

LOSS OF/ OF DAMAGE: WINE AND RELATED EQUIPMENT SECTION

DEFINED EVENTS

1. **Accidental damage – Wine and related products** (if stated as included in the schedule)
2. **Accidental damage – Wine tanks, wine barrels, bottles or any wine receptacles** (if stated as included in the schedule)
3. **Accidental damage – Cat walks, structures and related property** (if stated as included in the schedule)
4. **Accidental damage – Machinery, separators, press bags, piping and relevant equipment** (if stated as included in the schedule)

Accidental physical loss of or damage to the insured property of defined events 1 to 4 above (but only if stated as included in the schedule) being the property of the Insured or held in trust or commission or for which they are responsible at or about the premises **but not:**

- **if otherwise insured**
- **for which insurance is available in terms of the following sections:**
 - Fire section
 - Buildings Combined section
 - Office Contents section
 - Business Interruption section
 - Electronic Equipment section
 - Machinery Breakdown section
 - Deterioration of Stock section
 - Fidelity section
- **where cover is obtainable under any Marine policy**
- **loss of/or damage to wine in transit** except in transit by means of forklifts between buildings on the insured premises.

5. **Accidental damage (leakage) for the Wine industry** (if stated as included in the schedule)

Accidental physical loss of or damage to the insured property of the Insured or for which he is responsible caused by discharge or leakage from tanks, pipes or apparatus of chemicals, oils, liquids, fluids, gases or fumes (other than wine and related products and glycol), including loss of such chemicals, oils, liquids, fluids, gases or fumes **but excluding loss or damage resulting from wear and tear or other gradually operating causes** of the tanks, pipes or apparatus.

DEFINITIONS

Premises shall mean the premises insured and reflected in the Fire, Buildings Combined and Office Contents section schedules.

SPECIFIC EXCLUSIONS (applicable to defined events 1 to 4)

The Company shall not be liable for:

1. **any peril excluded or circumstance precluded from the following sections:**
 - **Fire section**
 - **Buildings Combined section**
 - **Office Contents section**
 - **Business Interruption section**
 - **Electronic Equipment section**
 - **Machinery Breakdown section**
 - **Deterioration of Stock section**
 - **Fidelity section**

at inception hereof or for any first amount payable due by the Insured under such insurance, or for any reduction of amount payable under any claim due to the application of average;

2. more than the individual value of any item forming part of a pair, set or collection without regard to any special value such item may have as part of such pair, set or collection;
3. detention, confiscation, attachment, destruction or requisition by any lawfully constituted authority or other judicial process;
4. unexplained disappearance or shortage only revealed during or after an inventory or errors or omissions in receipts, payments or accounting, or misfiling or misplacing of information;
5. loss of or damage to insured property caused by:
 - 5.1 any fraudulent scheme, trick, device or false pretence practised on the Insured (or any person having custody of the insured property) or fraud or the dishonesty of any principal, or agent of the Insured;
 - 5.2 overheating, implosion, cracking, fracturing, weld failure, nipple leakage or other failure. This exclusion applies only to containers in which wine is transported, pipes, tubes or similar apparatus;
 - 5.3 breakdown, electrical, electronic and/or mechanical derangement;
 - 5.4 altering, bleaching, cleaning, dyeing, manufacture, repair, restoring, servicing, renovating, testing or any other work thereon;
 - 5.5 denting, chipping, scratching or cracking not affecting the operation of the item;
 - 5.6 termites, moths, insects, vermin. This exclusion will not apply to wine and related products;
 - 5.7 inherent vice, fumes, flaws, latent defect, fluctuations in atmospheric or climatic conditions or the action of light.
6. damage to property as a result of:
 - 6.1 fault or defect in its design, formula, specification, drawing, plan, materials;
 - 6.2 faulty or defective workmanship or professional advice;
 - 6.3 normal maintenance;
 - 6.4 gradual deterioration, depreciation, corrosion, rust;
 - 6.5 its own wear and tear;
 - 6.6 frost;
7. damage to property as a result of:
 - 7.1 oxidation or other chemical action or reaction, change in temperature, expansion or humidity;
 - 7.2 fermentation or germination, dampness, dryness;
 - 7.3 wet or dry rot;
 - 7.4 shrinkage;
 - 7.5 evaporation;
 - 7.6 loss of weight;
 - 7.7 pollution;
 - 7.8 change in colour, flavour, texture or finish;

(unless caused by sudden unforeseen incident not otherwise excluded).
8. settlement or bedding down, ground heave or cracking of structures or the removal or weakening of support to any insured property;
9. loss or damage:
 - 9.1 to chemicals, oils, liquids, fluids (other than wine and related products and Glycol), gases or fumes due to leakage or discharge from its container;
 - 9.2 resulting from leakage or discharge of chemicals, oils, fluids (other than wine and related products and Glycol), gases or fumes.
10. failure of and/or the deliberate withholding and/or lack of suppliers of water, steam, gas, electricity, fuel or refrigerant
11. loss of or damage to wine and related products following the use of defective or unsuitable grapes in the manufacturing process;
12. delivery or recall costs;
13. commissions;
14. consequential loss of any nature whatsoever;
15. theft of wine in bottles or boxes except as a result of theft accompanied by forcible and violent entry into or exit from any building or any attempt thereat;
16. any defect in wine where the defect can be traced back to the stabilisation process.

SPECIFIC CONDITIONS

AVERAGE – DEFINED EVENTS 1 TO 4

If, at the time of any loss or damage, the total value of the property described by each item does not exceed the total value stated in the schedule then this insurance shall for the particular item be declared free of average, but if the total value of such property shall be greater than the total value stated in the schedule, the Insured shall be considered as being their own insurer for the difference and the Company shall be liable only for such proportion of the insured amount as the aforementioned sums stated in the schedule shall bear to the total value.

AVERAGE – DEFINED EVENT 5

If, at the time of any loss or damage, the value of the insured property is greater than the insured amount thereon the Insured shall be considered his own insurer for the difference and shall bear a rateable proportion of the loss accordingly. Each item, if more than one, shall be separately subject to this memorandum.

Basis of settlement – Wine and related products

In the event of loss or damage to Wine and related products, the basis of settlement will be determined as follows:

1. Estate wines - the fixed value as determined by the Insured, inclusive of the cost of bottling (where applicable);
2. Export wine already sold and for which payment has already been received – the contract price inclusive of the cost of bottling (where applicable).

All of the above will take into account any savings that may be applicable (for example but not limited to savings on bottling costs and/or labelling and/or labour).

Insured amounts are to be calculated in terms of 1 and 2 above and where applicable is to include customs and excise duties.

Basis of settlement – Any other insured property

In the event of loss or damage to any property other than wine and related products, the basis of settlement will be determined as follows:

The basis upon which the amount payable is to be calculated shall be either the replacement of the property by similar property in a condition equal to, **but not better nor more extensive than its condition when new**

or

the repair of the property to a condition substantially the same as, **but not better than, its condition when new**

provided that if, at the time of replacement or repair, the sum representing the cost which would have been incurred in replacement if the whole of the property had been lost, destroyed or damaged beyond repair exceeds the insured amount thereon at the commencement of the loss or damage, then the Insured shall be considered as being their own insurer for the difference and shall bear a rateable proportion of the loss accordingly.

Other insurance

Notwithstanding General condition 2, this section shall not be called into contribution for any defined event for which more specific insurance has been arranged.

Wine and related products compliance warranty

It is warranted that:

1. cover for loss or damage arising due to the fermentation of sulphuric sweet moss is subject to the following:
 - 1.1 the SO₂ composition may not be less than 1200 mg/l
 - 1.2 an analysis of the SO₂ composition of the sweet moss must be done at least once a week and a record thereof is to be kept;
 - 1.3 sweet moss shall be stored in stainless steel tanks with 316 stainless steel hoops, fiberglass or gladded cement tanks and/or cladded soft steel tanks;
 - 1.4 storage tanks must be filled to capacity at all times.
2. export wine is analysed in accordance with the standards laid down by the purchaser. Analyses must be performed by the “SGS” or alternatively the VI at Nietvoorbij Experimental Farm or an internationally accredited laboratory.
3. sealed samples (minimum of 12 bottles per holding tank) of all bulk export wine that is to be bottled overseas is kept by the Insured for a minimum period of six months.
4. all export wine complies in all respects with the legal requirements of the country to which it is exported.

CLAUSES AND EXTENSIONS

Additional costs

In respect of buildings, plant and machinery insured, the insured amount includes:

1. any costs incurred, due to the necessity to comply with building or other regulations of any public authority, in repair or reinstatement following an insured event, **provided that such costs do not include:**
 - 1.1 anything for which notice had been served on the Insured prior to the insured event;
 - 1.2 anything connected with undamaged property or undamaged portions of property;
 - 1.3 rates, taxes, duties, development and other charges payable under the said regulations due to capital appreciation of the Insured Property;
2. fees for the examination of municipal or other plans;
3. costs incurred in the necessary demolition, removal of debris (including undamaged contents) and the erection and maintenance of hoardings during demolition and rebuilding, **provided that the Company shall not be liable for any costs and expenses:**
 - 3.1 incurred in removing debris except from the site of such property destroyed or damaged and the area immediately adjacent to such site;
 - 3.2 arising from pollution or contamination of property not insured by this policy/section.
4. the professional fees of architects, quantity surveyors and other consultants;
5. charges levied by any authorised fire brigade for their services;

but the Company shall not be liable under 1, 2 or 4 unless the lost or damaged property is replaced or reinstated without undue delay nor under 4 for any expenses in connection with the preparation of the Insured's claim.

Mortgagee

From the date of notification in writing of such interests to the Company, the Company shall accept the interest of a mortgagee or others with an insurable interest in the Insured Property and such interests shall not be prejudiced due to the act or omission of the mortgagor without the mortgagee's knowledge provided that, the mortgagee advises the Company as soon as such act or omission comes to his knowledge and agrees to be responsible for any additional premium resulting from the Company assuming any increased hazard.

Railway and other subrogation

The Insured shall not be prejudiced by signing the "Transnet Cartage (Hazardous Premises) Indemnity" or other special agreements with Transnet Administration regarding private sidings or similar agreements with other government bodies.

Tenants

The Insured shall not be prejudiced by the act of any tenant in the premises owned by the Insured or in which the Insured is a co-tenant or of the owner of any premises of which the Insured is a tenant, provided that the Company is notified as soon as the Insured becomes aware of such act and pays any additional premium resulting from the Company assuming any additional hazard.

Version 1	Product: Wine Industry	Country: South Africa
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