

HYDRO-METEOROLOGICAL RISKS

ADDITIONAL COVERAGE

It is understood and agreed that upon contracting of this coverage, and the payment of the corresponding premium, all risks described in the Endorsement attached hereto will be covered.

In case the additional coverage "Extended Coverage" is contracted in conjunction with "Hydro-Meteorological Risks", the coverage of "Hail, Cyclone, Hurricane or Windstorm" will be deleted from the first coverage, and conditions described into the "Hydro-Meteorological Risks" wording shall prevail.

ENDORSEMENT TO COVER DIRECT PHYSICAL LOSS OR DAMAGE CAUSED BY HYDRO-METEOROLOGICAL PHENOMENA

ADDITIONAL COVERAGE

1st. CLAUSE COVERAGE

Subject to the general and special conditions of the policy which this endorsement is attached to, and under the contracted insured sum limit, the property object of this insurance is covered against material loss or damage directly caused by **mudslides, hail, frost, hurricane, flood, flood by rain, seaquake, tidal wave, snowfall and windstorm.**

For the purpose of this policy the following terms shall mean:

a) Mudslides

Mud slide caused by floods or rain.

b) Hail

Atmospheric precipitation of water, which falls strongly in form of hard and compact ice crystals. Under this concept, damages caused by blockage in the hydro-piping strainers and drainage systems located in the insured premises and in the rain gutters as a result of hail accumulated there on will be covered.

c) Frost

Climatic phenomenon consisting of the unexpected drop in temperature to levels at or below the freezing point of water at the place of occurrence.

d) Hurricane

Water flow of and air of great magnitude, moving in circular paths around a low pressure center, over marine or land surface, with peripheral wind speed of direct impact equal or higher than 118 kilometers per hour, which has been identified as such by the Servicio Meteorológico Nacional.

e) Flood

The temporary and accidental covering of the soil by water as a result of the deviation, overflowing or breakage of the contention walls of rivers, channels, lakes, dams, reservoirs and other water deposits or currents, whether natural or artificial.

f) Flood by rainfall

The temporary and accidental covering of the soil by rain water as a consequence of the unusual and quick accumulation or displacement of water caused by heavy rainfall which comply with any of the following cases:

- the rain water reaches at least 85% of the maximum average ratio at the zone of occurrence in the last ten years, according to the procedure published by the Asociación Mexicana de Instituciones de Seguros (AMIS), measured by the nearest meteorological station and certified by the Servicio Meteorológico Nacional or the Comisión Nacional del Agua.
- That the insured properties are within a flooded area which has been covered at least one hectare.

g) Sea Swell

Alteration of the sea, that becomes evident for an elevation of its level due to a weather disturbance or depression that combines a decrease in atmospheric pressure and a shear force on the sea surface caused by wind.

h) Seaquake or Tsunami

Water damage caused by the violent shaking of the sea as a result of a shakeup of the bottom, which raises its level and is spread to the shores resulting in flooding.

i) Snowfall

Precipitation of ice crystals in the form of flakes.

j) Windstorm

Winds reaching at least the rank of a tropical depression, tornado or Grade 8 as per the Beaufort scale (62 kilometers per hour), according to the Servicio Meteorológico Nacional records or recognized by it.

The coverage applicable will be that one which originates in immediate direct damage to insured property, regardless of the weather phenomenon which causes it.

2nd. CLAUSE. EXCLUDED PROPERTY WHICH MAY BE COVERED BY EXPRESS AGREEMENT

The goods listed below are excluded from coverage and may only be covered under the same by express agreement between the Company and the Insured, setting separated sums insured as a sub limit and by charging additional premium for them. Of the foregoing, the Company will provide a written record.

1. Completed buildings which lack, in whole or in part, from ceilings, walls, doors or windows, provided that such buildings have been designed and/or constructed to operate under such circumstances, according with construction regulations in force in the area at the date when those buildings were built.
2. Machinery and/or fixed equipment and facilities that are wholly or partially outdoors or inside buildings that lack in full or in part of roof, doors, windows or walls, provided they have been specifically designed to operate in such conditions and which are properly anchored.
3. Fixed assets other than machinery which by their nature are exposed to the elements, such as those that are outside of buildings or inside buildings that lack in full or in part of roofs, doors, windows or walls, such as:
 - a) Swimming pools
 - b) Advertisements and signs
 - c) Roads, corridors, streets, sidewalks or yards inside the Insured's premises
 - d) Decorative elements of exterior areas
 - e) Sports facilities and/or courts
 - f) Lighting lamps
 - g) Reinforced concrete contention walls, walls, fences and/or perimeter mesh and their doors
 - h) Palapas and pergolas
 - i) Irrigation systems, including their pipeline system
 - j) Transmission and/or reception towers and antennas
 - k) Metallic or plastic tanks or silos

4. **Movable or immovable property in the portion of the half-basements such as: any venue where all of its perimeter walls are wholly or partly under the natural level of the ground.**

3rd. CLAUSE. GENERAL EXCLUSIONS

Applicable to all sections of the coverage

1. Excluded property

This Company shall, in no case, be liable for losses or damages to:

- a) **Movable property outdoors.**
- b) **Completed buildings which, due to their occupancy lack in whole or in part from ceilings, walls, doors or windows, provided that such buildings have been designed and/or constructed to operate under such circumstances, according to construction regulations in force in the area at the date those buildings were built. This exclusion is also applicable to the contents in those buildings.**
- c) **Contents and stocks of the property covered in the 2nd clause, section 1, unless the buildings are destroyed or damaged on their roofs, walls, doors or exterior windows by the direct action of the risks covered by this Endorsement, causing openings or cracking through which water, hail, mud, wind or snow had been introduced. This exclusion is not applicable to damages which have been caused by the risks of flood or flood due to rainfall.**
- d) **Standing crops, parcels, orchards, plants, trees, forests, lawns and gardens.**
- e) **Buildings or constructions with plastic and/or textile canvas walls and/or roofs.**
- f) **Animals.**
- g) **Dam up water, current water, rivers, groundwater.**
- h) **Land, including surface, filling, drainage and sewerage.**
- i) **Dams, jetties, sea walls, natural reservoirs, channels, wells, tunnels, bridges, equipment floating, floating installations.**
- j) **Foundations or underground installations.**
- k) **Docks and/or any kind of property totally or partially located over or under water.**
- l) **Damages to the beach or loss of beach.**
- m) **Golf courses.**
- n) **Transmission and/or distribution lines.**

- o) Buildings in the course of demolition.**
- p) Buildings in the course of construction at the inception of the policy.**
- q) Buildings under repair or reconstruction when their roofs, walls, doors and exterior windows are uncompleted.**
- r) Any property located between the contention wall closest to the beach or coast and the swell limit, or property located in the federal zone, whichever is shorter.**
- s) Contention walls made with materials other than reinforced concrete.**
- t) Property located in areas considered by the Dirección General de Protección Civil or their regional Directions as high risk flood or mud avalanche.**

2. Excluded Risks

The Company should, in no case, be liable for losses or damages caused by:

- a) Wetness or dampness or the consequences thereof due to filtrations:**
 - Due to sewage or ground water.**
 - Due to deficiencies in the design or construction of roofs, walls or floors.**
 - Due to cracking or fracture of foundations or contention walls.**
 - Due to the misapplication or poor waterproofing materials.**
 - Due to the lack of maintenance.**
 - Due to the lack of roofs, doors, windows or walls or holes thereon or from constructive deficiencies thereof.**
- b) Wetness, wind, hail, snow or rain inside the buildings or the contents thereof unless they arise from the fact that the buildings have been destroyed or damaged in their roofs, walls, doors or exterior windows due to the direct action of wind, water or hail or snow or the accumulation thereof, causing openings or cracking through which water; hail, mud, wind or snow had been introduced. This exclusion is not applicable to damages which have been caused by the risks of flood or flood due to rainfall.**
- c) Corrosion, rust, erosion, mould, plagues of any kind and any other gradual deterioration resulting from environmental and natural conditions.**
- d) The backwards movement of sewage and/or the lack or insufficiency of drainage in the Insured's premises.**
- e) The natural action of tide.**

- f) Flood, flood by rainfall or mud avalanche confined only to the locations wherein the properties, covered by this insurance, are located.
- g) Direct contamination by rain water, unless a physical damage covered by this endorsement has occurred to the insured facilities.
- h) Undermining of buildings located on the first construction line of the sea, unless they are protected by contention walls with reinforced concrete foundations or protected by breakwaters with reinforced concrete tetra pods. This exclusion is not applicable to buildings and their contents thereof located at more than 50 meters away from the wave breaking line in high tide or more than 15 meters above the sea level in high tide.
- i) Preexistent damages or losses that predate the inception date of this insurance, whether or not they have been known by the Insured.
- j) Losses or damages or any kind caused by deficiencies in the construction or design thereof or by the lack of maintenance of the properties covered by this insurance.
- k) Damages caused by pollution, unless the property covered sustains direct material damage caused by the covered risks, causing pollution to the covered property. This endorsement does not cover the damage or expenses incurred for the clean up or decontamination of the environment (soil, subsoil, air or water).
- l) Any material or consequential damage arising from the lack of supply of water, power supply, gas or any raw material or input even if the lack of supply is the result of any hydro-meteorological phenomenon.
- m) Burglary, larceny, disappearance, looting or robbery committed during or afterwards any hydro-meteorological phenomenon occurs.

4th CLAUSE. DEDUCTIBLE

In each claim due to material damage to property caused by the risks covered by this endorsement or debris removal, where this coverage was contracted, the Insured shall always pay an amount equivalent to the percentage listed in the table below on the insured property value, whether actual or replacement, as it has been contracted in this policy.

Zone	Deductible	Deductible for locations facing the sea, lake or pond, or with glass facades or with light material walls or buildings closed with palapa roofs */
Alfa 1 Yucatan Peninsula	2%	5%

Alfa 1 South Pacific	2%	5%
Alfa 1 Gulf of Mexico	2%	5%
Alfa 1 Into the Republic	2%	2%
Alfa 2	1%	1%
Alfa 3	1%	1%
*/ Also includes closed buildings with solid walls and palm tree, guano, tejamanil, straw or fodder roofs.		

The deductible will be separately applied in respect of each building and the contents thereon. If the Insurance consist of two or more buildings or their contents, the deductible will be applied to each of them by separately.

In respect to property described in the 2nd clause of this endorsement, the applicable deductible should be 15% on the damaged insured sum for that property in the affected location.

If the Insured, at the date of contract of the policy, accurately declared the insured property located outdoors with their values in detail, the applicable deductible should be 5% on the declared values for the property outdoors.

In case that the consequential loss coverage has been contracted, the deductible shown in the front page and/or the coverage specification of this policy should be applied.

In case that the Insured has contracted the earthquake coverage and hydro-meteorological risks for the same location and any loss event occurs, causing direct payable damages due to the earthquake and the seaquake, only one higher deductible should be applied.

5th CLAUSE. COINSURANCE

It is a condition for providing this coverage, the Insured afford for their own account, 10% of each and every payable loss or damage caused to the properties object of this insurance and, where appropriate, their consequential losses and debris removal, if such coverage had been contracted.

For the property described in the 2nd clause of this endorsement, the applicable coinsurance should be 20% on the payable loss or damage amount.

In respect to the Seaquake coverage, the Coinsurance should be the coinsurance applicable to the earthquake coverage, pursuant to the rate of the Asociación Mexicana de Instituciones de Seguros (AMIS).

These coinsurances will be applied after the applicable deductibles have been deduced.

6th CLAUSE. INTEGRATION OF CLAIMS FOR ANY HYDRO-METEOROLOGICAL EVENT

All the losses arising from the covered risks to the insured property are regarded as a single loss if they occur during any event to continue for a period of up to 72 hours afterwards the start up the damage to insured property for all risks identified in the 1st clause, except for flooding, for which the span will be extended until 168 hours. Any event in excess of 72 consecutive hours for all the risks set forth in 1st Clause or 168 hours for flooding, are regarded as two or more events, taken in multiples of the limit specified in this clause.

7th CLAUSE. CONTRACT ADVANCED TERMINATION

Notwithstanding the contract term, the parties agree it may be terminated in advance by written notification. When the Insured terminates the contract, the Company will be entitled to the portion of the premium corresponding to the

period of time during which the insurance was in force, in accordance with the following short term insurance rate (as percentage on the annual premium):

SHORT TERM TABLE	
Up to 7 days	10%
Up to 15 days	15%
Up to 1 month	25%
Up to 2 months	35%
Up to 3 months	45%
Up to 4 months	55%
Up to 5 months	65%
Up to 6 months	70%
Up to 7 months	75%
Up to 8 months	80%
Up to 9 months	85%
Up to 10 months	90%
Up to 11 months	95%
Up to 12 months	100%

When the Company terminates the contract, they should give an irrefutable written notice to the Insured and the termination of the insurance will be effective after 15 days from the reception of the respective notice. The Company should return at pro rate the unearned premium when they give such notice, otherwise the notice should be deemed as not made.

8th CLAUSE. GENERAL DEFINITIONS

- a) **Sewerage**
Pipeline of underground channels that, along the streets, receives sewage and household and industrial detritus, as well as rain water, taking them to depurating facilities or spilling them into a river or into the sea.
- b) **Rain gutter**
Pipe installed from the cover of a building to the level of the ground to expel rain water.
- c) **Movable property**
Any property which, due to its nature, may be moved from one place to another, such as portable machinery, furniture, stock, raw materials, finished products or products in process, spares and accessories, and similar.
- d) **Foundations**
Part of a building located under the level of the ground or under the first accessible level, made of masonry, reinforced concrete, steel or concrete, which transmits the loads supported by the structure to the subsoil.
- e) **Solid Construction**
Edifications which construction is made of:
Walls: made of stone, brick, partition, cement block, caliche, adobe or reinforced concrete. The block glass sections are allowed in those walls.

Intermediate floors: made of metallic vaults, steel beams, siporex, steel slabs, three slab, and brick vault over iron or reinforced concrete assembling.

Roofs: made of concrete, brick vault, joist and beam, siporex, steel slabs, thee slab with concrete or mixture at least of 2 ½ centimeter thick.

Structure: made of structural steel, reinforced concrete, based on load bearing concrete walls, partition walls, adobe or masonry.

Following constructions are considered as solid constructions, under the concept of “industrial warehouse”, those buildings made of:

Walls or roofs: made of metallic sheet, multi panel, asbestos, when these materials are present in an area larger than 20% on the total of walls or roofs length.

Facades: made of glass, provided they are designed and constructed pursuant to the construction regulations in force at the civil work date.

Structure: made of Wood.

f) Artificial deposits or reservoirs of water

Vessels, dams, weirs, reservoirs, wells, artificial lakes, river channels and any reservoir on the open air.

g) Natural deposits or currents of water

Those coming from tributaries, rivers, springs or streams, water contained in lakes or lagoons.

h) Building in the course of demolition

Building or construction where physical work is intentionally and deliberately performed with the purpose of partially or totally dismantling, collapsing or destroying such building.

i) Building in the course of reconstruction

Building or construction where physical work is performed on in a planned and organized way to build it back, by restoring the same physical and functional characteristics with which it was conceived from the outset.

j) Building in the course of renovation

Building or construction where physical work is performed on to modify or transform the building by varying its physical or functional characteristics, whether partially or totally, provided that it does not imply the modification of its structural support.

k) Building in the course of repair

Building or construction where physical work is performed on with the purpose of returning the property to the physical or functional conditions it had immediately prior to the occurrence of the material damage which led to such work.

l) Completed building

The building ready for occupancy, with all its windows and glasses installed, finished floors, doors and walls and ceilings placed.

m) Lack or insufficiency of drainage in the Insured's premises

Lack of or insufficient capacity of drainage systems and storm water draining system of the hydro-sanitary facility of the insured premises to dislodge the residues generated in the use of the property or capture rainwater from it and causes a saturation of these systems, resulting in their overflow.

n) Contention walls

Those confining and retaining the land, which may be located under the level of the lowest accessible floor, also working as foundations and they may be independent, being located outside of a building without receiving any load and without being connected to the structure of a building.

o) Light material walls

Those constructed with materials other than stone, brick, partition, cement block, caliches, adobe or reinforced concrete.

p) Locations placed on the first line by the sea, lake or lagoon

Set of insured properties placed in the same address wherein the first building in straight line from the water source is located less than:

- 500 meters away from the wave breaking line in high tide.
- 250 meters away from the "brook" of the lake or lagoon.