

crop

insurance policy



Crop Insurance Policy

Where you have paid or agreed to pay the premium to us, then subject to the terms and conditions contained in or endorsed on this policy or on your **schedule**, we will cover you against the loss of **potential yield** of **seed** or **hay**, due to a listed event as shown in the policy. This cover will commence at the **first emergence** stage for **dicotyledons** and **monocotyledons** (other than rice) and at **panicle initiation** for rice. This insurance applies during the period of insurance on your **schedule** and for any future period which we may accept payment of premium.

The policy, application, **crop declaration** and **schedule** are to be read together and any word or expression to which a specific meaning has been given bears that meaning wherever the context so requires. The policy, application, **crop declaration** and **schedule** together form this agreement.

What you need to tell us

You must tell us anything that you know or should know could affect our decision to insure you. You must do this when you apply for a policy, renew your policy, and when you change or reinstate your policy. These requirements are part of the Insurance Contracts Act 1984.

What you need not tell us

You do not need to tell us anything that:

- ◆ Reduces our risk.
- ◆ Is of common knowledge.
- ◆ We know, or as an insurer should know.
- ◆ We indicate that we do not want to know.

What will happen if you do not tell us

We can reduce the amount we pay you for your claim, or we can cancel your policy.

If your failure to tell us is fraudulent, we can treat your policy as if it never existed.

Your policy

Who is insured under this policy

The person, partnership or company whose name is set out on your schedule is insured. In this policy all the insured(s) are called 'you' or 'your'.

Who is the insurer

CGU Insurance Limited is the insurer. Our Australian Business Number is 27 004 478 371.

In this policy the insurer is called 'we', 'us' or 'our'.

You cannot give your rights away

You cannot give anyone else an interest in this policy without our written consent.

Words that have a special meaning in this policy

In this policy there are words that have a special meaning. These words are listed below. If the meaning of a word is not shown below, we will tell you what the meaning is in the policy.

Wherever a word with a special meaning is printed in this policy, it will be shown in **bold** print.

Crop declaration – means the renewal notice we send to you that you must complete advising details of the crop you wish to insure.

Crop failure – means the failure of a crop to produce an economic yield due to physical or biological factors resulting in the crop not being harvested (including **seed** or **hay**). Crop failure does not include loss as a result of excessive weed growth or poor management practices.

Dicotyledons – are plants with two embryonic seed leaves at germination. These include but are not limited to pea, bean, lentil, vetch, canola, kale, mustard, lupin, safflower, sunflower and linseed.

Eight leaf stage – means the stage of normal growth for **dicotyledons** when, in at least 50 per cent of the plants, the eighth leaf of the plant is unrolled and fully expanded.

Excess – is the amount you must pay in the event of a claim. In this policy the **excess** is a percentage **excess**. We will not pay for the loss of **potential yield** of **seed** or **hay** up to the percentage shown on your **schedule** for that portion of the insured crop not harvested at the time of damage.

Expiry date for unharvested crop – means the date specified on your **schedule** when the insurance on any **unharvested crop** ceases for the current season.

Final revision date – means the date specified on your **schedule** which is the final date for revising the **potential yield** or the **insured value**.

First emergence – means the stage of growth of the developing plant when, by normal growth processes, the first green shoot appears above ground level.

First jointing – means the stage of normal growth for **monocotyledons** when, in at least 50 per cent of the plants, the top node or joint on the main tiller appears above ground level.

Flood – is when water from a river, creek, lake, swamp, watercourse, reservoir, dam or navigable canal (whether they are in their original state or have been modified), overflows on to normally dry land. Water that escapes from an irrigation canal is not flood.

We also regard any rainwater on your property:

- ◆ that cannot run off into a river, creek, lake, watercourse reservoir, dam or navigable canal (whether they are in their original state or have been modified) because it is overflowing in flood, and/or
- ◆ that mixes with flood; water coming from the river, creek, lake, swamp, watercourse, reservoir, dam or navigable canal (whether they are in their original state or have been modified); as water coming from a flood.

Gross percentage loss – means the percentage loss of yield that is determined by our assessor.

Hailstone – means a hard pellet of ice.

Hay – means any plant material from wheat, barley, oats or triticale specifically grown, cut, raked or baled for hay production.

Insured value – means the agreed value per tonne nominated by you and accepted by us. We will show this value on your **schedule**.

Insured yield – means the yield that you have nominated and that is shown on your **schedule**.

Monocotyledons – are plants with a single embryonic seed leaf at germination. These include but are not limited to wheat, barley, oats, rye, corn, triticale, canary seed, millet, panicum, sorghum, maize and rice.

Panicle initiation – means the stage of growth (during the reproductive phase) when the small panicle can be seen as a 'furry' tip at the growing point of at least 30 per cent of the main stems.

Potential value – is the product of potential yield and the insured value.

Potential yield – means the harvestable yield which the insured crop has the potential to produce by normal growth process if the insured event had not occurred. In the case of crops other than hay, this is determined by a count of the developing seeds on each plant. For hay, this is determined by weight

Replanting subsidy – means the amount shown on your **schedule**, that we will pay you for each hectare of the insured crop that is replanted, as a result of the impact of **hailstones** upon plant parts.

Schedule – is the most current document we give you which sets out the details of your insurance cover. You receive a schedule when you first take out your insurance and again when your policy is renewed or changed. This also includes any **schedules** we give to you at the time you complete your application for this insurance.

Seed – means the grain or seed which is grown for dry seed production from the insured crop, and is shown on your **schedule**.

Situation – is the place where the insured growing crop is located. We will show this place on all the **schedules** we give you

Standing Straw - means the remaining standing stem of a plant from an insured crop after the crop has been harvested.

Sum insured – is the amount shown on your policy **schedule**. It is the product of the insured yield, the crop area and the insured value.

Unharvested crop – means the insured crop from when it reaches **first emergence** stage for dicotyledons and **monocotyledons (other than rice)** and at **panicle initiation** for rice, until the crop is harvested, or the **expiry date for unharvested crop**, whichever occurs first. Hay is considered to be harvested when it is baled rolled or stacked, whichever occurs first.

Special conditions of your policy

- ◆ This policy is subject to a 48 hour acceptance condition. This means that for any application, **crop declaration** or revision advice that you send us, the cover or changes to the cover, will not commence until 48 hours after 4.00 p.m. on the date that we accept your application, **crop declaration** or revision advice.

We will not apply the 48 hour acceptance condition to any **crop declaration** that you send to us prior to the date shown for the automatic early cover on your **crop declaration**.

- ◆ **Expiry date for unharvested crop** – The cover under this policy ceases for the current season on the date that is shown on your **schedule** as the **Expiry Date For Unharvested Crop**.
- ◆ **Crop failure** – Before the **final revision date**, you can cancel your cover in the event of **crop failure**. No premium will be payable if you tell us about the **crop failure** before the **final revision date**, provided you have not already made a claim. If you have made a claim, a premium based on a yield of 0.5 tonnes per hectare will apply.

A claim for **replanting subsidy** is considered a claim for the purpose of this special condition.

The **insured yield** and the premium will not be reduced if the **crop failure** occurs after the **final revision date**.

◆ **Crop yield and value revision.** At the beginning of each season, you must supply us with an insured yield and insured value for each crop. Subject to our approval, you may revise the insured yield and insured value at any time prior to the **final revision date**. However, you cannot:

- Change the insured yield or insured value after the crop has been harvested.
- Change the insured yield or insured value after a claim, unless the potential yield is less than your insured yield. In this case, the insured yield can be reduced to the potential yield.

Your premium will be calculated at the **final revision date** based on the latest **insured yield** and **insured value**.

Cancelling your policy

You can cancel this policy at any time. To do this you must ask us in writing to cancel your policy. The policy will end when we receive your written request.

We will not return any premium when you cancel the policy.

We can cancel this policy if you do any of the following:

- ◆ Make a misleading statement to us when you apply for your insurance.
- ◆ Fail to tell us anything you should tell us when you apply for this policy and when you change or reinstate this policy.
- ◆ Fail to comply with the conditions of this policy.
- ◆ Fail to pay the premium for this insurance.
- ◆ Are not fair and open in your dealings with us.
- ◆ Make a claim during the period of this policy that is not true. The claim does not have to be under this policy and can be with another insurance company.

We can also cancel this policy if there is a change in the circumstances of the risk during the period of insurance. If we cancel this policy, we must advise you in writing. To do this, a notice will be delivered to you or posted by certified mail to you.

What you are required to do for us

- ◆ You must observe and comply with the terms and conditions of this policy at all times.
- ◆ You are required to tend the insured crop during growth, harvesting, storage or transit in a manner consistent with generally accepted farming practices and procedures.
- ◆ You must take all reasonable steps to ensure the protection and preservation of the insured crop.

How to make a claim under your policy

Please contact your nearest CGU office, or your insurance representative when something happens that you believe you can claim for.

What you must do when you make a claim

Where a claim for damage to the insured crop occurs, you must:

- ◆ Advise us within 48 hours or the next working day, whichever is the earlier, either in person or by telephone or facsimile, of the date and time of loss, the cause of loss and details of the insured crop damaged.
- ◆ Provide all reasonable assistance that we may require including written proof and statutory declarations.
- ◆ Advise us if the insured crop is ready for harvesting or is being harvested. If so, you may harvest or continue to harvest, provided you leave unharvested in each 50 hectares of insured crop, 5 sample areas each approximately 4 metres long and 2 metres wide. The entire stubble of the insured crop, including the stubble of any part of the crop not affected, is to be left standing and not grazed, cultivated, cut or interfered with in any way until inspected by an assessor.
- ◆ Not disturb any **seed** that has been burnt until it has been inspected by an assessor.

Where a claim for damage to the insured crop occurs we may:

- ◆ Inspect and take possession of the insured crop.
- ◆ Keep possession of the insured crop and examine, sort, remove or otherwise deal with it.
- ◆ Sell any of the insured crop or dispose of it for the account of whom it may concern.

We reserve the right to defer settlement of any loss until, in our opinion, the seasonal results are far enough advanced to provide a fair basis of assessment of the loss of **potential yield** of **seed** or hay.

You give us your rights to claim from anyone else

If you have a right to claim against someone for a claim you made under this policy, you give us your rights to make that claim. You also give us your rights to conduct, defend or settle any legal action and to act in your name. You must not do anything which prevents us from doing this and you must give us all the information and cooperation we require.

When we will pay

We will pay you for the loss of **potential yield** of **seed** or **hay**, during the period of insurance shown on your schedule, due to any of the listed events shown, for:

- ◆ **dicotyledons and monocotyledons** (other than rice), after they have reached **first emergence**, or
- ◆ rice, after it has reached **panicle initiation**.

There must be damage or loss to the insured crop, during the period of insurance, and from one of these listed events, for you to make a claim.

Please refer to the section headed "How we pay a claim for your insured crop" for full details of what we will pay you in the event of a claim.

Cover – Listed Events

- ◆ Impact of **hailstones** upon plant parts.
- ◆ Fire, lightning or spontaneous combustion of the insured crop.
- ◆ Physical damage or destruction of the insured crop caused by explosion.

Additional things we will pay for when you have insured your crop

Early Cover

- ◆ When you are renewing your policy and we have sent you a **crop declaration**, we will automatically cover your next year's crop up until the date specified on the crop declaration. The crop declaration must show the insured yield and insured value that you wish to insure for.

You must send us your **crop declaration** prior to the date shown to receive the automatic early cover.

Replanting Subsidy

- ◆ We will pay you a **replanting subsidy** if the insured crop is damaged by the impact of **hailstones** upon plant parts of the insured crop, and the damage occurs after **first emergence** and before the insured crop has reached:
 - the **eight leaf stage** for **dicotyledons**, or
 - the **first jointing** stage for **monocotyledons**, (other than rice), or
 - **panicle initiation** for rice.

The **excess** will not apply to **replanting subsidy** claims.

We will continue to insure the replanted crop if the same type of crop is planted. If a different crop is planted (subject to our approval), we will transfer insurance cover to the new crop, provided you agree to pay any additional premium which may be required.

The replanting subsidy is an option you can select instead of continuing to grow the crop through to harvest.

No loss of potential yield of seed will be paid on the damaged crop, if the replanting subsidy option is selected.

Chemical Overspray

- ◆ We will also pay you for the loss of **potential yield** of **seed or hay** due to damage by chemicals:
 - that have been ground sprayed on adjoining properties, not belonging to you or farmed by you, which are located within 2 kilometres of the damaged crop, or
 - ground sprayed on your property by an independent commercial contractor.

The most we will pay you for all claims in total under this benefit during the current crop season, other than for damage caused by an independent contractor is \$100,000, damage caused by an independent contractor is limited to \$50,000.

In the event of a claim under this benefit, you must provide us with the name and address of the person(s) responsible for the damage. We will not pay any claims under this benefit if you do not provide us with this information.

The **excess** shown in your **schedule** will not apply to this benefit.

We will not pay claims under this benefit where your **schedule** indicates that the cover applicable to this policy is for "Crop Fire" only.

Stock Intrusion

- ◆ We will also pay you for the loss of **potential yield** of **seed or hay** due to damage by straying livestock which do not belong to you and are not being grazed on your property.

You must maintain all fences around the insured crop in good order, and ensure that they are of a suitable type used to control livestock that would be normally grazed on your property or adjoining properties. The gates at the **situation** must be closed and secured when not in use.

In the event of a claim under this benefit, you must provide us with the name and address of the owner of the livestock which caused the damage. We will not pay any claims under this benefit if you do not provide us with this information.

The most we will pay you for all claims in total under this benefit during any one period of insurance, is \$100,000.

The **excess** shown in your **schedule** will not apply to this benefit.

We will not pay claims under this benefit where your **schedule** indicates that the cover applicable to this policy is for "Crop Fire" only.

Stored Crop

- ◆ We will pay you for the loss of harvested **seed or hay** due to fire, lightning, spontaneous combustion, explosion, wind, water and impact caused by any land vehicle or animal, earthquake, aircraft, or other aerial devices and articles dropped from them (excluding chemical substances), while the **seed or hay** is being stored on your farm or the farm on which the crop was grown, until you have completed sowing in the following calendar season. For claims for damage by wind or water, the **seed or hay** must be stored in a fully enclosed silo or a soundly constructed building. (Wind or water claims are limited to \$10,000 any one period of insurance). Claims will be paid in accordance with the section headed "How we pay a claim for your insured crop (harvested crops)".

The **excess** shown on your **schedule** will not apply to this benefit.

Transit

- ◆ We will pay you for the loss of harvested **seed or hay** due to accidental loss or damage, including contamination, during loading and road transport, within 500km of the **situation**. The most we will pay other than for contamination is \$100,000, contamination is limited to \$20,000.

Temporary Removal

We will also pay you for loss of harvested **seed or hay** due to fire, lightning, spontaneous combustion, explosion, wind and water impact caused by any land vehicle or animal, earthquake, aircraft, or other aerial devices and articles dropped from them (excluding chemical substances), if the **seed** is at a seed cleaning facility or is warehoused.

- ◆ We will not pay for any loss or damage sustained for:
 - **seed or hay** has been away from the situation for more than 21 days, or
 - **seed or hay** that cannot be identified as your **seed or hay** due to the manner in which it has been stored.

The most we will pay for all claims (other than wind or water) in total under this benefit is \$50,000 any one period of insurance. Wind and water claims are limited to \$10,000 any one period of insurance.

- ◆ We will not cover loss or damage:
 - To **seed** when it is carried uncovered, unprotected, or in an inadequately constructed vehicle or bin.
 - To **hay** in or on an inadequately constructed vehicle.
 - To **hay** when inadequately secured or tied down.
 - To **seed or hay** when it is carried in an overloaded or unroadworthy vehicle.

- Caused by storm or water damage when stored, while **seed or hay** is not in a fully enclosed silo or a soundly constructed building.
- Caused by storm or water damage when in transit if the **seed or hay** is in the open air.

Claims will be paid in accordance with the section headed "How we pay a claim for your insured crop (harvested crops)".

The **excess** shown in your **schedule** will not apply to this benefit.

Standing Straw

- ◆ Where your standing straw is damaged by fire we will pay costs necessarily and reasonably incurred to feed or agist livestock belonging to you including any required transport costs.

This benefit will end no later than the recovery of alternative pasture or 12 months whichever is the sooner.

The most we will pay for this benefit is \$25,000

The excess shown in your schedule will not apply to this benefit.

Extra Harvest

- ◆ Where the **gross percentage loss** of the insured crop is assessed as being greater than 70 per cent, we will pay you an extra harvest allowance benefit. The amount we will pay you will be calculated by taking 50 per cent of the difference between the assessed loss and 70 per cent. This will be added to the assessed loss percentage of the claim. The most we will pay you is 100 per cent of the sum insured shown on your **schedule**.

For example;

Assessed loss	= 90%
Extra harvest allowance [50% of (90% less 70%)]	= 10%
Percentage loss payable	= 90% + 10%
	= 100%

We will not pay claims under this benefit where your **schedule** indicates that the cover applicable to this policy is for "Crop Fire" only.

When we will not pay

We will not pay claims for:

- ◆ Loss of **potential yield** of **seed or hay** due to the impact of **hailstones** upon plant parts where your **schedule** indicates that the cover applicable to this policy is for "Crop Fire" only.
- ◆ Loss of **potential yield** of **seed or hay** due to an excess or deficiency of water or moisture, however caused.
- ◆ Loss of quality or grade of **seed**, or plant material.

- ◆ Loss of quality or grade of **hay** unless caused directly by a listed event.
- ◆ Loss of nutritional value of **seed**, or plant material.
- ◆ Loss of nutritional value of **hay** unless caused directly by a listed event.
- ◆ Loss of germination ability of **seed**.
- ◆ Loss of **potential yield** of **seed** or **hay** due to the presence of any uninsured species of plant, including weeds, irrespective of whether such loss was also in consequence of damage by the impact of **hailstones**.
- ◆ Loss or damage to crops which are grazed after the most advanced part of the crop has reached first jointing.
- ◆ Loss of, or damage to, straw, stubble, **hay** or chaff, unless the crop insured is a **hay** crop and then only for loss of weight of plant material. Other than as allowed in the "Additional thing we will pay if you have insured your crop".
- ◆ Loss of weight of any insured crop other than **hay**.
- ◆ destruction, loss or damage intentionally caused by you or a person acting on your behalf.
- ◆ Destruction, loss or damage caused by persons taking part in riots or civil commotions, labour disturbances or persons of malicious intent acting on behalf of, or in connection with, any political organisation.
- ◆ Destruction, loss or damage directly or indirectly caused by, or due to, any artificial heating or drying process.
- ◆ Loss by theft during or after fire.
- ◆ Consequential loss of any kind.
- ◆ Destruction, loss or damage directly or indirectly caused by aerial spraying.
- ◆ The loss of **potential yield** of any **seed** or **hay** that has failed to be harvested or that has not been harvested by the **expiry date for unharvested crops**.
- ◆ The loss of **potential yield** to a perennial crop that occurs in the season immediately following the current period of insurance.
- ◆ Loss or damage caused by contributed to, or caused from:
 - War or warlike activity. War does not have to be declared.
 - Hostilities, rebellion, insurrection or revolution.
 - Lawful destruction or confiscation of the insured crop.
 - Anything nuclear or radioactive.
 - Any loss due to **flood**.

Policy excess – reducing excess

For each claim on the insured crop, we will reduce the amount of your claim by the **excess**. The amount of your **excess** is shown on your **schedule**.

Where the assessed loss of **potential yield** of **seed** or **hay**, due to the impact of **hailstones**, exceeds 20 per cent of the insured crop, not harvested at the time of damage, we will reduce the **excess** by 0.5 per cent for each 1 per cent of the assessed loss above 20 per cent. We call this our reducing **excess** benefit.

We will not apply the **excess** to losses due to fire.

How we pay a claim for your insured crop

- ◆ **Unharvested Crop.** In the event of a loss, the claim payment will be determined by applying the net loss percentage to the sum insured or the potential value, whichever is the lesser. The net loss percentage is the **gross percentage loss** less the excess.

We may delay the final assessment of a claim until the crop reaches maturity.

We will not pay for any loss until:

- All premium has been paid.
- After the **final revision date**.

We will calculate the amount we will pay you as shown in the following table.

Sum Insured Calculation (e.g. only)

Yield (Insured/Potential)	= 3.0t/ha
Crop Area (At time of loss)	= 100ha
Insured value per tonne	= \$190.00
% Share (If share farmed)	= 100%
<i>Sum Insured</i>	
(Yield x Area x Value x % share)	= \$57,000

Amount Payable Calculation

Sum Insured x Net Loss % = Amount Payable
 \$57,000 x 45% = \$25,650, less any **excess**.

Paying claims

If necessary, to establish the full extent of any loss, the final settlement of a claim may be deferred until the seasonal results are far enough advanced to provide a fair basis of assessment.

- ◆ **Harvested Crop.** When damage or loss from a listed event occurs to harvested crop, we will pay you the **insured value** per tonne (shown on your policy **schedule**) for each tonne lost.

The most we will pay

The most we will pay you for any claim under this policy, is the sum insured shown on your **schedule**, unless otherwise indicated in the policy.



Insurer
CGU Insurance Limited
ABN 27 004 478 371

Your insurance adviser is