

# MOTOR TRADERS EXTERNAL RISKS

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## Defined Events

The company will in accordance with the terms, exceptions and conditions of Sub-sections A and B indemnify the insured in respect of any accident, loss or damage occurring whilst any insured vehicle is elsewhere than in or on any business premises owned by or in the occupation of the insured and such insured vehicle is being used in accordance with the terms of the Basis of insurance which is mentioned under the heading "BASIS OF INSURANCE" in the schedule.

### Sub-section A - Loss of or damage to the insured vehicle

The company will indemnify the insured against loss of or damage to any insured vehicle including the spare wheels and standard issued tools, accessories and spare parts of such insured vehicle whilst thereon as well as other accessories and spare parts of such insured vehicle whilst attached thereto.

Provided always that

- (a) the company may at its own option repair, reinstate or replace such insured vehicle or any part thereof and/or the spare wheels, tools, accessories and spare parts as mentioned above thereof or may pay in cash the amount of the loss or damage;
- (b) the liability of the company under Sub-section A of this section is limited to the reasonable market value of the insured vehicle (including the spare wheels, tools, accessories and spare parts as mentioned above) but not in any case exceeding the amount stated in respect of Sub-section A under the heading "LIMITS OF LIABILITY" in the schedule, in respect of any one accident or series of accidents due to or arising out of any one event or occurrence;
- (c) in the event of any part (which shall include any spare wheel, tool, accessory and spare part) needed to repair or replace damage (insured against under Sub-section A of this section) to such insured vehicle being unobtainable in the Republic of South Africa as a standard (ready manufactured) article the liability of the company shall be discharged by the payment of a sum equal to the value of such part (including the reasonable cost of freight other than by air) at the time of the accident but not in any case exceeding such part's price as stated in the manufacturer's last issued catalogue or price list;
- (d) if such insured vehicle is disabled by reason of any loss or damage insured against under Sub-section A of this section the company will pay the reasonable cost of protection and removal to the nearest repairers and the insured may give instructions for repairs to be executed without the previous consent of the company to the extent of but not exceeding R2 000 on the understanding that a detailed estimate is first obtained and immediately forwarded to the company. The company will also pay the reasonable cost of delivery to the insured after repair of the aforesaid loss or damage but not exceeding the reasonable cost of transport to the address of the insured anywhere in the Republic of South Africa, Namibia, Lesotho, Botswana and Swaziland on condition, however, that the company's liability for the aforesaid cost in respect of protection, removal and delivery shall in any case be limited to R1 000 in total.



### **Specific Exceptions Applicable to Sub-section A**

The company shall not be liable under Sub-section A of this section to pay for

- (a) consequential loss arising in any way whatever, depreciation, wear and tear, mechanical, electrical or electronic breakdowns, failures or breakages;
- (b) damage to tyres by application of brakes or by road punctures, cuts or bursts;
- (c) damage to springs due to inequalities of the road or other surface or to impact with such inequalities;
- (d) loss or damage to accessories or spare parts by theft unless the vehicle is stolen at the same time.

### **Sub-section B - Liability to Third Parties**

The company will

1. indemnify the insured in the event of an accident caused by or through or in connection with any insured vehicle, including the loading and/or unloading of such insured vehicle, against all sums, including claimant's costs and expenses, which the insured shall become legally liable to pay in respect of:-
  - (a) death of or bodily injury to any person
  - (b) damage to property
2. pay all costs and expenses (which be connected with the indemnity provided under Sub-section B of this section) incurred with the company's written consent
3. indemnify, in terms of and subject to the limitations of and for the purposes of Sub-section B of this section, any person who is driving any insured vehicle on the insured's order or with the insured's permission, on the understanding that:-
  - (a) such person is not entitled to indemnity under any other policy or any other section of this policy;
  - (b) such person shall as though he were the insured observe, fulfil and be subject to the terms, limitations, exceptions and conditions of this section and of this policy in so far as they can apply;
  - (c) such person has not been refused any motor vehicle insurance or continuance thereof by any insurance company or underwriter.

Provided always that the liability of the company under Sub-section B of this section in respect of death, injury, damage, costs and/or expenses shall be limited to the sum specified in respect of Sub-section B under the heading "LIMITS OF LIABILITY" in the schedule, in respect of any one accident or series of accidents due to or arising out of any one event or occurrence; except that in respect of death, injury, damage, costs and/or expenses directly or indirectly due to or in consequence of fire or explosion, the liability of the company under Sub-section B of this section shall be limited to the sum specified in respect of Sub-section B under the heading "LIMITS OF LIABILITY" in the schedule or the sum of R2 500 000 (Two million five hundred thousand Rand), whichever is the lesser, in respect of any one accident or series of accidents due to or arising out of any one event or occurrence.

### **Specific Exceptions Applicable to Sub-section B**

The company shall not be liable under Sub-section B of this section in respect of:-

- (a) death, injury or damage caused by or arising out of the operation, demonstration or use for purposes other than maintenance or repair of any insured vehicle (unless it be a fork lift truck) of any tool or plant forming part of or attached to or used in connection with any insured vehicle or anything manufactured by or contained in any such tool or plant;



- (b) death, injury or damage caused or arising beyond the limits of any carriageway or thoroughfare in connection with the bringing of a load to any insured vehicle for loading thereon or the taking away of a load from any insured vehicle after unloading there from;
- (c) death of or injury to any person in the employment of the insured arising out of and in the course of such employment;
- (d) death of or injury to any person being carried in or upon or entering or getting on to or alighting from any motor scooter, motor cycle or side-car attached thereto at the time of the occurrence of the event out of which any claim arises;
- (e) death of or injury to any person being a member of the same household as the insured;
- (f) damage to property belonging to, held in trust by or in the custody or control of the insured or being conveyed by, loaded onto or unloaded from any insured vehicle;
- (g) damage to any viaduct bridge or weighbridge or to any road and/or anything beneath by vibration or by the weight of any insured vehicle or load carried by such insured vehicle.

### **Definitions**

For the purposes of this section the expression

“Schedule” used in this section shall mean - the schedule of this section.

“Insured vehicle” used in this section shall mean - any motor vehicle or trailer the property of or in the custody or control of the insured (excluding any vehicle the property of the insured and hired or sold under a hire purchase or suspensive sale or other deferred ownership agreement unless such vehicle is in the custody or control of the insured at the time of the occurrence of the event out of which any claim arises) and any vehicle (mechanically-propelled or otherwise) attached to any aforementioned vehicle for the purposes of being towed or salvaged.

### **Application of limits of indemnity**

In the event of any accident involving indemnity to more than one person, any limitation by the terms of this section and/or of any endorsement thereon of the amount of any indemnity shall apply to the aggregate amount of indemnity to all persons indemnified and such indemnity shall apply in priority to the insured.

### **First amount payable**

In respect of each and every occurrence regarding Sub-sections A and B of this section and notwithstanding anything to the contrary contained in such Sub-sections the insured shall be responsible for the first amount payable, as stated under the heading “First amount payable” in the schedule, of any expenditure (or any less expenditure which may be incurred) for which provision is made under the aforesaid Sub-sections (including any payment in respect of costs, expenses and fees) and of any expenditure by the company in the exercise of the company’s discretion under Sub-section A of this section and General Condition 7(a)(ii) of this policy. If the expenditure incurred by the company shall include the amount for which the insured is responsible in terms of this clause, such amount shall be paid by the insured to the company forthwith.

For the purpose of this clause the expression “occurrence” used in this clause shall mean an occurrence or series of occurrences due to or arising out of one cause in connection with any one vehicle in respect of which this section provides indemnity.



## Description of use

Use for the insured's business or occupation as stated in the schedule.

## EXCLUDING

Hiring, carriage of passengers for hire or carriage of fare paying passengers, driving instruction for reward, racing, speed or other contests, rallies or trials, carriage of explosives, carriage of passengers in excess of the number for which the vehicle is licensed or authorised by law to carry or carriage of any load in excess of that for which the vehicle is licensed to carry.

## No Claim Rebate

In the event of no claim being made or arising under this section during a period of insurance of not less than twelve months immediately preceding the renewal date of this policy, the annual premium of this section shall be reduced by 10% which reduction shall not be cumulative.

Should the company consent to a transfer of interest in this policy, the No Claim Rebate earned by the transferor shall not accrue to the benefit of the transferee.

## Specific Exceptions

The company shall not be liable under this section in respect of: -

1. so much of any compensation or claim as falls within the scope of any compulsory motor vehicle insurance enactment. This Exception shall apply notwithstanding that no insurance under the aforementioned enactment is in force or has been effected;
2. any accident, injury, loss, damage, liability, costs and/or expenses caused, sustained or incurred outside the Republic of South Africa, Namibia, Lesotho, Botswana, Swaziland, Zimbabwe and Malawi provided, however, that the company will indemnify the insured in terms of Sub-section A of this section against loss of or damage to any insured vehicle whilst in transit by sea between any ports in the aforementioned area including loading and unloading incidental to such transit;
3. any accident, injury, loss, damage, liability, costs and/or expenses caused, sustained or incurred while any insured vehicle in respect of or in connection with which insurance is granted under this section
  - (a) is being used otherwise than in accordance with the terms of the DESCRIPTION OF USE CLAUSE of this section and the BASIS OF INSURANCE which is mentioned in the schedule;
  - (b) is being driven by the insured or by any other person with the general knowledge and consent of the insured unless duly and fully licensed to drive such vehicle in terms of the legislation applying to the area referred to in Specific Exception (2) of the Specific Exceptions applicable to this section provided, however, that if such a licence be subject to renewal he has held and is not disqualified from holding or obtaining such a licence and provided further that this Exception shall not apply whilst the insured or any such other person is driving such vehicle whilst leaning to drive it at such time he is complying with the laws and regulations in force relating to learners;
  - (c) is being driven by the insured, a member or a director of the insured whilst under the influence of any drug or intoxicating liquor;
  - (d) is being driven with the general consent of the insured or of his representative by any person who to the knowledge of the insured or of such representative is under the influence of any drug or intoxicating liquor;



(e) is being used for any unauthorised purpose by an employee of the insured or by any other person with whom such employee is or was in collusion;

4. any claim arising out of any contractual liability.

### **Specific Conditions**

1. If during the currency of this section any driver's licence in favour of the insured or in favour of any authorized driver of the insured be endorsed, suspended or cancelled or if he be charged or convicted of negligent, reckless or improper driving, notification shall be sent in writing to the company immediately the insured has knowledge of such fact.
2. In addition to complying with General Condition 5 of this policy
  - (a) the insured shall take all reasonable steps to maintain any insured vehicle in efficient and roadworthy condition;
  - (b) all reasonable steps shall in the event of any accident or breakdown be taken to prevent further damage or loss and if the insured vehicle which is involved be driven or used before the necessary repairs are effected, any extension of the damage or any further damage to such insured vehicle shall be entirely at the insured's own risk.

### **Provisions**

Only the Basis which is mentioned under the heading "BASIS OF INSURANCE" in the schedule is applicable and such Basis is subject to all the terms, exceptions and conditions of this section and all the terms, exceptions and conditions (in so far as they can apply) of this policy.

### **Wages Basis**

1. The cover under this section shall only be operative whilst the insured vehicle is being used
  - (a) for business purposes of the insured by the insured or a member, director or employee of the insured excluding transit, delivery or conveying for or on behalf of the insured by casual drivers or persons not wholly and regularly engaged in the employ of the insured;
  - (b) for purposes of tuition provided that the person being taught to drive is complying with the law in force relating to learner-drivers and is accompanied by a fully licensed driver who shall be either the insured or a member, director or employee of the insured;
  - (c) for purposes of demonstration which shall include driving by the person to whom the insured vehicle is being demonstrated provided that such person is fully licensed to drive such vehicle and is accompanied by a fully licensed driver who shall be either the insured or a member, director or employee of the insured;
  - (d) for social, domestic and pleasure purposes (whether such use is incidental to the business of the insured or not) by any person other than the insured or a member, director or employee of the insured.
2. It is a condition precedent to any liability of the company under this section that the insured shall regularly record in a proper wage register the name of every employee together with the wages, salary, commission and other consideration paid or allowed to such employee and shall immediately record in such wage register the date of engagement and of discharge of each employee.

### **Named Driver Basis**

The cover under this section shall only be operative whilst the insured vehicle is being driven by or is for the purpose



of being driven by him/her in the charge of any person whose name is mentioned under the heading "NAMED DRIVERS" in the schedule provided that such person is the insured or a member, director or employee of the insured and the insured vehicle is being used

- (a) for business purposes of the insured;
- (b) for purposes of tuition provided that the person being taught to drive is complying with the law in force relating to learner-drivers and is accompanied by any person whose name is mentioned under the heading "NAMED DRIVERS" in the schedule;
- (c) for purposes of demonstration which shall include driving by the person to whom the insured vehicle is being demonstrated provided that such person is fully licensed to drive such vehicle and is accompanied by any person whose name is mentioned under the heading "NAMED DRIVERS" in the schedule;
- (d) for social, domestic and pleasure purposes (whether such use is incidental to the business of the insured or not) by any person whose name is mentioned under the heading "NAMED DRIVERS" in the schedule.

#### **Trade Plate Basis**

The cover under this section shall only be operative whilst the insured vehicle carrying in the manner and for purposes prescribed by law a trade plate bearing any trade registration number which is mentioned under the heading "TRADE REGISTRATION NUMBERS" in the schedule and is being used

- (a) for business purposes of the insured by the insured or a member, director or employee of the insured, excluding transit, delivery or conveying for or on behalf of the insured by casual drivers or persons not wholly and regularly engaged in the employ of the insured;
- (b) for purposes of tuition, provided that the person being taught to drive is complying with the law in force relating to learner-drivers and is accompanied by a fully licensed driver who shall be either the insured or a member, director or employee of the insured;
- (c) for purposes of demonstration which shall include driving by the person to whom the insured vehicle is being demonstrated provided that such person is fully licensed to drive such vehicle and is accompanied by a fully licensed driver who shall be either the insured or a member, director or employee of the insured;
- (d) for social, domestic and pleasure purposes (whether such use is incidental to the business of the insured or not) by any person other than the insured or a member, director or employee of the insured.

#### **Extensions**

It is declared and agreed that

- (a) only those Extensions which are specifically stated in the schedule as being included, shall apply to this section;
- (b) the following Extensions (each individually) shall otherwise be subject to all the terms, exceptions and conditions of this section and all the terms, exceptions and conditions (in so far as they can apply) of this policy, as if they had been incorporated in such Extensions.

- (1) Use for social, domestic and pleasure purposes

In consideration of the payment of an additional premium which is included in the premium on this section and notwithstanding anything contained to the contrary in this section, the indemnity provided by this section applies whilst any insured vehicle is being used for social, domestic and pleasure purposes by any person whose name is mentioned in respect of this Extension in the schedule.



(2) Loss of use of customers' vehicles

In consideration of the payment of an additional premium which is included in the premium on this section in the event of the company being liable to indemnify the insured under Sub-section A of this section in respect of loss of or damage to any insured vehicle the property of a customer whilst in the custody or control of the insured the company will also indemnify the insured notwithstanding anything contained to the contrary in Specific Exception (a) of the Specific Exceptions applicable to Sub-section A of this section against all sums which the insured shall become legally liable to pay as compensation for loss of use of such vehicle. Provided that the liability of the company in respect of any one occurrence, shall not exceed the amount stated in the schedule in respect of this Extension.

(3) Unauthorised use of vehicles by employees

In consideration of the payment of an additional premium, which is included in the premium on this section Specific Exception (3)(e) of the Specific Exceptions to this section is cancelled.

(4) Legal liability of passengers for acts of negligence

In consideration of the payment of an additional premium which is included in the premium on this section the company will at the request of the insured indemnify in terms of Sub-section B of this section any person using the insured vehicle.

Provided always that such person

- (a) is not personally driving or in control of the insured vehicle;
- (b) is not entitled to indemnity under any other policy;
- (c) is not under the influence of intoxicating liquor or drugs;
- (d) shall as though he were the insured observe, fulfil and be subject to the terms, exceptions and conditions of this section and of this policy in so far as they can apply.

(5) Legal liability in respect of passengers (applicable to motor cycles and motor scooters only)

In consideration of the payment of an additional premium which is included in the premium on this section Specific Exception (d) of the Specific Exceptions applicable to Sub-section B of this section is cancelled. Provided always that the liability of the company in respect of any one occurrence shall not exceed the amount stated in the schedule in respect of this Extension.

(6) Driving of motor cycles

In consideration of the payment of an additional premium which is included in the premium on this section and notwithstanding anything to the contrary contained in this section the indemnity provided by this section is extended to apply whilst any insured motor cycle or insured motor scooter is being driven by a person for the purpose of tuition or demonstration without being accompanied by the insured or a member, director or employee of the insured.

(7) Windscreen

The provision of this section relating to first amount(s) payable and no claim rebate shall not apply to any payment for damage to windscreen glass side or rear glass forming part of any vehicle provided that

- (a) no other damage has been caused to the vehicle giving rise to a claim under this section
- (b) the insured shall be responsible for the first amount payable stated in the schedule for each and every loss.

(8) Riot and strike



Subject otherwise to the terms, conditions, exclusions, exceptions and warranties contained therein, this section is extended to cover loss or damage directly occasioned by or through or in consequence of:

- (1) civil commotion, labour disturbances, riot, strike or lockout;
- (2) 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:

- (a) loss or damage occurring in the Republic of South Africa or Namibia;
- (b) consequential or indirect loss or damage of any kind or description whatsoever;
- (c) loss or damage resulting from total or partial cessation of work or the retarding or interruption or cessation of any process or operation;
- (d) loss or damage occasioned by permanent or temporary dispossession resulting from confiscation, commandeering or requisition by any lawfully constituted authority;
- (e) loss or damage related to or caused by any occurrence referred to in general exception 1(A) (ii) (iii) (iv) (v) (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 (a) (b) (c) (d) or (e) loss or damage is not covered by this section, the burden of proving the contrary shall rest on the insured.

### **Optional Limitations**

It is declared and agreed that

- (a) only those Optional limitations which are specifically stated in the schedule as being included, shall apply to this section;
- (b) the following Optional limitations (each individually) shall otherwise be subject to all the terms, exceptions and conditions of this section and all the terms, exceptions and conditions (in so far as they can apply) of this policy, as if they had been incorporated in such Optional limitations.
  - (1) Cover for motor cycles and motor scooters only

The expression "insured vehicle" used in this section shall bear the following meaning and not as stated in the Definitions of this section:

any two-wheeled motor cycle or motor scooter (including any side car attached thereto) the property of or in the custody or control of the insured, excluding any motor cycle or motor scooter the property of the insured and hired or sold under a hire purchase or suspensive sale or other deferred ownership agreement unless such motor cycle or motor scooter is in the custody or control of the insured at the time of the occurrence of the event out of which any claim arises.

- (2) Cover for special type vehicles only

The expression "insured vehicle" used in this section shall bear the following meaning and not as stated in the Definitions of this section:

any tractor, agricultural, horticultural or forestry vehicle of load and earth moving equipment, lift truck or mobile crane (hereafter termed "Special Type Vehicle") the property of or in the custody or control of the





insured (excluding any “Special Type Vehicle”, the property of the insured and hired or sold under a hire purchase or suspensive sale or other deferred ownership agreement unless such “Special Type Vehicle” is in the custody or control of the insured at the time of the occurrence of the event out of which any claim arises) and any vehicle (mechanically-propelled or otherwise) attached to any aforementioned “Special Type Vehicle” for the purpose of being towed or salvaged.

(3) Exclusion of own vehicles

The expression “insured vehicle” used in this section is deemed not to include any vehicle the property of the insured.

(4) Exclusion of demonstration risk

The company shall be under no liability whilst any insured vehicle is being used for the purpose of demonstration.

(5) Exclusion of legal liability in respect of passengers

The company shall not be liable under Sub-section B of this section in respect of death of or injury to any person being carried in or upon or getting onto or entering or alighting from any insured vehicle at the time of the occurrence of the event out of which any claim arises.

(6) Restricted cover (third party, fire and theft)

The policy is amended:

- (a) the liability of the company under Sub-section A of this section shall be restricted solely to loss or damage resulting from fire, self-ignition, lightning or explosion and to loss or damage by theft or any attempt thereof;
- (b) the Clause regarding No Claim Rebate is cancelled.

(7) Third party only cover

Sub-section A and the Clause regarding No Claim Rebate of this section are cancelled.