

# cotton crop

insurance policy



# Tailor-Made Cotton 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 for the **loss of potential yield of Cotton**, due to the impact of **hailstone** upon plant parts of the insured **Crop**, which occurs after **first emergence**. This insurance applies during the period stated on your **schedule** and for any future period which we may accept payment of premium.

The policy, proposal and **schedule** are to be read together and any word or expression to which a specific meaning has been given bears that meaning. The policy, proposal and **schedule** together form this agreement.

## Introduction

### What you need to tell us

You must tell us anything that you know or should know which could affect our decision to insure you. You must do this each time 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.

### Who is insured under this policy

The person, partnership or company whose name is set out on your **schedule** is insured under this policy. In this policy the named party set out in your schedule 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'.

CGU has relationships with brokers, Authorised Representatives and other intermediaries who issue CGU policies. CGU pays remuneration to brokers, Authorised Representatives and other intermediaries when they issue, renew or vary CGU policies.

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

**Additional growing costs** means the amount shown on your **schedule** that we will pay for those extra costs which are incurred following a claim, for the sole purpose of reducing the effects of the hailstone damage to the insured **Crop**.

**Bale** means the industry standard 227 kilogram bale of **Cotton**.

**Cotton** means cotton lint.

**Crop** means the insured cotton crop named in the **schedule**.

**Excess** is the amount of money you will pay towards a claim for damage to the insured **Crop**. The excess percentage is shown on your **schedule** and this cannot be reduced after the commencement of the cover.

For example:

If the gross percentage loss = 28%

and the **excess** = 10%

The net percentage loss

is (28% less 10%) = 18%

**Final yield reduction date** means the date shown on your **schedule** which is the final date for amending the **potential yield** and **insured value** of the insured **Crop**.

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

**Hailstone** means a hard pellet of ice.

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

**Loss of potential yield** means the reduction of the **potential yield** of the insured **Crop** by the impact of **hailstone** upon plant parts.

**Potential yield** means the harvestable yield of **Cotton** after ginning that would have been achieved by normal growth processes.

**Provisional yield** means the **potential yield** shown on your **schedule** which will apply for the purposes of this policy, unless a revision advice is supplied by you and accepted by us.

**R2 stage of growth** means the reproductive stage of growth of the cotton plant when the first square is visible and the internode on the main stem above

the node, which carries the first fruiting branch, has elongated at least 13mm or more and the cotyledonary leaves have been shed.

The insured **Crop** is considered to be at the R2 stage of growth when at least 50 per cent of the cotton plants in the insured **Crop** have reached or exceeded this level of development.

**Replanting subsidy** means the amount shown on your **schedule** that we will pay you for each hectare of **Crop** replanted as a result of the impact of **hailstone** upon the **Crop**.

**Revised yield** means the **provisional yield** as amended in accordance with the revision advice supplied by you. Where more than one revision advice is supplied by you, the **provisional yield** as amended by the last revision advice supplied by you will apply.

**Schedule** is the 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.

## Special conditions of your policy

- ◆ This policy is subject to a 48-hour acceptance clause. This means that for any proposal and revision advice that you send us, the cover will not commence until 48 hours after the date that we accept your proposal or revision advice.
- ◆ 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 crops" or the completion of the first pick, whichever is the earliest.
- ◆ 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 **Cotton**.

## What you are required to do for us

- ◆ You are required to tend the insured **Crop** while growing, in a manner consistent with the generally accepted rules of cotton farming practice and procedure. You must take all reasonable steps to ensure the protection and preservation of the insured **Crop**.

## Revision

- ◆ Subject to the following provisions, you may revise the **provisional yield** upward or downward.
- ◆ For any one season we will not allow downward revision(s) greater than 20 per cent in total of the highest **provisional yield** declared for the season, unless the revision(s) are supported by a report from an independent agronomist acceptable to us.

- ◆ We will not allow any downward revision after:
  - the **final yield reduction date**, or
  - any claim(s) which result in loss, destruction or damage to the insured **Crop** unless;
    - such claim(s) occurs before the **final yield reduction date**, and
    - the **potential yield** as assessed is less than the yield which would otherwise have applied for the purposes of this policy and then only in accordance with such assessment.

All increases in the **provisional yield** will be subject to the 48-hour acceptance clause.

- ◆ You may revise the **insured value** upward at any time up to the **final yield reduction date** for your shire. All increases in the **insured value** will be subject to the 48-hour acceptance clause.
- ◆ Where revision advices are supplied by you, the premium for this insurance is calculated on the latest **revised yield** and **insured value** that is supplied by you.

Where no revision advice is supplied by you, the premium is calculated on the **provisional yield** and **insured value** that is supplied by you.

## 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 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 an incorrect or deliberately false 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.

After cancellation by us, you will be entitled to a refund of the unexpired portion of the premium.

## How to make a claim under your policy

Please contact your nearest CGU Insurance office when something happens for which you believe you can claim.

## 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 of the next working day, whichever is the earlier; either in person or by telephone, facsimile, of the date and time of loss, the cause of loss and details of the insured **Crop** damaged.
- ◆ Render all reasonable assistance that we may require including written proofs and statutory declarations.

## 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 cover you for **loss of potential yield** of the insured **Crop**, shown on your **schedule**, due to the impact of **hailstone** upon the plant parts of the insured **Crop**, which occurs after **first emergence**.

Please refer to the section headed '**How we pay a claim on your Cotton Crop**' for full details of what we will pay you in the event of a claim.

### Additional things we will pay when you have insured your Cotton Crop

#### ◆ Replanting subsidy benefit

We will pay you a **replanting subsidy** if damage is caused directly by the impact of **hailstone** upon plant parts, of the insured **Crop**, which occurs after **first emergence**, and up to the last effective planting date for your region.

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

On payment of the **replanting subsidy**, your insurance cover expires on that portion of the insured **Crop** that was replanted. The amount of premium payable will be calculated by applying the appropriate premium rate percentage to the total amount of the **replanting subsidy** claim.

This amount will be deducted from the claim payment. The balance of the premium calculated on the full sum insured of the area of **Crop** replanted will be credited to your account.

If insurance is required on the replanted **Crop**, a new crop declaration or any other insurance instruction must be submitted for the area of **Crop** replanted.

#### ◆ Additional growing costs benefit

We will also pay you for any **additional growing costs** that are incurred as a result of the impact of **hailstone** upon the plant parts of the insured **Crop**, which occurs after **first emergence**.

We will only pay these costs if the claim is greater than the excess.

These costs must be incurred in addition to the normal growing costs, with the sole purpose of reducing the effects of the **hailstone** damage to the **potential yield** of the insured **Cotton**.

You are required to submit reports from time to time, at your own expense, from a suitably qualified **Cotton** consultant, justifying the **additional growing costs** and the progress of the recovery of the insured **Crop**.

## When we will not pay

We will not pay claims arising from:

- ◆ Loss of potential yield due to an excess or deficiency of water or moisture, however caused.
- ◆ Loss of quality or grade of the **Cotton** or plant material.
- ◆ Loss of nutritional value of the **Cotton** or plant material.
- ◆ Loss of germination ability of the **Crop**.
- ◆ **Loss of potential yield** due to the presence of any uninsured species of plant including weeds irrespective of whether such loss was also in consequence of damage by impact of **hailstone**.
- ◆ Loss or damage to the insured **Crop** as a consequence of Bacterial Blight, Rhizoctonia, Verticillium Wilt or any other disease.
- ◆ War or warlike activity. War does not have to be declared.
- ◆ Hostilities, rebellion, insurrection or revolution.
- ◆ Lawful destruction or confiscation of the insured **Cotton** or **Crop**.
- ◆ Anything nuclear or radioactive.
- ◆ Destruction, loss or damage intentionally caused by you or a person acting on your behalf.
- ◆ Destruction, loss or damage directly or indirectly caused by or due to the actions of persons taking part in riots or civil commotions, or persons taking part in labour disturbances or persons of malicious intent acting on behalf 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.
- ◆ Consequential loss of any kind.

## Policy excess

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

When the assessed **loss of potential yield** exceeds 70 per cent of the insured **Crop**, which is 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 70 per cent. This reduction in the excess only applies when the loss occurs after the **R2 stage of growth**.

## Paying claims

### How we pay a claim on your Cotton Crop

When damage occurs to the insured **Crop**, we will pay you at the value per unit of yield or unit of area, shown on your **schedule**, for the **loss of potential yield** of the insured **Crop**. This amount will be calculated by applying the net percentage loss to the **provisional yield** declared by you or the **potential yield**, whichever is the lesser.

We will deduct any **excess** that is shown on your **schedule** from the settlement of any claim.

In the event of a total loss, any **Crop** production costs saved as a result, will be deducted from the claim payment.

Where a claim for damage to the insured **Crop** occurs, we may:

- ◆ inspect and take possession of such insured **Crop**, or
- ◆ keep possession of the insured **Crop** and examine, sort, remove or otherwise deal with it, or
- ◆ 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 the **Crop**.

We will pay any claim(s) as soon as practical after the completion of harvest. If necessary to establish the full extent of any loss, the final settlement of a claim may be deferred until the ginning out turn results are available for the damaged **Crop**.

Where the insured **Crop** is damaged and it is deemed by the assessor not to be an economic proposition to continue to grow the insured **Crop** through to harvest, we will settle the claim on the basis of a total loss, less any **Crop** production costs up to and including ginning, saved as a result.

### 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 this policy.

## General Insurance Code of Practice

The purpose of the Code is to raise standards of practice and service in the general insurance industry.

The objectives of the Code are:

- ◆ to promote better, more informed relations between insurers and their customers;
- ◆ to improve consumer confidence in the general insurance industry;
- ◆ to provide better mechanisms for the resolution of complaints and disputes between insurers and their customers; and
- ◆ to commit insurers and the professionals they rely upon to higher standards of customer service.

### Our commitment to you

We have adopted and support the Code and are committed to complying with it.

Please contact us if you would like more information about the Code.

### How to resolve a complaint or dispute

#### 1. Talk to us first

If you have a complaint, the first thing you or your insurance adviser should do is speak to one of our staff. If your complaint relates specifically to a claim, speak with the claims officer managing your claim.

If the staff member or claims officer are unable to resolve the matter for you, you or your insurance adviser may speak to a manager. The manager will usually provide you with a response to your complaint within 15 business days. If the timeframe is impractical for any reason such as the need for more information or further investigation, they will discuss with you alternative timeframes. If you are not satisfied with our response or we cannot agree with you on alternative timeframes, you can go to step 2.

#### 2. Seek a review

If the matter is still not resolved the manager will refer you or your insurance adviser to the relevant dispute handling department or area who will conduct a review of your dispute and will usually provide you with a response to your dispute within 15 business days. If the timeframe is impractical, we will discuss with you alternative timeframes.

If you are still not satisfied with our response to your dispute or we cannot agree on alternative timeframes, you can go to step 3.

### **3. Seek an external review**

You are entitled to seek an external review of our decision. We will provide you with information about options available to you, including, if appropriate, referring you to the external dispute resolution scheme administered by the Financial Ombudsman Service Limited (FOS).

You will not be able to have your dispute resolved by the FOS if you are not eligible under the FOS's Terms of Reference.

Further information about our complaint and dispute resolution procedures is available by contacting us.



Insurer  
**CGU Insurance Limited**  
ABN 27 004 478 371

Your insurance adviser is