

# ACCOUNTS RECEIVABLE SECTION

## DEFINED EVENTS

Loss in consequence of the Insured being unable to trace or establish the outstanding debit balances in whole or part due to them following loss or damage as a result of accident or misfortune (hereinafter termed Damage) to the Insured's books of account or other business books or records whilst at:

1. the building(s) on the Insured's premises stated in the schedule or;
2. the residence of any director, partner or employee of the Insured or;
3. the premises of any accountant of the Insured or,
4. any other place of safety if, because of imminent danger of their destruction, such books of account or other business books or records are removed from the premises stated above (including such emergency removal or while being returned to the premises stated above thereafter)

provided that:

1. the Insured shall notify the Company in writing within 30 days of any removal as set out in 4 above;
2. the liability of the Company shall not exceed the insured amount stated in the schedule; and
3. the basis of indemnity will be as set out under the "Basis of settlement" clause.

The Company will also pay all reasonable collection costs and expenses incurred by the Insured in excess of normal collection costs and expenses made necessary because of such Damage.

## DEFINITIONS

**Outstanding debit balances:** Shall mean the total declared in the statement last given under the provisions of the "Declaration" clause adjusted for:

1. bad debts;
2. amounts debited (or invoiced but not debited) and credited (including credit notes and cash not passed through the books at the time of the Damage) to customers' accounts in the period between the date to which said last statement relates and the date of the Damage and
3. any abnormal condition of trade which had or could have had a material effect on the business;

so that the figures thus adjusted shall represent as nearly as reasonably practicable those which would have been obtained at the date of the Damage had the Damage not occurred.

## SPECIFIC EXCLUSIONS

The Company will not pay for:

1. loss resulting from Damage to the books of account or other business books or records caused by:
  - 1.1 wear and tear or gradual deterioration or moths or vermin;
  - 1.2 detention, seizure or confiscation by any lawfully constituted authority;
  - 1.3 electrical or electronic or magnetic injury, disturbances or erasure unless the Insured maintains the duplicate records referred to in the Duplicate records clause of this section.
2. loss caused by fraud or dishonesty of any principal, director, partner or employee of the Insured.

## CLAUSES AND EXTENSIONS

Subject otherwise to the terms, exclusions and conditions of this section and the General section (all of which shall remain valid and applicable unless specifically deleted or amended below), the cover under this section is

amended or extended as set out below under each extension and clause (but where applicable as indicated below, only if such extensions and clauses are stated as included in the schedule).

## Accountants

Any particulars or details contained in the Insured's books of account or other business books or records which may be required by the Company under this section for the purpose of investigating or verifying any claim hereunder, may be produced and certified by the Insured's auditors or professional accountants, and their certificate shall be prima facie evidence of the particulars and details to which it relates.

## Basis of settlement

The insurance under this section is limited to the loss sustained by the Insured in respect of outstanding debit balances directly due to the Damage and the amount payable shall not exceed

the difference between **the outstanding debit balances** and **the total of the amounts received or traced in respect thereof**

plus

the additional expenditure incurred in tracing and establishing customers' debit balances after the Damage provided that,

1. the maximum liability of the Company shall not exceed the insured amount irrespective of the amount contained in any declarations made as set out in point 3 of the Declaration clause;
2. if the insured amount under this item is less than the outstanding debit balances, the amount payable shall be proportionately reduced.

**Declaration** (if stated as being applicable by the word "Yes" next to "Declaration condition" in the schedule)

The Insured is to set the insured amount at a level so as to represent the maximum anticipated Outstanding debit balances at any one time during the period of insurance. The responsibility shall remain with the Insured during the period of insurance to notify the Company in writing should an increase in the insured amount be required due to Outstanding debit balances exceeding the insured amount. Declarations received as set out hereunder exceeding the insured amount shall not be considered a formal request to increase the insured amount.

The Insured shall at intervals as set out in the schedule against "declaration basis", provide the Company with a signed statement showing the total amount outstanding in customers' accounts as set out in the Insured's accounts at that point in time.

In consideration of the premium under this section being provisional in that a deposit premium is charged based on a percentage (as stated in the schedule against "deposit premium %") of the required premium, the premium will be adjusted as follows:

On the expiry of each period of insurance (or after twelve consecutive months from the inception or anniversary date if this policy is paid monthly by debit order), the actual premium for the past period shall be re-calculated based on the average amount of the declarations received and a premium adjustment made provided that:

1. such re-calculation shall be performed without the deposit premium percentage being applied to such average amount;
2. for the purposes of calculating the average amount, any amount declared that exceeds the insured amount shall be limited to the insured amount and premium shall not be payable on that part of any declaration that is in excess of the insured amount;
3. the Company shall in the event of a loss, irrespective of the value of any declarations received, not be liable for more than the insured amount as stated in the schedule;
4. if the actual premium is greater than the provisional premium, the Insured shall pay the difference to the Company and if it is less, the difference shall be repaid to the Insured, but such repayment shall not exceed 33,3% of the provisional premium paid.

**Riot and strike (other than RSA and Namibia)** (if stated as included in the schedule)

This section is extended to cover loss or Damage directly occasioned by or through or in consequence of:

3. civil commotion, labour disturbances, riot, strike or lockout;
4. the act of any lawfully established authority in controlling, preventing, suppressing or in any other way dealing with any occurrence referred to in 1 above;

provided that this extension does not cover:

1. loss or Damage occurring in the Republic of South Africa and Namibia;
2. consequential or indirect loss or Damage of any kind or description whatsoever;
3. loss or Damage resulting from total or partial cessation of work, or the retarding or interruption or cessation of any process or operation;
4. loss or Damage occasioned by permanent or temporary dispossession resulting from confiscation, commandeering or requisition by any lawfully constituted authority;
5. loss or Damage related to or caused by any occurrence referred to in General exclusion1 (A) (ii), (iii), (iv), (v) or (vi) of this policy or the act of any lawfully established authority in controlling, preventing, suppressing or in any other way dealing with any such occurrence.

If the Company alleges that, by reason of provisos 1, 2, 3, 4 or 5, loss or Damage is not covered by this extension, the burden of proving the contrary shall rest on the Insured.

**Transit** (if stated as included in the schedule)

The insurance under this section includes loss as defined to the Insured's books of account or other business books or records whilst in transit to or from the premises or residence of any director, partner, employee or accountant of the Insured.

## CONDITIONS

**Duplicate records** (if stated as applicable in the schedule)

The Insured shall maintain duplicates of their books of account or other business books or records containing details of outstanding balances and such duplicates shall be stored at different premises from the originals.

**Protection (Fire resistant safe)** (if stated as applicable in the schedule)

The Insured's books of account, or other business books or records containing details of outstanding balances, must be kept in a fire resistant safe, cabinet or strong room outside business hours unless they are being worked on or are required for immediate reference.