

## Client News

### Property Owners Select Policy

Following a review of the cover available under this product, we are making a number of improvements and amendments.

We are introducing these changes to policies which are due for renewal or which commence on or after the 1st of December 2008.

A summary of the key changes is detailed below. Your insurance adviser has been provided with a detailed description of the changes being made, and you should contact them if you would like further information.

Full details will be contained within a new policy wording which will be issued to you incorporating these changes following your instructions to renew or commence cover. When you receive it, please take the time to read your new policy to ensure that it meets your needs and that you understand its terms, exclusions and conditions.

If you wish to change anything or if there is anything you do not understand, please let your insurance adviser or the Allianz Insurance office that issued your policy know. Adjustments are easily made and both ourselves and your insurance adviser will be pleased to help you. The key changes are:-

### Cover Enhancements

The scope of policy cover has been improved, and you will automatically benefit from the addition of a number of new covers, which have been included free of charge. The key additional covers added are:-

Property Damage Section; Theft Damage to Buildings, Loss Minimisation and Prevention Expenditure, Managing Agents Professional Fees, Reinstatement to Match, Insurance Premiums, Leased and Rented Premises, Further Investigation Expenses, Fire Brigade costs, Continuing Interest and Hire Charges, Gardening Equipment, Value Added tax, Fly Tipping, Exhibitions and Models, and Privity of Contract

Loss of Rent Section; Contracting Purchasers Interest, Buildings Awaiting Sale, Loss of Investment Income on Late Payment of Rent, Rent Free Period, Relocation of Tenants, Denial of Access\* (Non Damage), Failure of Supply\*, and Loss of Attraction\* (Unleased Premises).

\*Please refer to the policy wording for limits, exclusions and conditions applicable.

Property Owners Liability Section; Libel and Slander, Financial Loss, and Obstructing Mechanically Propelled Vehicles

### Other Amendments

There are a number of minor changes being introduced; see the summary of other amendments below for details. These include;

- automatically applied clauses, normally shown in the policy schedule schedule, have been incorporated into the standard policy wording
- some covers previously only available on request, such as Theft Damage to Buildings, have now been automatically included into the standard wording
- a number of standard cover limits have been significantly increased
- a number of amendments to clarify cover
- options to select cover for the Property Damage or Loss of Rent Sections, on a specified events basis or for the Loss of Rent cover to be on a Declaration Linked basis (e.g. no Underinsurance Condition), are being introduced.

Allianz Insurance plc.  
Registered in England number 84638. Registered Office: 57 La dymead, Guildford, Surrey, GU1 1DB, United Kingdom.

Allianz Insurance plc is authorised and regulated by the Financial Services Authority, our registration number is 121849 and this can be checked by visiting the FSA website at [www.fsa.gov.uk/register](http://www.fsa.gov.uk/register) or by contacting the FSA on 0845 606 1234.

## General Amendments (other than the Cover Enhancements mentioned overleaf)

### Property Damage Section

#### Definitions

- New definitions have been added; Contract Works, Services, Day One Rebuilding Value, Stipulations, Declared Value and Residential Property
- The following definitions have been amended; Buildings definition widened; Contents definition widened; note that visitors personal effects has been removed; Unoccupied definition extended, period commencing after 30 consecutive days

#### Basis of Settlement and Adjustments

- Limit of Liability; clarification for circumstances where there is more than one insured party
- Index Linking; wording clarified
- Index Linking; operation clarified
- Automatic Reinstatement extended to include theft damage subject to us not advising you otherwise within 30 days of damage, and implementation of risk reduction measures
- Sprinkler Installation Upgrading Costs; limited to 20% of the Sum Insured
- Obsolete Building Materials provide a 10% limit on such materials
- New adjustments added to clarify the basis of settlement following damage: Insurers option to rebuild; Buildings awaiting refurbishment redevelopment or renovation; Buildings awaiting Demolition; Partial Damage; Delays in Rebuilding; Reinstatement on another site and Preservation of Undamaged Property.
- Capital Additions (previously titled Alterations and Additions), limit increased to £5M for office, retail or residential premises
- Newly Acquired Buildings, limit increased to £5M for office, retail or residential premises, and limit for unoccupied premises amended to £1M. Basis of settlement for premises purchased for refurbishment or redevelopment the basis of settlement is amended to allow for wear and tear
- Inadvertent Omission to Insure (previously titled Intention to Insure), limit increased to £5M for office, retail or residential premises, limit amended to £1m for unoccupied premises and basis of settlement for premises purchased for refurbishment or redevelopment the basis of settlement is amended to allow for wear and tear.  
Provisions relating to notification of sums insured and annual checks on insurance introduced.
- Fixed Glass & Sanitary ware (previously titled Fixed Glass); scope extended to include fixed sanitary ware and neon and illuminated signs.
- Residential Property Rent and Alternative Accommodation (previously titled Alternative Residential Accommodation); 12 months loss of rent added.
- Freeholders, Lessors and Mortgagees: interests automatically noted and Non Invalidation clause included.

#### Limits - limits for the following extensions of cover have been increased:-

Extension of Cover	Limit increased to
Metered Supplies	£50,000
Unauthorised use of supplies	£50,000
Trace and Access	£50,000
Tree felling and lopping	£10,000

## Section Conditions

The following conditions have been amended/added:

- Precautions - includes precautions to keep property insured secure
- Alteration - to clarify the intention of this condition
- Unoccupied Buildings - amended to clarify your obligations to advise us as soon as you become aware that any buildings become unoccupied, and the precautions, checks and maintenance to be undertaken during periods of unoccupancy. Note that this is a condition precedent to our liability and your cover may not operate if you do not fully comply with the provisions of this condition.
- Non Invalidation - clarifies protection provided to a freeholder, mortgagee or lessor.
- Conditions Precedent to Liability - this condition has been deleted.
- Change of Occupancy - new condition under which you are required to notify us if any unoccupied buildings or parts of buildings become occupied.
- Declaration - new condition
- Explosion Engineering Inspection - condition added to All Risk Sections only; machinery which requires to be examined to comply with any statutory regulations to be covered by a policy or contract providing an inspection service.

## Loss of Rent Section

### New Definitions

The following new definitions have been added; Business Interruption and Residential Property.

### Amended Definitions

The following definitions have been amended:

- Unoccupied - definition extended, period now commencing after 30 consecutive days
- Indemnity Period - amended in respect of unoccupied premises, with a different period applying where there is no evidence of an agreement with a prospective tenant
- Rent - amended in respect of unoccupied premises, with a different basis of settlement applying where there is no evidence of an agreement with a prospective tenant. This will reflect actual negotiations with prospective tenants both before and after the damage, for demand for similar accommodation in the locality and of the general level of rents applying. If required the advice of a professional valuer will be obtained.
- Calculated Rent - deleted. (now included under Underinsurance Condition)
- Limit of Liability - clarification of policy operation where there is more than one insured party.

### Basis of Settlement and Adjustments

- Professional Accountants & Legal Fees (re-titled from Accountants Charges); extended to include charges to lawyers for determining contractual rights under any rent cessor clause or insurance break clause in the lease.
- Alternative Premises - new condition taking into account accommodation or services provided at alternative premises.
- Trends and Variations - new condition taking into account any trends or circumstances which affect the business.
- Automatic Reinstatement extended to include theft damage subject to us not advising you otherwise within 30 days of damage, and implementation of any risk reduction measures advised by us.
- Capital Additions (previously titled Alterations and Additions); limit increased to £2M for office, retail or residential premises, £1M for all other premises, other than unoccupied premises where the limit is amended to £250,000.
- Newly Acquired Buildings, limit increased to £3M for office, retail or residential premises, unoccupied properties limit amended to £0.25M, limit for all other premises increased to £1M.
- Inadvertent Omission to Insure (previously titled Intention to Insure), , limit increased to £3M for office, retail or residential premises, unoccupied properties limit amended to £0.25M, limit for all other premises increased to £1M. Provisions relating to notification of sums insured and annual checks on insurance introduced.

- Service Charges and Other Charges - extends cover for rent to include service and other charges/income including car parking facilities, and insurance premiums where there is a cessor clause in the lease.
- Break Clause - clarifies cover in event of damage making the property uninhabitable.
- Underinsurance Condition (previously referred to as Average) - incorporates definitions for Calculated Rent.
- Denial of Access (existing cover extension) - amended in that damage must occur in the immediate vicinity of the premises.

### **Section Conditions**

- Alteration; minor amendments made

### **Employers' Liability Section**

#### **New Definitions - Act of Terrorism added**

#### **Amended Definitions**

The following definitions have been amended:-

- Employee - definition extended to include any person working under the Community Offenders Act 1978, the Community Offenders (Scotland) Act 1978 or similar legislation, and any prospective employee being assessed by the Insured as to their suitability for employment
- Business - definition extended

#### **Basis of Settlement**

- Cover; cover extended to include under the indemnity to other parties in the event of your death, your personal representative in respect of liability incurred.
- Limit of Indemnity - automatically includes an Act of Terrorism, and the Corporate Manslaughter and Corporate Homicide Act 2007, both subject to a limit of £5M.
- Corporate Manslaughter and Corporate Homicide Act - cover automatically includes legal costs and expenses and prosecution costs in connection with the defence of any criminal proceedings brought under The Corporate Manslaughter and Corporate Homicide Act 2007.

### **Section Conditions**

- Other insurances - extended so that this does not apply in respect of any rateable proportion under other policies.
- Declaration condition - added.

## Property Owners Liability Section

### New Definitions

The following definitions have been added; Excess, an Act of Terrorism, Asbestos, Intellectual Property Rights and Notice of Adjudication

### Amended Definitions

The following definitions have been amended:-

- Employee - definition extended to include any person working under the Community Offenders Act 1978, the Community Offenders (Scotland) Act 1978 or similar legislation, and any prospective employee being assessed by the Insured as to their suitability for employment
- Business - definition widened
- Cover - extended to include under the indemnity to other parties in the event of your death, your personal representative in respect of liability incurred.

### Limit of Indemnity

Extended to include liability in respect of an Act of Terrorism, Asbestos, and the Corporate Manslaughter and Corporate Homicide Act 2007, all subject to a limit of £5M or the amount shown in the Schedule whichever is the lesser. These limits would previously have been added as separate clauses to your Schedule.

### Amended Extensions

- Data Protection Act - inner limit removed.
- Defective Premises Act - exclusion of the presence of Asbestos added.
- Court Attendance Compensation - daily limit increased to £500 in respect of any director and partner and £250 in respect of any employee.
- Legionellosis Liability - limit increased to £5M unless a lower limit of Indemnity is shown in the Schedule.

### New Extensions

The following extensions have been added:-

- Corporate Manslaughter and Corporate Homicide Act - cover automatically includes legal costs and expenses and prosecution costs in connection with the defence of any criminal proceedings brought under The Corporate Manslaughter and Corporate Homicide Act 2007.
- Libel and Slander cover extends to include legal liability to pay damages claimants costs and expenses and costs and expenses in respect of claims arising from any act of libel or slander committed or uttered in good faith by you. Cover is subject to certain terms:-
  - cover applies solely to your in-house and trade publications and advertising material prepared by you
  - cover excludes any claim arising from proceedings brought a court outside the United Kingdom or the EU
  - claims are to be notified immediately
  - you are not allowed to disclose that you are insured.
  - An excess of 10% or £1,000 (whichever is the greater) applies and a limit in respect of any one claim and in total of £250,000 inclusive of all costs and expenses applies.Please note that this is a claims made cover and claims must be notified to us during the period of insurance or within 30 days after the expiry of the period of insurance.

- Financial Loss - cover extends to you against liability at law for damages and claimants costs and expenses and costs and expenses for accidental Financial Loss in connection with the business. Cover is subject to certain terms and exclusions. Please note that this is a claims made cover and claims must be notified to us during the period of insurance or within 30 days after the expiry of the period of insurance. An excess of 10% or £1,000 (whichever is the greater) applies and a limit in respect of any one claim and in total of £50,000 inclusive of all costs and expenses applies.
- Obstructing Mechanically Propelled Vehicles - cover extends to include a mechanically propelled vehicle which causes an obstruction

### **Exclusions**

Exclusion 9 Products, para c. is deleted.

### **Section Conditions**

Notice of Adjudication and a Declaration condition added.

### **Policy General, Definitions, Exclusions and Conditions**

Definitions - definition of United Kingdom added

Exclusions - Radioactive Contamination amended to clarify that the Property Damage and Loss of Rent Sections exclude loss or damage directly or indirectly caused by or contributed to by or arising from the use of or threatened use of any weapon dispersing radioactive material and/or ionising radiation or using atomic or nuclear fission and/or fusion or other like reaction. This does not apply to the Terrorism Section which remains unaltered.

### **Conditions**

- Cancellation part of condition relating to payment by instalments amended
- Fraud part of the existing condition amended to include fraud using a false or fraudulent document device or statement
- Choice of Law - amended to include Jurisdiction provision and re-titled Applicable Law and Jurisdiction
- Assignment - new condition added
- Survey and Risk Improvement Condition - new condition incorporated into the policy; however note that this would normally have been automatically included as a clause on your Schedule

Please note claims must be notified to us during the period of insurance or within 30 days after the expiry of the period of insurance