



> Horticulture Policy Wording

RAHO1017

> 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 July 2017

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

Important information	1
Who is Rural Affinity?	
Who is the Insurer?	
General Insurance Code of Practice	
Change to the policy wording	
Your Duty of Disclosure	
Privacy Statement	
Dispute resolution	
Service of Suit Clause	
Several Liability Notice	
Cost of insurance	
Words with special meaning	
Jurisdiction	
Our agreement	4
Who is covered	4
Period of cover	4
The cover	4
Additional benefits	5
Transit	
Harvested Crops	
Optional benefit	5
Additional expenses	
Basis of settlement	6
Growing Crops – orchard Excess	
Determination of Claimable Fruit	
Harvested Crops and Crop in transit	
Timing of claim payment	
Exclusions	7
Claims conditions	8
In the event of a claim	
After Your claim is made	
General conditions	9
Adjustment of Sum Insured	
Care and protection	
Cancelling the policy	
Underinsurance	
Goods and Services Tax (GST)	
Definitions	10

➤ 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.

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, 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 renew, extend, vary, or reinstate Your contract of insurance. The duty applies until the policy is entered into, or where relevant, renewed, extended, varied or reinstated (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.

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 | ldraustralia@lloyds.com

If your dispute is not resolved in a manner satisfactory to you, you may refer the matter to the Financial Ombudsman Service (FOS).

For further details You can visit their website www.fos.org.au or contact them:

GPO Box 3, Melbourne, VIC, 3001
1800 367 287 | info@fos.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 Excess which applies;
5. the Sum Insured selected by You; and
6. 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 10 of this policy wording.

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.

› 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. the Schedule; and
4. any documents We tell You form part of the policy.

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. 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 You did not have automatic temporary cover or Your automatic temporary cover expired prior to the Acceptance Date, cover begins at the later of 48 hours after 9am on the Acceptance Date for all insured events.

If You were offered automatic temporary cover by Us and the Acceptance Date is within the period of the automatic temporary cover, no waiting period applies.

Cover ends at 4pm 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:

1. fire; and/or
2. impact by hail.

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 subject to the terms, exclusions and conditions of this policy. The maximum amount We will pay for any claim under this policy is the Sum Insured shown on the Schedule, unless otherwise stated in the policy wording.

➤ Additional benefits

If Your Schedule states that cover is for “impact by hail”, the following additional benefits apply. These covers are provided in addition to the Sum Insured.

Transit

This additional benefit covers accidental loss or destruction to harvested Crops during transit from Your orchard to a packhouse or receival point.

We will not cover loss or destruction to harvested Crops when carried:

1. in an overloaded or unroadworthy vehicle; or
2. in an uncovered or inadequately constructed vehicle or bin.

We will not cover loss due to theft or unexplained shortage of fruit.

Claims will be settled according to the basis of settlement. The most We will pay during any one period of cover is \$25,000. An Excess of \$1,000 applies to each and every claim.

Harvested Crops

This additional benefit covers loss of harvested Crops caused by:

1. fire or lightning;
2. explosion;
3. earthquake;
4. wind or water, not including flood. Flood is the escape of water from a natural or modified watercourse, lake or dam resulting in the flow of water onto land which is normally dry;
5. impact by any animal or land vehicle;
6. impact by aircraft, other aerial device or article dropped from them, not including chemical substances.

We will not cover loss of harvested Crops unless it is stored in a soundly constructed, fully enclosed building.

The most We will pay for all claims under this additional benefit during any one period of cover is \$25,000. An Excess of \$1,000 applies to each and every claim.

➤ Optional benefit

The following optional benefit only applies where:

1. We have approved Your proposal for the optional benefit;
2. You have agreed to pay any additional premium;
3. Your Schedule states that the optional benefit applies.

These covers are provided in addition to the Sum Insured.

Additional expenses

Where cover is provided for “additional expenses”, We will pay for any reasonable additional expenses which are incurred to mitigate a loss which occurs as a result of an insured event. These costs must be approved by the loss adjuster and must be in addition to Your normal operating costs. All costs must be incurred during any one period of cover. The most We will pay for this optional benefit is the additional expenses sum insured per hectare shown on Your Schedule for each affected hectare.

➤ Basis of settlement

Growing Crops – orchard Excess

Claims will be settled as follows:

- Step 1: The loss adjuster determines the gross loss percentage for each block. The gross loss percentage is the ratio of Claimable Fruit to the Potential Yield.
- Step 2: The gross loss value is determined for each block by multiplying the gross loss percentage by the Sum Insured per block.
- Step 3: The total gross loss value is calculated by adding the individual gross loss values from each block.
- Step 4: The orchard Excess is calculated as a percentage of the Sum Insured per orchard. This is deducted from the gross loss value to determine the final claim payment. The Sum Insured per orchard is the sum of all the individual block Sum Insureds.

Claim Example – Applying an orchard Excess

BLOCK NO	SUM INSURED	GROSS LOSS %	GROSS LOSS VALUE
1	\$80,000	30%	\$24,000
2	\$50,000	50%	\$25,000
3	\$40,000	0%	\$0
4	\$30,000	0%	\$0
TOTAL	\$200,000		\$49,000

The orchard Excess is \$30,000 (i.e 15% of \$200,000)

The claim payment is \$19,000 (i.e \$49,000 - \$30,000)

Determination of Claimable Fruit

The following table will be used to determine the amount of Claimable Fruit.

GRADE	DESCRIPTION OF LOSS	POLICY RESPONSE	
1	Undamaged fruit; or Minor damage (see below)	Fruit classified as Grade 1 will not form part of the claim	Non-claimable Fruit
2A	Moderate damage (see below)	This is up to 15% of the number of Grade 1 fruit. This fruit will not form part of the claim.	
2B	Moderate damage (see below)	The remaining Grade 2 fruit will form part of the claim.	Claimable Fruit
3	Major damage (see below)	Fruit classified as Grade 3 will form part of the claim.	

Minor Damage means:

- not more than two light spots (less than 2mm in diameter) not sunken or dark coloured; or
- not more than one heavy spot (2-4mm in diameter) not sunken or dark coloured; and
- no pierced skin; and
- no bruised flesh

Moderate Damage means:

- Three or four light spots (less than 2 mm in diameter) not sunken or dark coloured; and
- no pierced skin; and
- no bruised flesh

➤ Basis of settlement (continued)

Major Damage means fruit with any of the following:

- split skin
- bruised flesh
- more than four light spots (less than 2mm in diameter) not sunken or dark coloured
- more than one heavy spot (greater than 4mm in diameter)
- fruit on the ground
- burnt fruit (if fire selected)

Harvested Crops and Crop in transit

The amount of any claim will be calculated by multiplying the quantity of fruit lost or destroyed (in tonnes), by the Insured Value less the Excess. An Excess of \$1,000 applies to each and every claim.

Timing of claim payment

We will not pay for any claim until:

1. the loss adjustor has been able to determine the extent of loss.
2. all premium has been paid.

➤ Exclusions

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;
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.

› Exclusions (continued)

Unless otherwise stated in the policy and whether or not caused by an Insured event We will not pay for:

1. loss due to rejection or downgrading by a buyer or packhouse;
2. consequential loss of any kind;
3. losses caused by water or moisture;
4. losses caused by disease, birds, termites, vermin, insects or larvae;
5. loss of production in subsequent seasons;
6. sunburn;
7. loss due to contamination;
8. loss due to smoke;
9. claims for losses for which insurance is prohibited by law.

We will not pay for any loss which occurs prior to the Crop reaching budburst or flowering whichever is the earlier.

› 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, damage or destruction;
4. give Us and Our representatives free access to assess any claim;
5. try to get the details of any other person or property involved and details of any witness;
6. report to the police if You suspect arson or malicious damage. You must do this as soon as possible;
7. tell Us the identity of anyone who has an interest in the Crop;
8. 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.

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 anybody compensates You for loss, damage or destruction to 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 charge an additional premium to reflect the extent to which Our interests have been prejudiced.

Adjustment of Sum Insured

In the event of a claim, if the average Potential Yield is found to be less than 75% of the Insured Yield in a Crop, We will recalculate the Sum Insured using the Potential Yield. If the final 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. In such circumstances 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 and provide You with a return premium.

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.

If harvest is delayed for an unreasonable period of time, the Crop will be considered abandoned and no claim will be payable.

Cancelling the policy

By You

You may cancel the policy by writing to Us. You will still be required to pay the 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 taxes and duties We cannot recover). There will be no refund if You have already made a claim or if circumstances have arisen entitling you to make a claim.

Underinsurance

In the event of a claim, the area of an affected Crop used to calculate the Sum Insured will be the lesser of the area shown on the Schedule or the actual area of the Crop grown.

Unless specified in Your schedule, if the total area of Crop grown or sharefarmed by You at a location is found to be greater than the area insured, all claims will be reduced in accordance with the proportion the insured area represents of the total actual area.

Goods and Services Tax (GST)

The Sum Insureds include Goods and Services Tax (GST).

If You are not registered for GST in the event of a claim We will reimburse You the GST component in addition to the amount that We pay.

The amount that We are liable to pay under this Policy will be reduced by the amount of any input tax credit that You are or may be entitled to claim for the supply of goods or services covered by that payment.

If You are entitled to an input tax credit for the premium, You must inform Us of the extent of that entitlement at or before the time You make a claim under this Policy. We will not indemnify You for any GST liability, fines or penalties that arise from or are attributable to Your failure to notify Us of Your entitlement (or correct entitlement) to an input tax credit on the premium.

If You are liable to pay an excess under this Policy, the amount payable will be calculated after deduction of any input tax credit that You are or may be entitled to claim on payment of the excess.

> Definitions

Acceptance Date

Means the Acceptance Date listed on the Schedule.

Claimable Fruit

Means fruit which is classified as Grade 3 or Grade 2B as per the basis of settlement on page 6 of the policy wording.

Crop(s)

Means the fruit listed by block as described on Your Schedule.

Excess

Means the percentage of the Sum Insured per orchard that You must bear in the event of a loss. If You have started to harvest the Crop(s) the Excess is applied to the combined Sum insured of both the harvested and unharvested portions of the Crop.

Expiry Date

Means the Expiry Date listed on the Schedule.

Insured Yield

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

Insured Value

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

Potential Yield

Means the average tonnes per hectare You would have expected to harvest from the Crop 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.

Salvage

Means any income, less any costs associated with the Salvage effort, received from the sale or disposal of Claimable Fruit for which a claim would be paid. Costs associated with the Salvage effort will not include any normal staff or overhead costs incurred by You.

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 = Insured Yield (t/ha) x Insured Value (\$/t) x area (ha)

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.

You/Your

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



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