

NOTICE TO POLICYHOLDER

COMPARISON TABLE

At Allianz Engineering, we constantly review our products to ensure we remain at the forefront of the market. Following our latest review we are launching a new Machinery Options Policy.

BACKGROUND

Our Machinery Options policy has been updated to reflect our desire to make our wordings clear and easy to understand and to ensure that they reflect the latest changes in regulation and provide market standard protection for both parties. To assist with ease of understanding of the policy wording we have taken the opportunity to re-structure the policy document, repositioning the insurance and inspection elements of the wording into two clear sections.

We have also been through a process of reviewing the Inspection Contract section. It is our responsibility to ensure that all inspections of equipment are undertaken in a manner that complies with the relevant regulations and to report on defects that do or in the future could pose a danger. It is the responsibility of our clients as the owner, occupier or user of that equipment to ensure that the inspections are carried out at the prescribed intervals and that the equipment is properly maintained in an efficient state, in efficient working order and in

good repair. It is important that maintenance is not confused with the requirement for inspection, they are two separate issues although problems identified during an inspection may require maintenance to correct. We know that our clients and their brokers recognise the importance of inspection in ensuring the health and safety of their staff, our engineer surveyors and members of the public and to ensure compliance with the regulations imposed by the Health & Safety at Work Act 1974. It is important that the rights, obligations and liabilities of both parties are set out clearly so that both Allianz and our clients can be sure of exactly where they stand and our clients are clear on exactly what the Inspection Service will and will not include. For example, for an inspection to take place under the regulations, our clients need to ensure equipment is suitably presented for inspection and we outline those requirements in the terms of our Inspection Contract section. The revised Inspection Contract section also provides a better reflection of our current working practices in carrying out inspection services.

The guidance provided in this document does not nor is intended to represent the complete terms and conditions of the new Machinery Options Policy wording. Please read this guidance in conjunction with your new policy wording and Schedule. If you have any questions about the new Machinery Option Policy, please refer these to your Broker.

The new Allianz Engineering Machinery Options Policy Wording will be live from the 1st October 2014 and all existing Machinery Options Policy Wordings will be replaced by this new policy wording. The comparison table below has been written to explain the difference between the old and new Inspection Contract sections.

The new document is entitled: "Machinery Options". To download a copy please visit: allianz.co.uk or ask your broker for a copy.

COMPARISON TABLE

Page no *	Policy cover	Difference from previous wordings	Why it has changed
17	Definition of Allianz Engineering	This definition has been removed and replaced with a definition of "Inspection Company".	Allianz Engineering is referred to throughout the Contract as the Inspection Company, so this amendment is for clarity.
17	Definition of Competent Person	This definition has been expanded to include standards engineers, special service engineers, principal service engineers or other such appropriately qualified persons.	The expanded definition encompasses the various types of engineer who may carry out an Inspection.
17	Definition of Contract	This definition has been expanded to make it clear that it is the Allianz Engineering terms and conditions that apply to the Contract.	This is a standard provision and its purpose is to make clear exactly which terms apply to the Contract.
17	Definition of Force Majeure Event	This is a new definition.	The force majeure provision has been added into the Contract to clarify that neither party will be liable for a failure to perform its obligations due to events beyond its reasonable control (known as "force majeure").
17	Definition of Group	This new definition defines what constitutes a group company of Allianz Engineering.	The Contract allows Allianz Engineering to share confidential information and customer data with its group companies, which is required for internal business purposes. The new definition defines what constitutes a group company.
17	Definition of Inspection	This definition has been expanded to make it clear that inspections may be of a type required by legislation or regulations, or may be an inspection of a form otherwise agreed between Allianz Engineering and the Client.	This amended definition gives greater clarity as to what constitutes an Inspection.
17	Definition of Inspection Company	This replaces the definition of Allianz Engineering in the previous version of the contract.	Allianz Engineering is referred to throughout the Contract as the Inspection Company, so this amendment is for clarity.
17	Definition of Inspection Service	This definition has been amended to state that Inspection reports may be provided in electronic or paper format as agreed with the Client.	This provides greater clarity and flexibility regarding the issuing of inspection reports.
18	The Contract (i)	This provision has been expanded to make it clear that while Allianz Engineering is under a contractual obligation to the Client to carry out inspections as agreed between the parties, any legal obligation to have the Plant inspected is the Client's legal obligation and not Allianz Engineering's.	This amendment clarifies the legal position regarding obligatory statutory inspections.

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18	The Contract (ii)	This new provision makes it clear what is not included within the Inspection Service.	This is to avoid any confusion about which services are included as part of the Inspection Service. The services listed as not included may be available, but for additional charges.
18	The Contract (iii)	This provision has been amended to make it clear that maintenance and repair of the Plant is the Client's responsibility and cost.	This is to make it clear that Allianz Engineering is not responsible for repairing or maintaining Plant as part of the Inspection Service.
18	The Contract (vii)	This new provision makes it clear that Allianz Engineering follows the SAFed Health and Safety Passport Scheme in providing inspections. Additional fees may be charged if the Client requires Allianz Engineering to follow a different scheme/standard.	This is for greater clarity.
19	Condition 2.1	This provision has been amended to provide that if it subcontracts any part of an inspection, Allianz Engineering will use appropriately accredited and qualified sub-contractors and remain responsible for their acts/omissions at all times.	This gives greater certainty for the Client that where Allianz Engineering does sub-contract, Allianz Engineering will be responsible for the sub-contractors and is not seeking to pass on liability for the sub-contractor's actions.
19	Condition 2.2	This has been amended to allow Allianz Engineering to refuse to carry out an inspection when the Client or any person associated to the Client is threatening or abusive towards Allianz personnel.	We value our personnel and do not consider it reasonable for them to have to carry out an inspection in threatening or abusive circumstances.
19	Condition 2.3	This sets out circumstances where Allianz Engineering will charge additional fees. Sub-provision (iii) has been clarified to state that non-standard inspection reports will be subject to an additional fee. Sub-provision (iv) is a new provision added to state that should the Client require Allianz Engineering to use and/or interface with the Client's systems, additional fees may be payable. Sub-provision (vi) has been clarified to state that additional fees may be payable where the Client has not prepared the Plant for Inspection in accordance with the requirements of the Contract.	This is to ensure that there is no scope for confusion as to what is included within the standard agreed fee and what will be subject to additional fees.
19	Condition 3.1	This is a new provision requiring the Client to ensure that all documentation provided to Allianz Engineering is true, accurate and up to date.	This is to ensure that we have all the information needed to complete the Inspection service with maximum efficiency.

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19	Condition 3.2	A new sub-provision (iv) has been added which requires the Client to provide suitable rescue arrangements when Allianz Engineering personnel are required to work at height.	We value the safety of our personnel and this requirement is to ensure that they are adequately protected when working at height.
20	Condition 3.6	This is a new provision requiring Clients to inform Allianz Engineering when any Allianz Engineering personnel behave in a threatening or abusive manner.	We do not tolerate such behaviour from our personnel and in the unlikely event that it does occur, we want to know about it immediately so that we can investigate and take action.
20	Condition 3.7	This has been amended to provide that if two working days' notice is not provided to cancel an inspection, the Client may be liable for any resource costs Allianz Engineering is not able to reallocate.	Cancelling inspections on very short notice can lead to our personnel wasting travel and preparation time and may result in increased fees.
20	Condition 4.1	This has been amended to state the period during which the fee for the inspection must be paid.	This gives clarity on payment periods and differentiates between how fees are paid when the inspection is arranged (and paid for) via an insurance broker or direct to us.
20	Condition 4.3	This is a new provision which explains how Allianz Engineering may deal with the apportionment of Fees for items that have an inspection frequency of more than 12 months.	This provides greater clarity.
20	Condition 4.4	This is a new provision dealing with situations when the Client does not make plant available for inspection at the agreed time/location.	Where plant is not available for inspection, this can result in wasted costs for Allianz Engineering, so additional fees will be charged for any return visits that are required.
20	Condition 4.5	A new sub-provision (ii) has been added to allow Allianz Engineering to increase its fees as a result of circumstances beyond its reasonable control which add to the cost of providing the inspection service.	This is a standard commercial provision.
20	Condition 4.9	This allows Allianz Engineering to charge reasonable expenses and disbursements, e.g. when working outside of office hours.	This is a standard commercial provision. In practice we will seek to notify you in advance of incurring any such disbursements or expenses.

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20	Condition 4.10	This is a new provision requiring that the Client pays all undisputed invoices in full.	This is a standard commercial provision.
21	Condition 4.11	A new provision allowing Allianz Engineering to set-off any amounts it owes to the Client against any amounts owed to Allianz Engineering by the Client.	This is a practical provision benefiting both parties. If we owe you money, we can deduct it from our next invoice to you to save us having to make the payment to you and then you paying it straight back to us in the next invoice.
21	Condition 4.13	This is a new provision stating that any disputed invoices must be notified to Allianz Engineering within 21 calendar days of the date of receipt of the invoice.	This is to provide certainty and prevent situations where we are in discussions about old invoices.
21	Condition 4.14	This is a new provision allowing Allianz Engineering to suspend provision of the inspection services while an invoice remains unpaid.	If our invoices are not being paid, it is not commercially reasonable for us to carry on providing services. We will not suspend services straight away if an invoice becomes overdue, we will first notify you in writing that the invoice is overdue and allow an additional 21 calendar days for you to make payment before we suspend the inspection service.
21	Condition 5.2	This is a new provision allowing Allianz Engineering to terminate the Contract when the Client breaches antibribery legislation.	This is standard provision within commercial contracts and reflects the importance we place as an organisation on compliance with anti-bribery legislation by us and our customers and business partners.
21	Condition 5.3	This provision details the circumstances in which either party can terminate the Contract. The insolvency termination triggers have been expanded and the ability to terminate for breach has been restricted to irremediable material breaches or material breaches which go un-remedied for 30 calendar days following notice requiring remedy of the breach.	These amendments reflect the standard termination provisions in commercial contracts.
21	Condition 5.4	This is a new provision stating that termination of the contract does not affect any provision which is expressly stated (or stated by implication) to survive termination.	This is a standard contractual provision and ensures that obligations such as confidentiality obligations will not cease when the Contract is terminated.

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21	Condition 5.5	This is a new provision detailing the consequences of termination. It makes it clear that any fees incurred up to the point of termination are payable and Allianz Engineering will consider requests to assist with a transition to a new provider of Inspection Service (but may charge for such assistance).	This is to provide greater clarity for both parties around what happens on termination of the Contract.
21	Condition 6	This is a new provision ensuring that both parties comply with all relevant anti-bribery legislation and ensure that their personnel do so.	As set out above, this reflects the importance we place as an organisation on compliance with anti-bribery legislation by us and our customers and business partners.
22	Condition 7.1	This confidentiality provision has been amended to provide for certain circumstances (e.g. where the information reaches the public domain) when confidentiality obligations cease to apply.	There are some circumstances where it is not reasonable to insist on non-disclosure of confidential information (e.g. where the information enters the public domain or where disclosure is required by law). The reason for the amendment is to ensure that the confidentiality obligations are reasonable.
22	Condition 7.3	This is a new provision allowing Allianz Engineering to share confidential information with its group companies and to keep a copy for regulatory purposes.	Sharing confidential information within our group of companies is sometimes necessary to give the best possible accurate service to Clients. We are sometimes required to retain confidential information for regulatory purposes and this amended clause allows us to do that.
22	Condition 9.2	This is a cap on Allianz Engineering's liability under the Contract, which has been reduced to £10 million.	This reduction has been made to reflect the market norm for the provision of inspection services.
23	Condition 9.3	This provision sets out the types of loss for which neither party will be liable to the other. It has been expanded and separated out.	It is standard to exclude the liability of both parties for these types of loss and the new clause is structured in a format that is easier to read.
23	Condition 9.4	This is a new provision which states that Allianz Engineering will have no liability for any delay in providing the inspection service to the extent that the delay is contributed to by the Client's acts or omissions (such as not making plant available for inspection at an agreed time/location).	It is not reasonable for Allianz Engineering to be liable for not inspecting Plant on time when the reason for the delay is due to your acts or omissions.

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23	Condition 9.5	<p>This is a new provision dealing with Plant that is already overdue for statutory inspection when it is added onto the Contract, or becomes overdue for inspection as a result of the Client's acts or omissions.</p> <p>In these circumstances Allianz Engineering will work with the Client to agree a timetable to inspect such Plant, but will not have any liability for the fact that the Plant is overdue.</p>	While we will work with you to make sure overdue Plant is inspected, if the Plant is overdue for inspection as a result of your acts or omissions it is not reasonable for us to have liability for the fact that the Plant is overdue for inspection.
23	Condition 9.6	This is a new provision ensuring that neither party attempts to exclude any liability that cannot be legally excluded.	This is a standard provision and ensures that we are not seeking to exclude liability for things that the law does not allow us to exclude.
23	Condition 10.1	This is a new provision stating that Allianz Engineering will not be obliged to employ any of your staff, or those of a previous inspection provider, as a result of entering into the Contract.	There is the possibility that we may, by operation of law, inherit such staff along with the Contract. We do not price on the basis of inheriting staff so this clause protects us against any liabilities we might incur in this regard.
23	Condition 10.2	This new provision states that neither party is responsible for a failure to perform its obligations when the failure is due to events beyond its reasonable control.	This is a standard contractual provision. It is not reasonable to have liability for a failure to perform an obligation when you are prevented from doing so by events outside of your reasonable control.
23	Condition 10.3	This is a new provision which details how we will process any personal and business details you provide.	Allianz Engineering understand that security of data is an important concern for the Client, so this provision has been added to clarify how we will use and process the Client's personal and business details.
23	Condition 10.4	This is a new provision which makes it clear that any use by the Client of the name, logo or intellectual property of Allianz must be authorised by Allianz Engineering.	As a company our name and reputation is of great importance to us so we must exert control over any public associations made with our brand.
24	Condition 10.5	This new provision states that the prior written consent of the Inspection Company must be obtained before the Client can assign or subcontract the Contract.	This ensures that we know who we are doing business with.

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24	Condition 10.6	This is a new provision which states that both parties are separate entities.	This is a standard provision and ensures that there are no circumstances where the Contract might inadvertently result in a partnership or joint venture between us.
24	Condition 10.7	This is a new provision which ensures that any variations to the Contract must be signed in writing by both parties.	This gives certainty as to which variations have been properly agreed and documented.
24	Condition 10.8	This is a new provision regulating how contractual notices should be served.	This provides certainty on how notices (e.g. a notice of termination) should be served and where they should be sent.
24	Condition 10.9	This is a new provision stating that the Contract contains the entire agreement between the parties.	This is to ensure that both parties know exactly what their rights and obligations are (i.e. those contained in writing within the Contract).
24	Condition 10.10	This is a new provision stating that any failure or delay in exercising a remedy under the Contract will not prevent a party from exercising it later.	This prevents parties from inadvertently giving up their rights under the Contract by delaying in exercising them (e.g. if you have the right to terminate but delay in doing so, you would not lose your right to terminate by delaying).
25	Condition 10.12	This is a new provision which states that no-one but Allianz Engineering and the Client can enforce the terms of the Contract.	This provides greater certainty for both parties.
25	Condition 10.13	This provision has been amended to provide that the language of the Contract and all communications will be in English.	This provides greater certainty for both parties.

* The page number shown in the table refers to the applicable page number in the revised Insurance Policy Wording.