

WINERIES EXTENSION ENDORSEMENT

Attached to and forming part of this Policy

This Endorsement modifies the coverage provided under the Commercial Building, Equipment and Stock Broad Form 51236 and is subject to the conditions, limitations and other terms of this Form and the Commercial Building, Equipment and Stock Broad Form 51236.

SUMMARY OF COVERAGES

Unless specifically endorsed on the "Declarations Page", the Limits stated below are the Occurrence Limits under this Policy.

COVERAGE	LIMIT OF LIABILITY	PAGE
Accounts Receivable	\$25,000	2
Automatic Fire Suppression System Recharge Expense	\$10,000	2
Brands and Labels	\$15,000	2
Broad Blanket By-Laws Coverage (Building Only)	Included	2
Building Damage By Theft	\$15,000	2
Co-Insurance Waiver	5% /\$10,000	2
Consequential Loss Assumption	\$15,000	2
Contingent Loss of Income	\$15,000	2
Data	\$15,000	2
EDP (Electronic Data Processing) Equipment	\$25,000	3
Exhibition Insurance	\$25,000	3
Exterior Glass	Included	3
Exterior Signs	\$5,000	3
Extra Expense	\$20,000	3
Fine Arts	\$10,000	3
Fire Department Charges	\$25,000	3
Inflation Protection (Building Only)	Included	3
Installation Coverage	\$10,000	3
Land And Water Clean-Up (First Party Pollution)	\$15,000	4
Leasehold Interests (Rents – Maximum 12 Months)	\$1,000/Month	4
Master Key	\$15,000	4
Media	\$15,000	4
Newly Acquired Location: Building – 60 Days	\$500,000	4
Newly Acquired Equipment and Stock – 60 Days	\$200,000	4
Off Premises Power Interruption	\$20,000	4
Peak Season Increase	25% of Stock	4
Power Fluctuation Coverage	Included	4
Professional Fees	\$20,000	4
Property Temporarily Away From Premises	\$20,000	5
Sales Representative	\$5,000	5
Transit Including Parcel Post	\$5,000	5
Valuable Papers And Records	\$50,000	5
Wineries Protector Plus		
Outdoor Vines and trellises	\$1,000/\$10,000	5
Valuation for finished and in process wines	Included	5
Wines contamination	\$25,000	5
Wine End Market Value Extension	Included	6
Wine Leakage	\$15,000	6
Underground Wine Storage	Included	6

ACCOUNTS RECEIVABLE

This Extension insures:

- (1) All sums due to "You" from customers, provided that "You" are unable to effect collection thereof as the direct result of loss of or damage to records of accounts receivable;
- (2) Interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectible by such loss or damage;
- (3) Collection expense in excess of normal collection cost and made necessary because of such loss or damage; and
- (4) Other expenses when reasonably incurred by "You" in re-establishing records of accounts receivable following such loss or damage.

AUTOMATIC FIRE SUPPRESSION SYSTEM RECHARGE EXPENSE

This Extension insures any automatic fire suppression system recharge expense incurred by "You" due to the leakage or discharge of the fire suppressant within any automatic fire suppression system at the premises of "Yours" where such discharge or leakage is caused by or results from a peril insured against under this Form.

BRANDS AND LABELS

If "We" exercise "Our" option to take all or any part of the stock involved in a loss, "You" reserves the right to first remove therefrom "Your" trademarks, guarantees, names or other evidence of "Your" interest therein or in connection therewith and where the removal of such marks is impossible or impractical, the stock may be stamped "salvage" and/or transferred to bulk containers with the cost to be borne by "Us".

BROAD BLANKET BY-LAWS COVERAGE (BUILDING ONLY)

The following Extension, except as specifically modified hereunder, applies only to those buildings, which are insured under this Policy. The coverage provided under this Form shall, without increasing the amount of insurance, and only as a result of a peril insured against, extend to indemnify "You" for:

- (1) loss occasioned by the demolition of any undamaged portion of the buildings or structures, or
- (2) cost of demolishing, and clearing the site of, any undamaged portion of the buildings or structures, or
- (3) any increase in the cost of repairing, replacing, constructing or reconstructing the buildings or structures on the same site or on an adjacent site, of like height, floor area and style, and for like occupancy;

arising from the enforcement of the minimum requirements of any by-law, regulation, or ordinance of law which:

- (a) regulates zoning or the demolition, repair or construction of damaged buildings or structures, and
- (b) is in force at the time of such loss or damage.

"We" shall not be liable under this Extension for losses occasioned by the enforcement of any by-law, ordinance or law which prohibits "You" from rebuilding or repairing on the same site or an adjacent site or prohibits continuance of like occupancy.

BUILDING DAMAGE BY THEFT

EXTENSIONS OF COVERAGE – Building Damage by Theft on the Commercial Building, Equipment and Stock Broad Form 51236 is modified to provide an increased maximum limit of recovery as shown in the Summary of Coverages on this Commercial Extension Endorsement for "Building Damage by Theft".

CO-INSURANCE WAIVER

CO-INSURANCE on the Commercial Building, Equipment and Stock Broad Form 51236 is modified to apply only where the total loss exceeds the limits as shown in the Summary of Coverages on this Commercial Extension Endorsement Form.

CONSEQUENTIAL LOSS ASSUMPTION

The insurance under this Policy is hereby extended to include loss, destruction or damage to property caused by change in temperature or humidity resulting from damage by the perils insured against hereunder to On Premises equipment and Off Premises Power Sources (Public Utility plants, transformer or switching stations, sub-stations, and pumping stations) which furnish heat, light, power or gas to "Your" premises used for refrigerating, cooling, humidifying, air conditioning, heating, generating or converting power including their connections and supply or transmission lines and pipes (but excluding loss resulting from damage to or destruction of Off Premises poles and towers).

CONTINGENT LOSS OF INCOME

Coverage is extended under Loss of Income for the amount of loss which results from the interruption or interference of your business caused by the damage or destruction as the result of an insured peril under this Policy, to any building or part thereof or other property of a "contributing property" or "recipient property" being a business not operated by you. When used in this additional agreement:

- (1) A "contributing property" is a premise within the territorial limits of this policy which supplies materials to you and which is not owned, rented or controlled in whole or in part by you.
- (2) A "recipient property" is a premise within the territorial limits of this policy to which your products are shipped and which is not owned, rented or controlled in whole or in part by you.

DATA

Coverage is provided for direct loss or damage, by an insured peril to "Data". Coverage is included for the erasure or damage that is a result of direct physical damage to Electronic Data Processing equipment from the perils insured against including "Power fluctuation"

coverage as outlined in this Form. Coverage is limited to the actual cash value (depreciated value) of such "Data". Coverage doesn't apply to "Data" that cannot be replaced with other of like kind and quality. This extension of coverage is for "Data" at the insured "Premises" and subject to the following additional exclusions:

We shall not be liable for loss, damage or expense caused directly or indirectly by:

- (1) loss or destruction of accounts, bills, evidences of debt, valuable papers, records, abstracts, deeds, manuscripts, or other documents except as they may be converted to data processing media form and then only in that form;
- (2) loss of income or any other consequential or remote loss;
- (3) programming errors or faulty machine instructions; or
- (4) cost of compiling such "Data" if collection and reconstruction is so required.

EDP (ELECTRONIC DATA PROCESSING) EQUIPMENT

This Extension insures electronic data processing and word processing equipment, including their component parts, newly acquired equipment, and similar property of others, for which "You" are legally liable, while such property is at a location described on the "Declarations Page", at any temporary or newly acquired location or in transit, in Canada or the continental United States (excluding Alaska).

EXHIBITION INSURANCE

This insurance covers Property of Every Description from the time it leaves "Your" premises stated on the Declaration Page, while in transit to the exhibition site, while at such exhibition site and while in transit back to "Your" premises.

EXTERIOR GLASS

This Extension insures damage to exterior glass or vitrolite and lettering ornamentation thereon, caused by accidental breakage of such glass.

EXTERIOR SIGNS

This Extension insures the actual loss sustained to exterior signs located on "Your" premises.

EXTRA EXPENSE

This Extension insures the necessary Extra Expense incurred by "You" in order to continue as nearly as practicable the normal conduct of "Your" business following damage to or destruction by the perils insured against to the building(s) or additions thereto or contents thereof for not exceeding such length of time commencing with the date of the loss and not limited by the date of expiration of this Policy, as shall be required with the exercise of due diligence and dispatch to repair, rebuild, or replace such part of the described building(s) or additions thereto or contents thereof as may be destroyed or damaged.

FINE ARTS

This Extension insures Fine Arts against all risks of direct physical loss of or damage to such property, except as hereinafter excluded, while such property is at "Your" premises.

This Extension does not insure against breakage of glassware, statuary, marbles, bric-a-brac, porcelains and other fragile articles, unless caused directly by fire, earthquake, explosion, falling object striking the exterior of a building, flood, impact by aircraft or land vehicle, lightning, riot, smoke, vandalism or malicious acts, windstorm or hail, or by accident to land, water or air conveyances, or by theft or attempt thereat.

FIRE DEPARTMENT CHARGES

In the event, "You", as a result of a fire covered by this Policy, are charged by a municipality for fire fighting services, this Policy shall reimburse "You" for such costs.

INFLATION PROTECTION (BUILDING ONLY)

It is agreed that:

- (1) The amount of insurance applicable to Building(s) shall be increased during the policy period by the proportion by which the latest published "Building Construction Index" has increased since the last "Premium Due Date".
- (2) At the premium due date, the amount of insurance shall be increased automatically in accordance with the latest published "Building Construction Index" and the appropriate premium charged.
- (3) If the amount of insurance applicable to Building(s) is changed at "Your" request during the policy period, the effective date of this endorsement is deemed to coincide with the effective date of such change.
- (4) If the Policy insures two or more items, the foregoing shall apply separately to each item to which this endorsement applies.

Definitions

- (a) "Building Construction Index" means the relevant Regional Index of the Non-residential Building Construction Input Price Indexes published by Statistics Canada.
- (b) "Premium Due Date" means the inception date of this Policy or any renewal or anniversary date.

INSTALLATION COVERAGE

This Extension insures, subject to the following additional exclusions, supplies, machinery, equipment and materials ("Your" property or for which "You" are legally liable) which "You" have contracted to install or which will be used in completing an installation contract, anywhere within Canada and the United States of America, its territories or possessions, but only while such property is in transit to the premises of installation or while thereat awaiting installation or while being installed, it being agreed that coverage on all property ceases when:

- (1) "Your" interest ceases; or
- (2) the property installed has been accepted; or
- (3) thirty (30) days after completion of the installation; or
- (4) this Policy expires; whichever shall first occur.

Additional Exclusions

This Extension does not insure loss or damage to:

- (a) buildings, but building materials and supplies are covered until such time as they become part of any realty;
- (b) accounts, bills, deeds, jewellery or precious stones, plans, blueprints, designs, specifications or any similar property;
- (c) tools, contractor's equipment and any property not a part of or destined to become a part of any installation undertaken by "You" except tools and equipment, the cost of which was included in the contract price;
- (d) any installation or part thereof from the commencement of use for purposes for which it was intended;
- (e) property while in airborne transit, unless by scheduled airlines;
- (f) be covered under any guarantee or warranty (expressed or implied) by any contractor, manufacturer or supplier, whether or not "You" are such contractor, manufacturer or supplier under this Form.

LAND & WATER CLEAN-UP (First party pollution)

Coverage is extended to insure damage resulting from:

- (1) expenses incurred to 'Clean Up' 'Pollutants' at the 'Premises', and
- (2) loss or damage to property insured caused directly by 'Pollutants' provided the spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of 'Pollutants':
 - (a) is sudden, unexpected and unintended from "Your" standpoint,
 - (b) is not otherwise insured under the Form to which this insurance is attached, and
 - (c) first occurs during the policy period.

Notwithstanding the Reinstatement Clause in this Policy, the amount of insurance specified herein for this coverage is the aggregate amount payable during any one policy period.

Exclusions

"We" shall not be liable for:

- (a) expenses for 'Clean Up' away from or beyond the 'Premises' resulting from any spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of 'Pollutants' even if the 'Pollutants' emanated from the 'Premises';
- (b) expenses for "Clean Up" of or loss or damage to insured property caused directly by any spill, discharge, emission, dispersal, seepage, leakage, release, migration or escape of 'Pollutants' that began before the effective date of this coverage;
- (c) fines, penalties, punitive or exemplary damages; or
- (d) expenses incurred for the 'Clean Up' of 'Pollutants' at or from any premises, site or location which is or was at any time used by or for "You" or others for the handling, storage, disposal, processing or treatment of waste.

LEASEHOLD INTERESTS (RENTS – Maximum 12 Months)

If as a result of an insured peril, the landlord terminates "Your" lease, "We" agree to pay the difference between current rental value, and the rent actually paid prior to the loss, subject to the lesser of the actual loss sustained or \$1,000 per month. "We" are not liable for any loss of leasehold interests resulted from exercising the option to cancel the lease by "You". Coverage applies for the balance of the lease term, or twelve (12) months, whichever occurs first. No lease renewal options will be considered in any loss settlement unless an offer to renew has been made to and accepted by the landlord, in writing, prior to the loss.

MASTER KEY

Coverage is extended to cover the cost of replacement of keys and changing or replacement of locks necessitated by the loss or theft of keys.

MEDIA

Coverage is provided for the depreciated cost of Media being materials on which data is recorded including magnetic tapes, discs, disc packs, portable memory devices, paper tapes and cards. Coverage under this additional agreement is limited to "Media" on the insured "premises" and the direct physical loss or damage must be caused by an insured peril. Coverage doesn't apply to media that cannot be replaced with other of like kind and quality.

NEWLY ACQUIRED LOCATION - BUILDINGS – 30 Days

This Policy automatically covers any new buildings, subject to all the terms and provisions of the Policy, acquired by “You”, provided notice of such acquisitions is given to “Us” within thirty (30) days of the date of acquisition.

NEWLY ACQUIRED EQUIPMENT AND STOCK – 30 Days

PROPERTY INSURED on the Commercial Building, Equipment and Stock Broad Form 51236 is modified to provide the maximum limits as shown in the Summary of Coverages on this Commercial Extension Endorsement for “Newly Acquired Equipment and Stock”.

OFF PREMISES POWER INTERRUPTION

This Extension insures loss of income (as defined in the Business Interruption Form(s) attached, if applicable, to this Policy) resulting from the necessary interruption of business caused by damage to or destruction of Off Premises Power Sources (Public Utility plants, transformer or switching stations, sub-stations, and pumping stations) which furnish heat, light, power or gas to “Your” premises, provided such loss or damage is caused directly by the perils insured against under this Policy (but excluding loss resulting from damage to or destruction of Off Premises poles and towers).

For the purpose of this Extension, ‘Off Premises’ shall be considered to mean the area outside the property lines at the location(s) described in the Policy Declaration.

This cover does not attach until twenty-four (24) hours following the initial interruption.

PEAK SEASON INCREASE

The amount of insurance specified in the “Declarations Page” in respect to stock shall be automatically increased by 25% to provide for seasonal variations. However, this increase shall not apply unless the amount of insurance shown on the “Declarations Page” for stock coverage is 100% or more of “Your” average monthly values for the twelve (12) months immediately preceding the latest effective date (inception date or renewal date), or in the event “You” have been in business for less than twelve (12) months, such shorter period of time.

POWER FLUCTUATION COVERAGE

We will indemnify the Insured for any direct loss or damage to your contents caused by a power fluctuation, meaning a sudden rise or fall of electrical power that is not caused by lightning. This extension will not apply:

- (1) to property undergoing any process or while being worked on where the damage results from such process or work;
- (2) to the property item which generated the power fluctuation;
- (3) to any loss for which indemnity is provided under an Equipment Breakdown Rider.

PROFESSIONAL FEES

This Extension insures reasonable fees payable to “Your” Architects, Auditors, and Engineers for producing and certifying particulars or details of “Your” business required by “Us” in order to arrive at the loss payable under this Policy in the event of a claim.

PROPERTY TEMPORARILY AWAY FROM PREMISES

This Extension insures, subject to all the terms and provisions of the Policy, stock and equipment while located at temporary locations not owned, rented or controlled in whole or in part by “You”.

SALES REPRESENTATIVE

This Extension insures, subject to all the terms and provisions of the Policy, equipment and stock whether in transit or otherwise, in the custody of a sales representative of “Yours”.

TRANSIT INCLUDING PARCEL POST

This Extension insures, subject to all the terms and provisions of the Policy, equipment and stock in course of transit.

VALUABLE PAPERS AND RECORDS

This Extension insures, subject to all the terms and provisions of the Policy, Valuable Papers and Records (meaning written, printed or otherwise inscribed documents and records, including books, maps, films, tapes, discs, drawings, abstracts, deeds, mortgages and manuscripts or other magnetic recording or storage media for electronic data processing but excluding money or securities), the property of “Yours” or for which “You” may be responsible or liable to others.

WINERIES PROTECTOR PLUS

OUTDOOR VINES AND TRELLISES, GROWING FLOWERS, PLANTS, SHRUBS OR TREES IN THE OPEN (per plant/per occurrence)

EXTENSIONS OF COVERAGE – Growing Plants, Trees, Shrubs or Flowers in the Open on the Commercial Building, Equipment and Stock Broad Form 51236 is modified to provide a maximum limit of recovery as shown in the Summary of Coverages on this Commercial Extension Endorsement for “Growing Flowers, Plants, Shrubs, or Trees in the Open”. This extension of coverage includes plants, trees and vines that are used in the production of wine products.

VALUATION FOR FINISHED AND IN PROCESS WINES

VALUATIONS on the Commercial Building, Equipment and Stock Broad Form (51236) is replaced by the following:

For the purpose of calculating the total value of the property for the application of Co-insurance, value reporting and for loss adjustment, the following valuation basis applies:

- (1) on unsold (other than wine) “stock”– the actual cash value of the property at the time any loss occurs, but in no event to exceed what it would cost to repair or replace with material of like kind and quality;
- (2) on sold (other than wine) “stock”– the selling price after allowance for discounts;
- (3) on “bottled winery products”, that are:
 - (a) intended for sale to the consumer, at the retail price less applicable discounts, un-incurred taxes and un-incurred expenses,
 - (b) intended for sale to a restaurant or retailer at:
 - (i) the selling price under contract, or
 - (ii) the price the wine could have been sold for as case goods,
 - (c) maturing as the lesser of:
 - (i) the three year average net selling price of the wine, less un-incurred costs for that same varietal or vintage or from the same vineyard, or if not available,
 - (ii) the three year industry wide average net selling price, less un-incurred costs for the same varietal or vintage.
- (4) on “bulk” wine, as the lesser of:
 - (a) the price the wine could have been sold for, or
 - (b) the market price of wine of like kind and quality in the same stage of process.
- (5) on “irreplaceable wine” at the average net marketing listing, as determined by well-established and reputable wine merchants selected by the insurer;
- (6) on property of others in the custody or control of the Insured for the purpose of performing work thereon – the amount for which the Insured is liable but in no event to exceed the actual cash value at the time and place of loss plus allowance for labour and materials expended to such time;
- (7) on tenant’s improvements and records – as defined in paragraphs (a) and (b) of Clause 9;
- (8) on all other property insured under this Form and for which no more specific conditions have been set out – the actual cash value at the time the loss or damage occurs but in no event to exceed what it would then cost to repair or replace with material of like kind and quality.

Actual Cash Value: Various factors shall be considered in the determination of actual cash value. The factors to be considered shall include, but not be limited to replacement cost less any depreciation and market value. In determining depreciation, consideration shall be given to the condition of the property immediately before the damage, the resale value, the normal life expectancy of the property and obsolescence.

WINE CONTAMINATION

The insurance provided for direct loss or damage to bottled winery products, irreplaceable wine or bulk wine, is extended to include loss or damage resulting from contamination as described and limited:

- (1) We will not pay for loss or damage caused by or resulting from contamination of wine products, whether finished or in-process, unless the contamination is itself caused by or the result of:
 - (a) any of the “Named Perils”; or
 - (b) contact of the wine products with residual cleaning solvents within the tanks, vessels or barrels, including their component parts and connections, used to process or store the wine products,
 - (c) contact of the wine products with the leakage of a contaminant or pollutant that is used in the equipment and manufacture of the wine products.
- (2) The most we will pay for the total of all loss or damage under this coverage in any one policy year is the limit of insurance shown on the declaration page for Wine Contamination.
- (3) The contamination must originate at locations insured by this policy. In no event shall this coverage extend to raw materials or bulk wine purchased from outside suppliers.
- (4) We will not pay for “suspected” contamination, only “actual” contamination.

WINE END MARKET VALUE

The following item is added to **SPECIAL BASIS OF SETTLEMENT** on the Commercial Building, Equipment and Stock Broad Form (51236).

(C) Wine End Market Value

It is understood and agreed that settlement shall be based on the retail selling price less:

- (1) un-incurred applicable government taxes;
- (2) un-incurred expenses related to the bottling and labelling of the product;
- (3) applicable discounts for any unsold bottled winery product.

WINE LEAKAGE

The insurance provided under this policy for direct loss or damage to insured product is extended to include loss or damage resulting from leakage as described and limited:

- (1) We will not pay for loss or damage caused by or resulting from leakage of finished or in-process wine products from any tanks, vessels or barrels used to process or store the wine products, or from any component parts of or connections to or from the tanks, vessels or barrels, unless the wine leakage is itself caused by or results from:
 - (a) any of the "Named Perils"; or
 - (b) errors or omissions in the workmanship of you or your employee(s).
- (2) We will not pay for any loss or damage caused by or resulting from wine leakage that can reasonably be considered normal and customary to the trade.
- (3) Under 5.B. Perils Excluded, exclusion (f) does not apply to wine leakage at the insured location. All other exclusions continue to apply.
- (4) The most we will pay for the total of all loss or damage under this coverage in any one policy year is the limit of insurance shown on the declaration page for Wine Leakage.

UNDERGROUND WINE STORAGE

Definition of "Building" in the Commercial Common Agreements, Definitions, Exclusions and Conditions Form (COMM) Form is extended to include the following:

"Building" means

- vi. underground wine storage which mean caves and permanent steel storage tanks.

SPECIAL DEFINITIONS

- (1) "**Stock**" means:
 - (i) merchandise of every description usual to the Insured's business
 - (ii) bottling, packing, wrapping and advertising materials; and
 - (iii) similar property belonging to others which the Insured is under obligation to keep insured or for which he is legally liable
- (2) "**Bottled winery products**" means wine and other winery products in the bottle or otherwise packaged for sale or distribution.
- (3) "**Bulk wine**" means wine in a stage of process other than bottled winery products.
- (4) "**Irreplaceable wine**" means wine that is cellared, rare or vintage that is irreplaceable in kind and quality.

All other terms and conditions of this Policy remain unchanged.