## DOCUMENT CONTROL

<table>
<thead>
<tr>
<th>Version</th>
<th>Date</th>
<th>By</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014.1</td>
<td>15/01/2014</td>
<td>Lance Marwood</td>
<td>Section 5.2 amended to show revised discount authorities.</td>
</tr>
<tr>
<td>2014.2</td>
<td>13/02/2014</td>
<td>David Harrison</td>
<td>Bookmarks added.</td>
</tr>
<tr>
<td>2014.3</td>
<td>31/12/2014</td>
<td>Norman Tap</td>
<td>Section 1.0 re-worded</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Section 2.0, 3.0 &amp; 4.0 new</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Section 4.2 re-worded</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Section 4.4.1 included excluded occupation number 22</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Section 4.7.2 Removed policy type detail amended WA NW Strategy</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Section 4.8 Removed text from map</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Section 4.9 removed individual postcodes</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Section 5.1 Minor changes</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Section 7.1 formatting and loss ratio % change</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Section 7.2 minor alterations</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Section 7.3 $100k reduced to $50k</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>8.8, 8.9, 8.11 new</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Section 8.10 include greenhouses</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Section 8.12 Include hay strategy criteria</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Section 9.5 combined duplicated detail</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Section 9.6, 9.7, 9.8 new</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Section 10.0 reduced % from 70 to 65</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Section 11 Re-worded</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Section 11.1 Combined to reduce duplication</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>General alteration to replace WFI Underwriting team with WFI Risk</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Underwriters</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Section 13 Express renewals</td>
</tr>
</tbody>
</table>
1.0 Introduction

To effectively underwrite a client’s rural portfolio it is not a simple a matter of knowing the type of farm. The total scope of the operation and the physical activities undertaken together with possible contractual exposures need to be identified and fully understood.

Speaking directly with your client, preferably face to face and on the farm, should provide you with valuable insight not only with respect to your client’s attitude towards risk, the quality and experience of the farms management; it will provide you with the opportunity to view the physical characteristics and quality of the farming operation and assets. This section cannot cover the basic rules of understanding of your client’s farm business. WFI will reply upon your experience to ensure correct underwriting is being applied. It is most important prior to accepting insurance cover to recognise you may have limited knowledge or experience towards insuring a particular type of farm and therefore you should seek your immediate line manager’s advice.

You will note that this section includes referral forms and questionnaires. These may not adequately address all the exposures of a particular risk and your additional written comments and insights should be provided supporting the referral. You are WFI’s front line eyes and ears and your underwriting of each client’s risks will directly affect profitability. Should a risk requires referral please ensure the relevant forms are fully completed and provide including other relevant commentary you believe is needed to assist the WFI Risk Underwriters.

2.0 Preferred Risks
- Farmers and Graziers including Beef, Sheep, Goat, Deer, Alpaca
- Dairy farmers
- Grain growers
- Cane growers
- Market garden / Vegetable growers
- Nursery (Wholesale only)
- Horse farms (non-race horse)
- Hobby farms
- Chicken growers
- Poultry / Egg farms
- Apiarists
- Piggery
- Orchardists and Vineyards

3.0 Refer Risks
- Aquaculture – land based only
- Farms with turnover exceeding $10,000,000
- Farms including non-agricultural businesses
- Tobacco Farming
- Buildings constructed with Expanded Polystyrene Sheeting (EPS - sandwich panelling) > 20% any single building
- Any farm not specifically listed within preferred or decline risks
4.0 Decline Risks
- Aquaculture – sea or non-land based
- Farms with stockfeed manufacturing facility
- Farms with any mining activities on the property
- Farms with any hydraulic fracturing activities on the property
- Farms with commercial electrical generation facilities (E.g. Wind, solar)
- Farms with horse jumping, pone or horse club activities, horse trials and the like
- Seaweed harvesting
- Crocodile farming
- Drug plant farming
- Race horse breeding and race horse agistment (including riding school and horse training)
- Horse and or agistment farm (including riding school and training)
- Horse stud farm
- Peat cutting
- Snake farm
- Buildings constructed with (EPS - sandwich panelling) > 50% any single building

4.1 Exceptional Circumstances for Acceptance of Decline Risks
WFI Risk Underwriters will only consider a decline risk new business in exceptional circumstances for existing WFI clients.

This does not guarantee acceptance, as each risk will be reviewed on its merits. Approval needs to be provided by the WFI Risk Underwriters prior to quoting terms.

4.1.1 Minimum Exceptional Circumstances Requirements
All the following need to apply:
- Client must have been a WFI client for a minimum of 3 years.
- Their existing business must have a premium value of $10,000 before charges.
- Their existing business cannot be another Decline list occupation.
- The clients account must have a loss ratio of 50% or less over the past 3 years.
- The risk proposed must be of a high quality and have complied with all building codes regulations and applicable Australian Standards.

Please note these risks require approval by the WFI Risk Underwriters.

4.1.2 Special Considerations for Exceptional Circumstance Referrals
An authority cannot be transferred from one insured to another, therefore if a farmer sells part of the farm or farm assets and this is decline risk, then we may consider continuing cover for the new owner as ‘new business’. This however, will be reviewed on a case by case basis and will require the WFI Risk Underwriters approval prior to acceptance.
4.2 Claims Experience Declines

Prior to declining any renewal risk due to a poor claims experience, efforts to correct the performance of the account or the risk in which the losses have incurred should have been considered.

This can be done by premium loadings, excess structure increases or risk management (such as increased levels of security etc.). If after imposing these additional terms the loss history does not improve, then consider declinature of the account or the risk.

Claims experience considerations should be applied in the ARL management when:

- The loss ratio of the risk or the account is greater than 80% (not including one off losses such as freak storm events etc.).
- The risk or the account is demonstrating a high frequency of losses. Frequency can be individual large losses on a frequent basis, or a pattern of claims on a risk or account.

Claims experience declines should only be considered when corrective measures have failed to return the account or risk to a profitable position.

4.3 Renewals

The following criteria apply in relation to Decline Risks that are due for renewal:

1. Renewals that are on the Decline List must be sent to the WFI Risk Underwriters at least 4 weeks prior to renewal. The submission must include the full underwriting file including surveys and photographs as well as a copy of the ARL. This will ensure that any recommendations for risk improvement can be implemented or should we need to decline renewal, then we comply with the Contract Acts requirements.

2. Decline Risk referrals requiring referral to the WFI Risk Underwriters are to be referred every 3 years, providing there has been no change in the material risk. Any changes to the risk must be referred in the usual manner in the year the material change occurs.

3. With respect to survey forms and photographs, the Area Manager should visit the risk prior to the referral being submitted and review the risk. If there has been no change to the risk then the Area Manager must acknowledge this on the referral. The new survey must include new photographs to accompany the referral.

4. It is recommended that all risks be referred to Regional Managers in the opposing years; however, this decision will be at the Regional Managers discretion.

5. There are certain classes of insurance or situations when referrals must be sent to the WFI Risk Underwriters prior to each renewal. These are:

- All policies/risks that have facultative reinsurance attached,
- Any policy/risk that the WFI Risk Underwriters have specifically requested referred.

4.4 Excluded Occupations – Reinsurance Treaty & WFI Exclusions

There are a number of occupations, risks and classes of insurance that cannot be written under any circumstances, due to reinsurance treaty restrictions.

As we have no protection for these occupations, risks or classes, all requests to consider such risks must be referred to the WFI Risk Underwriters. Where consideration is required, in limited circumstances WFI may consider providing cover; however special acceptance from reinsurers must first be obtained by Product/WFI Risk Underwriters prior to any terms being provided.
4.4.1 Excluded Occupations

1. Stevedoring & dockside risks
2. Construction, maintenance or repair of ships, vessels or craft over 8 metres in length
3. Aerodrome and/or airport operation and aircraft refuelling operations (does not apply to Farmers legal liability Aircraft and landing areas)
4. Railway authorities and/or companies, tramway authorities and/or companies.
5. Underground risks
6. Quarrying with or without use of explosives
7. Subaqueous construction and/or maintenance
8. Construction and/or maintenance of dams (other than agricultural earth dams – Earthmoving Contractors are a Refer Occupation)
9. Manufacture, storage, filling, breaking down or transport of explosives (including fireworks and ammunition) or high pressure gases in containers
10. Gas and electricity supply operations
11. Production, storage and distribution or sale of natural gas petroleum products and/or highly inflammable gases or spirits. Does not apply to ordinary garage proprietors, motor vehicle repairers, petrol service stations and/or fuel agents’ depots
12. Amusement parks
13. Mining risks – including offshore oil rigs, gas rigs. (Clients who undertake incidental activities to the mining industry [e.g. services to mining] may be considered – please refer to WFI Risk Underwriters for acceptance/non acceptance.)
14. Civil engineering works (as per Underwriting Manual Contract works section)
15. Manufacturers of aircraft and/or aircraft component parts
16. Manufacturers of pharmaceutical products
17. Manufacturers of pesticide/herbicide products
18. Waste facilities
19. Tobacco processing and packaging and tobacco growing or importation, unless incidental to the main occupation
20. Manufacturers and importers of GMO products
21. Tree felling/chipping
22. Manufacture and/or Importation of motor cycles, motor cars, vans and trucks and/or critical components thereof

4.5 Policy Exclusions

Exclusions that are shown in the policy wordings must not under any circumstances be deleted or amended. All requests to vary or amend these must be referred to the WFI Risk Underwriters. These include:

- USA/Canada exposure.
- War
- Nuclear
- Asbestos etc.
- Liability in respect of vehicles required by statute to be insured
- Defamation (libel and slander)
- Use of aircraft
- GMO (Genetically engineered or genetically modified substance or organism)
- E-Commerce.

Any requests to offer the following types of insurance products must be declined as WFI does not write any of these policy types:
- Products recall/defects liability
- Products guarantee
- Directors & Officers liability
- Malpractice or professional liability (other than treatment risk for hairdressers)

### 4.6 Moral Hazard Guidelines

‘Moral hazard’ refers to personal factors associated with the proposed insured which might suggest that a claim on the policy is more likely, or is more likely to be higher, than when those personal factors are absent. ‘Moral hazard’ is relevant to WFI’s decision whether to accept a risk and if so, on what terms.

‘Moral hazard’ is not the same as ‘physical hazard’. ‘Physical hazard’ refers to the risk posed by the subject matter of the insurance itself. It has nothing to do with the proposed insured. For example, the physical risk posed by a weather board house is higher than that posed by a brick and tile house.

WFI has identified certain ‘moral hazard’ that requires underwriters to automatically decline the risk on the basis that the ‘moral hazard’ makes the risk commercially unacceptable to WFI. These are set out below.

WFI will not accept any insurance cover in the following instances and consider these to be decline risks:
- Premises known to be intended for demolition or which are subject to any notice issued by a statutory authority requiring the carrying out of work to comply with any by-laws or regulations,
- Any premises used for illegal purposes,
- Multiple bankruptcies, e.g. persons having declared bankruptcy on more than one occasion.

Where a record of answers (or other disclosure to WFI) indicates that any of the points below apply then the risk must be referred to the WFI Risk Underwriters to determine if insurance cover can be offered.
- Any person convicted of a sexual assault offence in the past 10 years.
- Any person convicted of a drug related offence in the past 10 years.
- Any person convicted of burglary or housebreaking in the past 10 years.
- Any person convicted of armed robbery, regardless of when the offence occurred.
- Any person convicted of an offence involving dishonesty, regardless of when the offence occurred.
- Any person convicted of an arson offence, regardless of when the offence occurred.
- Any person convicted of murder of manslaughter, regardless of when the offence occurred.

Note: Spent conviction legislation in each State, Territory or Federal may mean that an applicant for cover does not have to disclose their convictions to us.

4.7 Geographical Limitations

4.7.1 Property Risks above the Snowline

Any property risk located above the snowline must be declined. This includes but is not limited to commercial, rural or residential risk (i.e. ski lodges, short term accommodation, body corporate buildings, commercial businesses (restaurants/retail etc.), maintenance shed, cabins or farm structures.

WFI considers the Snowline as being any area that is blanketed with snow for greater than 30 days.

4.7.2 Northern Queensland

In regards to Northern Queensland, the strategy for all postcodes shown in the table below in red is to stop all growth and reduce exposure in terms of risk numbers and exposure values. To achieve the strategy it is imperative that poor performing renewals and sub-standard risks are declined. For personal lines an unprofitable policy is any with a loss ratio of 60% or more for all years.

The table below has been developed to clearly identify what WFI strategy is in far north QLD.

Locations North of the 26th Parallel and within 50kms of the Coast

<table>
<thead>
<tr>
<th>Area</th>
<th>Postcode</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weipa/Thursday Island</td>
<td>4874, 4875, 4876</td>
<td>No new business at all.</td>
</tr>
<tr>
<td>Abingdon Downs, Arbouin, Archer River, Aurukun, Bellevue,</td>
<td>4892</td>
<td>No new business at all for this new postcode</td>
</tr>
<tr>
<td>Coen, Dixie, Edward River, Gamboola, Groganville, Gununa,</td>
<td></td>
<td>formed by splitting 4871 into two postcodes.</td>
</tr>
<tr>
<td>Highbury, Holroyd river, Kowanyama, Lakefield, Laura,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lizard, Lockhart, Lockhart River, Lyndside, Maramie,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mount Mulgrave, Palmer, Pormpuraaw, Ravensworth, Red</td>
<td></td>
<td></td>
</tr>
<tr>
<td>River, South Wellesley Islands, Staaten, Wellesley</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Islands, West Wellesley Islands, Wrotham, Yagoonya,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yarraden</td>
<td></td>
<td></td>
</tr>
<tr>
<td>District</td>
<td>Postcodes</td>
<td>Notes</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>-----------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Cooktown</td>
<td>4895</td>
<td>No new business at all.</td>
</tr>
<tr>
<td>Mossman/Port Douglas</td>
<td>4873, 4877</td>
<td>No new business at all.</td>
</tr>
<tr>
<td>Cairns District</td>
<td>4865, 4868, 4869, 4870, 4878, 4879, 4871</td>
<td>No new unassociated business to be written in this area. Consideration will only be given to existing clients purchasing new properties etc. RCBU1 RM approval still required. In regards to 4871, this is a large postcode and therefore in relation to this strategy we are only referring to properties within 50kms of the coast within 4871. Final RCBU1 RM approval still required for any business within 4871.</td>
</tr>
<tr>
<td>Tablelands District</td>
<td>4872, 4880, 4881, 4882, 4883, 4884, 4885, 4886, 4887, 4888</td>
<td>We must ensure that we control our level of exposure within this district. All new non associated business to be approved by RCBU1 RM. AM/CSTM have been given the authority to accept business connected to existing clients purchasing new properties.</td>
</tr>
<tr>
<td>Babinda</td>
<td>4861</td>
<td>No new un-associated business to be written in this area. Consideration will only be given to existing clients purchasing new properties etc. RCBU1 RM approval still required.</td>
</tr>
<tr>
<td>Innisfail District</td>
<td>4856, 4857, 4858, 4859, 4860</td>
<td>No new un-associated business to be written in this area. Consideration will only be given to existing clients purchasing new properties etc. RCBU1 RM approval still required.</td>
</tr>
<tr>
<td>Tully/Mission Beach District</td>
<td>4852, 4854, 4855</td>
<td>No new un-associated business to be written in this area. Consideration will only be given to existing clients purchasing new properties etc. RCBU1 RM approval still required.</td>
</tr>
<tr>
<td>Ingham</td>
<td>4850</td>
<td>No new business at all.</td>
</tr>
<tr>
<td>Cardwell</td>
<td>4849</td>
<td>No new business at all.</td>
</tr>
<tr>
<td>Kurumba</td>
<td>4890, 4891</td>
<td>No new business at all.</td>
</tr>
<tr>
<td>Townsville</td>
<td>4810, 4811, 4812, 4814, 4815, 4816, 4817, 4818, 4819</td>
<td>No new un-associated business to be written in this area. Consideration will only be given to existing clients purchasing new properties etc. AM/CSTM have the authority to accept business connected to existing clients purchasing new properties. Any other business requests must be approved by RCBU1 RM. RCBU1 RM approval still required.</td>
</tr>
<tr>
<td>Ayr District</td>
<td>4806, 4807, 4808, 4809</td>
<td>No new un-associated business to be written in this area. Consideration will only be given to existing clients purchasing new properties etc. AM/CSTM have the authority to accept business connected to existing clients purchasing new properties. Any other business requests must be approved by RCBU1 RM. RCBU1 RM approval still required.</td>
</tr>
<tr>
<td>Bowen</td>
<td>4805</td>
<td>No new business at all.</td>
</tr>
<tr>
<td>Proserpine District</td>
<td>4741, 4800, 4801, 4802, 4803</td>
<td>No new business at all.</td>
</tr>
<tr>
<td>District</td>
<td>Postcodes</td>
<td>Notes</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>----------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Mackay District</td>
<td>4737, 4738, 4739, 4740, 4741, 4750, 4751, 4753, 4754, 4756, 4757, 4798, 4799</td>
<td></td>
</tr>
<tr>
<td>Rockhampton/Yeppoon District</td>
<td>4678, 4680, 4694, 4695, 4697, 4699, 4700, 4701, 4702 (within 50kms of the cost), 4703, 4704</td>
<td>We must ensure that we control our level of exposure within this district. New business (non-associated) can only be written with the final approval from RCBU1 RM. AM/CSTM has been given the authority to accept business connected to existing clients purchasing new properties. In regards to 4702, this is a very large postcode and therefore in relation to this strategy we are only referring to properties within 50kms of the coast within 4702.</td>
</tr>
<tr>
<td>Bundaberg/Agnes Waters District</td>
<td>4660, 4662, 4670, 4671, 4672, 4673, 4674, 4676, 4677</td>
<td></td>
</tr>
<tr>
<td>St Lawrence District</td>
<td>4706, 4707</td>
<td>No new business at all.</td>
</tr>
<tr>
<td>Maryborough/Hervey Bay District</td>
<td>4650, 4655, 4656, 4657, 4658, 4659</td>
<td>We must ensure that we control our level of exposure within this district. AM/CSTM have the authority to accept business connected to existing clients purchasing new properties. New business may be written with RCBU1 RM final approval.</td>
</tr>
</tbody>
</table>
Risks above 26th Parallel (Western Australia) and Northern Territory

The North West region is grouped into 5 regions as follows: (map section 2.8)

<table>
<thead>
<tr>
<th>Region</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central</td>
<td></td>
</tr>
<tr>
<td>Coastal (Murchison)</td>
<td></td>
</tr>
<tr>
<td>Inland Kimberley</td>
<td></td>
</tr>
<tr>
<td>Inland Pilbara</td>
<td></td>
</tr>
<tr>
<td>Carnarvon</td>
<td></td>
</tr>
<tr>
<td>Northern Territory</td>
<td>Whole State - Refer to WFI Risk Underwriters</td>
</tr>
</tbody>
</table>

The following conditions apply.

- **Coastal**
  - All business in the coastal towns of Broome, Port Hedland, Dampier / Karratha, Onslow, Exmouth, Coral Bay or any other area within 200km of the coast are to be reviewed in the following manner:
    - If the account is supported by extensive profitable portfolio of business below the 26th Parallel a referral is completed and discussions held with the Regional Manager Region 10 or the WFI Senior Risk Underwriter
    - If a risk falls outside the above criteria, the business will be exited (notwithstanding performance in the past).

- **Central** –
  - New business only within Coastal parameters above
  - Continue to renew existing profitable rural business
  - Continue to load or exit borderline profitable policies

- **Inland Kimberley**
  - New business only within above parameters
  - Continue to renew existing profitable rural business
  - Continue to load or exit borderline profitable policies

- **Inland Pilbara**
  - New business only within above parameters
  - Continue to renew existing profitable rural business
  - Continue to load or exit borderline profitable policies

- **Carnarvon**
  - Do not grow in home and contents insurance however will consider rural risks. All new business will be assessed on a case by case basis by the Regional Manager Region 10 or the WFI Senior Risk Underwriter
  - Existing underwriting criteria must be used for this zone
Only write New Business above the 26th Parallel in the Coastal Zone if we have room under our proposed cap and it is supported by substantial, profitable business in more acceptable areas.

In respect to the other four zones, all new business will only be written on the authority of the Regional Manager (Region 10) or risk underwriters. We also propose that the incumbent Area Manager have the authority to renew business in this area without referral, as long as there is no more than 10% increase in asset values/sums insured as this will reduce referral activity greatly and allow the AM to work more effectively.

All other renewals must be referred annually.

- Selectively grow our book in Kununurra within the cap
- All risks falling within the Kimberley & Coastal Cyclone Belt regions are to be declined
- Risks falling into the refer zones of Pilbara and Central
- Risks falling within the Carnarvon Region do not require WFI Underwriters authority.
- The maximum exposure is to be capped as detailed within 2.7.4

Link – North West Strategy

<table>
<thead>
<tr>
<th>Postcode</th>
<th>Town</th>
<th>Risks</th>
<th>Existing SI</th>
<th>Cap SI</th>
</tr>
</thead>
<tbody>
<tr>
<td>6707</td>
<td>EXMOUTH</td>
<td>4</td>
<td>6,162,680</td>
<td>3,000,000</td>
</tr>
<tr>
<td>6710</td>
<td>ONSLOW</td>
<td>1</td>
<td>397,184</td>
<td>0</td>
</tr>
<tr>
<td>6711</td>
<td>THEVENARD</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>6712</td>
<td>ISLAND</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>6714</td>
<td>KARRATHA (1)</td>
<td>17</td>
<td>14,321,352</td>
<td>20,000,000</td>
</tr>
<tr>
<td>6716</td>
<td>PANNAWONICA</td>
<td>1</td>
<td>36,050</td>
<td>0</td>
</tr>
<tr>
<td>6718</td>
<td>ROEOBURN</td>
<td>2</td>
<td>2,585,040</td>
<td>500,000</td>
</tr>
<tr>
<td>6720</td>
<td>WICKHAM</td>
<td>1</td>
<td>56,446</td>
<td>0</td>
</tr>
<tr>
<td>6721</td>
<td>PORT HEDLAND SOUTH</td>
<td>6</td>
<td>2,915,500</td>
<td>500,000</td>
</tr>
<tr>
<td>6722</td>
<td>HELDLAND</td>
<td>2</td>
<td>40,000</td>
<td>0</td>
</tr>
<tr>
<td>6725</td>
<td>BROOME (3)</td>
<td>12</td>
<td>2,649,595</td>
<td>10,000,000</td>
</tr>
<tr>
<td>6726</td>
<td>CABLE BEACH</td>
<td>1</td>
<td>21,855</td>
<td>0</td>
</tr>
<tr>
<td>6728</td>
<td>DERBY</td>
<td>1</td>
<td>303,396</td>
<td>500,000</td>
</tr>
<tr>
<td>6740</td>
<td>WYNDHAM</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>6743</td>
<td>KUNUNURRA</td>
<td>4</td>
<td>1,207,757</td>
<td>15,000,000</td>
</tr>
<tr>
<td>6751</td>
<td>TOM PRICE (2)</td>
<td>10</td>
<td>11,689,781</td>
<td>15,000,000</td>
</tr>
<tr>
<td>6753</td>
<td>NEWMAN (2)</td>
<td>17</td>
<td>7,913,122</td>
<td>15,000,000</td>
</tr>
<tr>
<td>6754</td>
<td>PARABURDOO (2)</td>
<td>1</td>
<td>20,000</td>
<td>500,000</td>
</tr>
<tr>
<td>6760</td>
<td>MARBLE BAR</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>6762</td>
<td>TELFER</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>6765</td>
<td>FITZROY</td>
<td>9</td>
<td>8,721,123</td>
<td>10,000,000</td>
</tr>
<tr>
<td>6770</td>
<td>HALLS CREEK (2)</td>
<td>4</td>
<td>2,530,225</td>
<td>5,000,000</td>
</tr>
</tbody>
</table>

Total 93 61,571,106 105,000,000
Note:
(1) The cap on Karratha is increased due to the fact that we are sure to have large clients buying more businesses in this fast growing town and we need to take that probability into consideration.
(2) These towns are in non-cyclone areas and as such, we believe we should be able to grow selectively.
(3) Karratha, we feel that large Perth accounts and elsewhere will expand to Broome or purchase properties there and we need to take this probability into consideration.

4.8 Northwest Western Australia are Decline and Refer Regions
4.9 Embargos

4.9.1 Acceptance or Variation of Cover During Threat Of an Embargo

No new business should be accepted, nor is any increase of sums insured to be allowed on existing covers, on property located in an area under threat of an embargo. The Operational Governance team will advise of an Embargo. However if there are no instructions issued, then cover is not to be issued when the following is known or occurs:

4.9.2 Cyclones

This applies whenever:

- A Cyclone Watch has been announced for the region/area affected; or
- the cyclone has been named; or
- a cyclone warning is issued in the region/area affected; or the cyclone is within 400km of the coast.

This restriction remains in force until such time as the cyclone watch is cancelled, whether or not the cyclone moves beyond 400km of the coast.

Classes of business subject to this acceptance:

<table>
<thead>
<tr>
<th>Classic Home</th>
<th>Standard Home (Defined Events)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farm Property Damage</td>
<td>Pleasure Boat</td>
</tr>
<tr>
<td>Farm Loss of Income</td>
<td></td>
</tr>
</tbody>
</table>

4.9.3 Bushfires

Where property is within 50km radius of bush fires, then no new covers or sum insured increases are to be accepted for a period of 48 hours.

Classes of business subject to this acceptance:

<table>
<thead>
<tr>
<th>Classic Home</th>
<th>Standard Home (Defined Events)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farm Property Damage</td>
<td>Pleasure Boat</td>
</tr>
<tr>
<td>Farm Loss of Income</td>
<td></td>
</tr>
</tbody>
</table>

4.9.4 Hail Storms

Where property and motor vehicles are within a region where:

- thunder storm or hail storm warnings have been issued by the Bureau of Meteorology,
- or are known to be occurring in the region in particular during the months from November to February,

then no new covers or sum insured increases are to be accepted for a period of 48 hours from the time the warning has been issued or storm occurring.

Classes of business subject to this acceptance:

<table>
<thead>
<tr>
<th>Classic Home</th>
<th>Standard Home (Defined Events)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farm Property Damage</td>
<td>Pleasure Boat</td>
</tr>
<tr>
<td>Farm Loss of Income</td>
<td></td>
</tr>
</tbody>
</table>
4.9.5 Riots, Strikes, Civil Commotion

Where property is located within an area where riots or civil commotion have been planned or likely to occur, then no new covers or sum insured increases are to be accepted as follows:-

- Where the time of the riots, demonstration or march, etc. is known for a period of 48 hours prior to the event and 24 hours after the event, or
- Where a riot, demonstration or civil commotion is occurring or is imminent for a period of 48 hours after commencement.

Classes of business subject to this acceptance:

<table>
<thead>
<tr>
<th>Classic Home</th>
<th>Standard Home (Defined Events)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farm Property Damage</td>
<td>Farm Loss Income</td>
</tr>
</tbody>
</table>

Conclusion

The only exceptions to any of the above acceptance criteria is when an EXISTING client assumes ownership or responsibility for property and it can be clearly demonstrated that the intention would always have been to insure with WFI and in any event, any such risk MUST be referred to a Regional or Operations Manager for consideration.

Where such approval is given, then the policy will be issued subject to normal underwriting requirements, wordings, excesses, terms and conditions.

5.0 Refer Risks

5.1 Referral Requirements

Referral to the WFI Risk Underwriters is required annually prior to renewal if:

- the risk is a ‘decline risk’ for this class of business, or
- the policy has facultative reinsurance in place.

Other risks that require referral to the WFI Risk Underwriters generally will require re-referral prior to renewal, every 3 years. However in order to reduce the volume of referrals to the WFI Risk Underwriters we have developed a strategy whereby a referral every 3 years may not be necessary.

Referral to the WFI Risk Underwriters of risks that would usually require referral every 3 years do not need to be referred provided that:

- there has been no material change to the risk (e.g. location or security/fire protection) or change to business activities undertaken by the insured since it was last approved for acceptance by the WFI Risk Underwriters acceptance,
- there has been no reduction to the previously approved premium rate,
- there has been no reduction to the previously approved excess,
- the WFI Risk Underwriters have NOT given approval of the risk with specific future referral conditions. These specific referral conditions will always override the general referral strategy, and
- the risk meets the criteria set out in the table below.
<table>
<thead>
<tr>
<th>Topic</th>
<th>Criteria</th>
<th>Renewal</th>
<th>Endorsement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss Ratio risk</td>
<td>Loss ratio on risk exceeding authority all years and 3 years is less than 50%</td>
<td>☑️</td>
<td>☑️</td>
</tr>
<tr>
<td>Loss Ratio whole account</td>
<td>Whole account loss ratio all years, 3 years and last 12 months is less than 50%</td>
<td>☑️</td>
<td>☑️</td>
</tr>
<tr>
<td>Claims</td>
<td>Total number of claims does not exceed 2 per year on risk that exceeds authority</td>
<td>☑️</td>
<td>☑️</td>
</tr>
<tr>
<td>Property sum insured</td>
<td>All plan types where the property risks (i.e. FMD etc…) does not exceed $15,000,000</td>
<td>☑️</td>
<td>☑️</td>
</tr>
<tr>
<td>Sum insured (All other)</td>
<td>Maximum variance to a sums insured from last renewal does not exceed $5,000 or 20% of sum insured, whichever is the greater</td>
<td>☑️</td>
<td>☑️</td>
</tr>
</tbody>
</table>

It is recommended that;

- the Area Manager undertakes a full review of each risk annually and concludes that the risk is still acceptable in accordance with the underwriting guidelines current at the time of the review,
- the next referral review date be noted as a ‘policy header non printable blackboard’ for future reference; and
- a copy of the referral be kept in the file for audit purposes, and
- the policy is be coded as ‘manual review required’.

5.2 Endorsements/Clauses

Authorities for alterations to standard wordings are limited to the clauses or endorsements available in WI90 and ISS, and limited to the risks they attach to. Cover must not be extended beyond those options without referral to the WFI Risk Underwriters via your Regional Manager.

5.3 Processing

While colleagues may be able to input/upload cover in WI90 &/or ISS this should not be confused with individuals authorities.

Staff should ensure that the appropriate authority has been sought prior to input/uploading.

For full details in relation to processing of a risk please refer to the BPM.

5.4 Reviews

Policy reviews will be conducted, this means that records of risks referred must be noted on the WI90 risk screen (where available) or on the main blackboard if not available.

It will be necessary to verify risks and whether authority limits and instructions have been adhered to.

A review on the risk should reveal that:

- All approved conditions have all been actioned, &
- Cover placed on risks over an individual’s authority has obtained the appropriate approval, &
- Poor performing accounts have been reviewed and remedial action implemented.
6.0 **Underwriting Authority Limits**

All colleagues who accept risks on behalf of WFI must operate within their personal underwriting authority.

All colleagues must operate within their authority as per their Underwriting Licence. Under no circumstances are the limits to be exceeded when accepting/renewing business. To establish what your authority is please refer to your underwriting licence within the Rural underwriting authority matrix.

Please click here to go to the Underwriting Matrix

6.1 **Premium Governor**

WFI has a technical premium for a risk; this premium is managed by a Governor. This tool helps you establish how much of our technical premium WFI are obtaining for a particular risk.

Premium governors apply for all renewal risk classes other than manually rated classes (i.e. ISR, LTR, CGN, LSM etc…). The purpose of the premium governor is to manage the effect of increases on renewals that are below the book rate (100% rating). The governor will restrict the premium to a set percentage increase from the previous year. The effect of the governed increase is shown along with the premium information on the ARL.

Essentially if the governor is below 100%, then the risk has already been discounted below WFI’s standard book rates. When considering applying discounts to risks such as these, your maximum discount cannot be exceeded (please see strategy’s below).

**Example:**

- Risk 001/003 PMV
- Renewal premium on ARL = $700+ charges
- Governor percentage = 70%
- WFI Standard book rate = $1,000+ charges (technical rate)

This means the client is obtaining a 30% discount off WFI’s standard book rates (technical rate).

7.0 **Strategies**

7.1 **Stand Alone Policies**

Stand-alone policies may be underwritten through WFI however referral in the first instance to a Regional Manager is required.

The expectation is that high risk or poor performing risks are avoided. Examples are:

- Single line policies written which form part of our Rural Plan (e.g. Farm machinery breakdown, General property, Farm transit etc…)
- Farm Machinery breakdown risks,
- General property or tools cover,
- Single line policies written which form part of our Insurance Plan (e.g. Farm Transit etc…)
- Individual risks with a poor loss history (i.e. a loss ratio 60% of greater for the past 3 years) etc…

Risks located in the Far North of Queensland, Far North of WA, & Northern Territory must not to be accepted as Stand Alone Policies. These areas remain a non-preferred area and any risk should be referred to your Regional Manager.
### 7.2 Discounting codes

The following discounting codes may be applied subject to your individual underwriting authority:

<table>
<thead>
<tr>
<th>Discount Code</th>
<th>Codes maximum Percentage</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Code 09</td>
<td>Up to 10%</td>
<td></td>
</tr>
<tr>
<td>Code 63</td>
<td>Up to 15%</td>
<td></td>
</tr>
<tr>
<td>Code 65</td>
<td>Up to 20%</td>
<td></td>
</tr>
<tr>
<td>Code 80</td>
<td>Up to 30%</td>
<td></td>
</tr>
<tr>
<td>Code 60</td>
<td>Up to 50%</td>
<td></td>
</tr>
<tr>
<td>Code 60</td>
<td>Discounts above 50% - table lift required</td>
<td>Where Authority matrix indicates “Unlimited”</td>
</tr>
</tbody>
</table>

The following discounts can be used by all staff, in accordance with underwriting guidelines:

<table>
<thead>
<tr>
<th>Discount type</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seniors Card</td>
<td>11</td>
</tr>
<tr>
<td>Security Alarm</td>
<td>12</td>
</tr>
<tr>
<td>Car Alarm</td>
<td>14</td>
</tr>
</tbody>
</table>

**7.3 Large loss**

When looking at the following strategies, we take into account loss ratios. At times these can be affected by large losses.

A large loss is when a client has suffered 1 loss in the past 3 years equal to or greater than $50,000.

**7.4 Loss ratio**

The loss ratio provides us with a summary of how an account is performing. When we refer to ‘loss ratio’ in this module we are referring to the loss ratio for 3 years.

If the loss ratio does not meet the strategy outlined (i.e. Area Managers Strategy, Regional Managers Strategy etc…) over a 3 year period and you feel an account deserves special consideration, you may refer to the WFI Risk Underwriters with relevant information/justification.

### 8.0 Farm Property Damage

#### 8.1 Strategy Outline

Due to the continuing poor performance of the FMD premium class it is necessary to implement a strategy to deal with our poorer performing risks. This is achieved by way of strong ARL management including Segmentation measures.

This strategy outlines the minimum requirements for management of these risks and will provide guidance to Operations staff on minimum loadings, premium variation, excess structures and allowable underwriting practices.
8.2 **Strategy Objectives**

- The objective of this strategy is to ensure poor performing risks are properly managed to ultimately improve the overall loss ratio results, without increasing current FMD rating structures;
- To eliminate discounts on poor performing farm business with an FMD loss ratio of 65% or greater.
- To discourage the practice of renewing FMD policies at lower than expiring premiums when FMD loss ratios are poor; and premium governors are at 80% or less of base premium;
- To give uniformity, clarity and direction of allowable underwriting practices for FMD.

8.3 **Grouping Of Risks – Multiple Locations**

- Farm locations are separate when the distance of separation is greater than 10 kilometres. Regional Manager approval is required if one location is to be issued where the distance between other properties is greater than 10 kilometres (a farm location is not considered separate if that location has the same farm name and is simply separated by a road);
- A farm location is not considered separate if that location has a different farm name but the insured(s) names are identical and the location is only separated by a road. If insured(s) names differ then a separate risk noting the correct insured name should be offered);
- Each farm location is to be separately rated for the FMD risk. However, allowance will be made if the fixed asset value at the second location is less than $25,000. Other Property cover can be issued under the one location, as long as all connecting locations are linked to the one farming operation;
- The grouping of separate farm locations and combining the assets onto a single FMD risk is not permitted without prior Regional Manager approval;

8.4 **FMD Loss Ratio Criteria**

- The FMD loss ratio is calculated by dividing the individual FMD location/risk incurred claims by the corresponding location/risk total transaction premium (excluding charges);
- Where a farm location/risk has a three year FMD loss ratio less than 75% then normal underwriting authorities apply;
- Where a farm location and risk has a FMD loss ratio of 75% or greater; and the total FMD loss incurred in the last three years is greater than $1,500, then the underwriting requirements (below) must be applied. An exception to this rule is when our client has multiple FMD locations/risks which produce a total FMD loss ratio less than 75%;
8.5 Underwriting Requirements

To dictate a strict set of underwriting requirements may not always address the particular issues of an individual client’s FMD loss history. You are therefore required to adopt a standard procedure in order to achieve a satisfactory FMD performance.

Procedure

1. Review the farm items insured:
   - Is indemnity or replacement appropriate for the item?
   - Is the count of items correct? e.g. Windmills
   - Are the correct Farm Item Codes being applied?
   - Should a Special Condition apply? e.g. Hail Netting Cover
   - Do the sums insured appear adequate or is our client insuring on a first loss basis? e.g. Fencing
   - Has an onsite farm survey been completed within the last 2 years?

2. Review the losses:
   - Is one large loss only affecting the loss history?
   - Are similar type losses regularly occurring?
   - Frequency – Is our client regularly claiming different types of losses?

Risk Management

1. An FMD location/risk with a transaction premium less than $500:
   - The risk is not to be discounted without prior Regional Manager approval;

2. Farm location/risk with an FMD Loss ratio of 75% or greater for the expiring one year period:
   - If there is only one large FMD loss affecting the risk’s performance, then apply a minimum of standard rates, without any discounts. Where the loss ratio is affected by a catastrophic event (major shire wildfire/storm not restricted to the farm), then refer to Regional Manager;
   - If there is more than one loss affecting the risks performance at that location/risk:
     1. A standard excess buy-off option is not to be offered;
     2. Calculate an average three year loaded burning cost;
     3. Compare this to what is currently to be offered and apply an appropriate loading;
     4. Consider an imposed excess;
     5. A voluntary excess should not be offered;
     6. A voluntary excess option to be removed. Replace with an imposed excess on any FMD risk that has a loss ratio of 75% or greater; or the total incurred claims within the last three years are greater than $1,500;
3. Farm location/risk has a three year FMD loss ratio of 75% or greater:
   - If there is only one large FMD loss affecting the risk’s performance than apply a minimum of standard rates without any discounts. Where the loss ratio is affected by a catastrophic event (major shire wildfire/storm not restricted to the farm), then refer to Regional Manager;
   - If there is more than one FMD loss and there is one very large loss affecting the risk’s performance at that location/risk, then refer the risk to the Regional Manager. The Regional Manager will determine the appropriate actions;
   - If there is more than one loss but no large losses affecting the risk’s performance at that location/risk:
     1. A standard excess buy-off option is not to be offered;
     2. Calculate an average three year loaded burning cost;
     3. Compare this to what is currently to be offered and apply an appropriate loading;
     4. Consider an imposed excess;
     5. A voluntary excess should not be offered;
     6. A voluntary excess option to be removed. Replace with an imposed excess on any FMD risk that has a loss ratio of 75% or greater, or the total incurred claims within the last three years are greater than $1,500;

Where our client has been insured with WFI for more than two consecutive years; or the client’s total Rural Plan account exceeds $2,500 per annum (excluding charges); and the total loss ratio is less than 65%, then the premium variation increase may be implemented over two renewals.

8.6 On Going Management

If corrective action has been made to a client’s FMD risk, then the risks must be reviewed at the next renewal date to determine whether additional risk improvement measures are required.

If an increase in premium is to be spread over two renewal periods, then these risks must be placed onto manual renewal and appropriate blackboard comments posted.

What type of risk improvements can be suggested to reduce the risk of losses occurring? You can recommend improvements in risk management to reduce hazards without being seen to provide financial advice for FSRA purposes. This can be done by saying, for example:

- The property/risk does not currently meet our underwriting criteria and WFI are not willing to provide insurance. However, if you implement and complete these improvements WFI would be willing to reconsider providing insurance.

8.7 No Sum Insured

Under Farm Property Damage (FMD) farmers have the option to insure sheds, silos, tanks, windmills and yards on the basis of new for old; without any depreciation or limitation of a sum insured.
8.7.1 Advantages

The main advantages of No Sum Insured option:-

- Our Client needs never to be under-insured.

- No requirement for any sum insured on sheds, silos, tanks, drafting yards and windmills. Cover is provided for the replacement cost, based on the size or capacity of the item destroyed or damaged.

- Nil excess option is available.

8.7.2 Guidelines

The following guidelines should be followed in every situation where No Sum Insured is sold.

- The area manager will need to inspect the property and decide which items of property are suitable for no sum insured. Farm buildings and structures must be in sound condition and of relatively new construction. Old and dilapidated buildings and structures must not be insured.

- The area manager will need to measure up all sheds, silos, tanks etc. to be insured, together with a sketch plan of the farm showing the location and size of all structures to be insured. Use the Survey Report form for this. Sheds not insured as No Sum Insured must be identified as such on the sketch.

- Measure the lengths of the outside walls and record the measurements in metres on the plan.

- To qualify for No Sum Insured cover, the rateable area is limited to our system limits (e.g. 999m² for farm buildings). If the rateable area exceeds this, then that item cannot be covered under No Sum Insured.

- The sheds should be of a standard height not exceeding 4.2 metres plate height (e.g. The distance from the floor to the point on the walls on which the roof rests).

- Note that the No Sum Insured option must not be sold along the coastal areas of Northern Queensland where WFI are withdrawing from the market.

- Sheds in the North West Qld areas subject to wind storms should be of engineered steel construction, to qualify for the No Sum Insured option (wherever possible).

It is important that the correct size of the shed or item is known so that the correct premium is charged. The conversion chart below will help you.
### 8.7.3 Conversion Chart

<table>
<thead>
<tr>
<th><strong>Imperial to Metric</strong></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Length</strong></td>
<td>multiply feet</td>
<td>by .305</td>
</tr>
<tr>
<td><strong>Area</strong></td>
<td>multiply sq. feet</td>
<td>by .0929</td>
</tr>
<tr>
<td><strong>Capacity (silos)</strong></td>
<td>multiply bushels</td>
<td>by .0365</td>
</tr>
<tr>
<td><strong>Capacity (tanks)</strong></td>
<td>multiply gallons</td>
<td>by .00455</td>
</tr>
</tbody>
</table>

**Metric to Imperial**

| **Length**             | multiply metres | by 3.28        |
| **Area**               | multiply sq. metres | by 10.76    |
| **Capacity (silos)**   | multiply kilolitres* | by 27.4     |
| **Capacity (Tanks)**   | multiply kilolitres* | by 220.0    |

*1 Kilolitre = 1 cubic metre

### 8.7.4 Sum Insured & No Sum Insured

Under Farm Material Damage (FMD) farmers have the option to insure sheds, silos, tanks, windmills and yards. Each shed, silo, tank etc. must be listed individually. (See also 8.8)

Note: Windmills under no sum insured need the total number of windmills documented.

For Example: It is not allowable to list 4 silos each worth $2,000 as 1 item with a sum insured of $8,000.
Example:

Situation: Glencove - 14km South of Dubbo

40m

15m

Machinery Shed

GP Shed

10m

SILOS

36kl 36kl 72kl 72kl

10kl

Fuel Tank

Shearing Shed

B

20

10

Drafting Yard

A

Shearers quarters

not insured

Hay shed on

sum insured

Hay shed on

sum insured
8.7.5 Livestock Boundary and Internal Fencing - No Sum Insured

This policy is designed to provide farmers with a simple maintenance free insurance for sheep and/or cattle farms without the need for nominating numbers and values.

8.7.6 Key Elements of This Cover

- This cover is available only in WA, SA, Victoria and Southern NSW.
- This policy is not issued on farms where the size of the farm exceeds 4,050 hectares.
- The total size of the farm in hectares must be used for rating purposes, not a lesser figure. This should always marry with the hectares declared under FLL.
- This cover is not granted where the percentage of stud stock exceeds 5% of the total flock, or where intensive farming or feed lotting is carried out.
- A farm means the Home Block and all Away Blocks which are less than 20km from any boundary of the home block. The combined area of such Home and Away blocks must not exceed 4,050 Hectares.
- Our aggregate limit of liability under any policy is limited by endorsement to $1,000,000. If the exposure limit exceeds this figure then facultative reinsurance is obtained.
- The limit for any one animal is $1,000.
- Rates are determined by Shire groups. Each Shire/District, depending on stocking rates, topography, rainfall etc. is grouped from low fire hazard Rating 1, to high fire hazard Rating 5.

8.7.7 Exposure Calculation for Livestock

To determine exposure values for livestock, data obtained from the ABS is used for each state (by Shires/Districts). Determine the total number of hectares available for stock, the total number of farms and the total number of sheep and cattle per shire. From this, derive an average stocking rate per hectare for each shire.

Based on the ratio of sheep to cattle and the average price per head of livestock, determine the average value (sum insured) per hectare for livestock for that Shire. This is the equivalent of how many head of livestock per hectare a Shire can carry on average. This stocking rate per hectare and the value of livestock determines the exposure value per hectare.

Exposure Value = Total Farm Hectares x Livestock

(Sum insured)

Whilst the size and number of farms vary slightly within a Shire, you need to allow for stocking rates together with livestock values seasonably.
8.7.8 Exposure Calculation for Fencing

A farmer can insure either boundary and internal fencing, or boundary fencing only. The exposure value is also based on the size of the farm. The exposure value for fencing is determined by how many kilometres of fencing there are for a typical farm of various sizes, shape and shared property. The replacement value of raw materials for fencing is per kilometre. This is then converted by formula to a value per hectare.

If a farmer requires labour cost included, then load the exposure value by 100%. If the fencing is rabbit proof, then load the exposure value by a further 135%. Internal fencing is based on the same exposure value per hectare as boundary fencing. However it is also adjusted for the number of paddocks for each block. The greater the number of paddocks is the greater the exposure value. This should not be treated as a first loss cover. Full kilometre value needs to be declared.

8.8 Farm Fencing Sub-limit per kilometre - Farm property damage policy

The Rural Plan PDS allows for a Farm fencing Sub-limit per kilometre limitation. The sub-limit detail will appear on the Certificate of Insurance if 'Replacement' and a sum insured for 'Replacement' selected for fencing. This Sub-limit is calculated automatically by the system and is an average using the replacement value sum insured and the number of kilometres of Farm Fencing declared. Note: This may not be sufficient and replacement costs over the farm may vary. Factors which may affect the per kilometre replacement cost may include: the type of fencing, whether boundary or internal, shared or divided, the soil type, and even the terrains undulation.

Where our client has insured the full replacement value including materials and labour and declared the correct number of kilometres of Farm Fencing at the situation of risk and the Sub-limit per kilometre limitation shown on the Certificate of Insurance is not sufficient to adequately cover the maximum replacement value per kilometre at the Farm Premise the following procedures may be applied:

1. WFI representative to confirm the declared replacement value and kilometres of Farm Fencing are accurate, and;
2. A Special Condition as shown below may then be placed onto a “printable blackboard” amending the Sub-limit.

**Special Condition**

*The Sub-limit per kilometre value as listed on the Certificate of Insurance is deleted and replaced with $xxxxx*

**Example**

System currently shows fencing Sum insured of $200,000 and number of km as 30km.

System will generate Sub limit of $6,667 per km.

Following a review with the client, the Area Manager obtains the following breakdown of fencing assets:

- **Boundary Fencing 100% owned – material and labour**: 15kms @ $10,000 per km $150,000
- **Boundary Fencing 100% owned (rough country)**: 5kms @ $12,500 per km $62,500
- **Boundary Fencing 50% shared/dividing**: 10kms @ $10,000 per km x 50% $50,000
- **Internal Fencing - light**: 10 kms @ $3000 per km $30,000
- **Internal Fencing – heavy**: 5 kms @ $5000 per km $25,000

*Total – 45 km $317,500*

The system will generate a Fencing sub-limit per km of $7,055.
Since our client has fully declared / insured the fencing assets and the revised limit of $7,055 is deemed to not be sufficient to cover the maximum replacement value per km, then the Area Manager can apply a Special Condition which details the maximum replacement value as indicated below:

**Special Condition**

The **Sub-limit per kilometre value as listed on the Certificate of Insurance is deleted and replaced with $12,500.**

8.9 **Fixed plant & equipment within buildings - Farm property damage policy**

When insured on a sum insured basis the risk is to be processed onto the WI-90 and ISS platforms using Category: 03 – Farm Structures (S/INS), Code S09 (cover I or R) and not as Category: 01 – Farm Buildings (S/INS) or Category 02 – Farm Buildings (NO S/INS).

Where a Category 02 – Farm Buildings (NO S/INS) applies any items that are not part of the main building structure and would not ordinarily be considered as a standard building fixture (such as solar panels) are to be separately insured with a specific sum insured.

8.10 **Green-houses/Glass-houses/Shade-houses and Underwriting of Structures Made with Flexible Type Materials (Netting/Cloth/polycarbonate tunnels)**

Green-houses are usually made of glass or polycarbonate and used to protect early/delicate crops or to provide a warm environment for year round crops. WFI would prefer not to insure this type of construction or where we do provide cover the insured events are limited to Fire only. This underwriting instruction is provided to ensure national uniformity for insurance to structures which have a major component of netting, fabric, plastic, cloth or other flexible materials. Our concerns in particular relate to hail / bird netting, shade cloth or igloo structures. These are usually provided to protect trees, vines, flowers etc. Our existing and preferred underwriting stance is to exclude the netting, cloth etc. If cover is to be provided, then the cover should be restricted to event 2 Fire only. (See Special conditions below)

It is essential when discussing or reviewing insurances that any restriction to our standard wording is fully explained. Clients and prospects must understand and accept the restriction. Retain documentation of the discussions including a signature agreeing to the restriction. If the client/prospect does not accept the restriction, then do not provide a quotation.

If you are to provide cover for netting etc. then cover is to be restricted to event 2 with indemnity conditions only. A plan of the situation must be maintained and a copy provided to our prospect/insured. The plan must specifically identify structures covered or not covered.

Maintaining a plan with specific structures identified - including details of netting material & age, will ensure identification at times of review. In the event of a loss it may prevent any dispute.

In ISS and WI90, Farm Property Damage can be activated either under farm buildings (using code B10) or farm structures S08 for indemnity conditions. Both have a freeform field which can include specific identifiers for each insured structure. Please note that if materials are in storage and not forming part of a structure, then insurance may be provided under other property without restriction to our standard policy.
**Sums Insured over $20,000**

A referral for any netting or cloth cover where the sum insured exceeds $20,000 and/or where cover is requested for events other than fire must be referred to the WFI Risk Underwriters. Greater cover will only be granted by the WFI Risk Underwriters in exceptional circumstances. If granted, it will be subject to price increases and a substantial excess.

When underwriting the risk the following guidelines must be followed:

- A separate risk is required for all netting/cloth buildings/structures. This will assist in more specific customer and underwriting focus on these items.
- Standard 100% governed rates, no discounts are to apply.
- Netting etc. that is 10 years or older, cannot be insured.
- The sum insured must be reviewed every year and adjusted accordingly. Therefore the policy must be placed in renewal method 02 Manual Review in WI90.

To determine indemnity sum insured, apply depreciation on a scale of 10% of current year replacement value, for each year of the netting/cloth’s age. This is the basis on which claims will be settled and the insured must be aware of this.

Example: Current year replacement value (CRV) $50,000.

- New netting for the first year allow sum insured $50,000
- Same netting after 12 months
- Assume CRV $50,000, ($50,000 less 10% = $45,000 Agree adjusted sum insured with our insured)
- Same netting after 24 months
- Assume CRV $50,000, ($50,000 less 20% = $40,000 Agree adjusted sum insured with our insured)
- Same netting after 108 months
- Assume CRV $70,000, ($70,000 less 90% = $7,000 Agree adjusted sum insured with our insured)

This Special Condition is to be used when restricting cover-

**Special condition**

**Hail Netting Insurance – Restricted Event Cover to Fire only**

The table of cover for the type of farm property and the events insured against under your Farm property damage policy, (“what are you insured against?”) is amended as follows:-

<table>
<thead>
<tr>
<th>Type of farm property insured</th>
<th>Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farm buildings</td>
<td>loss or damage caused by event 2</td>
</tr>
<tr>
<td>Other property</td>
<td>loss or damage caused by event 2</td>
</tr>
</tbody>
</table>

This Special condition is to be used when excluding cover-

**Special condition**

**Netting or shade cloth exclusion**

Your farm property damage policy does not insure you against any loss or damage or liability to farm property being made of shade cloth or netting of any description.
8.11 Sandwich Panelling (Expanded Polystyrene Sheeting)-
Some farms may have an exposure to sandwich panelling (EPS), particularly:

- Poultry/chicken farms where EPS may be used in many hatcheries, broiler sheds etc...
- Dairy farms where EPS may be used in milking sheds or if additional processing is carried out (E.g.: cheese manufacture)
- Fruit growers & Orchardists where cool storage is important to retain the integrity of the fruit.

The following suggested minimum criteria should apply where the percentage of EPS construction at the location is:

- Buildings <20% - Ok to accept (no Fire premium loading)
- Buildings 20% to 30% - Ok to accept (30% Fire premium loading)
- Buildings 30% to 50% - Refer (min 40% Fire premium loading)
- Buildings >50% - Decline (Refer should commercial consideration be warranted)

Where EPS forms more than 30% of any one structure, great care, should be taken and the following guidelines apply:

1. Establish the total sum insured of structure(s) containing EPS
2. Establish distance of separation of EPS structures from other buildings (See Separation guidelines & check risk accumulation)
3. Structures with a sum insured up to $250,000 are acceptable as part of normal farm operations
4. Structures with a sum insured over $250,000 or where the EPS percentage of structures is between 30% - 50% require referral to WFI Risk Underwriters
5. Any structure with an EPS sum insured over $1,000,000 or EPS percentage of structures present on the property should be declined, however if we are going to underwrite for Commercial reasons, risk must be referred to Level 10 with the following guidelines adhered to:

<table>
<thead>
<tr>
<th>Protection</th>
<th>Rate</th>
<th>Broker</th>
<th>Survey</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ideally risk which have fire sprinkler system, fire alarms and smoke detectors</td>
<td>Minimum of .60%</td>
<td>A or B only</td>
<td>If Sum Insured &gt; $1,000,000 or EPS percentage &gt; 30%</td>
</tr>
</tbody>
</table>
8.12 Hay Risk

Spontaneous combustion is a common cause of hay fires. This usually occurs where the moisture content of the hay exceeds 16% (for cereal hay – oats or wheaten hay). Farmers can mitigate the likelihood of high moisture levels by cutting hay only after the crop was fully emerged / fully booted and allowed the crop to cure correctly (i.e. no moisture in stem).

It is imperative that you check all of the questions on the referral form and decline cover if farmers have not met our minimum requirements -regardless of the Sum insured. If the hay was purchased and the client is unable to answer the questions, then the suppliers name should be recorded on file.

A full list of questions that must be asked are attached to your Hay Fact Sheets (see link below), these questions must be asked and appropriate assessment of the risks must be conducted prior to offering cover on ANY amount of hay.

A summary of the required questions are to follow;

1. How long has farmer been cutting crops for hay only?
2. Does the farmer cut hay for export or local market only?
3. Does the farmer determine when to cut his hay or do they use the expertise of a third party (hay merchant / contract hay harvester)?
4. Was crop fully emerged prior to cutting?
5. Was the crop cut using a hay / mower conditioner or just windrowed using a harvester?
6. How long was crop windrowed / cured before baling?
7. Did the farm have rain on the windrowed hay whilst curing?
8. Who tested the crop was fully cured (and how was it tested?) (grower – contractor – hay buyer)
9. What was the moisture level of the hay when baled?
10. What size bales have been produced –
    a. Square Bales – 25 kg
    b. Square Bales – 4 x 3 = 500 kg
    c. Square Bales – 4 x 4 = 700 kg
    d. Round Bales – 350 to 400 kg (farm use / domestic use only)
11. Estimated number of bales insured:
    a. Does the number of bales being insured represent the full replacement value of all hay on the property, based on today’s prices?
12. Is all machinery permanently removed from hay sheds? If not you must obtain a list and forward this to the WFI Risk Underwriters.
13. Are all ignition sources removed from hay sheds (fuel, power source, chemicals etc.)?
14. Are all hay stacks in the open air separated by a minimum distance of 50 metres?
**Hay Referral Strategy/Criteria**

The intention of this strategy is to treat hay insurance as a declaration type cover. If hay sum insured is set at harvest time, premium is to be charged as a minimum deposit premium based on maximum exposure/maximum probable loss. Discounting authority is subject to your current underwriting license.

No re-referral of hay cover to WFI Risk Underwriters will be required each year, providing all the criteria below are met. If all criteria are not met, standard referral authority will apply.

1. Hay Referral / Questionnaire form is completed and signed by Insured,
2. Moisture content is less than 16%,
3. Sum insured has not increased by greater than 30% current sum insured,
4. Maximum sum insured any one stack inside a shed, does not exceed $500,000 (if your authority licence is less than $500,000 then that lower sum insured applies),
5. Minimum graded clearance surrounding all sheds is 20 metres,
6. Maximum sum insured any one stack in the open air is limited to:
   a. $50,000 or,
   b. 400 bales (based on large square 8x4), or
   c. 250 tonne maximum per stack
   With a minimum 50 metres distance before next stack with minimum 40 metres being graded/clearance between stacks.
7. Adjustment in sum insured due to seasonal conditions does not exceed 30% during the year,
8. All machinery is removed from all sheds containing hay

**Rating**

<table>
<thead>
<tr>
<th>All Regions</th>
<th>The maximum Hay Exposure inside a single shed</th>
<th>Total Hay Exposure</th>
<th>Rate</th>
<th>Voluntary Excess</th>
<th>Minimum Imposed Excess</th>
</tr>
</thead>
<tbody>
<tr>
<td>Separately Referenced</td>
<td>$200,000&lt; $300,000</td>
<td></td>
<td>Standard Rates</td>
<td>Nil</td>
<td></td>
</tr>
<tr>
<td>Separate Risk on policy for total Hay Exposure on that Farm</td>
<td>&gt;= $500,000&lt; $250,000</td>
<td>$600,000</td>
<td>Rates loaded 12%</td>
<td>Standard</td>
<td>Not Permitted $1,250</td>
</tr>
<tr>
<td>Separate Risk on policy for total Hay Exposure on that Farm</td>
<td>&lt; $300,000&lt; $700,000</td>
<td></td>
<td>Rates loaded 20%</td>
<td>Standard</td>
<td>Not Permitted $1,250</td>
</tr>
<tr>
<td>Separate Risk on policy for total Hay Exposure on that Farm</td>
<td>&lt; $500,000&lt; $1,600,000</td>
<td></td>
<td>Rates loaded 30%</td>
<td>Standard</td>
<td>Not Permitted $1,250</td>
</tr>
<tr>
<td>Separate Risk on policy for total Hay Exposure on that Farm</td>
<td>&gt;= $500,000&lt; $2,600,000</td>
<td></td>
<td>Rates loaded 30%</td>
<td>Standard</td>
<td>Not Permitted $2,000</td>
</tr>
</tbody>
</table>
**Important Notes:**

The sum insured for hay stacks in the open air must be limited to $50,000 in total. A minimum distance of 50 metres is required between the next stack of $50,000.

All amounts exceeding $50,000 in the open air must be referred to the WFI Risk Underwriters for consideration (the Hay and Silage Form Exceeding $100,000 should be used in these instances, see link below).

Before WFI staff accept any hay cover, ensure all hay stacks/sheds have a minimum of 20 metre debris free clearance surrounding them (Graded as a minimum). This means hay stacks in the open air will have a minimum of 40m debris free clearance as a minimum and 10m in the middle of stubble only = 50 metres in total.

Hay referrals for sums insured greater than $100,000 in total (all farms combined) must be referred to the WFI Risk Underwriters with the following information:

- Fully completed hay referral form signed by insured.
- ISS quote / quote number (if applicable)
- ARL & current portfolio analysis (if applicable)
- A minimum of 4 photos for each stack/shed. This helps identify hazards and clearance (i.e. front, rear and both sides. Clearly showing separation.
- Recommendations made to farmers arising from your survey.

All requests for insuring Hay not fully owned by our insured; or cover requested by hay merchants must be referred to the WFI Risk Underwriters. Refer to the below links for information in relation to hay fires and moisture content etc.

"[Click here to go to the Hay, Straw and Silage Referral Form]"

"[Click here to go to the Hay Fact Sheet]"

"[Click here to go to Hay Referral Survey Criteria Form]"

---

### 8.13 Farm Vehicles Guidelines

The following restrictions must be applied where farm vehicles are insured under Farm Property Damage; and the sum insured values exceed those listed.

1. **Unspecified Farm Vehicles (Category 06)**

2. The maximum sum insured for unspecified farm vehicles for category 06 of the Farm Property Damage policy of Rural Plan, Grower Plan or Sugar Pol **must not exceed** $30,000 with a maximum value any one item of $20,000.

3. Any item with an individual worth in excess of $20,000 **must** be insured under category 07 specified Farm Vehicles.
8.14 Centre Pivot & and Lateral Irrigators

With the release of the RPLPDS 03 0314 Rural Plan these irrigators must be insured using the motor vehicle 09G class. The new wording does not permit these items to be insured under Fixed Irrigation nor Other property.

8.15 Other Property Guidelines (Indemnity or Replacement Conditions)

The following guidelines must be used in determining available options for Other Property.

<table>
<thead>
<tr>
<th>Total Exposure Value for Other Property</th>
<th>Sum Insured for Other Property</th>
<th>Conditions Allowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $50,000</td>
<td>75% or higher of exposure value</td>
<td>Indemnity or Replacement</td>
</tr>
<tr>
<td>Less than $50,000</td>
<td>Less than 75% of exposure value</td>
<td>Indemnity Only</td>
</tr>
<tr>
<td>Greater than $50,000</td>
<td>85% or higher of exposure value</td>
<td>Indemnity or Replacement</td>
</tr>
<tr>
<td>Greater than $50,000</td>
<td>Less than 85% of exposure value</td>
<td>Indemnity Only</td>
</tr>
</tbody>
</table>

8.16 Farm Sheds & Farm Structures (Indemnity or Replacement Conditions)

These guidelines will apply to all new business policies only, with immediate effect from this release. They need not be applied to existing policies.

Where the age of any farm shed or farm structure is known to be greater than 25 years, then indemnity only conditions are allowed.

If following a survey of the premises, it is determined that replacement conditions are acceptable, then a fully completed survey report with photographs including details of age, construction, condition and use must be submitted to your Regional Manager for approval. A Regional Manager Authority number will need to be issued and placed on the blackboard.

It should be noted that where the age and condition of any farm shed or structure does not warrant replacement conditions, then it is prudent underwriting to discuss this with the insured and convert cover to indemnity conditions. In doing so you will need to review the sums insured on those items as it may not be appropriate for indemnity conditions.

9.0 Farm legal liability

9.1 Grouping Of Risks – Multiple Locations

- Farm locations are considered separate when the farm names differ or where the distance of separation is greater than 10 kilometres. In this instance the correct number of farms must be entered on the FLL risk screen.

- A farm location is not considered separate if the additional location(s) have the same legal entity and are of the same farm type and business. In this instance the correct number of farms and the total combined hectares must be declared.

- Where the legal entity and or the farm type or business is different the risks are considered separate business and separate liability policies are required.
9.2 Rules To Determine Liability Rating For Various Farm Types

<table>
<thead>
<tr>
<th>SIZE</th>
<th>GROSS INCOME</th>
<th>FARM TYPE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 2 hectares/5 Acres</td>
<td>Nil*</td>
<td>Private Plan*</td>
</tr>
<tr>
<td>Under 2 hectares/5 Acres</td>
<td>Less than $10,000</td>
<td>RPL - Hobby Farm**</td>
</tr>
<tr>
<td>Under 2 hectares/5 Acres</td>
<td>Greater Than $10,000</td>
<td>RPL – Farm</td>
</tr>
<tr>
<td>Under 20 hectares/50 Acres</td>
<td>Less than $10,000</td>
<td>RPL - Hobby Farm**</td>
</tr>
<tr>
<td>Under 20 hectares/50 Acres</td>
<td>Greater Than $10,000</td>
<td>RPL – Farm</td>
</tr>
<tr>
<td>Over 20 hectares/50 Acres</td>
<td>Nil or Greater</td>
<td>RPL – Farm</td>
</tr>
</tbody>
</table>

* If any livestock / non domestic pets are kept at the premises, then the policy must be rated as a Rural Plan Policy

** If this farm type is selected then the description needs to show hobby farm; and the hobby farm selection must show ‘Y’ on the Farm Liability risk screen.

A Hobby Farm is a small holding or small farm that is maintained without expectation of being a primary source of income.

If public horse riding activities are permitted on the property, then the risk must be referred to the WFI Risk Underwriters.

If B&B or accommodation activities are allowed, then hobby farm rates are NOT TO BE USED. Apply normal underwriting rules as per table on next page (Occupancy Types).

9.3 Farm Stay

This is intended for farmers who are supplementing their farm income only.

Regional Managers have the authority to approve Farm Stay referrals if:

- The client’s income from this activity does not exceed 15% or $35,000 of the total farm income, whichever is the lesser.
- Smoke detectors are fitted to all buildings used for this activity.
- All questions answered under the “Activities” section of the questionnaire must be answered “No”.
- All questions answered under the “General” section of the questionnaire must be answered “Yes”.
- A minimum loading of 10% will need to be applied for this activity, minimum FLL premium must be $500 plus charges.

If all of the above guidelines are not met, then refer to the WFI Risk Underwriters.

When quoting any domestic or rural plan policy, consideration must always be taken in relation to the additional costs associated with fencing and any additional outbuildings / sheds / tanks and the like. Domestic policies should always be loaded by a minimum of 10% if the land holding is greater than 1 acre (allows for fencing).
## 9.4 Occupancy Types

<table>
<thead>
<tr>
<th>Size</th>
<th>Gross Income</th>
<th>Policy Type</th>
<th>Liability Policy Type</th>
<th>Residence Type</th>
<th>Instructions</th>
<th>Blackboard Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bed &amp; Breakfast</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>This Personal legal liability policy (policy) extends to include the business of Bed and Breakfast / Guest House activities</strong></td>
</tr>
<tr>
<td>Up to 3 Sleeping Rooms</td>
<td>Up to $20,000</td>
<td>Home Policy</td>
<td>Home Policy</td>
<td>Owner Occupied</td>
<td>Apply 10% loading to home policy, Charge min. $50+ charges Additional Premium.</td>
<td><strong>#REFER TO NOTE BELOW</strong></td>
</tr>
<tr>
<td>Up to 3 Sleeping Rooms</td>
<td>$20,001 to $35,000</td>
<td>Home Policy</td>
<td>Home Policy</td>
<td>Owner Occupied</td>
<td>Apply 15% loading to home policy Charge min. $100+ charges Additional Premium.</td>
<td><strong>#REFER TO NOTE BELOW</strong></td>
</tr>
<tr>
<td>Over 3 Sleeping Rooms</td>
<td>Up to $150,000</td>
<td>Home Policy</td>
<td>Commercial Plan Policy – Rate as Motel</td>
<td>Owner Occupied</td>
<td></td>
<td></td>
</tr>
<tr>
<td>If Gross Income is over</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>This Personal legal liability policy (policy) extends to include the business of Bed and Breakfast / Guest House activities</strong></td>
</tr>
<tr>
<td>$150,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>#REFER TO NOTE BELOW</strong></td>
</tr>
<tr>
<td>1 Dwelling</td>
<td>Up to $20,000</td>
<td>Home Policy</td>
<td>Home Policy</td>
<td>Rental Property</td>
<td>Apply 10% loading to home policy, Charge min. $50+ charges Additional Premium.</td>
<td></td>
</tr>
<tr>
<td>1 Dwelling</td>
<td>$20,001 to $35,000</td>
<td>Home Policy</td>
<td>Home Policy</td>
<td>Rental Property</td>
<td>Apply 15% loading to home policy Charge min. $100+ charges Additional Premium.</td>
<td><strong>#REFER TO NOTE BELOW</strong></td>
</tr>
<tr>
<td>2 or More Treat as a</td>
<td>Commercial</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial risk/Chalet</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farm Stay</td>
<td>Refer to Rural Plan Section – “Farm Stay”.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Your Farm legal liability policy (policy) description of farm business is extended to include the business of farm stay activities. <strong>#REFER TO NOTE BELOW</strong></td>
</tr>
</tbody>
</table>

**Note:**
- Home Policy: Applies to personal legal liability policies for the use of the property as a residence.
- Commercial Plan Policy: Applies to commercial insurance policies.
- Rental Property: Applies to insurance policies for rental properties.

**Instructions:**
- Apply loading as per policy for each category.
- Additional charges may apply as per policy.

**Blackboard Note:**
- **#REFER TO NOTE BELOW:** Indicates additional information or instructions related to the policy details.
All Special conditions listed above under heading “blackboard note” must be a printable blackboard on the WI90 risk screen.

### 9.5 Contracting Operations

Where farmers undertake contracting work which is not incidental to farm activities; and if the contracting operations are less than 10% of turnover; and does not exceed $250,000 (item a), then Regional Managers can consider underwriting those risks to the criteria below.

*“Please click here to go to the Contractors questionnaire”*

<table>
<thead>
<tr>
<th>Note 1</th>
<th>Governor :</th>
<th>They must be 100% for any unit used in contract work operation.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Note 2</td>
<td>Annual cover</td>
<td>Cover is not to be cancelled or reduced during non-season period.</td>
</tr>
<tr>
<td>Note 3</td>
<td>Claims history</td>
<td>If loss history greater than 50% for last 3 years refer to the WFI Risk Underwriters.</td>
</tr>
<tr>
<td>Note 4</td>
<td>NCB’s</td>
<td>Correct No Claim Bonus to be applied.</td>
</tr>
<tr>
<td>Note 5</td>
<td>Excess</td>
<td>1% excess to apply or $1,000 in total whichever is greater. Excess must be an imposed excess and not a voluntary excess as no discount rate applies.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Risk Type</th>
<th>Turnover up to $100,000</th>
<th>Turnover from $100,001 - $250,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hay Baling, Windrowing, Cane or Cereal or Nut &amp; Fruit or Vegetable Harvester</td>
<td>FMV</td>
<td>Standard rates, no discounts to apply</td>
<td>Load the standard premium by 25%, no discounts to apply</td>
</tr>
<tr>
<td></td>
<td>FLL</td>
<td>Standard rates, no discounts to apply</td>
<td>Load the standard premium by 25%, no discounts to apply</td>
</tr>
<tr>
<td>Grape Harvester</td>
<td>FMV</td>
<td>Standard rates, no discounts to apply Consider risk to be written under a CMV</td>
<td>Load the standard premium by 25%, no discounts to apply</td>
</tr>
<tr>
<td></td>
<td>FLL</td>
<td>Standard rates, no discounts to apply</td>
<td>Load the standard premium by 25%, no discounts to apply</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Risk Type</th>
<th>Turnover up to $100,000</th>
<th>Turnover from $100,001 - $250,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>All other harvesting operations including Full time Contract Harvester</td>
<td>FMV</td>
<td>Refer to the WFI Risk Underwriters</td>
<td>Refer to the WFI Risk Underwriters</td>
</tr>
<tr>
<td></td>
<td>FLL</td>
<td>Refer to the WFI Risk Underwriters</td>
<td>Refer to the WFI Risk Underwriters</td>
</tr>
</tbody>
</table>

If the insured item is a Cane Harvester and falls under Item (b) on the contracting questionnaire; and only works within a 50km radius; or if the insured is a Cane Harvester and falls under Item (a) on the contracting questionnaire but has a turnover less than $250,000, then
Regional Managers can consider underwriting those risks to criteria above.

Any contracting operation that exceeds a turnover of $250,000 must be rated under a CPL and referred to the WFI Risk Underwriters for acceptance/review.

All risks with any reductions to the criteria must be referred to the WFI Risk Underwriters. Each individual case will be assessed on its own merits.

As a minimum it is a requirement that for all contracting operations with a turnover greater than 10% of turnover; and in excess of $100,000, have the FMV and FLL risks rated as above.

A $1,000 minimum excess must apply to all vehicles involved in contracting activities - regardless of the sum insured.

9.6 Labour Hire/Contractors/Subcontractors

Workers compensation cross-claims (particularly labour hire risks, and particularly in managed fund jurisdictions) have been an increasing problem for General Liability insurers over many years and since the turn of the century the issue has come to prominence.

During the past few years the overall liability experience for occupations with these exposures has continued to deteriorate as Workers Compensation authorities have stepped up their efforts to recover from negligent parties.

One particular difficulty with these cases is the fact that quite often the Workers Compensation claim is settled and closed a long time before the General Liability insurer even hears of it.

Underwriting measures need to be applied to the various related exposures which allow underwriters to identify, articulate, assess and then accept and apply terms or decline as appropriate.

It has always been common practice by farm businesses to employ contractors and subcontractors or workers under labour hire agreements (literally hiring labour) in order to:

a) Fill short term requirements
b) Avoid paying Workers Compensation premiums
c) Avoid paying Superannuation payments

The effect of this in relation to the cover provided under the Farm legal liability policy is two fold:

- Firstly the Insured will take the position of ‘Principal’ and may be held responsible for the actions of the contractors and sub-contractors or labour hire workers acting for or on his behalf [vicarious liability]; and

- Secondly any contractor, sub-contractor or labour hire worker would be considered to be a ‘third party’ and not an ‘employee’. Thus if injured in a workplace accident they may;

a) Claim under Workers Compensation (who in turn may seek recovery from the liability policy of the business)
b) Claim for compensation from the liability policy of the business
It is therefore essential that these exposures are addressed fully and an informed decision is made whether to decline the risk or accept it and if so at what terms and conditions.

To assess the exposures it is important to ascertain both the **occupation** and **payments** (excluding costs of materials) for each of the contractors, subcontractors or labour hire workers.

An acceptable risk must have all of the following attributes:-

- the Insured is a well-established, well managed operator with history of good management practices in relation to the Third Party entities

- The payments to subcontractors, contractors or labour hire workers are less than 50% of the overall turnover and below $100,000. Where the payments to subcontractors, contractors or labour hire workers are more than $100,000 referral to WFI Risk Underwriters is required.

- No prior claims or frequency of claims indicated.

- ISS and WI-90 automatically apply the excess which ranges for the WFI Rural Plan from $0 to $10,000.

- ISS and WI-90 automatically calculates the subcontractors, contractors or labour hire workers premium within the WFI Rural Plan.

- Limited exposure to use of hazardous use of machinery and sound maintenance programme in place for machinery/equipment.

- where the work performed does not involve heavy physically stressful work

Unacceptable risks have the following attributes

- The occupation has a perceived "high" Worker's Compensation exposure.

- The work undertaken involves any activity that we would not normally consider as an acceptable occupation.

- The amount of payments for the work performed is disproportionally large compared to the Insured's overall turnover (more than 50%).

- It is not possible to ascertain in depth, adequate detail of the of the nature of the exposures faced

These risks should be either Declined or referred to WFI Risk Underwriters with full details of the entire risk.
9.7 Mining, Mineshafts or Quarries
These risks are not to be written under the Rural Plan without approval from a level 9 or above licence holder with full details of the entire risk.

9.8 Roadside Grazing
Roadside grazing in many instances can be considered a farm activity and is particularly prevalent in years with severe drought. Where a farmer has not undertaken this activity in the past or the grazing includes droving or requires animals to be on the roadside over-night referral to WFI Risk Underwriters is required.

10.0 Farm Machinery Breakdown
- The underwriting of this risk is often overlooked when reviewing a new or existing Rural Plan.
- The following criteria are applicable to all motors up to 5 years old.
- Any motor that is 5 years or greater without any maintenance agreement/plan, should be declined.
- A copy of the written maintenance agreement’s/plan’s should be held in the client file to ensure all of the above strategy’s are being met.

<table>
<thead>
<tr>
<th>Strategy Criteria</th>
<th>Action required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss ratio less than 65% with no Maintenance agreement/plan in place</td>
<td>Survey Form to be completed</td>
</tr>
<tr>
<td></td>
<td>No discounts to apply</td>
</tr>
<tr>
<td></td>
<td>Apply imposed excess so the standard excess reads $250.</td>
</tr>
<tr>
<td>Loss ratio less than 65% with a Maintenance agreement/plan in place</td>
<td>Survey Form to be completed</td>
</tr>
<tr>
<td></td>
<td>Apply imposed excess so the standard excess reads $250.</td>
</tr>
<tr>
<td>Loss ratio greater than 65% with no Maintenance agreement/plan in place (Excluding one off losses)</td>
<td>Survey Form to be completed</td>
</tr>
<tr>
<td></td>
<td>Minimum loading of 99% to apply</td>
</tr>
<tr>
<td></td>
<td>Apply imposed excess so the standard excess reads $250.</td>
</tr>
<tr>
<td>Loss ratio greater than 65% with a Maintenance agreement/plan in place (Excluding one off losses)</td>
<td>Survey Form to be completed</td>
</tr>
<tr>
<td></td>
<td>Minimum loading of 50% to apply</td>
</tr>
<tr>
<td></td>
<td>Apply imposed excess so the standard excess reads $250.</td>
</tr>
<tr>
<td>Loss ratio greater than 100% (Excluding one off losses)</td>
<td>Refer to RM’s</td>
</tr>
</tbody>
</table>
Deterioration of Stock

You must be satisfied that the client is insuring for the full exposure of the goods. If the client elects a lower sum insured than full value, then a penalty loading of 50% is to apply with an imposed excess of $250.

It is not intended that any of these amendments be subject to the WFI Risk Underwriters approval. The emphasis will be on the Area Manager and Regional Manager addressing any issues with ARL management.

10.1 Machinery Categories

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Lighting/Power Plant</td>
</tr>
<tr>
<td>02</td>
<td>Dairy/Milking Plant</td>
</tr>
<tr>
<td>03</td>
<td>Centrifugal Pumps</td>
</tr>
<tr>
<td>04</td>
<td>Submersible Pumps</td>
</tr>
<tr>
<td>05</td>
<td>Vertical Line shaft Pumps</td>
</tr>
<tr>
<td>06</td>
<td>All Items Not Exceed 4kw/5hp</td>
</tr>
<tr>
<td>07</td>
<td>Farm Workshop Machines &amp; Tools</td>
</tr>
<tr>
<td>08</td>
<td>Fixed LPG Tanks</td>
</tr>
<tr>
<td>09</td>
<td>Cool store Refrigeration Units</td>
</tr>
<tr>
<td>10</td>
<td>Miscellaneous Items</td>
</tr>
<tr>
<td>11</td>
<td>Nominated Electric Motors</td>
</tr>
<tr>
<td>12</td>
<td>Electric Motors - Total Method</td>
</tr>
<tr>
<td>13</td>
<td>Boilers &amp; Pressure Vessels</td>
</tr>
<tr>
<td>15</td>
<td>Deterioration Of Farm Produce</td>
</tr>
<tr>
<td>16</td>
<td>Atmospheric Control (Ca) Units</td>
</tr>
<tr>
<td>17</td>
<td>Machinery (Conversion Only)</td>
</tr>
</tbody>
</table>

*Please click here for WFI Machinery Breakdown Survey Form*
11.0 Farm Motor Vehicles

Only vehicles used predominantly on a farm can be insured under this policy, and it is imperative that the correct classification/rating is applied when underwriting these vehicles.

WFI's FMV rates and category are reserved for farm use only, i.e. predominantly used on the farm and rarely on public roads. If the insured has registered the vehicle as farm use and claims tax benefits, this does not automatically entitle them to insure the vehicle as a FMV with WFI.

WFI's definition of “farm use only” is used for rating purposes. This must not be confused with the farmer's definition of their own vehicles and how they interpret their use, FMV risks do not extend to cover farmers sedans, wagons and sport utilities.

All seasonal use vehicles must be insured as annual policy and must not be termed, receive a pro-rata refund or short term cancelled. Examples of such vehicles are:

- headers,
- harvesters,
- hay balers
- and similar farm machinery which is subject to seasonal use

These vehicle types are rated with seasonal factors and claims experience in mind. WFI must not be selected against by insuring units comprehensively for the months the vehicle is used (i.e. during crop season etc…); and fire only cover for the remaining months.

11.1 Contracting Operations (see also section 9.5)

- Farmers undertaking contract work with their farm machinery or vehicles (other than for their own farm activities) are outside the definition of “farm use”.
- Farmers undertaking extensive contractual work for reward should not be written under a Rural Plan policy.
- Such business, if acceptable, must be referred to the WFI Risk Underwriters. This particularly applies to farmers who transport livestock on a contract basis (other than their own livestock); and transport general merchandise such as grains or chemicals for reward (other than for their own use).

Where farmers undertake contracting work which is not incidental to farm activities; and if the contracting operations is less than 10% of turnover; and does not exceed $250,000 (item a), then Regional Managers can consider underwriting those risks to the criteria below.

“Please click here to go to the Contractors questionnaire”

<table>
<thead>
<tr>
<th>Note 1</th>
<th>Governor:</th>
<th>They must be 100% for any unit used in contract work operation.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Note 2</td>
<td>Annual cover</td>
<td>Cover is not to be cancelled or reduced during non-season period.</td>
</tr>
<tr>
<td>Note 3</td>
<td>Claims history</td>
<td>If loss history greater than 50% for last 3 years refer to the WFI Risk Underwriters.</td>
</tr>
<tr>
<td>Note 4</td>
<td>NCB’s</td>
<td>Correct No Claim Bonus to be applied.</td>
</tr>
<tr>
<td>Note 5</td>
<td>Excess</td>
<td>1% Excess to apply or $1,000 in total whichever is greater. Excess must be an imposed excess and not a voluntary excess as no discount rate applies.</td>
</tr>
<tr>
<td>Description</td>
<td>Risk Type</td>
<td>Turnover up to $100,000</td>
</tr>
<tr>
<td>-------------------------------------------------</td>
<td>-----------</td>
<td>-------------------------------------------------------------</td>
</tr>
<tr>
<td>Hay Baling, Windrowing, Cane or Cereal or Nut &amp; Fruit or Vegetable Harvester</td>
<td>FMV</td>
<td>Standard rates, no discounts to apply</td>
</tr>
<tr>
<td></td>
<td>FLL</td>
<td>Standard rates, no discounts to apply</td>
</tr>
<tr>
<td>Grape Harvester</td>
<td>FMV</td>
<td>Standard rates, no discounts to apply Consider risk to be written under a CMV</td>
</tr>
<tr>
<td></td>
<td>FLL</td>
<td>Standard rates, no discounts to apply</td>
</tr>
</tbody>
</table>

If the insured item is a Cane Harvester and falls under Item (b) on the contracting questionnaire; and only works within a 50km radius;

or

if the insured is a Cane Harvester and falls under Item (a) on the contracting questionnaire but has a turnover less than $250,000,

then

Regional Managers can consider underwriting those risks to criteria above.

Any contracting operation that exceeds a turnover of $250,000 must be rated under a CPL and referred to the WFI Risk Underwriters for acceptance/review.

All risks with any reduction of the criteria must be referred to the WFI Risk Underwriters. Each individual case will be assessed on its own merits.

As a minimum it is a requirement that all contracting operations with a turnover greater than 10% of turnover; and in excess of $100,000, have the FMV and FLL risks rated as above.

A $1,000 minimum excess must apply to all vehicles involved in contracting activities - regardless of the sum insured.

Incidental use or activities in these areas will be allowed. For example if a farmer returns with a neighbour’s load following delivery of his own goods, or a farmer assists a neighbour.

Farmers undertaking incidental contract work such as roadside grass slashing or minor hay baling contracts (excluding contract spraying); and not exceeding 6 weeks duration in the year; may be covered under the farm motor cover for a premium loading of 25% to normal rates.
11.2 Header/Harvester, Combs & Comb Trailers

A header/harvester has a platform/front comb attachment that can be removed. Some header platforms/front combs fold up for easy transportation. Others must be placed on a header/harvester comb trailer so that they can be towed from paddock to paddock.

If the header/harvester has a platform/front comb attachment that is the sole platform/front comb used with the particular header/harvester; and it is only detached for towing, cleaning and maintenance purposes, then the header/harvester and platform/front comb must be insured as 1 unit under class 09C FMV.

If the header/harvester has a platform/front comb attachment that is a secondary attachment inter-changed with another platform/front/comb; then the lowest value secondary platform/front comb must be insured as a separate class 09C FMV risk. If the platform/front/comb(s) are transported by a trailer, then the trailer must be insured as a class 12C FMV risk.

Header comb trailers must be insured as a class 12C FMV risk.

If the header/harvester and attachment is used for contract work, then the vehicles must be insured as CMV classes using the same logic outlined above. Refer to ‘Contracting operations” of this section.

11.2.1 Excess

If a total loss occurs involving separately insured header/harvester and comb whilst attached (not towed), then only the highest standard excess applicable will apply and will not be accumulated on both risks.

*Header combers are to be insured as 09C FMV class (or CMV 09A if for contract use) to reflect the high fire risk whilst attached.

11.3 Quad Bikes

This class of business is provided primarily to allow the insurance of farm agricultural type bikes; this includes Mules. Any covers extending beyond this to private or commercial motor cycles are undesirable and therefore a decline risks.

It is not our intention to insure such risks particularly where underage drivers are involved. Any requests to insure any of these risks must be referred to the WFI Risk Underwriters.

There are 5 classes for quad bikes:-

- **QB0** Quad bike farm utility
- **QB1** Quad bike heavy duty farm to 100cc
- **QB2** Quad bike heavy duty farm 101cc – 250cc
- **QB3** Quad bike heavy duty farm 251cc – 500cc
- **QB4** Quad bike heavy duty farm over 500cc

QB0 can be used for quad bikes that are used in a similar capacity to a tractor, such as where the quad bike pulls a trailer for vignerons etc. This class cannot be used where any mustering or recreational use occurs.

The other 4 classes of quad bike QB1, QB2, QB3 & QB4 are to be used where either mustering, heavy duty farming activities or recreational use occurs. In this instance the class chosen should reflect the cc rating of the quad bike.
11.4 Farm Use Prime Movers (03D) Used For Commercial Haulage

Prime movers insured under a Farm Motor (FMV) risk type may be used for commercial haulage.

If the haulage falls below 10% of the farm's turnover and/or is incidental to the main occupation of farming, then no special premium or excess considerations are required unless the below criteria is exceeded.

Where 03D prime movers are insured as farm use vehicles, but are also used for commercial haulage that includes one or more of the following criteria:

1. exceeds 10% use, or
2. transports dangerous goods (other than for farm use), or
3. conducts any interstate haulage, or
4. travels in excess of 800km from home base,

The vehicle must have the following premium adjustments applied:

1. load premium as follows:
   a) less than 10% use – nil loading
   b) 10% to 25% use – load premium by 25%
   c) 25% to 50% use – load premium by 50%
   d) over 50% use – use CMV 03D
   e) if using CMV and loss ratio for whole account is 60% or less, apply 20% discount to the CMV 03D.

2. load premium for dangerous goods as per ISS or WI90

12.0 General Information

12.1 Intensive Piggeries

Intensive piggeries that use polyurethane lining, or insulation, or any other combustible insulation must be referred to the WFI Risk Underwriters prior to acceptance.

Intensive piggeries using combustible insulation are a high hazard risk. This is due to the large quantities of combustible materials present, in addition to potential gas and dust particle build up.

12.1.1 Survey

It is essential that a fire survey with photographs of the risk be carried out and sent to the WFI Risk Underwriters for approval prior to acceptance.

12.1.2 Underwriting Information

Intensive piggeries that use combustible insulation pose a high fire risk. The major cause of fire is from electrical malfunctions or the use of portable heaters. This area is a major source of ignition where heaters (especially electrical heaters with glowing elements) malfunction, are poorly maintained or incorrectly used. It is essential that sheds have adequate ventilation to allow gas (methane) to be extracted from the sheds to minimise ignition from these sources.

The presence of combustible materials is lethal to pigs and death (usually total loss of all stock) will occur in the event of fire. In many instances a total loss of property will also occur due to remoteness of risk, the presence of combustible insulation and poor or inadequate fire protection.
12.1.3 Survey Checklist

When surveying intensive piggeries the areas the survey (and photographs) should focus on are as follows.

- Check the adequacy of the electrical system. Switchboards, fuses and wiring should be in good condition and fully enclosed. All parts of the electrical system, including wiring and switchboards must be dust, vermin and moisture proof. Wiring must be enclosed in conduit and not exposed.
- Check electric motors for condition and maintenance.
- Check the condition of all equipment especially electrical equipment.
- Check heating lamps/heaters. Is gas or electric heating used? Are heaters suitable for intended purpose?
- Check fuel storage (if gas heating used). LP gas cylinders should not be kept inside the sheds. Check gas lines and valves are in good working order and free of corrosion.
- Check housekeeping, combustible debris should be removed frequently. Check the surrounding area around the sheds, long grass and scrub should be cleared or cut.
- Check adequacy and condition of portable fire extinguishers.
- Check effluent ponds, are they of a robust construction?

12.1.4 Business Interruption

Business interruption for intensive piggeries poses a high risk. Delays in re-establishing sheds can be lengthy. Since total losses are possible and complete replacement of livestock difficult, all requests for Business Interruption should be referred to the WFI Risk Underwriters.

13.0 Express Renewals

A key priority for WFI is to streamline and simplify our systems and processes. This enables teams to spend more time with clients and grow business in line with expectations. The ARL improvement initiative was confirmed in a release note dated 26th September 2014. With effect from the 1st December 2014 RPL, GPK and CPK policies that meet the criteria will be express renewed (unless a policy has had the XP Renew Criteria field on WI90 manually changed to “N”).

Key benefits of express renewals include:

- A new way to fast-track management of lower premium/lower risk renewals
- A new system-generated process that identifies policies that meet specified criteria and excludes the policy details from printing on the ARL listing
- Renewals that meet these criteria are sent directly to the client without any need for you to review or underwrite them
- Remove the need for ongoing referral requirements for express renewed policies
- Less processing & filing for CST staff
- Better use of time with a focus on high-end clients that generate greater profit
- More time available for sales-related activities
- Process more competitive (i.e. express renewals used extensively in the industry)
13.1 **Express Renewal Criteria**

1. Annual base premium for renewal (ex. taxes and charges) < $1500
2. Policy does not have more than 3 claims in last 3 years
3. 3 year GWLR < 60%
4. Express Renewal method is 03 – Automatic Renewal
5. Annual base premium has not increased or decreased by more than 10% of previous year
6. Exclude all PAC risks
7. Exclude all WCP risks
8. Exclude policies that have motor vehicles with ## codes
9. Exclude Performance Grouping 3 (PG3) policies

14.0 **Links**

“[Click here to go to the Hay, Straw and Silage Referral Form]”

“[Click here to go to the Hay Fire Risks Article]”

“[Click here to go to the Hay Fact Sheet]”

“[Click here to go to Hay Referral Survey Criteria Form]”

“[Click here to go to the Standard Referral Form]”

“[Click here to go to the Roadside Grazing and Droving Referral Form]”

“[Click here to go to the North West Strategy]”

**End of Procedure**

**Table of Contents.**