



## > Cotton Crop Policy Wording

Loss of Potential Yield (Agreed Cost Savings)

RACOY0918

## › Thankyou

### **For choosing to insure Your crop with Rural Affinity**

#### **What We would like You to do**

1. Please take the time to read Your policy wording and Schedule, making sure that all details are correct.
2. Keep Your policy wording and Schedule in a safe place so that You can refer to them easily.
3. If You have any questions about Your insurance cover, You should contact Your insurance adviser.
4. When contacting Rural Affinity, please quote the policy number which is printed on Your Schedule.

Effective September 2018

Rural Affinity Insurance Agency Pty Ltd

ABN 72 119 838 854 AFS Licence No. 302182

Underwritten by certain underwriters at Lloyd's

## › Table of Contents

<b>Important information</b> _____	<b>1</b>	<b>Exclusions</b> _____	<b>9</b>
Who is Rural Affinity?		<b>Claims conditions</b> _____	<b>10</b>
Who is the Insurer?		In the event of a claim	
General Insurance Code of Practice		Appointment of Loss Adjuster	
Change to policy wording		After Your claim is made	
Your Duty of Disclosure		<b>General conditions</b> _____	<b>11</b>
Privacy		Alterations to cover	
Dispute resolution		Yield declaration	
Service of Suit Clause		Changes to Your licence fee savings	
Severe Liability Notice		Care and protection	
Cost of insurance		Cancelling the policy	
Words with special meaning		Underinsurance	
Important conditions		Premium calculation and payment	
Jurisdiction		<b>Appendix A</b> _____	<b>12</b>
A claim may be refused		In crop growing cost savings	
<b>Our agreement</b> _____	<b>4</b>	<b>Appendix B</b> _____	<b>13</b>
<b>Who is covered?</b> _____	<b>4</b>	In crop growing costs incurred	
<b>Period of cover</b> _____	<b>4</b>	<b>Endorsements</b> _____	<b>14</b>
<b>The cover</b> _____	<b>4</b>	Market Value option	
<b>Additional benefits</b> _____	<b>5</b>	<b>Definitions</b> _____	<b>15</b>
Claim mitigation expenses			
Refuge crops			
Harvested Crop(s)			
Chemical Overspray			
<b>Basis of settlement</b> _____	<b>6</b>		
Growing Crops – Partial losses			
Growing Crops – Total losses			
Crop replant provision			
Time of claim payment			

## ➤ Important information

### Who is Rural Affinity?

Rural Affinity Insurance Agency Pty Ltd ABN 72 119 838 854 AFS Licence No. 302182 is an underwriting agent. In transacting this insurance, Rural Affinity is acting as a Lloyd's coverholder pursuant to a binding authority agreement.

### Who is the Insurer?

This insurance is underwritten by certain underwriters at Lloyd's. More information regarding the insurer can be found on our website at <http://ruralaffinity.com.au/about-the-insurer>.

### General Insurance Code of Practice

This policy is Insurance Council of Australia's General Insurance Code of Practice compliant, apart from any claims adjusted outside Australia. Underwriters at Lloyd's proudly support the General Insurance Code of Practice. The purpose of the Code is to raise standards of practice and service in the General insurance industry. You can access the Code at [www.codeofpractice.com.au](http://www.codeofpractice.com.au).

### Change to the policy wording

From time to time and where permitted by law, We may change parts of the policy wording. We will issue You with a new policy wording or an endorsement if the change will adversely affect You. For any updates which are not materially adverse to You from the view of a reasonable person deciding whether to buy this insurance, We may either:

- communicate the changes to You at the earliest opportunity; or
- issue an update on the Rural Affinity's website.

You can also contact Rural Affinity to find out what changes might have occurred and/or to obtain a paper copy of such notices on request.

### Your Duty of Disclosure

This policy is subject to the *Insurance Contracts Act 1984* (Act). Under that Act You have a Duty of Disclosure.

Before You take out insurance with Us, You have a duty to tell Us of everything that You know, or could reasonably be expected to know, that may affect Our decision to insure You and on what terms. If You are not sure whether something is relevant You should inform Us anyway.

You have the same duty to inform Us of those matters before You vary Your contract of insurance. The duty applies until the policy is entered into (Relevant Time). You need to tell Us immediately of any new information or changes to the answers that have been provided to Us and/or the disclosures You have made to Us throughout the Policy Period.

### What You do not need to tell Us

You do not need to tell Us about any matter:

1. that diminishes Our risk;
2. that is of common knowledge;
3. that We know or should know as an insurer; or
4. that We tell You We do not need to know.

### Who does the duty apply to?

Everyone who is insured under this policy must comply with the duty.

### What happens if You or they do not comply with the duty?

If You or they do not comply with this duty, We may cancel the policy or reduce the amount We pay if You make a claim. If the non-disclosure is fraudulent, We may treat the policy as if it never existed and pay nothing.

› Important Information (continued)

### Privacy

We are committed to the safe and careful use of Your personal information in the manner required by the *Privacy Act 1988* (Cth), the Australian Privacy Principles and the terms of this Policy. In this privacy section, “We”, “Us” and “Our” means the insurer and Rural Affinity as applicable.

We collect Your personal information in order to assess Your application for insurance and, if Your application is accepted, to administer and manage Your insurance policy and respond to any claim that You make. To do this, Your personal information may need to be disclosed to reinsurers and services providers and related entities who carry out activities on Our behalf, such as assessors and facilitators, some of whom may be located in overseas countries. Our contractual arrangements generally include an obligation for these reinsurers, service providers and related entities to comply with Australian privacy laws.

By providing Us with Your personal information, You consent to the disclosure of Your personal information to reinsurers, service providers and related entities in overseas countries to enable Us to assess Your application, to administer and manage Your insurance policy and to respond to any claim that You make. If You consent to the disclosure of Your personal information to overseas recipients, and the overseas recipient handles Your personal information in a way other than in accordance with the Australian privacy laws, We may not be responsible for the handling of Your personal information by the overseas recipient.

If You choose not to provide Your personal information and/or choose not to consent and/or withdraw Your consent to the disclosure of Your personal information to overseas entities at any stage, We may not be able to assess Your application or administer and manage Your insurance policy and respond to any claim that You make.

Our privacy policies explain how You may access personal information that each of us holds, how to seek correction of Your personal information, how to make a complaint about the handling of Your personal information and how complaints are handled. If You require more information, You can access Rural Affinity's Privacy Policy at [www.ruralaffinity.com.au/privacy](http://www.ruralaffinity.com.au/privacy).

### Dispute resolution

We view seriously any complaint made about Our products or services and will deal with it promptly and fairly. If You have a complaint please first try to resolve it by speaking to the relevant member of Our staff. Our staff member will offer to refer the matter to our Internal Dispute Resolution Officer, or you can Contact Our Internal Disputes Resolution Officer on (02) 9496 9300. We will acknowledge receipt of Your complaint in writing within 2 working days.

If the complaint relates to the insurance cover We will, provided We have sufficient information, complete the review within 15 working days. Where We are unable to do so, We will agree a new timeframe for responding to You. In any case, We will provide You with an update every 10 working days.

If You are not satisfied with the response from Our Internal Disputes Resolution Officer, You can contact Lloyd's Australia to request a review of the complaint.

Contact details for Lloyd's Australia Limited:

Level 9, 1 O'Connell Street, Sydney, NSW, 2000  
(02) 8298 0783 | [idaustralia@lloyds.com](mailto:idaustralia@lloyds.com)

If your dispute is not resolved in a manner satisfactory to you, you may refer the matter for review under an External Dispute Resolution Scheme using the contact details provided below.

#### For disputes prior to 1 November 2018:

Financial Ombudsman Service (FOS)

For further details You can visit their website [www.fos.org.au](http://www.fos.org.au) or contact them:

GPO Box 3, Melbourne, VIC, 3001  
1800 367 287 | [info@fos.org.au](mailto:info@fos.org.au)

#### For disputes from 1 November 2018:

Australian Financial Complaints Authority (AFCA)

For further details You can visit their website [www.afca.org.au](http://www.afca.org.au) or contact them:

GPO Box 3, Melbourne, VIC, 3001  
1800 931 678 | [info@afca.org.au](mailto:info@afca.org.au)

Further details regarding our complaints process are available on request.

## > Important Information (continued)

### Service of Suit Clause

In accepting this insurance We agree that:

- (i) if a dispute arises under this insurance, this insurance will be subject to Australian law and practice and We will submit to the jurisdiction of any competent Court in the Commonwealth of Australia;
- (ii) any summons notice or process to be served upon Us may be served upon:  
Lloyd's Underwriters' General Representative in Australia  
Level 9, 1 O'Connell Street  
Sydney, NSW 2000  
who has authority to accept service and to enter an appearance on Our behalf;

if a suit is instituted against any of Us, We will abide by the final decision of such Court or any competent Appellate Court.

### Several Liability Notice

The obligations of any underwriter at Lloyd's under this insurance are several and not joint and are limited solely to the extent of each underwriters individual subscription. The subscribing underwriters are not responsible for the subscription of any co-subscribing underwriter who for any reason does not satisfy all or part of its obligations.

### Cost of insurance

When We calculate Your insurance premiums, We take into account the following factors:

1. the insured events which are covered;
2. the Crop(s) grown;
3. the location of the Crop(s);
4. the optional benefits You select;
5. the cost savings which apply;
6. the Excess which applies;
7. the Sum Insured selected by You; and
8. the information You have disclosed to Us.

### Words with special meaning

In this policy wording and Your Schedule there are words which have a special meaning. These words appear with a capital first letter. The meaning of these words is shown in the definitions section on page 15-16 of this policy wording.

### Important conditions

In this policy wording there are conditions which may impact the size of a claim or affect the amount of premium We will charge. These conditions are explained in the general conditions on page 11 of this policy wording. These conditions include:

1. Alterations to cover;
2. Yield declaration;
3. Changes to Your licence fee savings;
4. Care and protection;
5. Cancelling the policy; and
6. Underinsurance.

### Jurisdiction

Should any dispute arise in relation to Your policy, it will be dealt with in the Australian state or territory where You purchased the policy, and in accordance with the laws of that Australian state or territory.

### A claim may be refused

We may refuse to pay or reduce the amount We pay under a claim if You do not comply with the policy conditions, if You do not comply with Your duty of disclosure, or if You make a fraudulent claim.

## › Our agreement

When You have paid (or agreed to pay) the premium to Us, We will give You the cover described in this policy.

The policy consists of:

1. Your proposal;
2. this policy wording;
3. Your Schedule; and
4. any automatic temporary cover letter.

From time to time and where permitted by law, We may change parts of the Policy. We will issue You with an endorsement or other document to update the relevant information except in limited cases. Any updates which are not materially adverse to You from the view of a reasonable person deciding whether to buy this insurance, may be found on the Rural Affinity's website at [ruralaffinity.com.au](http://ruralaffinity.com.au). You can obtain a paper copy of updated information without charge by calling Rural Affinity or Your intermediary.

## › Who is covered?

The person or organisation named in the Schedule is covered under this policy. In the policy wording and Schedule, they are referred to as "You" or "Your".

To protect anyone else with rights over Your Crop(s) (such as a finance provider) You should have them named on Your Schedule.

No interest in this policy can be transferred or assigned without written agreement by Us.

## › Period of cover

If We have confirmed to You in writing that automatic temporary cover has been provided, and We accept Your proposal before that cover expires, the period of cover will begin on the Acceptance Date shown on the Schedule.

If automatic temporary cover has not been provided or has expired, the period of cover will begin 48 hours after the Acceptance Date shown on the Schedule.

The period of cover ends on the Expiry Date shown on Your Schedule.

## › The cover

This policy covers growing Crops against loss of Potential Yield caused by an insured event which occurs during the period of cover.

The insured events are impact by hail and fire.

Your Schedule shows which insured events are covered, and any sub-limits which may apply.

Claims will be settled according to the basis of settlement, and are subject to the terms, exclusions and conditions of this policy.

The maximum amount We will pay for all claims made under this policy is the Sum Insured shown on Your Schedule, less any Excess, unless otherwise stated in the policy wording.

## ➤ Additional benefits

### Claim mitigation expenses

This additional benefit covers the reasonable additional expenses You actually incur to minimise or reduce the size of any claim under Your policy. This includes any costs associated with replanting (including planting additional refuge crops) where required.

All claim mitigation expenses must be approved by the Loss Adjuster and incurred in accordance with their instructions.

Where You use additional irrigation water in order to minimise or reduce the size of any claim, the cost of the additional water will be included as claim mitigation expenses as follows:

1. Where You use water stored on-farm at the time of the insured event or captured on-farm after the insured event, We will pay the costs incurred to withdraw and apply the water to the damaged or replanted Crop, plus \$100 per megalitre for the value of water. The most We will pay is one megalitre per damaged or replanted hectare.
2. Where You use part of Your water allocation which is not stored on-farm at the time of the insured event, We will pay the costs incurred to withdraw and apply the water to the damaged or replanted Crop, plus \$100 per megalitre or the amount per megalitre specified in Your Schedule, whichever is the greater. The most We will pay is one megalitre per damaged or replanted hectare unless specified in Your Schedule.
3. Where water is purchased, We will pay You the actual purchase price of the water plus the costs incurred to withdraw and apply the water to the damaged or replanted Crop.

We will not pay for any fixed overheads or costs associated with holding or purchasing water rights or licences.

Water stored on-farm at the time of the insured event or captured on-farm after the insured event must be made available to the damaged or replanted Crops in the same proportion as any undamaged crop. Where this does not occur We will only pay for the costs incurred to withdraw and apply the water, in accordance with clause 1 above.

The most We will pay for this benefit during the period of cover is \$300 per damaged hectare plus any amount for the value of additional water as set out above.

No Excess applies to this additional benefit.

### Refuge crops

Where Your refuge crop is declared a total loss by the Loss Adjuster due to an insured event and You are required to replant Your refuge crop to meet the requirement of Your technology user agreement, We will pay the costs incurred to replant Your refuge crop.

The most We will pay is \$250 per replanted hectare.

### Harvested Crop(s)

This additional benefit covers:

1. destruction of harvested Crop(s) due to fire; and
2. accidental loss or destruction to harvested Crop(s) during transit from the place of harvest to the weighbridge at the cotton gin.

In addition to the Exclusions on page 9-10, We will not cover loss:

1. or destruction to harvested Crop(s) when carried in an overloaded or unroadworthy vehicle;
2. due to theft or unexplained shortage; or
3. which occurs after the harvested Crop(s) cross the weighbridge at the cotton gin, or is delivered to another storage facility or receiptal point.

The amount We will pay will be calculated by multiplying the number of bales lost by the Insured Value listed on Your Schedule, less the Excess.

The Excess is \$500 for each and every loss.



› Additional benefits (continued)

### Chemical Overspray

This additional benefit covers You against loss of Potential Yield to Your Crop during the period of cover caused directly by chemicals that have drifted from spraying operations.

We will not cover loss:

1. due to chemicals sprayed by You or by somebody acting on Your behalf (including any appointed contractor), or
2. due to chemicals sprayed by Your sharefarmer or on Your sharefarmer's behalf (including any appointed contractor); or
3. due to chemicals applied by any aircraft; or
4. unless You provide Us with the name and contact details of the person or entity responsible for the spray drift.

Claims will be settled according to the basis of settlement for growing Crop(s).

The most We will pay during any one period of cover is \$50,000.

No Excess is applicable to this additional benefit.

› Basis of settlement

Claims for growing Crops are calculated by field.

### Growing Crops – Partial losses

The amount of any claim will be calculated by multiplying the percentage loss of Potential Yield by the Sum Insured, less any cost savings and less the Excess.

For partial losses, **cost savings** are calculated per hectare and consist of two components:

1. **Licence fee savings** will be deducted where any licence fee payable for the use of genetically modified Crop is waived (or credited, rebated etc) due to damage to the Crop as a result of an insured event.

Where the licence fee is based on the number of bales produced, the licence fee savings per hectare is calculated by multiplying the percentage loss of Potential Yield by the Yield and then multiplied by the licence fee per bale.

2. **Transport, handling and levy savings** will be deducted from all partial losses. The transport, handling and levy savings per hectare is calculated by multiplying the percentage loss of Potential Yield by the Yield and then multiplied by the transport, handling and levy savings per bale shown on Your Schedule.

## ➤ Basis of settlement (continued)

### Partial loss claim example

#### Assumptions

Area	50 hectares
Yield	8 bales/ha
Insured Value	\$500 per bale
Percentage loss of Potential Yield	20%
Licence fee savings	Monsanto - End Point Royalty (\$52.50 per bale)
Transport, handling & levy savings	\$25 per bale
Excess	10% of Sum Insured

#### Calculation

Sum Insured	\$200,000.00	(50ha x 8 bales/ha x \$500 per bale)
Loss	\$40,000.00	(20% x \$200,000.00)
<b>less</b> Licence fee savings per ha	\$4,200.00	(50ha x \$84 ( 20% x 8 bales/ha x \$52.50 per bale))
<b>less</b> Transport, handling and levy savings	\$2,000.00	(20% x 50 ha x 8 bales/ha x \$25 per bale)
<b>less</b> Excess	\$20,000.00	(10% x 50 ha x 8 bales/ha x \$500 per bale)
Claim payment	\$13,800.00	(\$40,000.00 - \$4,000.00 - \$2,000.00 - \$20,000.00)

### Growing Crops – Total losses

At Our discretion, We may declare an area a total loss. Where this occurs the loss in the damaged area will be considered 100% when determining the percentage loss of Potential Yield and cover for the Crop will cease.

The amount of any claim will be calculated by multiplying the percentage loss of Potential Yield by the Sum Insured, less any cost savings and less the Excess.

For total losses, cost savings are calculated per hectare and consist of five components:

#### 1. Licence fee savings will be deducted where:

- any licence fee payable for the use of genetically modified Crop is waived (or credited, rebated, etc) due to damage of the Crop as a result of an insured event; or
- a Crop has been declared a total loss and any licence fee payable for the use of genetically modified Crop would have been waived (or credited, rebated, etc) other than the fact that You decided to continue to grow the Crop after the damaged area was declared a total loss.

The licence fee savings will be the amount shown on Your Schedule.

Where the licence fee is based on the number of bales produced, the licence fee savings per hectare is calculated by multiplying the percentage loss of Potential Yield by the Insured Yield and then multiplied by the licence fee per bale.

Where the licence fee is an amount per hectare, We will deduct the licence fee amount per hectare waived (or credited, rebated, etc).

#### 2. Defoliation cost savings is the amount shown on Your Schedule. This amount will be deducted where the insured event occurs before the first defoliation spray has been applied.

#### 3. Post defoliation savings is the amount shown on Your Schedule. This amount will be deducted from all claims on areas suffering a total loss.

› Basis of settlement (continued)

4. **In crop growing cost savings** is the amount calculated by multiplying the in crop growing cost savings shown on Your Schedule by the percentage calculated using the table in Appendix A (on page 12).
5. **Transport, handling and levy savings** will be deducted from all total losses. The transport, handling and levy savings per hectare is calculated by multiplying the percentage loss of Potential Yield by the Yield and then multiplied by the transport, handling and levy savings per bale shown on Your Schedule.

**Total loss claim example**

**Assumptions**

Area	50 hectares
Yield	10 bales/ha
Insured Value	\$500 per bale
Percentage loss of Potential Yield	100%
Licence fee savings	\$420 per hectare
Defoliation cost savings	\$100 per hectare
Post defoliation savings	\$350 per hectare
In crop growing cost savings	\$900 per hectare
Transport, handling & levy savings	\$25 per bale
Excess	10% of Sum Insured

Planting of the field was completed on 1 October.

The date of loss occurred 98 days after planting (7 January).

Referring to the table in Appendix A (on page 12), the percentage of 'in crop growing cost savings' to be deducted from the claim is 41.25%.

**Calculation**

Sum Insured	\$250,000.00	(50ha x 10 bales/ha x \$500 per bale)
Loss	\$250,000.00	(100% x \$250,000.00)
<b>less</b> Licence fee savings	\$21,000.00	(Loss occurred before 16 April. As such a licence fee refund of 100% applies. (\$420 x 50 ha))
<b>less</b> Defoliation cost savings	\$5,000.00	(Loss occurred prior to defoliation commencing. As such defoliation cost savings are deducted from the claim (\$100 x 50 ha))
<b>less</b> Post defoliation savings	\$17,500.00	(Post defoliation savings are deducted from all total loss claims. (\$350 x 50 ha))
<b>less</b> In crop growing cost savings	\$18,562.50	(41.25% of \$45,000 – total in crop growing cost savings are \$45,000 (\$900 x 50 ha))
<b>less</b> Transport, handling and levy saving	\$12,500.00	(100% x 50 ha x 10 bales/ha x \$25 per bale)
<b>less</b> Excess	\$25,000.00	(10% of \$250,000.00)
Claim payment	\$150,437.50	(\$250,000.00 - \$21,000.00 - \$5,000.00 - \$17,500.00 - \$18,562.50 - \$12,500.00 - \$25,000.00)

## ➤ Basis of settlement (continued)

### Crop replant provision

If Your Crop suffers damage from an insured event and the Loss Adjuster determines the claim can be minimised by replanting the damaged Crop, You will be required to replant that area to cotton.

If a crop is replanted under this provision, any loss of Potential Yield relative to the original crop will be considered part of Your claim under this policy.

We will only require You to replant in the replant window set out on Your Schedule.

We will not require You to replant, where at Our sole discretion, We consider external factors prevent You from doing so. External factors We may consider include adverse weather conditions, availability of seed etc.

If We request You to replant and You do not do so:

1. We will pay You \$500 per damaged 'green' hectare where Your Crop is irrigated; or
2. We will pay You \$200 per damaged hectare where Your Crop is Raingrown;

plus the amount calculated by multiplying the in crop growing cost savings shown on Your Schedule by the 'in crop growing costs incurred' from the table in Appendix B (on page 13) of the policy wording.

### Time of claim payment

We will not pay for any claim until:

1. the Loss Adjuster has been able to determine the amount of the claim;
2. after the normal time of harvest; and
3. all premium has been paid.

## ➤ Exclusions

Whether or not caused by an insured event, We will not pay for:

1. loss of quality or rejection or downgrading by a buyer;
2. consequential loss of any kind;
3. loss due to disease, weeds, insects or pests of any kind; or
4. loss due to contamination; or
5. claims for losses for which insurance is prohibited by law.

This policy does not cover any claim arising directly or indirectly from:

1. any consequence of war or warlike activities which includes invasion, act of foreign enemy, hostilities (whether war is declared or not), civil war, rebellion, revolution, insurrection, use of military or usurped power, looting, sacking or pillaging following any of these or the expropriation of property;
2. any consequence of ionizing radiation or radioactive contaminations from any nuclear fuel or waste which results from the burning or fission of nuclear fuel. The radioactive, toxic, explosive or other dangerous properties of nuclear machinery or any part of it. Nuclear weapons material, nuclear pollution or contamination. The radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter;
3. insured events that occurred before the contract was entered into;
4. a deliberate act carried out by You or by any person acting with Your permission, except when it is to avoid or reduce damage or loss that would otherwise happen;
5. lawful seizure, confiscation or requisition by an order of any Government, Public or Local Authority. We will pay for damage that occurs as a result of the order if it prevents or attempts to prevent a loss that would be covered under this policy;
6. any act of Terrorism, including any action taken in controlling, preventing, suppressing or in any way relating to any act of Terrorism and including any costs or expenses arising directly or indirectly from any act of Terrorism;

## › Exclusions (continued)

7. claims for losses for which insurance is prohibited by law; or
8. the actual or threatened malicious use of pathogenic or poisonous biological or chemical materials regardless of any other cause or event contributing concurrently or in any other sequence thereto.

### **Sanctions Limitation and Exclusion Clause**

We will not pay any claim or be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose Us to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

## › Claims conditions

### **In the event of a claim**

As soon as You become aware of any loss that may result in a claim under this policy:

You must:

1. contact Us as soon as possible (within 48 hours), telling Us the time that the loss occurred and the details of the Crop(s) involved;
2. complete Our claim notification form and give it to Us promptly;
3. take all reasonable steps to reduce the loss and avoid any further loss or destruction;
4. try to get the details of any other person or property involved and details of any witness;
5. report to the police if You suspect arson or malicious damage. You must do this as soon as possible;
6. tell Us the identity of anyone who has an interest in the Crop;
7. tell Us about any other insurance which covers the Crop.

You must not do or say anything which may disadvantage Our ability to make a recovery against any other person.

In the event of a claim, Rural Affinity can be contacted on 02 9496 9300.

### **Appointment of Loss Adjuster**

Where We identify that Your claim needs to be assessed, We will appoint the Loss Adjuster to evaluate Your claim under this policy. You must:

1. give Us or the Loss Adjuster free access to Your Crops;
2. provide necessary documentation requested by Us or the Loss Adjuster, including a farm map for the insured Area at the time of assessment, a harvest declaration with supporting ginning summary sheets, or yield monitor data;
3. ensure that You or Your authorised representative are present during the assessment with the Loss Adjuster.

The Loss Adjuster may make recommendations with regards to Your claim. However, We reserve the right to decide whether the loss is covered under this policy and the amount of the claim settlement.

### **After Your claim is made**

After We have paid a claim under this policy, We have the right to take over any legal right of recovery which You have. If We do this, it will be for Our benefit and at Our expense. You must not do anything that prevents Us from doing this and You must give Us any information or assistance We require.

If anyone compensates You for loss, damage or destruction to the Crop after We have paid a claim for the Crop, You must reimburse Us for that payment. You must do this as soon as the compensation is made.

## › General conditions

If You do not follow these conditions, We may reduce the size of a claim or amend the premium to reflect the extent to which Our interests have been prejudiced.

### Alterations to cover

Where changes have been made to Your insurance cover, any increase in cover will take effect 48 hours after 9.00am AEST on the day after We accept the change. Any decreases in cover will take effect immediately when We accept the change.

### Yield declaration

If the average Harvested Yield of a Crop is less than 75% of the Insured Yield and there has been no claim made, We will recalculate the Sum Insured using the Harvested Yields. In such instances You must notify Us and We will provide You with a declaration to complete.

If the Sum Insured is recalculated in accordance with this condition We will recalculate Your premium.

### Changes to Your licence fee savings

If Your technology user agreement shows a different licence fee saving to what You nominated when taking out insurance and which is shown on Your Schedule, You must advise Us of the change. We will adjust Your premium accordingly.

If a claim has occurred, the claim will be calculated in accordance with the cover in place at the time of the loss.

### Care and protection

Reasonable care must be taken to ensure the protection and preservation of the Crop(s) at all times. All Crop(s) must be harvested as soon as possible and without undue delay.

### Cancelling the policy

#### By You

You may cancel the policy by writing to Us. You will still be required to pay the full premium if You cancel the policy.

#### By Us

We have a right to cancel this policy under certain circumstances. If We cancel Your policy, We will inform You in writing and refund all premium You have paid (or agreed to pay) Us for the time remaining on the policy, less any taxes and duties We cannot recover.

### Underinsurance

Unless specified on Your Schedule, if the total actual area of crop grown and/or sharefarmed by You is found to be greater than the total of the insured Area(s) and We are unable to clearly identify from Your Schedule which crops are insured and not insured, all losses will be reduced in accordance with the proportion the total of the insured Area(s) represent of the total actual area grown and/or sharefarmed by You.

### Premium calculation and payment

The premium for Your policy is calculated by field by applying the premium rate to the Sum Insured. All field premiums are then added together to determine the total premium at which time government charges such as GST and Stamp Duty are added.

› Appendix A

In crop growing cost savings

Days after completion of planting that loss event occurred	In crop growing cost savings portion to be deducted	Days after completion of planting that loss event occurred	In crop growing cost savings portion to be deducted	Days after completion of planting that loss event occurred	In crop growing cost savings portion to be deducted
0-20	100.00%	60	74.00%	100	39.25%
21	99.35%	61	73.35%	101	38.25%
22	98.70%	62	72.70%	102	37.25%
23	98.05%	63	72.05%	103	36.25%
24	97.40%	64	71.40%	104	35.25%
25	96.75%	65	70.75%	105	34.25%
26	96.10%	66	70.10%	106	33.25%
27	95.45%	67	69.45%	107	32.25%
28	94.80%	68	68.80%	108	31.25%
29	94.15%	69	68.15%	109	30.25%
30	93.50%	70	67.50%	110	29.25%
31	92.85%	71	66.85%	111	28.25%
32	92.20%	72	66.20%	112	27.25%
33	91.55%	73	65.55%	113	26.25%
34	90.90%	74	64.90%	114	25.25%
35	90.25%	75	64.25%	115	24.25%
36	89.60%	76	63.25%	116	23.25%
37	88.95%	77	62.25%	117	22.25%
38	88.30%	78	61.25%	118	21.25%
39	87.65%	79	60.25%	119	20.25%
40	87.00%	80	59.25%	120	19.25%
41	86.35%	81	58.25%	121	18.25%
42	85.70%	82	57.25%	122	17.25%
43	85.05%	83	56.25%	123	16.25%
44	84.40%	84	55.25%	124	15.25%
45	83.75%	85	54.25%	125	14.25%
46	83.10%	86	53.25%	126	13.25%
47	82.45%	87	52.25%	127	12.25%
48	81.80%	88	51.25%	128	11.25%
49	81.15%	89	50.25%	129	10.25%
50	80.50%	90	49.25%	130	9.25%
51	79.85%	91	48.25%	131	8.25%
52	79.20%	92	47.25%	132	7.25%
53	78.55%	93	46.25%	133	6.25%
54	77.90%	94	45.25%	134	5.25%
55	77.25%	95	44.25%	135	4.25%
56	76.60%	96	43.25%	136	3.25%
57	75.95%	97	42.25%	137	2.25%
58	75.30%	98	41.25%	138	1.25%
59	74.65%	99	40.25%	139	0.25%
				140+	0.00%

## > Appendix B

### In crop growing costs incurred

Days after completion of planting that loss event occurred	In crop cost savings portion paid
0-20	0.00%
21	0.65%
22	1.30%
23	1.95%
24	2.60%
25	3.25%
26	3.90%
27	4.55%
28	5.20%
29	5.85%
30	6.50%
31	7.15%
32	7.80%
33	8.45%
34	9.10%
35	9.75%
36	10.40%
37	11.05%
38	11.70%
39	12.35%
40	13.00%
41	13.65%
42	14.30%
43	14.95%
44	15.60%
45	16.25%
46	16.90%
47	17.55%
48	18.20%
49	18.85%
50	19.50%
51	20.15%
52	20.80%
53	21.45%
54	22.10%
55	22.75%
56	23.40%
57	24.05%
58	24.70%
59	25.35%
60	26.00%



## > Endorsements

### Market Value option

The meaning of Insured Value in the definitions section on page 15 is replaced with the following:

#### Insured Value

Where You have selected the Market Value option for a Crop, Your Schedule will show 'MVO' until the final value is determined. The Insured Value for the Crop will be the Market Value but will not be lower than the floor price or not greater than the cap price. The floor price and cap price are shown on Your Schedule.

#### Market Value

Means the amount per 227kg bale calculated as follows:

$(\text{US Cotton Futures Price} \times 500 \div \text{Exchange Rate}) + \text{Adjustment}$

*This calculation converts the bale price from US cents per pound to the price in Australian dollars (AUD) per 227kg bale.*

Where;

1. **US Cotton Futures Price** is the average settlement price in US cents per pound for the July 2018 Intercontinental Exchange (ICE) Cotton No 2 contract for each of the first five (5) 'trading days' of June 2018. This information is available at [www.theice.com](http://www.theice.com).
2. **Adjustment** is the Australian dollar amount per bale nominated by You and agreed by Us as shown on Your Schedule.
3. **Exchange Rate** is the average Australia dollar / United States (US) daily exchange rate as published by Reserve Bank of Australia (RBA) for each of the first five (5) 'trading days' of June 2018. This information is available at [www.rba.gov.au](http://www.rba.gov.au).

A 'trading day' is considered to be one on which both the Intercontinental Exchange (ICE) and the Australian Securities Exchange (ASX) are open for business.

**Note** – If for any reason values are not quoted on the ICE or RBA websites, We will use data from any other reasonable source to determine the Market Value.

#### Market Value example

##### Assumptions

US Cotton Futures Price	80 US cents per lb
Adjustment	A\$25 per bale
Exchange Rate	0.70 AUD/USD

##### Calculation

Market Value	$(\text{US Cotton Futures Price} \times 500 \div \text{Exchange Rate}) + \text{Adjustment}$ $(80 \text{ US cents per lb} \times 500 \div 0.70) + \text{A\$25 per bale}$ A\$596.43 (57,143 Australian cents + A\$25)
--------------	---

### Variable Yield option

Means the following:

1. if You have a claim, the Yield will be the Potential Yield subject to a maximum increase of 25% of the Insured Yield;
2. if You have not had a claim, the Yield is the Harvested Yield subject to a maximum increase of 25% of the Insured Yield.

You are required to provide a yield declaration which must be accompanied with Your ginning results. The yield declaration must be submitted within 21 days of the completion of ginning. If You do not provide a yield declaration Your premium will be calculated using the Insured Yield, increased by 25%.

## > Definitions

### Acceptance Date

Means the Acceptance Date listed on Your Schedule.

### Area

Means the hectares of Crop in each field nominated by You and shown on Your Schedule. In the event of a claim:

1. the area of an affected Crop used to calculate the Sum Insured will be the lesser of the area shown on Your Schedule or the actual area of the Crop grown in each field;
2. where the area of a field is greater than 100 hectares, the field will be split into equal units of no less than 50 hectares with the split along the planting rows and segmented by the Loss Adjuster at the time of the loss.

### Crop(s)

Means the Crop(s) listed by field as described on Your Schedule.

### Excess

Means the amount that You must bear in the event of a loss. It is calculated by multiplying the percentage shown on Your Schedule by the Sum Insured of the Crop.

### Expiry Date

Means 9.00am on the Expiry Date listed on Your Schedule.

### Harvested Yield

Means the average yield in 227kg bales per hectare harvested from the Crop(s).

### Insured Value

Means the value per 227kg bale nominated by You and agreed by Us, as shown on Your Schedule.

### Insured Yield

Means the average yield in 227kg bales per hectare nominated by You and agreed by Us, as shown on Your Schedule.

### Loss Adjuster

Means the person appointed by Us to assess Your loss.

### Potential Yield

Means the average yield in 227kg bales per hectare of Crop that would have been harvested if the insured event had not occurred.

The Potential Yield will take into account all relevant factors affecting the growth of the Crop including factors which take place subsequent to the insured event and will be determined by the Loss Adjuster.

### Raingrown

Means Crop(s) relying entirely on rainfall for moisture, no irrigation water applied.

### Schedule

Means the document that contains details of the policy which are specific to You. If the policy is changed, We will give You an updated Schedule.

### Sum Insured

Means the amount calculated as follows:

Sum Insured = Yield x Insured Value x Area.

› Definitions (continued)

**Terrorism**

Means an act, including but not limited to the use of force, violence or the threat thereof, of any person or group(s) of people, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), which from its nature or context is done for, or in connection with political, religious, ideological, ethnic or similar purposes including the intention to influence any government and/or to put the public, or any section of the public in fear.

**We/Us/Our**

Means Rural Affinity acting as a Lloyd's coverholder pursuant to a binding authority agreement.

**Yield**

Means the Insured Yield but subject to the following:

1. if You have a claim and the Potential Yield of Your crop is found to be less than 75% of the Insured Yield, the Yield will be the Potential Yield; or
2. if You have not had a claim and the Harvested Yield of Your Crop is less than 75% of the Insured Yield, the Yield will be the Harvested Yield.

**You/Your**

Means the person or organisation named in Your Schedule as the insured.



Level 6, 7-9 Merriwa Street  
PO Box 236 Gordon NSW 2072  
**T 02.9496.9300 | F 02.9496.9308**  
[www.ruralaffinity.com.au](http://www.ruralaffinity.com.au)  
ABN 72 119 838 854 AFS Licence No. 302182