

## UNIVERSAL SOMPO GENERAL INSURANCE COMPANY LIMITED

### TEA CROP INSURANCE CLAUSES

#### 1. DURATION OF COVER:

This insurance attaches from the time the Green Leaf is plucked at the Assured's Estate named herein and whilst being processed at the Factory and further continues whilst in transit by approved conveyance(s) and/or vessel(s) as specified in the Schedule to the relative Policy until :

- i. **sold at Auction Centres in India but not exceeding 30 days from the date of arrival at an approved Tea warehouse at the place of Auction, unless the period of Storage is extended by payment of Additional Premium at the inception of cover, always provided that the teas remain at the risk of the Assured, but in any event, cover is not to extend beyond 15 days from the date of Auction.**
- ii. **delivered to Agents/Buyers anywhere in India, but not exceeding 7 days from the date of arrival at the destination Road/Railway Station.**
- iii. **sold at the Auctions in Overseas Country (shipped via a named Indian Port) but not exceeding 30 days period of Storage either at the Port of Shipment or any recognised Tea Warehouses at destination, (subject in any case to the provisions of Transit Clause No. 8 of the Institute Cargo Clauses), unless the periods of Storage in Warehouses at Ports of Shipment and in the Tea Warehouse located in the Overseas Country are extended by payment of Additional Premium at the inception of cover.**
- iv. **delivered to the Buyers' or Consignees' Warehouse (shipped via a named Indian Port against firm C.I.F. Sale Contracts) in the overseas country but not exceeding 30 days period of storage at the port of shipment (subject in any case to the provisions of Transit Clause No. 8 of the Institute Cargo Clauses), unless the period of storage at the Port of Shipment is extended by payment of additional premium at the inception of cover.**
- v. **placed on board the overseas vessel at a named Indian Port when sold on F.O.B. terms, but not exceeding a total period of 30 days from the date of arrival at a Tea Warehouse/Warehouses at the Port of Shipment, unless the period of storage in such Warehouse(s) is extended by payment of additional premium at the inception of cover.**

Shipments via Indian Ports or to overseas Ports/final destination other than those declared at inception will be covered at the specific request of the Assured on payment of additional premium.

This insurance may be extended to cover Tea which is manufactured at any Neighbouring Estate including the risk of transit, to and fro, on payment of Additional Premium before inception of cover.

This insurance is only to cover despatches effected from the concerned Tea Garden within the Policy Period and any Tea Held Back on the Estate beyond the Policy Period will be completely outside the scope of the said Policy.

#### 2. TERMS OF COVER:

This insurance is against All Risks of physical loss of or damage to the subject-matter insured but shall in no case be deemed to cover loss, damage or expense proximately caused by inherent vice or nature of the subject-matter insured or delay even if delay is caused by the operation of an insured peril.

## **TRANSITS/SHIPMENTS WILL BE SUBJECT TO THE**

### **FOLLOWING CLAUSES: (A) INLAND TRANSITS:**

- i. Inland Transit (Rail or Road) Clause A (All Risks) attached hereto
- ii. Inland Transit (Inland Vessels) Clause A (All Risks) attached hereto
- iii. Strikes, Riots and Civil Commotions clause.

### **(B) OVERSEAS SHIPMENTS:**

- i. Institute Cargo Clauses (A) attached hereto
- ii. Institute Cargo Clauses (Air) (Excluding sendings by Post) attached hereto
- iii. Institute Classification Clause attached hereto.
- iv. Institute War Clauses (Cargo) attached hereto subject to 7 days' Notice of Cancellation.
- v. Institute War Clauses (Air Cargo) (Excluding sendings by Post) attached hereto subject to 7 days' Notice of Cancellation.
- vi. Institute Strikes Clauses (Cargo) attached hereto subject to 48 hours' Notice of Cancellation.
- vii. Institute Strikes Clauses (Air Cargo) attached hereto subject to 48 hours' Notice of Cancellation.
- viii. Institute Radioactive Contamination Exclusion Clause
- ix. ISM Endorsement

### **(C) 15% ON GARDEN CLAUSE:**

This insurance covers Made Tea of the Period of Insurance whilst at the Assured's Estate and/or Neighbouring Estate (when sent for manufacture) for any purpose whatsoever, but insurance against the risk of Fire, Earthquake and other convulsions of nature and also the risks of Strikes, Riots and Civil Commotions, when covered as per Institute Strike Clauses, shall be limited to 15 % of the estimated annual total weight of Made Tea of the Garden insured, valued in accordance with the Agreed Value provision of this Clause. For the purpose of this Clause, the value declared at the inception of cover (either on Agreed Value basis or Provisional Value basis) in respect of tea to be disposed of in India shall be deemed to be the Agreed Value. The Assured is to bear a rateable proportion of the loss, if the total amount of the tea lying at the Estate and any Neighbouring Estates when sent for manufacture is more than 15% or as may be declared to the Insurers.

The risks of Explosion, Aircraft Damage and Impact Damage are also covered.

Tea in excess of 15% as stated above, which may be lying cumulatively at the Garden and the Neighbouring Estates for reasons beyond the control of the Assured will be covered at the specific request of the Assured, subject to payment of Additional Premium.

## **3. EXCLUSIONS:**

- i. Notwithstanding anything herein contained to the contrary, this Policy is warranted free of claims for loss of or damage to the subject-matter insured, whether Green Leaf or partly/wholly manufactured Tea, directly or indirectly caused by the absence or shortage, withholding or withdrawal of labour of any description whatsoever under any circumstance.
- ii. Loss of damage attributable to any fault, neglect or defect in the manufacturing process and/or packing materials used.
- iii. Loss due to interruption in manufacture consequent upon stoppage of Power Supply and/or Breakdown of Machinery, howsoever arising.
- iv. Any trade loss, including chest allowance, as agreed to by the Tea Brokers.
- v. Any loss or damage pertaining to previous season's Manufactured Tea Held Back at Garden, unless specifically covered under this Policy.

## **4. BASIS OF VALUATION**

(Option 'A' or 'B' or 'C' and 'D' – Delete options not required)

A.1 The Valuation of Tea for the purpose of this insurance is agreed to be Rs. per Kg. of

Made Tea to be disposed of in India, including FOB and C & F Sales.

A.2 For the purpose of this insurance, tea to be disposed of in Overseas Countries is provisionally

valued at Rs. \_\_\_\_\_ per kg. of Made Tea, being an **average price** obtaining for the Garden **during the preceding 3 completed and adjusted years excluding the expiring year** but liable to final adjustments as per Clause 7 in terms of the following stipulations :

- (I) for tea sold at Overseas Auctions and tea shipped on Consignment Basis to Overseas Countries, the actual amount realised on same shall be treated as the insured value.
  - (II) for tea sold and shipped (against firm C.I.F. Sale Contracts) to the Overseas Countries, the value declared in accordance with the terms of the Contract of Sale (maximum C.I.F. value + 10%) shall be taken as the Insured Value, subject to final adjustment as per Clause 7.
- B. The valuation of Tea for the purpose of this insurance is agreed to be Rs. per kg. of Made Tea, excluding C.I.F. Sales. For tea sold and shipped C.I.F. to Overseas Countries, the value declared in accordance with the terms of the Contract of Sale (maximum C.I.F. value + 10%) should be taken as the insured value, subject to final adjustment as per Clause 7.
- C. For the purpose of this insurance, tea is valued provisionally at Rs. per kg. of Made Tea being an average price obtain from the Garden during preceding three completed and adjusted years, excluding the expiring year subject to final adjustment as mentioned in Clause 7 on the basis of actual production and actual amount realised on same.
- D. Tea Waste (Agreed Value)

## 5. LIMITS :

- a. **Single Despatch/Shipment Limit:** Rs. \_\_\_\_\_ any one **Despatch/Shipment per any one Conveyance/Vessel.**
- b. **Location Limit :** Twenty times the single Despatch/Shipment limit referred to in (a) above on any one location other than on Garden for which limit has been specified in the "On Garden Clause" in Clause 2 hereinabove or Held Covered.

Claims for loss, damage to Tea whilst in transit from the Assured's Garden to Agents/Buyers in any place in India or other than Auction Centres including FOB and C & F Shipments where no Brokers are involved, shall be settled on the basis of the Carrier's Certificate of loss/damage and/or independent Surveyor's report and Account Sales/Sale Invoice.

## 6. BASIS OF SETTLEMENT OF CLAIMS:

6.1 In the event of loss in weight from apparently sound chests, the Insurer's liability shall be limited to 75% of such loss. Notwithstanding the above, no liability shall attach to Insurers hereunder in respect of sound chests/bags arriving with shortages of 5% in net weight per packing or less subject also to the following Excess Clause :

**"Claims for losses, if any, under this Policy, shall be subject to an Excess of Rs.2000/- per consignment/per occurrence".**

Brokers' Certificate shall be accepted as proof of loss/claim in case of shortages from apparently tampered chests/bags and short delivery of complete chests/bags. Brokers' Certificates must be supported by a Certificate of Shortage/Damage issued by the Carriers or their authorised representatives. The Insurers, however, reserve the right of appointing independent licenced Surveyors.

## **6.2 AT THE GARDEN :**

In the event of loss before manufacture, 4 kgs. of Green Leaf to be considered equal to 1 kg. of Made Tea. Claims for loss of or damage to tea by an insured peril, while on the Insured's Garden and/or Neighbouring Garden for manufacture, shall be settled either for the Agreed Value or Provisional Value, as applicable to teas to be disposed of in India, Less all unincurred expenses, whether in respect of Green Leaf or partly/wholly Manufactured Tea.

## **6.3 IN RESPECT OF TEA INSURED HEREIN ON PROVISIONAL VALUE BASIS – FOLLOWING SHALL APPLY :**

### **6.3.1 DURING INLAND TRANSITS :**

Claims for partial loss or damage to tea whilst in transit from the Assured's Garden to warehouses at Auction Centres anywhere in India or any Port of Shipment in India and/or prior to and/or during loading on to the overseas vessels shall be settled on the basis of the Brokers' Certificates, Account Sales and Invoice. Claims for loss or damage to Tea whilst in transit from the Assured's Garden to Agents/Buyers in any place in India other than Auction Centres, including FOB and C & F Shipments, where no Brokers are involved, shall be settled on the basis of Carrier's Certificates of loss/damage and/or independent Survey Report and Account Sales/Sale Invoice.

In the event of loss of or damage to one or more complete chests/bags of tea (forming part of an Overseas Shipment Invoice), whilst in transit from the Assured's Garden to the Ports of Shipment in India, claims in respect thereof shall be settled on the basis of either :

- a) In respect of tea on Consignment Sale abroad, the Estate's Average Rate on the date of arrival in the warehouses at the Ports of Shipment of the remainder of the chests covered by the relative Shipment Invoice.
- b) In respect of tea on firm Sale Contract, the insured valuation in respect of tea appropriated against Firm Sale Contracts.

**Less :** all unincurred expenses in respect of (a) & (b) above.

In the event of loss of or damage to a whole invoice prior to sale whilst in transit from the Assured's Estate to Warehouse anywhere in India or any other Port of Shipment in India, claims in respect thereof shall be settled on the basis of either :

- i. In respect of tea on Consignment Sale Basis, claim shall be settled on the basis of the average gross sound values realised on the previous and next succeeding invoices for similar sale of like tea of the Assured's Garden, but in the event of one being non-existent, the value of the other shall be taken as the basis of settlement.
- ii. In respect of tea on Firm Sale Contract, Claim shall be settled on the basis of the Insured valuation in the case of tea appropriated against Firm Sale Contracts.

**Less :** All unincurred expenses in respect (i) and (ii) above.

**If Teas despatched from the Gardens are carried by own vehicle or private carriers/other modes of transportation where the Insurer may not have recovery rights, claims in respect of such despatches should be paid to the extent of 90% of the Assessed Loss and the balance 10% of the Assessed Loss shall be borne by the Insureds.**

### 6.3.2 DURING STORAGE WITHIN INDIA

In the event of loss or damage to tea during storage in warehouse anywhere in India or any Port of Shipment in India, claims for such loss or damage shall be settled on the basis of the Garden's Average Prices on the dates of occurrence of such loss or damage or on the basis of the Broker's Account Sales/Sales invoice in the case of tea which has already been sold.

### 6.3.3 DURING OVERSEAS SHIPMENTS INCLUDING STORAGE OVERSEAS

Claims in respect of "Consignment Tea", Auction Sales shall be settled on the basis of the Brokers' Valuation Certificates and Account Sales or other acceptable evidence of the actual sale values realised as per custom of the trade. Where, however, parent break prices are not available, the Insurer's liability under this Policy shall be limited to 130% of the provisional value **less** all unincurred expenses.

Claims in respect of Private Sale Tea, shall be settled on the basis of the Sum Insured specified in the relative Certificate of Insurance, which shall be deemed to be the Agreed Values.

### 6.3.4 UNSOLD TEA AT AUCTION CENTRES

Teas despatched from the Garden within the Policy Period for sale at Auction Centres in India or Overseas and lying unsold at the time of submission of the Final Premium Adjustment Statement within 180 days as provided for hereinafter shall be valued at 130% of the Provisional Value both for adjustment of the premium and settlement of claims arising during the period of storage opted for.

## 7. PREMIUM ADJUSTMENT CLAUSE :

**7.1** The premium collected shall be subject to adjustment on the basis of tea actually produced, sold, unsold or otherwise disposed of.

The Insured shall submit to the Insurer a Final Premium Adjustment Statement furnishing particulars of actual total crop and sale proceeds together with a certificate from the **Auditor or the Chief Executive of the Company or a certified copy of the Excise Assessment or the Balance Sheet** for the concerned year, within 180 days from the date of expiry of the Policy. The Final Premium Adjustment Statement should specify the quantity of all tea produced, whether sold by auction, sold privately, ex-Garden or otherwise disposed of, including gift tea, sample tea, tea consumed at the Estate, tea wastes and tea totally lost/destroyed/damaged, howsoever caused, and tea remaining unsold and Held Back at the Garden.

Depending on the provisional premium collected and the actual premium payable, the Insured may be required to pay the difference in premium or may become entitled to a refund of premium, as the case may be. If the total turnover for the current year shall exceed or fall short of the estimated quantity of made tea, then the difference shall be met by a further proportionate payment of premium to the Insurer or by refund of premium by the Insurer to the Insured, as the case may be, in terms of the Final Premium Adjustment Statement received by the Insurer.

**7.2** Final Adjustment of the premium under the Policy issued on Agreed-Value basis shall be done

for the actual crop/turnover as against the estimated crop/turnover proposed at the inception. For Policies issued on Provisional-Value basis, the adjustment shall be done for both the actual crop/turnover and for the actual value realised as against the estimated crop/turnover and value proposed at the inception.

**7.3** Where insurance has been effected on Agreed-Value basis for disposals in India and Provisional-

Value basis for disposals overseas, the adjustment for entire crop and value shall be made as aforementioned, separately for the respective disposals on Agreed-Value basis and the Provisional-Value basis.

7.4 Should the Insured fail to comply with the requirements laid down under para 2 of Rule 7.1 given hereinabove, the Insurer will adjust final premium under such Policies and close such Policies in the following manner :-

- a. Where insurance has been effected on Agreed-Value basis, for the purpose of arriving at the actual turnover of made tea during the period of Insurance, the estimated turnover declared by the Insured under various heads will be loaded by 30% and Sum Insured and premium adjusted accordingly.
- b. In case of tea insured on Provisional-Value basis, both the provisional quantities of tea and the Provisional Value per kilogram of tea estimated and declared by the Insured, will be loaded by 30% and the Sum Insured and the premium adjusted accordingly.

7.5 After receipt of the Final Premium Adjustment Statement, it shall be incumbent on the part of the Insured to pay the difference in premium, if any, due and demanded by the Insurer in writing on the basis of the said Final Premium Adjustment Statement, within 30 days from the date of demand being made. **Failure to pay the Premium being demanded will entail automatic cancellation of the Policy for the current period immediately on expiry of the said 30 days without any further notice.**

7.6 In the event of non-payment of balance premium on account of adjustment, as demanded by the previous Insurer, this Policy shall stand automatically cancelled in terms of the Cancellation Clause (Clause 10).

## 8. BONUS/MALUS CLAUSE

Notwithstanding anything to the contrary contained in the within mentioned Policy, it is hereby agreed that rate of premium chargeable at each renewal of the Policy covering the Garden insured hereunder shall be arrived at by applying on the Basic Rate (ref. Note 3 below) the following Bonus/Malus Scale, based on the loss ratio relevant for the particular renewal :

### BONUS (DISCOUNT)

Loss Ratio	Percentage of Discount on Basic
Not exceeding 10%	35%
Exceeding 10% but not exceeding 20%	30%
Exceeding 20% but not exceeding 30%	25%
Exceeding 30% but not exceeding 40%	20%
Exceeding 40% but not exceeding 50%	15%
Exceeding 50% but not exceeding 60%	10%
Exceeding 60% but not exceeding 70%	Basic Rate (i.e. no discount)

### MALUS (LOADING)

Loss Ratio	Percentage of Loading on Basic
Exceeding 70% but not exceeding 80%	10%
Exceeding 80% but not exceeding 90%	20%
Exceeding 90% but not exceeding 100%	30%
Exceeding 100% but not exceeding 110%	40%
Exceeding 110% but not exceeding 125%	50%
Exceeding 125% but not exceeding 150%	75%
Exceeding 150% but not exceeding 175%	90%

Exceeding 175% but not exceeding 200%	100
Exceeding 200% but not exceeding 250%	125
Exceeding 250% but not exceeding 300%	150
Exceeding 300% but not exceeding 400%	175
Exceeding 400% but not exceeding 500%	225
Exceeding 500% but not exceeding 750%	300
Exceeding 750%	400

NOTE 1: To arrive at the Loss Ratio for application of the Bonus/Malus provision as above, finally adjusted net premium and all claims (i.e. Paid and Outstanding) including claims on account of catastrophic losses (excluding War & SRCC premium & claims) will be taken into account in respect of 3 underwriting years immediately preceding the expiring year.

NOTE 2 : The claim amount referred to in NOTE 1 above shall be net of recovery represented by Carriers' Legal Liability Insurance (Tea Crop) Premium, net of Discount/Agency Commission.

NOTE 3 : For the purpose of this Clause, 'Basic Rate' shall mean aggregate of the rate(s) and extra(s), excluding War & SRCC rates, as applicable, for the cover granted for the Garden insured hereunder.

NOTE 4 : In case of change in ownership of a Tea Garden, Proposal will be treated as a fresh risk. In such cases, Bonus/Malus will be applicable only after 4 years from the date of taking out insurance cover by the new owners on the basis of experience generated for 3 years immediately preceding the expiring year."

## 9. REASONABLE DESPATCH CLAUSE

It is a condition of this insurance that the Assured shall act with reasonable despatch in all circumstances within their control. Further, it is necessary for the Assured to give prompt notice to the Company of any event

- a) which is held covered under this Insurance
- b) giving rise to a claim under this Insurance,

as soon as they have obtained information of loss/damage from the Carriers/Brokers/Warehouse-keepers concerned and the right of recovery hereunder is dependent on compliance with this obligation.

## 10. CANCELLATION CLAUSE

- a. This Policy may be cancelled by giving 30 days' Notice of Cancellation in writing by either side. In the event of such cancellation, Insured shall submit within 60 days of cancellation, the Final Premium Adjustment Statement, duly certified by their Auditors, for the period the Policy was in force for adjustment of premium for the period of cover. However, this provision for adjustment does not apply to cancellation of Policies as provided for in 10 b, 10 c & 10 d.
- b. Consequent upon non-receipt of the Final Premium Adjustment Statement, as required under Clause (7) above, for adjustment within the stipulated time by the Company, it shall be incumbent on part of the Insured to pay the Additional Premium demanded by the Insurer within 30 days from the date of demand so made in writing. Failure to pay the Final Premium demanded will entail automatic

cancellation of the Policy immediately on expiry of the said 30 days ***without giving any further notice.***

- c. It is further agreed that after receipt of the Model Premium Statement, it shall be incumbent on the part of the Insured to pay the difference in premium, if any, due and demanded by the Company in writing after adjustment of premium on the basis of the said Model Premium Statement, within 30 days from the date of demand being made. Failure to pay the Additional Premium so demanded will entail automatic cancellation of this Policy immediately on expiry of the said period of 30 days ***without any further notice to the Insured.***
- d. Provision for Cancellation as provided for in 10 b & 10 c above shall also apply when expired Policy is with one Insurer and the current Policy is with another Insurer.

## **11. WARRANTIES**

It is the duty of the Assured and their servants and agents in respect of loss recoverable hereunder :

- a. To take measures as may be reasonable for the purpose of averting or minimising such loss, and
- b. To ensure that all rights against Carriers, Bailees or other Third Parties are properly preserved and exercised by lodging a monetary claim against Railway/Road Carriers/Bailees within six months from the date of Railway/Lorry Receipt or as prescribed by the relevant Statute, and the Underwriters will, in addition to any loss recoverable hereunder, reimburse the Assured for any charges properly and reasonable incurred in pursuance of these duties.

Measures taken by the Assured or the Underwriters with the object of saving, protecting or recovering the subject-matter insured shall not be considered as a waiver or acceptance of abandonment or otherwise prejudice the rights of either party.

Claims for losses, if any, under this Policy occurring after the tea leaves the Garden, shall be subject to an Excess of Rs.2000/- per consignment/per occurrence.

## **12. Arbitration**

If any dispute or difference shall arise as to the quantum to be paid under the policy (liability) being otherwise admitted) such difference shall independently of all other questions be referred to the decision of the sole arbitrator to be appointed in writing by the parties to or if they cannot agree upon a single arbitrator within 30 days of any party invoking arbitration the same shall be referred to a panel of 3 arbitrators, comprising of 2 arbitrators, 1 to be appointed by each of the parties to the dispute/difference and the 3rd arbitrator to be appointed by 2 such arbitrators and arbitration shall be conducted under and in accordance with the provisions of the Indian Arbitration and Conciliation Act, 1996. It is clearly agreed and understood that no difference or dispute shall be referable to arbitration as herein before provided, if the company has disputed or not accepted liability under or in respect of this policy. It is understood, however, that the Insured shall have the right at all times during currency of the Policy to communicate only, with the leading or issuing office in all matters pertaining to this insurance. Subject otherwise to the terms, exceptions, conditions and limitations of this policy.

## **13. Misrepresentation**

The Company shall not be liable to make any payment under this Policy in respect of any claim if such claim shall be in any manner fraudulent or supported by any statement or device whether by Insured or by any person on behalf of the Insured and/or if the insurance has been continued in consequence of any material mis-statement or the non-disclosure of any material information by or on behalf of the Insured.

## **14. Geographical Limit:**



The geographical scope of this Policy will be India and all claims shall be payable in Indian currency.