

# DETERIORATION OF STOCK SECTION

## DEFINED EVENTS

Deterioration of Stock caused by unforeseen physical loss of or damage (not otherwise excluded) to Cold Rooms.

## DEFINITIONS

**Cold Rooms** shall mean any receptacle including but not limited to cold rooms, fridges and freezers (and their motors, compressors, pumps, fans, condensers, controlling and monitoring apparatus or any other equipment forming an integral part of the receptacle necessary for its proper operation) on the Premises where such receptacles have the capability of regulating or maintaining a constant temperature so as to prevent Deterioration of the insured Stock.

**Controlled Atmosphere Chambers** shall mean a Cold Room that also regulates the mixture or concentration of gases.

**Deterioration** shall include deterioration, putrefaction or contamination of Stock resulting in it no longer being fit for human consumption or for its intended function or purpose.

**Premises** shall be restricted to the address as described in the schedule of this section.

**Stock** shall mean contents as stated in the schedule, the property of the Insured or for which the Insured is legally liable for whilst in Cold Rooms on the Premises.

**Waiting Period** shall mean the time period immediately following cessation or interruption of cooling during which, with the Cold Room left sealed, no Deterioration would take place.

## SPECIFIC EXCLUSIONS

The Company shall not be liable for:

1. **loss arising within the Waiting Period stated in the schedule, unless Deterioration is caused by contamination as a result of leakage of the refrigerant or by accidental freezing of goods or unless fresh goods that have not yet reached the prescribed refrigeration temperature are affected thereby;**
2. **loss to the Stock stored arising as a result of shrinkage, inherent defects or diseases, natural Deterioration or natural putrefaction;**
3. **loss arising from improper storage, damage to packing material, insufficient circulation of air or non-uniformity of temperature;**
4. **loss caused by temporary repair to the Cold Rooms carried out without the Company's consent;**
5. **penalties for delay, consequential loss or damage or liability of any nature whatsoever;**
6. **loss or damage directly or indirectly caused by, or arising out of, or aggravated by:**
  - 6.1 **the wilful act or gross negligence of the Insured or his representatives;**
  - 6.2 **fire, lightning, chemical explosion, extinguishing of a fire or subsequent demolition, aircraft or other aerial devices or articles dropped therefrom, theft or attempts thereat, collapse of buildings, flood, inundation, earthquake, subsidence, landslip, avalanche, hurricane, cyclone, volcanic eruption or other natural catastrophes.**
7. **Stock stored in Controlled Atmosphere Chambers.**

## SPECIFIC CONDITIONS

1. At the time of the loss or damage the Stock must have been stored in the Cold Rooms.
2. The insured amount is to be based on the estimated maximum selling price obtainable for the Stock based on the maximum stock that will be stored in the Cold Room(s) at any one time during the period of insurance. The responsibility shall remain with the Insured during the period of insurance to notify the Company in writing should an increase in the insured amount be required due to stock levels exceeding the insured amount. Declarations received as set out hereunder exceeding the insured amount shall not be considered a formal request to increase the insured amount.
3. The Insured shall declare to the Company in writing the value of their Stock in Cold Rooms on the last day of each month and shall make such declaration within 30 days thereof. Should no declaration be received by the Company for a particular month, for the purposes of the calculation in 4 below, the Company will use the insured amount as having been deemed declared.
4. After each period of insurance (or twelve consecutive months from the inception date or anniversary date if the policy is paid by debit order on a monthly basis), the premium shall subject to 5 below be re-calculated on the average declared amount, namely the total of the values declared or deemed to have been declared, divided by the number of declarations due to have been made. If the resultant premium differs from the premium paid, the difference shall be refunded to the Insured, but the amount of the refund shall not exceed 50 percent of the premium originally paid.
5. Any declaration received exceeding the insured amount shall be noted in the books of the Company as being limited to the insured amount as stated in the schedule for determining the average declared amount as set out in 4 above. Premium shall not be payable on that part of any declaration that is in excess of the insured amount.
6. **The Company shall in the event of a loss, irrespective of the value of any declarations received, not be liable for more than the insured amount as stated in the schedule.**
7. The Insured is to maintain up to date records (stock book) in which the type, quantity and value of the Stock stored in each Cold Rooms is entered.
8. Stock book copies and monthly declarations shall be regarded as forming an integral part of this policy.

9. All claims shall, subject to the insured amount not being exceeded, be settled on the basis of the value stated in the monthly declaration (or the last stock book entry) immediately prior to the occurrence of the loss or the selling price that would have been obtainable, whichever is the lesser. When determining the indemnity, the Company shall take into consideration all circumstances that may influence the amount of indemnity, such as proceeds from a sale of Stock as well as storage costs saved due to the termination of the storage.  
**If, after the occurrence of a partial loss, it is found that the last monthly declaration preceding the loss is less than the amount that ought to have been declared, then the amount which would have been recoverable by the Insured shall be reduced in such proportion as the amount of the said last monthly declaration bears to the amount that ought to have been declared.**
10. Where such Deterioration necessitates by law destruction and disposal of the Stock prior to the Company being able to investigate any claim, a Certificate of Condemnation must be obtained by the Insured from the appropriate Local Authority for such Stock to be destroyed.
11. In cases where Deterioration is alleged to have impaired the value of the Stock, reasonable proof of impairment of value must be submitted by the Insured in respect of such Stock.

## CONDITIONS

If stated in the schedule to be applicable, **cover is conditional on compliance with:**

### Automatic alarm system

It is a condition that the Cold Rooms are connected to an automatic alarm system that:

1. is constantly monitored so that a person can provide an alert should the temperature deviate from the acceptable parameters; or
2. sends an automated alert to at least one of the Insured's permanent employees should the temperature deviate from the acceptable parameters.

### Continuous supervision

It is a condition that the Cold Rooms are under constant supervision by qualified personnel.

### Full back-up equipment

It is a condition that the Insured is to keep a full supply of any operating parts and components that are subject to wear and tear, breakdown or that need periodic servicing and replacement if such parts are not readily available locally or would normally take longer than the Waiting Period to obtain.

### Standby generator

It is a condition that a standby generator which automatically starts when there is a failure of the electrical power supply is to be installed on the premises. It is warranted that such generator is to be tested at least every two weeks and full detailed results of such tests are to be kept and made available to the Company upon request.

### Temperature measurements

It is a condition that during the entire period of storage, the Insured is to record in a logbook the condition of the insured Stock and at least three temperature readings per day from each Cold Room.

### Verification of Cold Room temperature monitoring devices

It is a condition that the accuracy of the temperature monitoring devices used by the Insured is to be verified by means of a calibrated, independent reference thermometer at least every 14 days.

## ADDITIONAL OPTIONAL COVER

### Increased cost of working (if stated as included in the schedule)

The amount payable shall be the additional expenditure necessarily and reasonably incurred by the Insured (including costs incurred in obtaining alternative storage facilities) as a direct consequence of:

1. Unforeseen physical loss of or damage to Cold Rooms;
2. Interruption of the public power supply if selected to be insured below

wholly and exclusively incurred for the purpose of preventing or minimising Deterioration of Stock **but not exceeding the lesser of:**

1. **the amount that would otherwise have been payable by the Company for the deteriorated Stock, or**
2. **the insured amount stated in the schedule against this item**

**provided that the following increased cost of working is not covered:**

1. any expenditure incurred after the indemnity period stated in the schedule where such indemnity period is deemed to commence upon the happening of the unforeseen physical loss of or damage to Cold Rooms or if insured, the interruption of the public power supply;
2. any expenditure incurred during the no claim period stated in the schedule against this item.

**Interruption of public power supply** (if stated as included in the schedule)

Deterioration of Stock **up to the Insured Amount stated in the schedule** against this item in consequence of the total or partial interruption of the public supply of power to the Premises of the Insured provided that:

1. **only continuous interruptions lasting longer than the duration in hours stated in the schedule are covered;**
2. **this shall not cover loss directly or indirectly caused by:**
  - 2.1 drought;
  - 2.2 pollution of water;
  - 2.3 shortage of fuel or water;
  - 2.4 a fault on any part of the installation at the premises belonging to the Insured;
  - 2.5 the exercise of an authority empowered by law to supply power to withhold or restrict supply unless such withholding or restriction is directly attributable to damage to the property of such authority.

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