

Allianz Insurance plc

Machinery Business Interruption

Product Information

Allianz 

This information is for intermediaries only

Machinery Business Interruption Insurance Policy

Wherever a business suffers sudden and unforeseen damage to its machinery there will be a resulting financial loss. Our Machinery Business Interruption policy provides protection against these financial losses, helping the business to recover once the damage is repaired.

The following details give an overview of the policy:

What is the Policy Cover?

- Cover is provided for financial loss resulting from interruption or interference within the business caused by sudden and unforeseen damage to machinery.
- We will cover financial loss during the Indemnity Period. The length of this period is to be chosen by the Insured and should represent the length of time that it will take to repair the damage and for turnover or revenue to return to normal levels.

What are the Territorial Limits?

- Great Britain, Northern Ireland, Isle of Man and the Channel Islands.

Are there any Policy Conditions?

Yes, under the main conditions the Insured must:

- take reasonable precautions to safeguard the plant and/or machinery from damage and maintain the plant in an efficient condition
- provide annual declarations of the gross profit or revenue certified by the Insured's auditors
- notify us of any loss or damage as soon as practically possible and preserve any damaged plant for inspection
- provide details of a loss within thirty days of the expiry of the indemnity period including any information or evidence required to verify the claim
- in addition, we normally require that we insure the machinery for material damage as well as business interruption.



What are the main Extensions?

Claims Preparation Costs	Up to £10,000	Payments on Account	Interim payments can be made ahead of final settlement for claims where we have admitted liability
---------------------------------	---------------	----------------------------	--

What is the basis of Settlement?

The cover can be arranged on the following basis:

Basis One – Loss of Gross Profit

We will pay

- for the loss of Gross Profit during the selected indemnity period
- additional costs incurred to avoid the loss of Gross Profit up to the amount of Gross Profit saved.

Basis Two – Loss of Revenue

We will pay

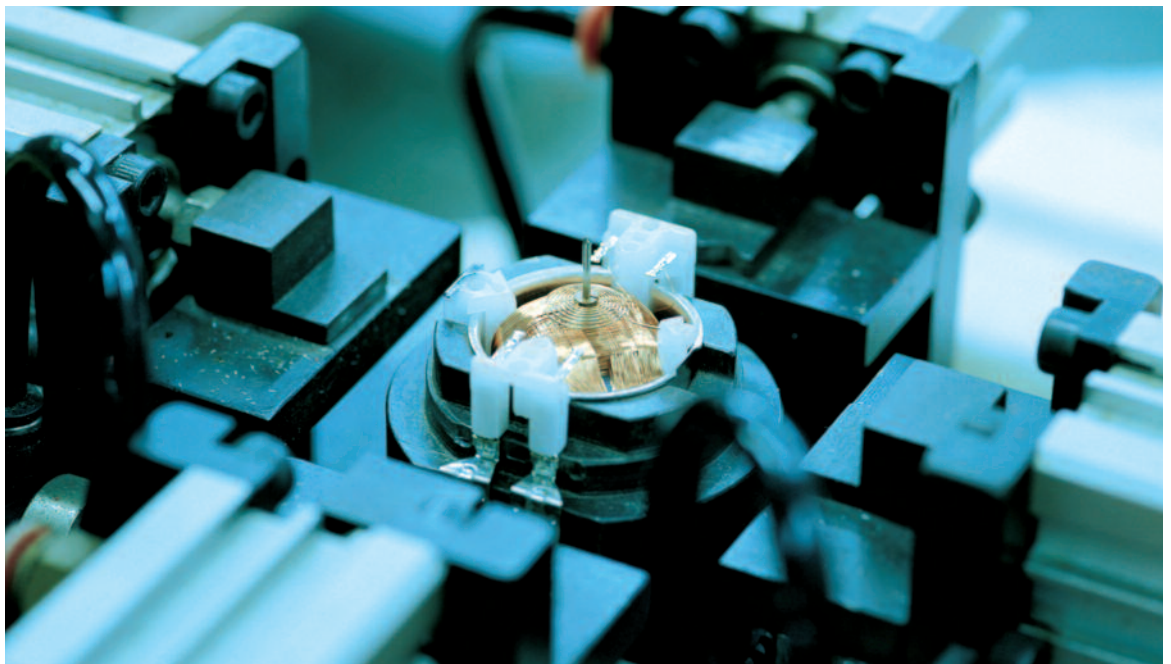
- for the loss of Revenue during the selected indemnity period
- additional costs incurred to avoid the loss of Revenue up to the amount of Revenue saved.

What are the main Exclusions?

Financial loss due to:

- perils commonly covered under a property policy such as fire, explosion, lightning, flood, theft, etc are excluded
- damage as a result of direct application of tools during maintenance, servicing or repair
- wear and tear
- expendable items such as cutters, bits, driving belts, etc
- damage to safety devices
- damage to property arising from multiple lifting operations
- vessels, craft, vehicles or devices designed to float on in or travel under or through water air or space
- other consequential losses such as penalties for delay
- newly installed plant until tested and/or commissioned and used without problems for a period of one calendar month
- Terrorism and E risks

The above detail is a summary of the cover provided under our standard machinery business interruption policy. If you wish to see the full terms and conditions please contact your local Allianz Engineering office for a specimen wording.



Why should your clients buy Machinery Business Interruption Cover from Allianz Engineering?

The main features and benefits of our Policy wording are:

Range of Cover	<ul style="list-style-type: none"> Businesses across a wide range of sectors are now reliant on plant and/or machinery and will therefore benefit from Machinery Business Interruption cover. As well as covering items that are used by 'traditional' manufacturing trades such as food, textiles and plastics manufacturers the policy will also cover those more often associated with the retail or leisure industries such as air-conditioning equipment, refrigeration equipment or lifts.
Basis of Settlement	<ul style="list-style-type: none"> The Insured is able to choose the most appropriate method of covering financial loss. The policy can be arranged to cover: <ul style="list-style-type: none"> loss of gross profits, this method is most appropriate for manufacturing and processing type businesses, or loss of revenue, this basis of settlement is more appropriate for businesses that have few variable costs, for example raw material costs, such as businesses in the service sector.
Output Basis of Settlement	<ul style="list-style-type: none"> Where agreed between the Insured and ourselves, we are able to settle claims on an 'output' basis. This can be expedient where there is a short loss affecting the production of uniform products such as bricks.
Policy Variables	<ul style="list-style-type: none"> The ability to vary both the indemnity period and time exclusion that apply to the policy mean that the cover can be tailored to the needs of the individual business.
Interim Payments	<ul style="list-style-type: none"> We aim to pay claims as quickly as possible. Where a large claim is made that requires further attention we can make an interim payment to the Insured where we have admitted liability.
Items Covered	<ul style="list-style-type: none"> The Machinery Business Interruption policy is designed to cover a wide range of machinery and plant, the Insured can choose to arrange cover on an 'all plant and machinery' basis or just on key or vital items.
Failure of Supplies	<ul style="list-style-type: none"> The policy can be extended to provide protection when the business is interrupted by the failure of electricity, water or gas supplies to the premises.
Other Covers Available	<ul style="list-style-type: none"> Our All Machinery or Machinery Options policies will provide cover for the repair or replacement of plant and machinery following sudden and unforeseen damage. Many items covered by our Machinery Business Interruption cover will also require regular statutory inspections. Allianz Engineering offers a wide range of inspection services. We can also provide a wide range of special services such as compliance and electrical appraisals and Written Schemes of Examination. These services are provided by Allianz Engineering Inspection Services Ltd. Where there is frozen or chilled stock, a separate Deterioration of Stock policy will provide for the value of damaged stock and the cost of both disposal and cleaning or decontamination.

Why should your clients buy an Engineering Machinery Business Interruption Policy?

While Property Business Interruption policies provide coverage for perils such as fire and theft, there are many other perils that may not be covered or may be excluded from the policy.:

*Property Business Interruption Policy Exclusion?	Covered under our Machinery Business Interruption Policy
<p>✗ Property BI policies vary in coverage but cover is usually financial loss following perils such as fire, lightning, explosion, water perils and theft but excluding many perils covered under a Machinery Business Interruption policy</p>	<p>✓ Our policy provides cover for financial loss following Sudden and Unforeseen Damage which includes accidental damage, breakdown, frost and pressure collapse</p>
<p>✗ Financial loss following operator error. This is not covered under most standard Property BI policies</p>	<p>✓ Financial loss following damage due to operator error is covered as standard</p>
<p>✗ Financial loss following damage due to defective materials or workmanship is an exclusion on most standard Property BI policies</p>	<p>✓ Should breakdown occur due to a defect in the manufacture of an item or the materials used, the policy will cover the resulting financial loss</p>
<p>✗ Financial loss following joint leakage, cracking, fracturing or overheating of boilers or other steam plant is an exclusion on most Property BI policies</p>	<p>✓ Our policy provides cover for financial loss following all of these events</p>
<p>✗ Financial loss following overheating or electrical burnout of plant and machinery is also an exclusion on most standard Property BI policies</p>	<p>✓ Again, our policy provides cover for financial loss following both overheating and electrical burnout</p>
<p>✗ Financial loss following the failure of gas electricity or water can be provided as an extension but will often be limited to the perils covered under the policy</p>	<p>✓ We can extend our policy to cover financial loss following the failure of gas, electricity and water. This failure can be from any cause and is not limited to the policy perils</p>

* Source ABI Standard All Risks Business Interruption Policy



ACE1904/4 09.11