



Stock Insurance

# **Policy Handbook Deterioration of Stock Insurance**



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Whereas the Insured named in the Schedule hereto has made to the

(hereinafter called "the Insurers") a written proposal by completing a questionnaire which together with any other statements made in writing by the Insured for the purpose of this Policy is deemed to be incorporated herein.

Now this Policy of Insurance witnesses that subject to the Insured having paid to the Insurers the premium mentioned in the Schedule and subject to the terms, exclusions, provisions and conditions contained herein or endorsed hereon.

The Insurers hereby agree with the Insured that if at any time during the period of insurance stated in the Schedule or during any subsequent period for which the Insured pays and the Insurers may accept the premium for the renewal of this Policy, the goods specified in the Schedule suffer loss or damage caused by deterioration due to any unforeseen and sudden physical loss of or damage to the machinery specified in the list of machinery attached to the questionnaire and proposal of this Policy and

indemnifiable under the machinery breakdown policy in force, the Insurers will indemnify the Insured in respect of such deterioration in the manner and to the extent hereinafter provided up to an amount not exceeding in any one year of insurance in respect of each of the items specified in the Schedule the sum set opposite thereto and not exceeding in all the total sum expressed in the Schedule as insured hereby, unless the sum insured has been reinstated.

# 1 Exclusions

The Insurers shall not be liable for

1. The deductible stated in the Schedule to be borne by the Insured in any one occurrence;
2. Any loss of the goods stored in the refrigerating chambers arising within the noclaims period indicated by the Insured in the Schedule due to any deviation from the prescribed refrigerating temperature, unless such deterioration is caused by contamination as a result of escaping refrigerant or by accidental freezing of the goods or unless fresh goods which have not yet reached the prescribed refrigerating temperature are hereby affected, the no-claims period being defined as the time period immediately following cessation of cooling during which, with storage room left sealed, no deterioration would take place;
3. Any loss with regard to the goods stored arising as a result of shrinkage, inherent defects or diseases, natural deterioration or natural putrefaction;
4. Any loss arising from improper storage, damage to packing material, insufficient circulation of air, non-uniformity of temperature;
5. Any loss caused by temporary repair of the refrigeration machinery specified in the list of machinery which is carried out without the Insurers' consent;
6. Penalties for delay, consequential loss or damage or liability of any nature whatsoever;
7. Loss or damage directly or indirectly caused by, or arising out of, or aggravated by
  - a) War, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, mutiny, riot, strike, lockout, civil commotion, military or usurped power, a group of malicious persons acting on behalf of or in connection with any political organization, conspiracy, confiscation, commandeering, requisition or destruction or damage by order of any government de jure or de facto or by any public authority;
  - b) Nuclear reaction, nuclear radiation or radioactive contamination;
  - c) The wilful act or wilful negligence of the Insured or his representatives;
  - d) Fire, direct lightning, chemical explosion, extinguishing of a fire or subsequent demolition, aircraft or other aerial devices or articles dropped therefrom, thefts or attempts thereat, collapse of buildings, flood, inundation, earthquake, subsidence, landslide, avalanche, hurricane, cyclone, volcanic eruption or other natural catastrophes.

In any action, suit or other proceeding where the Insurers allege that by reason of the provisions of Exclusion a) above any loss, destruction or damage is not covered by this Policy, the burden of proving that such loss, destruction or damage is covered shall be upon the Insured.

## 2 General Conditions

1. The due observance and fulfilment of the terms of this Policy, insofar as they relate to anything to be done or complied with by the Insured, and the truth of the statements and answers in the questionnaire, proposal and monthly declarations made by the Insured shall be a condition precedent to any liability of the Insurers.
2. The Schedule and the questionnaire and proposal shall be deemed to be incorporated in and form part of this Policy and the expression “this Policy”, wherever used in this contract, shall be read as including the Schedule and the questionnaire and proposal. Any word or expression to which a specific meaning has been attached in any part of this Policy, of the Schedule or of the questionnaire and proposal shall bear such meaning wherever it may appear.
3. The Insured shall at his own expense take all reasonable precautions and comply with all reasonable recommendations of the Insurers to prevent loss or damage and comply with statutory requirements and manufacturers’ recommendations.
4.
  - a) Representatives of the Insurers shall at any reasonable time have the right to inspect and examine the risk and the Insured shall provide the representatives of the Insurers with all details and information necessary for the assessment of the risk.
  - b) The Insured shall immediately notify the Insurers by telegram and in writing of any material change in the risk and cause at his own expense such additional precautions to be taken as circumstances may require to ensure safe operation of the insured items, and the scope of cover and/or premium shall, if necessary, be adjusted accordingly. No material alteration shall be made or admitted by the Insured whereby the risk is increased, unless the continuance of the cover provided under this Policy is confirmed in writing by the Insurers.
5. In the event of any occurrence which might give rise to a claim under this Policy, the Insured shall
  - a) Immediately notify the Insurers by telephone or telegram as well as in writing, giving an indication as to the nature and extent of the loss or damage;
  - b) Take all steps within his power to minimize the extent of the loss or damage;
  - c) Preserve the parts affected and make them available for inspection by a representative or surveyor of the Insurers;
  - d) Furnish all such information and documentary evidence as the Insurers may require;
  - e) Inform the police authorities in the case of loss or

- damage due to burglary. of the Insurers shall have the opportunity of inspecting the loss or damage before any repairs or alterations are effected. If a representative of the Insurers does not carry out the inspection within a period of time which could be considered adequate under the circumstances, the Insured shall be entitled to proceed with the repairs or replacement.
6. The Insured shall at the expense of the Insurers do and concur in doing and permit to be done all such acts and things as may be necessary or required by the Insurers in the interest of any rights or remedies, or of obtaining relief or indemnity from parties (other than those insured under this Policy) to which the Insurers are or would become entitled or which is or would be subrogated to them upon their paying for or making good any loss or damage under this Policy, whether such acts and things are or become necessary or required before or after the Insured's indemnification by the Insurers.
7. If any difference arises as to the amount to be paid under this Policy (liability being otherwise admitted), such difference shall be referred to the decision of an arbitrator to be appointed in writing by the parties in difference or, if they cannot agree upon a single arbitrator, to the decision of two arbitrators, one to be appointed in writing by each of the parties, within one calendar month after having been required in writing so to do by either of the parties, or, in case the arbitrators do not agree, of an umpire to be appointed in writing by the arbitrators before the latter enter upon the reference. The umpire shall sit with the arbitrators and preside at their meetings. The making of an award shall be a condition precedent to any right of action against the Insurers.
8. a) If the proposal or declaration of the Insured is untrue in any material respect, or if any claim made is fraudulent or substantially exaggerated, or if any false declaration or statement is made in support thereof, then this Policy shall be void and the Insurers shall not be liable to make any payment hereunder.
- b) In the event of the Insurers disclaiming liability in respect of any claim and if an action or suit is not commenced within three months after such disclaimer or (in the case of arbitration taking place in pursuance of Condition 7 of this Policy) within three months after the arbitrators or umpire have made their award, all benefit under this Policy in respect of such claim shall be forfeited.
9. If at the time any claim arises under this Policy there is any other insurance covering the same loss or damage, the Insurers shall not be liable to pay or contribute more than their rateable proportion of any claim for such loss or damage.

10. This Policy may be terminated at the request of the Insured at any time, in which case the Insurers will retain the customary short-period rate for the time this Policy has been in force. This Policy may equally be terminated at the option of the Insurers by seven days' notice to that effect being given to the Insured, in which case the Insurers shall be liable to repay on demand a rateable proportion of the premium for the unexpired term from the date of cancellation less any reasonable inspection charges the Insurers may have incurred and less any long-term discount on premiums granted.

11. Under an insurance for a third party's account the beneficiary shall be entitled to exercise, in his own name, the rights of the Insured. Without obtaining the Insured's approval, the beneficiary shall further have the right to receive any indemnity paid under this Policy and to transfer the Insured's rights even if the beneficiary is not in possession of this Policy. Upon payment of

indemnity the Insurers may require evidence of the beneficiary having given his consent to the insurance and of the Insured having given his consent to the receipt of an indemnity by the beneficiary.

12. The indemnity shall be payable one month after determination by the Insurers of the full amount due. Notwithstanding the above, the Insured may, one month after the Insurers have been duly notified of the loss and have acknowledged their liability, claim as an instalment the minimum amount payable under the prevailing circumstances. The running of the periods shall be suspended for the time during which the indemnity is unascertainable or not payable due to reasons within the Insured's control.

The Insurers shall be entitled to withhold indemnification

a) If there are doubts regarding the Insured's right to receive the indemnity, pending receipt by the

Insurers of the necessary proof;

b) If in connection with the claim an examination by the police or an inquiry under criminal law has been initiated against the Insured, pending completion of such examination or inquiry.



## 3 Special Conditions

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This Policy shall only apply if

1. The refrigeration machinery specified in the list of machinery attached to the questionnaire and proposal of this Policy is insured under a machinery breakdown policy in force;
2. The insured refrigeration machinery specified in the aforesaid list of machinery is under constant supervision by qualified personnel or is connected to an automatic alarm system in a constantly attended location;
3. The stock is not stored in “controlled atmosphere” chambers;
4. At the time of the loss or damage the goods are stored in the refrigerating chambers;
5. The Insured maintains on a daily basis a stockbook in which the type, quantity and value of the goods stored and the beginning and the end of the storage period are entered for each refrigerating chamber separately;
6. During the entire period of storage the Insured records in a log-book

the condition of the insured goods and at least three temperature readings per day from each refrigerating chamber, the accuracy of the temperature readings being checked by means of a calibrated, independent reference thermometer at least every 14 days.

## 4 Provisions

### **Memo 1 – Sum insured**

It shall be a requirement of this Policy that the sum insured is equal to the estimated maximum selling price obtainable for the stored goods during the period of this Policy, such maximum selling price being indicated in the Schedule submitted by the insured prior to the commencement of insurance. The Insured shall be obliged to furnish the Insurers not later than 10 days after the close of each month either with copies of the aforesaid stockbook or with a duly completed declaration showing the average quantity and value per day of the goods stored during the preceding month (monthly declaration).

The monthly declaration shall be based on the selling price obtainable for the goods.

Stockbook copies and monthly declarations shall be regarded as forming an integral part of this Policy.

If after the occurrence of a loss it is found that the last monthly declaration previous to 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.

The sum insured shall be reduced by any indemnity paid under this Policy for the remaining policy period unless it has been reinstated by payment of an additional premium on a pro-rata basis. This additional premium shall not be taken into account in the final adjustment of premium as provided for in Memo 2.

### **Memo 2 – Premium**

The first premium shall be due on receipt of this Policy, and all renewal premiums at the commencement of each new period of insurance. Taxes, fees and any other charges shown in this Policy or in the premium bill shall be paid with the premium.

The premium payable at the commencement of any one year of insurance shall be a deposit premium based on 75% of the sum insured as specified in the Schedule and shall be subject to adjustment at the end of each year of insurance in accordance with the stockbook copies or the monthly declarations submitted to the Insurers.

Should it be found on the basis of such information that at the end of any year of insurance the deposit premium paid was too high, premium adjustment shall be made subject to the total premium payable by the Insured being not less than 50% of the full premium based on the sum insured stated in the Schedule. Failure on the part of the Insured to submit stockbook copies or monthly declarations shall entitle the Insurers to apply the maximum sum insured as fixed in the Schedule for premium calculation. Any difference in premium so determined, whether due to or by the insured, shall be settled within one month of the dispatch of the statement showing the premium adjustment.

### **Memo 3 – Basis of indemnity**

All claims shall be settled on the basis of the value stated in the monthly declaration immediately prior to the occurrence of the loss or the selling price which would have been obtainable, whichever is the lower. When determining the indemnity the Insurers shall take into consideration all circumstances which may influence the amount of

indemnity, such as proceeds from a sale of the goods as well as storage costs saved due to the termination of the storage.



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