

VINTAGE WINE POLICY FORM

READ YOUR POLICY CAREFULLY

This policy is a legal contract between the policy owner and The Marine Insurance Company Ltd.

INSURING AGREEMENT

We agree to provide the insurance for your “Vintage” Wine collection at the premises designated or at other covered locations all as described in this policy. In return you must pay the premium and comply with all policy terms and conditions. Assignment of your rights under this policy are only transferable upon written request and written confirmation by the Company.

LIMIT OF LIABILITY

The most we will pay for loss or damage to your Vintage Wine collection is the Fair Market Value, above any applicable deductible, of your collection not to exceed the amount shown on the Declaration page of this policy. Any Additional Coverages or Extensions of Coverage are sub-limits and do not serve to increase the amount of insurance hereunder.

DEFINITIONS

In this policy, “you” and “your” refer to the “Insured” shown in the Declarations and the spouse if a resident of the same household. “We”, “us”, “our” and “the Company” refer to the Company providing this insurance. In addition, certain words and phrases are defined as follows:

1. **“Insured”** means:
You and residents of your household who are your relatives above the age of twenty-one (21) if the household is their primary residence.
2. **“Premises Designated”** means:
Locations specified in the application and shown on the declaration page of this policy where the insured Vintage Wine collection is stored.
3. **“Occurrence”** means:
The sum of all losses caused by direct physical loss or damage to property insured hereunder directly by any one disaster, casualty, or series of losses, disasters, or casualties arising out of one event which occurs within the policy period and territory. The duration and extent of any one loss occurrence will be limited to all loss sustained during any period of seventy-two (72) consecutive hours from and by the same event.
4. **“Loss or Damage”** means:
The destruction of or damage to the bottling of your wine collection such that the contents are measurably and noticeably altered from original and intended condition thereby rendering the product unconsumable.

For loss caused by extremes of temperature from failure or breakdown of climate control units; broken glass, pushed corks, and or significant leakage from the bottle must be evident.

5. **“Vintage”** means:
Your reported and insured wine collection.

6. **“Blanket”** coverage means:
There is no requirement to “schedule” or separately report your insured wine collection by the bottle. Blanket coverage applies when the total inventory and the Fair Market Value of said collection is less than USD500,000 and no individual bottle has a fair market value in excess of USD1,000. The Limit of Liability shown on the declaration page and elsewhere in this form for blanket coverage is the most we will pay for all loss or damage from an occurrence to the entire “Blanket” insured wine collection. However this limit of liability may be increased in accordance with the Margin Clause as detailed herein.
7. **“Scheduled”** coverage means:
There is a requirement to “schedule” or separately report your insured wine collection by the bottle. Scheduled coverage applies where the collection is less than USD500,000 and any individual bottle has a fair market value greater than USD1,000. The Limit of Liability shown on the declaration page and elsewhere in this form for Scheduled Coverage is the most we will pay for all loss or damage from an occurrence to the entire “Scheduled” wine collection. However this limit of liability may be increased in accordance with the Margin Clause as detailed herein.
8. **“Limit of Liability”** means:
The maximum limit of liability payable in respect of any one insured wine collection whether “Blanket” or “Scheduled” or a combination of both shall not exceed USD500,000. However this limit of liability may be increased in accordance with the Margin Clause as detailed herein.
9. **“Fair Market Value”** means:
The dollar amount, at the time of the “loss,” that it would cost to replace a property (wine) with another of similar age, quality, origin, appearance and condition within a reasonable length of a time in an appropriate and relevant market. The Fair Market Value shall be determined by Marc Lazar of Cellar Advisors whose valuation shall be considered as acceptable.
10. **“Computer Media”** means:
Magnetic tapes, discs, or other storage devices, including the information recorded on them, as they pertain to your wine collection.
11. **“Earthquake”** means:
Seismic activity that causes earth movement, but not including subsidence, landslide, rock slide, mudflow, earth rising, sinking, shifting or settling, or the eruption, explosion or effusion of any volcano; unless such earth movement is a direct result of such seismic activity.

Each loss by earthquake shall constitute a single claim hereunder; provided, if more than one earthquake shock shall occur within any period of seventy-two (72) hours during the term of this policy, such earthquake shocks shall be deemed to be a single earthquake within the meaning hereof. This company shall not be liable for any loss caused by any earthquake shock occurring before the effective date and time of this policy, nor for any loss occurring after the expiration date and time of this policy.
12. **“Flood”** means:
Rising water; Surface water; Waves; Tidal waves or Tidal water; Overflow of streams, rivers, lakes, ponds, or other bodies of water; Or Spray from any of the foregoing; All whether driven by wind or not and regardless of any other event which contributes concurrently or in any sequence to the loss or damage.

EXTENTIONS OF COVERAGE

1. Margin Clause, additions and deletions:

You may add or delete items from your Vintage Wine collection at any time during the policy period. You do not need to report these changes to us unless,

- a. Any individual item has a fair market value of more than USD1,000 or,
- b. The aggregate total fair market value of your Vintage Wine collection increases more than 20%, then

and accordingly the Limit of Liability of this policy is increased by 20%.

However when you acquire new property, or take possession of items by consignment or entrustment, or the total fair market value of your Vintage Wine collection increases more than 20% of the “blanket” or “scheduled” limit you must:

- a. Request an increase to your Limit of Liability
- b. Report these Acquired objects to us within 30 days,
- c. Submit a new inventory report to us, and
- d. Pay the additional premium from the date acquired.

In the event that you fail to comply with any of the above We reserve the right not to insure the newly acquired articles after the 30th day.

In no event shall the Limit of Liability under this policy exceed USD750,000 any one Vintage wine collection. Should an increase above this amount be required you must immediately advise us prior to the actual attachment of risk. Any such request must be confirmed by us in writing before any coverage is provided hereunder. In order to make such a request you must:

- a. Request an increase to your Limit of Liability
- b. Report these Acquired objects immediately to us,
- c. Immediately submit a new inventory report to us, and
- d. Pay the additional premium, which is to be agreed by us at time of application.

2. Extremes of Temperature:

We will cover ‘loss or damage’ caused by derangement or breakdown of refrigeration and/or controlled atmosphere equipment or failure to maintain temperatures required for proper preservation of your Vintage wine, provided such breakdown or derangement or failure is beyond your direct control and is the proximate cause of the “loss or damage”. This extension is also applicable to power or service generators outside the premises.

3. Other Covered Locations:

We will cover “loss or damage” to items in your insured Vintage Wine collection that are properly stored and handled at a location(s) other than your designated cellar(s) or storage warehouse(s) subject to five percent (5%) maximum limit of liability of total insured value.

4. Other Covered Property:

We will cover ‘loss or damage’ to storage units, climate control systems, cellar furnishings and accessories used in connection with your Vintage Wine collection up to the actual cash value for each but not to exceed a total of USD10,000 after a USD2,500 deductible. However our liability hereunder shall not exceed the Limits of Liability as stated on your declaration.

ADDITIONAL COLLECTORS COVERAGES:

1. Cost of Preparing Inventory:

In the event of “loss or damage” by a covered cause of loss to covered property, we will pay your necessary expense to prepare a complete inventory of the damaged and undamaged property including quantities, costs, values and amount of “loss” claimed. The most we will pay under this additional coverage is USD5,000 in any one occurrence. However our liability hereunder shall not exceed the Limits of Liability as stated on your declaration.

2. Reference Library:

In addition to the insurance provide for your “Vintage Wine Collection”, we will also pay for “loss or damage” to your Reference Library related to the covered property, including books, catalogues and “computer media”. The most we will pay under this Additional Coverage is USD5,000 in any one occurrence. However our liability hereunder shall not exceed the Limits of Liability as stated on your declaration.

3. Accidental Droppage:

We will pay for “Loss or Damage” to your insured Vintage Wine Collection caused by accidental droppage. The most we will pay under this Additional Coverage is USD10,000 in the aggregate for the policy period.

4. Property in Transit:

We will pay up to the “blanket” limit of liability for an insurable “loss or damage” to your insured vintage wine collection whilst in transit within the USA.

Any transits outside of the USA will be covered up to the “blanket” limit of liability per the terms and conditions of the “International Transit Endorsement” and for the payment of an Additional Premium.

5. Unauthorized Consumption:

We will pay for “Loss or Damage” to your insured Vintage Wine Collection caused by unauthorized consumption by person(s) who are not “insured’s” hereunder. The most we will pay under this additional coverage is five (5) bottles not to exceed USD5,000 in value and in the aggregate for the policy period.

6. Loss from Earthquake:

We will cover “loss or damage” to your insured Vintage Wine Collection from Earthquake. We will pay the fair market value in excess of a 10% deductible. The 10% deductible is determined based on the limit of liability of the Vintage Wine Insurance policy not on the amount of loss or damage. A minimum deductible of USD5,000 shall apply. The most we will pay under this extension of coverage is USD100,000.

This extension of coverage can be increased up to USD 750,000 for the payment of an Additional Premium.

7. Loss from Flood:

We will cover “loss or damage” to your insured Vintage Wine Collection from Flood. We will pay the fair market value in excess of a 10% deductible. The 10% deductible is determined based on the limit of liability of the Vintage Wine Insurance policy not on the amount of loss or damage. A minimum deductible of USD5,000 shall apply. The most we will pay under this extension of coverage is USD100,000.

This extension of coverage can be increased up to USD 750,000 for the payment of an Additional Premium.

PERILS INSURED AGAINST

We insure for direct physical and accidental “loss or damage” to covered property by an “occurrence” from covered cause of loss. Your recovery hereunder may be limited by the application of deductibles, sublimits or other policy terms and conditions.

EXCLUSIONS – LOSS NOT INSURED

We do not insure “Loss or Damage” caused by or resulting from any of the following:

1. Wear and tear, gradual deteriorations, latent defect or inherent vice;
2. Insects or vermin;
3. Any Third Party Liability;
4. Consequential Loss;
5. Rust, Corrosion, Wet or Dry Rot;
6. Atmospheric or Climatic Conditions;
7. Any Process of Heating, Drying, Cleaning or Dying;
8. Consumption;
9. War, Nuclear hazard, Biological, Radiological or terrorism;
10. Intentional loss, meaning any loss arising out of an act committed:
 - i) By or at the direction of an “insured”; and
 - ii) With the intent to cause a loss.
 - iii) Damage sustained due to or resulting from repair, restoration or retouching;
11. Change of Temperature except for Extremes of Temperature as provided herein;
12. Loss, or damage caused by Confiscation, Requisition, Detention, legal or illegal occupation, Embargo, Quarantine, or any result of any order of Public or Government authority, which deprives you of the use or value of its property, nor for loss or damage arising from acts of Contraband or Illegal transportation or Illegal trade;
13. Loss or damage caused by backing up of Sewers and/or drains; However, we will pay up to 10% of the blanket limit for such a loss, less deductible of USD2,500;
14. Mysterious disappearance or Inventory shortage;

15. Loss or damage to inventory caused by Shrinkage, Dissipation, Evaporation, Loss of weight, Leakage, Spillage, Spoilage, Normal Shortage, Marring, Scratching, Exposure to light, or Change in colour, texture or flavour all usual or customary to wine; unless such loss or damage is caused directly by Fire or the combating thereof, Lightening, Windstorm, Hail, Explosion, Strikers, Riot or civil commotion, Aircraft, Vehicles, Breakage of pipes or apparatus, Sprinkler leakage, Vandalism or malicious mischief, Theft or attempted Theft;
16. Electrical or magnetic injury to, or disturbance or erasure of electronic recordings, except by lightening;
17. Flood if the insured Vintage Wine Collection is located in zone A or V (100-year flood zone) as defined by the National Flood Insurance Program.

GENERAL CONDITIONS

1. Abandonment of Property

We may at our option take all or part of the damaged, destroyed items after any claim payment to you, but there will be no abandonment of the damaged items to us.

2. Appraisal

If you and we fail to agree on the amount of loss, either may demand an appraisal of the loss. In this event, each party will choose a competent appraiser within 20 days after receiving a written request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a court of record in the state where the Scheduled Valuable Possessions are located. The appraisers will separately set the amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss.

Each party will:

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

3. Conformity to State Law

When any policy provision is in conflict with the applicable law of the State in which this policy is issued, the law of the State shall apply.

4. Concealment of Fraud

The entire policy will be void with respect to all "insured's" if, whether before or after a loss, any "insured" has:

- a. Intentionally concealed or misrepresented any material fact or circumstance; or
- b. Engaged in fraudulent conduct; or
- c. Made false statements relating to this insurance.

5. Insurable Interest and Limit of Liability

Even if more than one person has an insurable interest in the property covered, we shall not be liable:

- a. To the "insured" for an amount greater than the "insured's" interest at time of loss; or
- b. For more than the limit of liability that applies.

6. **Territorial Limits**

We cover your Vintage Wine collection while it is located in the United States of America including Alaska and Hawaii, or anywhere in the world while in transit.*

* International Transit Endorsement is available at an additional premium for transit outside the USA.

7. **Loss Clause**

In the event of claim for loss or damage to your Vintage Wine collection, the Limit of Liability shall **not** be reduced by the amount of such claim. Subsequent to any claim for loss or damage or payment for claim made hereunder, the premium paid for this insurance shall become 100% fully earned and will not be returned to you even if this insurance is cancelled at your request.

8. **Loss Payment**

We will adjust any covered losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. If there is coverage under this policy, we will pay you within 30 days after you comply with all the policy terms and conditions and:

- a. We reach an agreement with you; or
- b. There is an entry of a final judgment; or
- c. There is a filing of an appraisal award with us.

9. **Loss Settlement**

Your Vintage Wine Collections losses are settled as follows:

- a. Insured wine collections covered on a “scheduled” basis:
 - i) For total loss, we will pay the amount of insurance shown for the vintage wine; or if the amount of insurance shown is less than the fair market value of the article, we will pay the lesser of the amount of insurance shown for the article or the fair market value of the article. In the event of a total “loss,” you will surrender the property to us.
 - ii) For partial loss, we will pay one of the following:
 - 1. The replacement cost of the property (not including vintage wine) as nearly as possible to its condition just before the loss; or
 - 2. For “Vintage” wine its fair market value at time of loss.
 - iii) For loss or damage to a part of a pair or set, we will pay you the fair market value for the pair or set if you give us the remaining undamaged article.

However, we will not pay more than the amount described in 9.a.(i) above.

We reserve the right, at our option, to declare any loss a total loss for adjustment under the total loss provisions of this policy.

- b. Insured wine collections covered on a “Blanket” basis:
For loss to property covered on a blanket basis, we will pay the amount required to repair or replace (whichever is less) at the fair market value. We will not pay more than the amount of insurance shown for the blanket property.
- c. Fair market value accepted as that determined by Marc Lazar. His valuation to be considered as acceptable.

Please refer to the coverage summary for limits of insurance.

10. Your Duties After Loss

In case of a loss to which this insurance may apply, you must see that the following are done:

- a. Give immediate written notice to You may mail them at the address shown on the declarations page or email them at or contact them by phone at their claim number.
- b. In case of theft, also notify the local law enforcement within 24 hours of the discovery of the theft and file a report.
- c. Use all reasonable means to protect the property from further damage. If repairs to the property are required, you must:
 - i) Make reasonable and necessary repairs to protect the property; and
 - ii) Keep an accurate record of repair expenses.
- d. Make a detailed list of all lost or damaged , stolen or destroyed Vintage Wine including the following information:
 - i) The number of items damaged;
 - ii) A detailed description of the items;
 - iii) Month and year obtained or purchased;
 - iv) The amount of the purchase price including all bills, receipts and related documents that justify the amounts of the inventory;
 - v) The current Fair Market value of the items damaged; and
 - vi) The original Vintage Wine inventory you used in purchasing this insurance.
- e. Send to us within 60 days after the loss, the information requested in 10.d. above and a completed proof of loss form signed and sworn to by the insured. The proof of loss must include:
 - i) The date, time and cause of loss.
 - ii) The interest of the insured in the items damaged.
 - iii) All other insurance policies that exist which may cover the items damaged.
 - iv) The total amount of loss or damage you are claiming.
- f. Do not dispose of any damaged items until we authorize you to do so. For loss caused by accidental droppage, you must preserve the bottleneck, uncorked and with foil intact and make same available for examination when we request.

- g. At our request, you must submit to examination under oath as often as reasonably required while not in the presence of any other insured and sign the transcript of the examination. You also agree that any employee, resident of your household, or others will be available for examination under oath to the extent you reasonably can.

11. Other Insurance

If at the time of loss or damage there is available any other insurance which would apply to the property in the absence of this policy, the insurance under this policy shall apply only as excess insurance over the other insurance.

12. Suit Against Us

No action can be brought unless the policy provisions have been complied with and the action is started within one year after the date of loss.

13. Claim Against Others

You will cooperate with us in every reasonable way possible to assist in the recovery from others for loss or damage covered by this insurance. You agree to assign us your rights against others, but only to the extent of our payment and we agree to pay expenses associated with this right of recovery.

14. No Benefit to Bailee

We will not recognize any assignment or grant any coverage for the benefit of any person or organization holding, storing or moving property for a fee regardless of any other provisions of this policy.

15. Recovered Property

If you or we recover any property for which we have made payment under this policy, you or we will notify the other of the recovery. At your option, the property will be returned to or retained by you or will become our property. If the recovered property is returned to or retained by you, the loss payment will be adjusted based on the amount you received for the recovered property.

16. Liberalization Clause

If we make a change which broadens coverage under this edition of our policy without additional premium charge, that change will automatically apply to your insurance at the date we implement the change in your state, provided that this implementation date falls within 60 days prior to or during the policy period stated in the Declarations.

17. Cancellation

- a. You may cancel this policy at any time by returning it to us or by letting us know in writing of the date cancellation is to take effect. You cannot backdate a cancellation request. We will then return the pro-rata unearned premium less 10%. If however, your request is after a loss or claim made hereunder, the premium will be deemed fully earned and we will not return anything.
- b. We may cancel this policy only for the reasons stated below by letting you know in writing of the date cancellation takes effect. This cancellation notice may be delivered to you, or mailed to you at your mailing address shown in the Declarations. Proof of mailing will be sufficient proof of notice.

- i) When you have not paid the premium, we may cancel at any time by letting you know at least 10 days before the date the cancellation takes effect.
- ii) When this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel for any reason by letting you know at least 10 days before the date cancellation takes effect.
- iii) When this policy has been in effect for 60 days or more, or at any time if it is a renewal with us, we may cancel:
 - 1. If there has been a material misrepresentation of fact which, if known to us, would have caused us not to issue the policy; or
 - 2. If the risk has changed substantially since the policy was issued.

This can be done by letting you know at least 30 days before the date cancellation takes effect.

- 3. When this policy is cancelled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.
- 4. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect.

18. Non-Renewal

We may elect not to renew this policy. We may do so by delivering to you, or mailing to you at your mailing address shown in the Declarations, written notice at least 30 days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice.

19. Subrogation

You may waive in writing before a loss all rights of recovery against any person. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us. If an assignment is sought, you must sign and deliver all related papers and cooperate with us.

20. Protective Safeguards

You agree to maintain all heating, cooling, humidity, climate controls, or temperature control equipment which is owned by you and used for the proper storage of your insured Vintage Wine collection in proper operating condition and in the on position at all times.

International Transit Endorsement

International Transit Limit: USD 600,000 (or the equivalent in any other currencies) any one Conveyance or Location each insurance bound.

Any International transit shall be subject to the following Additional Clauses:

Including coverage as per the American Institute War Risk Insurance Form 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 policy inconsistent therewith.

Including coverage as per the American Institute Strikes, Riots and Civil Commotions Endorsement 87B-109B April 3. 1980, but average payable irrespective of percentage.

Institute Radioactive Contamination, Chemical, Biological, Bio-Chemical And Electromagnetic Weapons Exclusion Clause CL370 dated 10.11.03 plus U.S.A. and Canada Endorsement, USCAN B, dated 29/01/04.

Institute Cyber Attack Exclusion Clause CL380 dated 10.11.03.

GENERAL AVERAGE

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.

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 policy 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 insurance except that until the liability to pay freight and/or duty and/or charges arises this policy 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.

LABELS

- (a) In case of damage affecting labels, capsules or wrappers the Underwriters, if liable therefore under the terms of this policy, 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.

- (b) This policy is extended to indemnify the Assured for actual expenses incurred in the reconditioning of or the replacing of the packaging of goods and/or merchandise insured under this policy during transit to final destination provided that:
 - (i) The type of package would normally withstand the transit without damage.
 - (ii) Packing to be free from damage at inception of transit risk as evidenced by issuance of a clean Bill of Lading (without a Letter of Indemnity having been given by the shipper); or otherwise proven by the Assured.
 - (iii) Damage to packing is due to a peril insured against.
 - (iv) Reconditioning of packing or repacking is actually necessary.
- (c) 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 Assured, the salvage value of such damaged property shall be determined after removal of all brands and any trade marks (on containers on which brands 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 Assured attached to said property. The Underwriters waive their right to take over any merchandise or containers from which it is impractical to destroy all evidence of the Assured's connection therewith, such merchandise or containers to be destroyed.
- (d) Notwithstanding anything to the contrary contained elsewhere herein, it is understood and agreed that in the case of damage to goods and/or merchandise insured hereunder, the Assured is to retain control over all damaged goods and/or merchandise. Accordingly, where the disposal or sale of goods and/or merchandise is, in the sole opinion of the Assured, detrimental to their interest (or which they are unable to sell or dispose of under an agreement with any trade association) such damage shall be treated as a constructive total loss and the Assured shall dispose of the damaged goods and/or merchandise to the best advantage.

However, the Assured agrees, wherever practicable, to recondition and sell such goods and/or merchandise after removal of all brands and trademarks as per item (c) above.

The Assured also agrees to consult with Underwriters before taking any destruction action and where a sale or disposal is affected, Underwriters are to be entitled to any proceeds after deduction of the Assured's reasonable sale and/or disposal expenses.

PACKING

Notwithstanding anything contained herein to the contrary it is agreed that Underwriters shall accept packing or preparation as sufficient or suitable to protect the subject-matter insured against loss or damage, where such packing is undertaken by third parties, 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. It is further agreed to waive rights of subrogation against the Assured or their sub-contractors.

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.

REMOVAL OF DEBRIS

It is agreed that subject to the operation of an insured peril, Underwriters will pay costs and expenses reasonably incurred by the Assured in connection with:

- (1) Removal of debris and/or destruction of damaged goods;
- (2) The transfer of items covered hereunder from one conveyance to another in the event of an accident to the original conveyance which results in loss of or damage to such items which is recoverable hereunder.

The indemnity provided by this clause shall be in addition to the indemnity provided elsewhere herein but be limited to a further 10% of the insured value.

Notwithstanding anything contained herein this clause specifically excludes any costs or expenses incurred in consequence of or to prevent or mitigate pollution or contamination or any threat or liability therefore.

RETURNED AND/OR REFUSED SHIPMENTS

In the event of shipments insured under this policy 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 Assured.

Reports of such rejections, detentions and/or returned shipments are to be made to Underwriters by the Assured as soon as practicable after they have knowledge of the same.

TERMINATION OF TRANSIT CLAUSE (TERRORISM) 2009

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 organization 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 Assured 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 Assured 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 overboard of the subject-matter insured from the overseas 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 the 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.

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TESTING, SORTING AND SEGREGATION

In the event of external signs of damage to the subject-matter insured, Underwriters agree to meet the reasonable costs of testing, sorting and segregating the subject-matter including any surveyor's fees and additional storage charges whether or not any actual damage is subsequently found including the costs of transporting the subject-matter to or from a test facility plus the costs of repacking and shipment to destination after completion. Any such costs shall be paid in full without application of applicable policy deductible or excess.

COMMERCIAL VINTAGE WINE POLICY FORM

READ YOUR POLICY CAREFULLY

This policy is a legal contract between the policy owner and The Marine Insurance Company Ltd.

INSURING AGREEMENT

We agree to provide the insurance for your Commercial “Vintage” Wine collection at the premises designated or at other covered locations all as described in this policy. In return you must pay the premium and comply with all policy terms and conditions. Assignment of your rights under this policy are only transferable upon written request and written confirmation by the Company.

LIMIT OF LIABILITY

The most we will pay for loss or damage to your Commercial Vintage Wine collection is the Fair Market Value, above any applicable deductible, of your collection not to exceed the amount shown on the Declaration page of this policy. Any Additional Coverages or Extensions of Coverage are sub-limits and do not serve to increase the amount of insurance hereunder.

DEFINITIONS

In this policy, “you” and “your” refer to the “Insured” shown in the Declarations. “We”, “us”, “our” and “the Company” refer to the Company providing this insurance. In addition, certain words and phrases are defined as follows:

1. **“Insured”** means:
You and residents of your household who are your relatives above the age of 21 if the household is their primary residence.
2. **“Premises Designated”** means:
Locations specified in the application and shown on the declaration page of this policy where the insured Vintage Wine collection is stored.
3. **“Occurrence”** means:
The sum of all losses caused by direct physical loss or damage to property insured hereunder directly by any one disaster, casualty, or series of losses, disasters, or casualties arising out of one event which occurs within the policy period and territory. The duration and extent of any one loss occurrence will be limited to all loss sustained during any period of seventy-two (72) consecutive hours from and by the same event.
4. **“Loss or Damage”** means:
The destruction of or damage to the bottling of your wine collection such that the contents are measurably and noticeably altered from original and intended condition thereby rendering the product inconsumable.

For loss caused by extremes of temperature from failure or breakdown of climate control units; broken glass, pushed corks, and or significant leakage from the bottle must be evident.

5. **“Vintage”** means:
Your reported and insured wine collection.
6. **“Blanket”** coverage means:
There is no requirement to “schedule” or separately report your insured wine collection by the bottle. Blanket coverage applies when the total inventory and the Fair Market Value of said collection is less than USD500,000 and no individual bottle has a fair market value in excess of USD1,000. The Limit of Liability shown on the declaration page and elsewhere in this form for blanket coverage is the most we will pay for all loss or damage from an occurrence to the entire “Blanket” insured wine collection. However this limit of liability may be increased in accordance with the Margin Clause as detailed herein.
7. **“Scheduled”** coverage means:
There is a requirement to “schedule” or separately report your insured wine collection by the bottle. Scheduled coverage applies where the collection is less than USD500,000 and any individual bottle has a fair market value greater than USD1,000. The Limit of Liability shown on the declaration page and elsewhere in this form for Scheduled Coverage is the most we will pay for all loss or damage from an occurrence to the entire “Scheduled” wine collection. However this limit of liability may be increased in accordance with the Margin Clause as detailed herein.
8. **“Limit of Liability”** means:
The maximum limit of liability payable in respect of any one insured wine collection whether “Blanket” or “Scheduled” or a combination of both shall not exceed USD500,000. However this limit of liability may be increased in accordance with the Margin Clause as detailed herein.
9. **“Fair Market Value”** means:
The dollar amount, at the time of the “loss,” that it would cost to replace a property (wine) with another of similar age, quality, origin, appearance and condition within a reasonable length of a time in an appropriate and relevant market. The Fair Market Value shall be determined by Marc Lazar of Cellar Advisors whose valuation shall be considered as acceptable.
10. **“Computer Media”** means:
Magnetic tapes, discs, or other storage devices, including the information recorded on them, as they pertain to your wine collection.
11. **“Earthquake”** means:
Seismic activity that causes earth movement, but not including subsidence, landslide, rock slide, mudflow, earth rising, sinking, shifting or settling, or the eruption, explosion or effusion of any volcano; unless such earth movement is a direct result of such seismic activity.

Each loss by earthquake shall constitute a single claim hereunder; provided, if more than one earthquake shock shall occur within any period of seventy-two (72) hours during the term of this policy, such earthquake shocks shall be deemed to be a single earthquake within the meaning hereof. This company shall not be liable for any loss caused by any earthquake shock occurring before the effective date and time of this policy, nor for any loss occurring after the expiration date and time of this policy.
12. **“Flood”** means:
Rising water; Surface water; Waves; Tidal waves or Tidal water; Overflow of streams, rivers, lakes, ponds, or other bodies of water; Or Spray from any of the foregoing; All whether driven by wind or

not and regardless of any other event which contributes concurrently or in any sequence to the loss or damage.

EXTENTIONS OF COVERAGE

1. Margin Clause, additions and deletions:

You may add or delete items from your Vintage Wine collection at any time during the policy period. You do not need to report these changes to us unless,

- a. Any individual item has a fair market value of more than USD1,000 or,
- b. The aggregate total fair market value of your Vintage Wine collection increases more than 20%, then

and accordingly the Limit of Liability of this policy is increased by 20%.

However when you acquire new property, or take possession of items by consignment or entrustment, or the total fair market value of your Vintage Wine collection increases more than of 20% of the “blanket” or “scheduled” limit you must:

- a. Request an increase to your Limit of Liability
- b. Report these Acquired objects to us within 30 days,
- c. Submit a new inventory report to us, and
- d. Pay the additional premium from the date acquired.

In the event that you fail to comply with any of the above We reserve the right not to insure the newly acquired articles after the 30th day.

In no event shall the Limit of Liability under this policy exceed USD750,000 any one Vintage wine collection. Should an increase above this amount be required you must immediately advise us prior to the actual attachment of risk. Any such request must be confirmed by us in writing before any coverage is provided hereunder. In order to make such a request you must:

- a. Request an increase to your Limit of Liability
- b. Report these Acquired objects immediately to us,
- c. Immediately submit a new inventory report to us, and
- d. Pay the additional premium, which is to be agreed by us at time of application.

2. Extremes of Temperature:

We will cover ‘loss or damage’ caused by derangement or breakdown of refrigeration and/or controlled atmosphere equipment or failure to maintain temperatures required for proper preservation of your Vintage wine, provided such breakdown or derangement or failure is beyond your direct control and is the proximate cause of the “loss or damage”. This extension is also applicable to power or service generators outside the premises.

3. Other Covered Locations:

We will cover “loss or damage” to items in your insured Commercial Vintage Wine collection that are properly stored and handled at a location(s) other than your designated cellar(s) or storage warehouse(s) subject to five percent (5%) maximum limit of liability of total insured value.

4. **Other Covered Property:**

We will cover “loss or damage” to storage units, climate control systems, cellar furnishings and accessories used in connection with your Commercial Vintage Wine collection up to the actual cash value for each but not to exceed a total of USD10,000 after a USD2,500 deductible. However our liability hereunder shall not exceed the Limits of Liability as stated on your declaration.

ADDITIONAL COLLECTORS COVERAGES:

1. **Cost of Preparing Inventory:**

In the event of “loss or damage” by a covered cause of loss to covered property, we will pay your necessary expense to reconstruct a complete inventory of the damaged and undamaged property including quantities, costs, values and amount of “loss” claimed. The most we will pay under this additional coverage is USD5,000 in any one occurrence. However our liability hereunder shall not exceed the Limits of Liability as stated on your declaration.

2. **Reference Library:**

In addition to the insurance provide for your Commercial Vintage Wine collection, we will also pay for “loss or damage” to your Reference Library related to the covered property, including books, catalogues and “computer media”. The most we will pay under this Additional Coverage is USD5,000 in any one occurrence. However our liability hereunder shall not exceed the Limits of Liability as stated on your declaration.

3. **Accidental Droppage:**

We will pay for “Loss or Damage” to your insured Commercial Vintage Wine Collection caused by accidental droppage. The most we will pay under this Additional Coverage is USD10,000 in the aggregate for the policy period.

4. **Property in Transit:**

We will pay up to the “blanket” limit of liability for an insurable “loss or damage” to your insured commercial vintage wine collection whilst in transit within the USA.

Any transits outside of the USA will be covered up to the “blanket” limit of liability per the terms and conditions of the “International Transit Endorsement” and for the payment of an Additional Premium.

5. **Unauthorized Consumption:**

We will pay for “Loss or Damage” to your insured Commercial Vintage Wine Collection caused by unauthorized consumption by person(s) who are not “insured’s” hereunder. The most we will pay under this additional coverage is five (5) bottles not to exceed USD5,000 in value and in the aggregate for the policy period.

6. **Loss from Earthquake:**

We will cover “loss or damage” to your insured Commercial Vintage Wine Collection from Earthquake. We will pay the fair market value in excess of a 10% deductible. The 10% deductible is determined based on the limit of liability of the Vintage Wine Insurance policy not on the amount of loss or damage. A minimum deductible of USD5,000 shall apply. The most we will pay under this extension of coverage is USD100,000.

This extension of coverage can be increased up to USD 750,000 for the payment of an Additional Premium.

7. **Loss from Flood:**

We will cover “loss or damage” to your insured Commercial Vintage Wine Collection from Flood. We will pay the fair market value in excess of a 10% deductible. The 10% deductible is determined based on the limit of liability of the Vintage Wine Insurance policy not on the amount of loss or damage. A minimum deductible of USD5,000 shall apply. The most we will pay under this extension of coverage is USD100,000.

This extension of coverage can be increased up to USD 750,000 for the payment of an Additional Premium.

PERILS INSURED AGAINST

We insure for direct physical and accidental “loss or damage” to covered property by an “occurrence” from covered cause of loss. Your recovery hereunder may be limited by the application of deductibles, sublimits or other policy terms and conditions.

EXCLUSIONS – LOSS NOT INSURED

We do not insure “Loss or Damage” caused by or resulting from any of the following:

1. Wear and tear, gradual deteriorations, latent defect or inherent vice;
2. Insects or vermin;
3. Any Third Party Liability;
4. Consequential Loss;
5. Rust, Corrosion, Wet or Dry Rot;
6. Atmospheric or Climatic Conditions;
7. Any Process of Heating, Drying, Cleaning or Dying;
8. Consumption;
9. War, Nuclear hazard, Biological, Radiological or terrorism;
10. Intentional loss, meaning any loss arising out of an act committed:
 - i) By or at the direction of an “insured” and
 - ii) With the intent to cause a loss.
 - iii) Damage sustained due to or resulting from repair, restoration or retouching;
11. Change of Temperature except for Extremes of Temperature as provided herein;
12. Loss, or damage caused by Confiscation, Requisition, Detention, legal or illegal occupation, Embargo, Quarantine, or any result of any order of Public or Government authority, which deprives you of the use or value of its property, nor for loss or damage arising from acts of Contraband or Illegal transportation or Illegal trade;

13. Loss or damage caused by backing up of Sewers and/or drains; However, we will pay up to 10% of the blanket limit for such a loss, less deductible of USD2,500;
14. Mysterious disappearance or Inventory shortage;
15. Loss or damage to inventory caused by Shrinkage, Dissipation, Evaporation, Loss of weight, Leakage, Spillage, Spoilage, Normal Shortage, Marring, Scratching, Exposure to light, or Change in colour, texture or flavour all usual or customary to wine; unless such loss or damage is caused directly by Fire or the combating thereof, Lightening, Windstorm, Hail, Explosion, Strikers, Riot or civil commotion, Aircraft, Vehicles, Breakage of pipes or apparatus, Sprinkler leakage, Vandalism or malicious mischief, Theft or attempted Theft;
16. Electrical or magnetic injury to, or disturbance or erasure of electronic recordings, except by lightening;
17. Flood if the insured Vintage Wine Collection is located in zone A or V (100-year flood zone) as defined by the National Flood Insurance Program.

GENERAL CONDITIONS

1. Abandonment of Property

We may at our option take all or part of the damaged, destroyed items after any claim payment to you, but there will be no abandonment of the damaged items to us.

2. Appraisal

If you and we fail to agree on the amount of loss, either may demand an appraisal of the loss. In this event, each party will choose a competent appraiser within 20 days after receiving a written request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a court of record in the state where the Scheduled Valuable Possessions are located. The appraisers will separately set the amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss.

Each party will:

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

3. Conformity to State Law

When any policy provision is in conflict with the applicable law of the State in which this policy is issued, the law of the State shall apply.

4. Concealment of Fraud

The entire policy will be void with respect to all "insured's" if, whether before or after a loss, any "insured" has:

- a. Intentionally concealed or misrepresented any material fact or circumstance; or
- b. Engaged in fraudulent conduct; or
- c. Made false statements relating to this insurance.

5. **Insurable Interest and Limit of Liability**

Even if more than one person has an insurable interest in the property covered, we shall not be liable:

- a. To the “insured” for an amount greater than the “insured’s” interest at time of loss; or
- b. For more than the limit of liability that applies.

6. **Territorial Limits**

We cover your Vintage Wine collection while it is located in the United States of America including Alaska and Hawaii, or anywhere in the world while in transit.*

* International Transit Endorsement is available at an additional premium for transit outside the USA.

7. **Loss Clause**

In the event of claim for loss or damage to your Vintage Wine collection, the Limit of Liability shall **not** be reduced by the amount of such claim. Subsequent to any claim for loss or damage or payment for claim made hereunder, the premium paid for this insurance shall become 100% fully earned and will not be returned to you even if this insurance is cancelled at your request.

8. **Loss Payment**

We will adjust any covered losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. If there is coverage under this policy, we will pay you within 30 days after you comply with all the policy terms and conditions and:

- a. We reach an agreement with you; or
- b. There is an entry of a final judgment; or
- c. There is a filing of an appraisal award with us.

9. **Loss Settlement**

Your Vintage Wine Collections losses are settled as follows:

- a. Insured wine collections covered on a “scheduled” basis:
 - i) For total loss, we will pay the amount of insurance shown for the vintage wine; or if the amount of insurance shown is less than the fair market value of the article, we will pay the lesser of the amount of insurance shown for the article or the fair market value of the article. In the event of a total “loss,” you will surrender the property to us.
 - ii) For partial loss, we will pay one of the following:
 - 1. The replacement cost of the property (not including vintage wine) as nearly as possible to its condition just before the loss; or
 - 2. For “Vintage” wine its fair market value at time of loss.
 - iii) For loss or damage to a part of a pair or set, we will pay you the fair market value for the pair or set if you give us the remaining undamaged article.

However, we will not pay more than the amount described in 9.a.(i) above.

We reserve the right, at our option, to declare any loss a total loss for adjustment under the total loss provisions of this policy.

- b. Insured wine collections covered on a “Blanket” basis:
For loss to property covered on a blanket basis, we will pay the amount required to repair or replace (whichever is less) at the fair market value. We will not pay more than the amount of insurance shown for the blanket property.
- c. Fair market value accepted as that determined by Marc Lazar. His valuation to be considered as acceptable.

Please refer to the coverage summary for limits of insurance.

10. **Your Duties After Loss**

In case of a loss to which this insurance may apply, you must see that the following are done:

- a. Give immediate written notice to You may mail them at the address shown on the declarations page or email them at or contact them by phone at their claim number.
- b. In case of theft, also notify the local law enforcement within 24 hours of the discovery of the theft and file a report.
- c. Use all reasonable means to protect the property from further damage. If repairs to the property are required, you must:
 - i) Make reasonable and necessary repairs to protect the property; and
 - ii) Keep an accurate record of repair expenses.
- d. Make a detailed list of all lost or damaged , stolen or destroyed Vintage Wine including the following information:
 - iii) The number of items damaged;
 - iv) A detailed description of the items;
 - v) Month and year obtained or purchased;
 - vi) The amount of the purchase price including all bills, receipts and related documents that justify the amounts of the inventory;
 - vii) The current Fair Market value of the items damaged; and
 - viii) The original Vintage Wine inventory you used in purchasing this insurance.
- e. Send to us within 60 days after the loss, the information requested in 10.d. above and a completed proof of loss form signed and sworn to by the insured. The proof of loss must include:
 - ix) The date, time and cause of loss.
 - x) The interest of the insured in the items damaged.

- xi) All other insurance policies that exist which may cover the items damaged.
 - xii) The total amount of loss or damage you are claiming.
- f. Do not dispose of any damaged items until we authorize you to do so. For loss caused by accidental droppage, you must preserve the bottleneck, uncorked and with foil intact and make same available for examination when we request.
- g. At our request, you must submit to examination under oath as often as reasonably required while not in the presence of any other insured and sign the transcript of the examination. You also agree that any employee, resident of your household, or others will be available for examination under oath to the extent you reasonably can.

11. Other Insurance

If at the time of loss or damage there is available any other insurance which would apply to the property in the absence of this policy, the insurance under this policy shall apply only as excess insurance over the other insurance.

12. Suit Against Us

No action can be brought unless the policy provisions have been complied with and the action is started within one year after the date of loss.

13. Claim Against Others

You will cooperate with us in every reasonable way possible to assist in the recovery from others for loss or damage covered by this insurance. You agree to assign us your rights against others, but only to the extent of our payment and we agree to the pay expenses associated with this right of recovery.

14. No Benefit to Bailee

We will not recognize any assignment or grant any coverage for the benefit of any person or organization holding, storing or moving property for a fee regardless of any other provisions of this policy.

15. Recovered Property

If you or we recover any property for which we have made payment under this policy, you or we will notify the other of the recovery. At your option, the property will be returned to or retained by you or will become our property. If the recovered property is returned to or retained by you, the loss payment will be adjusted based on the amount you received for the recovered property.

16. Liberalization Clause

If we make a change which broadens coverage under this edition of our policy without additional premium charge, that change will automatically apply to your insurance at the date we implement the change in your state, provided that this implementation date falls within 60 days prior to or during the policy period stated in the Declarations.

17. Cancellation

- a. You may cancel this policy at any time by returning it to us or by letting us know in writing of the date cancellation is to take effect. You cannot backdate a cancellation request. We will then return the pro-rata unearned premium less 10%. If however, your request is after a

loss or claim made hereunder, the premium will be deemed fully earned and we will not return anything.

b. We may cancel this policy only for the reasons stated below by letting you know in writing of the date cancellation takes effect. This cancellation notice may be delivered to you, or mailed to you at your mailing address shown in the Declarations. Proof of mailing will be sufficient proof of notice.

xiii) When you have not paid the premium, we may cancel at any time by letting you know at least 10 days before the date the cancellation takes effect.

xiv) When this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel for any reason by letting you know at least 10 days before the date cancellation takes effect.

xv) When this policy has been in effect for 60 days or more, or at any time if it is a renewal with us, we may cancel:

1. If there has been a material misrepresentation of fact which, if known to us, would have caused us not to issue the policy; or
2. If the risk has changed substantially since the policy was issued.

This can be done by letting you know at least 30 days before the date cancellation takes effect.

3. When this policy is cancelled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.

4. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect.

18. Non-Renewal

We may elect not to renew this policy. We may do so by delivering to you, or mailing to you at your mailing address shown in the Declarations, written notice at least 30 days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice.

19. Subrogation

You may waive in writing before a loss all rights of recovery against any person. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us. If an assignment is sought, you must sign and deliver all related papers and cooperate with us.

20. Protective Safeguards

You agree to maintain all heating, cooling, humidity, climate controls, or temperature control equipment which is owned by you and used for the proper storage of your insured Vintage Wine collection in proper operating condition and in the on position at all times.