

## DISTRIBUTOR PRODUCT GUIDE

# Property Engineering

- This guide is for intermediary reference only.
- It doesn't contain the full terms and conditions of the contract of insurance.
- You can find more information about the product within the [policy overview](#).
- Full terms and conditions are within the policy documents; you can request to have a copy of these.

### Product design

We've provided property engineering solutions for over 25 years and work with industry experts such as, the Association of British Insurers (ABI) and the British Electrotechnical and Allied Manufacturers Association (BEAMA), in addition to our global partners across the Allianz Group. We continually draw upon this experience and insight, as well as customer research to ensure our products continue to add value and meet the evolving needs of our engineering customers

Property Engineering is a Commercial Lines General Insurance product designed for property owners and managers who want insurance protection for essential machinery used in the day-to-day operations of their property. As well as insurance protection the policy also provides customers with a machinery inspection service.

The product is designed to provide the customer value by offering them the flexibility to buy a combination of covers that meet their specific needs. The policy overview provides details of the cover available.

### Target market

We've a wide target market for Property Engineering which includes the following types of buildings :

- cinemas
- department stores
- educational establishments
- gyms
- national health service establishments
- hotels
- leisure/sports centres
- local authority establishments
- museums
- offices
- religious establishments
- restaurants/bars/public houses
- retail shop/shopping precincts
- warehousing with non-automated order picking
- water supply/ drainage/ utilities/building services.

The following risk features/cover requirements would make the overall risk unacceptable or require specific underwriting with additional or non-standard terms applied: chemical/petrochemical works/refineries

- cover for production and process equipment
- cover in respect of office machinery computers or other electronic data processing equipment
- extensions of cover not specified in the Property Engineering policy wording
- chimneys/emission stacks and similar structures
- obsolete plant
- prototype, experimental or unproven plant
- reinstatement cover, other than as provided under the standard policy cover
- plant/machinery situated underground including but not limited to submersible pumps

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- storage tanks (except where used to store boiler fuel)
- risks incorporating turbines or similar high value high speed machines
- risks with poor, restricted or no evidence of plant maintenance
- risks outside the standard territorial limits.
- machinery forming the majority of the plant where there is no access to UK/EU agents or spares availability
- new ventures which have been trading for less than twelve months with an unknown loss history
- air conditioning plant more than 15 years old
- lock/slucie gates
- cast iron sectional boilers more than 15 years old
- fire, specified perils and theft cover unless specifically provided under the policy as standard cover
- plant insured on an itemised basis without inspection service.

This product isn't suitable for:

- a person acting for purposes outside their trade, business or profession
- non-going concerns or the retired
- businesses that operate outside the UK and require a global insurance solution .

We wouldn't expect this product to provide fair value to:

- businesses with very low level sums insured or exposures where we need to apply minimum premiums.

### Potential conflicts

The policyholder could be conflicted if they wish to make lots of small claims, just above the excess limit, as this may impact the terms offered at subsequent renewals.

### Product value assessment

Our September 2023 assessment has concluded that our Property Engineering Product, including its charging and distribution structure, is compatible with the needs, objectives and characteristics of the target market and provides fair value.

Our product value assessment is based on the premium we charge for the cover and the services we provide. In addition to the identified needs, characteristics (including vulnerabilities) and objectives of the target market we take a wide range of other factors into consideration, such as historical and expected claims frequencies, incurred and projected claims costs, plus scenario analysis along with customer feedback.

We also consider how the intended value of the product may be affected by its distribution with the conclusion of our product value assessment based upon our distribution strategy as set out below and that:

- The level of commission is in line with market proximate commission levels and is not being increased from what we have agreed with the placing distributor for the policy. Please refer to your commission schedule and traded commissions for your own distribution / value assessment purposes
- Where distributors operate on a fee-in-lieu (of commission) basis, such fees are expected to be proportionately lower than the equivalent commission would be for that same policy

- Administration fees or any other additional fees are only levied where the commission income is not sufficient to cover any of those respective costs and is commensurate with the activities undertaken
- Our product does not form part of a packaged offering
- Ancillary products (including premium finance arranged by the distributor) are only being offered where requested by the customer and when appropriate to their demands and needs. The total charge to the customer for any ancillary products, and any directly related remuneration (whether commission or fee) is commensurate with the benefit / services provided and activities undertaken
- No other additional charges or remuneration are being received in connection with the distribution of our product other than referenced above or received from us
- All and any parties in the distribution arrangement are able to confirm that their remuneration is consistent with their regulatory obligations.

### Distribution strategy

Our Property Engineering product has been designed for distribution by insurance distributors that hold commercial agency facilities with us, and that perform selling, advising and arranging activities in relation to the policy directly with the customer. They must have the appropriate level of understanding of the risks and exposures faced by their customer in the operation of their business.

Where we've granted permission for the distribution of our products to involve another, or an additional, party in the distribution arrangement, this is restricted to be no more than one level beyond the distributor placing the business with us, and in addition to the product value assessment details outlined above applying that:

- The additional parties being relevant and appropriate in terms of their involvement, knowledge and regulatory status
- Any split or sharing of commission and/or the remuneration applicable to each party being proportionate to the activities undertaken by each party
- Administration fees not being applied by more than one party in the distribution chain.

### Product Value Feedback

If you have any concerns about an Allianz Commercial product not delivering its intended value, including in relation to potential adverse customer or product value impacts from the distribution arrangement, please notify us of the relevant details by sending an email to:

[regulatory.standards@allianz.co.uk](mailto:regulatory.standards@allianz.co.uk)

