

NPOF120723 Property Owners Insurance 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 version changes to your policy – PPOF110622 and PPOF101120

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 'Observance' clause in the **General Terms and Conditions** Section of the policy has been removed. A new 'Compliance' clause has been added to the **How Your Policy Works** Section to give it greater prominence and provide additional clarity around our rights in the event of fraud.

Property Section

85% Average Condition

- The 85% Average condition in the 'Underinsurance' clause in the 'Other terms and conditions applicable to this Section' section has been amended. This has been updated to provide additional clarity on the operation of the 85% Average condition in cases of underinsurance. There is no new fundamental change to cover. Instead, the language has been amended and a worked example included to make it clearer.

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:

- a) When calculating our liability for each item of business interruption insurance under this Section, if the **rent receivable** 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 **rent receivable** (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 **rent receivable** 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 **rent receivable** is £500,000. However, we calculate the **rent receivable** 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 **rent receivable** 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 **rent receivable**. **We** would therefore only pay 56% of the valid claim for **Business** Interruption.

Legal Expenses Section

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

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

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