONVEYANCES:

Per any means of Land, Water and Air Conveyances, howsoever carried, including connecting conveyances.

**GEOGRAPHICAL
LIMITS:**

At and from any Port or Ports, Place or Places in the World to any Port or Ports, Place or Places in the World via any route. Including all domestic and/or internal transits and storage as required.

INTEREST:

On goods and/or merchandise of every description consisting principally of, but not limited to case wine, bulk wine, bottled wine, grapes, barrels, packaging and/or all other interests including raw materials and semi-finished goods handled by the Insured in the course of their business and/or in the care, custody and control of the Insured whether in transit (including domestic and internal transits) or store or elsewhere anywhere in the World - shipped in and/or over. Further including Increased Value whether by reason of liability for and/or payment of freight and or duty and/or any other charges on arrival or otherwise.

Including fixtures, fittings and equipment whilst in the ordinary course of transit.

**LIMITS OF
LIABILITY:**

USD 50,000,000	any one Vessel, Aircraft, Postal Sending, Conveyance, or any one loss any one Location
USD 5,000,000	any one loss and in the annual aggregate in respect of earthquake
Or equivalent in any other currencies	



In the event the amount at risk exceeds the limit expressed herein, this contract shall become a first loss insurance up to the amount of such limit. Accordingly, the principle of average and/or co-insurance is waived.

**BASIS OF
VALUATION
AND LOSS
SETTLEMENT:**

Bottled Winery Products/Irreplaceable Bulk Wine:

Valued at selling price at time and place of loss less unincurred expenses.

Replaceable Bulk Wine while in storage or during any stage of production:

Valued at replacement cost of like kind and quality at time and place of loss less unincurred expenses.

Non Wine Products - Replacement Cost.

Barrels—New Replacement Cost for barrels 2 seasons of age or less but Actual Cash Value of all others based on the type and age of barrel or as declared at time of placement.

Definitions:

Bottled Winery Products/irreplaceable Bulk Wine means wine and other winery products in a bottle, or not bottled but in the ordinary course of business would be bottled.

Replaceable Bulk Wine means wine held by the wine producer or processor, other than bottled winery products.

CONDITIONS:

Subject to American Institute Cargo Clauses 32 B-10 (Sept.1, 1965) but with Clause No. 3 deleted and the following wording substituted:

"Against all risks of physical loss of or damage to the subject-matter insured from any external cause." Including loss caused by contamination, leakage and employee error, except those risks as may be excluded within this contract, irrespective of percentage.

Including cover as per the American Institute War Risk Only Open Policy (Cargo) 87B-110 February, 5. 1981, but average payable irrespective of percentage, the limitations in Clause 4 therein prevailing notwithstanding any provision whether written, typed or printed in the contract inconsistent therewith.

Including cover as per the American Institute Strikes, Riots and Civil Commotions Endorsement 87B-109B April 3. 1980, but average payable irrespective of percentage.

Excluding mysterious disappearance and/or stocktaking losses at locations owned by or operated by the Insured.

Institute Radioactive Contamination, Chemical, Biological, Bio-Chemical and Electromagnetic Weapons Exclusion Clause CL.370 dated 10.11.03

Institute Marine Policy General Provisions (Cargo) C1.269 dated 1.10.82

It is hereby noted and agreed by Insurers that where instructions to bind coverage are received in the offices of Arthur J Gallagher (UK) Limited prior to inception, then Insurers agree coverage is automatically bound on terms, clauses and conditions as contained herein.

ACCESS TO PROPERTY

It is understood and agreed that should any governmental or civil authority deny the Insured access to subject-matter insured hereunder, as a result of damage to a building and/or structure and/or conveyance in which it is held from a peril insured against hereunder, such subject-matter insured which cannot be retrieved shall be considered a total loss under the terms of this insurance contract.

Any salvage from subject-matter insured as described above shall be for the benefit of Insurers.

ACCUMULATION CLAUSE

Should there be an accumulation of interest beyond the transit limits expressed in this contract by reason of any interruption of transit and/or occurrence beyond the control of the Insured, or by reason of any casualty and/or at a transshipping point and/or in a connecting vessel or conveyance, then, provided notice is given to the Insurers as soon as known to the Insured, the Insurers shall be liable for the full amount at risk, but in no event shall they be liable for more than twice the transit Limit of Liability.

APPORTIONMENT OF RECOVERIES

Where a recovery is obtained from a carrier or other third party, such recovery shall be apportioned between the Insured and the Insurers in the same proportion as the respective parties hereto have borne the loss.

ATTACHMENT AND TERMINATION OF RISK

The insurance hereunder attaches from the time the subject matter becomes at the Insured's risk or the Insured assumes interest anywhere in the world and continues whilst the subject matter is in transit and/or in store or elsewhere including during delays within or beyond the Insured's control and including whilst held as stock including whilst at retail stores and/or showrooms and/or at sub-contractors and/or undergoing processing, assembly, manufacture, renovation, reconditioning, or repair and/or on exhibition, whether or not in the course of transit, and further including any interest held for the purpose of packing and/or preparation and/or consolidation and/or deconsolidation and until finally delivered to intended final destination and/or the Insured's responsibility ceases anywhere in the world, irrespective of terms of purchase and/or sale.

Including risks in Customs as required, and transshipment, craft and barge risks, when customary.

Also including loss of or damage to the subject-matter during all loading and unloading operations and, in the case of containers, during the stuffing and unstuffing thereof.

Including whilst in transit to or from and whilst located at demonstrations, exhibitions, trade fairs or similar displays.

War risks and Strikes risks cover (as provided for by the inclusion of the relevant Institute Clauses specified above) shall always be subject to the provisions regarding attachment and termination of risk incorporated in the said clauses.



AUTOMATIC ACQUISITION CLAUSE

It is agreed that this contract automatically provides cover for the subject matter insured whilst at locations not advised at the inception of this contract and/or whilst at newly acquired and/or utilised locations. It is further agreed that new corporate acquisitions and/or partnerships and/or joint ventures and the like are automatically covered hereunder *(unless the value of such acquisitions as above described exceed 10% of estimated sales prior to such acquisition, in which case pro rata premium is to apply and to be calculated and paid at anniversary of this contract)*.

BRANDS CLAUSE

The Insured shall have full rights to possession of all goods bearing embossed or indented brands or labels or other permanent markings and/or packed within trade marked cartons identifying the Insured as the manufacturer thereof, or the sale of which carries or implies a guarantee of the supplier or of the Insured, or exclusive and/or secret formulas that may be involved in any loss hereunder, and shall retain control of all such goods.

On shipments covered under this insurance, Insurers are to pay a total loss on any and all goods and/or packaging damaged by risks insured against, which the Insured elects to either destroy or return to their factory, or recondition, Insurers being entitled to such salvage as may be obtained.

The Insured shall be the sole judge as to whether the goods involved in any loss hereunder are suitable for marketing and no goods deemed by the Insured to be unfit for marketing shall be sold or otherwise disposed of except by the Insured or with the Insured's consent, but the Insured shall allow Insurers any salvage obtained on any sale or other disposition of such goods.

CERTIFICATES OF INSURANCE

It is agreed to issue "Payable Abroad" Certificates of Insurance on any format, including in the name of The Coverholder" only, Insurers paying the fee and cost thereof.

Insurers agree to authorize Arthur J Gallagher (UK) Ltd to issue themselves certificates of insurance, numbered and printed to their name, in accordance with the terms and clauses of the contract. Those certificates will be presaged by Arthur J Gallagher (UK) Ltd by proxy of the Insurers who expressly declare to be at risk in the limits of the maximum, rates, conditions, voyages, goods, foreseen in the present contract.

"The Institute Clauses referred to herein are those current at the inception of this contract but should such Clauses be revised during the period of this contract, and provided that Insurers shall have given notice thereof, in accordance with the cancellation provisions herein, then the revised Institute Clauses shall apply to risks attaching subsequent to the date of expiry of the said notice"



CIVIL AUTHORITY CLAUSE

The subject-matter insured is covered against the risk of damage or destruction by civil, governmental or military authority for the purposes of preventing further damage or to prevent or mitigate a conflagration, pollution hazard or threat thereof provided that such damage or destruction is not caused or contributed to by war, invasion, revolution, rebellion, insurrection or other hostilities or warlike operations or by any risk specifically excluded in this insurance.

This insurance also covers, subject to its insuring terms and conditions, physical loss of or damage to the subject-matter insured arising out of the performance of inspection duties by customs service agents or other duly constituted governmental agencies.

CONCEALED DAMAGE CLAUSE

In respect of shipments insured hereunder, which are received by the consignee at destination and placed in storage but not unpacked, this insurance also covers losses discovered upon the opening of the case, container or package, which shall be deemed to have occurred during transit unless conclusive proof to the contrary be established, and shall be paid for accordingly provided the case, container, or package is opened not later than 90 days after arrival in store. Cases containers or packages showing outward signs of loss and/or damage are to be opened immediately on arrival at site.

CONTAINER CLAUSE

Where cargo, insured hereunder is carried in containers, it is agreed, as between the Insured and Insurers, that the seaworthiness and/or cargoworthiness of the container is hereby admitted.

It is further agreed that to the extent that cover for shortage is provided hereunder, claims for shortage from a sealed container shall not be invalidated by the fact that seals appear intact upon arrival.

Shortage in this context shall be determined as the difference between the number of packages loaded or alleged to have been loaded according to the shippers or suppliers invoice or packing list and the tally made by the Insured and/or their agents of packages removed at the time the container is unloaded.

CUSTOMS AND/OR IMMIGRATION AUTHORITY INSPECTION(S)

This insurance is also specially to cover (notwithstanding the War Exclusion Clause contained herein) physical loss of or damage to the subject-matter insured arising out of the performance of inspection duties by the relevant Customs and/or Immigration Authorities or another duly constituted governmental agency of any State or Territory who are performing inspection duties in accordance with any governmental law, statute, mandate, rule or regulation covering the import or export of said subject-matter into or from the applicable State or Territory, or covering whilst said subject-matter is passing through such State or Territory prior to coming within the jurisdiction of the State or Territory of destination.

DEDUCTIBLE CLAUSE

In respect of loss, damage or expense resulting occurring during transit including stoppages during the ordinary course of transit:

All claims for loss, damage or expense resulting from any one occurrence or series of occurrences arising out of one event, shall be adjusted as one claim, and from the amount of such adjusted claim there shall be deducted the sum of USD 5,000

(or equivalent in any other currencies)

In respect of loss, damage or expense occurring during storage, other than storage and/or stoppages during the ordinary course of transit:

All claims for loss, damage or expense resulting from any one occurrence or series of occurrences arising out of one event, shall be adjusted as one claim, and from the amount of such adjusted claim there shall be deducted the sum of USD 50,000 but USD 100,000 in respect of Earthquake

(or equivalent in any other currencies)

Notwithstanding the foregoing, claims recoverable under the American Institute Cargo Clauses (unamended), the American Institute War Risk Only Open Policy, the American Institute S.R. & C.C., Extra Expenses Clause, General Average and Sue and Labour Charges, shall be payable in full.

The Insured is granted the authority to issue Certificates of Insurance without reference to any deductible or deductibles incorporated under this insurance, for letter of credit purposes. Insurers to settle any recoverable claim in full but Insurers hereon to be reimbursed by the Insured for all claims, up to the amount of said deductible or deductibles, paid by the Insurers which fall within the applicable deductible or deductibles. It being further agreed that any additional costs incurred in respect of settlement of CPA claims to be borne by insurers.

In the event of loss or damage involving more than one location, conveyance or deductible under the contract in one event, only one deductible shall apply, and the largest applicable deductible shall be assessed against the entire loss.

DEFINITIONS:

In respect of Definitions hereunder it is agreed that where reference is specifically made to Earthquake or Flood or Named Windstorm under the Limits of Liability and/or Deductibles such Limits of Liability and/or Deductibles are only to apply to losses as defined hereunder.

Earthquake

Claims for each loss caused by earthquake shock action shall constitute a single claim hereunder provided if more than one earthquake shock action shall occur within any period of 168 hours such earthquake shocks actions shall be deemed to be a single loss within the meaning hereof. It is further noted and agreed that any loss or damage reasonably attributable to earthquake shock actions, subject to the abovementioned 168 hour provision and either commencing or occurring within the term of this insurance, shall be deemed recoverable hereunder.

Physical damage by fire, explosion or sprinkler leakage resulting from earthquake shock action will not be considered loss by earth shock action within the terms and conditions of this contract.

DELIBERATE DAMAGE POLLUTION HAZARD CLAUSE

This contract is extended to cover loss of or damage to the subject matter insured hereunder directly caused by governmental authorities acting for the public welfare to prevent or mitigate a pollution hazard or threat thereof, provided a recoverable claim would have resulted under the contract (subject to all its terms, conditions and warranties) had the subject matter insured sustained physical loss or damage as a direct result of the accident or occurrence which gave rise to the threatened pollution hazard.

This clause shall not increase the Limits of Liability provided for in this contract.

DIFFERENCE IN LIMIT AND/OR CONDITIONS CLAUSE

It is understood and agreed that where goods purchased by the Insured are already insured and the Insured receive by assignment from their seller insurance documents in accordance with the purchase contract which are

- a) less comprehensive than those for which insurance would be effected hereunder and/or
- b) for a lesser amount than that for which the Insured require the goods to be insured or
- c) deemed unsuitable for transmission to buyers or other third parties for any other reason,

the Insured may issue contract insurance documents for the full value to be insured in accordance with contract terms and conditions. This shall not be deemed by Insurers hereon a double insurance. Insurers to be subrogated to all rights of the Insured against sellers and/or other third parties. It is agreed to prosecute claims under such insurances as if this insurance were not in existence and the Insured agree to provide the brokers with such letters of authority as may be necessary to enable this to be done.

Should the Insured sell goods on Cost, Insurance, Freight terms with insurance on restricted conditions only the Insured elect at any time to insure on this provision the difference in conditions between the restricted conditions and the full conditions as above.

Where insurance hereunder is to be effected in a different currency from that of the insurance received from the sellers, such currencies shall be converted at the rate of exchange ruling on Bill of Lading date.

ERRORS AND OMISSIONS CLAUSE

The Insured shall not be prejudiced by any unintentional delay or omission in the reporting hereunder nor any unintentional error in the amount or description of the subject-matter insured, interest, vessel or voyage, or if the subject-matter insured be shipped by any other vessel, if notice be given to Insurers as soon as practicable after said facts become known to the Insured's Corporate Risk Manager or equivalent, and deficiency of premium, if any, is made good.

EXPOSURE FLUCTUATION

This Insurance contract automatically provides cover for the subject matter insured whilst at locations advised at the inception of this contract and/or whilst at utilised locations and that throughout the duration of the contract period exposures may increase or decrease within and between contracts and/or new layers as necessary without advice to Insurers hereon.

EXTRA EXPENSE CLAUSE (ONLY TO APPLY TO CARGO IN THE COURSE OF TRANSIT)

Notwithstanding anything herein to the contrary this insurance is also to indemnify the Insured for up to USD250,000 each and every loss and in the aggregate per annum in respect of additional expenses incurred by the Insured in attempting to prosecute an intended voyage covered hereunder whether such attempt may ultimately prove successful or otherwise (including but not limited to extra chartering costs and/or storage costs and/or transshipment costs and/or guarantees and all other forwarding costs including by any alternative means of conveyance) as a result of one or more of the following occurrences:



- (a) the vessel and/or conveyance on which the cargo is being carried or is intended to be carried being arrested, restrained (including but not limited to restriction of access to port(s) and/or place(s) of loading and/or discharge and/or any other area in-between), detained and/or otherwise delayed for any time period and as a result of any reason whatsoever, excluding however financial default and/or insolvency of the Insured.
- (b) the Cargo being forcibly discharged from the vessel and/or conveyance as a result of any reason whatsoever, excluding however financial default and/or insolvency of the Insured.
- (c) loss of, mechanical breakdown of, or damage to the hull, machinery (including electrical machinery and boilers) and/or equipment of the vessel and/or conveyance on which the cargo is being carried or is intended to be carried
- (d) the vessel and/or conveyance on which the cargo is being carried or is intended to be carried encountering or having to divert to avoid adverse weather conditions of any description including but not limited to heavy weather.
- (e) This insurance is to pay additional expenditure incurred by the Insured by reason of the exercise by the Carriers or Shipowners or Charterers of any liberty granted by the contract of affreightment or carriage, whereby solely in consequence of strikes, riots, civil commotions, lockouts or labour disturbances the within mentioned goods are over carried or discharged at a location other than the ultimate destination named in the contract of affreightment or carriage, such expenditure being payable irrespective of any other loss whether total or partially recoverable under the terms of any insurance upon the goods themselves.
- (f) When the subject matter insured is not delivered to the destination contemplated due to circumstances beyond the control of the Insured.

The coverage afforded herein is in addition to the Sum Insured and/or Limits of Liability herein furthermore, in no case shall this clause be deemed to limit in any way cover otherwise provided for elsewhere in this insurance.

Notwithstanding the foregoing this contract is extended to cover upto USD500,000 any one loss for any necessary extra expense incurred by the Insured in order to continue as nearly as practicable the normal operation of its business, immediately following damage to or destruction of goods insured by this contract occurring as a direct result of a peril insured against by this contract. This contract shall also cover any necessary extra expense incurred by the Insured in order to prevent or minimize physical loss or damage from a peril insured against by this contract. Underwriters' liability shall in no event exceed limit of liability for coverage as provided by this extension in any one loss, disaster or casualty. Extra expense deemed to be the reasonable and necessary expenses, over and above usual expenses, to reproduce like kind and quality of the insured goods lost and/or damaged, and to include the reasonable and necessary expenses, over and above usual expenses, for storage of the reproduced insured goods, all until restoration of normal operations.



FRAUDULENT DOCUMENTS

This contract covers physical loss of or damage to goods and/or merchandise insured hereunder through the acceptance by the Insured and/or their Agents and/or Shippers of fraudulent shipping documents, including but not limited to Bill(s) of Lading and/or Shipping Receipt(s) and/or Messenger Receipt(s) and/or Warehouse Receipts and/or other shipping document(s)

This contract is also to cover physical loss of or damage to goods insured caused by utilisation of legitimate Bill(s) of Lading and/or other shipping documents without the authorisation and/or consent of the Insured or their Agents and/or Shippers.

FUMIGATION CLAUSE

Subject to there being no compulsory order in existence or published at the time of attachment of any risk under this insurance, then in the event of fumigation being required, Insurers agree to indemnify the Insured for:

1. the costs of fumigation if payable by the Insured;
2. any loss or damage that arises therefrom;

and the Insured hereby agrees to subrogate to the Insurers any recourse they may have for recovery of such costs, loss or damage from others.

GENERAL AVERAGE CLAUSE

This insurance covers general average and salvage charges, adjusted or determined according to the contract of affreightment and/or the governing law and practice (or, if there is no contract of affreightment, according to Foreign Statement or to York-Antwerp Rules) incurred to avoid or in connection with the avoidance of loss from any cause except those specifically excluded herefrom.

For the purpose of claims for general average contributions and salvage charges recoverable hereunder, the subject-matter insured shall be deemed to be insured for its full contributory value.

General average deposits shall be payable on production of general average deposit receipts.

GOODS PURCHASED BY THE INSURED ON "F.O.B.", "C.F.R." OR SIMILAR TERMS

It is hereby understood and agreed that where the goods are at the Insurers' risk and that their liability to the Insured commences from the time the goods leave the Suppliers' Factory, Warehouse, Store or Mill as if the contract of Sale was "ex Suppliers' premises notwithstanding that the goods and/or interest may have been purchased on "F.O.B.", "C.F.R." or similar terms. In all cases the Insurers shall be subrogated to the Insured's rights of recourse against the Suppliers or other parties unless such rights have been waived in accordance with any Subrogation Waiver Clause contained herein.

GOODS PURCHASED BY THE INSURED ON INSURED OR DELIVERED TERMS

Where goods are purchased on terms whereby the Insured are not responsible for insurance, such goods shall be covered hereunder on the normal Cover Conditions.

In all such cases the Insurers shall be subrogated to the Insured's rights of recourse against the Suppliers or other parties unless such rights have been waived in accordance with any Subrogation Waiver Clause contained herein.

In no case shall this insurance contribute in double insurance.

Insurers also guarantee the collection in full of all losses that would otherwise be recoverable under the terms of this insurance had such other insurance not been in effect. Insurers hereon agree to advance the amount as a loan without interest repayable only to the extent of any recovery effected by the Insured, less charges incurred in making such recovery.

INCREASED VALUE ON ARRIVAL CLAUSE (INCLUDING DUTY / SURCHARGES)

On Increased Value of Cargo as described herein (whether such cargo is insured herein or otherwise) by reason of liability for and/or payment of freight and/or duty and/or any charges on arrival at the place where these or any of them become due.

This contract covers all the risks and embodies all the liberties, clauses and conditions of the insurance on the cargo referred to above and is to be for the duration of such insurance on such cargo except that until the liability to pay freight and/or duty and/or charges arises this contract only covers particular and/or general average loss (other than liability for general average expenditure) of the cargo referred to above.

Should the liability to pay freight and/or duty and/or charges be extinguished or diminished, then this insurance in the proportion of such extinction or diminution shall be deemed to be reduced.

INSOLVENCY EXCLUSION CLAUSE

It is hereby agreed that the exclusion "loss damage or expense arising From insolvency or financial default of the owners managers charterers or operators of the vessel" is amended to read as follows:

In no case shall this insurance cover loss damage or expense caused by insolvency or financial default of the owners managers charterers or operators of the vessel where, at the time of loading of the subject-matter insured on board the vessel, the Assured are aware, or in the ordinary course of business should be aware, that such insolvency or financial default could prevent the normal prosecution of the voyage.

This exclusion shall not apply where this insurance has been assigned to the party claiming hereunder who has bought or agreed to buy the subject-matter insured in good faith under a binding contract.

INSTITUTE CLAUSES

The Institute Clauses referred to herein are those current at the inception of this contract but should such Clauses be revised during the period of this contract, and provided that Insurers shall have given at least 30 days' notice thereof, then the revised Institute Clauses shall apply to risks attaching subsequent to the date of expiry of the said notice.

Notwithstanding the above, it is understood and agreed that the Institute Radioactive Contamination Exclusion Clause herein remains paramount.

INTERRUPTION OF TRANSIT OF DAMAGED GOODS

It is agreed that goods taken out of the ordinary course of transit upon the instructions of surveyors appointed by or on behalf of these insurers for the purposes of establishment of loss or damage, shall be covered, subject to original terms and conditions applying to such shipment.

ISM AND/OR ISPS PROVISIONS

1. In no event shall this Insurance be prejudiced where the subject-matter insured is shipped on a Vessel and/or Conveyance in breach of the SOLAS Convention 1974 as amended.

2. This insurance is extended to reimburse the Insured, up to the limit of the sum insured for the voyage, for any extra charges properly and reasonably incurred in unloading, storing and forwarding the subject-matter to the destination to which it is insured hereunder or to a substitute destination or until returned to the point of shipment, all at the Insured's election, following release of cargo from a vessel arrested and/or detained and/or restrained (including but not limited to restriction of access to port(s) and/or place(s) of loading and/or discharge and/or any other area in-between) at or diverted to any other port or place where the voyage is terminated due either
- (a) to such vessel not being certified in accordance with the ISM and/or ISPS Code.
- Or
- (b) to a current Document of Compliance (ISM) not being held by her owners or operators as required under the SOLAS Convention 1974 as amended.

This clause, which does not apply to General Average or Salvage or Salvage Charges, is subject to all other terms conditions and exclusions contained in the contract.

LABELS CLAUSE

In case of damage affecting labels, capsules or wrappers the Insurers, if liable therefore under the terms of this contract, shall not be liable for more than an amount sufficient to pay the cost of new labels, capsules or wrappers, and the cost of reconditioning the goods, but in no event shall the insurers be liable for more than the insured value of the damaged merchandise.

This contract is also to indemnify the Insured for actual expenses incurred in the reconditioning of or the replacing of the packaging of goods and/or merchandise hereunder

In case of damage to property bearing a Brand or the sale of which in any way carries or implies a guarantee of the Supplier or Insured, the salvage value of such damaged property shall be determined after removal of all Brands and any Trade Marks (on containers on which Brand cannot be removed, contents to be transferred to plain bulk containers) which might be taken to indicate that the guarantee or brand of the manufacturer or Insured attached to said property. The Insurers waive their right to take over any merchandise or containers from which it is impractical to destroy all evidence of the Insured's connection therewith, such merchandise or containers to be destroyed.

LETTER OF CREDIT CLAUSE

Notwithstanding the Conditions of this contract it is agreed, subject to the prior approval of Insurers, that Certificates and/or Policies may be issued hereunder to enable the Insured to comply with the insurance requirements of any Letter of Credit and/or Sales contract concerned, such agreement being conditional on the payment of any additional premium which may be required in the event that the cover required is wider than that provided by this Insurance.

It is also agreed that regardless of the conditions on which any Certificates and/or Policies may be issued pursuant to the foregoing, the Insured named herein shall continue to enjoy the full protection of this Contract.

LOCAL INSURANCE

It is noted and agreed that where the Insured or any of their associated, subsidiary or affiliated Companies are obliged by legislation or otherwise to insure locally, whether such insurance is effected or not, they shall continue to have full benefit on a primary basis of the protection afforded by this Contract.

It is also agreed that following the payment of a claim hereunder, the Insurers shall be subrogated to all rights and remedies of the Insured (as above defined) under such local insurance, where effected, and in no case shall this insurance contribute in double insurance.

LOCATION DEFINITION

For the purposes of this contract, "Location" is defined as any building, tank, dock, wharf, pier, bulkhead (or groups thereof bounded on all sides by public streets or open waterways or open land space, each of which shall be not less than fifty feet wide, (for the purposes of this definition, any bridge or tunnel crossing such street or waterway or open space shall render such separation inoperative unless equipped with fire wall and/or doors or other approved methods whereby the Location on either side are currently designated as separate fire areas by qualified fire surveyors). Each separate designated fire area is deemed to be a separate location for the purposes of this insurance.

MACHINERY

In case of loss or damage to any part of a machine or other article, consisting when complete for sale or use of several parts, Insurers (if liable therefore under the terms of this Insurance) shall only be liable for the proportion of the insured value applicable to the part or parts lost or damaged or, at the Insured's option, for the cost and expense of replacing, duplicating, assembling and repairing the part or parts lost or damaged (including forwarding charges via vessel or via air) and labour and installation charges necessary to restore the damaged machine or article to its condition at time of shipment.

NEGLIGENCE CLAUSE

The Insured is not to be prejudiced by the presence of the negligence clause and/or latent defect clause in the bills of lading and/or charter party and/or contract of affreightment. The seaworthiness of the vessel as between the Insured and Insurers is hereby admitted and the wrongful act or misconduct of the shipowner, charterer, their agents or servants causing a loss is not to defeat the recovery by an innocent Insured if the loss in the absence of such wrongful act or misconduct would have been a loss recoverable under this insurance. With leave to sail with or without pilots, to save or attempt saving life or property at sea, to tow and assist vessels or crafts in all situations, and to be towed.

NON-ADMITTED INSURANCE -TAX CLAUSE

In the event of a loss payable under this contract to a foreign subsidiary of the Insured, where it is not legally permissible to pay the claim in the country of loss, it is agreed that Insurers will pay the Insured the income tax the Insured must pay on the recovered claim.



NON DELIVERY LOSSES CLAUSE

In the event of a claim for non-delivery of goods insured, and after the Insured has taken all responsible steps to locate the cargo, Insurers agree that they will make settlement to the Insured if the cargo has not been located after the expiration of 60 days, counting from the date of arrival of the overseas vessel at the port of discharge, or 30 days counting from the date of arrival of the aircraft at the airport of discharge or, 60 days counting from the date that the goods should have arrived at final destination via land conveyances, as applicable.

NOTIFICATION OF LOSS

In the event of loss or damage which may result in a claim hereunder, as soon as may be practical after it becomes known to the Insured's Corporate Risk manager or equivalent, notice must be given to the Brokers Arthur J Gallagher (UK) Ltd for transmission to Insurers.

Or, where a "Claims Payable- Abroad Certificate or contract has been issued, the appropriate Claims Settling Agent Abroad.

Lloyd's Agents contact details may be found at the Lloyd's of London Website and their internet address is as follows:-

<http://agents.lloydsagency.com/agentdirectory.aspx>

ON-DECK SHIPMENTS CLAUSE

Shipments made on deck, whether in containers or not, are covered by this insurance subject to cover conditions including jettison, loss or washing overboard at the cover rate.

OTHER INSURANCE

Notwithstanding that a third party may have arranged insurance covering the Insured's goods and/or merchandise with or without the Insured's instructions to so insure, at the sole option of the Insured, the Insured may deem this contract to be primary insurance with full rights of subrogation against any such other insurance to be maintained. In no case shall this insurance contribute in double insurance.

PACKAGE CLAUSE

It is understood and agreed that should outer packing be damaged from any cause which renders interest unfit for on-shipment or distribution, irrespective of final destination shown herein, Insurers to pay the cost of reasonable repacking expenses, provided such damage occurred during the currency of this Insurance.

In addition to the foregoing Insurers will pay for the additional costs incurred to repackage stock due to error in labelling, bottling or packaging. The maximum Insurers will pay for loss or damage under this additional coverage will be USD 50,000 per loss, up to a maximum of USD 200,000 any one contract period.

PACKING CLAUSE

Notwithstanding anything contained herein to the contrary it is agreed that where packing or preparation is undertaken by a third party other than the Insured, Insurers shall accept such packing or preparation as sufficient or suitable to protect the subject-matter insured against loss or damage and accordingly agree that in such instances, they will not use alleged insufficiency or unsuitability of packing and/or preparation as a defence against a claim.

For the purpose of this clause, the term "packing" shall be deemed to include stowage in a container and/or other similar inter-modal methods of unit load.

PAIRS AND SETS

Physical loss of or physical damage to anyone item of the goods and/or merchandise insured under this contract which consist of items in a pair or set, shall constitute a total loss of such pair or set.

PARTIAL LOSS

- a) In case of a covered partial loss to the goods and/or merchandise and/or property insured under this contract caused by risks insured against, the loss shall be determined by a separation of the damaged portion of the insured goods and/or merchandise and/or property from the sound and shall be the percentage of damage on the damaged portion as agreed by the Insured and Insurers.
- b) If no percentage is mutually agreed upon, then by public sale of the damaged portion for the account of the Insured and by comparison of the amount so realised with the market value of the damaged portion if it were in sound condition on the day of sale.
- c) At the option of the Insured, claims for insured goods and/or merchandise and/or property arriving at destination in a damaged condition may be settled on a "salvage adjustment" basis, with Insurers paying the insured value of the damaged portion after taking credit for any salvage proceeds.

PAYMENT ON ACCOUNT CLAUSE

The Insurers hereunder agree that where claim papers submitted demonstrate that only the quantum of the claim is in question, they will make a "payment on account" equal to 75% of the lower of the amounts claimed and agreed to by Insurers.

PROCESS CLAUSE

This insurance remains in full force whilst the subject-matter insured is under any process but in no case shall extend to cover loss or damage thereto solely caused by such process.

PROFIT COMMISSION

Insurers shall allow the Insured in respect of each annual period of this insurance a profit commission of 10% of the profit as defined hereunder accruing to the Insurers from the operation of this insurance but subject to renewal with Leading Insurer.

- | | |
|---------|---|
| Credit: | 65% of Gross premiums paid hereon, after deduction of all return premiums . |
| Debit: | 1. Claim and expenses less refunds and Salvage Recoveries |
| | 2. Estimated liability in respect of claims outstanding, and |
| | 3. Debit balance, if any, as ascertained from the Profit Commission statement of the previous period. |

The excess of credit over Debit shall represent the profit.

In the event of profit commission calculation showing a deficit in any year, such deficit shall be carried forward to the profit commission accounts of succeeding years, but each year's deficit shall not be carried forward for more than three successive years profit commission accounts after the year of account in which the deficit was incurred.



RADIOACTIVE CONTAMINATION EXCLUSION CLAUSE (USA ENDORSEMENT)

This insurance (reinsurance) is subject to the Institute Radioactive Contamination, Chemical, Biological, Bio-Chemical and Electromagnetic Weapons Exclusion Clause Cl.370 dated 10.11.03 provided that

if fire is an insured peril and

where the subject matter insured or, in the case of a reinsurance, the subject matter insured by the original insurance, is within the USA, its islands, onshore territories or possessions

and

a fire arises directly or indirectly from one or more of the causes detailed in sub-clauses 1.1, 1.2 and 1.4 and of the Institute Radioactive Contamination, Chemical, Biological, Bio-Chemical and Electromagnetic Weapons Exclusion Clause Cl.370 dated 10.11.03

any loss or damage arising directly from that fire shall, subject to the provisions of this insurance (reinsurance), be covered, excluding however any loss damage liability or expense caused by nuclear reaction nuclear radiation or radioactive contamination arising directly or indirectly from that fire.

REMOVAL OF DEBRIS

This insurance is extended to cover, in addition to any other amount recoverable under this insurance, extra expenses reasonably incurred by the Insured for the removal and disposal of debris of the subject-matter insured, or part thereof including packing materials, by reason of damage thereto caused by an insured peril, but excluding absolutely any expenses incurred in consequence of or to prevent or mitigate pollution or contamination, or any threat or liability thereof.

In no case shall the insurers be liable under this clause for more than 10% of the contract limits of liability.

RETURNED AND/OR REFUSED SHIPMENTS

In the event of shipments insured under this contract being rejected or returned for any reason, such shipments are covered, subject to the insuring conditions applicable to the original voyage, continuously hereunder, including whilst in warehouses or elsewhere until finally disposed of by the Insured.

In instances where the Insured has not been responsible for the cargo insurance on the original voyage of goods which are subsequently rejected and/or refused or where cover hereunder has not been continuous and a return transit is then arranged where cargo insurance is to be the responsibility of the Insured, such return transit will be covered hereunder at rates to be agreed, subject to Institute Cargo Clauses (B) CL253 dated 1.1.1982. including heavy weather damage and loss overboard and the relevant Institute War and Strikes Clauses.

REPLACEMENTS BY AIR

It is agreed where there is loss or damage which is the subject of a claim hereunder and the Insured considers it necessary to forward replacements by air, Insurers will pay the extra costs so involved, notwithstanding that the original consignment was not despatched by air.



SALESMAN'S SAMPLES

In consideration of agreed premiums, this contract is extended, subject to its terms and conditions to cover samples of goods and merchandise, including any associated accessories and equipment that are usual to the business of the Insured, and the property of others for which the Insured may be liable, while in the care custody or control of the insured's Sales Representative and including, but not limited to, while in transit, in storage, or at any place or location.

SANCTION LIMITATION AND EXCLUSION CLAUSE

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

SEGREGATION CLAUSE

In the event of external signs of damage to goods resulting from an insured peril necessitating segregation and/or sorting, Insurers shall pay the reasonable costs incurred by the Insured on both sound and damaged packages, subject to the terms and conditions of this insurance.

Insurers will extend this insurance to cover periods in excess of those provided for in Institute Clauses referred to, to allow for such segregation and/or sorting prior to delivery to final destination.

SELLERS' INTEREST / UNPAID VENDORS COVER

In respect of shipments which are sold by the Insured on terms whereby the Insured is not obligated to furnish ocean marine cargo insurance, this contract is also to cover, subject to declaration of values and payment of any required premium thereon, to cover the interest of the Insured as Unpaid Vendor until payment is received. In no event shall Insurers risk extend beyond such time as it would normally cease under the terms of this insurance.

It is agreed that in no event shall this insurance inure to the benefit of the buyer or their insurers, but in the event of loss or damage covered by this insurance, if the Insured is unable to collect payment due from the buyer, Insurers shall advance the amount of such loss pending collection from the buyer, and the Insured shall use all reasonable means to collect the full amount due from the buyer and reimburse Insurers, the latter sharing in the expense of such collection in proportion to their interest.

It is a condition of this insurance that the existence of this insurance shall not be divulged to the buyer(s).

This insurance shall not contribute to any claim on the buyer's insurance.

SUBROGATION CLAUSE

It is agreed that upon payment of any loss, damage or expense under this contract, Insurers shall become subrogated, to the extent of such payment, to the rights of the Insured against any carrier, bailee, seller, buyer, other insurer or other third party who may be liable for or who may have an obligation to pay, the loss, damage or expense.

Insurers may not bring suit in the Insured's name without prior permission from the Insured, but if granted, always at the Insurers expense.



The Insured agrees to render all reasonable assistance in the prosecution of subrogated claims by Insurers.

SUBROGATION WAIVER CLAUSE

Insurers agree to waive all rights of subrogation against the Insured as defined herein, and the Insured's rights of recovery under this insurance shall not be prejudiced by their having granted a waiver of recourse to carriers, bailees or other third parties in the course of their business.

SUE AND LABOUR

It is agreed that in case of actual or imminent loss or damage, it shall be lawful and necessary for the Insured, their Factors and Assigns, to sue, labour and travel for, in and about the defence, safeguard and recovery of the interests insured hereunder, or any part thereof, or to incur such other expenses as are reasonable and/or necessary for the purpose of reducing or attempting to reduce any potential loss or liability under this contract without prejudice to this Insurance, and subject always to the terms, conditions, limitations and exclusions of this Insurance, the charges thereof shall be borne by the Insurers. It is further agreed that no acts of the Insurers nor the Insured in recovering, saving or preserving the interests insured shall be considered as a waiver or acceptance of abandonment. The Insurers hereon agree to pay the charges described above in addition to amounts otherwise recoverable hereunder, subject however to the applicable limits of this insurance as contained herein or endorsed hereto, which would operate so as to restrict the amount of such charges payable by the Insurers hereon.

SURVEY CLAUSE

No survey is required for claims that appear on first notification unlikely to exceed USD 25,000 (or the equivalent in any other currency) such figure being determined after application of any contract excess or deductible if applicable.

In such circumstances the Insured's or Consignee's statement of the loss and, where applicable and available, independent documentary evidence to be accepted as sufficient proof of loss.

In the event of loss or damage which may result in a claim amounting to USD 25,000 or over (or the equivalent in any other currency) under this insurance, immediate notice should be given to the appropriate Insurers agent at the port or place where the loss or damage is discovered in order that he may examine the goods and issue a survey report.

TERMINATION OF TRANSIT CLAUSE (TERRORISM)

This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith.

- 1 Notwithstanding any provision to the contrary contained in the contract of insurance or the Clauses referred to therein, it is agreed that in so far as the contract of insurance covers loss of or damage to the subject-matter insured caused by

any act of terrorism being an act of any person acting on behalf of, or in connection with, any organisation which carries out activities directed towards the overthrowing or influencing, by force or violence, of any government whether or not legally constituted or

any person acting from a political, ideological or religious motive,

such cover is conditional upon the subject-matter insured being in the ordinary course of transit and, in any event, SHALL TERMINATE: either

- 1.1 as per the transit clauses contained within the contract of insurance,
- or
- 1.2 on completion of unloading from the carrying vehicle or other conveyance in or at the final warehouse or place of storage at the destination named in the contract of insurance,
- 1.3 on completion of unloading from the carrying vehicle or other conveyance in or at any other warehouse or place of storage, whether prior to or at the destination named in the contract of insurance, which the Insured or their employees elect to use either for storage other than in the ordinary course of transit or for allocation or distribution, or
- 1.4 when the Insured or their employees elect to use any carrying vehicle or other conveyance or any container for storage other than in the ordinary course of transit,
- or
- 1.5 in respect of marine transits, on the expiry of 60 days after completion of discharge overside of the subject-matter insured from the oversea vessel at the final port of discharge,
- 1.6 in respect of air transits, on the expiry of 30 days after unloading the subject-matter insured from the aircraft at the final place of discharge,

whichever shall first occur.

2 If this contract of insurance or the Clauses referred to therein specifically provide cover for inland or other further transits following on from storage, or termination as provided for above, cover will re-attach, and continues during the ordinary course of that transit terminating again in accordance with clause 1.

TRANSLATION OF CLAIMS DOCUMENTATION

Where documents necessary for the collection of a claim hereunder are submitted in a language other than English, Arthur J. Gallagher are authorized to secure translations of such documents as Insurers consider essential and shall be deemed to have been instructed by Insurers hereunder to do so. Costs for such translations shall be deemed to be for Insurers account.

U.S.A. & CANADA ENDORSEMENT FOR THE INSTITUTE RADIOACTIVE CONTAMINATION CHEMICAL, BIOLOGICAL, BIO-CHEMICAL AND ELECTROMAGNETIC WEAPONS EXCLUSION CLAUSE 10/11/03.

This contract is subject to the Institute Radioactive Contamination, Chemical, Biological, Bio-Chemical and Electromagnetic Weapons Exclusion Clause CL370 10/11/03 (RACCBE). The inclusion of RACCBE in this contract is material to Insurers' willingness to provide coverage at the quoted terms, conditions and rates.

It is the intent of the parties to give maximum effect to RACCBE as permitted by law.



In the event that any portion of RACCBE may be found to be unenforceable in whole or in part under the law of any state, territory, district, commonwealth or possession of the U.S.A., or any province or territory of Canada, the remainder shall remain in full force and effect under the laws of that state, territory, district, commonwealth or possession, province or territory. Further, any such finding shall not alter the enforceability of RACCBE under the laws of any other state, territory, district, commonwealth or possession of the U.S.A., or any province or territory of Canada, to the fullest extent permitted by applicable law

VERMIN DAMAGE

This insurance covers damage directly caused by rats or vermin to the interest at the risk of the Insured.

WILFUL MISCONDUCT CLAUSE

Notwithstanding anything to the contrary contained elsewhere herein or in the law and practice to which this Insurance contract is subject, this insurance shall not exclude loss damage or expense attributable to wilful misconduct of any person or persons committed without the privity of the directors and/or officers or whoever is considered the alter ego of the Insured.

**CHOICE OF LAW
& JURISDICTION:**

LMA Rules Clause

This contract shall be subject to the applicable state law to be determined by the court of competent jurisdiction as determined by the provisions of the Institute Service of Suit Clause (U.S.A.) CI.355 1.11.92.

SUBJECTIVITIES:

Subject to the final payment of the outstanding claim on the policy reference SM0419216 not exceeding USD 369,000, otherwise Insurers reserve the right to review premium. See attached (1 page) AJG loss record.

PREMIUM:

USD 176,000 in full.

War and/or Strikes Premium Clause

Annual Premium is deemed inclusive of War and Strikes Risks premium.

US Terrorism Risk Insurance Act of 2002 (TRIA) as amended by the US Terrorism Risk Insurance Extension Act of 2005 and the US Terrorism Risk Insurance Program Reauthorisation Act of 2007 (TRIPRA) and the US Terrorism Risk Insurance Program Reauthorisation Act of 2015 (TRIPRA)

It is hereby noted that the Underwriters have made available coverage for Insured losses directly resulting from an act of terrorism as defined in the U.S. Terrorism Risk Insurance Act of 2002, as amended (TRIEA and TRIPRA) and the Insured has declined or not confirmed to purchase coverage. LMA 5219 dated 12/01/15 is deemed incorporated hereunder.

TRIA 2002, as amended, (coverage for acts of terrorism already included in this insurance contract: Annual Allocation USD 440 (being a portion of the premium already stated in this insurance contract), LMA 9105 dated 12/01/15.

Nothing in the forgoing shall act to limit and/or restrict coverage which may be otherwise provided for elsewhere in this insurance contract.

**U.S. Terrorism Risk Insurance Act of 2002 as amended
Not Purchased Clause**



This Clause is issued in accordance with the terms and conditions of the "U.S. Terrorism Risk Insurance Act of 2002" as amended as summarized in the disclosure notice.

It is hereby noted that the Underwriters have made available coverage for "insured losses" directly resulting from an "act of terrorism" as defined in the "U.S. Terrorism Risk Insurance Act of 2002", as amended ("TRIA") and the Insured has declined or not confirmed to purchase this coverage.

This Insurance therefore affords no coverage for losses directly resulting from any "act of terrorism" as defined in TRIA except to the extent, if any, otherwise provided by this policy.

All other terms, conditions, insured coverage and exclusions of this Insurance including applicable limits and deductibles remain unchanged and apply in full force and effect to the coverage provided by this Insurance.

LMA5219 - 12 January 2015

**PREMIUM
PAYMENT TERMS:**

Notwithstanding any provision to the contrary within this contract or any endorsement hereto, in respect of non payment of premium only the following clause will apply.

The Insured undertakes that premium will be paid in full to Insurers within 60 days of inception of this contract (or, in respect of instalment premiums, when due).

If the premium due under this contract has not been so paid to Insurers by the 60th day from the inception of this contract (and, in respect of instalment premiums, by the date they are due) Insurers shall have the right to cancel this contract by notifying the Insured via the broker in writing. In the event of cancellation, premium is due to Insurers on a pro rata basis for the period that Insurers are on risk but the full contract premium shall be payable to Insurers in the event of a loss or occurrence prior to the date of termination which gives rise to a valid claim under this contract.

It is agreed that Insurers shall give not less than 15 days prior notice of cancellation to the Insured via the broker. If premium due is paid in full to Insurers before the notice period expires, notice of cancellation shall automatically be revoked. If not, the contract shall automatically terminate at the end of the notice period.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

**TAXES PAYABLE
BY INSURED
AND ADMINISTERED
BY INSURERS:**

None

**RECORDING,
TRANSMITTING
& STORING
INFORMATION:**

Where Arthur J Gallagher (UK) Limited maintains risk and claim data/information/documents Arthur J Gallagher (UK) Limited may hold and/or transmit data/information/documents electronically.



**INSURER
CONTRACT
DOCUMENTATION:**

This document details the contract terms entered into by the insurer(s), and constitutes the contract document.

If this contract is subject to US state surplus lines requirements it is the responsibility of the surplus lines broker to affix a surplus lines notice to the contract document before it is provided to the insured. In the event that the surplus lines notice is not affixed to the contract document the insured should contact the surplus lines broker.

Any further documentation changing this contract, agreed in accordance with the contract change provisions set out in this contract, shall form the evidence of such change.

FORM:

Market Reform Contract



INFORMATION

Information made available to and seen by all subscribing Insurers hereon includes the following:

Arthur J Gallagher (UK) Limited understands the following from e-mails received from their principals on the 14, 16 August and 15 September 2017 timed at 17:18, 20:48 and 12:52 that:

They are reducing their projected average inventory by USD 17,200,000 due to a delayed acquisition which had been included.

Attached:

Statement of values (3 pages)
Transit information (7 pages)

Which seen and noted by Insurers accordingly.



SECURITY DETAILS

INSURER'S LIABILITY: (RE)INSURERS LIABILITY CLAUSE

(Re)insurer's liability several not joint

The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

Proportion of liability

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines unless a proven error in calculation has occurred.

Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

LMA3333

21 June 2007

ORDER HEREON: 100% part of 100% of the limits of liability

BASIS OF WRITTEN LINES: Percentage of whole

SIGNING PROVISIONS:

In the event that the written lines hereon exceed 100% of the order, any lines written "to stand" will be allocated in full and all other lines will be signed down in equal proportions so that the aggregate signed lines are equal to 100% of the order without further agreement of any of the (re)insurers,

However:




-
- a) in the event that the placement of the order is not completed by the commencement date of the period of insurance then all lines written by that date will be signed in full;
 - b) the signed lines resulting from the application of the above provisions can be varied, before or after the commencement date of the period of insurance, by the documented agreement of the (re)insured and all (re)insurers whose lines are to be varied. The variation to the contracts will take effect only when all such (re)insurers have agreed, with the resulting variation in signed lines commencing from the date set out in that agreement.

WRITTEN LINES


In a co-insurance placement, following insurers may, but are not obliged to, follow the premium charged by the slip leader. Insurers may not seek to guarantee for themselves terms as favourable as those which others subsequently achieve during the placement.

30%

									
3319-04-1 XIS									
C	0	8	6	0	8	4	B	1	6
Line to stand									

Sp 3/10/17

20%


									
LIB 4472									
5	4	4	6	1	0	0	2	1	7
NNNNNN NNNN									

15%
2/10/17

(UW 140)

20% ~~NAV 1221~~


C	W	S	9	9	C	C	A	8	0	5
LINE TO STAND										

											
GLOBAL SPECIALTY											
C	M	1	1	2	H	1	7	B	0	0	0
Listings to marine.cargo@britinsurance.com											
Line to Stand											

 BRT 2987

2-10-17

15%

											
5000											
X	B	7	4	3	2	3	B	A	0	0	1
Cargo											
Listings to: cargo@travelers.com											
Line to Stand											

2/10/17
Per GSP



SUBSCRIPTION AGREEMENT

SLIP LEADER: RSA

**BASIS OF AGREEMENT
TO CONTRACT
CHANGES:**

GUA (February 2014) with Marine Cargo Schedule (April 2013).

When following insurer(s) require details of agreed endorsements, brokers will use either email or fax.

Where a premium payment warranty or premium payment condition due date requires an extension of up to 30 days, it is agreed that the Slip Leader's agreement only is required and will be binding on all other insurers hereon

**OTHER AGREEMENT
PARTIES FOR
CONTRACT CHANGES,
FOR PART 2 CHANGES
ONLY:**

Slip Leader only to agree part two changes.

**AGREEMENT
PARTIES FOR
CONTRACT CHANGES,
FOR THEIR
PROPORTION ONLY:**

None.

**BASIS OF
CLAIMS AGREEMENT:**

Claims to be managed in accordance with:

- i) The Lloyd's Claims Scheme (Combined), or as amended or any successor thereto.
- ii) IUA claims agreement practices.
- iii) The practices of any company(ies) electing to agree claims in respect of their own participation.

**CLAIMS AGREEMENT
PARTIES:**

- i) For Lloyd's syndicates

The leading Lloyd's syndicate and, where required by the applicable Lloyd's Claims Scheme, the second Lloyd's syndicate and/or the Scheme Service Provider.

- ii) Those companies acting in accordance with the IUA claims agreement practices, excepting those that may have opted out via iii below.

- iii) Those companies that have specifically elected to agree claims in respect of their own participation.

- iv) All other subscribing insurers that are not party to the Lloyd's/IUA claims agreement practices, each in respect of their own participation. Where they are not the contract Leader, such companies agree to follow all settlements of the contract Leader (other than Ex Gratia settlements).



CLAIMS

ADMINISTRATION: Brokers to enter claims advices into CLASS. All company market bureaux insurer(s) to use CLASS for claims agreement

**RULES AND EXTENT
OF ANY OTHER
DELEGATED
AUTHORITY:**

None

**EXPERT(S) FEES
COLLECTION:**

Broker to collect fees for all contract security, including overseas

**SETTLEMENT
DUE DATE:**

60 days from inception

INSTALMENT PREMIUM

PERIOD OF CREDIT: Where applicable, 60 days from each instalment due date.

**ADJUSTMENT
PREMIUM PERIOD
OF CREDIT:**

Where applicable, 60 Days from Expiry.

**BUREAUX
ARRANGEMENTS:**

Arthur J. Gallagher (UK) Limited to present de-linked signings to Xchanging Ins-Sure Services Limited where possible.

If deferred premiums are applicable, first instalment to be signed as original premium and subsequent instalments to be signed as additional premiums.



Arthur J. Gallagher

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1262
AJG

FISCAL AND REGULATORY

**TAX PAYABLE
BY INSURER(S):**

None

**COUNTRY
OF ORIGIN:**

USA

**OVERSEAS
BROKER:**

Arthur J. Gallagher & Co.
2345 Grand Boulevard, Suite 400
Kansas City, MO 64108

US CLASSIFICATION: Non Regulated or Exempt

**ALLOCATION OF
PREMIUM TO CODING:** V

8T (TRIA)
As per Premium Section

**REGULATORY
CLIENT
CLASSIFICATION:**

Large Risk



BROKERAGE REMUNERATION AND DEDUCTIONS

**FEE PAYABLE
BY CLIENT:**

No

**TOTAL
BROKERAGE:**

Less 27.5%

**OTHER DEDUCTIONS
FROM PREMIUM:**

Nil



CLAIMS HANDLING INSTRUCTIONS

To ensure the prompt collection of all recoverable claims under your contract, the following instructions should be adhered to:

CLAIM NOTIFICATION:

As soon as you become aware of an incident which may give rise to a loss, you should report the details of the loss to the claims dept. of Arthur J. Gallagher (UK) Ltd. Contact details are as per below. We will then advise your insurer to arrange appointment of a surveyor/expert, as required.

Please furnish the following information when reporting the claim:

- A. Name of Carrier/Bill of Lading Number and Date
- B. A description of the product and suspected damages etc.
- C. Approximate extent of damages
- D. Address of where the product is located
- E. Name and phone number of person to be contacted to coordinate survey

CLAIM DOCUMENTATION:

Documents required in support of your claim should include, but are not limited to:

- A. Purchase Order
- B. Bill(s) of Lading (Vessel/Aircraft/Truck/Rail) as applicable
- C. Shipper's Commercial Invoice(s) covering the entire shipment
- D. Packing List(s), if any
- E. Delivery Receipts, showing exceptions- damages, shortages
- F. Receiving Inspection Report
- G. Notice of Claim(s) against Carriers, with their reply, as and when received
- H. Original survey report with photos
- I. Detailed claim/loss statement
- J. Repair/Replacement Invoices
- K. Temperature Tapes on Refrigerated Cargo

GENERAL AVERAGE / SALVAGE :

In the event of a General Average being declared by vessel Owners and/or the carrying vessel requiring the services of a salvage company in order to safeguard the completion of a voyage, Insurers will (on request) agree to the provision of the necessary security on behalf of cargo Owners. This is undertaken by way of a General Average guarantee. Upon advising of a General Average situation, please provide the following information:

- A. Vessel name and casualty details
- B. Voyage details
- C. Copy original B/L
- D. Copy of invoice (including freight invoice if FOB or similar) / evidence of CIF value of cargo
- E. Correspondence with Owners and/or Average Adjusters regarding the demand for security
- F. The name of the Salvors' legal representative (in case of Salvage)

In addition to Insurers putting up security by way of a General Average guarantee, vessel Owners / Average Adjusters will also require a General Average Bond, which is to be completed by the Owners of the cargo at the time of the casualty. Guidance can be obtained from AJG claims dept. as necessary.

Insurers may at their discretion appoint surveyors / legal representatives / experts as required.



CLAIM HANDLING:

Arthur J. Gallagher will continue to monitor and handle the claim until resolution to the Insured's satisfaction, at all times following the service level agreements for claims handling.

CERTIFICATES OF INSURANCE:

Where certificates of Insurance have been issued, please refer to the claims handling procedures contained therein.

DUTY OF INSURED:

It is the duty of the Insured to 'act as a prudent uninsured', to take such actions as may be reasonable to avert or minimise a loss and to ensure Insurers' rights of recourse are protected against responsible third parties.

Adherence to these instructions will assist us in the prompt handling of your claims.

Simon Mauduit
+44 207 204 6203 (Direct)
Simon_Mauduit@ajg.com

Danny Pitchley
+44 207 560 3778 (Direct)
Danny_Pitchley@ajg.com

Michael Hutchins
+44 207 560 3695 (Direct)
Michael_Hutchins@ajg.com

Wine Cargo Stock Throughput

Standard Beverage Corporation

Goods in Transit

*Incoming Shipments are based on Purchase Order costs

*Outgoing Shipments are based on Landed costs

	Domestic (US & Canada)		International		Intercompany Shipments (Winery to Wine Warehouse)	
Maximum Value Per Conveyance	\$	293,432	\$	275,974	\$	N/A
Average Value Per Conveyance	\$	44,943	\$	53,885	\$	N/A
Estimated Total Annual Value of all Incoming Shipments	\$	149,075,232	\$	17,674,232		N/A
Estimated Total Annual Value of all Outgoing Shipments	\$	174,163,178	\$	N/A	\$	N/A
Estimated Total Annual Value of all Intercompany Shipments		N/A		N/A	\$	
Method of Shipment: (Incoming)						
Common Carrier		99.8% %		22% %		N/A %
Air Freight		0 %		0 %		N/A %
Owned Vehicles		0.2% %		N/A		N/A %
Ocean Cargo (then Intermodal then OTR)		N/A		78% %		N/A %
Terms of Sale Incoming Shipments:						
At Risk of Others		63% %		83% %		N/A %
At Risk of Assured		37% %		17% %		N/A %
Terms of Sale Outgoing Shipments:						
At Risk of Others		0 %		N/A %		N/A %
At Risk of Assured (all via Owned Vehicles)		100 %		N/A %		N/A %
Shipments to/from:						
East Asia/Pacific Rim		N/A		1% %		N/A
Europe		N/A		65% %		N/A
Other		N/A		34% %		N/A
Shipped between:						
Domestic (US & Canada)		N/A		N/A		N/A %
East Asia/Pacific Rim		N/A		N/A		N/A %
Europe		N/A		N/A		N/A %
Other (please specify)		N/A		N/A		N/A %

Wine Cargo Stock Throughput
Négoce LLC
Goods in Transit

	Domestic (US & Canada)		International		Intercompany Shipments (Winery to Wine Warehouse)
Maximum Value Per Conveyance	\$	75,000	\$	60,000	\$ 30,000
Average Value Per Conveyance	\$	5,000	\$	25,000	\$ 5,000
Estimated Total Annual Value of all Incoming Shipments	\$	2,500,000	\$	250,000	\$ 150,000
Estimated Total Annual Value of all Outgoing Shipments	\$	3,000,000	\$	-	\$ 20,000
Estimated Total Annual Value of all Intercompany Shipments	\$	-	\$	-	\$ 170,000
Method of Shipment:					
Common Carrier		99 %		0 %	100 %
Air Freight		1 %		0 %	0 %
Owned Vehicles		0 %		0 %	0 %
Ocean Cargo		0 %		100 %	0 %
Terms of Sale Incoming Shipments:					
At Risk of Others		50 %		100 %	50 %
At Risk of Assured		50 %		0 %	50 %
Terms of Sale Outgoing Shipments:					
At Risk of Others		50 %		0 %	50 %
At Risk of Assured		50 %		0 %	50 %
Shipments to/from:					
East Asia/Pacific Rim		0 %		0 %	0 %
Europe		25 %		100 %	0 %
Other		75 %		0 %	100 %
Shipped between:					
Domestic (US & Canada)		100 %		100 %	100 %
East Asia/Pacific Rim		0 %		0 %	0 %
Europe		0 %		0 %	0 %
Other (please specify)		0 %		0 %	0 %

Wine Cargo Stock Throughput

FWS Distributors LLC

Goods in Transit

	Domestic (US & Canada)		International		Intercompany Shipments (Winery to Wine Warehouse)	
Maximum Value Per Conveyance	\$	80,000	\$	125,000	\$	50,000
Average Value Per Conveyance	\$	6,000	\$	75,000	\$	10,000
Estimated Total Annual Value of all Incoming Shipments	\$	5,000,000	\$	600,000	\$	250,000
Estimated Total Annual Value of all Outgoing Shipments	\$	6,000,000	\$	-	\$	250,000
Estimated Total Annual Value of all Intercompany Shipments	\$	-	\$	-	\$	500,000
Method of Shipment:						
Common Carrier		99 %		0 %		100 %
Air Freight		1 %		0 %		0 %
Owned Vehicles		0 %		0 %		0 %
Ocean Cargo		0 %		100 %		0 %
Terms of Sale Incoming Shipments:						
At Risk of Others		50 %		100 %		50 %
At Risk of Assured		50 %		0 %		50 %
Terms of Sale Outgoing Shipments:						
At Risk of Others		50 %		0 %		50 %
At Risk of Assured		50 %		0 %		50 %
Shipments to/from:						
East Asia/Pacific Rim		0 %		0 %		0 %
Europe		25 %		100 %		0 %
Other		75 %		0 %		100 %
Shipped between:						
Domestic (US & Canada)		100 %		100 %		100 %
East Asia/Pacific Rim		0 %		0 %		0 %
Europe		0 %		0 %		0 %
Other (please specify)		0 %		0 %		0 %

Wine Cargo Stock Throughput
Vintage Wine Estates
Goods In Transit

	Domestic (US & Canada)		International		Intercompany Shipments (Winery to Wine Warehouse)		
	\$	500,000	\$	500,000	\$	500,000	1,232 cs (full truck) @ \$100/cs
Maximum Value Per Conveyance	\$				\$		1,232 cs (full truck) @ \$45/cs
Average Value Per Conveyance	\$			62,700	\$	(55,440)	PO details w uplift
Estimated Total Annual Value of all Incoming Shipments	\$	62,000,000	\$			N/A	2017 sales budget for all cased goods - net revenue
Estimated Total Annual Value of all Outgoing Shipments	\$	119,000,000	\$			N/A	\$45/cs - moving 1.3M cases
Estimated Total Annual Value of all Intercompany Shipments		N/A		N/A	\$	58,500,000	3.2 million cs bottling budget 2.0 Less Josh budget 1.3 Net cases
Method of Shipment:							
Common Carrier		99 %		0 %		95 %	
Air Freight		1 %		10 %		0 %	
Owned Vehicles		%		0 %		5 %	
Ocean Cargo		N/A		90 %		N/A	
Terms of Sale Incoming Shipments:							
At Risk of Others		0 %		50 %	N/A	%	
At Risk of Assured		100 %		50 %	N/A	%	
Terms of Sale Outgoing Shipments:							
At Risk of Others		90 %		99 %	N/A	%	
At Risk of Assured		10 %		1 %	N/A	%	
Shipments to/from:							
East Asia/Pacific Rim		N/A		32 %		N/A	
Europe		N/A		13 %		N/A	
Other		N/A		55 %		N/A	
Shipped between:							
Domestic (US & Canada)		N/A		N/A		100 %	
East Asia/Pacific Rim		N/A		N/A		0 %	
Europe		N/A		N/A		0 %	
Other (please specify)		N/A		N/A		0 %	

Wine Cargo Stock Throughput
Distillery No 209 Ltd.
Goods In Transit

	Domestic (US & Canada)		International		Intercompany Shipments (Winery to Wine Warehouse)
Maximum Value Per Conveyance - (largest single shipment)	\$	70,000	\$	90,000	\$ 8,480
Average Value Per Conveyance - (average value of single shipment)	\$	4,500	\$	31,600	\$ 6,678
Estimated Total Annual Value of all Incoming Shipments - (value of incoming materials)	\$	25,000	\$	350,000	N/A
Estimated Total Annual Value of all Outgoing Shipments - (total sales)	\$	960,000	\$	320,000	N/A
Estimated Total Annual Value of all Intercompany Shipments - (total value of inventory transfers)		N/A		N/A	\$
Method of Shipment:					
Common Carrier		100 %		%	100 %
Air Freight		%		%	%
Owned Vehicles		%		%	%
Ocean Cargo	N/A		100	%	%
Terms of Sale Incoming Shipments:					
At Risk of Others		%		100 %	%
At Risk of Assured		100 %		%	100 %
Terms of Sale Outgoing Shipments:					
At Risk of Others		80 %		100 %	100 %
At Risk of Assured		20 %		%	%
Shipments to/from:					
East Asia/Pacific Rim	N/A			%	N/A
Europe	N/A			100 %	N/A
Other	N/A			%	N/A
Shipped between:					
Domestic (US & Canada)	N/A		N/A		100 %
East Asia/Pacific Rim	N/A		N/A		%
Europe	N/A		N/A		%
Other (please specify)	N/A		N/A		%

Wine Cargo Stock Throughput

Rudd Wines

Goods in Transit

	Domestic (US & Canada)		International		Intercompany Shipments (Winery to Wine Warehouse)	
Maximum Value Per Conveyance (largest single shipment) DTC	\$	20,000	\$	1,818	\$	2,500,000
Average Value Per Conveyance (average of a single shipment) DTC	\$	1,000	\$	1,195	\$	1,200,000
Estimated Total Annual Value of all Incoming Shipments (glass, corks)	\$	280,000	\$			N/A
Estimated Total Annual Value of all Outgoing Shipments	\$	4,761,517	\$	51,308		N/A
Estimated Total Annual Value of all Intercompany Shipments (total sent to tower/sawyer)		N/A		N/A	\$	
Method of Shipment:						
Common Carrier		100 %		%		90 %
Air Freight		%		100 %		%
Owned Vehicles		%		%		10 %
Ocean Cargo		N/A		N/A		%
Terms of Sale Incoming Shipments:						
At Risk of Others		100 %		100 %		100 %
At Risk of Assured		%		%		%
Terms of Sale Outgoing Shipments:						
At Risk of Others		25 %		25 %		%
At Risk of Assured		75 %		75 %		100 %
Shipments to/from:						
East Asia/Pacific Rim		N/A		17 %		N/A
Europe		N/A		17 %		N/A
Other		N/A		66 %		N/A
Shipped between:						
Domestic (US & Canada)		N/A		N/A		100 %
East Asia/Pacific Rim		N/A		N/A		%
Europe		N/A		N/A		%
Other (please specify)		N/A		N/A		%

Wine Cargo Stock Throughput
Chalm LLC
Goods in Transit

	Domestic (US & Canada)		International	Intercompany Shipments (Winery to Wine Warehouse)	
Maximum Value Per Conveyance	\$	200,000	\$	\$	600,000
Average Value Per Conveyance	\$	2,500	\$	\$	500,000
Estimated Total Annual Value of all Incoming Shipments	\$	225,000	\$		N/A
Estimated Total Annual Value of all Outgoing Shipments	\$	1,200,000	\$		N/A
Estimated Total Annual Value of all Intercompany Shipments		N/A		\$	N/A
Method of Shipment:					
Common Carrier		100 %		%	100 %
Air Freight		0 %		%	0 %
Owned Vehicles		0 %		%	0 %
Ocean Cargo		N/A	N/A		0 %
Terms of Sale Incoming Shipments:					
At Risk of Others		0 %		%	%
At Risk of Assured		100 %		%	100 %
Terms of Sale Outgoing Shipments:					
At Risk of Others		0 %		%	0 %
At Risk of Assured		100 %		%	100 %
Shipments to/from:					
East Asia/Pacific Rim		N/A		%	N/A
Europe		N/A		%	N/A
Other		N/A		%	N/A
Shipped between:					
Domestic (US & Canada)		N/A	N/A		100 %
East Asia/Pacific Rim		N/A	N/A		%
Europe		N/A	N/A		%
Other (please specify)		N/A	N/A		%