

DISTRIBUTOR PRODUCT GUIDE

All Machinery & Business Interruption

- 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 All Machinery and Business Interruption insurance 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 customers.

All Machinery and Business Interruption is a Commercial Lines General Insurance product designed for businesses that want to protect their plant and machinery from a range of events such as sudden and unforeseen damage, breakdown or accidental damage. As well as, damage to their surrounding property because of an plant/machinery explosion.

The product design provides customer value through optional covers which can be selected dependant on the customer's specific needs.

Target market

All Machinery and Business Interruption is targeted to a wide range of trades and industries including:

- all manufacturing industries (excluding chemical/petrochemical works, paper mills, plastics, recycling/waste, refineries and similar)
- retail, wholesale, warehousing, storage and transport
- property owners, financial services, service industries
- public administration, national/local government and public utilities
- health care and hospitals
- leisure, sporting, cultural centres and industries and hotels
- universities, colleges, schools and educational centres.

The following risk features/cover requirements would make the overall risk unacceptable or require specific underwriting with the application of additional or non-standard terms:

All Machinery

- extensions of cover not specified in the All Machinery and Machinery Business Interruption policy wording
- storage tanks other than boiler fuel storage tanks
- chimneys/emission stacks and similar structures
- obsolete plant
- prototype, experimental or unproven plant
- reinstatement cover other than as provided under the standard All Machinery cover
- risks incorporating turbines or similar high value/high speed/force machines
- risks with no evidence of plant maintenance
- risks outside the standard territorial limits
- poor/restricted maintenance
- 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.

Business Interruption

- requests for Business Interruption cover where the underlying machinery cover is not provided by Allianz Insurance plc
- requests for a monetary excess or a combined Machinery Damage/Machinery Business Interruption excess
- cases affected by seasonal demand
- requests for a customers/suppliers extension
- Business Interruption on an itemised plant item basis
- risks that incorporate disproportionate loss factors
- requests for additional increased costs of working
- requests for spoilage of materials cover
- a person acting for purposes outside their trade, business or profession
- non-going concerns or the retired.

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 All Machinery and Business Interruption 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

ALL MACHINERY & BUSINESS INTERRUPTION DISTRIBUTOR PRODUCT GUIDE

- 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 All Machinery and Business Interruption 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

