

State: New York **Filing Company:** Arch Insurance Company
TOI/Sub-TOI: 01.0 Property/01.0001 Commercial Property (Fire and Allied Lines)
Product Name: WineRe Insurance Program Property
Project Name/Number: WineRe Insurance Program Property/ARCH-20-007

Filing at a Glance

Company: Arch Insurance Company
Product Name: WineRe Insurance Program Property
State: New York
TOI: 01.0 Property
Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)
Filing Type: Form/Rate/Rule
Date Submitted: 06/24/2020
SERFF Tr Num: AICO-132433578
SERFF Status: Closed-Approved
State Tr Num: R2020002158
State Status: Closed
Co Tr Num: ARCH-20-007

Effective Date: On Approval
Requested (New):
Effective Date
Requested (Renewal):
Author(s): Alex Ty, Traecy Palmario, Margaret Wadsworth, Orland Panlaque, Lea Tulio, Jade Ong
Reviewer(s): Marielle Klempner (primary)
Disposition Date: 09/23/2020
Disposition Status: Approved
Effective Date (New): 09/23/2020
Effective Date (Renewal): 09/23/2020

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State: New York **Filing Company:** Arch Insurance Company
TOI/Sub-TOI: 01.0 Property/01.0001 Commercial Property (Fire and Allied Lines)
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General Information

Project Name: WineRe Insurance Program Property Status of Filing in Domicile:
 Project Number: ARCH-20-007 Domicile Status Comments:
 Reference Organization: Reference Number:
 Reference Title: Advisory Org. Circular:
 Filing Status Changed: 09/23/2020
 State Status Changed: 09/23/2020 Deemer Date:
 Created By: Orland Panlaque Submitted By: Orland Panlaque
 Corresponding Filing Tracking Number:

Filing Description:

Enclosed please find Arch Insurance Company's (Arch) WineRe Program rate, rule, and form filing. The filing contained herein constitutes a new filing for Arch and does not replace any previously filed form, rate or rule. Arch is submitting for your review this new WineRe Program (the "Program") which employs a combination of ISO and independent forms and rating rules.

The Program is designed to offer property, general liability and auto coverage for eligible bonded wineries and virtual wineries that is not available under the conventional ISO line of business. These coverages are being filed separately to allow for tailored coverages by account.

Company and Contact

Filing Contact Information

Margie Wadsworth, Senior Compliance mwadsworth@archinsurance.com
 Analyst
 210 Hudson Street 201-743-4113 [Phone]
 Suite 300
 Jersey City, NJ 07311

Filing Company Information

Arch Insurance Company	CoCode: 11150	State of Domicile: Missouri
Harborside 3	Group Code: 1279	Company Type: Property &
210 Hudson Street	Group Name: Arch Insurance	Casualty
Suite 300	Group	State ID Number:
Jersey City, NJ 07311	FEIN Number: 43-0990710	
(201) 743-4115 ext. [Phone]		

Filing Fees

Fee Required? No
 Retaliatory? No

Fee Explanation:

State Specific

Speed-To-Market Field: enter code "98" for Speed-To-Market filings. Enter "0" for N/A.: 0

Terrorism Exclusion Field: enter code "46-01" for filings which includes forms, rates or rules for the Terrorism Exclusion. Enter "0" for N/A.: 0

State: New York **Filing Company:** Arch Insurance Company
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Product Name: WineRe Insurance Program Property
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Mold (Fungi, Bacteria, Virus) Exclusion Field: enter code "46-02" for filings which includes forms, rates or rules for the Mold Exclusion. Enter "0" for N/A.: 0

On the Rate/Rule Schedule Tab, the "Add Rate Data" button must be changed to "yes" for all rating rules and rate filings in order for the appropriate fields to be completed. Please enter "Yes" for filings with the rate data fields completed and "No" for all other filings.: Yes

SERFF Tracking #:

AICO-132433578

State Tracking #:

R2020002158

Company Tracking #:

ARCH-20-007

State: New York

Filing Company: Arch Insurance Company

TOI/Sub-TOI: 01.0 Property/01.0001 Commercial Property (Fire and Allied Lines)

Product Name: WineRe Insurance Program Property

Project Name/Number: WineRe Insurance Program Property/ARCH-20-007

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Marielle Klempner	09/22/2020	09/23/2020

Objection Letters and Response Letters

Objection Letters

Status	Created By	Created On	Date Submitted
Pending	Marielle Klempner	08/21/2020	08/21/2020
Pending	Marielle Klempner	07/22/2020	07/22/2020

Response Letters

Responded By	Created On	Date Submitted
Orland Panlaque	08/27/2020	08/27/2020
Traacy Palmario	07/31/2020	07/31/2020

SERFF Tracking #:

AICO-132433578

State Tracking #:

R2020002158

Company Tracking #:

ARCH-20-007

State:

New York

Filing Company:

Arch Insurance Company

TOI/Sub-TOI:

01.0 Property/01.0001 Commercial Property (Fire and Allied Lines)

Product Name:

WineRe Insurance Program Property

Project Name/Number:

WineRe Insurance Program Property/ARCH-20-007

Disposition

Disposition Date: 09/23/2020

Effective Date (New): 09/23/2020

Effective Date (Renewal): 09/23/2020

Status: Approved

Comment: Dear Margie Wadsworth:

This is in reference to the captioned SERFF filing which was submitted on June 24, 2020 for approval and to the various correspondences which provided additional information.

The captioned forms, as amended, are hereby approved, and the manual rates and rules, as amended, are acknowledged pursuant to Article 23 of the New York Insurance Law, effective the date of this letter.

Very truly yours,

Linda A. Lacewell
Superintendent of Financial Services

BY:

Marielle Klempner
Senior Insurance Examiner
Property Bureau
212 480-5511
marielle.klempner@dfs.ny.gov

Overall %

Overall %

Written Premium

Number of Policy

Written

Maximum %

Minimum %

SERFF Tracking #:

AICO-132433578

State Tracking #:

R2020002158

Company Tracking #:

ARCH-20-007

State: New York **Filing Company:** Arch Insurance Company
TOI/Sub-TOI: 01.0 Property/01.0001 Commercial Property (Fire and Allied Lines)
Product Name: WineRe Insurance Program Property
Project Name/Number: WineRe Insurance Program Property/ARCH-20-007

Company Name:	Indicated Change:	Rate Impact:	Change for this Program:	Holders Affected for this Program:	Premium for this Program:	Change (where req'd):	Change (where req'd):
Arch Insurance Company	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Explanatory Memorandum		Yes
Supporting Document	Highly Protected Risks		Yes
Supporting Document	Minimum Premium/Return Premium and Minimum Earned Premium Rules		Yes
Supporting Document	Side-By-Side Comparisons		Yes
Supporting Document	Property Review Standards Checklist		Yes
Supporting Document (revised)	Rates and/or Rating Plans		Yes
Supporting Document	Rates and/or Rating Plans		Yes
Supporting Document	Forced Fire Insurance Filing Compliance Questionnaire		Yes
Supporting Document	Consent-to-rate requirements		Yes
Form	EQUIPMENT BREAKDOWN COVERAGE		Yes
Form (revised)	NEW YORK PROPERTY BROAD FORM ENDORSEMENT		Yes
Form	PROPERTY BROAD FORM ENDORSEMENT		Yes
Form	SPRINKLER LEAKAGE – EARTHQUAKE EXTENSION		Yes
Form	WINE CONTAMINATION – BLENDING ERRORS		Yes
Form	LOSS LIMIT ENDORSEMENT		Yes
Rate (revised)	NY WineRe Property Exception Pages		Yes
Rate	NY WineRe Property Exception Pages		Yes

State: New York **Filing Company:** Arch Insurance Company
TOI/Sub-TOI: 01.0 Property/01.0001 Commercial Property (Fire and Allied Lines)
Product Name: WineRe Insurance Program Property
Project Name/Number: WineRe Insurance Program Property/ARCH-20-007

Objection Letter

Objection Letter Status	Pending
Objection Letter Date	08/21/2020
Submitted Date	08/21/2020
Respond By Date	08/29/2020

Dear Margie Wadsworth,

Introduction:

This is in reference to the July 31, 2020 letter which provided additional information. Please note we have the following comments/questions:

1. Regarding Exhibit CMP-2.3, please note that the Glencar rate of 0.017 does not seem to be located in New York State Tracking #: R2019002911. Kindly provide the correct Department file number.
2. Regarding Exhibit CMP-2.4, please note that column (2) does not seem to be in New York State Tracking #: R2010003488. Kindly provide the correct Department file number.
3. Regarding Exhibit CMP-2.5.3a it does not seem that Column (3) is from New York State Tracking #: R2010003488. Kindly provide the correct Department file number.

Kindly provide notification by e-mail at marielle.klempner@dfs.ny.gov when you have responded to an objection letter or sent a Note to Reviewer via SERFF. This will help expedite review of this filing. This e-mail address should not be used for any correspondence other than for notification that the company has sent correspondence through SERFF.

We await your prompt reply. In the meantime, the captioned filing is not approved in New York. A substantive reply must be provided by the company within 7 days of the date of this letter. If such response is not received, the file will be considered withdrawn and closed accordingly without further communication. Should the company wish this Department to again review the subject matter of this filing, a new submission, in accordance with the provisions of Department Circular Letter No. 5 (2009) and SERFF filing submission guidelines, addressing the issue(s) discussed above and/or included in any previous Objection Letter(s) and/or Note(s) To Filer, must be made.

Very truly yours,

Marielle Klempner
Senior Insurance Examiner
Property Bureau
(212) 480-5511
marielle.klempner@dfs.ny.gov

Conclusion:

Sincerely,
Marielle Klempner

State: New York **Filing Company:** Arch Insurance Company
TOI/Sub-TOI: 01.0 Property/01.0001 Commercial Property (Fire and Allied Lines)
Product Name: WineRe Insurance Program Property
Project Name/Number: WineRe Insurance Program Property/ARCH-20-007

Objection Letter

Objection Letter Status	Pending
Objection Letter Date	07/22/2020
Submitted Date	07/22/2020
Respond By Date	08/06/2020

Dear Margie Wadsworth,

Introduction:

This is in reference to the June 24, 2020 letter in which the captioned SERFF filing was submitted for approval. Please note we have the following comments/questions:

1. We note that the explanatory memorandum includes WineRe GENERAL LIABILITY BROAD FORM ENDORSEMENT and WineRe COMMERCIAL AUTO BROAD FORM ENDORSEMENT however, these forms were not included in the form schedule tab. Kindly explain.
2. Regarding item 38, Trellises and Vines, on page 30 of 55 of the PROPERTY BROAD FORM ENDORSEMENT please note that aggregate limits are not applicable for property coverages. Property policies automatically reinstate full coverage limits after payment of any loss. Please delete all references to aggregate limits from the proposed endorsement.
3. It has been noted that the minimum premium is \$1,250. Please note that the company must include the indicated minimum premium based on the associated fixed and variable expenses of the company. Kindly submit an Exhibit EXP-6. Please review the Department's Website which contains the Rate and Rule Filing Instructions for Property/Casualty Filers.
4. We note your advices that the rate for the mandatory endorsement of Equipment Breakdown Coverage Endorsement is \$0.02 per \$100 of total TIV. Based on this statement kindly explain why there is a rate being charged for a mandatory endorsement.

Kindly provide notification by e-mail at marielle.klempner@dfs.ny.gov when you have responded to an objection letter or sent a Note to Reviewer via SERFF. This will help expedite review of this filing. This e-mail address should not be used for any correspondence other than for notification that the company has sent correspondence through SERFF.

We await your prompt reply. In the meantime, the captioned filing is not approved in New York. A substantive reply must be provided by the company within 15 days of the date of this letter. If such response is not received, the file will be considered withdrawn and closed accordingly without further communication. Should the company wish this Department to again review the subject matter of this filing, a new submission, in accordance with the provisions of Department Circular Letter No. 5 (2009) and SERFF filing submission guidelines, addressing the issue(s) discussed above and/or included in any previous Objection Letter(s) and/or Note(s) To Filer, must be made.

Very truly yours,

Marielle Klempner
Senior Insurance Examiner
Property Bureau
(212) 480-5511
marielle.klempner@dfs.ny.gov

State: New York **Filing Company:** Arch Insurance Company
TOI/Sub-TOI: 01.0 Property/01.0001 Commercial Property (Fire and Allied Lines)
Product Name: WineRe Insurance Program Property
Project Name/Number: WineRe Insurance Program Property/ARCH-20-007

Conclusion:

Sincerely,
Marielle Klempner

State: New York **Filing Company:** Arch Insurance Company
TOI/Sub-TOI: 01.0 Property/01.0001 Commercial Property (Fire and Allied Lines)
Product Name: WineRe Insurance Program Property
Project Name/Number: WineRe Insurance Program Property/ARCH-20-007

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	08/27/2020
Submitted Date	08/27/2020

Dear Marielle Klempler,

Introduction:

Hi,

Response 1

Comments:

1. The Glencar rates were calculated from the information in New York State Tracking #: R2019002911. In the of Glencar manual, the rates for this coverage are on page 4 of 10 and wineries are included in Group 3, which has a rate of 0.016. This rate was then multiplied by the sublimit factor for \$50,000, which is 1.076, and is on page 5 of 10 of the Glencar manual ($0.017 = 0.016 \times 1.076$).

2. The Wine Contamination (Human Errors) rates displayed in Column (2) are from New York State Tracking #: R2010003488 and are on page 11 of the companys manual under the Optional, Premium Bearing Endorsements section, third item. If you still have difficulty locating this, please let us know and we will provide a copy of the approved manual page highlighting the competitors rates.

3. The Buildings And Business Personal Property rates displayed in Column (3) are from New York State Tracking #: R2010003488 and are on page 8 of the companys manual under the Property section, third item. If you still have difficulty locating this, please let us know and we will provide a copy of the approved manual page highlighting the competitors rates.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Thank you.

Sincerely,

Orland Panlaque

SERFF Tracking #:

AICO-132433578

State Tracking #:

R2020002158

Company Tracking #:

ARCH-20-007

State: New York

Filing Company: Arch Insurance Company

TOI/Sub-TOI: 01.0 Property/01.0001 Commercial Property (Fire and Allied Lines)

Product Name: WineRe Insurance Program Property

Project Name/Number: WineRe Insurance Program Property/ARCH-20-007

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	07/31/2020
Submitted Date	07/31/2020

Dear Marielle Klempner,

Introduction:

Hi,

Response 1

Comments:

Response 1. Please note that each line of business was filed separately to be used as a mono-line or a package to accommodate the insureds needs. (Auto NY #: R2020002298; SERFF #: AICO-132433774 and GL NY #: R2020002299; SERFF #: AICO-132433920).

Response 2. Attached please find form 00 WPR0002 33 07 20 New York Property Broad Form Endorsement wherein we have deleted the noted language.

Response 3. Please see the attached Exhibit EXP-6 per your request.

Response 4. Please see the attached revised WineRe Property NY Exception Page 07-20 wherein the form is now noted as Optional.

Changed Items:

Supporting Document Schedule Item Changes	
Satisfied - Item:	Rates and/or Rating Plans
Comments:	Please see attached files.
Attachment(s):	WineRe Program - NY PR Actuarial Support.pdf WineRe Property Minimum Premium Support NY-Exhibit EXP-6.pdf
<i>Previous Version</i>	
Satisfied - Item:	Rates and/or Rating Plans
Comments:	Please see attached file.
Attachment(s):	WineRe Program - NY PR Actuarial Support.pdf

State: New York

Filing Company: Arch Insurance Company

TOI/Sub-TOI: 01.0 Property/01.0001 Commercial Property (Fire and Allied Lines)

Product Name: WineRe Insurance Program Property

Project Name/Number: WineRe Insurance Program Property/ARCH-20-007

Form Schedule Item Changes									
Item No.	Form Name	Form Number	Edition Date	Form Type	Form Action	Action Specific Data	Readability Score	Attachments	Submitted
1	NEW YORK PROPERTY BROAD FORM ENDORSEMENT	00 WPR0002 33	07 20	END	New			00 WPR0002 33 07 20 New York Property Broad Form Endorsement.pdf	Date Submitted: 07/31/2020 By: Traecy Palmario
<i>Previous Version</i>									
1	PROPERTY BROAD FORM ENDORSEMENT	00 WPR0002 00	02 20	END	New			00 WPR0002 00 02 20 Property Broad Form Endorsement.pdf	Date Submitted: 06/24/2020 By: Orland Panlaque

Rate Schedule Item Changes					
Item No.	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Date Submitted
1	NY WineRe Property Exception Pages	Pages 1 through 2	New		07/31/2020 By: Traecy Palmario
<i>Previous Version</i>					
1	NY WineRe Property Exception Pages	Pages 1 through 2	New		06/24/2020 By: Orland Panlaque

Conclusion:

Thank you.

Sincerely,

Traecy Palmario

State: New York

Filing Company: Arch Insurance Company

TOI/Sub-TOI: 01.0 Property/01.0001 Commercial Property (Fire and Allied Lines)

Product Name: WineRe Insurance Program Property

Project Name/Number: WineRe Insurance Program Property/ARCH-20-007

Form Schedule

Item No.	Schedule Item Status	Form Name	Form Number	Edition Date	Form Type	Form Action	Action Specific Data	Readability Score	Attachments
1		EQUIPMENT BREAKDOWN COVERAGE	00 WPR0001 00	01 20	END	New			00 WPR0001 00 01 20 Equipment Breakdown Coverage.pdf
2		NEW YORK PROPERTY BROAD FORM ENDORSEMENT	00 WPR0002 33	07 20	END	New			00 WPR0002 33 07 20 New York Property Broad Form Endorsement.pdf
3		SPRINKLER LEAKAGE – EARTHQUAKE EXTENSION	00 WPR0003 00	01 20	END	New			00 WPR0003 00 01 20 Sprinkler Leakage - Earthquake Extension Endorsement.pdf
4		WINE CONTAMINATION – BLENDING ERRORS	00 WPR0004 00	01 20	END	New			00 WPR0004 00 01 20 Wine Contamination - Blending Errors Endorsement.pdf
5		LOSS LIMIT ENDORSEMENT	00 WPR0005 00	01 20	END	New			00 WPR0005 00 01 20 Loss Limit Endorsement.pdf

Form Type Legend:

ABE	Application/Binder/Enrollment	ADV	Advertising
BND	Bond	CER	Certificate
CNR	Canc/NonRen Notice	DEC	Declarations/Schedule
DSC	Disclosure/Notice	END	Endorsement/Amendment/Conditions
ERS	Election/Rejection/Supplemental Applications	OTH	Other

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LOSS LIMIT ENDORSEMENT

This endorsement modifies insurance provided under the following:

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

SCHEDULE

Coverage	Loss Limit of Insurance Deductible	\$ \$

The most “we” will pay for covered loss or damage in any one “occurrence” for Building Property, Business Personal Property, Business Income, Electronic Data Processing Equipment, and any other coverage listed above is the Loss Limit of Insurance shown in this Schedule.

For the purposes of this endorsement, the following **Definition** is added:

- A.** “Occurrence” shall mean any one loss, disaster, casualty or series of losses, disaster or casualties, arising out of one event. The duration and extent of any one loss, disaster, casualty or series of losses, disasters or casualties will be limited to all losses or series of losses occurring during any period of 168 consecutive hours arising out of, and directly occasioned by, the same event.

When the term applies to loss or series of losses from the perils of tornado, cyclone, hurricane, windstorm, hail, flood, earthquake, volcanic eruption, riot, riot attending a strike, civil commotion, and vandalism and malicious mischief, one event shall be construed to be all losses arising during a continuous period of 72 hours. When filing proof of loss, you may elect the moment at which the 72 hour period shall be deemed to have commenced, which shall not be earlier than when the first loss occurs to any Covered Property.

The Loss Limit of Insurance shown in this Schedule is the total limit of our liability to each “occurrence”. Notwithstanding any other terms and conditions of this policy, in no event shall our liability exceed this limit, irrespective of the number of locations involved.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number:

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Policy Number:

Named Insured:

Endorsement Effective Date:

00 WPR0005 00 01 20

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Page 1 of 1

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WINE CONTAMINATION – BLENDING ERRORS

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Limit of Insurance	\$
--------------------	----

We will pay for accidental contamination of wine by any unintentional addition of a foreign substance that occurs during the winemaking process.

For purposes of this endorsement, the proposed Definition “**Contamination**” under **SECTION VIII – DEFINITIONS** is added as follows:

“Contamination” means loss of or damage to wine “stock” whether finished or in-process, caused by “contamination”. Wine is considered a foreign substance. “Contamination” means any impurity caused by contact or mixture with a foreign substance. Sulfur dioxide, yeast, and any other component used in the winemaking process are not foreign substances. In addition, defects or inadequacies of raw stock are not considered foreign substances.

The most we will pay for direct physical loss or damage is the applicable limit show in the Schedule.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number:

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Policy Number:

Named Insured:

Endorsement Effective Date:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPRINKLER LEAKAGE – EARTHQUAKE EXTENSION

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CAUSES OF LOSS – SPECIAL FORM

SCHEDULE

Limit of Insurance	\$
Deductible	\$

This policy is extended to cover liability for direct physical loss or damage to Covered Property from “sprinkler leakage” during the Policy Period, but only when such “sprinkler leakage” is caused directly by earthquake.

The following terms as used in this endorsement shall mean:

- A. “Sprinkler Leakage” means leakage or discharge of any substance from an “automatic sprinkler system”, including collapse of a tank that is part of the system.
- B. “Automatic Sprinkler System” means any fire protective or extinguishing system.

All earthquake shocks that occur within any 168-hour period will constitute a single earthquake. The expiration of this policy will not reduce the 168-hour period.

The deductible for “sprinkler leakage” shall be the property deductible shown in this Schedule.

The most we will pay for any one loss is the applicable limit show in this Schedule.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number:

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Policy Number:

Named Insured:

Endorsement Effective Date:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEW YORK PROPERTY BROAD FORM ENDORSEMENT

This endorsement modifies insurance provided under the following:

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

Under **Section C. Limits of Insurance of Building and Personal Property Coverage Form**, the following is added: The limits applicable to the Coverages included in this endorsement may either be in addition to or included within the applicable Limits of Insurance. For application of the limits, refer to each coverage within this endorsement.

Refer to **Section V – Definitions** of this endorsement for additional words or phrases which appear in quotation marks that have special meanings.

The coverages in this endorsement amend the coverage provided under the **Building and Personal Property Coverage Form, Causes of Loss – Special Form, and Business Income (and Extra Expense) Coverage Form** through new coverages and substitute coverage grants. These coverages are subject to the provisions applicable to these forms, except as provided for and amended within this endorsement. If any of the property covered by this endorsement is also covered under any other provisions of the policy of which this endorsement is made a part, or if more than one coverage under this endorsement applies, in the event of loss or damage, you may choose only one of these coverages to apply to that loss. The most we will pay in this case is the limit of insurance applying to the coverage you select. Coverages included in this endorsement apply either separately to each described premises or on an “occurrence” basis. Refer to each coverage within this endorsement for application of coverage.

I. COVERAGES

A. Schedule of Coverages	Limits of Insurance
1. Additional Covered Property	Included
2. Brands & Labels	Included
3. Broadened Building Coverage	Included
4. Broadened Business Personal Property Coverage	Included
5. Broadened Personal Property	Included
6. Business Income & Extra Expense from Dependent	\$25,000
7. Contract Penalties	\$25,000
8. Debris Removal	\$100,000
9. Denial of Access to Premises	Included
10. E-Commerce	\$2,500
11. Employee Theft including ERISA Compliance	\$50,000
12. Expediting Expense	\$10,000
13. Extended Coverage on Property – within 1000 feet	Included
14. Extra Expense	\$25,000
15. Fine Arts	\$250,000
16. Food Contamination including Additional Advertising Expense	\$5,000 \$3,000
17. Forgery & Alteration	\$5,000
18. Foundations & Underground Pipes	\$250,000

19.	Inventory & Loss Appraisal	\$5,000
20.	Key Replacement & Lock Repair	\$1,000
21.	Lease Cancellation	\$25,000
22.	Marring & Scratching	Included
23.	Money Orders & Counterfeit Money	\$25,000
24.	Money & Securities	\$25,000
25.	Newly Acquired or Constructed Property – Building	\$1,000,000
	- Business Personal Property	\$500,000
26.	Ordinance or Law	\$500,000
27.	Preservation of Property	90 Days
28.	Preservation of Property – Expense	\$10,000
29.	Property in Transit	\$2,000,000
30.	Property Off-Premises - Stock	\$2,000,000
	Property Off-Premises – Other Than Stock	\$500,000
31.	Rewards – Arson, Theft, Vandalism	\$5,000
32.	Salesperson’s Samples	\$25,000
33.	Sewer Backup	\$25,000
34.	Soft Cost	\$5,000
35.	Temporary Relocation of Property	\$25,000
36.	Tenant Relocation	\$25,000
37.	Transit Business Income and Extra Expense	\$5,000
38.	Utility Services – Business Income	\$5,000
39.	Trellises and Vines	\$50,000
40.	Windblown Debris	\$2,500
41.	Building Limit – Inflation Guard	Included
42.	Prototypes	Included
43.	Wine Leakage and Contamination	
	aa. Wine Leakage	Included
	bb. Contamination	Included

B. Coverages Included in Blanket Limit of Insurance **\$250,000**

The Blanket Limit of Insurance shown above applies to all Coverages shown in **Section III. B.** of this Endorsement. At the time of loss, you may elect to apportion this Blanket Limit of Insurance to one or any combination of the Coverages shown, but under no circumstances will the aggregate apportionment be permitted to exceed the Blanket Limit of Insurance shown above. The Blanket Limit of Insurance applies per “occurrence”.

Coverages included within the Blanket Limit of Insurance:

1.	Accounts Receivable	33
2.	Consequential Loss to Stock	34
3.	Deferred Payments	34
4.	Electronic Data Processing Equipment	35
5.	Fire Department Service Charge	36
6.	Fire Protection Equipment Recharge	36
7.	Outdoor Property	37
8.	Personal Effects & Property of Others	37
9.	Research and Development Documents	38
10.	Valuable Papers	39

II. DEDUCTIBLE

We will not pay for covered loss or damage in any one "occurrence" unless the amount of loss or damage exceeds \$500. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance for all coverages listed under **Section I. Coverages**.

III. COVERED PROPERTY

A. Scheduled Coverages

1. Additional Covered Property

Under **Section A. Coverage 5. Coverage Extensions** of the **Building and Personal Property Coverage Form** the following is added:

g. Additional Covered Property

- (1) You may extend the insurance that applies to your Business Personal Property to also include "theft" or attempted "theft" of your patterns, dies, molds and forms.

Under **Section C. Limitations** of the **Causes of Loss – Special Form**, the special limit of \$2,500 for patterns, dies, molds and forms is deleted.

- (2) Under **Section C. Limitations** of the **Cause of Loss – Special Form**, the special limits for specific property is replaced by the following:

The special limit shown for each category (a) through (d) is the total limit for loss of or damage to all property in that category. The special limit applies to any one "occurrence" of "theft", regardless of the types or number of articles that are lost or damaged in that "occurrence". The special limits are:

- (a) \$10,000 for furs, fur garments and garments trimmed in fur.
- (b) \$10,000 for jewelry, watches, watch movements, jewels and pearls. This limit does not apply to jewelry and watches worth \$100 or less per item.
- (c) \$25,000 for precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals.
- (d) \$1,000 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation does not apply to Business Income coverage or to Extra Expense coverage.

2. Brands & Labels

Under **Section A. Coverage 5. Coverage Extensions** of the **Building and Personal Property Coverage Form** the following is added:

d. Brands & Labels

- (1) If Covered Property that has a brand or label is damaged by a Covered Cause of Loss and we elect to take all or any part of the damaged property at an agreed or appraised value, you may extend the insurance that applies to Your Business Personal Property to:
 - (a) Pay expenses you incur to:
 - (i) Remove the brand or label and then re-label the damaged property to comply with any applicable law; or
 - (ii) Label or stamp the damaged property as Salvage, if doing so will not physically damage the property.
 - (b) Cover any reduction in the salvage value of the damaged property as a result of the removal of the brand or label.
- (2) Payment under this Extension is included within the Limit of Insurance applicable to your Business Personal Property.

3. Broadened Building Coverage

Under **Section A. Coverage 1. Covered Property** of the **Building and Personal Property Coverage Form**, the following is added under Paragraph **a. Building**:

Foundations of machinery, tanks and their component parts including all connections which are below:

1. The lowest basement floor; or
2. The surface of the ground, if there is no basement.
3. Your personal property in apartments or rooms furnished by you as landlord;
4. The following property if it is located on or within 1000 feet of a covered building or structure:
 - (a) Exterior lighting fixtures or poles;
 - (b) Yard fixtures; and
 - (c) Fences.
5. Signs, whether or not they are attached to covered buildings or structures;
6. Building glass, including skylights, glass doors and windows, and their encasement frames, alarm tape, lettering and ornamentation;
7. Driveways, patios and walks.

The deductible in paragraph II. in this endorsement does not apply to **a. (6)** through **a. (12)** above. Paragraphs **a. (6)** through **a. (12)** are subject to **Section D. Deductible** of the **Building And Personal Property Coverage Form**.

Under **Section C. Limits of Insurance** of the **Building and Personal Property Coverage Form**, the \$2,500 limitation on outdoor signs is deleted.

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

4. Broadened Business Personal Property

a. Under **Section A. Coverage 1. Covered Property** of the **Building and Personal Property Coverage Form**, the following are added under Paragraph **b. Your Business Personal Property**:

- (8) Property of others that is in your care, custody or control;
- (9) “Scientific & professional equipment”;
- (10) Building glass you have a contractual responsibility to insure;
- (11) “Installation, tools & equipment property”; and
- (12) Patterns, molds & dies.

b. The deductible in Paragraph **II.** in this endorsement does not apply to **a. (8)** through **a. (12)** above. Paragraphs **a.(8)** through **a. (12)** are subject to **Section D. Deductible** of the **Building and Personal Property Coverage Form**.

c. Under **Section A. Coverage 1. Covered Property** of the **Building And Personal Property Coverage Form**, **c. Personal Property of Others** is deleted.

5. Broadened Personal Property

Under **Section A. Coverage 1. Covered Property** of the **Building and Personal Property Coverage Form**, under **b. Your Business Personal Property**, Paragraph **(6)** is deleted and replaced with the following:

- (6) Your use interest as tenant in improvements and betterments. Improvement and betterments are fixtures, alterations, installations or additions:
 - a. Made a part of the building, structure or “wine cave” you occupy but do not own; and
 - b. You acquired or made at your expense but cannot legally remove.

6. Business Income & Extra Expense from Dependent Properties

Under **Section A. Coverage 5. Additional Coverages** of the **Business Income (and Extra Expense) Coverage Form**, the following is added:

e. Business Income & Extra Expense from Dependent Properties

- (1) We will pay the actual loss of business income you sustain due to the necessary “suspension” of your “operations” during the “dependent

property period of restoration". The "suspension" must be caused by direct physical loss of or damage to "dependent property" caused by or resulting from a Covered Cause of Loss.

(2) We will pay the actual and necessary Extra Expense you incur due to direct physical loss of or damage to "dependent property" caused by or resulting from a Covered Cause of Loss.

(3) Under this Additional Coverage, the definition of Extra Expense is replaced with the following:

Extra Expense means necessary expenses you incur during the "dependent property period of restoration" that you would not have incurred if there had been no direct physical loss or damage to the premises of any "dependent property" caused by or resulting from a Covered Cause of Loss:

(a) To avoid or minimize the "suspension" of business and to continue "operations"; or

(b) To minimize the "suspension" of business if you cannot continue "operations".

(4) For Business Income coverage under this Additional Coverage, the Coverage Territory for "dependent property" is expanded to all parts of the world.

(5) We will reduce the amount of your:

(a) Business income loss, other than extra expense, to the extent you can resume "operations" in whole or in part by using any other available:

(i) Source of materials; or

(ii) Outlet for your products.

(b) Extra Expense loss to the extent you can return "operations" to normal and discontinue such extra expense.

(6) The most we will pay under this Additional Coverage is \$5,000 per "occurrence" regardless of the number of "dependent properties" that are involved, or the limit shown in the Amended Limits of Insurance Endorsement.

(7) The amount payable under this Additional Coverage is additional coverage.

7. Contract Penalties

Under **Section A. Coverage 4. Additional Coverages** of the **Building and Personal Property Coverage Form**, the following provision is added:

g. Contract Penalties

- (1) We will pay for contractual penalties you are required to pay due to your failure to provide your product or service according to contract terms because of direct physical loss or damage by a Covered Cause of Loss to Covered Property.
- (2) The most we will pay for all penalties in any one "occurrence" is \$5,000 or the limit shown in the Amended Limits of Insurance Endorsement.
- (3) The amount payable under this Additional Coverage is additional insurance.

8. Debris Removal

Under **Section A. Coverage 4. Additional Coverages** of the **Building and Personal Property Form, a. Debris Removal**, Paragraph (4) is replaced by the following and Paragraph (5) is deleted in its entirety:

- (4) We will pay up to an additional \$25,000 for debris removal expense, for each location, in any one "occurrence" of physical loss or damage to Covered Property, if one or both of the following circumstances apply:
 - (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
 - (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$25,000 or the limit shown on the Amended Limits of Insurance Endorsement.

9. Denial of Access to Premises

Under **Section A. Coverage 5. Additional Coverages** of the **Business Income (and Extra Expense) Coverage Form**, the following is added:

f. Denial of Access to Premises

- (1) We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur when you are unable to access the described premises, due to direct physical loss of or damage to abutting property within 1000 feet of a described premises, caused by or resulting from any Covered Cause of Loss covered under this policy.
- (2) The coverage for Business Income will begin 72 hours after the loss or damage to the abutting property that causes the denial of access and will apply for a period of up to 30 consecutive days after coverage begins.
- (3) The coverage for Extra Expense will begin immediately after the loss or damage to the abutting property that causes the denial of access and will end:

- (a) 30 consecutive days after coverage begins; or
 - (b) When your Business Income coverage ends;
- whichever is earlier.

10. E-Commerce

(1) Electronic Vandalism – Direct Damage

Under **Section A. Coverage 2. Property Not Covered** of the **Building and Personal Property Coverage Form**, Paragraph **n.** is deleted in its entirety.

Under **Section A. Coverage 4. Additional Coverages** of the **Building and Personal Property Coverage Form** Paragraph **f.** is deleted in its entirety and replaced with the following:

f. Electronic Vandalism – Direct Damage

We cover direct physical loss or damage to covered “computer equipment” at the described premises caused by “electronic vandalism”.

(2) Electronic Vandalism – Interruption of Computer Operations

Under **Section A. Coverage 4. Additional Limitation – Interruption of Computer Operations** of the **Business Income (and Extra Expense) Coverage Form** is deleted in its entirety.

Under **Section A. Coverage 5. Additional Coverages of the Business Income (and Extra Expense) Coverage Form**, Paragraph **d.** is deleted in its entirety and replaced with the following:

d. Electronic Vandalism – Interruption of Computer Operations

You may extend the insurance that applies to Business Income & Extra Expense to apply to a “suspension” of “operations” caused by an interruption in computer operations at the described premises due to “electronic vandalism” originating anywhere in the world.

We will only pay for loss of Business Income or Extra Expense that occurs during the “period of restoration”.

- (3)** The most we will pay for all loss or damage from both Electronic Vandalism - Direct Damage and Electronic Vandalism – Interruption of Computer Operations in any one “occurrence” is \$2,500 or the limit shown in the Amended Limits of Insurance Endorsement.

- (4)** The amount payable under this Additional Coverage is additional insurance.

(5) Special E-Commerce Exclusions

We do not cover:

- (a) Loss of proprietary use of any “electronic data” or “proprietary programs” that have been copied, scanned, or altered;
- (b) Loss of or reduction in economic or market value of any “electronic data” or “proprietary programs” that have been copied, scanned, or altered; and
- (c) Theft from your “electronic data” or “proprietary programs” of confidential information through the observation of the “electronic data” or “proprietary programs” by accessing covered “computer equipment” without any alteration or other physical loss or damage to the records or programs. Confidential information includes, but is not limited to, customer information, processing methods, or trade secrets.

11. Employee Theft including ERISA Compliance

Under **Section A. Coverage 4. Additional Coverages** of the **Building and Personal Property Coverage Form**, the following is added:

h. Employee Theft including ERISA Compliance

- (1) We will pay for loss or damage to “money”, “securities” and “other property” resulting directly from “theft” committed by an “employee”, clergy, or any non-compensated person whether identified or not, acting alone or in collusion with other persons.

For the purposes of this Additional Coverage, “theft” shall also include “forgery”.

- (2) This Additional Coverage does not apply to loss caused by any “employee” as soon as:
 - (a) You; or
 - (b) Any of your partners, “managers”, officers, directors or trustees not in collusion with the “employee”;

learn of “theft” or any other dishonest act committed by the “employee” whether before or after becoming employed by you.

- (3) Under this Additional Coverage, “occurrence” means:
 - (a) An individual act;
 - (b) The combined total of all separate acts whether or not related; or
 - (c) A series of acts whether or not related;

Committed by an “employee” acting alone or in collusion with other persons, during the policy period, before such policy period or both.

- (4) We will pay only for loss you sustain through acts committed or events occurring during the policy period shown in the Declarations and discovered by you:

- (a)** During the policy period; or
 - (b)** 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, whether from us or another insurer, replacing in whole or in part the coverage afforded under this Additional Coverage, whether or not such other insurance provides coverage for loss sustained prior to its effective date.
- (5)** You may extend this coverage to apply to loss caused by any “employee” while temporarily outside the Coverage Territory for a period of not more than 90 days.
 - (6)** The most we will pay for all loss resulting directly from an “occurrence” is \$5,000 or the limit shown in the Amended Limits of Insurance Endorsement. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year.
 - (7)** The amount payable under this Additional Coverage is additional insurance.
 - (8)** Special Employee Theft Exclusions

We will not pay for:

- (a)** Loss resulting from “theft” or any other dishonest act committed by:
 - (i)** You; or
 - (ii)** Any of your partners;

Whether acting alone or in collusion with other persons.

- (b)** Loss caused by an “employee” if the “employee” has also committed “theft” or any other dishonest act prior to the effective date of this policy and you or any of your partners, “managers”, officers, directors or trustees, not in collusion with the “employee”, learned of that “theft” or dishonest act prior to the policy period shown in the Declarations.
- (c)** Loss resulting from “theft” or any other dishonest act committed by any of your “employees”, “managers”, directors, trustees or authorized representatives:
 - (i)** Whether acting alone or in collusion with other persons; or
 - (ii)** While performing services for you or others;
 except when covered under this Additional Coverage.

- (d) Loss that is an indirect result of an “occurrence” covered by this Additional Coverage, including, but not limited to, loss resulting from:
 - (i) Your inability to realize income that you would have realized had there been no loss of or damage to “money”, “securities” or “other property”;
 - (ii) Payment of damages of any type for which you are legally liable;
 - (iii) Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this Additional Coverage.
- (e) Fees, costs and expenses incurred by you which are related to any legal action.
- (f) Loss or that part of any loss, the proof of which as to its existence or amount is dependent upon:
 - (i) An inventory computation; or
 - (ii) 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.

- (g) Loss resulting from trading, whether in your name or in a genuine or fictitious account.
- (h) Loss resulting from fraudulent or dishonest signing, issuing, canceling or failing to cancel, a warehouse receipt or any papers connected with it.

(9) Welfare and Pension Plan ERISA Compliance

- (a) The “employee benefit plan” (hereafter referred to as Plan) is included as an insured under this Additional Coverage.
- (b) If any Plan is insured jointly with any other entity under this Additional Coverage, you or the Plan Administrator must select a Limit of Insurance for this Additional Coverage that is sufficient to provide a Limit of Insurance for each Plan that is at least equal to that required if each Plan were separately insured.
- (c) With respect to loss sustained or “discovered” by any such Plan, Paragraph (1) above is replaced with the following:

We will pay for loss of or damage to “funds” and “other property” resulting directly from fraudulent or dishonest acts committed by

an “employee”, whether identified or not, acting alone or in collusion with other persons.

- (d) If the first Named Insured is an entity other than a Plan, any payment we make for loss sustained by any Plan will be made to the Plan sustaining the loss.
- (e) The Deductible does not apply to this Additional Coverage.
- (f) If two or more Plans are insured under this Additional Coverage, any payment we make for loss:
 - (i) Sustained by two or more Plans; or
 - (ii) Of commingled “funds” or “other property” of two or more Plans;

Resulting from an “occurrence”, will be made to each Plan sustaining loss in the proportion that the Limit of Insurance required for each Plan bears to the total Limit of Insurance of all Plans sustaining loss.

12. Expediting Expense

Under **Section A. Coverage 4. Additional Coverages** of the **Building and Personal Property Coverage Form**, the following is added:

i. Expediting Expense

- (1) When a Covered Cause of Loss occurs to Covered Property, we will pay for the reasonable and necessary additional expenses you incur to:
 - (a) Make temporary repairs;
 - (b) Expedite permanent repair or replacement of damaged property; or
 - (c) Provide training on replacement machines or equipment.
- (2) The most we will pay for loss under this Additional Coverage in any one “occurrence” is \$10,000 or the limit shown in the Amended Limits of Insurance Endorsement.
- (3) The amount payable under this Additional Coverage is additional insurance.

13. Extended Coverage on Property – Within 1000 Feet

Under the **Building and Personal Property Coverage Form** and the **Business Income (and Extra Expense) Coverage Form** all provisions that limit the location of property to “within 100 feet” of a described premise are replaced with “within 1000 feet” of a described premise.

14. Extra Expense

Under **Section A. Coverage 4. Additional Coverages** of the **Building and Personal Property Coverage Form**, the following is added:

j. Extra Expense

- (1) When a Covered Cause of Loss occurs to Covered Property, we will pay for the reasonable and necessary extra expense you incur to continue as nearly as possible your normal business operations following the covered loss or damage.
- (2) The most we will pay for loss under this Additional Coverage in any one "occurrence" is \$25,000 or the limit shown in the Amended Limits of Insurance Endorsement.
- (3) The amount payable under this Additional Coverage is additional insurance.

15. Fine Arts

Under **Section A. Coverage 4. Additional Coverages** of the **Building and Personal Property Coverage Form**, the following is added:

z. Fine Arts

- (1) We will pay for direct physical loss to "fine arts" which are your property or the property of others in your care, custody or control while on the described premises. We also cover your "fine arts" while temporarily on display or exhibit away from the described premises or while "in transit" between the described premises and a location where the "fine arts" will be temporarily on display or exhibit.
- (2) The following Exclusions do not apply to this Additional Coverage:
 - (a) Earth Movement; and
 - (b) Water.
- (3) The most we will pay under this Additional Coverage for loss or damage in any one "occurrence" at a described premises is subject to the Blanket Coverage Limit of Insurance or the limit shown in the Amended Limits of Insurance Endorsement.
- (4) The amount payable under this Additional Coverage is additional insurance.
- (5) **Special Fine Arts Exclusion**

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

- (a) Breakage of statuary, glassware, bric-a-brac, marble, porcelain and similar fragile property. But we will pay if the loss or damage is

caused directly by a “specified cause of loss”, earthquake or flood;
and

- (b) Any repairing, restoration or retouching of the “fine arts”.

16. Food Contamination

Under **Section A. Coverage 5. Coverage Extensions** of the **Building and Personal Property Coverage Form** the following is added:

i. Food Contamination

- (1) If your business at the described premises is ordered closed by the Board of Health or any other governmental authority as a result of the discovery or suspicion of “food contamination”, we will pay:
 - (a) Your expense to clean your equipment as required by the Board of Health or any other governmental authority;
 - (b) Your cost to replace the food which is, or is suspected to be contaminated;
 - (c) Your expense to provide necessary medical tests or vaccinations for your infected “employees”. However, we will not pay for any expense that is otherwise covered under a Workers’ Compensation Policy;
 - (d) The loss of Business Income you sustain due to the necessary “suspension” of your “operations”. The coverage for Business Income will begin 24 hours after you receive notice of closing from the Board of Health or any other governmental authority; and
 - (e) Additional Advertising expenses you incur to restore your reputation.
- (2) The most we will pay for all loss under Paragraphs **(1)(a)** through **(1)(d)**, including Business Income is \$5,000 or the limit shown in the Amended Limits of Insurance Endorsement.

The most we will pay for all loss under Paragraph **(1)(e)** is \$3,000 or the limit shown in the Amended Limits of Insurance Endorsement.

(3) Special Food Contamination Exclusion

We will not pay any fines or penalties levied against you by the Board of Health or any other governmental authority as a result of the discovery or suspicion of food contamination at the described premises.

17. Forgery or Alteration

Under **Section A. Coverage 4. Additional Coverages** of the **Building and Personal Property Coverage Form**, the following is added:

k. Forgery or Alteration

- (1) 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 made or drawn.
- (2) If you are sued for refusing to pay any instrument covered in paragraph (1) above, on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense.
- (3) Under this Additional Coverage, any loss:
 - (a) Caused by any one or more persons; or
 - (b) Involving a single act or series of related acts;
 is considered one “occurrence” regardless of the number of checks, drafts, promissory notes, or similar written promises, orders or directions involved.
- (4) The most we will pay for loss, including legal expenses, resulting directly from an “occurrence” under this Additional Coverage is \$5,000 or the limit shown in the Amended Limits of Insurance Endorsement. Regardless of the number of years this policy remains in force or the number or premiums paid, no Limit of Insurance cumulates from year to year. The Deductible does not apply to this Additional Coverage.
- (5) The amount payable under this Additional Coverage is additional insurance.

18. Foundations & Underground Pipes

Under **Section A. 5. Coverage Extensions** of the **Building and Personal Property Coverage Form**, the following is added:

j. Foundations & Underground Pipes

You may extend the insurance that applies to Building to apply to loss or damage to:

- (1) Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - (a) The lowest basement floor; or
 - (b) The surface of the ground, if there is no basement;
- (2) Underground pipes, flues and drains; and
- (3) The cost of excavating, grading, backfilling or filling.

The most we will pay for loss under this Extension is 10% of the applicable Limit of Insurance for Building shown in the Declarations, but not more than \$250,000 or the limit shown in the Amended Limits of Insurance Endorsement.

Payment under this Extension is included within the applicable Limit of Insurance.

19. Inventory & Loss Appraisal

Under **Section A. Coverage 5. Coverage Extensions** of the **Building and Personal Property Coverage Form**, the following is added:

k. Inventory and Loss Appraisal

(1) We will pay all reasonable expenses you incur at our request to assist us in:

- (a) The investigation of a claim;
- (b) The determination of the amount of loss, such as taking inventory; or
- (c) The cost of preparing specific loss documents and other supporting exhibits.

(2) The Deductible does not apply to this Extension.

(3) Regardless of the number of described premises involved, the most we will pay under this Extension for loss or damage in any one "occurrence" is \$5,000 or the limit shown in the Amended Limits of Insurance Endorsement.

(4) Special Inventory and Loss Appraisal Exclusions

We will not pay for expenses:

- (a) Incurred to perform your duties in the event of loss under **Section E. Loss Conditions**;
- (b) To prove that loss or damage is covered;
- (c) Billed by and payable to independent or public adjusters, attorneys or any of their affiliated or associated entities;
- (d) To prepare claims not covered by this policy; or
- (e) Incurred under any Appraisal provisions within the policy.

20. Key Replacement and Lock Repair

Under **Section A. Coverage 5. Coverage Extensions** of the **Building and Personal Property Coverage Form**, the following is added:

I. Key Replacement and Lock Repair

You may extend the insurance provided under this Coverage Form to cover the reasonable and necessary expense you incur due to a covered "theft" loss for:

- (1) Replacement of keys if they are stolen;
- (2) Lock repair; or
- (3) Rekeying, replacing or reprogramming undamaged locks to accept new keys or entry codes when the building security has been compromised.

The most we will pay under this Extension is \$1,000 or the limit shown in the Amended Limits of Insurance Endorsement. The Deductible does not apply to this Extension.

21. Lease Cancellation

Under **Section A. Coverage 4. Additional Coverages** of the **Building and Personal Property Coverage Form**, the following is added:

I. Lease Cancellation

- (1) We will pay the actual loss of business income you sustain due to the cancellation of a lease by your tenants in a Covered Building due to untenability that is caused by direct physical loss or damage to that building from a Covered Cause of Loss.

This Additional Coverage only applies if at the time of loss the building was occupied and business was being conducted by the tenant canceling the lease or their sub-lessee.

- (2) We will pay for loss of business income that you sustain after tenantability is restored and until the earlier of:
 - (a) The date you lease the premises to another tenant; or
 - (b) 12 months immediately following the "period of restoration".
- (3) Regardless of the number of tenants canceling a lease at the described premises, the most we will pay under this Additional Coverage is \$5,000 per "occurrence" or the limit shown in the Amended Limits of Insurance Endorsement.
- (4) The amount payable under this Additional Coverage is additional insurance.
- (5) Special Lease Cancellation Exclusions

We will not pay for:

- (a) Lease cancelled after the "period of restoration";
- (b) Lease cancelled, suspended or allowed to lapse by you;

- (c) Return of pre-paid rent or security and other deposits made by tenants; or
- (d) Lease cancelled at the normal expiration date.

22. Marring and Scratching

Under **Section A. Coverage 5. Coverage Extensions** of the **Building and Personal Property Coverage Form** the following is added:

m. Marring and Scratching

You may extend the insurance that applies to Business Personal Property to apply to damage caused directly by sudden and accidental marring and scratching of:

- (1) Your "stock";
- (2) Your printing plates; or
- (3) Property of others that is in your care, custody or control.

This Extension does not apply to:

- (1) Property at other than the de- scribed premises; or
- (2) Property in transit.

Payment under this Extension is included within Limit of Insurance applicable to your Business Personal Property.

23. Money Orders & Counterfeit Money

Under **Section A. Coverage 4. Additional Coverages** of the **Building and Personal Property Coverage Form**, the following is added:

m. Money Orders & Counterfeit Money

- (1) We will pay for loss resulting directly from your having accepted in good faith, in exchange for merchandise, "money" or services:
 - i. Money orders issued by any post office, express company or bank that are not paid upon presentation; or
 - ii. "Counterfeit money" that is acquired during the regular course of business.
- (2) The most we will pay for loss in any one "occurrence" is \$5,000 or the limit shown in the Amended Limits of Insurance Endorsement.
- (3) The amount payable under this Additional Coverage is additional insurance.

24. Money & Securities

Under **Section A. Coverage 4. Additional Coverages** of the **Building and Personal Property Coverage Form**, the following is added:

n. Money and Securities

(1) We will pay for loss of “money” and “securities” while:

- i. Inside the described premises;
- ii. At a “banking premises”;
- iii. Within your living quarters or the living quarters of any other member, volunteer or
- iv. “Employee” having use and custody of the property; or
- v. “In transit” between any of these places:

That results directly from:

- (a) “Theft”; or
- (b) Disappearance or destruction.

(2) The most we will pay for loss in any one “occurrence” is \$5,000 or the limit shown in the Amended Limits of Insurance Endorsement.

(3) The amount payable under this Additional Coverage is additional insurance.

(4) Under this Additional Coverage, all loss:

- i. Caused by one or more persons; or
- ii. Involving a single act or series of related acts;

is considered one “occurrence”.

(5) You must keep records of all “money” and “securities” so we can verify the amount of any one loss or damage.

(6) Special Money & Securities Exclusions

We will not pay for loss:

- i. Resulting from accounting or arithmetic errors or omissions;
- ii. Resulting from giving or sur-rendering of property in any exchange or purchase; or
- iii. Of property contained in any money-operated device unless the amount of “money” deposited in it is recorded by a continuous recording instrument in the device.

25. Newly Acquired or Constructed Property

Under **Section A. Coverage 5. Coverage Extensions** of the **Building and Personal Property Coverage Form**, Paragraph **a. Newly Acquired Property** is deleted in its entirety and replaced by the following:

(1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

- (a) Your new buildings while being built on the described premises; and
- (b) Buildings you acquire at locations, other than the described premises, intended for:
 - (i) Similar use as the building described in the Declarations; or
 - (ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$500,000 at each building or the limit shown in the Amended Limits of Insurance Endorsement.

(2) Your Business Personal Property

- (a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:
 - (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions;
 - (ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or
 - (iii) Business personal property that you newly acquire, located at the described premises.

The most we will pay for loss or damage under this Extension is \$250,000 at each building or the limit shown in the Amended Limits of Insurance Endorsement.

- (b) This Extension does not apply to:
 - (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
 - (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Period of Coverage

With respect to insurance on or at each newly acquired or constructed property, coverage will end when any of the following first occurs:

- (a) This policy expires;
- (b) 180 days after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

26. Ordinance or Law

Under **Section A. Coverage 4. Additional Coverages** of the **Building and Personal Property Coverage Form**, the following is added:

o. Ordinance or Law

- (1) This Additional Coverage applies only to buildings which are insured on a Replacement Cost basis.

(2) Application of Coverage

This Additional Coverage applies only if both **(a)** and **(b)** below are satisfied and are then subject to the qualifications set forth in **(c)**.

i. The Ordinance or Law:

- (a) Regulates the construction or repair of a building or structure, or establishes zoning or land use requirements at the described premises;
- (b) Requires the demolition of undamaged parts of a covered building or structure that is damaged or destroyed by a Covered Cause of Loss; and
- (c) Is in force at the time of loss.

But coverage under this Additional Coverage applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this coverage.

- ii. (i) The building sustains direct physical damage that is covered under this Policy and such damage results in enforcement of the ordinance or law; or
- (ii) The building sustains both direct physical damage that is covered under this Policy and direct physical damage that is

not covered under this Policy, and the building damage in its entirety results in enforcement of the ordinance or law.

- (iii) But if the building sustains both direct physical damage that is covered under this Policy and direct physical damage that is not covered under this Policy, and the damage that is not covered is the subject of the ordinance or law, then there is no coverage under this Additional Coverage.
- (iv.) In the situation described in (b) (ii) above, we will not pay the full amount of loss otherwise payable under the terms of coverages for Coverage for Loss to Undamaged portion of the Building, Demolition Cost Coverage or Increased Cost of Construction Coverage. Instead, we will only pay the proportion that covered direct physical damage bears to the total direct physical damage.

However, if the covered direct physical damage alone would have resulted in enforcement of the ordinance or law, then we will pay the full amount of the loss otherwise payable under the terms of Coverage for Loss or Damage to the Undamaged Portion of the Building, Demolition Cost Coverage or Increased Cost of Construction Coverage.

- (3) We will not pay under this Additional Coverage for the costs associated with the enforcement of any ordinance or law which requires an 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".

(4) Coverage

i. Loss to Undamaged Portion of the Building

With respect to the building that has sustained covered direct physical damage; we will pay for the loss in value of the undamaged portion of the building as a consequence of enforcement of an ordinance or law that requires demolition of undamaged parts of the same building. Coverage for Loss to the Undamaged Portion of the Building is included within the Limit of Insurance shown in the Declarations as applicable to the covered building. Coverage does not increase the Limit of Insurance.

ii. Demolition Cost

With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of the undamaged parts of the same building, as a consequence of enforcement of an ordinance or law that requires demolition of such undamaged property.

The Coinsurance Additional Condition does not apply to Demolition Cost Coverage.

iii. Increased Cost of Construction

With respect to the building that has sustained covered direct physical damage; we will pay the increased cost to:

- (a) Repair or reconstruct damaged portions of that buildings; and/or
- (b) Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;

when the increased cost is a consequence of enforcement of the minimum requirements of the ordinance or law.

However:

This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.

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

The Coinsurance Additional Condition does not apply to Increased Cost of Construction Coverage.

(5) Loss Payment

- i. The following loss payment provisions are subject to the apportionment procedure set forth in Section **m.2.(c)** of this Additional Coverage.
- ii. When there is a loss in value of an undamaged portion of the building to which Coverage for Loss to the Undamaged Portion of the building applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:
 - (a) If the property is repaired or replaced on the same premises, we will not pay more than the lesser of:
 - i. The amount you actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or
 - ii. The Limit of Insurance shown in the Declarations as applicable to the covered building.
 - (b) If the property is not repaired or replaced, we will not pay more than the lesser of:

- i. The actual cash value of the building; or
 - ii. The Limit of Insurance shown in the Declarations as applicable to the covered building.
- iii. The most we will pay for the total of all covered losses for Demolition Cost and Increased Cost of Construction is the Limit of Insurance shown below. Subject to this combined Limit of Insurance, the following loss payment provisions apply:
 - (a) For Demolition Cost, we will not pay for more than the amount you actually spend to demolish and clear the site of the described premises.
 - (b) For Increased Cost of Construction:
 - i. We will not pay for the increased cost of construction:
 - (a) Until the property is actually repaired or replaced, at the same or another premises; and
 - (b) Unless the repairs or replacement are made as soon as possible after the loss or damage, not to exceed two years.
 - ii. If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the same premises.
 - (c) The most we will pay for loss under Demolition Cost and Increased Cost of Construction for each building is \$100,000 or the limit shown in the Amended Limits of Insurance Endorsement.

27. Preservation of Property

Under **Section A. Coverage 4. Additional Coverage** of the **Building and Personal Property Coverage Form, b. Preservation of Property** is replaced by the following:

b. Preservation of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 90 days after the property is first moved.

28. Preservation of Property – Expense

Under **Section A. Coverage 4. Additional Coverages** of the **Building and Personal Property Coverage Form**, the following is added:

p. Preservation of Property – Expense

- (1)** If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay your expenses to move or store the Covered Property.
- (2)** This coverage applies for 90 days after the property is first moved, but does not extend past the date on which this policy expires.
- (3)** The most we will pay under this Additional Coverage is \$10,000 or the limit shown in the Amended Limits of Insurance Endorsement.
- (4)** The amount payable under this Additional Coverage is additional insurance.

29. Property in Transit

Under **Section F. Additional Coverage Extensions** of the **Cause of Loss – Special Form**, Paragraph 1. is deleted in its entirety and replaced with the following:

1. Property in Transit

- a.** You may extend the insurance that applies to Your Business Personal Property to apply to direct physical loss or damage, caused by a Covered Cause of Loss, to your property or property of others that is in your care, custody or control while “in transit”.
- b.** You may extend the insurance that applies to Your Business Personal Property to apply to direct physical loss or damage, caused by a Covered Cause of Loss, to outgoing shipments that have been rejected, while in due course of transit back to you or while awaiting return shipment to you.
- c.** This Extension applies to the property while:
 - (1)** In a vehicle owned, leased or operated by you; or
 - (2)** In the custody of a common carrier or contract carrier.
- d.** The following Exclusions do not apply to this Extension:
 - (1)** Earth Movement; and
 - (2)** Water.
- e.** The most we will pay for loss or damage under this Extension is \$5,000 or the limit shown in the Amended Limits of Insurance Endorsement.

This Coverage Extension is additional insurance.

f. Special Property in Transit Exclusions

This Extension does not apply to:

- (1) Shipments that belong to others that you are transporting for a fee;
- (2) Salesperson's samples; or
- (3) Loss to "perishable stock" resulting from a breakdown of refrigeration equipment on any vehicle owned, leased or operated by you or while in the custody of a common or contract carrier.

30. Property Off-Premises

Under **Section A. Coverage, 5. Coverage Extensions** of the **Building and Personal Property Coverage Form**, Paragraph **d. Property Off-Premises** is deleted and replaced with the following:

d. Property Off-Premises

- (1) You may extend the insurance that applies to Business Personal Property while:
 - (a) Temporarily at a location you do not own, lease or operate; or
 - (b) At any fair, trade show or exhibition.
 - (c) The most we will pay for loss or damage under this extension is \$5,000 or the limit shown in the Amended Limits of Insurance Endorsement.

31. Rewards – Arson, Theft, Vandalism

Under **Section A. Coverage 4. Additional Coverages**, of the **Building and Personal Property Coverage Form**, the following is added:

q. Rewards – Arson, Theft, Vandalism

- (1) We will reimburse you for payment of any reward offered on your behalf and for information that leads to the arrest and conviction of the person or persons responsible for:
 - (a) Arson;
 - (b) "Theft"; or
 - (c) Vandalism to Covered Property.
- (2) The arrest or conviction must involve a covered loss caused by arson, "theft" or vandalism.
- (3) The most we will pay under this Additional Coverage is \$5,000 or the limit shown in the Amended Limits of Insurance Endorsement. The

amount we pay is not increased by the number of persons involved in providing the information.

- (4) The amount payable under this Additional Coverage is additional insurance.
- (5) The deductible does not apply to this Additional Coverage.

32. Sales Representatives Samples

Under **Section A. Coverage 4. Additional Coverages** of the **Building and Personal Property Coverage Form**, the following is added:

r. Sales Representative Samples

- (1) We will pay for direct physical loss or damage by a Covered Cause of Loss to samples of your "stock" in trade (including containers) while:
 - (a) In the custody of your sales representative, agent or any "employee" who travels with sales samples;
 - (b) In your custody while acting as a sales representative; or
 - (c) "In transit" between the described premises and your sales representatives.
- (2) The following Exclusions do not apply to this Additional Coverage:
 - (a) Earth Movement; and
 - (b) Water.
- (3) The most we will pay for any loss or damage under this Additional Coverage is \$5,000 or the limit shown in the Amended Limits of Insurance Endorsement.
- (4) The amount payable under this Additional Coverage is additional insurance.
- (5) We will not pay for loss to the following property:
 - (a) Property which has been sold;
 - (b) Jewelry, precious or semiprecious stones, gold, silver, platinum or other precious metals or alloys;
 - (c) Fur, fur garments or garments trimmed with fur; or
 - (d) Any property while waterborne.
- (6) **Special Sales Representative Sample Exclusion**

We do not cover loss resulting from “theft” from an unattended vehicle, except when it is securely locked its windows are fully closed, and there is visible evidence that entry into the vehicle was forced.

33. Sewer Backup

Under **Section A. Coverage 4. Additional Coverages** of the **Building and Personal Property Coverage Form**, the following is added:

s. Sewer Backup

- (1) We will pay for direct physical loss or damage to Covered Property at the described premises, solely caused by or resulting from water or waterborne material carried or moved by water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment.
- (2) The most we will pay under this Additional Coverage in any one “occurrence” is \$25,000.
- (3) This coverage is not an additional amount of insurance.
- (4) **Special Sewer Backup Exclusion**

We will not pay for loss or damage from water or other materials that back-up or overflow from any sewer or drain when it is caused by or results from any “flood”, regardless of the proximity of the back-up or overflow to the “flood” condition.

34. Soft Cost

Under **Section A. Coverage 5 Coverage Extensions** of the **Building and Personal Property Coverage Form**, the following is added:

o. Soft Cost

- (1) We will pay the actual “soft cost expenses” that arise out of a delay in the construction, erection or fabrication of a Covered Building that is listed in paragraphs **A.1.a.(5)** and **A.1.a.(11)** of and this endorsement resulting from direct physical loss or damage to that Covered Building from a Covered Cause of Loss.
- (2) We will only pay the necessary “soft cost expenses” that are over and above those costs that would have been incurred had there been no delay.
- (3) The most we will pay under this Extension in any one “occurrence” is \$5,000 or the limit shown in the Amended Limits of Insurance Endorsement.

35. Temporary Relocation of Property

Under **Section A. Coverage 4. Additional Coverages** of the **Building and Personal Property Coverage Form**, the following is added:

t. Temporary Relocation of Property

- (1) We will pay for loss of or damage to Covered Property from a Covered Cause of Loss while it is away from the described premises, if it is being stored temporarily at a location you do not own, lease or operate while the described premises is being renovated or remodeled.
- (2) This coverage applies for 90 days after the property is first moved, but does not extend past the date on which this policy expires.
- (3) The most we will pay under this Additional Coverage is \$25,000 or the limit shown in the Amended Limits of Insurance Endorsement.
- (4) The amount payable under this Additional Coverage is additional insurance.

36. Tenant Relocation

Under **Section A. Coverage 4. Additional Coverages** of the **Building and Personal Property Coverage Form**, the following is added:

u. Tenant Relocation

- (1) In the event that your tenants must temporarily vacate the covered Building at the described premises due to untenantability caused by direct physical loss or damage by a Covered Cause of Loss, we will pay the following expenses you actually incur to move those tenants out of and back into your covered Building.
- (2) We will only pay for the following expenses:
 - (a) Packing, transporting and unpacking the tenant's Business Personal Property including the cost of insuring the move out and back and any necessary disassembly and reassembly or setup of furniture and equipment; and
 - (b) The net cost to discontinue and re-establish the tenants' utility and telephone services, after any refunds due the tenants.
- (3) We will only pay for these expenses that you actually incur within 60 days of the date that the damaged buildings has been repaired or rebuilt.
- (4) Regardless of the number of tenants' involved, the most we will pay in any one "occurrence" is \$5,000 or the limit shown in the Amended Limit of Insurance Endorsement.

37. Transit Business Income & Extra Expense

Under **Section A. Coverage 5. Additional Coverages** of the **Business Income (and Extra Expense) Coverage Form**, the following is added:

g. Transit Business Income & Extra Expense

- (1) We will pay the actual loss of Business Income you sustain and necessary and reasonable Extra Expense you incur caused by direct physical loss of or direct physical damage to Covered Property while “in transit” caused by or resulting from a Covered Cause of Loss.
- (2) The following Exclusions do not apply to this Additional Coverage:
 - (a) Earth Movement; and
 - (b) Water.
- (3) The most we will pay for loss in any one “occurrence” under this Additional Coverage is \$5,000 or the limit shown in the Amended Limits of Insurance Endorsement.
- (4) The amount payable under this Additional Coverage is additional insurance.

38. Trellises and Vines

Under the **Building and Personal Property Coverage Form**, Covered Property is amended to include owned or leased trellises and vines but not the grapes growing thereon.

We will pay no more than \$50,000 in any one occurrence at any one premises described in the Declarations for loss or damage to trellises or vines subject to a maximum limit of \$1,000 for any one trellis or vine. The most we will pay under this Additional Coverage is \$50,000 for the sum of all losses occurring during each separate 12-month period of this policy.

Trellises and vines do not constitute Covered Property for purposes of application of the **Business Income (and Extra Expense) Coverage Form** or any other coverage forms issued by us.

39. Utility Services

Under **Section A. Coverage 4. Additional Coverages** of the **Building and Personal Property Coverage Form**, the following is added:

v. Utility Services

- (1) We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur caused by the interruption of service at the described premises. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to property not on the described premises that provides the services shown below in paragraph (3).

We will only pay for loss you sustain after the first 24 hours following the direct physical loss or damage to the property described above.

The most we will pay for loss in any one "occurrence" under this Additional Coverage is \$5,000 at each described premises or the limit shown in the Amended Limits of Insurance Endorsement.

(2) Services:

(a) Water Supply Services, meaning the following types of property supplying water to the described premises:

(i) Pumping stations; and

(ii) Water mains.

(b) Communication Supply Services, meaning the following types of property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to the described premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

Services under this Additional Coverage do not include overhead transmission lines that deliver utility services to you. Overhead transmission lines include, but are not limited to:

(i) Overhead transmission and distribution lines;

(ii) Overhead transformers and similar equipment; and

(iii) Supporting poles and towers.

(3) This coverage is not an additional amount of insurance.

40. Windblown Debris

Under **Section A. Coverage 5. Coverage Extensions** of the **Building and Personal Property Coverage Form**, the following is added:

p. Windblown Debris

- a.** We will pay your reasonable expenses to remove the windblown debris (including trees) from the described premises, if it is carried to the described premises from the premises of others by wind, during the policy period.
- b.** The most we will pay in any one “occurrence” in total for the removal of all windblown debris under this Extension is \$2,500 or the limit shown in the Amended Limits of Insurance Endorsement.

41. Building Limit – Inflation Guard

Under **Section C. Limits of Insurance** of the **Building and Personal Property Coverage Form**, the following is added:

Building Limit – Inflation Guard

We will pay either the actual cash value or the replacement cost value, based on the valuation method shown in the Declarations, of the damaged portion of the building at the time of loss, but not more than 115% of the Limit of Insurance for Building if:

- (1)** The amount of any loss covered by this policy exceeds the Limit of Insurance for Building stated in the Declarations for the damaged Building; and
- (2)** The actual repair or replacement is completed within one year of the date of loss.

42. Prototypes

Under **Section A. Coverage 5. Coverage Extensions** of the **Building and Personal Property Coverage Form**, the following is added:

q. Prototypes

- (1)** You may extend the insurance that applies to your Business Personal Property to apply to direct physical loss or damage, caused by a Covered Cause of Loss, to “prototypes” related to your “research and development operations” that:
 - (a)** You own; or
 - (b)** Are owned by others and in your care, custody or control, while at a described premises.
- (2)** We will not pay for loss or damage to “prototypes” until you actually replicate such property. Repairs or replication must be made as soon as reasonably possible after the loss or damage, but in no event later than

two years after the loss or damage unless we grant an extension in writing prior to the expiration of the two year period.

- (3) Payment under this Extension is included within your Business Personal Property Limit of Insurance.

43. Wine Leakage and Contamination

Under **Section A. Coverage 4. Additional Coverages** of the **Building and Personal Property Coverage Form**, the following are added:

aa. Wine Leakage

We will pay for the leakage of wine “stock” from any tanks, vessels or barrels used to process or store wine “stock”, or from any component parts of or connections to or from the tanks, vessels or barrels, if the leakage is caused by or results from:

- a. Accidental damage to the tanks, vessels or barrels, or any of their component parts or connections, caused by you or your employee(s);
- b. The implosion or inward collapse of the tank, vessel or barrel due to the failure of a pressure relief device on the tank, vessel or barrel.

bb. Contamination

We will pay for “contamination” of wine “stock” and “wine product”.

This limited coverage for leakage of wine “stock” or “contamination” does not constitute a **Covered Cause of Loss** under the **Business Income (and Extra Expense) Coverage Form**, or any other coverage forms issued by us.

B. Coverages Included in Blanket Limit of Insurance

1. Accounts Receivable

Under **Section A. Coverage 4. Additional Coverages** of the **Building and Personal Property Coverage Form**, the following is added:

w. Accounts Receivable

- (1) We will pay for loss or damage caused by or resulting from a Covered Cause of Loss to your records of Accounts Receivable.

Accounts Receivable means:

- (a) All amounts due from your customers that you are unable to collect;
- (b) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
- (c) Collection expenses in excess of your normal collection expenses that are made necessary by loss or damage; and

(d) Other reasonable expenses that you incur to re-establish your records of accounts receivable.

(2) The most we will pay under this Additional Coverage for loss or damage in any one "occurrence" at a described premises is subject to the Blanket Coverage Limit of Insurance or the limit shown in the Amended Limits of Insurance Endorsement.

(3) Special Accounts Receivable Exclusions

We will not pay for loss or damage:

(a) Caused by 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.

(b) Caused by bookkeeping, accounting or billing errors or omissions.

(c) That requires any audit of records or any inventory computation to prove its factual existence.

2. Consequential Loss to Stock

Under Section A. Coverage 5. Coverage Extensions of the Building and Personal Property Coverage Form, the following is added:

r. Consequential Loss to Stock

You may extend the insurance that applies to Your Business Personal Property to apply to the reduction in value of the remaining parts of "stock" in process of manufacture that are physically undamaged but are unmarketable as a complete product because of direct physical loss or damage from a Covered Cause of Loss to other parts of covered "stock" in process of manufacture at the described premises.

The most we will pay under this Extension is subject to the Blanket Coverage Limit of Insurance or the limit shown in the Amended Limits of Insurance Endorsement.

3. Deferred Payments

Under Section A. Coverage 4. Additional Coverages of the Building and Personal Property Coverage Form, the following is added:

x. Deferred Payments

(1) We will pay for your interest in lost or damaged Personal Property sold by you under a conditional sale or trust agreement or any installment or deferred payment plan after delivery to buyers. The loss or damage must be caused by a Covered Cause of Loss.

- (2) When a total loss to that property occurs, deferred payments are valued on the amount shown on your books as due from the buyer.
- (3) When a partial loss to that property occurs and the buyer refuses to continue payment, forcing you to repossess, deferred payments are valued as follows:
 - (a) If the realized value of the repossessed property is greater than or equal to the amount shown on your books as due from the buyer, we will make no payment; but
 - (b) If the realized value of the repossessed property is less than the amount shown on your books as due from the buyer, we will pay the difference.
- (4) When loss occurs and the buyer continues to pay you, there will be no loss payment.
- (5) The most we will pay under this Additional Coverage for loss or damage in any one "occurrence" at a described premises is subject to the Blanket Coverage Limit of Insurance or the limit shown in the Amended Limits of Insurance Endorsement.

4. **Electronic Data Processing Equipment**

Under **Section A. Coverage 4. Additional Coverages** of the **Building and Personal Property Coverage Form**, the following is added:

y. **Electronic Data Processing Equipment**

- (1) We will pay for direct physical loss or damage to the following Covered Property which is your property or property in your care, custody or control:
 - (a) "Computer equipment"; and
 - (b) Programming documentation and instruction manuals.
- (2) We will also cover the necessary extra expenses you incur to avoid or minimize the suspension of business and to continue "operations" because of direct physical loss or damage to covered property.
- (3) The following Exclusions do not apply to this Additional Coverage:
 - (a) Earth Movement; and
 - (b) Water.
- (4) We will not pay for any loss to the following property:
 - (a) Property you rent, loan or lease to others while it is away from the described premises; or
 - (b) Property you hold for sale, distribute or manufacture.

(5) The most we will pay under this Extension for loss or damage in any one “occurrence” at a described premises is subject to the Blanket Coverage Limit of Insurance or the limit shown in the Amended Limits of Insurance Endorsement.

(6) Special Electronic Data Processing Equipment Exclusions

We do not cover:

- (a) Any extra expense caused by an error or omission in programming or incorrect instructions to “hardware”;
- (b) Direct physical loss to covered property caused by:
 - (i) “Electrical disturbance”;
 - (ii) “Power supply disturbance;”
 - (iii) “Mechanical breakdown”;
 - (iv) “Computer virus”; or
 - (v) “Computer hacking”.

5. Fire Department Service Charge

Under **Section A. Coverage 4. Additional Coverages** of the **Building and Personal Property Coverage Form**, Paragraph **c. Fire Department Service Charge** is replaced by the following:

e. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Loss, we will pay your actual expenses for your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

No deductible applies to this Additional Coverage.

The most we will pay under this Additional Coverage for loss or damage in any one “occurrence” at a described premises is subject to the Blanket Coverage Limit of Insurance or the limit shown in the Amended Limits of Insurance Endorsement.

6. Fire Protection Equipment Recharge

Under **Section A. Coverage 4. Additional Coverages** of the **Building and Personal Property Coverage Form**, the following is added:

a. Fire Protection Equipment Recharge

- (1) We will pay expenses you incur to recharge or refill your automatic fire extinguishing equipment or hand held fire extinguishing equipment when the equipment is discharged:
 - (a) To fight a fire;
 - (b) As a result of a Covered Cause of Loss; or
 - (c) As a result of an accidental discharge.
- (2) We will not pay for the recharge of any equipment:
 - (a) As a result of a discharge during testing or installation; or
 - (b) Due to maintenance of the equipment.
- (3) We will not pay for the recharge of any equipment.
- (4) The Most we will pay under this Additional Coverage for loss or damage in any one "occurrence" at a described premises is subject to the Blanket Coverage Limit of Insurance or the limit shown in the Amended Limits of Insurance Endorsement.

7. Outdoor Property

Under **Section A. Coverage, 5. Coverage Extensions** of the **Building and Personal Property Coverage Form**, Paragraph **e. Outdoor Property** is deleted in its entirety and replaced with the following:

e. Outdoor Property

- (1) You may extend insurance provided by this Coverage Form to apply to your radio and television antennas (including satellite dishes), trees, shrubs, plants and lawns, including debris removal expense, caused by or resulting from any of the following causes of loss:
 - (a) Fire;
 - (b) Windstorm;
 - (c) Hail;
 - (d) Lightning;
 - (e) Explosion;
 - (f) Riot or Civil Commotion;
 - (g) Vandalism;
 - (h) Aircraft or Vehicles;
 - (i) Theft; or

- (j) Falling Objects.
- (2) Coverage under this Extension does not apply to property held for sale by you.
- (3) We will not pay more than \$1,000 for loss or damage to any one tree, shrub or plant under this Extension.
- (4) Coverage under this Extension does not apply to trees or vines intended to grow grapes.

Regardless of the number of described premises involved, the most we will pay under this Extension for loss or damage in any one "occurrence" is subject to the Blanket Coverage Limit of Insurance, or the limit shown in the **Amended Limits of Insurance Endorsement**.

8. Personal Effects and Property of Others

Under **Section A. Coverage 5. Coverage Extensions** of the **Building and Personal Property Coverage Form**, Paragraph **b. Personal Effects and Property of Others** is deleted in its entirety and replaced by the following:

b. Personal Effects and Property of Others

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to:
 - (a) Personal effects owned by you, your officers, your partners or members, your managers or officers, your directors, your trustees or your employees.
 - (b) Personal property of others in your care, custody or control.
- (2) We will not pay more than \$5,000 in total for loss or damage for any one person, in any one "occurrence". Our payment for loss or damage to personal property of others will only be for the account of the owner of the property. No deductible applies to this Extension.
- (3) Regardless of the number of persons involved, the most we will pay under this Extension is subject to the Blanket Coverage Limit of Insurance or the limit shown in the Amended Limits of Insurance Endorsement.

9. Research and Development Documentation

Under **Section A. Coverage 5. Coverage Extensions** of the **Building and Personal Property Coverage Form**, the following is added:

t. Research and Development Documentation

- (1) You may extend the insurance that applies to Business Personal Property to apply to direct physical loss or damage, resulting from a Covered Cause of Loss, to "research and development documentation"

that you own or that is in your care, custody or control at a described premises.

- (2) Paragraph **B. Exclusions** of do not apply to this Coverage Extension, except for:
 - (a) Paragraph **B.1.c. Governmental Action**;
 - (b) Paragraph **B.1.d. Nuclear Hazard**;
 - (c) Paragraph **B.1.f. War and Military Action**;
 - (d) Paragraph **B.2.h. Dishonesty**;
 - (e) Paragraph **B.2.i. False Pre- tense**; and
 - (f) Paragraph **B.3.**
- (3) This Coverage Extension does not apply to loss or damage caused by or resulting from:
 - (a) Electrical or magnetic injury, disturbance or erasure of electronic recordings that is caused by or results from:
 - (i) Programming errors or faulty machine instructions; or
 - (ii) Faulty installation or maintenance of data processing equipment or component parts.
 - (b) Errors or omissions in processing or copying. But if errors or omissions in processing or copying results in fire or explosion, we will pay for the direct loss or damage caused by the fire or explosion;
 - (c) Erasure of “research and development documentation”; or
 - (d) Unauthorized instructions to transfer property to any person or place.
- (4) Coverage provided by this Extension does not apply to “research and development documentation” which exist as “electronic data”.
- (5) We will not pay for loss or damage to “research and development documentation” until you actually replicate such documentation. Repairs or replication must be made as soon as reasonably possible after the loss or damage, but in no event later than two years after the loss or damage unless we grant an extension in writing prior to the expiration of the two-year period.
- (6) We will not pay for loss or damage to “research and development documentation” applicable to:
 - (a) Products that are obsolete;

- (b) Existing products you have withdrawn from the market; or
- (c) Existing products you have not sold in the last twelve months prior to the loss.

(7) Regardless of the number of insured locations involved, the most we will pay under this Extension for loss or damage in any one “occurrence” at a described premises is subject to the Blanket Coverage Limit of Insurance or the limit shown in the Amended Limits of Insurance Endorsement.

10. Valuable Papers and Records (Other Than Electronic Data)

Under **Section A. Coverage 5. Coverage Extensions**, of the **Building and Personal Property Coverage**, Paragraph **c. Valuable Papers and Records (Other Than Electronic Data)** is deleted in its entirety and replaced with the following:

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to direct physical loss or damage to “valuable papers and records” that you own, or that are in your care, custody or control caused by a Covered Cause of Loss. This Extension includes the cost to research, replace or restore the lost information on “valuable papers and records” for which duplicates do not exist.
- (2) The following Exclusions do not apply to this Coverage Extension:
 - (a) Earth Movement; and
 - (b) Water.
- (3) The most we will pay under this Extension for loss or damage in any one “occurrence” at a described premises is subject to the Blanket Coverage Limit of Insurance or the limit shown in the Amended Limits of Insurance Endorsement.

IV. VALUATION

Under **Section E. Loss Conditions** of the **Building and Personal Property Coverage Form**, paragraph **7. Valuation**, the following is added:

Wine Valuation

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

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

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

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

V. EXCLUSIONS

1. Additional Property Not Covered

Under **Section A. Coverage 2. Property Not Covered** of the **Building and Personal Property Coverage Form**, paragraph h. is deleted and replaced with the following:

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

Under **Section A. Coverage 2. Property Not Covered** of the **Building and Personal Property Coverage Form**, the following is added:

- r. "Mobile equipment".

2. Business Income – Limitation

Under **Section A. Coverage of Business Income (and Extra Expense) Coverage Form**, the following is added:

Additional Limitation – Land

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

3. Special Winery Exclusions

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

(1) Temperature, Marring, Shrinkage

The following causes of loss to "stock"

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

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

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

- a. You have hired; and
- b. You have no direct or indirect ownership interested; and
- c. You neither have, nor exercise direct or indirect management or operational control;

During manufacturing, processing, warehousing or shipping.

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

Loss attributed to faulty, defective, inadequate or negligent:

- a. Product or raw material, including being unfit for its intended purpose;
- b. Design, development or testing of a product, including specifications for a product; or
- c. Manufacturing or processing operations.

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

- a. You have hired; and
- b. You have no direct or indirect ownership interest; and
- c. You neither have, nor exercise direct or indirect management or operational control;

During manufacturing, processing, warehousing or shipping.

(3) Damage to “stock”

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

(4) Improper Storage or Handling

Improper storage or handling.

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

- a. You have hired; and
- b. You have no direct or indirect ownership interest; and
- c. You neither have, nor exercise direct or indirect management or operational control;

During manufacturing, processing, warehousing or shipping.

(5) Utility Supply Errors

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

By you or your employees.

VI. VALUATION

Under **Section E. Loss Conditions** of the **Building and Personal Property Coverage Form**, Paragraph **7. b.** is deleted in its entirety and replaced with the following:

- b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

However, the following property will be valued at the actual cash value even when attached to the building:

- (1) Awnings or floor coverings;
- (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering;
- (3) Outdoor equipment or furniture; or
- (4) Retaining walls.

Under **Section E. Loss Conditions** of the **Building and Personal Property Coverage Form**, Paragraph **7. Valuation**, the following are added:

- f. "Valuable papers and records" at the cost of restoration or replacement, including the cost of data entry, re-programming, computer consultation services and the media on which the data or programs reside. To the extent that the contents of the "valuable papers and records" are not replaced or restored, the "valuable papers and records" will be valued at the cost of blank materials for reproducing the records and the labor to transcribe or copy the records when there is a duplicate.

- g.** “Money” at its face value.
- h.** “Securities” at their value at the close of business on the day the loss is discovered.
- i.** Accounts Receivable:
 - (1)** If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss or damage:
 - 1)** We will determine the total of the average monthly amounts of accounts receivable for the 12 months preceding the month in which loss or damage occurs; and
 - (2)** We will adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance from the average for that month.

The following will be deducted from the total amount of accounts receivable, however that amount is established:

- 1)** The amount of the accounts for which there is no loss or damage;
 - 2)** The amount of the accounts that you are able to re-establish or collect; an amount to allow for probable bad debts that you are normally unable to 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.
- g.** Property “in transit” (other than “stock” you have sold) at the amount of invoice, including your prepaid or advanced freight charges and other charges which may have accrued or become legally due since the shipment. If you have no invoice, actual cash value will apply.
 - h.** “Hardware”:
 - (1)** “Hardware” that is replaced will be at the cost of replacing the “hardware” with new equipment that is functionally comparable to the “hardware” that is being replaced.
 - (2)** “Hardware” that is not replaced will be at actual cash value at the time of loss.
 - (3)** In no event will we pay more than the reasonable cost of restoring partially damaged “hardware” to its condition directly prior to the damage.
 - i.** “Software”:
 - (1)** “Programs and applications” will be at the cost to reinstall the “programs and applications” from the licensed discs that were originally used to install the programs or applications.

If the original licensed discs are lost, damaged, or can no longer be obtained, the value of “programs and applications” will be based on the cost of the most current version of the “programs or applications”.

- (2) “Proprietary programs” will be at the cost of reproduction from duplicate copies. The cost of reproduction includes, but is not limited to, the cost of labor to copy or transcribe from duplicate copies.

If duplicate copies do not exist, the value of “proprietary programs” will be based on the cost of research or other expenses necessary to reproduce, replace, or restore lost “proprietary programs”.

- (3) “Electronic data” will be at the cost of re- production from duplicate copies. The cost of reproduction includes, but is not limited to, the cost of labor to copy or transcribe from duplicate copies.

If duplicate copies do not exist, the value of “electronic data” will be based on the cost of research or other expenses necessary to reproduce, replace, or restore lost files, documents and records.

- (4) “Media” will be at the cost to repair or re- place the “media” with material of the same kind or quality.

j. “Fine Arts”

We will pay the lesser of:

- (1) The market value at the time of loss or damage;
- (2) The reasonable cost of repair or restoration to the condition immediately before the covered loss or damage; or
- (3) The cost of replacement with substantially identical property.

For pairs or sets, we will either:

- (1) Repair or replace any part to restore the value and condition of the pair or set to that immediately before the covered loss or damage; or
- (2) Pay the difference between the value of the pair or set before and after the covered loss or damage.

k. Property of Others – our payment for loss of or damage to personal property of others will only be for the account of the owners of the property. 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.

l. We may elect to defend you against suits arising from claims of owners or property. We will do this at our expense.

m. Labor, materials and services that you furnish or arrange on personal property of others are valued based on the actual cost of the labor, materials and services.

n. Finished “stock” you manufactured at the selling price less discounts and expenses you otherwise would have had.

o. “Prototypes”:

We will not pay more than the least of the following amounts:

- (1) The replacement cost of such property used for the same product, but only if replacement cost is shown as applicable to Personal Property in the Declarations.

However, when replacement with identical property is impossible or unnecessary, the amount of loss will be based on the cost to replace with similar property used to perform the same functions. Property of others will be valued in the same manner, but we will not pay more than the amount for which you are legally liable; or

- (2) The amount you actually spend to repair or replace lost or damaged “prototypes” used for the same purpose.

p. “Research and development documentation”:

We will not pay more than the least of the following amounts:

- (1) Your cost actually spent to reproduce lost or damaged “research and development documentation” from back-up files or original source documents;
- (2) The reasonable cost necessary to re- search, repair, restore, recreate, reconstitute, reproduce or replace “research and development documentation”, used for the same product, to their condition immediately before the loss or damage;
- (3) If identical “research and development documentation” cannot be purchased, the cost to purchase such documentation of comparable kind, functionality and quality; or
- (4) The amount you actually spend to research, repair, restore, recreate, reconstitute, reproduce or replace “research and development documentation”, used for the same product.

But we will not pay more than the cost to restore “research and development documentation” to its condition immediately prior to the loss.

VII. DEFINITIONS

Under **Section H. Definitions** of the **Building and Personal Property Coverage Form** the following are added:

1. “Antiques” means an object having value because its:
 - a. Craftsmanship is in the style or fashion of former times; and
 - b. Age is 100 years or older.
2. “Banking premises” means the interior of that portion of any building occupied by a banking institution or similar safe depository.
3. “Communicable disease” means a bacterial micro-organism transmitted through human contact with food.
4. “Computer equipment” means:
 - a. “Hardware” owned by you or in your care, custody or control;

- b. “Software”; or
 - c. “Protection and control equipment”.
5. “Computer hacking” means an unauthorized intrusion by an individual or group of individuals, whether employed by you or not, into “hardware” or “software”, a Web site, or a computer network and that results in but is not limited to:
- a. Deletion, destruction, generation, or modification of “software”;
 - b. Alteration, contamination, corruption, degradation, or destruction of the integrity, quality or performance of “software”;
 - c. Observation, scanning, or copying of “electronic data”, “programs and applications”, and “proprietary programs”;
 - d. Damage, destruction, inadequacy, malfunction, degradation, or corruption of any “hardware” or “media” used with “hardware”; or
 - e. Denial of access to or denial of services from “hardware”, “software”, computer network, or Web site including related “software”.
6. “Computer Virus” means the introduction into “hardware”, “software”, computer network, or Web site of any malicious, self-replicating electronic data processing code or other code and that is intended to result in, but is not limited to:
- a. Deletion, destruction, generation, or modification of “software”;
 - b. Alteration, contamination, corruption, degradation, or destruction of the integrity, quality, or performance of “software”;
 - c. Damage, destruction, inadequacy, malfunction, degradation, or corruption of any “hardware” or “media” used with “hardware”; or
 - d. Denial of access to or denial of services from “hardware”, “software”, computer network, or Web site including related “software”.
7. “Contamination” means loss of or damage to wine “stock” whether finished or in-process, caused by “contamination”. “Contamination” means any impurity caused by contact or mixture with a foreign substance. Wine, sulfur dioxide, yeast, and any other component used in the winemaking process are not foreign substances. In addition, defects or inadequacies of raw stock are not considered foreign substances.
- a. This limited coverage for “contamination” does not constitute a Covered Cause of Loss under the Business Income (and Extra Expense) Coverage Form, or any other coverage forms issued by us.
8. “Counterfeit money” means an imitation of “money” that is intended to deceive and to be taken as genuine.
9. “Denial of service attack” means the malicious direction or a high volume of worthless inquiries to Website or e-mail destinations, effectively denying or limiting legitimate access regardless of whether or not damage to “computer equipment” results.

- 10.** “Dependent property” means property operated by others whom you depend on via written contract to:
- a.** Deliver materials or services directly to you, or to others for your account. But any property which delivers any of the following services is not a dependent property with respect to such services:
 - (1)** Water supply services;
 - (2)** Power supply services; or
 - (3)** Communication supply services, including services relating to Internet access or access to any electronic network;
 - b.** Directly accept your products or services;
 - c.** Manufacture products for delivery to your customers under contract of sale; or
 - d.** Attract customers to your business.
- 11.** “Dependent property period of restoration” means the period of time that:
- a.** Begins 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the premises of the “dependent property”; and
 - b.** Ends on the date when the property at the premises of the “dependent property” should be repaired, rebuilt or replaced with reasonable speed and similar quality.
- “Dependent property period of restoration” does not include any increased period required 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
 - 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 “dependent property period of restoration”.
- 12.** “Discover” means the time when you first become aware of facts which would cause a reasonable person to assume that a loss of a type covered by this policy has been or will be incurred, regardless of when the act or acts causing or contributing to such loss occurred, even though the exact amount or details may not be known.
- 13.** “Electrical disturbance” means electrical or magnetic damage, disturbance of electronic recordings, or erasure of electronic recordings.
- 14.** “Electronic data” means files, documents, information and “programs and applications” in an electronic format and that are stored on “media”.
- 15.** “Electronic vandalism” means “computer hacking”, “computer virus” or a “denial of service attack”. “Electronic vandalism” does not include the theft of any property or services.

- 16.** “Employee” means:
- a.** Any natural person:
 - (1)** While in your service and for the first 30 days immediately 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 a.(1), 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 a.(2);
 - d.** Any natural person who is:
 - (1)** A trustee, officer, employee, administrator or manager, except an administrator or manager who is an independent contractor, of any “employee benefit plan”; and
 - (2)** A director or trustee of yours while that person is engaged in handling “funds” or “other property” of any “employee benefit plan”;
 - e.** Any natural person who is a former “employee”, partner, “manager”, director or trustee retained as a consultant while performing services for you;
 - f.** Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody or property outside the described premises;
 - g.** Any “employee” of an entity merged or consolidated with you prior to the effective date of this policy; or
 - h.** Any of your “managers”, directors or trustees while:
 - (1)** Performing acts within the scope of the usual duties of an “employee”; or
 - (2)** Acting as a member of any committee duly elected or appointed by resolution of your board of directors or board of trustees to perform specific, as distinguished from general, directorial acts on your behalf.

“Employee” does not mean any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character not specified in Paragraph 13.

17. “Employee benefit plan” means any welfare or pension benefit plan shown that you sponsor and which is subject to the Employee Retirement Income Security Act of 1974 (ERISA) and any amendments thereto.
18. “Fine arts” means paintings, etchings, pictures, tapestries, rare art glass, art glass windows, valuable rugs, statuary, sculptures, “antique” jewelry, bric-a-brac, porcelains and similar property of rarity, historical value or artistic merit.
19. “Flood” means a general and temporary condition of partial or complete inundation of normally dry land areas due to:
 - a. The overflow of inland or tidal waters;
 - b. The unusual or rapid accumulation of runoff of surface waters from any source; or
 - c. Mudslides or mudflows which are caused by flooding as defined in b. above. For the purpose of this Covered Cause of Loss, a mudslide or mudflow involves a river of liquid and flowing mud on the surface of normally dry land areas as when earth is carried by a current of water and deposited along the path of the current.
20. “Food contamination” means an incidence of food poisoning to one or more of your customers as a result of:
 - a. Tainted food you purchased;
 - b. Food which has been improperly stored, handled or prepared; or
 - c. A “communicable disease” transmitted through one or more of your “employees”.
21. “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.
22. “Funds” means “money” and “securities”.
23. “Hardware” means a network of electronic machine components (microprocessors) capable of accepting instructions and information, processing the information according to the instructions, and producing desired results. “Hardware” includes but is not limited to:
 - a. Mainframe and mid-range computers and servers;
 - b. Personal computers and workstations;
 - c. Laptops, palmtops, notebook PCs, other portable computer devices and accessories including, but not limited to, multimedia projectors; and
 - d. Peripheral data processing equipment, including but not limited to, printers, keyboards, monitors, and modems.
24. “Installation, tools and equipment property” means:

- a. Materials, supplies, machinery, fixtures and equipment that will become a permanent part of your installation while:
 - (1) Located at the site of installation;
 - (2) “In transit” by you to or from the de- scribed premises and the job site; or
 - (3) While in temporary storage awaiting installation.
- b. Commercial tools and equipment usual to your business and used in your installation which are:
 - (1) Your property; or
 - (2) The property of others in your care, custody or control.

Commercial tools and equipment does not include:

- (1) Aircraft or watercraft;
- (2) Any property while waterborne, air- borne or underground;
- (3) Property you have loaned, rented or leased to others;
- (4) Property that is permanently mounted to a vehicle; or
- (5) Property held for sale.

- 25. “In transit” means in the course of shipment from or to the premises shown in the Declarations. It includes such shipments while temporarily stopped or delayed, incidental to the delivery.
- 26. “Irreplaceable inventories” means your “wine product” that in the ordinary course of your business would be specifically identified by at least three (3) of the following designations:
 - a. Estate bottled;
 - b. Named vineyard;
 - c. American Viticultural Area;
 - d. Vintage Date;
 - e. Methode Champenoise;
 - f. Produced and bottled by
- 27. “Manager” means a person serving in a directorial capacity for a limited liability company.
- 28. “Mechanical breakdown” means the malfunction or failure of moving or electronic parts, component failure, faulty installation, or blowout.
- 29. “Media” means an instrument that is used with “hardware” and on which “electronic data”, “programs and applications”, and “proprietary programs” can be recorded or stored. “Media”

includes, but is not limited to, films, tapes, cards, discs, drums, cartridges, cells, DVDs, or CD-ROMs.

- 30.** “Mobile equipment” means equipment designed for use in your vineyards and wineries and includes:
- a.** Accessories, whether attached or not; and
 - b.** Tools and spare parts that are specifically designed and intended for use in the maintenance and operation of the mobile devices.
- 31.** “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.
- 32.** “Occurrence” means all loss or damage that is attributable to:
- a.** An act, event, cause or series of similar, related acts, events or causes
- 33.** “Operations” means your business activities occurring at the described premises.
- 34.** “Other property” means tangible property other than “money” and “securities” that has intrinsic value. “Other property” does not include computer programs, electronic data or any property specifically excluded under this policy.
- 35.** “Perishable goods” means personal property:
- a.** Maintained under controlled temperature or humidity conditions for preservation; and
 - b.** Susceptible to loss or damage if the controlled temperature or humidity conditions change.
- 36.** “Power supply disturbance” means interruption of power supply, power surge, blackout, or brownout.
- 37.** “Programs and applications” means operating programs and applications that you purchase and that are:
- a.** Stored on “media”; or
 - b.** Pre-installed and stored in “hardware”.
- Applications includes, but is not limited to, programs for word processing, spreadsheet calculations, and graphic design.
- 38.** “Proprietary programs” means proprietary operating programs and applications that you developed or that you had developed specifically for use in your “operations” and that are:
- a.** Stored on “media”; or
 - b.** Installed and stored in “hardware”.

- 39.** “Protection and control equipment” means:
- a.** Air conditioning equipment used exclusively in the operation of the “hardware”;
 - b.** Fire protection equipment used for the protection of the “hardware”, including automatic and manual fire suppression equipment and smoke and heat detectors; and
 - c.** Uninterruptible power supply system, line conditioner, and voltage regulator.
- 40.** “Prototype” means an original version of a newly designed product that is an outcome of your “research and development operations”. A “prototype” includes sample designs, experimental models or displays that are associated with or integral to the manufacture of the original version of a newly designed product.
- 41.** “Replaceable inventories” means your “wine product” other than “irreplaceable inventories”.
- 42.** “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 premises described in the Declarations 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.
- 43.** “Research and development documentation” means written evidence of facts, information, processes, concepts or formulas that are directly related to the development of new products or enhancement of existing products. Written evidence includes written papers, plans, manuscripts, written or inscribed documents or plans.
- “Research and development documentation” does not include “valuable papers and records”, accounts receivable or “media”, “software” or “data”.
- 44.** “Research and development operations” means your business activities that are directly related to the development of new products or the enhancement of existing products.
- 45.** “Scientific and professional equipment” means medical, engineering, veterinary, measurement, recording, analyzing or similar equipment.
- 46.** “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.

- c. But does not include “money”.
- 47. “Soft cost expenses” means additional:
 - a. Realty taxes and other assessments that you incur for the period of time that construction has been extended beyond the projected completion date;
 - b. Interest on money borrowed to finance construction, remodeling, renovation or repair; and
 - c. Advertising, public relations and promotional expenses.
- 48. “Software” means:
 - a. “Media”;
 - b. “Electronic data”;
 - c. “Programs and applications”; and
 - d. “Proprietary programs”.
- 49. “Spoilage” means any detrimental change in physical state of “perishable goods”. Detrimental change includes, but is not limited to, thawing of frozen goods, warming of refrigerated goods, solidification of liquid or molten material, chemical reactions to material in process, and reduction in value of time sensitive materials.
- 50. “Theft” means the unlawful taking of property to the deprivation of the insured.
- 51. “Valuable papers and records” means:
 - a. Inscribed, printed or written:
 - (1) Documents;
 - (2) Manuscripts; and
 - (3) Recordsincluding abstracts, books, deeds, drawings, films, maps or mortgages; and
 - b. Similar items stored electronically.But, “valuable papers and records” does not mean “money” or “securities”.
- 52. “Wine cave” means an engineered, underground chamber or subterranean structure for the processing, storage or aging of wine.
- 53. “Wine product” means your “stock” which is raw stock, in process, cased or bulk:
 - a. Wine;
 - b. Champagne;

- c. Sparkling wine; or
- d. Other products you have made from wine.

All other terms and conditions of the Policy remain unchanged.

Endorsement Number:

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Policy Number:

Named Insured:

Endorsement Effective Date:

EQUIPMENT BREAKDOWN COVERAGE

This Endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
 CONDOMINIUM ASSOCIATION COVERAGE FORM
 CAUSES OF LOSS – BASIC FORM
 CAUSES OF LOSS – BROAD FORM
 CAUSES OF LOSS – SPECIAL FORM

Equipment Breakdown Schedule	
Equipment Breakdown Coverages:	Limits of Insurance:
Spoilage	
Expediting Expenses	
Hazardous Substance	
Data Restoration	
Demolition and Increased Cost of Construction	
“Electronic Vandalism”	
Deductibles:	
Direct Damage	
Business Income and Extra Expense	
Spoilage	
Utility Interruption - Waiting Period	hours
Other:	

The following is added to paragraph **A. 4. Additional Coverages** in the applicable Coverage Form:

Equipment Breakdown Coverage

1. We will pay for direct physical loss to Covered Property caused by or resulting from a “breakdown” to “covered equipment”.

With respect to otherwise covered Business Income and Extra Expense, “breakdown” to “covered equipment” will be considered a Covered Cause of Loss.

2. **“Breakdown”**

- a. “Breakdown” means:

- (1) Failure of pressure or vacuum equipment;
 - (2) Mechanical failure including rupture or bursting caused by centrifugal force; or
 - (3) Electrical failure caused by artificially generated electric current, including arcing;

that causes direct physical loss or damage to “covered equipment” and necessitates its repair or replacement.

- b. “Breakdown” does not mean:

- (1) Cracking of any part on an internal combustion gas turbine exposed to the products of combustion;

- (2) Damage to any structure or foundation supporting the “covered equipment” or any of its parts;
 - (3) Damage to any vacuum tube, gas tube, or brush;
 - (4) Defects, erasures, errors, limitations or viruses in “computer equipment”, data, “media” and/or programs including the inability to recognize and process any date or time or provide instructions to “covered equipment”. However, if a “breakdown” ensues, we will pay the ensuing loss or damage not otherwise excluded;
 - (5) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
 - (6) Malfunction including but not limited to adjustment, alignment, calibration, cleaning or modification; or
 - (7) The functioning of any safety or protective device.
- c. If an initial “breakdown” causes other “breakdowns”, all will be considered one “breakdown”. All “breakdowns” that manifest themselves at the same time and are the result of the same cause will also be considered one “breakdown”.

3. “Covered Equipment”

- a. “Covered equipment” means any Covered Property that is:
- (1) Equipment designed and built to operate under internal pressure or vacuum other than weight of contents. For any boiler or fired vessel, the furnace of the “covered equipment” and the gas passages from there to the atmosphere will be considered as outside the “covered equipment”;
 - (2) Communication equipment and “computer equipment”;
 - (3) Fiber optic cable; or
 - (4) Any other electrical or mechanical equipment that is used in the generation, transmission or utilization of energy.
- b. “Covered equipment” does not mean any:
- (1) Astronomical telescope, cyclotron, nuclear reactor, particle accelerator, satellites and/or spacecraft (including satellite or spacecraft contents and/or their launch sites);
 - (2) Catalyst;
 - (3) Dragline, power shovel, excavation or construction equipment including any “covered equipment” mounted on or used solely with any dragline, power shovel, excavation or construction equipment;
 - (4) Elevator or escalator, but not excluding any electrical machine or apparatus mounted on or used with this equipment;
 - (5) Equipment or any part of equipment manufactured by you for sale;

- (6) Felt, wire, screen, mold, form, pattern, die, extrusion plate, swing hammer, grinding disc, cutting blade, non-electrical cable, chain, belt, rope, clutch plate, brake pad, non-metal part or any part or tool subject to periodic replacement;
- (7) Insulating or refractory material;
- (8) Non-metallic pressure or vacuum equipment, unless it is constructed and used in accordance with the American Society of Mechanical Engineers (A.S.M.E.) code or a Code that has been accepted by the National Board of Boiler and Pressure Vessel Inspectors;
- (9) Part of pressure or vacuum equipment that is not under internal pressure of its contents or internal vacuum;
- (10) Pressure vessels and piping that are buried below ground and require the excavation of materials to inspect, remove, repair or replace;
- (11) Structure, foundation, cabinet or compartment supporting or containing the "covered equipment" or part of the "covered equipment" including penstock, draft tube or well casing;
- (12) Vehicle, aircraft, self-propelled equipment or floating vessel, including any "covered equipment" mounted on or used solely with any vehicle, aircraft, self-propelled equipment or floating vessel; or
- (13) "Media".

4. **Property Not Covered.** With regard to the coverage provided by this Endorsement only, section **A.2.b.** in the Coverage Form to which this Endorsement applies is deleted and replaced by the following:

b. Animals.

5. **Equipment Breakdown Coverage Extensions**

The following coverages also apply to loss or damage caused by or resulting from a "breakdown" to "covered equipment". These Equipment Breakdown Coverage Extensions do not provide additional amounts of insurance. The limits provided are part of, not in addition to, the Limit of Insurance that applies to the damaged Covered Property.

a. **Spoilage**

- (1) We will pay for:
 - (a) Your loss of "perishable goods" due to spoilage;
 - (b) Your loss of "perishable goods" due to spoilage that is caused by or results from an interruption in utility services that is the direct result of a "breakdown" to "covered equipment" that is owned by a utility, landlord, or other supplier with whom you have a contract to provide you with any of the following services: electrical power, communications, waste disposal, air conditioning, refrigeration, heating, gas, air, water or steam. Coverage for such loss will begin 12 hours or the time shown for Utility Interruption - Waiting Period in the

Equipment Breakdown Schedule, after the time the “breakdown” causes the interruption of the utility service; or

- (c) Your loss of “perishable goods” due to contamination from the release of refrigerant, including but not limited to ammonia.

We will also pay any necessary expense you incur to reduce the amount of loss under this coverage. 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 coverage.

- (2) If you are unable to replace the “perishable goods” before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the “perishable goods” at the time of the “breakdown”, less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the Loss Payment Condition.
- (3) The most we will pay for any loss or expense under this Equipment Breakdown Coverage Extension is \$25,000 or the Limit of Insurance for Spoilage shown on the Equipment Breakdown Schedule, whichever is greater.

b. Expediting Expenses

- (1) With respect to your damaged Covered Property, we will pay the reasonable extra cost to make temporary repairs and expedite permanent repairs or permanent replacement.
- (2) Expediting expenses include overtime wages and the extra cost of express or other rapid means of transportation.
- (3) The most we will pay for Expediting Expenses is \$25,000 or the Limit of Insurance for Expediting Expenses shown on the Equipment Breakdown Schedule, whichever is greater.

c. Utility Interruption

The insurance provided for Business Income and/or Extra Expense, if covered elsewhere in the policy, is extended to apply to loss caused by or resulting from an interruption in utility services that is a direct result of a “breakdown” to “covered equipment” that is owned by a utility, landlord, or other supplier with whom you have a contract to provide you with any of the following services: electrical power, communications, waste disposal, air conditioning, refrigeration, heating, gas, air, water or steam.

Coverage for Utility Interruption will begin 12 hours, or the time shown for Utility Interruption – Waiting Period in the Equipment Breakdown Schedule, after the time the “breakdown” causes the interruption of the utility service.

d. Drying Out

If electrical “covered equipment” requires drying out as a result of a flood, waves, tides, tidal waves, or overflow of any body of water or their spray, even if driven by wind, we will pay for the direct expense of drying out such electrical “covered equipment”. The most we will pay for such expense under this Equipment Breakdown Coverage Extension is the least of:

- (1) \$10,000;

- (2) the Limit of Insurance shown on the Declaration for the applicable covered property;
or
- (3) the value of such damaged electrical “covered equipment”.

Coverage provided by this extension does not include the cost to replace such equipment or any other loss, damage or expense that is caused by or results directly or indirectly from flood, waves, tides, tidal waves, or overflow of any body of water or their spray, even if driven by wind.

e. Hazardous Substance

With regard to coverage provided under this Endorsement only, Additional Coverage **A.4.d.** in the Coverage Form to which this Endorsement applies is deleted and replaced by the following:

- d.** We will pay your expense to extract “pollutants” from land or water at the described premises and the cost for clean-up, repair, replacement or disposal of Covered Property at the described premises if the discharge, dispersal, seepage, migration, release or escape of such “pollutants” is caused by or results from a “breakdown” to “covered equipment” that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which such “breakdown” occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of “pollutants”. But we will pay for testing which is performed in the course of extracting the “pollutants” from the land, water or the clean-up, repair, replacement, or disposal of Covered Property.

The most we will pay under this Additional Coverage, including any loss covered under any applicable Business Income or Extra Expense coverage, for the sum of all covered expenses is \$25,000 or the Limit of Insurance for Hazardous Substance shown on the Equipment Breakdown Schedule, whichever is greater.

The coverage provided by this Additional Coverage does not include loss to “perishable goods” due to contamination from the release of a refrigerant.

f. Data Restoration

We will pay your cost to research, replace and restore data, including programs and operating systems that are lost or corrupted due to a “breakdown”. We will also pay for loss or damage to “media” caused by a “breakdown”. The most we will pay under this Coverage Extension for the sum of all covered expenses, including any loss covered under any applicable Business Income and Extra Expense coverage is \$25,000 or the Limit of Insurance for Data Restoration shown on the Equipment Breakdown Schedule, whichever is greater.

g. Demolition and Increased Cost of Construction

The following applies despite the Ordinance or Law Exclusion. If a “breakdown” to “covered equipment” damages a building that is Covered Property that is insured at replacement cost, and the loss is increased by the enforcement of any laws or ordinances that are in force at the time of the “breakdown” and which regulate the demolition, construction, repair or use of the building or structure the following apply:

- (1) We will pay for:
- (a) Your actual cost to demolish and clear the site of the undamaged parts of the same building or structure as a consequence of enforcement of an ordinance or law that requires the demolition of such undamaged property; and
 - (b) Your actual expenditures for increased costs to repair, rebuild, or construct the building. If the building is repaired, rebuilt or constructed, it must be intended for a similar use or occupancy as the current building, unless otherwise required by zoning or land use ordinance or law;
- (2) With regard to otherwise covered Business Income and Extra Expense coverage, the “period of restoration” is extended to include the additional period of time required for demolition and to meet the minimum requirement of any ordinance or law enforcement at the time of the “breakdown”.
- (3) We will not pay for any:
- (a) Fine;
 - (b) Liability to a third party;
 - (c) Increase in loss due to a “pollutant”;
 - (d) Demolition cost until the undamaged portions of the building are actually demolished;
 - (e) Increased construction costs until the building is actually rebuilt and replaced;
 - (f) Increases in loss, excess of the amount required to meet the minimum requirement of any ordinance or law enforcement at the time of the “breakdown”; or
 - (g) Loss due to any ordinance or law that you were required to comply with before the “breakdown”, even if the building was undamaged, and with which you failed to comply.

The most we will pay under this Coverage Extension for the sum of all covered expenses, including any loss covered under any applicable Business Income and Extra Expense coverage, is \$25,000 or the Limit of Insurance for Demolition and Increased Cost of Construction shown on the Equipment Breakdown Schedule, whichever is greater.

h. Off-Premises Equipment

We will pay for loss or damage to Covered Property caused by a “breakdown” to “covered equipment” while temporarily at a premises or location that is not a described premises on the policy. The most we will pay for Off-Premises Equipment is \$25,000.

i. “Electronic Vandalism”

We will pay for loss or damage caused by “breakdown” to “covered equipment” that is the direct or indirect result of “electronic vandalism”. The most we will pay for the total of all such loss resulting from “electronic vandalism”, which takes place within a 12-month period, starting with the beginning of the present annual policy period, is \$100,000 or the Limit of

Insurance for “electronic vandalism” shown in the Equipment Breakdown Schedule, whichever is greater. This limit applies regardless of the number of locations.

6. Equipment Breakdown Exclusions

With regard to coverage provided under this Endorsement only, the following changes are made:

- a. The following Exclusions are deleted from the Causes of Loss – Special form: **B.2.a.**; **B.2.d.(6)**; and **B.2.e.**
- b. Exclusion **B.2.I.** from the Causes of Loss – Special form, is deleted and replaced by the following:
 - I. Discharge, dispersal, seepage, migration, release or escape of “pollutants”. But if the discharge, dispersal, seepage, migration, release or escape of “pollutants” results in a “breakdown” to “covered equipment”, we will pay for the loss or damage caused by that “breakdown”.
- c. The last paragraph of Exclusion **B.2.d.** from the Causes of Loss – Special form is deleted and replaced by the following:

But if an excluded cause of loss that is listed in **2.d.(1)** through **(7)** results in a “breakdown”, we will pay the resulting loss or damage not otherwise excluded.
- d. The following exclusions apply to the coverage provided under this Endorsement in addition to the other exclusions, except as deleted in **6.a.** above, in the Coverage Form to which this Endorsement applies.

We will not pay under this Endorsement for loss or damage caused directly or indirectly by any of the following:

- (1) Any of the following tests:
 - (a) A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel;
or
 - (b) An insulation breakdown test of any type of electrical equipment;
- (2) Fire including fire resulting from a “breakdown”;
- (3) Combustion explosion;
- (4) Explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass;
- (5) An explosion. However, we will pay for direct loss or damage caused by an explosion of “covered equipment” of a kind specified in (a) through (f) below, if not otherwise excluded:
 - (a) Steam boiler;
 - (b) Electric steam generator;
 - (c) Steam piping;

- (d) Steam turbine;
 - (e) Steam engine; or
 - (f) Gas turbine or any other moving or rotating machinery when such explosion is caused by centrifugal force or mechanical breakdown.
- (6) With respect to Utility Interruption and paragraph **(1)(b)** of Spoilage coverage, we will not pay for loss caused by or resulting from: lightning; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; falling objects; water damage caused by the discharge or leakage of sprinkler system, sewer piping or domestic water piping; water or other means used to extinguish a fire, even when the attempt is unsuccessful; weight of snow, ice or sleet; freezing due to cold weather; molten material; or collapse.

7. Equipment Breakdown Limitations

With regard to this Endorsement only, the following Limitations are deleted from the Causes of Loss – Special Form: **C.1.a.** and **C.1.b.**

8. Limits of Insurance

- a. The most we will pay for loss or damage in any one “breakdown” is the applicable Limit of Insurance shown in the Declarations. The limits provided for the Equipment Breakdown Coverage Extensions are part of, not in addition to, the Limit of Insurance shown in the Declarations that applies to the damaged Covered Property.

The coverage provided by this Endorsement is part of, not in addition to, the Limits of Insurance shown in the Declarations.

- b. The most we will pay for water damage that results from a “breakdown” to “covered equipment” is \$25,000 for any one “breakdown”. This is part of, not in addition to, the Limit of Insurance shown in the Declarations that applies to damaged Covered Property.

9. Deductible

If an amount is shown in the Deductible section of the Equipment Breakdown Schedule, the following will apply. Otherwise, the deductible shown in the Declarations for the applicable coverage will apply.

Paragraph **D. Deductible** of the applicable coverage form is deleted and replaced by:

- a. In any one “breakdown”, we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss and will pay the resulting amount or the Limit of Insurance, whichever is less.

The deductibles listed in the Equipment Breakdown Schedule shall be applied separately to the applicable coverage as follows:

(1) Dollar Deductible

If a dollar deductible is shown in the Equipment Breakdown Schedule, we will first subtract the deductible amount from any loss we would otherwise pay.

(2) Multiple per Unit Deductible

If a multiple of units is shown in the Equipment Breakdown Schedule, the deductible will be calculated as the sum of the multiplier times the number of units specified. (For example: if the deductible is specified as \$25/hp for air conditioning units, and a covered 500 hp air conditioning unit suffered a “breakdown”, the deductible will be \$25 times 500 hp which equals \$12,500.)

(3) Time Deductible

If a time deductible is shown in the Equipment Breakdown Schedule, we will not be liable for any loss under that coverage that occurs during that specified time period immediately following a “breakdown”. If a time deductible is shown in days, each day shall mean twenty-four consecutive hours.

(4) Multiple of Daily Value Deductible

If a multiple of daily value is shown in the Equipment Breakdown Schedule, this deductible will be calculated as follows:

- (a) For the entire premise described in the Declarations where the loss occurred, determine the total amount of Business Income that would have been earned during the “period of restoration” had no “breakdown” taken place.
- (b) Divide the result in Paragraph (1) by the number of days the business would have been open during the “period of restoration”. The result is the daily value.
- (c) Multiply the daily value in Paragraph (2) by the number of daily value multiples shown in the Equipment Breakdown Schedule. We will first subtract this deductible amount from any loss we would otherwise pay. We will then pay the amount of loss or damage in excess of the deductible, up to the applicable Limit of Insurance.

(5) Percentage of Loss Deductible

If a deductible is expressed as a percentage of loss in the Equipment Breakdown Schedule, we will not be liable for the indicated percentage of the gross amount of loss or damage insured under the applicable coverage.

(6) Minimum or Maximum Deductible

- (a) If:
 - (i) A minimum dollar amount deductible is shown in the Equipment Breakdown Schedule; and
 - (ii) The dollar amount of the Multiple per Unit, Multiple of Daily Value or the Percentage of Loss Deductible is less than the Minimum Deductible:

then the Minimum Deductible amount shown in the Equipment Breakdown Schedule will be the applicable deductible.

- (b) If:
 - (i) A maximum dollar amount deductible is shown in the Equipment Breakdown Schedule; and
 - (ii) The dollar amount of the Multiple per Unit, Multiple of Daily Value or the Percentage of Loss Deductible is greater than the Maximum Deductible;

then the Maximum Deductible amount shown in the Equipment Breakdown Schedule will be the applicable deductible.

- b. If more than one deductible applies to a single coverage, then only one deductible, the highest, will apply to that coverage.
10. The following provision applies to the coverage provided by this Endorsement only and in addition to the provisions in the Loss Payment section of the Coverage Form to which this Endorsement applies:

New Generation

We will pay up to an additional 50% of the cost to replace damaged “covered equipment” with a newer generation “covered equipment” of the same capacity which improves the environment, increases efficiency or enhances safety. This includes costs to employ “green” methods of construction, disposal or recycling in the course of repair or replacement of damaged or destroyed Covered Property, in accordance with documented standards of a “green authority”. This also includes such costs you actually incur to attain “green” certification of the repaired or replaced “covered equipment” in accordance with documented standards of a “green authority”. This additional amount is included in, not in addition to, the applicable Limit of Insurance for Covered Property.

11. With respect to the coverage provided under this Endorsement, the following are added to the Additional Conditions section of the Coverage Form to which this Endorsement applies:

a. Jurisdictional Inspections

- (1) We agree to provide pressure vessel certificate-of-operation engineering services where:
 - (a) The certificate-of-operation is required by state, city or provincial law; and
 - (b) The state, city or provincial law permits inspections by insurance company employees.
- (2) If we receive notification of a pressure vessel certificate-of-operation inspection due date less than 30 (thirty) days prior to the expiration of the certificate-of-operation, we will not be responsible for:
 - (a) Any fine or other penalty that may be assessed; or
 - (b) Any liability that may arise due to the fact that the inspection was not performed prior to the certificate-of-operation due date.
- (3) Certificate-of-operation engineering services will not be provided for any location, other than in the United States of America, Puerto Rico or Canada.

b. Suspension

- (1) Whenever “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. We will deliver or mail a written notice of suspension to your last known address or the address where the “covered equipment” is located.
- (2) Once suspended in this way, your coverage can be reinstated only by an Endorsement for that “covered equipment”.
- (3) If we suspend your coverage, you will get a pro rata refund of premium for that “covered equipment”. But the suspension will be effective even if we have not yet made or offered a refund.

12. Electrical Risk Improvements

The following Additional Coverage applies in the event of the following:

When “covered equipment” sustains direct physical loss or damage resulting from a “breakdown” from artificially generated electric current (including arcing) that necessitates its repair or replacement, we will pay up to an additional 10% of the amount we actually pay for all loss or damage covered by this Endorsement, not to exceed \$10,000, for costs you incur to make material improvements to your electrical system at the location of the loss.

This Additional Coverage does not pay for:

- a. Stock, work in process, raw materials, finished goods or merchandise;
- b. Any personal property of your employees or officers;
- c. Any Covered Property that is repaired or replaced due to direct physical loss or damage as covered by this Endorsement;
- d. Any Business Income or Extra Expense.

These expenses must be reported to us in writing within 180 days of direct physical loss or damage covered by this endorsement. The limit for this Additional Coverage is part of, not in addition to the Direct Damage limit.

13. With regard to the coverage provided by this Endorsement, the following definitions apply in addition to the definitions provided in the Coverage Form to which this Endorsement applies:

- a. **“Computer equipment”** means your programmable electronic equipment that is used to store, retrieve and process data, and associated peripheral equipment that provides communication including input and output functions such as printing or auxiliary functions such as data transmission. It does not include data or “media”.
- b. **“Electronic vandalism”** means:
 - (1) Willful or malicious destruction of computer programs, content, instructions or other electronic or digital data stored within computer systems.
 - (2) Unauthorized computer code or programming that:

- (a) Deletes, distorts, corrupts or manipulates computer programs, content, instructions or other electronic or digital data, or otherwise results in damage to computers or computer systems or networks to which it is introduced;
 - (b) Replicates itself, impairing the performance of computers or computer systems or networks; or
 - (c) Gains remote control access to data and programming within computers or computer systems or networks to which it is introduced.
- c. **“Green”** means products, materials, methods and processes that conserve natural resources, reduce energy or water consumption, avoid toxic or other polluting emissions or otherwise minimize the environmental impact.
- d. **“Green Authority”** means a recognized authority on “green” building or “green” products, materials or processes.
- e. **“Media”** means electronic data processing or storage material such as films, tapes, discs, drums or cells.
- f. **“Perishable goods”** means personal property maintained under controlled conditions for its preservation and susceptible to loss or damage if the controlled conditions change.

Endorsement Number:

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Policy Number:

Named Insured:

Endorsement Effective Date:

SERFF Tracking #:

AICO-132433578

State Tracking #:

R2020002158

Company Tracking #:

ARCH-20-007

State: New York **Filing Company:** Arch Insurance Company
TOI/Sub-TOI: 01.0 Property/01.0001 Commercial Property (Fire and Allied Lines)
Product Name: WineRe Insurance Program Property
Project Name/Number: WineRe Insurance Program Property/ARCH-20-007

Rate Information

Rate data applies to filing.

Filing Method: File & Use
Rate Change Type: Neutral
Overall Percentage of Last Rate Revision: 0.000%
Effective Date of Last Rate Revision:
Filing Method of Last Filing: N/A
SERFF Tracking Number of Last Filing: N/A - New Program

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Arch Insurance Company	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%

SERFF Tracking #:

AICO-132433578

State Tracking #:

R2020002158

Company Tracking #:

ARCH-20-007

State:

New York

Filing Company:

Arch Insurance Company

TOI/Sub-TOI:

01.0 Property/01.0001 Commercial Property (Fire and Allied Lines)

Product Name:

WineRe Insurance Program Property

Project Name/Number:

WineRe Insurance Program Property/ARCH-20-007

Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1		NY WineRe Property Exception Pages	Pages 1 through 2	New		WineRe Property NY Exception Page 07-20.pdf

NEW YORK EXCEPTION PAGE

The otherwise applicable Division Five – Fire and Allied Lines Rules also apply to the WineRe Insurance Program except as modified by these Exception Pages.

SECTION I – GENERAL RULES

A. Eligibility

Risks whose principal business is that of a federally bonded winery or virtual winery that uses an outside bonded facility to physically make and bottle the wine. Risks with ancillary operations (such as restaurants, hotels, meeting/convention facilities) will be considered eligible as long as the collective revenue earned from such operations account for less than 25% of total revenues.

B. Minimum Premium is \$1,250.

C. Terrorism is 1% of Property Premium.

SECTION II – COVERAGE RULES

A. Mandatory Endorsements:

WineRe Property Broad Form Endorsement (00 WPR0001 00) - This mandatory endorsement revises the Property Form by providing new coverages and substitute coverage grants.

There is no premium charge for this mandatory endorsement.

Loss Limit Endorsement (00 WPR0005 00) - This mandatory endorsement limits the most we will pay for covered loss or damage in a single occurrence for Property, Business Personal Property (including Stock and Mobile Equipment), Business Income and Extra Expense.

There is no premium charge for this mandatory endorsement.

B. Optional Endorsements:

Earthquake Sprinkler Leakage Endorsement - This optional form provides coverage for direct physical loss to covered property caused by accidental leakage from an automatic sprinkler system.

The rate for EQSL is \$0.03 per \$100 of values. A maximum limit of \$5,000,000 is available for EQSL coverage.

Wine Contamination – Blending Errors Endorsement (00 WPR0004 00) - This optional form provides coverage for accidental contamination of wine by unintentional addition of a foreign substance that occurs during the wine-making process. This endorsement adds wine as a foreign substance.

There is a flat premium charge for this optional endorsement based on the chosen coverage limit:

Coverage Limit	Premium Charge
\$25,000	\$500
\$50,000	\$1,000
\$100,000	\$1,500

NEW YORK EXCEPTION PAGE

Equipment Breakdown Coverage (00 WPR0001 00) – This optional endorsement provides coverage for direct physical loss to covered property caused by a breakdown to covered equipment.

The rate for this optional endorsement is \$0.02 per \$100 of total TIV. Total TIV is defined as Building, Business Personal Property (excluding Stock & Mobile Equipment), Business Income and Extra Expense.

SECTION III – RATE RULES

A. Wine Stock

Protection Class	Construction Type	Wine Stock Rate
1 to 4	Frame & Joisted Masonry	\$0.25
	Non-Combustible	\$0.25
	Masonry Non-Combustible	\$0.20
	Fire Resistive	\$0.20
5 to 7	Frame & Joisted Masonry	\$0.30
	Non-Combustible	\$0.30
	Masonry Non-Combustible	\$0.23
	Fire Resistive	\$0.23
8 to 10	Frame & Joisted Masonry	\$0.40
	Non-Combustible	\$0.35
	Masonry Non-Combustible	\$0.27
	Fire Resistive	\$0.27

State: New York **Filing Company:** Arch Insurance Company
TOI/Sub-TOI: 01.0 Property/01.0001 Commercial Property (Fire and Allied Lines)
Product Name: WineRe Insurance Program Property
Project Name/Number: WineRe Insurance Program Property/ARCH-20-007

Supporting Document Schedules

Satisfied - Item:	Explanatory Memorandum
Comments:	Please see attached file.
Attachment(s):	WineRe Forms Explanatory Memo-6-20.pdf
Item Status:	
Status Date:	

Bypassed - Item:	Highly Protected Risks
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Minimum Premium/Return Premium and Minimum Earned Premium Rules
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Side-By-Side Comparisons
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Property Review Standards Checklist
Comments:	Please see attached file.
Attachment(s):	NY Commercial Lines Property Insurance Form Filing Compliance Questionnaire.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Rates and/or Rating Plans
Comments:	Please see attached files.
Attachment(s):	WineRe Program - NY PR Actuarial Support.pdf WineRe Property Minimum Premium Support NY-Exhibit EXP-6.pdf
Item Status:	

SERFF Tracking #:

AICO-132433578

State Tracking #:

R2020002158

Company Tracking #:

ARCH-20-007

State:

New York

Filing Company:

Arch Insurance Company

TOI/Sub-TOI:

01.0 Property/01.0001 Commercial Property (Fire and Allied Lines)

Product Name:

WineRe Insurance Program Property

Project Name/Number:

WineRe Insurance Program Property/ARCH-20-007

Status Date:	
Bypassed - Item:	Forced Fire Insurance Filing Compliance Questionnaire
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	
Bypassed - Item:	Consent-to-rate requirements
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

**Arch Insurance Company
New York
Commercial Property
WineRe**

Minimum Premium Support For Rates

Prospective Expenses	Total %	Fixed %	Variable %		(8) * % Fixed \$	(9) * % Variable \$
(1) Commissions	24.00%	0.00%	24.00%		\$0	\$192
(2) Other Acquisition	5.50%	2.75%	2.75%	Fixed = 50%	\$275	\$22
(3) General Expense	4.70%	2.35%	2.35%	Fixed = 50%	\$235	\$19
(4) Taxes, Licenses, and Fees	2.30%	0.00%	2.30%		\$0	\$18
(5) Profit & Contingencies incl. Investment Income	4.90%	0.00%	4.90%		\$0	\$39
(6) Total	41.40%				\$510	\$290
(7) Permissible Loss & LAE Ratio = 100% - (6)	58.60%					
(8) Projected Average Policy Premium	\$10,000					
(9) Estimated Average Premium of Small Risks Subject to Minimum Premium	\$800					
Component		%			\$	
(10) Fixed Expenses Per Policy = (6) Fixed \$ Column		40.2%			\$510	
(11) Expected Loss for Risks Subject to Minimum Premium = (9) * (7)		36.9%			\$469	
(12) Variable Expense and Profit = (6) Variable \$ Column		22.9%			\$290	
(13) Sum (10) + (11) + (12)		100.0%			\$1,269	Indicated
(14) Selected Minimum Premium					\$1,250	Selected

Notes

(1) Total %s for items (1) through (5) are from Exhibit RF-3, Page 2.

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES
Rate Filing Sequence Checklist

Insurer Name: Arch Insurance Company
 TOI:

Insurer File No.:
 Sub-TOI:

Exhibit Name	Exhibit Description	Included Exhibits (all must be checked yes or no)
<input type="checkbox"/> Exhibit STM-1	Master List of Compliance Checklists PDF	YES <input type="checkbox"/> NO <input type="checkbox"/> (Not a speed-to-market filing)
<input type="checkbox"/> Exhibit STM-2	Rate and/or Rating Plan Compliance Certification PDF	YES <input type="checkbox"/> NO <input type="checkbox"/> (Not a speed-to-market filing)
<input type="checkbox"/> Exhibit RF-1	Supplemental Explanatory Memorandum	YES <input type="checkbox"/> NO <input type="checkbox"/> (General filing information on Transmittal Document is complete)
<input checked="" type="checkbox"/> Exhibit RF-2	Actuarial Memorandum	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> (Filing contains no actuarial data)
<input checked="" type="checkbox"/> Exhibit RF-3	Expenses	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> (Filing pertains only to rating plans as defined by Section 161.1 of Regulation 129)
<input checked="" type="checkbox"/> Exhibit RF-4	Investment Income	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> (Exhibit RF-3 not required)
<input type="checkbox"/> Exhibit RT-1	Side-By-Side Comparison	YES <input type="checkbox"/> NO <input type="checkbox"/> (Filing pertains only to rating plans as defined by Section 161.1 of Regulation 129)
<input type="checkbox"/> Exhibit RT-2	Policyholder Rate Level Changes	YES <input type="checkbox"/> NO <input type="checkbox"/> (No existing policyholders for this program)
<input type="checkbox"/> Exhibit RT-3	Policyholder Counts	YES <input type="checkbox"/> NO <input type="checkbox"/> (No existing policyholders for this program)
<input checked="" type="checkbox"/> Exhibit RT-4	Insurer & Program Information	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> (Exempt per detailed instructions)
<input type="checkbox"/> Exhibit RT-5	Flex-Rating Information	YES <input type="checkbox"/> NO <input type="checkbox"/> (Filing not subject to flex-rating)
<input type="checkbox"/> Exhibit RSO-1	Rate Service Organization Adoptions	YES <input type="checkbox"/> NO <input type="checkbox"/> (Independent rates or no RSO adoption)
<input type="checkbox"/> Exhibit RSO-2	Loss Cost Modification Support	YES <input type="checkbox"/> NO <input type="checkbox"/> (Filing does not contain loss costs)
<input type="checkbox"/> Exhibit EXP-1	Overall Rate Indications	YES <input type="checkbox"/> NO <input type="checkbox"/> (Filing support is based exclusively on judgment and/or competition)
<input type="checkbox"/> Exhibit EXP-2	Earned Premium Adjustments	YES <input type="checkbox"/> NO <input type="checkbox"/> (Exhibit EXP-1 not required)
<input type="checkbox"/> Exhibit EXP-3	Incurred Loss Adjustments	YES <input type="checkbox"/> NO <input type="checkbox"/> (Exhibit EXP-1 not required)
<input type="checkbox"/> Exhibit EXP-4	Credibility	YES <input type="checkbox"/> NO <input type="checkbox"/> (Exhibit EXP-1 not required)
<input type="checkbox"/> Exhibit EXP-5	Class & Territory Indications	YES <input type="checkbox"/> NO <input type="checkbox"/> (Exhibit EXP-1 not required)
<input checked="" type="checkbox"/> Exhibit EXP-6	Rating Factor, Debit, Credit or Other Rating Charge Indications	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> (Exhibit EXP-1 not required)
<input type="checkbox"/> Exhibit SUPP-1	Multi-Tier Programs	YES <input type="checkbox"/> NO <input type="checkbox"/> (Filing does not propose or modify a multi-tier program)
<input type="checkbox"/> Exhibit SUPP-2	Personal Lines Catastrophe Reinsurance Loads	YES <input type="checkbox"/> NO <input type="checkbox"/> (Filing is not a personal lines property filing or no catastrophe reinsurance load applies)
<input type="checkbox"/> Exhibit SUPP-3	Homeowners Catastrophe & Hurricane Deductibles	YES <input type="checkbox"/> NO <input type="checkbox"/> (Filing does not propose or modify homeowners catastrophe or hurricane deductibles)
<input checked="" type="checkbox"/> Exhibit JDG-1	Explanation of Key Areas of Judgment	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> (Filing support is based exclusively on experience and/or competition)
<input type="checkbox"/> Exhibit JDG-2	Raw Loss Experience	YES <input type="checkbox"/> NO <input type="checkbox"/> (No NY experience to provide)
<input checked="" type="checkbox"/> Exhibit CMP-1	Company Analysis	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> (Filing support is based exclusively on experience and/or judgment)
<input checked="" type="checkbox"/> Exhibit CMP-2	Base Rate & Rating Factor Comparison	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> (Exhibit CMP-1 does not apply)
<input checked="" type="checkbox"/> Exhibit CMP-3	Rate Analysis	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> (Exhibit CMP-1 does not apply)
<input type="checkbox"/> Exhibit CMP-4	Raw Loss Experience	YES <input type="checkbox"/> NO <input type="checkbox"/> (No NY experience to provide)
<input type="checkbox"/> Exhibit RP-1	Rating Plans	YES <input type="checkbox"/> NO <input type="checkbox"/> (Filing does not include rating plans as defined by Section 161.1 of Regulation 129)
<input type="checkbox"/> Exhibit RP-2	Rating Plan Expected Loss Ratios	YES <input type="checkbox"/> NO <input type="checkbox"/> (Filing does not include Experience, Retrospective or Composite Rating Plans of an RSO)
<input type="checkbox"/> Exhibit RP-3	Supplemental Experience Rating Plan Requirements	YES <input type="checkbox"/> NO <input type="checkbox"/> (Filing does not include an independent Experience Rating Plan)
<input checked="" type="checkbox"/> Exhibit MRP-1	Manual Rate Pages	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> (Filing only includes rating plans as defined by Section 161.1 of Regulation 129)

**Arch Insurance Company
New York
Commercial Property
WineRe**

Actuarial Memorandum

Arch Insurance Company is submitting this rate and rule filing under the Commercial Property line of business for the company's proposed new WineRe Program. The WineRe Program employs a combination of ISO and independent forms and rating rules. The proposed rates for the WineRe Program are used in conjunction with Arch's previously approved ISO forms and endorsements. The WineRe Program targets bonded wineries and virtual wineries. The purpose of this filing is to provide tailored coverage enhancements for the Commercial Property Coverage forms to meet the insurance needs of those entities. The program will contemplate winery accounts meeting specific eligibility criteria as described in the accompanying manual rule pages.

Exhibits CMP-1 through CMP-3 provide the Company Analysis, Base Rate & Rating Factor Comparison and Rate Analysis. Exhibit JDG-1 provides supporting for areas where judgment was using in determining the proposed rates. Exhibits RF-3 and RF-4 provide supporting information for the projected expense ratios, profit provision and permissible loss and LAE ratio for the program.

**Arch Insurance Company
New York
Commercial Property
Derivation of Expected Loss Ratio - Expenses
WineRe**

	Arch Selected
Commission and Brokerage	24.0%
Other Acquisition Expense	5.5%
General Expense	4.7%
Total	34.2%

	Arch IEE (in 000s)					Arch State Pg 14 (in 000s)		
	Written Premium	Earned Premium	Commission and Brokerage	Other Acquisition Expense	General Expense	Written Premium	Earned Premium	Taxes
Comm'l Multi Prl (Non-Liab)								
2016	42,533	47,912	9,653	2,371	2,031	6,305	-	154
%	xxx	xxx	22.7%	4.9%	4.2%	xxx	xxx	2.4%
2017	50,002	47,084	11,255	2,830	2,408	6,927	-	157
%	xxx	xxx	22.5%	6.0%	5.1%	xxx	xxx	2.3%
2018	57,488	55,039	13,336	3,092	2,738	7,316	-	161
%	xxx	xxx	23.2%	5.6%	5.0%	xxx	xxx	2.2%
2016-2018 Average	50,008	50,012	11,415	2,764	2,392	6,849	-	157
Weighted Average			22.8%	5.5%	4.8%			2.3%
Average			22.8%	5.5%	4.8%			2.3%
Fire & Allied Lines								
2016	5,781	6,869	1,009	322	276	587	-	14
%	xxx	xxx	17.5%	4.7%	4.0%	xxx	xxx	2.4%
2017	5,695	5,431	630	322	275	888	-	20
%	xxx	xxx	11.1%	5.9%	5.1%	xxx	xxx	2.3%
2018	3,797	4,314	170	204	180	756	-	17
%	xxx	xxx	4.5%	4.7%	4.2%	xxx	xxx	2.2%
2016-2018 Average	5,091	5,538	603	283	244	744	-	17
Weighted Average			11.8%	5.1%	4.4%			2.3%
Average			11.0%	5.1%	4.4%			2.3%
Commercial Property								
2016	48,314	54,781	10,662	2,693	2,307	6,892	-	168
%	xxx	xxx	22.1%	4.9%	4.2%	xxx	xxx	2.4%
2017	55,697	52,515	11,885	3,152	2,683	7,815	-	177
%	xxx	xxx	21.3%	6.0%	5.1%	xxx	xxx	2.3%
2018	61,285	59,353	13,506	3,296	2,918	8,072	-	178
%	xxx	xxx	22.0%	5.6%	4.9%	xxx	xxx	2.2%
2016-2018 Average	55,099	55,550	12,018	3,047	2,636	7,593	-	174
Weighted Average			21.8%	5.5%	4.7%			2.3%
% Average			21.8%	5.5%	4.7%			2.3%

Note:
The selected commission and brokerage percentage is based on the program contract provision.

**Arch Insurance Company
New York
Commercial Property
Permissible Loss Ratio
WineRe**

1) Annual Statement Line - Commercial Property	
2) Development of Expected Expense Ratio:	
A Commissions and Brokerage	24.0%
B Other Acquisition Expenses	5.5%
C General Expenses	4.7%
D Taxes, Licenses and Fees	2.3%
E Underwriting Profit and Contingencies Provision (Exhibit RF-4, Page 1)	4.9%
F Total (Expected Expenses and Pre-Tax Profit Ratio)	41.4%
3) Permissible Loss Ratio PLR= 100% - F	58.6%

Notes:

The selected Commission and Brokerage percentage is based on the program contract provision.
Other Acquisition and General expenses reflect consideration of Arch IEE data.

**Arch Insurance Company
New York
Commercial Property
WineRe**

Investment Income

1) Expenses and Profit Provision:	Nominal Value (NV)	Discount Factor (DF _e)	Present Value (PV)
a) Commissions and Brokerage	24.0%	1.000	24.0%
b) Other Acquisition Expenses	5.5%	1.000	5.5%
c) General Expenses	4.7%	0.999	4.7%
d) Taxes, Licenses and Fees	2.3%	1.000	2.3%
e) Total Expenses { (1a) + (1b) + (1c) + (1d) }	36.5%	1.000	36.5%
f) Target Pre-Tax Return on Premium (ROP)	5.0%	1.000	5.0%
2) Premium Discount Factor (DF _p) { (1.0 + pre-tax ROI) ^{-(Prem. Receipt Lag - 1.0)} }			1.000
3) Loss & ALAE Discount Factor (DF _l) *			0.999
4) Discounted Permissible Loss Ratio (PLR) { [(2) - PV(1e) - PV(1f)] / (3) }			58.6%
5) Expected Combined Ratio { (4) + NV(1e) }			95.1%
6) Pre-Income Tax Underwriting Profit Provision { 1.0 - (5) }			4.9%
7) Investment Income Ratio { (1f) - (6) }			0.1%

see next page for notes regarding * and **

**Arch Insurance Company
New York
Commercial Property
WineRe**

Assumptions and Notes

* Timing Assumptions and Calculations:

Other Acquisition Expense Lag	0 days	Other Acquisition Expense Discount Factor	1.000
General Expense Lag	180 days	General Expense Discount Factor	0.999
Premium Tax Lag	45 days	Prem Tax Discount Factor	1.000
Premium Receipt Lag:	30 days	Premium Discount Factor	1.000
Duration	0.97	Loss Discount Factor	0.999
pre-tax ROI = 0.14%			

<u>Year</u>	<u>% Loss Paid</u>	<u>Discount Factor @ 0.14%</u>	<u>Discounted % Loss Paid</u>
1	55.6%	0.999	55.6%
2	33.7%	0.998	33.6%
3	5.3%	0.997	5.3%
4	0.0%	0.995	0.0%
5	0.0%	0.994	0.0%
6	0.0%	0.992	0.0%
7	0.0%	0.991	0.0%
8	0.0%	0.990	0.0%
9	0.0%	0.988	0.0%
<u>10</u>	0.0%	0.987	0.0%
<u>11</u>	0.0%	0.985	0.0%
<u>12</u>	0.0%	0.984	0.0%
<u>13</u>	0.0%	0.983	0.0%
<u>14</u>	0.0%	0.981	0.0%
<u>15</u>	0.0%	0.980	0.0%
<u>16</u>	0.0%	0.979	0.0%
<u>17</u>	0.0%	0.977	0.0%
<u>18</u>	0.0%	0.976	0.0%
<u>19</u>	0.0%	0.974	0.0%
<u>20</u>	0.0%	0.973	0.0%
<u>21</u>	0.0%	0.972	0.0%
<u>22</u>	0.0%	0.970	0.0%
<u>23</u>	0.0%	0.969	0.0%
<u>24</u>	0.0%	0.968	0.0%
<u>25</u>	0.0%	0.966	0.0%
Total	94.7%	0.999	94.5%

Losses are assumed paid in the middle of the indicated year. All amounts are discounted to the end of the incurred year (thus the positive discount factors for amounts paid or received before the end of the year). The average loss payment lag is computed so that paying all losses at that point in time has the same discounted value as for the indicated loss payout pattern.

Average Payment Lag = 0.89 Years

** The formula for the Permissible Loss Ratio (PLR) was derived as follows:

$$\text{pre-tax ROP} = \{ \text{Premium} \times DF_p - \text{Loss} \times DF_l - \text{Expense} \times DF_e \} / \text{Premium} \quad \{ DF = \text{discount factor} \}$$

$$\Rightarrow \text{PLR} = \text{Loss} / \text{Premium} = \{ DF_p - (\text{Expense} / \text{Premium}) \times DF_e - \text{pre-tax ROP} \} / DF_l$$

**Arch Insurance Company
New York
Commercial Property
WineRe**

**Investment Income Calculations
Commercial Property**

<u>Paid LDF</u>		<u>Exact Matching</u>				<u>Duration Matching</u>	
<u>Age</u>	<u>Age-Ult</u>	<u>Incremental</u>	<u>Interest Investment</u>	<u>Rates</u>	<u>Income</u>		
		<u>% Paid</u>	<u>% Paid</u>				
1.00	1.798	55.6%	0.556145	0.05%	0.0%	28%	56%
2.00	1.119	89.3%	0.337182	0.26%	0.4%	50%	34%
3.00	1.056	94.7%	0.053336	0.39%	1.0%	13%	5%
4.00	1.056	94.7%	0.000000	0.44%	1.5%	0%	0%
5.00	1.056	94.7%	0.000000	0.47%	2.1%	0%	0%
6.00	1.056	94.7%	0.000000	0.56%	3.1%	0%	0%
7.00	1.056	94.7%	0.000000	0.64%	4.2%	0%	0%
8.00	1.056	94.7%	0.000000	0.72%	5.5%	0%	0%
9.00	1.056	94.7%	0.000000	0.80%	7.0%	0%	0%
10.00	1.056	94.7%	0.000000	0.88%	8.7%	0%	0%
11.00	1.056	94.7%	0.000000	0.94%	10.3%	0%	0%
12.00	1.056	94.7%	0.000000	0.98%	11.9%	0%	0%
13.00	1.056	94.7%	0.000000	1.03%	13.6%	0%	0%
14.00	1.056	94.7%	0.000000	1.07%	15.5%	0%	0%
15.00	1.056	94.7%	0.000000	1.11%	17.4%	0%	0%
16.00	1.056	94.7%	0.000000	1.16%	19.5%	0%	0%
17.00	1.056	94.7%	0.000000	1.20%	21.7%	0%	0%
18.00	1.056	94.7%	0.000000	1.24%	24.1%	0%	0%
19.00	1.056	94.7%	0.000000	1.29%	26.7%	0%	0%
20.00	1.056	94.7%	0.000000	1.33%	29.4%	0%	0%
21.00	1.056	94.7%	0.000000	1.35%	31.6%	0%	0%
22.00	1.056	94.7%	0.000000	1.35%	33.4%	0%	0%
23.00	1.056	94.7%	0.000000	1.35%	35.2%	0%	0%
24.00	1.056	94.7%	0.000000	1.35%	37.0%	0%	0%
25.00	1.056	94.7%	0.000000	1.35%	38.9%	0%	0%
Total			94.7%			0.914	0.945
						Duration	0.97
						Duration Matched Interest Rate	0.14%

Notes:

Losses are assumed paid in the middle of the indicated year. All amounts are discounted to the end of the incurred year (thus the positive discount factors for amounts paid or received before the end of the year).

IRS bulletin No. 2016-51

Special Property

<https://www.irs.gov/pub/irs-irbs/irb16-51.pdf>

Federal Reserve Bank Website.

Treasury Securities, Constant

Maturities

20-Mar-20

Constant Maturity (90 day)	0.05
Constant Maturity (6 months)	0.05
Constant Maturity (1 year)	0.15
Constant Maturity (2 years)	0.37
Constant Maturity (3 years)	0.41
Constant Maturity (5 years)	0.52
Constant Maturity (10 years)	0.92
Constant Maturity (20 years)	1.35

<http://www.federalreserve.gov/releases/h15/>

**Arch Insurance Company
New York
Commercial Property
WineRe**

Insurer & Program Information

Below we have listed the suggested items to be included in this exhibit per the Department's instructions. We have included a comment following each of the listed items:

- How this filing affects or relates to the company's overall business plan.

This filing will introduce a new program in New York, which will target a new market segment for the company.

- The company's approximate market share for the line of insurance for which the filing is being made, in relation to the overall marketplace.

This is a new program filing for the company so this not applicable.

- Whether the line of business subject to the filing is a "bread-and-butter" product for the company.

The program is not a "bread-and-butter" product for the company.

- Whether the line of business represents a specialty or "niche" market for the company.

This program is for wineries.

- Whether the program provides a market for under-served classes of risks, or substandard risks.

The program does not target an under-served class of risk.

- Whether any reinsurance agreements exist on the business subject to this filing, and the effect such agreements have on the proposed rates being filed, as well as overall product pricing.

There will be reinsurance related to this program, but no direct adjustment has been made to the rates

- The distribution channel(s) that are used to market this program.

The program will be marketed through a program administrator.

- The number, location and distribution of the company's producer force and claims offices (including use of MGA's, TPA's, etc.).

The program administrator is located in California.

- The primary geographic regions in which this program is, or will be, marketed.

**Arch Insurance Company
New York
Commercial Property
WineRe**

Insurer & Program Information

The program will be marketed throughout the state of New York.

- A statement of whether this business has historically been profitable for the company, and how the profitability compares to the company's competitors.

There is no historical experience for this new program.

- The company's prospective outlook for the program.

The Company's prospective outlook for the program is positive.

- A listing of the company's most recent four rate level changes, when applicable, including:
 - the new and renewal effective dates of each revision
 - the overall rate impact of each revision
 - the general subject matter of each revision

This is a new program so there are no historical rate level changes.

- For new market entrants, the company's expected annual premium writings for the current and following years.

The Company's expected annual written premium for this program is less than \$500,000 for both year 1 and year 2 in New York.

- Any other information deemed relevant by the company.

None.

**Arch Insurance Company
New York
Commercial Property
WineRe**

Explanation of Key Areas of Judgment

Arch Insurance Company use judgment in the determination of the Wine Stock rates for the new WineRe Program. Arch reviewed competitor rates from approved filings in New York along with Arch's approved rates in Oregon. The competitor rates were adjusted for differences in expense structures and are displayed in Exhibit CMP-2. The proposed rates for Arch are in line with the competitor's rates and are equal to Arch's approved rates in Oregon. Arch does not expect the exposure and the resulting rates to vary by state.

**Arch Insurance Company
New York
Commercial Property
WineRe**

Explanatory Memo

Arch Insurance Company is submitting this rate and rule filing under the Commercial Property line of business for the company's proposed new WineRe Program. The WineRe Program employs a combination of ISO and independent forms and rating rules. The proposed rates for the WineRe Program are used in conjunction with Arch's previously approved ISO forms and endorsements. The WineRe Program targets bonded wineries and virtual wineries. The purpose of this filing is to provide tailored coverage enhancements for the Commercial Property Coverage forms to meet the insurance needs of those entities. The program will contemplate winery accounts meeting specific eligibility criteria as described in the accompanying manual rule pages.

Below we provided additional information on the development of the proposed rates.

I. Terrorism Charge

The proposed Terrorism Charge is identical to the approved charge used by Argonaut Insurance Company (NY State Tracking #: R2010003488; Approved: 12/29/2010). There are no major coverage differences between the coverage offered by Arch and Argonaut. Arch will use a program administrator for the WineRe Program, which is the same distribution system that was used by the Argonaut program. Both the Arch and Argonaut programs target wineries and market share information is unavailable.

Exhibit CMP-2.1 displays Argonaut's terrorism charge in column (2). Arch's approved rates in Oregon are displayed in column (3). The proposed rates for New York, which are the same as Argonaut's rates and Arch's approved rates in Oregon, are displayed in column (4).

II. Earthquake Sprinkler Leakage

The proposed rate for Earthquake Sprinkler Leakage is identical to the approved rates used by Argonaut Insurance Company (NY State Tracking #: R2010003488; Approved: 12/29/2010). There are no major coverage differences between the coverage offered by Arch and Argonaut. Arch will use a program administrator for the WineRe Program, which is the same distribution system that was used by the Argonaut program. Both the Arch and Argonaut programs target wineries and market share information is unavailable.

Exhibit CMP-2.2 displays the Earthquake Sprinkler Leakage rates for Argonaut in column (1). The rates were adjusted by differences in each company's expense structure and permissible loss and LAE Ratio in column (2). Arch's approved rates in Oregon are displayed in column (3). The proposed rates for New York, which are the same as Argonaut's rates and Arch's approved rates in Oregon, are displayed in column (4).

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Explanatory Memo

III. Equipment Breakdown Coverage

The proposed rates for Equipment Breakdown Coverage were based on the approved rates for Glencar Insurance Company (NY State Tracking #: R2019002911; Approved 12/29/2019). There are no major coverage differences between the coverage offered by Arch and Glencar. Arch will use a program administrator for the WineRe Program, which is the same distribution system that is used by the Glencar program. Both the Arch and Glencar programs target wineries and market share information is unavailable.

Exhibit CMP-2.3 displays the Equipment Breakdown rates for Glencar in column (1). The rates were adjusted by differences in each company's expense structure and permissible loss and LAE Ratio in column (2). Arch's approved rates in Oregon are displayed in column (3). The proposed rates for New York, which are the same Arch's approved rates in Oregon, are displayed in column (4).

IV. Wine Contamination – Blending Errors Endorsement

The proposed rate for Wine Contamination – Blending Errors Endorsement were based on the approved rates used by Argonaut Insurance Company (NY State Tracking #: R2010003488; Approved: 12/29/2010). There are no major coverage differences between the coverage offered by Arch and Argonaut. Arch will use a program administrator for the WineRe Program, which is the same distribution system that was used by the Argonaut program. Both the Arch and Argonaut programs target wineries and market share information is unavailable.

Exhibit CMP-2.4 displays the Wine Contamination – Blending Errors Endorsement rates for Argonaut in column (2). The rates were adjusted by differences in each company's expense structure and permissible loss and LAE Ratio in column (3). Arch's approved rates in Oregon are displayed in column (4). The proposed rates for New York, are the same as the approved rates for Argonaut, which are displayed in column (2).

V. Wine Stock

The proposed Wine Stock rates are based on a review of the approved rates used by Argonaut Insurance Company (NY State Tracking #: R2010003488; Approved: 12/29/2010) and information available from Insurance Services Office (ISO). There are no major coverage differences between the coverage offered by Arch and Argonaut. Arch will use a program administrator for the WineRe Program, which is the same distribution system that was used by the Argonaut program. Both the Arch and Argonaut programs target wineries and market share information is unavailable.

For Building and Business Personal Property, Argonaut charges a flat rate per \$100 of value that varies by Protection Class and Construction Type. However, Argonaut does not use Protection Class and Construction Type for Wine Stock. In addition, Argonaut does not use a flat rate per \$100 of value for

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Explanatory Memo

Wine Stock and has a rate per \$100 that decreases with increase value. For the proposed WineRe Program, Arch proposing to treat the Wine Stock similar to the competitor's Building and Business Personal Property rates and is proposing a flat rate per \$100 of value that varies by Protection Class and Construction Type.

Exhibit CMP-2.5.2a and CMP-2.5.2b provide supporting information for the proposed base rate for Wine Stock. In Exhibit CMP-2.5.2b, Section I, Column (2) displays the Argonaut rates. Section II displays the Argonaut rates for several different values. These rates were then averaged to estimate an average rate for Argonaut. In Exhibit CMP-2.5.2a, column (1) displays the estimated average rate for Argonaut. This rate was then adjusted by differences in each company's expense structure and permissible loss and LAE Ratio in column (2). Arch's approved rates in Oregon are displayed in column (3). The proposed rates for New York, which are the same as Arch's approved rates in Oregon, are displayed in column (4).

Exhibits CMP-2.5.3a and CMP-2.5.3b have supporting information for the Protection Class Factors. Exhibit CMP-2.5.3a displays the Argonaut Building and Business Personal Property rates in columns (3) and the corresponding Protection Class Factors based on these rates in column (4). Column (5) has the Average ISO Protection Class Factor, which is calculated on Exhibit CMP-2.5.3b (NY State Tracking: #R2013001413). The ISO factors were averaged together for the Protection Class groupings. Arch's approved Protection Class factors in Oregon are displayed in column (6). The proposed Protection Class factors for New York are displayed in column (7).

Exhibits CMP-2.5.4a and CMP-2.5.4b have the supporting information for the Construction Type Factors. Exhibit CMP-2.5.4a displays the Argonaut Building and Business Personal Property rates for Protection Classes 1 to 4 in column (2) and the corresponding Construction Type Factors based on these rates in column (3). Column (4) has the Average ISO Construction Type Factor, which is calculated on Exhibit CMP-2.5.4b from the ISO contents loss cost (NY State Tacking: R2019000678). Arch's approved Construction Type factors in Oregon are displayed in column (5). The proposed Construction Type factors for New York, which are the same as Arch's approved rates in Oregon, are displayed in column (6).

Exhibit CMP-2.5.1 displays the calculation of the final rates that are displayed on WineRe manual pages. The proposed base rates, Protection Class Factors and Construction Type Factors are in columns (3), (4) and (5), respectively, of Exhibit CMP-2.5.1. The proposed final rates in column (6) are the product of columns (3), (4) and (5).

Arch Insurance Company
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Explanatory Memo

VI. Expense Ratio and Permissible Loss Ratio Comparison

Exhibit CMP-2.6 displays a comparison of the Expense Ratio and Permissible Loss Ratio for each competitor. The Expense Adjustment Factor equals the company's Permissible Loss & LAE Ratio divided by the Proposed Permissible Loss and LAE Ratio for the WineRe Program in Column (4).

Exhibits RF-3 and RF-4 provide supporting information for the projected expense ratios, profit provision and permissible loss and LAE ratio for the program. The projected commission ratio is equal to the commission rate for the WineRe program.

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Terrorism Charge

Item (1)	Argonaut (2)	Approved Arch Oregon (3)	Proposed Arch New York (4)
Charge	1.0%	1.0%	1.0%
Minimum Premium	\$1,250	\$1,250	\$1,250

Notes:

1. Column (2) is from NY State Tracking #: R2010003488.
2. Column (3) is Arch's approved countrywide rate from their Oregon filing, SERFF Tracking #AICO-132251624.

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WineRe**

Earthquake Sprinkler Leakage

Rate per \$100 of Value			
Argonaut (1)	Adjusted Argonaut (2)	Approved Arch Oregon (3)	Proposed Arch New York (4)
0.030	0.033	0.030	0.030

Notes:

1. Column (1) is from NY State Tracking #: R2010003488.
2. Column (2) is equal to Column (1) multiplied by the Expense Adjustment Factor on Exhibit CMP-2.6.
3. Column (3) is Arch's approved countrywide rate from their Oregon filing, SERFF Tracking #AICO-132251624.

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Equipment Breakdown
Rates Per \$100 of TIV

Glencar (1)	Adjusted Glencar (2)	Approved Arch Oregon (3)	Proposed Arch New York (4)
0.017	0.020	0.020	0.020

Notes:

1. Column (1) is from NY State Tracking #: R2019002911. Group 3 Wineries rate adjusted to \$50,000 sublimit using the Glencar Sublimit Factor.
2. Column (2) is equal to Column (1) multiplied by the Expense Adjustment Factor on Exhibit CMP-2.6 and rounded to two decimal places.
3. Column (3) is Arch's approved countrywide rate from their Oregon filing, SERFF Tracking #AICO-132251624.

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Wine Contamination – Blending Errors Endorsement

Coverage Limit (1)	Flat Charge			
	Argonaut (2)	Adjusted Argonaut (3)	Approved Arch Oregon (4)	Proposed Arch New York (5)
\$25,000	500	548	750	500
\$50,000	1,000	1,096	1,500	1,000
\$100,000	1,500	1,643	2,000	1,500

Notes:

1. Column (2) is from NY State Tracking #: R2010003488.
2. Column (3) is equal to Column (2) multiplied by the Expense Adjustment Factor on Exhibit CMP-2.6.
3. Column (4) is Arch's approved countrywide rate from their Oregon filing, SERFF Tracking #AICO-132251624.

**Arch Insurance Company
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Wine Stock
Final Rates Per \$100 of Value

Protection Class (1)	Construction Type (2)	Base Rates (3)	Protection Class Factor (4)	Construction Type Factor (5)	Proposed Final Rates (6)
1 to 4	Frame & Joisted Masonry	0.250	1.000	1.000	0.25
	Non-Combustible	0.250	1.000	1.000	0.25
	Masonry Non-Combustible	0.250	1.000	0.800	0.20
	Fire Resistive	0.250	1.000	0.800	0.20
5 to 7	Frame & Joisted Masonry	0.250	1.200	1.000	0.30
	Non-Combustible	0.250	1.200	1.000	0.30
	Masonry Non-Combustible	0.250	1.150	0.800	0.23
	Fire Resistive	0.250	1.150	0.800	0.23
8 to 10	Frame & Joisted Masonry	0.250	1.600	1.000	0.40
	Non-Combustible	0.250	1.400	1.000	0.35
	Masonry Non-Combustible	0.250	1.350	0.800	0.27
	Fire Resistive	0.250	1.350	0.800	0.27

Notes:

1. Column (3) is from Exhibit CMP-2.5.2a.
2. Column (4) is from Exhibit CMP-2.5.3a.
3. Column (5) is from Exhibit CMP-2.5.4a.
4. Column (6) is equal to Column (3) x Column (4) x Column (5).

**Arch Insurance Company
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Wine Stock
Base Rates

Estimated Average Wine Stock Rates Per \$100 of Value			
Argonaut (1)	Adjusted Argonaut (2)	Approved Arch Oregon (3)	Proposed Arch New York (4)
0.201	0.220	0.250	0.250

Notes:

1. Columns (1) and (2) is from Exhibit CMP-2.5.2b.
2. Column (3) is Arch's approved countrywide rate from their Oregon filing, SERFF Tracking #AICO-132251624.

**Arch Insurance Company
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Commercial Property
WineRe**

Wine Stock
Estimated Average Rates

I. Wine Stock Rates Per \$100 of Value

Value (1)	Argonaut (2)
First \$ 500,000	0.320
Next \$ 2,000,000	0.120
Over \$ 2,500,000	0.085

II. Estimated Average Wine Stock Rates Per \$100 of Value

Value (1)	Argonaut (2)	Adjusted Argonaut (3)
500,000	0.320	0.351
1,000,000	0.220	0.241
1,500,000	0.187	0.205
2,000,000	0.170	0.186
2,500,000	0.160	0.175
3,000,000	0.148	0.162
Average	0.201	0.220

Notes:

1. Section I, Column (2) is from NY State Tracking: # R2010003488.
2. Section II, Column (2) is calculated using Section I, Column (2) and the value in Section II, Column (1).
3. Section II, Column (3) is equal to Column (2) multiplied by the Expense Adjustment Factor on Exhibit CMP-2.6.

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Wine Stock
Protection Class Relativities

Construction Type (1)	Protection Class (2)	Argonaut		Average ISO Protection Class Factor (5)	Approved Arch Oregon Protection Class Factor (6)	Proposed Arch New York Protection Class Factor (7)
		Building & Bus Personal Property Rates (3)	Protection Class Factor (4)			
Frame/Joisted Masonry	1 to 4	0.170	1.000	1.000	1.000	1.000
	5 to 7	0.170	1.000	1.155	1.200	1.200
	8	0.170	1.000	1.417	1.600	1.600
	9 to 10	0.230	1.353	1.679	1.600	1.600
Non-Combustible	1 to 4	0.140	1.000	1.000	1.000	1.000
	5 to 7	0.140	1.000	1.155	1.200	1.200
	8	0.140	1.000	1.417	1.600	1.400
	9 to 10	0.170	1.214	1.679	1.600	1.400
Masonry Non-Combustible	1 to 4	0.140	1.000	1.000	1.000	1.000
	5 to 7	0.140	1.000	1.122	1.250	1.150
	8	0.140	1.000	1.330	2.000	1.350
	9 to 10	0.170	1.214	1.541	2.000	1.350
Modified Fire Resistive/ Fire Resistive	1 to 4	0.080	1.000	1.000	1.000	1.000
	5 to 7	0.080	1.000	1.122	1.250	1.150
	8	0.080	1.000	1.330	2.000	1.350
	9 to 10	0.110	1.375	1.541	2.000	1.350

Notes:

1. Column (3) is from NY State Tracking #: R2010003488.
2. Column (4) is equal to Column (3) divided by Column (3) for Protection 1 to 4 for the applicable Construction Type.
3. Column (5) is from Exhibit CMP-2.5.3b
4. Column (6) is Arch's approved countrywide rate from their Oregon filing, SERFF Tracking #AICO-132251624.

Arch Insurance Company
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Wine Stock
ISO Protection Class Factor

Protection Class (1)	Factor		Re-based Factor	
	Frame & Joisted Masonry Non-Combustible (2)	Masonry Non- Combustible, Modified Fire Resistive, Fire Resistive (3)	Frame & Joisted Masonry Non-Combustible (4)	Masonry Non- Combustible, Modified Fire Resistive, Fire Resistive (5)
1	0.880	0.900		
2	0.920	0.940		
3	0.960	0.970		
4	0.980	0.980		
Average 1 to 4	0.935	0.948	1.000	1.000
5	1.000	1.000		
6	1.060	1.050		
7	1.180	1.140		
Average 5 to 7	1.080	1.063	1.155	1.122
8	1.300	1.240	1.390	1.309
8B	1.350	1.280	1.444	1.351
Average 8	1.325	1.260	1.417	1.330
9	1.420	1.340		
10	1.720	1.580		
Avg 9 to 10	1.570	1.460	1.679	1.541

Notes:

- Columns (2) and (3) are from ISO, NY State Tracking: #R2013001413.
- Columns (4) and (5) equal Columns (2) and (3), respectively, re-based to Protection Classes 1 to 4.

Arch Insurance Company
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Commercial Property
WineRe

Wine Stock
Construction Type Factors

Construction Type (1)	Argonaut		Average ISO Construction Type Factor (4)	Approved Arch Oregon Construction Type Factor (5)	Proposed Arch New York Construction Type Factor (6)
	Building & Bus Personal Property Rates (2)	Construction Construction Type Factor (3)			
Frame/Joisted Masonry	0.170	1.000	1.000	1.000	1.000
Non-Combustible	0.140	0.824	1.000	1.000	1.000
Masonry Non-Combustible	0.140	0.824	0.797	0.800	0.800
Modified Fire Resistive/ Fire Resistive	0.080	0.471	0.797	0.800	0.800

Notes:

1. Column (2) is from NY State Tracking #: R2010003488.
2. Column (3) is equal to Column (2) divided by Column (2) for Frame/Joisted Masonry.
3. Column (4) is from Exhibit CMP-2.5.4b
4. Column (5) is Arch's approved countrywide rate from their Oregon filing, SERFF Tracking #AICO-132251624.

Arch Insurance Company
New York
Commercial Property
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Wine Stock
ISO Construction Class Factors

Construction Type (1)	Contents Loss Cost (2)	Implied Factors (3)
Frame	0.133	
Joisted Masonry	0.120	
Non-Combustible	0.114	
Avg Frame/Joisted Masonry/Non-Combustible	0.122	1.000
Masonry Non-Combustible	0.102	
Fire Resistive	0.093	
Avg Masonry Non-Combustible/Fire Resistive	0.098	0.797

Notes:

1. Column (2) is from NY State Tacking: R2019000678 (2459 - Distilleries and Wineries).
2. Column (3) equals Column (2) re-based to Frame/Joisted Masonry/Non-Combustible.

**Arch Insurance Company
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Commercial Property
WineRe**

Expense Ratio and Permissible Loss Ratio Comparison

Item (1)	Argonaut (2)	Glencar (3)	Proposed Arch New York (4)
Commission & Brokerage	22.4%	22.0%	24.0%
Other Acquisition	1.7%	0.0%	5.5%
General Expense	4.1%	7.0%	4.7%
Taxes, Licenses and Fees	3.2%	3.0%	2.3%
Profit	4.4%	4.4%	4.9%
Total	35.8%	36.4%	41.4%
Permissible Loss & LAE Ratio	64.2%	63.6%	58.6%
Expense Adjustment Factor	1.096	1.085	1.000

Notes:

1. Column (2) is from NY State Tracking #: R2010003488.
2. Column (3) is from NY State Tracking #: R2019002911.
3. Column (4) is from Exhibit RF-3, Page 2.

**Arch Insurance Company
New York
Commercial Property
WineRe**

Rate Analysis

The proposed rates for the Arch WineRe Program are identical to Argonaut Insurance Company's approved filing (NY State Tracking #: R2010003488; Approved: 12/29/2010) for the following: (1) Terrorism Charge; (2) Earthquake Sprinkler Leakage and (3) Wine Contamination – Blending Errors Endorsement.

For Equipment Breakdown, the proposed rates are identical to the approved rates for Glencar Insurance Company (NY State Tracking #: R2019002911; Approved 12/29/2019) adjusted for differences in in each company's expense structure and permissible loss and LAE Ratio.

The proposed Wine Stock rates are based on a review of the approved rates used by Argonaut Insurance Company (NY State Tracking #: R2010003488; Approved: 12/29/2010) and information available from Insurance Services Office (NY State Tracking: #R2013001413; NY State Tacking: R2019000678). Exhibit CMP-1 describes the methodology used to develop the rates and Exhibit CMP-2.5.1 through 2.5.4 has the supporting information.

**Arch Insurance Company
New York
Commercial Property
WineRe**

Manual Rate Pages

There are no current manual pages as this is a New Program. The proposed manual pages are included in the SERFF Rate/Rule Schedule.

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

COMMERCIAL LINES PROPERTY INSURANCE FORM FILING COMPLIANCE QUESTIONNAIRE

PAGE 1 OF

COMPANY Arch Insurance Company

Co. File No. ARCH-20-007

Company Contact: Margie Wadsworth

Phone Number: 201 743 4113

E-Mail Address: mwadsworth@archinsurance.com

Instructions: All applicable items must be answered. Responses in the shaded area indicate non-compliance with Articles 31, 34 and 54 and Regulations 27-B, 95, 129 and 135 of the Insurance Law. Form, page and paragraph references that bring the submission into compliance must be included. Failure to complete all items, or responses in the shaded area, will result in this filing being returned without further review.

I. All Policies

- | | | | |
|--|---|------------------------------|--|
| a. Policy complies with §3404 (complete §3404 checklist) | YES <input checked="" type="checkbox"/> | NO <input type="checkbox"/> | |
| b. Policy complies with §3426 (complete §3426 checklist) | YES <input checked="" type="checkbox"/> | NO <input type="checkbox"/> | |
| c. Policy contains provisions that violate §3105 or §3106 NYIL | | YES <input type="checkbox"/> | NO <input checked="" type="checkbox"/> |
| d. Are there any provisions that are unfairly discriminatory or misleading? | | YES <input type="checkbox"/> | NO <input checked="" type="checkbox"/> |
| e. Declaration Page contains all rating information (location, construction, class, etc.) | YES <input checked="" type="checkbox"/> | NO <input type="checkbox"/> | |
| f. Does the policy contain the name of an unlicensed company? | | YES <input type="checkbox"/> | NO <input checked="" type="checkbox"/> |
| g. Are there any blank forms? | | YES <input type="checkbox"/> | NO <input checked="" type="checkbox"/> |
| h. Are all forms numbered? | YES <input checked="" type="checkbox"/> | NO <input type="checkbox"/> | |
| i. Policy applications comply with Regulation 95 | YES <input checked="" type="checkbox"/> | NO <input type="checkbox"/> | |
| j. Does the policy contain a liberalization clause? | YES <input checked="" type="checkbox"/> | NO <input type="checkbox"/> | |
| k. Does the policy comply with §3407? | YES <input checked="" type="checkbox"/> | NO <input type="checkbox"/> | |
| l. Does Audit premium provision comply with §161.10 of the Second Amendment to Regulation 129? | YES <input checked="" type="checkbox"/> | NO <input type="checkbox"/> | |

II. GROUP PROPERTY INSURANCE POLICIES:

In addition to the requirements of Section I:

- | | | |
|---|---|-----------------------------|
| a. Does the policy comply with §3435 of the Insurance Law and Regulation 135? | YES <input checked="" type="checkbox"/> | NO <input type="checkbox"/> |
| b. If a safety group, does dividend comply with Regulation 135? | YES <input checked="" type="checkbox"/> | NO <input type="checkbox"/> |

III. NYPIUA POLICIES

In addition to the requirements of Section I, does the filing comply with Article 54 of the Insurance Law?

YES NO

IV. CREDIT PROPERTY POLICIES

In addition to the requirements of Section I, policy meets all requirements of Regulation 27-B (Complete Credit Property checklist)

YES NO

NOTE: All citations in Brackets are to the applicable sections of Articles 31, 34 and 54 and Regulations 27-B, 95, 129 and 135 of the Insurance Law.

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

COMMERCIAL LINES PROPERTY INSURANCE FORM FILING COMPLIANCE QUESTIONNAIRE

PAGE 2 OF

LIST OF FORMS IN FILING

COMPANY Arch Insurance Company

Co. File No. ARCH-20-007

<u>Form/Endorsement Name</u>	<u>Form/Endorsement Company Number</u>	<u>New Form/ End't?</u>	<u>Revised Form/ End't?</u>	<u>Is Form Statutory or Mandatory In Nature?</u>	<u>Replacing Other Form/ End't?</u>	<u>If Yes, Name of Replaced Form</u>
Equipment Breakdown Coverage	00 WPR0001 00	Yes	No	No	No	
Loss Limit Endorsement	00 WPR0005 00	Yes	No	Yes	No	
Property Broad Form Endorsement	00 WPR0001 00	Yes	No	Yes	No	
Earthquake Sprinkler Leakage En	00 WPR0003 00	Yes	No	No	No	
Wine Contamination - Blending E	00 WPR0004 00	Yes	No	No	No	

WineRe PROGRAM
FORMS EXPLANATORY
MULTISTATE

Arch Insurance Company is introducing the WineRe Program which employs a combination of ISO and independent forms and rating rules. The new endorsements are used in conjunction with our previously approved ISO forms and endorsements. The WineRe product targets bonded wineries and virtual wineries. The purpose of this filing is to provide tailored coverage enhancements to the Property, General Liability and Auto Coverage forms to meet the insurance needs of those entities. The Program will contemplate winery accounts meeting specific eligibility criteria as described in the accompanying manual rule pages.

Below is a description of the endorsements we are submitting for approval:

MANDATORY ENDORSEMENTS

WineRe PROPERTY BROAD FORM ENDORSEMENT (00 WPR0002 00 02 20): This mandatory endorsement revises the ISO Property Form by providing new coverages and substitute coverage grants specific to the needs of wineries, including coverage for wine stock. There is no rate impact associated with this form.

LOSS LIMIT ENDORSEMENT (00 WPR0005 00 01 20): This mandatory endorsement limits the amount we will pay for a property loss to a stated limit. There is no rate impact associated with this form.

WineRe GENERAL LIABILITY BROAD FORM ENDORSEMENT (00 WGL0001 00 01 20): This mandatory endorsement revises the ISO General Liability Form by providing new coverages and substitute coverage grants specific to the needs of wineries. There is no rate impact associated with this form.

WineRe COMMERCIAL AUTO BROAD FORM ENDORSEMENT (00 WAU0001 00 02 20): This mandatory endorsement revises the ISO General Liability Form by providing new coverages and substitute coverage grants specific to the needs of wineries. There is no rate impact associated with this form.

EQUIPMENT BREAKDOWN COVERAGE ENDORSEMENT (00 WPR0001 00 01 20): This mandatory endorsement provides coverage for direct physical loss to covered property caused by a breakdown to covered equipment. The rate for this mandatory endorsement is \$0.02 per \$100 of total TIV. Total TIV is defined as Building, Business Personal Property (excluding Stock & Mobile Equipment), Business Income and Extra Expense.

OPTIONAL ENDORSEMENTS

WINE CONTAMINATION – BLENDING ERRORS ENDORSEMENT (00 WPR0004 00 01 20): This optional endorsement provides coverage for accidental contamination of wine by unintentional addition of a foreign substance that occurs during the wine-making process. This endorsement adds wine as a foreign substance. There is a flat charge for this coverage based on the limit of liability chosen.

Coverage Limit	Premium Charge
\$25,000	\$750
\$50,000	\$1,500
\$100,000	\$2,000

Earthquake Sprinkler Leakage Endorsement - This optional form provides coverage for direct physical loss to covered property caused by accidental leakage from an automatic sprinkler system.

The rate for EQSL is \$0.03 per \$100 of values. A maximum limit of \$5,000,000 is available for EQSL coverage.

State: New York **Filing Company:** Arch Insurance Company
TOI/Sub-TOI: 01.0 Property/01.0001 Commercial Property (Fire and Allied Lines)
Product Name: WineRe Insurance Program Property
Project Name/Number: WineRe Insurance Program Property/ARCH-20-007

Superseded Schedule Items

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Creation Date	Schedule Item Status	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
06/23/2020		Form	PROPERTY BROAD FORM ENDORSEMENT	07/31/2020	00 WPR0002 00 02 20 Property Broad Form Endorsement.pdf (Superseded)
06/23/2020		Rate	NY WineRe Property Exception Pages	07/31/2020	WineRe Property Exception NY Page 1-20.pdf (Superseded)
06/23/2020		Supporting Document	Rates and/or Rating Plans	07/31/2020	WineRe Program - NY PR Actuarial Support.pdf (Superseded)