

NOFP090723
Notice of Change



Significant Policy Changes

Your policy has been revised as a response to a need to update, improve and/or clarify cover. The undernoted summarises the changes relating to this revision as it impacts the standard policy form and reflects the updated policy wording.

The revised policy wording is intended to bring extra clarity and guidance in certain areas of the operation of the policy and extent of the cover provided.

This document does not set out all the changes from your previous policy. It also does not contain the full terms and conditions of the cover provided, which can be found in the policy documentation. It is important that you read your policy in full.

New changes to your policy – NOFP080123

How Your Policy Works Section

A new '**Setting Your Sums Insured**' clause has been added.

- This clause advises you to ensure your sum insured for insured property is accurate and, taking account of potential increases, remains adequate throughout the period of insurance. You are warned that underinsuring property insured may result in reduced claim payments in accordance with the 'Underinsurance' clauses in the 'Other terms and conditions applicable to this section' in the Property Section.
- The clause also advises you to ensure that you use accurate and up to date information when providing your sum insured for business interruption cover. You are warned that providing inaccurate figures may result in reduced claim payments, in accordance with the 'Underinsurance' clauses in the 'Other terms and conditions applicable to this section' in the Business Interruption Section. You are advised to ensure that you, along with your advisers familiarise yourselves with policy definitions to avoid the risk of underinsurance resulting from any misunderstanding of policy terms.

Duty of Fair Presentation

- The 'Duty of Fair Presentation' clause has been moved from the **General Terms and Conditions** Section of the policy to the **How Your Policy Works** section to give it greater prominence.

Fraudulent Claims

- The 'Fraudulent Claims' clause has been moved from the **General Terms and Conditions** Section of the policy to the **How Your Policy Works** section to give it greater prominence.

Compliance

- The 'Compliance with terms' clause in the **General Terms and Conditions** Section of the policy has been amended and moved to the **How Your Policy Works** Section. This is to give it greater prominence and provide additional clarity around our rights in the event of a breach.

Property – Contents Section

Condition of Average

- The 'Condition of Average' condition has been removed from the 'Contents – other terms and conditions' section.

Property – Buildings Section

Condition of Average

- The 'Condition of Average' condition has been removed from the 'Buildings – other terms and conditions' section.

Computer Breakdown Section

Condition of Average

- The 'Condition of Average' condition has been removed from the 'Computer Breakdown – other terms and conditions' section.

Coverage Clauses (Applicable To Property – Contents, Property – Buildings And Computer Breakdowns Sections) Section

Day one (1) basis average – under-insurance

- This clause has been removed.

85% Average Condition

- A new 'Underinsurance' clause with an 85% Average condition has been added to this section:

Each item of **property insured** covered is, to the extent specified in the **schedule** as being covered on a **sum insured** basis, subject to the following conditions of average:

- a) Eighty five percent (85%) average

We recognise that calculating the **sum insured** for **your property** can be difficult. **We** therefore allow **you** some margin of error in **your** calculations. However, it is important to make sure **your** calculations are as accurate as possible. If, at the point at which damage to **your insured property** commences, the **sum insured** for an item of **insured property** is less than 85% of the cost of **reinstating** that damaged item of **insured property** on a total loss basis, then **you** are underinsured. **You** will then be considered as being **your own insurer** for the difference between the **sum insured**, and the cost of **reinstating** the item of **insured property** on a total loss basis. **You** will therefore have to bear a rateable proportion of the loss caused by the **damage**.

For example, an item of **property insured** subject to an eighty-five percent (85%) average has a **reinstatement** cost after total destruction of £1,000,000. The **sum insured** is £750,000. As the **sum insured** is less than £850,000 (i.e., 85% of £1,000,000), the **property insured** is underinsured by 25%. In this example, we would only pay 75% of the valid claim. However, if the **sum insured** in this example was instead £860,000, the **sum insured** would be greater than 85% of the total **reinstatement** cost. In this further example, we would pay 100% of the valid claim.

Business Interruption Section

Underinsurance - 50% Average Condition

A new 'Underinsurance' clause has been added to the **Business Interruption** Section of the Policy:

Underinsurance

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Our liability for each item of **business** interruption insurance described in this **section** is, where specified in the **schedule** as being covered on a **sum insured basis**, subject to the following condition of underinsurance:

- a) When calculating our liability for each item of business interruption insurance under this Section, if the **gross fees** or **gross revenue** that we calculate would, but for the **incident**, have been earned during the financial year most nearly concurrent with the **period of insurance** exceeds 150% of the **sum insured** for **gross fees** or **gross revenue** (proportionately reduced in each case to an annual figure where the **maximum indemnity period** is greater than 12 (twelve) months), then the amount for which **we** will indemnify **you** for any loss hereby insured will be limited to that proportion which the **sum insured** (proportionately reduced to an annual figure if required) bears to the **gross fees** or **gross revenue** that would, but for the **incident**, have been earned during the financial year most nearly concurrent with the **period of insurance**.

For example, say the **sum insured** for **gross fees** is £500,000. However, we calculate the **gross fees** that would, but for the **incident**, have been earned during the financial year most nearly concurrent with the **period of insurance** is £900,000. **Our** calculated figure for **gross fees** is greater than 150% of the **sum insured**. **You** will therefore have to bear a rateable proportion of the loss caused by the **damage**. In this example, the **sum insured** is only 56% of **our** calculated figure for **gross fees**. **We** would therefore only pay 56% of the valid claim for **Business** Interruption.

New changes to your policy – NOFP070921

Your policy has been amended to clarify the provisions under which the cover is given.

The following is a summary of the key changes to your revised policy, but this summary will not reflect any variations or modifications to the policy which are specific to you; these will be confirmed by the schedule attaching to your policy.

How Your Policy Works Section

A new '**Setting Your Sums Insured**' clause has been added.

- This clause advises you to ensure your sum insured for insured property is accurate and, taking account of potential increases, remains adequate throughout the period of insurance. You are warned that underinsuring property insured may result in reduced claim payments in accordance with the 'Underinsurance' clauses in the 'Other terms and conditions applicable to this section' in the Property Section.
- The clause also advises you to ensure that you use accurate and up to date information when providing your sum insured for business interruption cover. You are warned that providing inaccurate figures may result in reduced claim payments, in accordance with the 'Underinsurance' clauses in the 'Other terms and conditions applicable to this section' in the Business Interruption Section. You are advised to ensure that you, along with your advisers familiarise yourselves with policy definitions to avoid the risk of underinsurance resulting from any misunderstanding of policy terms.

Duty of Fair Presentation

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Property – Buildings Section

Condition of Average

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Computer Breakdown Section

Condition of Average

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Coverage Clauses (Applicable To Property – Contents, Property – Buildings And Computer Breakdowns Sections) Section

Day one (1) basis average – under-insurance

- This clause has been removed.

85% Average Condition

- A new 'Underinsurance' clause with an 85% Average condition has been added to this section:

Each item of **property insured** covered is, to the extent specified in the **schedule** as being covered on a **sum insured** basis, subject to the following conditions of average:

- b) Eighty five percent (85%) average

We recognise that calculating the **sum insured** for **your property** can be difficult. **We** therefore allow **you** some margin of error in **your** calculations. However, it is important to make sure **your** calculations are as accurate as possible. If, at the point at which damage to **your insured property** commences, the **sum insured** for an item of **insured property** is less than 85% of the cost of **reinstating** that damaged item of **insured property** on a total loss basis, then **you** are underinsured. **You** will then be considered as being **your** own insurer for the difference between the **sum insured**, and the cost of **reinstating** the item of **insured property** on a total loss basis. **You** will therefore have to bear a rateable proportion of the loss caused by the **damage**.

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For example, an item of **property insured** subject to an eighty-five percent (85%) average has a **reinstatement** cost after total destruction of £1,000,000. The **sum insured** is £750,000. As the **sum insured** is less than £850,000 (i.e., 85% of £1,000,000), the **property insured** is underinsured by 25%. In this example, we would only pay 75% of the valid claim. However, if the **sum insured** in this example was instead £860,000, the **sum insured** would be greater than 85% of the total **reinstatement** cost. In this further example, we would pay 100% of the valid claim.

Business Interruption Section

Underinsurance - 50% Average Condition

A new 'Underinsurance' clause has been added to the **Business Interruption** Section of the Policy:

Underinsurance

Our liability for each item of **business** interruption insurance described in this **section** is, where specified in the **schedule** as being covered on a **sum insured basis**, subject to the following condition of underinsurance:

- b) When calculating our liability for each item of business interruption insurance under this Section, if the **gross fees** or **gross revenue** that we calculate would, but for the **incident**, have been earned during the financial year most nearly concurrent with the **period of insurance** exceeds 150% of the **sum insured** for **gross fees** or **gross revenue** (proportionately reduced in each case to an annual figure where the **maximum indemnity period** is greater than 12 (twelve) months), then the amount for which **we** will indemnify **you** for any loss hereby insured will be limited to that proportion which the **sum insured** (proportionately reduced to an annual figure if required) bears to the **gross fees** or **gross revenue** that would, but for the **incident**, have been earned during the financial year most nearly concurrent with the **period of insurance**.

For example, say the **sum insured** for **gross fees** is £500,000. However, we calculate the **gross fees** that would, but for the **incident**, have been earned during the financial year most nearly concurrent with the **period of insurance** is £900,000. **Our** calculated figure for **gross fees** is greater than 150% of the **sum insured**. **You** will therefore have to bear a rateable proportion of the loss caused by the **damage**. In this example, the **sum insured** is only 56% of **our** calculated figure for **gross fees**. **We** would therefore only pay 56% of the valid claim for **Business** Interruption.

Computer Breakdown Section

The 'Computer Breakdown' section has been amended to provide clarity in respect of the policy schedule and the extensions applicable to this section of the policy.

Cyber risk exclusion

A new exclusion applicable to all sections of the policy has been added to this policy.

Cyber risk

The **policy** excludes:

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- a) **cyber loss**; and
- b) loss, **damage**, liability, claim, cost, expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any loss of use, reduction in functionality, repair, replacement, restoration or reproduction of any **data**, including any amount pertaining to the value of such **data**; regardless of any other cause or event contributing concurrently or in any other sequence thereto, and subject to the provisions below.

Paragraph a) above will not apply to:

- i. any physical loss or physical **damage** to **property insured** and resulting business interruption under this **policy** caused by any fire or explosion directly and solely occasioned by a **cyber event** although paragraph a) will continue to apply where the **cyber event** is itself caused by a **cyber act**;
- ii. any claim, loss or **damage** which would otherwise be indemnified by the 'Computer breakdown' or 'Machinery breakdown' extensions in this **policy**, except that these will not cover any claim, loss or **damage** directly or indirectly caused by a **cyber act**. However, paragraph b) above will still apply.

Paragraph b) above will be subject to the proviso that, should **data processing media** owned or operated by **you** suffer physical loss or physical **damage** insured by this **policy**, then this **policy** will cover the cost to repair or replace the **data processing media** itself plus the costs of copying the **electronic data** from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling the **electronic data**. If such media is not repaired, replaced or restored the basis of valuation will be the cost of the blank **data processing media**. However, this **policy** excludes any amount pertaining to the value of **electronic data**, to **you** or any other party, even if such **electronic data** cannot be recreated, gathered or assembled.

Theft from Unattended vehicles

The 'Specified business equipment coverage' clause of the 'All Risks: Specified business equipment' section of your policy has been modified in respect of 'theft from unattended vehicles' to restrict cover. The insurer will not provide cover in respect of damage by theft from an unattended vehicle unless an unattended vehicle has been securely locked at all points of access and any property insured is secured in a locked boot or locked glove box within the vehicle.

Definitions

The 'General definitions and interpretation' section of the policy has been updated:

1. to include the following new definitions:
 - Cyber act
 - Cyber event
 - Cyber loss
 - Data processing media
 - Unattended vehicle
2. to amend the following definitions:
 - Computer equipment
 - Computer system
 - Data
 - Territorial limits

As with all aspects of the standard policy cover it is generally possible to negotiate extensions of cover with the underwriter.

QBE European Operations



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