

## SCHEDULE 2.4

### INSURANCE REQUIREMENTS

#### 1. OBLIGATION TO MAINTAIN INSURANCES

1.1 Without prejudice to its obligations to Ofwat under this Agreement, including its indemnity obligations, the Delivery Partner shall for the periods specified in this Schedule take out and maintain, or procure the taking out and maintenance of:

1.1.1 the insurances as set out in Annex 1; and

1.1.2 any other insurances as may be required by applicable Law,

(together the "**Insurances**"). The Delivery Partner shall ensure that each of the Insurances is effective no later than the date on which the relevant risk commences.

1.2 The Insurances shall be maintained in accordance with Good Industry Practice and (so far as is reasonably practicable) on terms no less favourable than those generally available to a prudent contractor in respect of risks insured in the international insurance market from time to time.

1.3 The Insurances shall be taken out and maintained with insurers who are:

1.3.1 of good financial standing;

1.3.2 appropriately regulated; and

1.3.3 except in the case of any Insurances provided by an Affiliate of the Delivery Partner, of good repute in the international insurance market.

1.4 Where any Insurances are provided by an Affiliate of the Delivery Partner, the Delivery Partner shall provide to Ofwat on the Effective Date (or inception of the relevant Insurances if later) and thereafter within 10 Working Days of written request from Ofwat (provided that Ofwat may not make any such request more than annually) evidence of good financial standing of the relevant Affiliate in a form satisfactory to Ofwat.

#### 2. GENERAL OBLIGATIONS

Without limiting the other provisions of this Agreement, the Delivery Partner shall:

2.1 take or procure the taking of all reasonable risk management and risk control measures in relation to the Services as it would be reasonable to expect of a prudent contractor acting in accordance with Good Industry Practice, including the investigation and reporting of relevant claims to insurers;

2.2 promptly notify the insurers in writing of any relevant material fact under any Insurances of which the Delivery Partner is or becomes aware; and

2.3 hold all policies in respect of the Insurances and cause any insurance broker effecting the Insurances to hold any insurance slips and other evidence of placing cover representing any of the Insurances to which it is a party.

#### 3. FAILURE TO INSURE

3.1 The Delivery Partner shall not take any action or fail to take any action or (insofar as is reasonably within its power) permit anything to occur in relation to it which would entitle any insurer to refuse to pay any claim under any of the Insurances.

3.2 Where the Delivery Partner has failed to purchase any of the Insurances or maintain any of the Insurances in full force and effect, Ofwat may elect (but shall not be obliged) following written notice to the Delivery Partner to purchase the relevant Insurances, and Ofwat shall be entitled to recover the reasonable premium and other reasonable costs incurred in connection therewith as a debt due from the Delivery Partner.

#### 4. **EVIDENCE OF INSURANCES**

The Delivery Partner shall upon the Effective Date and within 15 Working Days after the renewal or replacement of each of the Insurances, provide evidence, in a form satisfactory to Ofwat, that the Insurances are in full force and effect and meet in full the requirements of this Schedule. Receipt of such evidence by Ofwat shall not in itself constitute acceptance by Ofwat or relieve the Delivery Partner of any of its liabilities and obligations under this Agreement.

#### 5. **AGGREGATE LIMIT OF INDEMNITY**

5.1 Where the minimum limit of indemnity required in relation to any of the Insurances is specified as being "in the aggregate":

5.1.1 if a claim or claims which do not relate to this Agreement are notified to the insurers which, given the nature of the allegations and/or the quantum claimed by the third party(ies), is likely to result in a claim or claims being paid by the insurers which could reduce the level of cover available below that minimum, the Delivery Partner shall immediately submit to Ofwat:

- (a) details of the policy concerned; and
- (b) its proposed solution for maintaining the minimum limit of indemnity specified; and

5.1.2 if and to the extent that the level of insurance cover available falls below that minimum because a claim or claims which do not relate to this Agreement are paid by insurers, the Delivery Partner shall:

- (a) ensure that the insurance cover is reinstated to maintain at all times the minimum limit of indemnity specified for claims relating to this Agreement; or
- (b) if the Delivery Partner is or has reason to believe that it will be unable to ensure that insurance cover is reinstated to maintain at all times the minimum limit of indemnity specified, immediately submit to Ofwat full details of the policy concerned and its proposed solution for maintaining the minimum limit of indemnity specified.

#### 6. **CANCELLATION**

6.1 Subject to Paragraph 6.2, the Delivery Partner shall notify Ofwat in writing at least 5 Working Days prior to the cancellation, suspension, termination or non-renewal of any of the Insurances.

6.2 Without prejudice to the Delivery Partner's obligations under Paragraph 4, Paragraph 6.1 shall not apply where the termination of any Insurances occurs purely as a result of a change of insurer in respect of any of the Insurances required to be taken out and maintained in accordance with this Schedule.

#### 7. **INSURANCE CLAIMS**

- 7.1 The Delivery Partner shall promptly notify to insurers any matter arising from, or in relation to, the Services and/or this Agreement for which it may be entitled to claim under any of the Insurances. In the event that Ofwat receives a claim relating to or arising out of the Services and/or this Agreement, the Delivery Partner shall cooperate with Ofwat and assist it in dealing with such claims at its own expense including without limitation providing information and documentation in a timely manner.
- 7.2 Except where Ofwat is the claimant party, the Delivery Partner shall give Ofwat notice within 20 Working Days after any insurance claim in excess of £10,000 relating to or arising out of the provision of the Services or this Agreement on any of the Insurances or which, but for the application of the applicable policy excess, would be made on any of the Insurances and (if required by Ofwat) full details of the incident giving rise to the claim.
- 7.3 Where any Insurance requires payment of a premium, the Delivery Partner shall be liable for and shall promptly pay such premium.
- 7.4 Where any Insurance is subject to an excess or deductible below which the indemnity from insurers is excluded, the Delivery Partner shall be liable for such excess or deductible. The Delivery Partner shall not be entitled to recover from Ofwat any sum paid by way of excess or deductible under the Insurances whether under the terms of this Agreement or otherwise.

## ANNEX 1

### REQUIRED INSURANCES

#### PART 1

#### PUBLIC LIABILITY INSURANCE

1. **Insured**

The Delivery Partner

2. **Interest**

To indemnify the Insured in respect of all sums which the Insured shall become legally liable to pay as damages, including claimant's costs and expenses, in respect of accidental:

2.1 death or bodily injury to or sickness, illness or disease contracted by any person; and

2.2 loss of or damage to property;

happening during the period of insurance (as specified in Paragraph 5 below) and arising out of or in connection with the provision of the Services and in connection with this Agreement.

3. **Limit of indemnity**

Not less than £5,000,000 in respect of any one occurrence or series of occurrences arising from one event.

4. **Territorial limits**

Worldwide

5. **Period of insurance**

From the date of this Agreement for the Term and renewable on an annual basis unless agreed otherwise by Ofwat in writing.

6. **Principal exclusions**

6.1 War and related perils.

6.2 Nuclear and radioactive risks.

6.3 Liability for death, illness, disease or bodily injury sustained by employees of the Insured during the course of their employment.

6.4 Liability arising out of the use of mechanically propelled vehicles whilst required to be compulsorily insured by applicable Law in respect of such vehicles.

6.5 Liability in respect of predetermined penalties or liquidated damages imposed under any contract entered into by the Insured.

6.6 Liability arising out of technical or professional advice other than in respect of death or bodily injury to persons or damage to third party property.

6.7 Liability arising from the ownership, possession or use of any aircraft or marine vessel.

6.8 Liability arising from seepage and pollution unless caused by a sudden, unintended and unexpected occurrence.

7. **Maximum deductible threshold**

Not to exceed £1,000 for each and every third party property damage claim (personal injury claims to be paid in full).

**PART 2**

**PROFESSIONAL INDEMNITY INSURANCE**

1. **Insured**

The Delivery Partner

2. **Interest**

To indemnify the Insured for all sums which the Insured shall become legally liable to pay (including claimants' costs and expenses) as a result of claims first made against the Insured during the period of insurance (as specified in Paragraph 5 below) by reason of any negligent act, error and/or omission arising from or in connection with the provision of the Services and in connection with this Agreement.

3. **Limit of indemnity**

Not less than £5,000,000 in respect of any one occurrence or series of occurrences arising from one event, exclusive of defence costs which are payable in addition.

4. **Territorial Limits**

Worldwide

5. **Period of insurance**

From the date of this Agreement and renewable on an annual basis unless agreed otherwise by Ofwat in writing (a) throughout the Term or until earlier termination of this Agreement and (b) for a period of 6 years thereafter.

6. **Cover features and extensions**

Retroactive cover to apply to any "claims made policy wording" in respect of this Agreement, or retroactive date to be no later than the Effective Date.

7. **Principal exclusions**

7.1 War and related perils

7.2 Nuclear and radioactive risks

8. **Maximum deductible threshold**

Not applicable

## **PART 3**

### **COMPULSORY INSURANCES**

The Delivery Partner shall meet its insurance obligations under applicable Law in full, including, UK employers' liability insurance and motor third party liability insurance. In the case of employer's liability insurance, the relevant minimum limit of indemnity applicable at the Effective Date is £5,000,000 in respect of any one occurrence or series of occurrences arising from one event the number of occurrences being unlimited in any annual policy period.