FMG
Advice & Insurance

UNITED WHEAT GROWERS INSURANCE SCHEME

CONTRACT OF INSURANCE

2020-2021 SEASON

CONTRACT OF INSURANCE

CONTRACT NUMBER - 4001- 2020

THE INSURER : **FMG Insurance Ltd**
(hereinafter referred to as the "Insurer")

THE INSURED : **United Wheatgrowers (NZ) Ltd**

THE INSURER AGREES (subject to the Terms and Conditions expressed in, endorsed upon, or attached to this Contract of Insurance and which shall so far as the nature of them respectively will permit to be conditions precedent to the right of the Insured to recover hereunder) that if any of the Property Insured be lost or damaged by an insured peril during the Period of Insurance.

THEN THE INSURER WILL INDEMNIFY THE INSURED in respect of such loss or damage in accordance with the provisions hereinafter contained.

PROVIDED THAT the liability of the Insurer shall in no case exceed the Limit of Liability expressed in this Contract of Insurance.

ATTESTATION CLAUSE:

This contract of insurance is drawn up in duplicate and

FOR THE INSURER -

Signed at WELLINGTON 28th day of July 2020

.....

Farmers' Mutual Group

in the presence of

.....

FOR UNITED WHEATGROWERS (NZ) LIMITED -

Signed at day of 2020

.....

Chairman of Directors

in the presence of

.....

ATTACHING TO AND FORMING PART OF THE CONTRACT OF INSURANCE

CONTRACT NUMBER - 4001- 2020

1. DEFINITION OF INSURED

"The Insured" for the purposes of this Contract of Insurance shall mean each person from which a levy has been collected in the immediate preceding season under authority of the Commodity Levies (Wheat Grain) Order 2003 or any Act in substitution therefore, and any other person who in the event of loss or damage to wheat can establish either that he has not previously sold wheat in the manner which required him to pay a levy in the terms of the Act or that he has paid the Levy on the most recent occasion where the Act required it to be paid.

2. INTERESTS INSURED

The Insured's growing or harvested wheat crop.

3. SITUATION

Anywhere in New Zealand.

4. PERIOD OF INSURANCE

Section 1

The Insurance granted therein shall apply to each Wheat Crop in each paddock with effect from 1 November in any one growing season or from the emergence of the crop from the soil whichever is the later and shall continue until the crop is harvested or the Insured's interest as owner ceases whichever shall first occur.

Section 2

The Insurance granted therein shall attach to harvested Wheat Crop from the time of harvest thence whilst stored in any building or silo (including transit to the place of storage and thence to any Broker or Buyer in New Zealand) and shall continue until the Insured's interest as owner ceases.

5. LIMIT OF LIABILITY

The liability of the Insurer in respect of each and every claim hereunder arising from each claim or series of claims arising from the one event or occurrence shall be limited to:

Section 1 - $ 500,000 any one grower property
Section 2 - **$10,000,000** anywhere in New Zealand

With a maximum of **$11,000,000** all losses any one season.

For the purposes of establishing the limit "any one grower property" under Section 1 it is declared and agreed that one grower property shall be deemed to be that area of land under a single separate land, land block or surveyed land area title or identification.

The amount specified herein as the Limit of Liability shall be amended annually by addendum to this Contract of Insurance. Where no addendum is made the Limit of Liability of the immediate preceding addendum shall then apply.

Provided that Goods and Services Tax (GST) is recoverable by the Insurer, the Limits of Liability specified in this Contract of Insurance are exclusive of GST. In the event of a claim the Insurer will pay a maximum of the Limit of Liability, plus GST, at the current rate.

6. BASIS OF SETTLEMENT

(a) In respect of growing crops; that volume of wheat lost or damaged as a result of a Defined Event that would have been harvested but for the intervention of the Defined Event.

(b) In respect of harvested wheat; that volume of wheat lost or damaged as a result of the happening of a Defined Event.

Less Levies as payable under the Commodities Levies (Wheat Grain) Order 2003 or any Act or Acts in substitution thereof.

7. PREMIUM

(i) The premium rate per tonne of wheat in the 2020-2021 season is $3.65 inclusive of the Fire Service Levy but excluding GST.

(ii) United Wheatgrowers (NZ) Ltd shall pay a minimum deposit premium, at the rate per tonne as in (i) above, for each Period of Insurance on the following basis.

(iii) The minimum deposit premium shall be calculated on 250,000 tonnes at the rate as set out in (i) above.

(iv) The deposit premium shall be paid in two instalments, as follows.
(v) First deposit due 1st November of 25%.
(vi) Second deposit, due not later than 31st March, of the remaining 75%.

(vii) The balance of premium, calculated on actual crop production for the season, becomes due as soon as the United Wheatgrowers (NZ) audit is completed. Payment is due by United Wheatgrowers (NZ) Ltd immediately upon receipt of the FMG Insurance Limited invoice.

Basis of Calculation

(a) United Wheatgrowers (NZ) Ltd shall declare the total tonnage of wheat sold or delivered per month in the period from 1 February for the respective season, as ascertained from returns received in accordance with the Commodity Levies (Wheat Grain) Order 2003, or any subsequent order.

(b) Total Wheat tonnage as in (a) to be multiplied by the current agreed limit of liability per tonne, to ascertain the monetary value.

(c) The current premium rate(s) applicable per tonne shall be applied to determine the final premium payable.

(d) The premium rate charge shall be inclusive of any liability for Fire Services Levy.

8. PREMIUM RATES ADJUSTMENT

The Insurer reserves the right to renegotiate premium rates and insurance contract terms for each insurance year.

ATTACHING TO AND FORMING PART OF THE CONTRACT OF INSURANCE

CONTRACT NUMBER 4001-2020

SECTION 1

1. DEFINED EVENTS

Loss or damage to growing wheat or wheat being harvested caused by:

(a) Fire, Lightning and Explosion.

(b) Hail.

(c) Water which through flood has overflowed beyond the normal boundaries of river, water course, lake or sea or by abnormal flow of drainage water from watershed areas on high ground outside the paddock in which the wheat is growing but excluding seepage and/or artesian water.

(d) Wandering stock not belonging to or under the control of the Insured provided always that the paddock in which the wheat is growing is adequately fenced.

(e) Snow.

(f) Frost
Subject always to the Insured obtaining a written certificate from a Crown Research Institute or other qualified authority as the Insurer may direct that frost was the cause of the loss or damage.

(g) Overturning of any land vehicle or collision of any land vehicle with any object other than with the Interests insured hereunder.

(h) Aircraft and other Aerial or Spatial devices and/or articles dropped therefrom.

(i) Earthquake, volcanic eruption, subsidence or land slip.

Notwithstanding the foregoing no liability shall attach under the Defined Events for any loss or damage under (b), (c), or (e) occurring after the 15 May in any growing season, and (f) Frost, occurring before 15th November 2019.

2. RESOWING EXTENSION

Notwithstanding anything to the contrary contained in the Period of Insurance in the event of loss or damage to a sown wheat crop resulting prior to the 1st November in any growing season, and arising from defined events (c) or (d), the indemnity provided by this Contract of Insurance is extended to include:

EITHER
the cost of application of fertiliser and/or fungicides or other remedies to the damaged crop

OR
the cost of preparing the soil and resowing the wheat.
But only to the extent that would normally have been expended in preparing and sowing had loss or damage not occurred and only if the loss or damage was caused by one of the Defined Events in Section 1(1) hereof.

It is further agreed that in the event of Wheat not being able to be resown then following the written consent of the Insurer this extension shall apply to such other crop as is planted provided that the liability of the Contract of Insurance is limited to those costs incurred in the resowing of the alternative crop whichever sum is the lesser.

Claims under this extension will only be considered by the Insurer where meeting such losses, as defined above, is recommended by an authorised United Wheat Scheme assessor.

3. LIMIT OF LIABILITY

The liability of the insurer under this Section shall be limited to:

(a) A value of $225 per tonne of wheat which would have otherwise been harvested and/or

(b) A value of $225 per tonne in diminution of the value of wheat which has been harvested.

Provided always the loss or damage results from the happening of a Defined Event as detailed in Section 1 of this Contract of Insurance.

Further in respect of the resowing extension the Limit of Liability is restricted to those costs incurred in resowing the direct area of land involved provided always the total of such costs

does not exceed the sum resulting from the application of the anticipated yield of the area resown times the limit of liability as applicable to wheat.

4. EXCLUSIONS

No claim shall be payable under Section 1 of this Contract of Insurance.

(a) Unless the wheat is harvested at or the land is occupied by the crop until the normal time of harvest or such earlier time as the Insurer may permit.

(b) If the loss or damage being caused by flood was the result of negligent farming (which expression shall be deemed to include the growing of wheat in recognised flood prone areas), neglect of water courses or other negligence on the part of the Insured. For the purposes of this exception a flood prone area is that area of land which has flooded during a wheat growing season more regularly than once in ten years preceding the loss or damage and for which claims have been made under this or any other form of insurance or compensation scheme.

(c) If the loss or damage being caused by frost was the result of planting wheat in frost prone areas, such areas being agreed as such by both the Insurer and the United Wheatgrowers (NZ) Ltd and declared by endorsement to this Contract of Insurance.

(d) Unless samples of frost damage wheat are taken for assessment of damage or an assessment of wheat damaged by other causes is made by the Insurer's Assessors prior to actual harvest of the damaged wheat crop.

ATTACHING TO AND FORMING PART OF THE CONTRACT OF INSURANCE

CONTRACT NUMBER 4001- 2020

SECTION 2

1. DEFINED EVENTS

(a) Whilst in any building or silo -
Physical loss or damage to Harvested Wheat from any cause not otherwise excluded under this Contract of Insurance.

(b) Whilst in transit -
Loss or damage to Harvested Wheat from the overturning or accident to the means of conveyance including loss by fire.

2. LIMIT OF LIABILITY

The liability of the Insurer under this Section shall be limited to a value of $225 per tonne of wheat which is lost or damaged as the result of a Defined Event as detailed in Section 2 of this Contract of Insurance. If there should be any salvage value then once quantified the value of such will be deducted from the limit of liability of $225 per tonne.

3. EXCLUSIONS

No claim shall be payable under Section 2 of this Contract of Insurance if the loss or damage is caused by or arising from

(a) inherent vice or improper storage. The term "improper storage" shall mean storage that does not meet acceptable standards of the wheat industry.

(b) exposure to weather conditions whilst in a building or other structure not fully enclosed.

(c) being stored in the open.

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CONTRACT NUMBER 4001- 2020

GENERAL CONDITIONS

1. CLAIMS

On the happening of any event likely to give rise to a claim under this Contract of Insurance the Insured shall:

(a) Immediately notify the Insurer by telephoning 0800 366 466 to lodge a claim. The Insurer will not be liable for losses notified more than 14 days after an event.
However in the event of frost damage not being recognisable immediately then provided the Insurer is in no way prejudiced by later notification this period shall be extended but only until such time as the insured could reasonably have been expected to recognise such frost damage and subject always to the damage being reported prior to harvest of the wheat crop but subject always to Exclusion 4(c) and 4(d) of Section 1. In any event no claim in respect of Section 1, notified after harvest, shall be accepted.

In no instance shall harvest of a damaged crop proceed before notification of the loss has been given to the Insurer

(b) If required by the Insurer, produce at his own expense such certification of the loss or damage from the Ministry of Agriculture and Forestry, or other qualified authority as the Insurer may direct. In the event of a claim being accepted under this Contract of Insurance the reasonable costs incurred by the Insured in producing such certification shall be recoverable hereunder.

(c) Take all steps necessary to minimise the loss and to salvage the damaged wheat.

No payment shall be made in respect of any claim hereunder (other than for resowing costs) until the completion of the harvest season for the district in which the loss has occurred.

Final assessment of any claim outstanding shall be completed by 1st May of the year after the year of harvest. This will be by supply of tonnage invoices to the Insurer or a calculated assessment completed by a United Wheatgrowers Ltd appointed Crop Assessor

2. GENERAL EXCLUSIONS

No liability shall attach under this Contract of Insurance for:

(a) Hay and/or Straw

(b) Wear, tear, gradual deterioration (including loss in weight), contamination, change in flavour texture or finish, action of light or, developing flaws or normal maintenance.

(c) Unexplained inventory shortage and loss discovered upon "stock-taking".

(d) Loss or damage to the Interests Insured directly arising from any process of heating or drying. (This exclusion shall have no application to damage directly resulting from any of the Defined Events of Section 1 (1) of the Policy).

(e) War, invasion, act of foreign enemy, warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power requisition or destruction of or damage to the Interests Insured by order of Government or Local Authority.

(f) Nuclear weapons material or ionising radiation or contamination by radio activity from any nuclear waste from the combustion of nuclear fuel.

(g) Insects or Diseases.

3. OTHER INSURANCE

If, at the time of any loss or damage arising under this Contract of Insurance, there be any other insurance whether affected by the Insured or by any other persons acting on his behalf insuring such loss or damage or any part thereof the Insurer shall not be liable for more than its rateable proportion. Provided that this proviso shall have no application in respect of "Top Up" Cover purchased in addition to the basic protection as afforded under this Contract of Insurance.

4. ARBITRATION

If any difference shall arise as to the amount to be paid under this Contract (liability being otherwise admitted) such difference may be referred to an Arbitrator to be appointed by the parties in accordance with the statutory provisions in that behalf for the time being in force.

5. CANCELLATION

This Contract of Insurance may be cancelled by either United Wheatgrowers (NZ) Ltd or the Insurer by giving written notice to the other by registered letter prior to 31 March in any year such notice to become effective on 31 July next following subject always to the withdrawal of such notice by the consent of both parties on or before the said 31 July.

In the event of such cancellation notice being served the Insurer's liability under this contract of Insurance shall continue on wheat harvested during the season prior to the date of cancellation and shall cease when the Insured's interest therein as owner ceases or on the 31 January next following the date of cancellation which ever shall first occur.

There shall be no provision for return of premium upon cancellation.

6. SUBROGATION

In the event of any claim the Insurer shall be entitled as its discretion to undertake in the name and on behalf of the Insured the absolute conduct control and settlement of any proceedings and to take proceedings at its own expense and for its own benefit to recover compensation or secure indemnity from any Third Party in respect of anything insured by this Contract of Insurance whether such acts and things shall be or become necessary or required before or after his indemnification by the Insurer.

7. INTERESTED PARTIES

In the event of there being any debenture or other charge on the Interests Insured loss or damage if any shall be payable to the debenture holder or other charge holder whose receipt will be a full discharge.