

# TRANSPORT



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**The transportation of goods is an integral part of a farmer's business and as important to a farmer as the produce he produces.** Road transport plays an important role in agricultural development because it is the major means of transporting agricultural produce from the farms to the markets as well as various urban communities. Due to the special characteristics of its products – perishable, seasonal and bulky – agriculture is uniquely reliant on a dependable and flexible transportation system.

# COVER

As part of the Santam Agriculture policy, we offer goods in transit cover. Under this insurance the client can choose from four options of cover:



**LIMITED COVER** (as described in the policy) will cover the client against loss of or damage to the property described in the schedule resulting from fire or explosion or collision or the overturning or derailment of the means of conveyance described in the schedule.

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**LIMITED COVER PLUS THEFT** will cover the client against loss of or damage to the property described resulting from fire or explosion or collision or the overturning or derailment of the means of conveyance as well as any subsequent theft.



**LIMITED COVER PLUS THEFT AND HIJACKING** will cover the client against loss of or damage to the property described resulting from fire or explosion or collision or the overturning or derailment of the means of conveyance as well as any subsequent theft and the hijacking of the means of conveyance.

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**ALL RISKS COVER** gives cover for the loss of or damage to the property described resulting from any accident or misfortune not otherwise excluded as defined in the policy wording.



The goods in transit section is extended to insure livestock as well, but unfortunately we do not offer all risks cover. This should be referred to Associated Marine (AMUA).



## DEFINITION

The definition of “transit” has been revised for our Agriculture policy and will now be deemed to commence from the time of loading the property (excluding tools of trade) described in the schedule (including carrying to any conveyance and loading thereon), continue with transportation to the destination (including temporary storage not exceeding 96 hours in the course of the journey) and end when offloaded and delivered at any destination. Any application or use of the property described in the schedule will not form part of this memorandum. This is quite an important change, as the standard definition referred to offloaded and delivered at any building of the consignee’s premises. With farmers, we know that they can be both the consignor and consignee, and the premises could be the same premises. We therefore changed the wording to accommodate our clients and provide wider cover.

# PART-TIME CONTRACTORS

As explained, the goods in transit section covers the property described, which would usually be the farmer's own property. But because we know that farmers transport third-party goods from time to time, therefore operating as a part-time transport contractor (as defined below), we will also indemnify the client if he/she does part-time contract transportation.

A "part-time transport contractor" is regarded as a farmer who occasionally transports goods for a third party and receives compensation.

Because it is difficult to underwrite each farmer and the business, we work with guidelines indicating that a "part-time transport contractor" will have a maximum of five trucks, and that the value should not exceed R500 000 per vehicle.

Any part-time contractor who does not fall within these guidelines, but still requires cover, can either contact our Transport branch or refer the matter to their relationship manager for referral to the necessary persons for authorisation.

Trucks used solely for their own farming purposes and transportation do not fall within the above definition and are therefore not affected by these guidelines.

Please note that cover may only be granted if Santam also insures the vehicles used to transport the goods.

Also note that in cases where the farmer has comprehensive crop insurance, the policy normally also grants transit cover between the farm and the receiver – usually the co-operative. Ensure that cover is not already in place when transit cover is requested.

# RATING

As with any standard goods in transit section, rating is done on the annual turnover. A load limit is chosen and the rate appropriate for the specific load limit (the higher the load limit and risk, the higher the rate) is applied to the annual turnover.

Because we know that some farmers only transport goods occasionally and therefore struggle to provide us with a turnover, we will allow the rating to be done on the load limit in these instances.





## IN GENERAL

**If you think about farm produce, a lot of the goods transported will be perishable goods, like vegetables, fruit and meat.** Please note the following when insuring perishable products under goods in transit:

In the main, this involves the transportation of vegetables, meat and fruit from the farm to the fresh produce market or canning factories. Once again, this involves a high risk, therefore the general housekeeping must be examined prior to granting the cover.

The deterioration of this kind of cargo is usually not covered. Cover is excluded in terms of the following specific exceptions contained in the wording:

1(b) Loss or damage arising out of or caused by inherent fault or defect (the natural tendency of perishable goods to deteriorate).

1(f) Loss or damage arising out of or caused by the breakdown of refrigeration equipment.

The policy can be extended to include these by way of cancelling these exceptions with two clauses that are added to the item.

# MOTOR SECTION

The motor insurance needs of a business and a farmer will vastly differ from that of an individual and that is why we have a wide range of extensions under our Agri motor section.

Note that only a few will be discussed here, so please refer to the motor wording.



# TRANSPORT CONTRACTORS

**We know that farmers transport third-party goods for compensation from time to time. A farmer will rarely transport goods somewhere and come back with an empty load.** The payment they receive for transporting a third party's goods also helps with the cost of the vehicle. In these cases, the farmer will be considered a part-time transport contractor. We have defined a part-time contractor as follows in terms of our product offering:

A "part-time transport contractor" is regarded as a farmer who occasionally transports goods for a third party and receives compensation.

Because it is difficult to underwrite each farmer and the business, we work with guidelines indicating that a "part-time transport contractor" will have a maximum of five trucks, and that the value should not exceed R500 000 per vehicle. For example: If a farmer has seven trucks worth R1 000 000 each, he/she will have to do a lot of extra trips for additional compensation to make up for the cost of the vehicles, and then we will reconsider writing the risk.

Any farmer who does not fall within these guidelines, but still requires cover, can either contact our Transport branch, who is geared for writing transport business, or refer the matter to their relationship manager in order for them to refer it to the necessary persons for authorisation.

Trucks used solely for their own farming purposes and transportation will not fall within the above definition and are therefore not affected by these guidelines.

Another kind of contractor is a farmer who does contract work with tractors and harvesters. We allow for these to be insured on our Agriculture policy, but we charge a higher rate, which is appropriate for the risk.

For more information, please speak to your relationship manager  
or contact us on 0860 247 400.

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