



STALKER  
HUTCHISON  
ADMIRAL



Policy Schedule

Policy Number	P02379 12	
Broker	AON RISK SERVICES SOUTH AFRICA (VAT no. 4320101498)	
Insured	The Institute of Accounting and Commerce	
Business	Administration, Accounting, Finance and Management including all other related services	
Period of Insurance	From :	01 January 2012
	To :	31 December 2012
Retroactive Date	01 January 2005	
Insurer	Santam Limited (Reg no. 1918/001680/06) (VAT no. 4440102095)	

Schedule of Limits of Indemnity/Liability			
Section/Extension	Per Claim	Per Policy Period	Excess/ Deductible
Professional Indemnity	R 2,000,000	R 2,000,000	R 500.00 each and every claim
Liability Following Employee Dishonesty	R 2,000,000	R 2,000,000	R 1,500.00 each and every claim
Sub Contracted Duties	R 2,000,000	R 2,000,000	R 1,500.00 each and every claim
Loss Of Documents	R 50,000	R 50,000	R 750.00 each and every claim

Schedule of Premium	
Section	Premium (Including VAT)
Professional Indemnity	R 1.00

<b>Policy Number</b>	P02379 12
<b>Insured</b>	The Institute of Accounting and Commerce



.....  
UNDERWRITER

Authorised by **STALKER HUTCHISON ADMIRAL (PTY) LTD**  
(Reg. No. 1985/000368/07)  
(VAT No. 4310103082)  
(FSP Number 2167)

for and on behalf of Santam Limited at Johannesburg on 05 January 2012  
(Reg. No. 1918/001680/06)  
(VAT No. 4440102095)  
(FSP Number 3416)



STALKER  
HUTCHISON  
ADMIRAL

**Professional Indemnity Insurance  
for  
The Institute of Accounting and Commerce  
and  
All Paid-Up Members of the Institute**

**Master Policy**

**STALKER HUTCHISON ADMIRAL (PTY) LTD  
(The "Underwriters")  
(Reg. No. 1985/000368/07 and FSP No. 2167)**

by

**SANTAM LIMITED  
(The "Insurers")  
(Reg. No. 1918/001680/06 and FSP No. 3416)**

and in consideration of, and conditional upon, the prior payment of the Premium by or on behalf of the Insured and receipt thereof by or on behalf of the Insurers, the Insurers are hereby bound to insure in accordance with the terms, Exclusions, Conditions and limitations contained herein or endorsed hereon.

The Insurance Contract is conditional upon and will only come into effect following payment of the Premium by the Insured and the receipt thereof by or on behalf of the Insurers.



## 1. PREAMBLE

The Insured having made a written proposal to Insurers and/or otherwise submitted particulars and statements constituting the risk profile, which proposal and/or risk profile shall form the basis of this insurance, the Insurers will indemnify the Insured in accordance with the terms, Exclusions, Conditions and limitations contained herein or endorsed hereon.

## 2. INSURING CLAUSE

The Insurers will indemnify the Insured against their legal liability to pay compensation (including claimants' costs, fees and expenses) in accordance with the law of any country but not in respect of any judgement, award, payment or settlement made within countries which operate under the laws of North America (or to any order made anywhere in the world to enforce such judgement, award or settlement either in whole or in part) as a result of any actual or alleged (other than by the Insured) negligent act, error or omission in the performance of the Professional Duties of the Insured undertaken in the course of the Business.

Subject to the provisions of Condition 7.2, the indemnity granted herein applies only to claims first made against the Insured and notified to the Insurers during the Period of Insurance.

## 3. DEFENCE COSTS

3.1 The Insured shall render at their own cost all such assistance as the Insurers may require in order to investigate defend or settle any claim and shall arrange to be available at their own cost for such interviews, meetings and court appearances as may be required by the Insurers or any advisers or legal representatives appointed by the Insurers.

3.2 The Insurers will pay any expenses incurred by the Insured (excluding such costs mentioned in 3.1) in order to assist with the investigation defence or settlement of any claim made against the Insured and the costs of representation at any inquest, inquiry or other proceedings in respect of matters which, in the opinion of the Insurers, have a direct relevance to any claim made or which might be made against the Insured, provided such claim or claims are the subject of indemnity by this Policy and the Insurers prior written consent is obtained.

3.3 All costs, fees and expenses incurred by the Insurers or at their instance in the investigation defence or settlement of any claim made against the Insured and the costs of representation at any inquest, inquiry or other proceedings in respect of matters which, in the opinion of the Insurers, have a direct relevance to any claim made or which might be made against the Insured shall be deemed to be costs, fees and expenses incurred by the Insured with the prior consent of the Insurers.

## 4. LIMIT OF INDEMNITY

4.1 The total liability of the Insurers, in terms of the Insuring Clause:

- a) per claim or series of claims arising from one originating cause or source, including interest thereon, all claimants' costs, fees and expenses and Defence Costs;
- b) in respect of all claims per Policy Period;

shall not exceed the Limit of Indemnity stated in the Schedule.

- 4.2 Where applicable, the Insurers will indemnify the Insured for any Value Added Tax obligation that may be incurred in addition to the Limit of Indemnity.

## 5. DEFINITIONS

For the purposes of this insurance :

5.1 "The Insured" shall include :

- a) the Institute, Company, Partnership, Close Corporation, or Person named in the Schedule (hereinafter in this definition referred to as "the Insured");
- b) any present (including appointments made during the Period of Insurance) or former Director, Partner, Member, Principal or "In-house" Consultant of the Insured;
- c) any present or former employee of the Insured in respect of those activities that are conducted within the course and scope of that employees employment with the Insured;
- d) any predecessors of the Insured but only to the extent that liability attaches to the Insured;
- e) in the event of the death, incapacity, insolvency or bankruptcy of any person treated as the Insured (in respect of claims against such person), his estate, legal representatives and/or heirs.

5.2 "Professional Duties" shall mean the activities and duties which would fall within the normal scope of duties performed by the Institute or a professionally qualified person registered in terms of the current applicable Act/s or as stipulated in the terms and conditions contained in the Articles of Association and in the By-Laws of the Institute from time to time in force that governs such profession and field of business, as stated in the Schedule / Certificate.

5.3 "Documents" shall mean bonds, debentures, scrip certificates, deposit receipts, transfers, coupons, warrants, bills of exchange, promissory notes, title deeds, powers of attorney, deeds, wills, agreements, maps, plans, records (whether on paper, microfilm, magnetic tape or disc) and written and printed documents and forms of any nature, belonging to the Insured or for which the Insured is responsible in connection with the "Business".

5.4 "Deductible" shall mean that first amount of each and every claim to be borne by the Insured, it being understood and agreed that if any expenditure is incurred by the Insurers which, by virtue of the Deductible, is the responsibility of the Insured, then such expenditure shall be forthwith reimbursed by the Insured.

The Deductible shall apply per claim or series of claims arising from one originating cause or source.

5.5 "Environmental Impairment / Pollution" shall mean the emission, discharge, release, dispersal, disposal, seepage or escape of solid, liquid, gaseous or thermal contaminants or irritants, including vapours, smell, odours, humidity, fumes; smoke, soot or other airborne particulates; acids, alkalis, chemicals and waste; electromagnetic waves, noise, vibrations; other emission of effluent or noxious substances into or upon the soil, the atmosphere or any watercourse or body of

water which changes the natural state or condition of the soil, the atmosphere or any watercourse or body of water other than by a sudden, accidental and identifiable event; the depositing or storing of effluent, noxious substances, nuclear material or nuclear waste and the breach of any legislation relating to the foregoing.

- 5.6 "North America" shall mean the United States of America (being the fifty states of the union plus the District of Columbia), Canada and any territory operating under the laws of or subject to the jurisdiction of courts of the afore-mentioned territories.
- 5.7 "Tidal Waters" shall mean ocean, coastal, river mouth or estuarine waters coming under continual influence of the tides.
- 5.8 "Product" shall mean any property after it has left the custody or control of the Insured which has been designed, specified, formulated, manufactured, constructed, installed, sold, supplied, distributed, treated, serviced, altered or repaired by or on behalf of the Insured, but shall not mean food and drink supplied by or on behalf of the Insured primarily to the Insured's employees as a staff benefit.
- 5.9 "Paid-Up Member" shall mean a person who is or was involved in bookkeeping, accounting, financial management or similar Professional Activities and who has applied for and has been granted membership of the Institute upon the terms and conditions contained in the Articles of Association and in the By-Laws of the Institute from time to time in force.

The cover is limited to members of the Institute registered in South Africa.

- 5.10 "The Institute" shall mean the Institute of Accounting and Commerce.

#### 6(a) EXCLUSIONS

The Insurers shall not be liable to indemnify the Insured in respect of claims:

1. arising out of the death of or bodily injury to or illness or disease sustained by any person under a contract of employment or apprenticeship with the Insured where such death, injury, illness or disease arises out of the execution of such contract;
2. arising from breach of contract unless such breach is a breach or alleged breach of professional duty by the Insured or any other person upon whom the Insured has placed reliance;
3. for the costs of replacing or restoring documents;
4. arising out of loss of or distortion of computer data due to:
  - a) the presence of magnetic flux;
  - b) defects in the data tapes or other data media;
  - c) use or processing whilst mounted in or on any machine;
  - d) wear, tear, vermin or gradual deterioration;
  - e) climatic or atmospheric conditions or extremes of temperature;
5. arising out of any Product manufactured, constructed, installed, sold, supplied, distributed, treated, serviced, altered or repaired by or on behalf of the Insured;

6. arising out of :
  - a) loss of money (including, but not limited to postal and money orders and Kruger Rands);
  - b) theft or forgery;
7. arising out of defamation or breach of copyright;
8. brought about or contributed to by the dishonest, criminal or malicious act or omission committed by or on behalf of the Insured;
9. made against the Insured by any associated, parent or subsidiary company or by any person or entity having a financial or executive interest in the Insured unless emanating directly from an independent third party;
10. in respect of which the Insured is entitled to indemnity under any other insurance, and this Policy shall not be called into contribution with such other insurance, except in respect of any excess beyond the amount payable under such insurance;
11. arising from the conduct of the business in North America;
12.
  - a) arising from circumstances known to the Insured at the inception or renewal date of this Policy,
  - b) arising from any circumstances notified to the Insurers of this Policy or any other policy prior to the inception date hereof;
13. for fines, penalties, punitive, vindictive or exemplary damages;
14. arising out of the insolvency of the Insured;
15. arising out of any act, error or omission, or such cause of any other risk indemnifiable under this Policy, committed or occurring prior to the Retroactive Date stated in the Schedule;
16. up to the amount of the Deductible.
17. as a result of any work carried out in connection with the Gautrain Project unless specifically agreed to in writing by the Underwriters.
18. arising out of any Professional Duties of the Insured for work undertaken in Tidal Waters unless specifically agreed and endorsed hereon.
19. as a result of failure to effect or maintain insurance.
20. directly or indirectly due to actual or alleged unlawful competition, unfair practices, abuse of monopoly power, cartel activities or as may otherwise arise from or be based upon or relate to any breach of a provision of the Competition Act No. 89 of 1998 as amended or any similar provision, act or regulation as may be in force in any jurisdiction or country in which the Insured's liability arose.

21. arising out of:

- a) any Environmental Impairment / Pollution occurring during the Period of Insurance that did not arise as a result of the Insured's failure to take reasonable precautions.
- b) any contravention of Pollution and / or Environmental Laws.
- c) delays in projects requiring official regulatory Environmental approval.

22. arising out of any advice given on North American Law.

23. in respect of any third party claim arising from or contributed to by depreciation (or failure to appreciate) in value of any investments, including securities, commodities, currencies, options and futures transactions, or as a result of any actual or alleged representation, guarantee or warranty provided by or on behalf of the Insured as to the performance of any such investments.

It is agreed, however, that this exclusion shall not apply to any loss due solely to negligence on the part of the Insured or employee of the insured in failing to effect a specific transaction in accordance with the specific prior instructions of a client of the Insured

#### **6(b) COMPUTER VIRUS EXCLUSION**

Notwithstanding any provision of this Policy including any special Exclusion or Extension or other provision not included herein which would otherwise override a general Exclusion, this Policy does not cover any legal liability of whatsoever nature directly or indirectly caused by or contributed to by or consisting of or arising from the incapacity or failure of any computer, correctly or at all, to capture, save, retain or to process any data as a result of the action of any computer virus, or other corrupting, harmful or otherwise unauthorised code or instruction including any trojan horse, time or logic bomb or worm or any other destructive code, media or programme or interference.

A computer includes any computer, data processing equipment, microchip, integrated circuit or similar device in computer or non-computer equipment or any computer software, tools, operating system or any computer hardware or peripherals and the information or data electronically or otherwise stored in or on any of the above, whether the property of the Insured or not.

#### **6(c) WAR / TERRORISM EXCLUSION**

The Insurers shall not be liable to indemnify the Insured in respect of claims directly or indirectly caused by, resulting from happening through or in connection with:

- a) war, invasion, act of foreign enemy, hostilities or warlike operations (whether war be declared or not), civil war, mutiny, insurrection, rebellion, revolution, military or usurped power;
- b) any action taken in controlling, preventing, suppressing or in any way relating to the excluded situations in a) above, including, but not limited to, confiscation, nationalization, damage to or destruction of property by or under the control of any Government or Public or Local Authority;

- c) any act of terrorism regardless of any other cause contributing concurrently or in any other sequence to the loss.

For the purpose of this Exclusion, "terrorism" means an act of violence or any act dangerous to human life, tangible or intangible property or infrastructure with the intention or effect to influence any government or to put the public or any section of the public in fear.

In any action suit or other proceedings where the Insurer alleges that by reason of this Exclusion a loss is not covered by this insurance the burden of proving that such loss is covered shall be upon the Insured.

#### 6(d) **NUCLEAR EXCLUSION**

This Policy does not cover any legal liability, loss, damage, cost or expense whatsoever or any consequential loss directly or indirectly caused by or contributed to by or arising from:

- (i) ionising, radiations or contamination by radio-activity from any nuclear fuel or from any nuclear waste from the combustion or use of nuclear fuel;
- (ii) nuclear material, nuclear fission or fusion, nuclear radiation;
- (iii) nuclear explosives or any nuclear weapon;
- (iv) nuclear waste in whatever form;

regardless of any other cause or event contributing concurrently or in any other sequence to the loss. For the purpose of this Exclusion only, combustion shall include any self-sustaining process of nuclear fission.

#### 6(e) **ASBESTOS EXCLUSION**

Notwithstanding any provision of this Policy including any Exclusion, exception or extension or other provision which would otherwise override an Exclusion, this Policy does not cover any legal liability, loss, damage, cost or expense whatsoever or any consequential loss directly or indirectly caused by, arising out of, resulting from, in consequence of, in any way involving, or to the extent contributed to by, the hazardous nature of asbestos in whatever form or quantity.

### 7. **CONDITIONS**

Conditions 7.1 to 7.7 are Conditions precedent to the liability of the Insurers to provide indemnity under this Policy.

7.1 Premium is payable on or before the inception date or renewal date or instalment date as the case may be. The Insurer shall not be obliged to accept premium tendered to them more than 15 days after such date but may do so upon such terms as they in their sole discretion may determine.

7.2 The Insured shall give written notice to the Insurers as soon as practicable of any claim made against the Insured (or of any specific event or circumstance which may give rise to a claim being made against the Insured) and which forms the subject of indemnity under this Policy and shall give all such additional information as the Insurers require. Every claim, writ, summons or process and all documents relating to the claim, event or circumstance shall be forwarded to the Insurers immediately when they are received by the Insured.

If the Insured notifies the Insurers during the Period of Insurance of any event or circumstance which the Insurers accept may give rise to a claim being made against

the Insured, then such claim shall for the purpose of this Policy be treated as having been first made against the Insured during the Period of Insurance.

This policy will allow the Insured the opportunity to notify Insurers of claims made against them or circumstances that may give rise to claims being made against them for up to 30 days after expiry of this insurance provided that the Insured first became aware of the claim or circumstance prior to expiry.

- 7.3 The Insured shall at all times maintain accurate descriptive records of all professional services which records shall be made available for inspection and use by the Insurers or their duly appointed representatives insofar as they pertain to any claim under this Policy.
- 7.4 No admission, offer, promise or payment shall be made or given by or on behalf of the Insured without the written consent of the Insurers who, if they so wish, shall be entitled to take over and conduct, in the name of the Insured, the defence or settlement of any claim or to prosecute, in the name of the Insured, any claim for indemnity or damages or otherwise and shall have full discretion in the conduct of any proceedings and in the settlement of any claim and the Insured shall give all such information and assistance as the Insurers may require.
- 7.5 The Insured shall give notice as soon as reasonably possible of any fact, event or circumstance which materially changes the information supplied to the Insurers at the time when this Policy was effected and the Insurers may amend the terms of this Policy according to the materiality of such change.

Whilst this insurance shall remain fully operative in the event of a change in the constitution of the Insured, notice shall be given as soon as reasonably possible of any change in the Principals, Partners, Members or Directors or in the legal constitution of the Insured and the Insured shall supply such further information as the Insurers may require for reassessment of the risk.

- 7.6 The interpretation and enforcement of the terms, Conditions and Exclusions of this Policy (and any phrase or word contained herein) shall be in accordance with the law of the Republic of South Africa whose courts shall have jurisdiction to the exclusion of the courts of any other country:
- 7.7 The Policy and Schedule shall be read together as one contract and any word or expression to which a specific meaning has been attached in any part of this Policy or Schedule shall bear such meaning wherever it may appear.
- 7.8 The Insurers may at any time pay to the Insured in connection with any claim or series of claims under this Policy to which the Limit of Indemnity applies the amount of such limit (after deduction of any amounts already paid) or any lesser amount for which such claim or claims can be settled and upon such payment being made the Insurers shall relinquish the conduct and control of and be under no further liability in connection with such claim or claims notwithstanding the fact that the Insured has been only partially reimbursed for their loss due to the amount of any Deductible payable in terms hereof.

- 7.9 Where this Policy has been extended to include dishonest acts or omissions of any person treated as the Insured, in respect of claims arising from such dishonesty, the Insured shall take all possible action to sue for and obtain reimbursement from such person and any money or other property held by the Insured which, but for such dishonesty, would be due to such person shall, to the extent allowable in law, be deducted from the Insured's loss.
- 7.10 All recoveries made in respect of any claim under this Policy shall be applied (after deduction of the costs, fees and expenses incurred in obtaining such recovery) in the following order of priority :
- a) the Insured shall first be reimbursed for the amount by which their liability in respect of such claim exceeded the amount of indemnity provided by the Policy;
  - b) the Insurers shall then be reimbursed for the amount of their liability under the Policy in respect of such claim;
  - c) any remaining amount shall be applied towards the amount of the Deductible borne by the Insured in respect of such claim.
- 7.11 Where the premium is provisionally based on the Insured's estimates, the Insured shall keep accurate records and after expiry of the Period of Insurance, shall declare as soon as possible such details as the Insurers may require. The Premium shall then be adjusted and any difference paid by or allowed to the Insured, as the case may be, subject to any minimum premium that may apply. Unless otherwise stated the premium shown in the Schedule shall be the Minimum Premium.
- 7.12 If indemnity is sought under this Policy by any fraudulent means :
- a) all benefit in respect of such claim shall be forfeited;
  - b) Insurers may cancel the Policy with immediate effect by notice in writing to the last known address of the Insured.
- 7.13 If the Limit of Indemnity is increased during the Period of Insurance, the liability of the Insurers in respect of claims made against the Insured or for circumstances notified, or which should have been notified, to the Insurers prior to such increase, shall not exceed the Limit of Indemnity applicable prior to such increase.
- 7.14 Whenever this Policy provides notice to be given to the Insurers such notice shall be given to :

**STALKER HUTCHISON ADMIRAL (PTY) LTD**

THE PAVILION  
THE WANDERERS OFFICE PARK  
52 CORLETT DRIVE  
ILLOVO  
2196

P.O. BOX 55347  
NORTHLANDS  
2116  
JOHANNESBURG  
SOUTH AFRICA

TELEPHONE: (+27 11) 731-3600  
FACSIMILE: (+27 11) 447-0085

## 8. EXTENSIONS

Notwithstanding the Limits stated on the Policy Schedule in respect of the Extensions, the total Limit of Indemnity will not exceed the Section per Policy Period Limit of Indemnity as stated on the Schedule.

### 8.1 **SUB-CONTRACTED DUTIES (automatically included)**

This Insurance extends to indemnify the Insured in respect of the professional activities and duties necessary to carry out the Business/Profession, sub-contracted and/or sub-let by the Insured, provided always that:

- a) such activities and duties shall only be sub-contracted and/or sub-let to suitably qualified firms, persons or parties;
- b) the Insured shall at all times retain all rights of recourse against such firms, persons or parties and will give all reasonable assistance to the Insurers in effecting such rights.

### 8.2 **LIABILITY FOLLOWING EMPLOYEE DISHONESTY (only applicable if included on the Schedule / Certificate)**

Notwithstanding anything to the contrary contained in this Policy, the indemnity granted by this Policy extends to include claims arising out of any dishonest, fraudulent or malicious act or omission of any Employee (not being a Director, Partner or Principal) of the Insured, provided always that :

- a) the Insurers shall not be liable to indemnify the Insured in respect of claims arising out of the dishonest, fraudulent or malicious act or omission of any Employee after the discovery or reasonable suspicion of any such act or omission on the part of the same Employee which has given or may give rise to a claim under this Extension;
- b) any claim under this Extension arising out of the collusion of two or more Employees shall be deemed to be one claim;
- c) no indemnity shall be granted in respect of losses which are insured or insurable under a Fidelity Guarantee Policy of Insurance.

### 8.3 **FEE RECOVERY (only applicable if included on the Schedule/Certificate)**

The indemnity granted by this Insurance extends to cover legal costs, fees and expenses incurred by the Insured in connection with legal proceedings instituted by the Insured during the Period of Insurance for the recovery of professional fees due to the Insured, subject to the following conditions:

- a) Prior to instituting any proceedings;
  - (i) the Insured must inform Insurers of their intention to institute such proceedings;

(ii) Insurers must be advised by their Legal Advisers that:

- the legal merits of the claim and the prospects of a meaningful recovery are such that the envisaged proceedings would be feasible; and
- there is a reasonable probability that a counter claim could be instituted, in terms of the Insuring Clause of the policy, by the party against whom the Insured is instituting such legal proceedings, arising from work undertaken.

b) Insurers liability, after application of the deductible is limited to 80% of all costs, fees and expenses incurred.

**8.4 LOSS OF DOCUMENTS (only applicable if included on the Schedule / Certificate)**

Notwithstanding anything to the contrary contained in this Policy, the indemnity granted by this Policy extends to include all costs and expenses incurred by the Insured with the written consent of the Insurers in the replacement or restoration of any Documents following loss or damage to such Documents discovered during the Period of Insurance.

For the purposes of this Extension, the total liability of the Insurers in respect of all claims hereunder during the Period of Insurance shall not exceed the Limit of Indemnity stated in the Schedule

**8.5 CLAIMS PREPARATION COSTS (only applicable if included on the Schedule/Certificate)**

The Insurance by this Policy is extended to include costs and expenses reasonably incurred by the Insured in producing and certifying any particulars or details required by the Insurers in terms of Condition 7.2 or to substantiate the amount of any claim, provided that the liability of the Insurers for such costs in respect of any one claim any one period of insurance, shall not exceed the amount stated on the Policy Schedule in respect of Claims Preparation Costs

**8.6 DEFAMATION (only applicable if included on the schedule/Certificate)**

Notwithstanding anything to the contrary contained herein, Exclusion 6(a) 7 is deleted and the indemnity granted by this policy extends to include claims arising out of Defamation by the Insured.

**8.7 JOINT VENTURE AND/OR CONSORTIUM AGREEMENTS (only applicable if included on the schedule)**

Insurers agree that the Indemnity provided under this Policy shall extend to include any and all liability of the Insured, including defence and investigation costs, arising out of any Joint Venture Agreements and/or Consortium Agreements the Insured may enter into with any other party or parties or any entity formed as a result of such Joint Venture Agreements and/or Consortium Agreements, provided always that:

- a) no separate indemnity, other than that provided for under this policy, has been arranged for the benefit of the Insured under the Joint Venture Agreements and/or Consortium Agreements
- b) Insurers shall be entitled to exercise any rights of recourse in respect of loss indemnified hereunder which rights vest in the Insured by virtue of the Joint Venture Agreements and/or Consortium Agreements.