



Key Changes Summary

AXA Blocks of Flats customers moving to Property Owners Protection Plan

Changes to your policy

We have recently relaunched our Property Investors Protection Plan and have taken the opportunity to include a range of covers that now make it the most appropriate product to offer to our customers insuring Blocks of Flats. As part of our efforts to ensure we offer our customers our most appropriate product, we are therefore moving all our existing customers to this product which will include a number of changes including:

- Climate change coverage enhancements
- Simplifying the documents by embedding and updating previous changes to various conditions, excesses and exclusions.

What you need to do next

This document tells you about some important changes which will take effect from your renewal date. Your previous policy and your new policy have various differences in definitions, cover, conditions excesses and exclusions but overall we believe your new policy provides cover more aligned to your needs.

Definitions – Standard versus Non-Standard Construction

Your new policy makes clearer what is considered “Standard” as opposed to non-standard construction. If the construction of your building includes metal or composite panels that are insulated with Polystyrene please contact us immediately if you have not done so previously.

The following document offers more detail on the main changes to your policy coverage however please read the covers, conditions and exclusions within your schedule and policy wording for full details of your cover.

What else has changed?

As well as introducing the changes laid out below, we have also taken this opportunity to:

- update your policy to reflect the most up to date excesses that apply rather than these being applied by a variety of different endorsements. Please be aware that we have increased the minimum excess for escape of water from £500 to £650 but please refer to your policy schedule for full details of the excesses applicable to your policy
- modify the definition of the Insured for the purposes of residential properties to ensure that all the parties which the lease stipulates need to be insured are covered by the policy.

If you have any questions about your policy, whether that is in terms of cover or premium, please speak to your broker or insurance representative. They will be able to give you all the information and advice you need to make any decision about the cover required.

With kind regards

Your AXA team

Significant changes applicable to all policies

New or revised restrictions and exclusions

The following new or revised restrictions or exclusions now apply to your policy:

Buildings section

- Inflation Protection and Underinsurance
The sum insured under your previous policy was increased every month in line with increases in building costs. The policy did not include a specific 'Average' condition (stating that your claim may be reduced if the sum insured is not adequate) but was subject to the Insurance Act which allows the insurer to reduce any claim on a pro-rata basis if any information supplied by you was unintentionally incorrect including the sum insured. Under your new policy, these are both dealt with more specifically by a 'Day One Average' clause. This protects you against any increase in building costs between renewal of the policy and when repairs commence subject to a maximum of 35%.
The clause also states that if the value you declared at renewal is less than the actual rebuilding cost would have been at the start of the period of insurance, our liability for any damage will be proportionately reduced.
- Subsidence (For policies where this cover is in force) - An exclusion applies for subsidence damage to garages that are part of a residential development unless damage occurs to the main residential building at the same time from the same cause.
- An exclusion now applies to deliberate loss or damage
- An exclusion now applies to damage caused by pets
- Flat roof condition - cover for damage to flat roofs is subject to periodic inspection every two years by a competent roofing contractor
- An updated maintenance and reasonable precautions conditions.
- Cover for loss of metered water has been altered from a limit of £5,000 per claim to £50,000 per period of insurance and is now excluded whilst buildings are 'Empty'

Rental Income

- Rental reviews - where the rental income is subject to a rent review during the period of insurance then the sum insured by this section continues to automatically increase to reflect the revised amount but is now limited to a maximum of 200% of the original sum insured.

Public liability section

- Asbestos
All policies are now subject to an exclusion of liability arising out of Asbestos. However please note that if your previous policy did NOT already exclude liability arising out of asbestos, we are offering a more limited alternative cover for claims first made against you during the period of insurance subject to a limit of £1,000,000 for any one loss and/or total of all losses in any one period of insurance and which will be subject to an excess of £1,000, or the amount of the excess applicable to your Public Liability section shown in your schedule, whichever is the greater.
- Deliberate acts
We have reworded the exclusion for liability arising as a result of deliberate acts to clarify the intention of the policy as follows:

We will not cover claims caused by or arising from any deliberate act, error or omission
 - where the results are intended or expected, or are reasonably foreseeable by you
 - by anyone other than you, so far as cover is requested for their own liability
 - for clean-up costs in circumstances where you have knowingly deviated from any regulatory notice, order or protection ruling
 - omitted to inspect, maintain or perform necessary repairs to plant or machinery for which you are responsible.
- Employment dispute exclusion
- Intellectual property exclusion
- Overseas establishment exclusion
- Professional duty exclusion
- Punitive damages exclusion

Employers liability

- A limit of £5,000,000 now applies to indemnity in respect of a terrorist act. This limit applies to any one claim or series of claims by one or more of the employed persons arising directly or indirectly in connection with a terrorist act. In respect of any claim or claims, we may at any time pay the limit of indemnity applicable, after deducting any amounts already paid, or any lesser amount for which a settlement can be made. We will not then be liable to make any further payment in respect of the claim or claims.

Buildings, Rental income and Public liability

- We have added an exclusion of losses arising out of fungal pathogens.

Money cover

- Your previous policy offered limited cover for up to £1,000 of money belonging to the Management Committee held in a locked drawer or safe. Your new policy no longer offers this cover. If you have a specific need for money cover please contact your insurance advisor.

Empty Buildings

Your previous policy defined any individual Flat in a block as 'Empty' if the flat was not occupied or was unfurnished and in those circumstances we would not pay for any claim arising out of Malicious Damage, Escape of Water, Damage to Water Installations, Theft or Glass unless the premises were visited and inspected internally at least once per week and either

- a. the gas electricity oil and water supplies are turned off and during the months of October to March (inclusive) the water system (including the central heating system) is drained
- or
- b. during the months of April to September (inclusive) the gas electricity oil and water supplies are turned off and during the months of October to March (inclusive) the central heating system is put into effective operation for at least a minimum of 4 hours in every 24 hours with those services not necessary for its operation turned off/drained

Instead of this Flat-by-Flat approach, your new policy limits the definition of Empty to "Any building that is wholly unoccupied, mainly unoccupied (more than 50% of the building), disused or not in active use by you or any of your tenants for more than 30 consecutive days". However, the terms that apply have also changed and in future you must ensure that:-

- the building is inspected internally and externally at least once a week by you or on your behalf and a written record of the inspection must be maintained by you.
- that all refuse, waste materials and any combustible residual tenants' contents be removed from the interior of the building and no accumulation of refuse and waste is allowed in the adjoining yards or space owned by you.
- the building is secured and put all protective locking devices and any alarm protection into effective operation
- the gas and electricity supplies are turned off at the mains (except electricity needed to maintain any fire or intruder alarm systems).
- the building or empty portion of the building must have all water supplies including sprinkler systems drained and isolated from the mains.
- you implement any additional protections that we may require within the time scale we specify.
- all damage to the building must be rectified immediately
- letterboxes must be sealed.
- the final exit door of the building must be secured by an appropriate mortice deadlock which has five or more levers and conforms to British Standard (BS) 3621 or a cylinder lock conforming to European Norm (EN) 1303 together with a matching metal box striking plate, installed in accordance with the manufacturer's recommendations.

Please note that we will not pay for losses resulting from Theft of the fabric of the building whilst the building is unoccupied.

New or Additional Covers (subject to policy terms and conditions)

The following additional, revised or increased covers have been added to your policy:

Buildings

- Communal contents – your previous policy offered cover for Communal Contents as a separate item whereas your new policy includes cover for up to £20,000 of communal contents within the Buildings cover – If you feel your building requires a higher limit please contact your insurance advisor
- Alternative residential accommodation cover is increased from 20% to 33.3% of the buildings sum insured with the option to instead claim for Loss of Rent to a limit of 20% of the buildings sum insured. Either option is now payable in addition to the sum insured on the buildings but is limited to a maximum period of 24 months
- Cover for up to £25,000 of additional management fees arising out of a claim
- Archaeological discoveries cover - up to £100,000 for statutory costs arising out of a claim
- Average waiver cover - we will waive the application of “average” for buildings where a professional valuation has been carried out (subject to the conditions in the policy)
- Debris removal - Irrecoverable costs for removal of debris relating to tenants' contents
- Eviction of squatters cover - up to £15,000 legal costs any one loss
- Fly tipping cover - up to £5,000 or removal costs subject to a £1,000 Excess
- Inclusion of cover for damage caused by illegal cultivation of drugs
- Inclusion of cover for damage caused by historic munitions of war cover
- Removal of vermin - costs up to £5,000 where required by a local authority
- Removal of wasps, bees or hornet nests – costs up to a maximum of £1,000.
- Damage to Landscaped Gardens including that caused by the emergency services attending the premises
- Reduction in Freehold or leasehold value following alteration in planning consents

Environmental / Climate Change enhancements to your policy

We have included the following new coverages to help support environmental changes

- The definition of Buildings has been changed to give cover for up to £5,000 of electric vehicle charging points and cables automatically
- Additional debris removal cover to allow for recycling costs
- Additional costs relating to building back resiliently following flood.

Additional covers applicable to Section 1 – Buildings and Section 2 – Rental Income

- Inadvertent omission cover - cover for premises where there has been an inadvertent omission to insure subject to a maximum limit of £5,000,000

Terrorism Changes

We have taken the opportunity to amend our Terrorism cover for Buildings and Alternative Accommodation to cater for customers who were previously not eligible for coverage because they:

- Are private individuals who own residential property
- Own property in the Channel Islands and Isle of Man

Public liability

- Contingent motor liabilities cover – your liability arising out of employees driving in connection with the business in vehicles not supplied by you

- Environmental clean-up cover – to a limit of £1,000,000 subject to policy terms and conditions
- Financial loss liability cover – automatically included to a limit of £250,000 with a 10% deductible subject to a minimum of £2,500 and maximum of £10,000
- Libel and slander cover - to a limit of £250,000 with £1,000 deductible.
- Manslaughter Defence costs
- Safety legislation defence costs

Other changes to the Public liability section of the policy

Limit of indemnity - we have reworded the Limits of liability under the Public liability section as follows to make the intention of the policy clearer:

Limit of indemnity

- The public liability limit of indemnity shown in your schedule is the maximum amount we will pay for all damages arising from one event.
- The public liability limit of indemnity is also the maximum amount we will pay for all damages as a result of all occurrences during any one period of insurance caused by or originating from release or escape of pollutants.
- If you become legally liable for bodily injury or personal injury as a result of the growth of biological agents in water systems, water installations or cooling systems the maximum amount we will pay for all damages and claims costs as a result of all occurrences during any one period of insurance is £1,000,000*.
* Subject to compliance with the Legionella precautions condition
- The maximum amount we will pay for all damages as a result of all occurrences during any one period of insurance, arising directly or indirectly in connection with a terrorist act is £2,000,000.
- If we cover more than one person, firm, company or organisation, the amount payable by us in total, on behalf of all entitled to cover, shall not in any circumstances exceed the limit of indemnity shown in your schedule.
- We will pay claim costs in addition to the limit of indemnity applicable to the claim or claims, except if an action for damages is started or brought in the United States of America or Canada.
- If an action for damages is started or brought in the United States of America or Canada, we will not pay more than the limit of indemnity shown in your schedule, for the total of all damages and claim costs arising from the action.
- In respect of any claim or claims, we may at any time pay the limit of indemnity applicable, after deducting any amounts already paid, or any lesser amount for which a settlement can be made. We will not then be liable to make any further payment in respect of the claim or claims. If we have agreed to pay claim costs in addition to the limit of indemnity, we will pay the costs incurred before the date of the claim payment.

Cooling off periods

There is a 14-day “cooling-off” period to ensure the policy is appropriate for their needs at renewal as well as inception of the policy.