

# **SHORT TERM INSURANCE CAN BE BROKEN DOWN INTO TWO CATEGORIES:**

**PROPERTY & CASUALTY AND COVER CAN BE TAKEN FOR:**

## **(PERSONAL USE)**

**PERSONAL LINES, AS THE TERM SUGGESTS, INCLUDES COVER FOR INDIVIDUALS AND THEIR PERSONAL BELONGINGS IN WHICH THEY HAVE INSURABLE INTEREST AND WHERE THESE INSURED ITEMS ARE USED FOR**

### **PRIVATE PURPOSES.**

**Packages and cover differ from insurer to insurer.**

## **(COMMERCIAL USE)**

**COMMERCIAL LINES PROVIDE A WIDER VARIETY OF COVER AND INCLUDE MANY KINDS OF INSURANCE PRODUCTS DESIGNED FOR COMPANIES TO COVER THEIR ASSETS IN WHICH THEY HAVE INSURABLE INTEREST AND WHERE THESE ASSETS ARE USED FOR**

### **BUSINESS PURPOSES.**

**Standard MM111 wording.**

**Many other policies are specially designed and developed for corporate and niche markets.**

**THE CONCEPT OF BUSINESS USE AND PERSONAL USE DIFFER.  
IN PERSONAL LINES, INDIVIDUAL'S INSURED ASSETS ARE UTILIZED  
FOR PRIVATE PURPOSES ONLY.  
IN COMMERCIAL LINES, BUSINESS INSURED ASSETS ARE UTILIZED  
FOR TRADE, PROFIT, REWARD AND GAIN.**

## **(PERSONAL)**

**IF A VEHICLE IS INSURED FOR PRIVATE PURPOSES BUT IS  
USED FOR BUSINESS PURPOSES i.e. DELIVERIES OR SALES, A  
**CLAIM WILL BE REPUDIATED** BECAUSE:**

- ❖ **THE RISK WAS NOT RATED CORRECTLY.**
- ❖ **MISREPRESENTATION, MISDESCRIPTION AND NON-  
DISCLOSURE OF MATERIAL FACTS RENDERS THE INSURED  
ITEM VOIDABLE.**

**BELOW IS AN EXAMPLE OF HOW A PERSONAL DOMESTIC INSURANCE POLICY CAN BE EXTENDED TO COVER A BUSINESS RUN FROM HOME. CERTAIN BUSINESSES RUN FROM HOME, ARE EXCLUDED. THE RISK FOR CANDLE MAKING FOR EXAMPLE WOULD BE TOO HIGH.**

**Mr X and Mrs X  
PERSONAL DOMESTIC POLICY**

**THE ABOVE INSURED HAS A DOMESTIC PERSONAL POLICY (SANTAM MULTIPLEX 747) WITH THE FOLLOWING COVER:**

Household Contents	R200 000
All risk items	R 4 000
Specified a/r items	R 10 000
Vehicle 1 (private use)	R 80 000
Vehicle 2 (private use)	R 45 000
Personal legal liability	3 Million
Vehicle liability	3 Million per vehicle

**MRS SMITH STARTS A DRESSMAKING BUSINESS FROM HOME.**

Under a personal domestic policy:

Her materials (stock) won't be covered in the event of a loss.

Her vehicle won't be covered in the event of a loss, if it was used in the course of her business.

**THEIR POLICY CAN BE EXTENDED TO COVER HER STOCK AND HER VEHICLE IN THE FOLLOWING WAY:**

Household Contents	R 200 000
<b>(Stock – max. R100000)</b>	<b>R 10 000</b>
All risk items	R 4 000
Specified a/r items	R 10 000
Vehicle 1 (private use)	R 80 000
<b>Vehicle 2 (business use)</b>	<b>R 45 000</b>
Personal legal liability	3 Million
Vehicle liability	3 Million per vehicle

**The maximum insured amount for business stock under the section household contents on a personal policy is R10000-00. Should her business grow, she would need to take out a separate commercial policy.**

# COVER PROVIDED – BELOW IT CAN BE SEEN THAT COMMERCIAL INSURANCE COVERS MUCH MORE SECTIONS. THIS IS BECAUSE BUSINESSES ARE EXPOSED TO MORE TYPES OF RISKS i.e. FIRE, THEFT, MACHINERY, COMPUTERS, FIDELITY, LIABILITY ETC.

## (PERSONAL)

MR AND MRS LE GRANGE

A married couple owns a house, vehicles, a rubberduck, all risk items and they also require legal aid, a hospital plan, personal accident and funeral cover. All their assets are used for private purposes only. A personal Santam Multiplex policy will cover all their needs under the sections mentioned below:

- **House Contents**
- **All risks**
- **Buildings**
- **Vehicles**
- **Water crafts**
- **Personal legal liability**
- **Vehicle liability**
- **Water craft liability**
- **Legal access**
- **Personal accident**
- **Hospital plan**

## MM111 (COMMERCIAL)

WELDING SERVICES CC

This company has many assets such as stock, office contents, vehicles, business all risk items, employees etc. A Multimark III policy will provide cover for all their needs under the sections mentioned below as their assets are used for business purposes. Rating will be determined by the type of risk, manufacturing processes, construction, exposure, claims history, area etc. **This welding company operating within a wooden structure, needing insurance for 5million for fire in a high risk area with a bad claims history will be unacceptable, for example.**

- **FIRE**
- **BUILDINGS COMBINED**
- **OFFICE CONTENTS**
- **BUSINESS INTERRUPTION**
- **ACCOUNTS RECEIVABLE**
- **THEFT**
- **MONEY**
- **GLASS**
- **FIDELITY**
- **GOODS IN TRANSIT**
- **BUSINESS ALL RISK**
- **ACCIDENTAL DAMAGE**
- **PUBLIC LIABILITY**
- **EMPLOYERS LIABILITY**
- **STATED BENEFITS**
- **GROUP PERSONAL ACCIDENT**
- **MOTOR**
- **ELECTRONIC EQUIPMENT**
- **MOTOR TRADERS INTERNAL**
- **HOUSEOWNERS**
- **MACHINERY BREAKDOWN**
- **MOTOR TRADERS EXTERNAL**
- **MACHINERY BREAKDOWN BUS INTERRUPTION**
- **DETERIORATION OF STOCK**

# **SOME OF THE MAIN CLASSES USED IN COMMERCIAL INSURANCE ARE:**

**FIRE** – Damage to property through fire, lightning/thunderbolt & explosion. Including tenants alterations for which the insured is responsible.

Fire, Buildings Combined & Office Contents - **BUSINESS INTERRUPTION** (consequential loss – takes over where material damage leaves off)

**LIABILITY** – Damage for which the insured is legally liable following accidental loss/damage to property/people.

Public-, Professional-, Employers-, Vehicle-, Product-, Construction-, Pollution & Environmental liability etc.

## **THEFT**

Theft, Money, Fidelity and Goods in Transit

## **ACCIDENT**

Accounts Receivable, Glass, Business All Risk, Accidental Damage

**GROUP PERSONAL ACCIDENT AND STATED BENEFITS** – Bodily injury to persons specified in the schedule

(Contracts of compensation and not indemnity)

**MOTOR** - loss/damage to any vehicle described in the schedule and its accessories & spare parts while thereon. Liability to third parties. Medical expenses for passengers (R1000) – **PRIVATE VEHICLES ONLY**

**ELECTRONIC EQUIPMENT** – Loss or damage to the insured property

**OTHER CLASSES** - Advance Profits, Assets All Risk, Aviation, Pluvius, Credit Insurance, Engineering, Financial guarantees, Kidnap & Ransom, Marine & Reinsurance

# **BELOW ARE THE DEFINED EVENTS OF THE **FIRE** CLASS IN COMMERCIAL INSURANCE**

## **FIRE CLASS – DEFINED EVENTS**

### **Fire section**

Damage to property caused by fire, lightning/thunderbolt, explosion. Special perils (if included) such as storm/wind/water/hail/snow, falling aircraft, impact by trees/animals and vehicles.

### **Buildings Combined section**

Damage to building & outbuildings caused by fire, lightning/ thunderbolt, subterranean fire, explosion, storm/wind/water/hail/snow, earthquake, falling aircraft, impact by trees/ animals/vehicles and theft.

### **Office Contents section**

Damage to contents caused by fire, lightning, thunderbolt, subterranean fire, explosion, storm, wind, water, hail, snow, earthquake, aircraft, impact and accidental breakage of mirrors, plate glass tops of furniture.

### **Business Interruption section**

Loss following interruption with the business because of damage at the premises for which liability has been admitted under sections: fire, buildings combined, office contents, and other material damage insurance i.r.o. perils included under the fire section.

# **BELOW ARE THE DEFINED EVENTS OF THE **ACCIDENT** CLASS IN COMMERCIAL INSURANCE**

## **Accounts Receivable section**

Loss/damage as a result of accident/misfortune to the insured's accounting records on the insured premises or at the residence of a director, partner, employee or accountant. Therefore the insured is not in a position to trace outstanding balances which are due. This includes reasonable collection costs & expenses incurred by the insured, necessitated by the damage.

## **Glass section**

Loss/damage to internal & external glass or mirrors that have sign writings or treatments thereon. Cost of boarding up, damage to shop fronts, frames, window displays etc. Cost of removal & reinstallation of fixtures and fittings. Cost of employing a protection service prior to replacement of glass – max limits R2000 per claim.

## **Business All Risks section**

Loss/damage to insured property anywhere in the world by any accident/misfortune not otherwise excluded.

## **Accidental Damage section**

Covers accidental loss/damage to the insured property at or about the premises otherwise insured or for which insurance is available and described in terms of any section except business all risks.

Damage caused by gas-, chemicals-, oil- or fumes leakage from tanks or pipes including loss thereof. The amount payable for loss/damage arising of the original cause must not exceed the insured amount and can also not be called into contribution for any other defined event more specifically insured.

**BELOW ARE THE DEFINED EVENTS OF THE **MOTOR** CLASS IN  
COMMERCIAL INSURANCE**

**MOTOR SECTION**

Loss/damage to any vehicle described in the schedule and its accessories & spare parts while thereon. Includes liability to third parties. Includes medical costs for passengers (**private vehicles only – designed not to seat more than 9 persons including the driver**)

**INCLUDES CARS, COMMERCIAL VEHICLES, BUSES, TRAILERS,  
TRACTORS, HOISTS, FORK LIFTS, MOTOR FLEET, MOTOR CYCLES**

**MOTOR TRADERS INTERNAL  
MOTOR TRADERS EXTERNAL**



# **BELOW ARE THE DEFINED EVENTS OF THE **LIABILITY** CLASS IN COMMERCIAL INSURANCE**

## **Public Liability Section**

Indemnifies the business against claims for accidental death or bodily injuries or illness to any person and for accidental loss or physical damage to tangible property caused by the business' activities.

The **products liability** extension is of critical importance to all businesses manufacturing, supplying, selling and importing or exporting products. Insured parties are inclined to disregard the impact of exchange rate on the covered amount. Coverage for USA/ Canada and the EEC countries is usually excluded and must be taken out with specialist insurers.

## **Employers' Liability Section**

Damage where the insured is legally liable for death, bodily injury or illness of an employee which occurred in the course of such an employee's work contract.