

RENEWAL NEEDS ANALYSIS AND PROPOSAL FORM

(COMMERCIAL LINES)

www.smitk.co.za



All questions to be answered in full

BROKER' S CHECKLIST:

1. Letter of Introduction
2. Completed and signed Full Needs Analysis with annexure (including previous Insurance Policy Schedule)
3. Completed Full Record of Advice
4. Letter of Appointment
5. Collect Copies of ID, Driver's licence, Vehicle Licence and Registration Documents (if applicable)
6. Claims Review Documents
7. Renewal Policy Schedule

YES	NO
YES	NO
YES	NO
YES	NO
YES	NO
YES	NO
YES	NO

If no, please stipulate why:

PLEASE ENSURE any markings or notes on the Renewal Policy Schedule are signed for by the client.

PLEASE NOTE: This document must be read in conjunction with your Policy Schedule and Policy Wording that indicates your insured amounts and cover.

CLIENT CONTACT DETAILS:

Policy Number:..... Full Name:

Has any of your information changed? If yes, kindly advise:.....

CALCULATION OF GROSS PROFIT

Should you purchase Business Interruption insurance, the following needs to be considered when calculating your sum insured:

- Accounting Gross Profit is different to Insurable Gross Profit;
- current and future growth trends of the business, as well as your Indemnity Period; and
- VAT must be included.

The policy wording defines the basis on which your Insurable Gross Profit sum insured should be calculated. This is summarized below:

1	Sales Turnover	R	
	Plus		
	Closing Stock	R	
	Subtotal 1	R	
2	Less		
	Opening Stock	R	
	Uninsured Costs*:		
	Purchases (less discounts received)	R	
	Discounts Allowed	R	
	Bad Debts	R	
	Any others (specify, e.g. bank charges):	R	
	Subtotal 2	R	
3	Actual Gross Profit for previous year (1 - 2 = 3)	R	
4	Calculate Rate of Gross Profit (3 ÷ 1 x 100%)		%
5	Anticipated Annual Sales Turnover for forthcoming period	R	
6	Apply Rate of Gross Profit (4) to Sales Turnover (5)	R	
7	Escalation @ 10%	R	
8	Add VAT	R	
9	Total Sum Insured (6 + 7)	R	

* Uninsured costs are those costs that vary directly in proportion to a reduction in turnover in consequence of an interruption following insured material damage.

STRUCTURE & PROJECTION OF ASSET VALUES

Garrun is not qualified to provide you with a valuation on your assets and any discussion in this regard merely aims to assist and guide you in determining an appropriate insurance value, which in turn will enable your full indemnification in the event of a loss.

1) NON-MOTOR ASSETS

STRUCTURE COMPONENTS

Current day replacement costs of buildings (to include boundary walls, fences, private roadways, railways sidings, etc.), plant/machinery, stocks (i.e. raw materials, work in progress, finished goods and stores, etc.), or any other assets including VAT Also consider:

- Allowance for cost of demolition, clearance of site
- Allowance for Public Authorities Requirements during rebuilding
- Allowance for Architects and/or other Professional Fees during rebuilding

PROJECTION PERIODS

Bear in mind that a loss could occur on the last day of your insurance period. Add to this the period over which demolition and rebuilding could take place. Therefore, sums insured should be projected utilizing the Bureau for Economic Research building cost indices and other indices applicable to plant/machinery, project values such as exchange rates and inflationary figures, and taking into account escalation/inflation.

AVERAGE

In the event of under-insurance at the date of loss or date of reinstatement, Average could be applied to any claim according to the degree of under-insurance. For example:

▪ Total values at risk at date of rebuilding	R 10 000 000	
▪ Sum Insured at date of loss	R 8 000 000	(80%)
▪ Cost of rebuilding/repairing	R 1 000 000	
▪ Insurance Payment	R 800 000	(80%)

The ultimate responsibility for setting correct sums insured rests with you. The consequences of under-insurance are outlined above. Please note that over-insuring assets does not mean that the insurer will calculate the claim based on the inflated sum insured. Replacement and, in some cases, market value will be used when calculating the claim settlement amount.

2) MOTOR VEHICLES:

Most insurance policies will indemnify you at market value at the time of the loss. To arrive at the correct market value to use as a sum insured, cognizance needs to be taken of the following factors:

- Accurate vehicle description (e.g. 2008 Volkswagen Polo 1.9 TDI Sportline)
- Accessories fitted (either factory-fitted or aftermarket fitments)
- Mileage the vehicle has travelled
- Condition of the vehicle
- If the vehicle qualifies for credit shortfall cover, the outstanding amount to the financier will be required. To

assist clients in determining an appropriate sum insured, the insurance industry uses the Mead & McGrouther value guide.

Please keep in mind the following consequences of selecting an incorrect sum insured:

- Should the sum insured be lower than market value the insurer will only be liable to compensate you up to the insured value.
- Should the sum insured be higher than market value the insurer will only be liable to compensate you up to the market value at the time of the loss.

As mentioned before, we will assist you in determining an appropriate sum insured as far as possible, but ultimately the final decision rests with you as the insured.

VEHICLES TRAVELLING ACROSS BORDERS:

Your motor policy provides for full cover within the territorial limits as defined in the policy wording. However, we strongly suggest that you advise us whenever a vehicle is travelling outside the borders of South Africa, so that we can advise your Insurer accordingly. In some instances, the Insurer may impose specific terms, in which case we will advise you. If the vehicle is the subject of a finance agreement, the financial institution will insist on us confirming that cover is in place for the territories the vehicle will be travelling to and in.

SUMMARY OF COVER

Home Contents	Cover taken		Cover	<input type="checkbox"/>
Homeowners	Cover taken		Cover	<input type="checkbox"/>
Buildings			Cover	<input type="checkbox"/>
Combined	Cover taken		Cover	<input type="checkbox"/>
Subsidence &			Cover	<input type="checkbox"/>
Landslide	Cover taken		Cover	<input type="checkbox"/>
Office Contents	Cover taken		Cover	<input type="checkbox"/>

Business Interruptions	Cover taken	Cover	
Accounts Receivable	Cover taken	Cover	
Theft and Malicious Damage	Cover taken	Cover	
Money Fidelity	Cover taken	Cover	
Guarantee	Cover taken	Cover	
Goods in transit	Cover taken	Cover	
Accidental Damage	Cover taken	Cover	
Employers Liability	Cover taken	Cover	
Stated Benefits	Cover taken	Cover	
Accidental Damage	Cover taken	Cover	
All Risks	Cover taken	Cover	
Motor	Cover taken	Cover	
Motor Cycle	Cover taken	Cover	
Pleasure Craft	Cover taken	Cover	
Car Rental	Cover taken	Cover	
Waiver of excess	Cover taken	Cover	
Inception Value			
Policy	Cover taken	Cover	
Top Up	Cover taken	Cover	
Legal Liability	Cover taken	Cover	
Extended Liability	Cover taken	Cover	
Personal Accident	Cover taken	Cover	
Group Personal Accident			
Electronic			
Equipment	Cover taken	Cover	
Fire	Cover taken	Cover	
Garrun Assist	Cover taken	Cover	
Sasria	Cover taken	Cover	

AVAILABLE COVERS

Available covers are divided into two distinct sections – one where we discuss what are commonly referred to as “Catastrophe Risks” and the second where “Non-Catastrophe” risks are discussed. Catastrophe Risks are generally insured through conventional insurance markets whilst Non-Catastrophe Risks can either be insured or potentially managed at operational level, depending on the philosophy of the organization. The policy sections **highlighted** represent covers not currently insured.

Your attention is also drawn to the “General Exclusions”, “General Conditions” and “General Provisions” of your policy – details of which are available on our policy wording CD or from your Account Executive.

CATASTROPHE RISK EXPOSURES:

Policy Section	Brief Description of Cover Afforded	Benchmarked Limit of Indemnity
Fire	Damage to the whole or part of the property described in the schedule, owned by you, the insured, or for which you are responsible, including alterations by yourselves as tenants to the	Replacement value including VAT

	buildings and structure, caused by fire, thunderbolt or lightning, explosions, storm, wind, water, hail or snow, aircraft and other aerial devices or articles dropped therefrom, impact, trees, aerals, satellite dishes or vehicles, and malicious damage	
Business Interruption	Financial loss following the interruption of, or interference with the business in consequence of damage occurring during the period of insurance on the premises in respect of which payment has been made or liability admitted under (i) the Fire Section (ii) the Buildings Combined Section (iii) the Office Contents Section (iv) and other material damage insurance covering the interest of the insured, but only in respect of perils insured under the Fire Section hereof	Insurable Gross Profit making provision for turnover growth during the insurance and reinstatement periods
Fidelity/ Commercial Crime	Loss of money and/or property belonging to yourself or for which you are responsible stolen by an employee during the currency of this section	R1 000 000
Liability	Damages for which you, the insured, shall become legally liable consequent to the accidental death of, or bodily injury to, or illness of any person, or accidental loss of, or damage to tangible property occurring within the territorial limits and during the period of insurance in the course of, or in connection with the business	R20 000 000
Directors & Officers Liability	Damages for which you, the insured, shall become legally liable as a result of any act or omission of an employee acting in their capacity as Director or Officer Legal Defence Costs are included.	R5 000 000
Contractors All Risks and Contractors Liability	Loss of or damage to (a) the contract works whilst in transit, in storage or on the contract site and (b) accidental death, bodily injury, illness or disease and/or accidental tangible loss to tangible property arising directly out of the performance of the insured contract	Full contract value with Liability being R10 million

NON-CATASTROPHE RISKS:

Policy Section	Brief Description of Cover Afforded	Benchmarked Limit of Indemnity
Accidental Damage	Accidental physical loss of, or damage to the insured's property on or about the premises not otherwise insured or for which insurance is available	R1 000 000
Electronic Equipment	Physical loss of, or damage to the property insured as described in the schedule from any cause not hereinafter excluded whilst at work or at rest anywhere within your premises as specified; or in transit, including loading and unloading, or whilst temporarily stored on any premises en route, or temporarily removed from your premises to any other location	Full replacement value including VAT

Policy Section	Brief Description of Cover Afforded	Benchmarked Limit of Indemnity
Accounts Receivable	Loss of, or damage as a result of accident or misfortune to your books of account, or other business books or records on the premises, in consequence whereof you are unable to trace or establish the outstanding debt balances in whole or part due to you	Estimated maximum amount of debtors book at any one time
Buildings Combined	Damage by the perils described in the Fire Section and including: <ul style="list-style-type: none"> ▪ Loss of rent up to a maximum of 25% of the insured amount ▪ Legal liability ▪ Theft accompanied by forcible and violent entry into, or exit from the building 	Full replacement value including VAT
Business All Risks	Loss of, or damage to the whole or part of the property described in the schedule while anywhere in the world by any accident or misfortune not otherwise excluded, provided that you shall be responsible for the first amount payable stated in the schedule in respect of each and every event, except a claim resulting from fire, lightning or explosion	Full replacement value including VAT
Theft	Loss of, or damage to all contents of any insured building on your premises described in the schedule as a result of theft accompanied by forcible and violent entry into, or exit from such building or any attempt thereat, or as a result of theft, or any attempt thereat, following violence or threat of violence Cover is on a first loss basis – average does not apply.	First Loss
Glass	Loss of, or damage to internal and external glass (including mirrors), signwriting and treatment thereon on your premises as stated in the schedule, the property of yourself or for which you are responsible	Full replacement value including VAT
Goods in Transit	Loss of, or damage to the whole or part of the property described in the schedule, owned by yourself or for which you are responsible, in the course of transit by the means of conveyance or other means incidental thereto and caused by any accident or misfortune not otherwise excluded	Maximum any one load taking into account the basis of valuation
Machinery Breakdown	Any unforeseen, visible loss of, or damage to equipment as described in the schedule by an incident stated and not otherwise excluded while on your premises, but excluding any loss of, or damage caused by an incident covered under the Fire and Theft sections	Full replacement value including VAT
Machinery Breakdown – Business Interruption	Financial loss following interruption of, or interference with the business in consequence of damage occurring during the period of insurance on the premises in respect of which payment has been made or liability admitted with regards to the Machinery Breakdown section	Per Machinery Breakdown above, but specifically listed for specific machinery

Policy Section	Brief Description of Cover Afforded	Benchmarked Limit of Indemnity
Money	Loss of, or damage to money on your premises or in transit to and from the bank Money stored in a locked safe at night is limited to a value depending on the category of the safe. Please consult with Smit and Kie Brokers Pty(Ltd). for further details.	First Loss
Motor	Loss of, or damage to any vehicle described in the schedule and its accessories and spare parts whilst thereon, including liability incurred towards third parties	Retail Value
Motor Traders – Internal Risks	Loss of, or damage to vehicles (not owned by the Insured) whilst on the Insured Property as described in the schedule, including liability to a third party	Retail value
Motor Traders – External Risks	Loss of, or damage to vehicles (not owned by the Insured) whilst in the course of a journey, including liability to a third party	Retail value
Office Contents	Loss of or damage to the office contents (excluding Computer Equipment) unless otherwise stated in the schedule, as per the perils under the Fire section, including: <ul style="list-style-type: none"> ▪ Theft or any attempt thereto ▪ Loss of Rent up to 25% of the insured amount ▪ Loss of, or damage to documents 	Full replacement value including VAT
SASRIA	Loss of or damage to the insured property as a direct result of rioting, strikes or public disorder	Per underlying policy – consider Standing Charges
Personal Accidental & Stated Benefits	Bodily injury caused by accidental, violent, external and visible means to any principal, partner, director or employee of the insured specified in the schedule	Variable
Marine	Loss of, or damage to goods whilst being imported, exported or temporarily being stored whilst part of a marine voyage	Replacement value depending on the basis of valuation

Consideration should also be made for (where applicable):

- any property in the open which has not been specified or advised to insurers (stock, plant, signage etc.);
- sprinkler leakage – accidental discharge or leakage of sprinkler systems in the building occupied;
- non-standard construction such as shade cloth, thatch, iron or wooden structures;
- Specialised Liability covers such as Product Recall, Product Guarantee, Inefficacy, Professional Indemnity & Employment Practices;
- Corporate Travel Insurance; and
- Credit Insurance.

OTHER GARRUN PRODUCTS & SERVICES

In addition to conventional insurance broking, Smit and Kie Brokers Pty(Ltd). has other services which may be of benefit:

Policy/Service	Brief Description
Smit and Kie Brokers Pty(Ltd). Employee Benefits (Pty) Ltd	<ul style="list-style-type: none"> ▪ Assessing existing benefits for the fund and making recommendations ▪ Developing investment strategies for members of the retirement fund ▪ Reviewing risk benefits (i.e. death and disability) in terms of changing market conditions ▪ Assisting companies in complying with governance and legislative requirements as this pertains to retirement funds ▪ Communications with fund members by conducting verbal presentations and compiling documents such as explanatory booklets ▪ Guiding companies and retirement fund committees through the process of appointing and/or replacing service providers of the fund

UNINSURABLE RISKS

There are certain risks which cannot generally be insured, either because there is no suitable market, or the risk is incapable of being assessed and rated, or because they are a governmental responsibility, or because there has not been sufficient demand for creating a market to insure the risk at a reasonable cost. Whilst conventional insurance is unavailable, prudent risk management should be considered both at strategic and operational levels to cater for these risks. The more important of these are:

No.	Item	Explanation & Example
1.	Exchange Control/Currency fluctuation	Government/Authorities imposing/lifting restrictions regarding movement of exchange or currency Forward cover can be purchased from Banks, and Currency Risk Management Services are available.
2.	Loss of Market (unless resulting from Insurable Risk)	E.g. turnover loss following re-routing of road to bypass place of business (non-damage situation)
3.	Normal wear and tear, gradual corrosion or deterioration Inherent vice	Wearing away of a cutting edge Ullages on a bottling line Losses due to the inherent nature of the article e.g. the hygroscopic nature of salt
4.	Nuclear Risks (may not be excluded for Personal Accident benefits)	In most instances governmental responsibility Special pools formed to accommodate certain risks, e.g. S A Nuclear Pool NB: Nuclear risks include ionising radiation or contamination by radio activity from any nuclear fuel

No.	Item	Explanation & Example
		or from any nuclear waste, from the combustion of any nuclear fuel or nuclear weapons material, nuclear fission, and/or nuclear fusion.
5.	Political Decisions	Censorship resulting in drop in sales of newspapers and magazines Government/Trade embargoes, requisitioning or confiscation/commandeering
6.	Public Opinion	Drop in sales following adverse publicity
7.	Risks against the Public Interest	Insurance in respect of illegal activities, e.g. tax evasion, or criminal penalties, e.g. traffic fines
8.	Stock shortages or unaccountable losses	Shrinkage e.g. at supermarket/in retail trade Losses discovered at stocktaking
9.	Trade Risk losses	Competitive price cutting Change in fashion
10.	Unaccountable Assets	You cannot insure "hidden" stock or profit not declared or recorded in books of account/financial statements.
11.	War Risks or threat thereof, including Rebellion, Civil War, act of foreign enemy/invasion in respect of assets on land (not excluded for imports/exports by sea or air and it is possible to arrange cover for personal accident benefits)	1. Declaration of status by de facto government 2. Complete breakdown of government, but insurable for assets outside South Africa
12.	Terrorism involving nuclear and/or biological weapons	Detonation of a nuclear device by terrorists
13.	Asbestos Any injury arising out of the hazardous nature of asbestos, i.e. fibres or dust	Asbestosis

DECLARATION

1. I, the undersigned, hereby confirm that the Renewal of my Insurance Portfolio has been discussed with me by my Financial Advisor; I do understand the contents thereof and is satisfied with the cover arranged.
2. I acknowledge that the following has been discussed and where needed a copy has been handed to me:

Renewal Terms & Conditions

Limits of indemnity/Insured values

Average/Under-insurance

First amount payable/Excesses

Statutory notice

3. I warrant that the answers given are true and correct and I do not know of any material facts (even though specific questions about them have not been asked) that should be communicated to insurers.
4. I have never been refused insurance for the risk I now wish to insure, nor have I had any policy in which I have or had an interest cancelled or restricted. The person completing this renewal on my behalf does so as my agent. If I have been refused insurance cover, I have stipulated details of such during the inception stages.
5. If there are any other material facts that could influence insurers' decisions in accepting the risk, or any factors that could make the risk more hazardous than normal, they are stipulated here:
.....
6. I AGREE THAT I have read and understood all changes to my existing policy, and where there have been any changes, it has been at my request. I agree that the Broker has correctly gone through all changes to my policy with me and have made me aware of the implications of any said changes.
7. I UNDERSTAND THAT this insurance will not start until this proposal has been accepted by the insurers.
8. I AM AWARE OF the Client Service Fee that Smit and Kie Brokers Pty(Ltd). charges in terms of Section 8(5) of the Short-term Insurance Act and agree that such fee has been explained to me and the exact numerical amount, as well as the exact Client Services which make up said fee, will be disclosed on my Insurance Policy. Should I at any stage no longer wish to be debited for the Client Service Fee, I am aware of my right to cancel this fee; however, I am also aware that cancelling the Client Service Fee will mean cancelling the Services provided in terms of said fee.
9. I UNDERSTAND THAT certain personal information may be required in order to render proper financial advice and that my consent in collecting such or otherwise processing such information is necessary. Should there be any personal information that I am not comfortable with my Broker/ Smit and Kie Brokers Pty(Ltd).collecting and/or otherwise processing, I will notify him/her in writing. I consent to such personal information being used by any necessary third party, such as the Insurer. I am aware that such Personal Information will be dealt with in accordance with the Protection of Personal Information Act.
10. If you are unable to sign this declaration without qualification, please state your reasons below:
.....

Signed at: on this day of 20

Signature: