

FIRE AND/OR LIGHTNING INSURANCE

(NAMED PERILS)

INDIVIDUAL CONDITIONS

Subject to the General, Individual Conditions and Specifications of the Policy, whereby the latter having preference over the former, **Tokio Marine Compañía de Seguros, S.A. de C.V.** named hereinafter as “the Company” insures in favor of the person mentioned in the Specification of the Policy, designated hereinafter as “the Insured” against the loss and/or damage caused by the perils covered, provided that the Insured has an insurable interest, in accordance with the terms established in this Policy.

CLAUSE 1. PERILS COVERED

This Section covers the physical damage to the covered property caused directly by Fire and/or Lightning in an accidental, sudden, and unforeseen manner, but not exceeding the sum(s) insured, limit(s) and/or sublimit(s), and taking into consideration the participation of the Insured as established in Clause 3 “Exclusions” of the Individual Conditions of this Policy, or forming a part of Clause 4 “Additional Coverages” of the Individual Conditions of this Policy, when one of these coverages has been contracted, under the obligation of payment of the corresponding additional premium.

In addition to the direct damages that may cause the perils covered, this coverage is extended to insure, in case of compensable **partial loss**, the necessary expenses incurred to remove the debris of the affected property, such as: disassembly, demolition, cleaning up or hauling, disposal, any other similar activities necessary to leave the property covered or damaged in repair or reconstruction conditions. The Company's maximum liability for this peril shall be the equivalent to **20%** of the maximum limit of liability contracted for the property mentioned, which is included in such limit to cover the direct damages.

IT IS UNDERSTOOD AND AGREED THAT IN ALL CASES OF TOTAL LOSS; THIS PERCENTAGE OF DEBRIS REMOVAL IS NULL AND VOID.

The Debris Removal is subject to the Individual Conditions of the Policy and contracted coverages; therefore, in case of loss, the Insured shall advise thereof and shall be subject to the stipulations in *Clause 5 “Procedure in the event of Loss” and Clause 6 “Measures that the Company may take in the event of Loss” of the General Conditions of this Policy. Furthermore, notwithstanding the stipulation in Clause 4 “Proportional Rule” of the General Conditions of this Policy shall be voided in respect of this coverage, since the Company is obliged to indemnify the Insured up to the contracted maximum limit, subject to previous proof of the expenses incurred by the Insured.*

CLAUSE 2. PROPERTY COVERED

This Policy covers the property located within the premises indicated in the Specification, provided that the property is not excluded expressly in Clause 3 “Exclusions” or else forming part of Clause 5 “Property excluded that may be covered by express agreement” of the Individual Conditions of the Policy, when contracting any of such items.

2.1. Building

Not exceeding the Sum Insured contracted for this Section, the material construction of the building described in the Specification of the Policy shall be covered, including its dependencies, constructions attached to the same location, fences, bars, fixed installations for the water, draining and energy service, parabolic antennas, fixed

machinery proper to the building and forming an integral part thereof, and other definitive fixtures fixed thereto, such as improvements and betterments made to the location or insured building, but declared to the Company, as of contracting date or at the time of its construction.

2.2. Contents

Not exceeding the Sum Insured described in the Specification, and in accordance with the perils contracted, this section covers machinery with installations, tools, spares, accessories and mechanical equipment of the insured business, furniture, electronic equipment, raw material, products in process, or finished products, and merchandise in warehouse and/or in commercial points of sale.

2.3. Property in custody, such as:

All property not owned by the Insured, but in his custody or on consignment and for which he is legally liable, and provided the property is declared as part of the Sum Insured, and contained within the insured premises.

CLAUSE 3. EXCLUSIONS

3.1 PERILS EXCLUDED:

3.1.A. IT IS UNDERSTOOD AND AGREED THAT IN NO EVENT SHALL THE COMPANY BE LIABLE FOR LOSS OR DAMAGE CAUSED BY:

- 3.1.A.1. FERMENTATION, INHERENT VICE, OR ANY OTHER HEATING OR DRYING PROCESS TO WHICH THE PROPERTY MAY HAVE BEEN SUBJECT, UNLESS THE DAMAGE IS CAUSED BY ANY PERIL COVERED BY THIS POLICY, IN THE LAST TWO CASES.**
- 3.1.A.2. DESTRUCTION OF PROPERTY BY ACTS OF THE AUTHORITY LEGALLY RECOGNIZED AS PART OF THEIR FUNCTIONS, EXCEPT WITH THE INTENTION OF AVOIDING A CONFLAGRATION OR IN COMPLIANCE WITH A DUTY OF MANKIND.**
- 3.1.A.3. HOSTILE, WARLIKE ACTIVITIES OR OPERATIONS IN TIME OF PEACE OR WAR, INVASION OF FOREIGN ENEMY, CIVIL WAR, REVOLUTION, REBELLION, INSURRECTION, SUSPENSION OF GUARANTEES, OR OCCURRENCES DERIVED FROM SUCH EVENTS, *DE JURE OR DE FACTO*.**
- 3.1.A.4. LOSSES CAUSED BY DECEIT OR BAD FAITH OF THE PERSONS AND IN CIRCUMSTANCES AS MENTIONED IN CLAUSE 11 "FRAUD, DECEIT, BATH FAITH OR GROSS NEGLIGENCE" OF THE GENERAL CONDITIONS OF THE POLICY.**
- 3.1.A.5. MACHINES, APPARATUS OR ACCESSORIES USE TO PRODUCE, TRANSFORM OR USE ELECTRIC CURRENTS, WHEN SUCH DAMAGE IS DIRECTLY CAUSED IN SUCH MACHINES, APPARATUS OR ACCESSORIES BY NORMAL CURRENTS, SURGES IN THE SYSTEM, OR ANY OTHER CURRENT, WHETHER NATURAL OR MAN-MADE, FROM ANY CAUSE WHATSOEVER (INTERNAL OR EXTERNAL).**

3.1.A.6. CLAIMS DERIVED FROM LOSSES CAUSED, DIRECTLY OR INDIRECTLY, AS A CONSEQUENCE OF DAMAGE, FAILURES, ALTERATIONS, A REDUCTION IN THE FUNCTIONALITY, AVAILABILITY OR OPERATION OF AND/OR DESIGN ERRORS OF COMPUTER SYSTEMS, INTEGRATED CIRCUITS (OR SIMILAR DEVICE OF ANY TYPE) OR COMPONENTS OF THE COMPUTER SYSTEM (HARDWARE); OPERATIVE SYSTEM, DATA BASE, INFORMATION STORE, PROGRAMS (SOFTWARE), WHETHER THE PROPERTY OF THE INSURED OR UNDER HIS POSSESSION, UNLESS SUCH LOSSES ARISE FROM A DIRECT CONSEQUENCE OF ANY OF THE PERILS COVERED IN THIS POLICY.

3.1.B. THIS POLICY EXCLUDES ALL TYPE OF LOSSES, DAMAGES, LIABILITY OR EXPENSES CAUSED BY:

3.1.B.1. TERRORISM AND/OR

3.1.B.2. MEASURES TAKEN IN PREVENTING, SUPPRESSING, CONTROLLING OR MINIMIZING THE CONSEQUENCES DERIVED FROM ANY ACT OF TERRORISM AND/OR

3.1.B.3. ANY CONSEQUENTIAL DAMAGE DERIVED FROM ANY ACT OF TERRORISM.

3.2 PROPERTY EXCLUDED

3.2.A. IT IS UNDERSTOOD AND AGREED THAT IN NO EVENT SHALL THE COMPANY COVER DAMAGES CAUSED TO THE FOLLOWING PROPERTY:

3.2.A.1. SECURITIES, DEBENTURES OR DOCUMENTS OF ANY TYPE, POSTAGE OR REVENUE STAMPS, COINS, BANK NOTES, CHECKS, NOTES, PROMISSORY NOTES, ACCOUNTING BOOKS OR OTHER BOOKS OF ACCOUNT, AND DOCUMENTS OF ANY TYPE.

3.2.A.2. THE VALUE OF LAND, FOUNDATIONS, AND OTHER SYSTEMS OR CONNECTING FOUNDATIONS BELOW GROUND LEVEL, SUCH AS BUT NOT LIMITED TO: TRENCHES, CISTERNS, DRAINAGE, AND OUTLETS.

3.2.A.3. ANY KIND OF FRESCOES OR MURALS PAINTED ON DECORATION OR ORNAMENT OR FORM PART OF THE COVERED BUILDINGS OR CONSTRUCTIONS.

CLAUSE 4. ADDITIONAL COVERAGES

Under the obligation of payment of the corresponding additional premium, this Policy is extended to cover the following perils, provided always they are indicated as covered in the Specification of the Policy:

4.1. Explosion.

4.2. Hail, cyclone, hurricane or windstorm.

- 4.3. Water damage.
- 4.4. Damage by snow or frost.
- 4.5. Aircraft, vehicles and smoke.
- 4.6. Strikes, riots, civil commotion, vandalism and malicious damage.
- 4.7. Extended coverage.
- 4.8. Flood.
- 4.9. Leakage from fire protection equipment.
- 4.10. Debris removal.

CLAUSE 5. PROPERTY EXCLUDED BUT WHICH MAY BE COVERED BY EXPRESS AGREEMENT

By express agreement, this Policy is extended to cover the following property:

- 5.1. Property contained in incubators, refrigerating plants or refrigerating apparatus due to changes in temperature as a result of such contracted perils.
- 5.2. Gold and silver ingots, and unset jewelry and stones.
- 5.3. Rare objects or fine arts which unit value per pair or set is greater than the equivalent to 500 (five hundred) days of the minimum salary in force in Mexico City, at the time of contracting.
- 5.4. Manuscripts, blueprints, sketches, drawings, patterns, models or molds.
- 5.5. Swimming pools.

CLAUSE 6. INSURED'S OBLIGATIONS

The coverage granted by this Policy is subject to the Insureds' compliance with the following conditions:

- 6.1. Maintain the property covered in good operating conditions.
- 6.2. The insured equipment shall not be usually or intentionally overloaded nor shall be used in works for which it was not constructed.
- 6.3. Comply with the respective legal and administrative regulations, together with the installation, operation and maintenance instructions of the manufacturer equipment.

Should the Insured fail to comply with these obligations, the Company shall be released from all liability, provided they may have been the direct cause of loss.

CLAUSE 7. SUM INSURED

The Insured shall maintain the contracted Sum Insured, during the term of insurance, to the equivalent of the replacement cost of the covered property.

The Company shall be obliged to update the Sum Insured upon the payment of the corresponding additional premium, at the Insured's written request.

Upon the occurrence of a loss warranting indemnity, if no request is made, in case that the Sum Insured does not correspond to the replacement cost of the covered property, Clause 4 "Proportional Rule" of the General Conditions of the Policy shall be applied hereunder.

CLAUSE 8. PARTIAL LOSS

8.1. Compensable Expenses:

In case of partial loss, the claim shall include the necessary expenses incurred in order to leave the property in operating conditions similar to those existing prior to the occurrence of the loss. Such expenses shall be:

8.1.A. The costs of repairs. In accordance with the invoice provided by the Insured, including the cost of construction, disassembly, reassembly, ordinary freight and customs duties, if any. It is agreed that the Company shall not be liable for damage occasioned by the transportation of the property subject to repair, but it is obliged to pay the amount for the transportation insurance premium, which the Insured shall contract to cover the damaged property during transfer to and from any such workshop whereof the repair is to be made.

When such repair or part thereof is made in the Insured's workshop, the expenses shall be the amount of the cost of material and workmanship originated by such repair plus the administrative necessary expenses for the execution thereof.

8.1.B. Extra expense for express shipments, overtime and works carried out on Sundays and public holidays shall be paid only when they are specifically covered.

8.2 Expenses charged to the Insured:

8.2.A. The expenses of any temporary repair shall be charged to the Insured, unless such constitute a part of the expenses of the definite repair or have been authorized in writing by the Company.

8.2.B. The cost of reconditioning, modifications, and unnecessary improvements to repair the damage shall be charged to the Insured.

CLAUSE 9. TOTAL LOSS

In case of total loss of the covered property, the claim shall include the replacement cost, less the value of the salvage, if any.

In case of total loss of the covered property, if the Insured decides not to replace the damaged property, such shall be paid at Actual Cash Value.

After an indemnity for total loss, the insurance for damaged property shall be considered terminated.

CLAUSE 10. INSURED'S PARTICIPATION

It is a basic condition for the acceptance of the coverage that the Insured shall pay the deductible as indicated in the Specification of the Policy.

The deductible shall be applied separately to each building or structure, including the contents therein, irrespective of whether the property is covered in one or various items or in one or various Policies.

Should the provisions of Clause 4 "Proportional Rule" of the General Conditions of the Policy be applied hereto, the Insured shall be charged only a proportion of the deductible amount to the same extent as to which the Company responds proportionally to the damage claim.

CLAUSE 11. 72 (SEVENTY TWO) HOURS

The damage caused by Flood, Hurricane, Cyclone, Hail or Windstorm shall give rise to a separate claim for each phenomena.

However, when such phenomena occur within a period of 72 (seventy two) hours, such events shall be considered as a single loss and the damages caused shall be included in a single claim.

CLAUSE 12.- FLAMMABLE AND EXPLOSIVE MATERIALS

When a determined percentage of flammable or explosive materials is mentioned in this policy, such percentage shall be calculated over the total value in stock. All substances solid, liquid or in gaseous state with a flammable or explosive point less than 93 grades °C (200 grades F) shall be considered as flammable or explosive materials, such as:

Oil, (vegetable, mineral and animal), except for lubrication oils in bottles or closed drums; crystallised chromatic acid, chromatics, and similar substances, picric acid, and pirites; salicylic acid, strong acids (sulphuric, chloride, nitric); sulphur; varnish, lacquers, and paints prepared with organic dissolvent (excluding those packed in metal recipients hermetically sealed); alcoholic drinks with a graduation greater than 22 Guy Lussac grades (with the exception of bottled); tar, quick lime, carbon powder, carbide of calcium; celluloid, and other similar substances; matches and phosphorous; cyanide, chlorite, chlorite, perchchlorate and perchchlorite; colours and pigments (except those in metal recipients hermetically sealed); waste composed of carbon substances (paper, wood, textiles); explosives in general (including cartridges or bullets, capsules, rockets and fireworks), vegetable and synthetic fibers; red, white or yellow phosphorous; pressurized gases, sodium hydroxide and potassium in a solid state or of a concentrate solution of 50 to 70% (48-55 grades Be); metallic lithium, metallic magnesium; fuse wire, lampblack (mineral, vegetable or animal); nitrates and nitrites, dry grass, antimony zinc sulphide, permanganate, peroxides, aluminium, and magnesium powder; organic powders, metallic potassium; sesquioxide phosphorous, antimony sulphur; hydrogen sulphur; paints prepared with organic dissolvent (excluding those in metal recipients hermetically sealed).

Henceforth, the Insured is obliged not to exceed the stipulated percentage.

CLAUSE 13.- DISCOUNTS GRANTED FOR SECURITY MEASURES

At the time of contracting this Policy, the security measures declared by the Insured, with respect to the location(s) mentioned in the Specification of the Policy, the Insured is obliged to maintain such conditions during the policy term. Contrary to such and under legal indemnity, such shall be reduced in the same proportion of the granted discount.

CLAUSE 14. DEFINITIONS

The following terms wherever used in this policy shall have the following meaning:

14.1. Utilities.- Services or public utilities of light, water and drainage that are connected at the boundary point of the Insured's address.

14.2. Increase of hazard.- Situation produced when for determined events, within or beyond the control of the Insured, the peril covered by this Policy takes on a more dangerous condition than that was foreseen.

- 14.3. Insured.**- Holder of the interest, subject to risk, to whom the rights and obligations derived from this contract shall correspond.
- 14.4. Downspout.**- For the purposes of this insurance, the down-pipe installed in the roofs of the real property, which function is to eject the rain water.
- 14.5. Loss Payee.**- Person to whom the Insured recognizes the right to receive the corresponding indemnity derived from the occurrence of a peril covered by this Policy.
- 14.6. Boilers and pressure vessels.** There are two types of boilers and fired and unfired vessels.- **Fire vessel**:- It refers to a closed vessel in which water or other liquid are heated or changed to steam by means of heat generated by any fuel or electricity. **Unfired vessel**.- A vessel normally working under pressure or in vacuum, but not heated directly by fire or gas resulting from combustion. The inlet or outlet piping, gaskets, valves or fittings thereof shall not be included.
- 14.7. Foundations.**- Such part of a building below ground level or under the first level of access made of masonry, reinforced concrete, steel or concrete that supports the weight of a structure to the subsoil.
- 14.8. Coinsurance.**- The participation of liability between the Insured and the Insurance Company.
- 14.9. Physical Damage.**- Loss and/or damage to the property covered shall mean actions or events which do not cause direct loss and/or damage to the property are excluded (i.e. but not limited to confiscation, nationalization, disappearance).
- 14.10. Deductible.**- The amount or percentage expressly agreed upon which shall be deducted from the indemnity corresponding to each loss and shall always be charged to the Insured.
- 14.11. Deceit or bad faith.**- Acts or omissions of a person to induce another to commit an error. Fraudulent or false acts of a person with respect to another in the contractual relations, whether at the time of agreement or during the term of the policy, and being in compliance thereof.
- 14.12. Lack or insufficiency of drainage in the real property of the Insured.**- Lack or insufficiency of the capacity of the drainage and rain drainage systems part of the hydrosanitary installation of the insured real property to eject the residues generated therein or the pluvial backup whereby provoking a saturation of such systems, and consequently flooding.
- 14.13. Extra expense.**- Extra Expense is defined as the difference of the total cost incurred by the insured chargeable to the operation of the Insured's business, less the total cost that would normally have been incurred to conduct the business during the same period had no physical damage occurred.
- This extra expense shall include, in each case, those incurred in obtaining the use of other property or installations of other companies or other emergency expenses.
- 14.14. Real property.**- As used in this Policy comprises the interior part of the premises occupied by the Insured in connection with the activities declared to the Company, the common areas of the real property such as: halls, aisles, entrances, stairs, gardens and other places of public service.

- 14.15.Flood.-** Meaning such the accidental temporary covering of soil by water, as a consequence of deviation, overflowing or fracture of retaining walls, rivers, channels, lakes, ponds, reservoirs and other streams or deposits of water, whether natural or man-made.
- 14.16.Raw material.-** The materials used in the Insured's business in the condition that they are acquired for transformation thereof.
- 14.17.Solid material.-** Those constructed of stone, brick, concrete block, reinforced concrete; sections of sheath or shatterproof glass.
- 14.18.Improvements.-** At the time of contracting this insurance proper installation of the covered building (or property) that carries out different functions or characteristics for which it was constructed and declared, to vary, transform, alter, convert, and change the essence, form or appearance.
- 14.19.Modifications.-** See improvements.
- 14.20.Retaining walls.-** Those walls which confine and retain the land which may be under the lowest floor level of access, functioning also as foundations they may be independently outside of a building without supporting or having direct connection to the structure of a building.
- 14.21.Negligence or carelessness.-** Carelessness, lack of diligence, omission of attention and due care corresponding to legal acts and in the negotiation of property.
- 14.22.Normal operations.-** The normal business operations of the Insured means the condition that would have existed had no loss occurred under this Policy.
- 14.23.Damage.-** It means the provable legal economical loss suffered by third parties, due to the loss of use of the damaged property, during the necessary time for the repair or replacement thereof.
- 14.24.Premium.-** Price of the insurance that the Insured shall pay to the Company for the concept of the risk coverage offered to him.
- 14.25.Products in process.-** Raw materials of the Insured undergoing a transformation process in order to obtain a finished product, but not yet in its final condition.
- 14.26.Finished product.-** Stock manufactured by the Insured in order to attain the conditions for their final package, shipment or sale.
- 14.27.Reconditioning.-** See improvements.
- 14.28.Resumption of operations.-** The date on which the insured business attains the same operating condition which prevailed prior to the loss.
- 14.29.Redesign.-** See improvements.

14.30.Sudden, accidental and unforeseen peril.- Sudden and unforeseen action or fortuitous cause means that any action or cause which gradually arises or is intentional shall be totally excluded (i. e. but not limited to use, gradual tear and wear, oxidation, and corrosion).

14.31.Salvage.- The total property recovered during or following the occurrence of a loss.

14.32.Sum Insured.- The amount fixed by the Insured in each item of the policy which constitutes the Company's maximum liability limit, in case of loss. Unless otherwise agreed to the contrary, it shall correspond to the replacement cost of the property covered prior to the occurrence thereof.

14.33.Flammable or explosive materials.- All those substances in a solid, liquid or gaseous state with a flammability point less than 93 grades °C.

14.34.Terrorism.- For the purpose of this Policy terrorism means:

14.34.A. The acts of force or violence, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization whether for political, religious, ideological, ethical or whatsoever nature with the intention to influence or pressure any government to undermine the authority of the State.

14.34.B. The loss or physical damage direct or indirect with a mediate or immediate origin are the result of the utilization of explosives, toxic substances, firearms, or by any other violent means carry out against persons, objects or public services whereby said actions cause alarm, fear, terror in the general public or in a group or sector thereof, with the aim to disturb the public peace

14.35.Replacement cost: The necessary amount for the construction and/or repair and/or installation of the affected property with others of such like kind, quality and size and/or capacity of production of the covered property, including the cost of freight, customs duties and site erection expenses, if any; irrespective of any deduction for physical depreciation.

14. 35.A. For merchandise, raw materials, products in process and finished products:

The necessary amount for the manufacture and/or replacement of merchandise, raw material, products in process and finished products would be the value of raw material plus workmanship and the administration necessary expenses for the execution thereof; without deducting the physical depreciation at the date of loss.

14.35.B. For buildings:

The necessary amount for the construction and/or repair of real property of such like kind, quality, size and/or capacity of the covered property, including, but not limited to: workmanship and construction material, ironworks, carpentry, painting; irrespective of any deduction for physical depreciation at the date of loss, but **EXCLUDING THE LAND VALUE, FOUNDATIONS AND OTHER SYSTEMS OR UTILITIES BELOW GROUND LEVEL, SUCH AS BUT NOT LIMITED TO: TRENCHES, CISTERNS, DRAINS AND OUTGOING SEWERAGE.**

14.35.C. For furniture, usual objects, working instruments, machinery and equipment:

The amount necessarily incurred to repair, rebuild or replace them for others of such like kind, size and capacity prior to the occurrence of the loss and/or damage, irrespective of any deduction for physical depreciation.

14.36 Actual Cash Value:

14.36.A For merchandise, raw materials, products in process and finished products:

The amount to be indemnified for the manufacture and/or repair of merchandise, raw material, products in process and finished products would be the value of raw material plus the necessary workmanship in the execution thereof; but deducting the physical depreciation at the date of loss.

14.36.B. For buildings:

The necessary amount for the construction and/or repair of real property of such like kind, quality, size and/or capacity of the covered property, including, but not limited to: workmanship and construction material, ironworks, carpentry, painting; but considering the corresponding deduction for physical depreciation, at the date of loss, and **EXCLUDING THE LAND VALUE, FOUNDATIONS AND OTHER SYSTEMS OR UTILITIES BELOW GROUND LEVEL SUCH AS BUT NOT LIMITED TO: TRENCHES, CISTERNS, DRAINS AND OUTGOING SEWERAGE.**

14.36.C. For furniture, usual objects, working instruments, machinery and equipment:

The amount necessarily incurred to repair, rebuild or replace them for others of such like kind, size and capacity prior to the occurrence of the loss and/or damage, but deducting physical depreciation, at the date of loss.

14.37 Inherent Vice.- Perishable nature of the property due to decomposition, destruction or alteration of the original cellular and chemical structure caused by intrinsic chemical and biochemical phenomena which do not leave carbonous or ash residue.

GENERAL CONDITIONS

CLAUSE 1. PREMIUM

- 1.1. The premium charged to the Insured becomes due at the time of issuing of the contract, and any subsequent agreement that may affect the Policy, which gives rise to the payment of any such additional premiums.
- 1.2. Should the Insured choose to make installment payments of the premium, the installments shall be payable in equal periods no less than a month, and the installments shall be due at the inception of each period thereto agreed upon. The financial rate of the premium shall be applied to the installment payment in force at the time of issuance or renewal of the Policy, which shall be made known to the Insured in writing.
- 1.3. The time for the payment of premium or any installment may not be greater than 30 (thirty) calendar days following the expiry date of the premium. The effects of this contract shall automatically end at the 12:00 (twelve) noon on the last day of this period. The hours shown in this item shall be the local official time in the place whereby the corresponding insurance policies are issued.
- 1.4. The agreed premium shall be paid in the Company's offices upon delivery of the corresponding receipt thereof.
- 1.5. In the event of loss, the Company shall deduct from the indemnity the total premium pending or outstanding installments not paid, until the total premium corresponding to the period of insurance contracted is completed.

CLAUSE 2. REINSTATEMENT

Notwithstanding the provisions in Clause 1 "Premium" of these General Conditions, the Insured may, within the 15 (fifteen) days following the last day of the aforementioned grace period, pay the premium for this insurance or the corresponding part should installment payments have been agreed upon. In this case, upon making such payment, the effects of this insurance shall be reinstated as of the hour and day shown in the payment voucher, and the Company shall refund at pro rata, at the time of receiving the payment, the corresponding premium to the period during which the effects of this insurance ended, in accordance with provisions in Article 40 of the Insurance Contract Law.

Moreover, if the Insured requests in writing at the time of making such payment, that the insurance term is to be extended, this shall be automatically accepted by the Company, and extended for a period equal to that comprised between the last day of such grace period and the hour and date in which such reinstatement becomes effective.

In case that the hour is not clearly shown in the payment voucher, it shall be understood that the insurance is reinstated at midnight on the date of payment. The hours shown in this item shall be the official local time in the place whereby the corresponding insurance policies are issued

The reinstatement referred to in this Clause shall be registered by the Company on the receipt issued for the corresponding payment for administrative purposes, and in any subsequent document issued.

IN NO EVENT SHALL THE COMPANY BE LIABLE FOR LOSSES OCCURRED DURING THE PERIOD COMPRISED BETWEEN THE EXPIRY OF SUCH GRACE PERIOD AND THE HOUR AND DAY OF SUCH PAYMENT REFERRED TO IN THIS CLAUSE.

CLAUSE 3. INSPECTION

The Company shall have at all times the right to inspect the property covered, during working hours and by duly authorized persons thereby.

The Insured is obliged to furnish the Company's surveyor with all necessary details and information for the appraisal of the risk.

Should the inspection disclose an essential increase of hazard in any covered property, the Company shall request in writing to the Insured the elimination of such increase of hazard. If whereby the Insured fails to comply with these change notifications during a period stipulated therein, the Company shall not be liable for loss or damage caused by such increase of hazard, if such fact is a direct contribution to the occurrence of the loss.

CLAUSE 4. PROPORTIONAL RULE

The sum insured has been fixed by the Insured, and such shall be neither a proof of existence of nor the value of the property. They are to be used exclusively as a basis to determine the maximum liability of the Company.

If, at the time of the occurrence of a loss, the property has a total value greater than the amount covered, the Company shall only be liable proportionally for the damage caused. Should the policy include various items, this provision shall be applied separately to each item.

CLAUSE 5. PROCEDURE IN THE EVENT OF LOSS

Should the covered property be damaged by a peril not excluded, the Company shall indemnify the Insured for the value of such property, or at its option choose to replace or repair to the Insured's satisfaction, or otherwise pay in cash the value of such property; within the limits or sublimits of liability, together with the terms and conditions set forth in this Policy.

5.1. Protection or Recovery Measures

When the Insured has knowledge of any such loss caused by any of the perils covered by this Policy, he is obliged to take action to lessen and avoid further damage. If delay is not considered dangerous, the Insured shall request and adhere to instructions given by the Company.

Expenses borne by the Insured and not considered inappropriate shall be covered by the Company, if and when they are given in writing and thereafter anticipate such expenses.

Should the Insured omit to give such advice or provoke an essential increase of hazard, the Company's obligations shall thereafter terminate, thus affecting the Insured's rights in the terms of the Insurance Contract Law (Article 52).

5.2. Notice of Loss

Upon the occurrence of a loss giving rise to an indemnity in accordance with this insurance, the Insured or loss payee shall have a maximum period of 5 (five) days to give such notice in writing, such period starts when the Insured or loss payees have knowledge thereof, except in the case of an act of God or force majeure, which notice may be given as soon as ends one or other cause.

Failure to give prompt notice may result in a reduction to the amount of the original indemnity, if however the Company had received prompt notice thereof

5.3. Transfer of Property

Should the Insured, with the purpose to safeguard the property from loss or damage, transfer such property to any building, property or premises not mentioned in the Policy, in order to continue cover in the new location, he shall give written notice within the following 5 (five) working days.

5.4. Documents, data, and information that the Insured shall render to the Company

The Insured shall prove the exactness of his claim. The Company shall have the right to demand from the Insured or loss payee, all information concerning any event related to the loss, by which the circumstances and consequences may be determined. The Insured shall deliver to the Company, as soon as possible, the following documents and data:

- 5.4.A. An original statement addressed to the Insurance Company and signed by the Insured formalizing his claim.
- 5.4.B. A statement of the damage caused by the loss indicating in the most detailed and exact manner what property was destroyed or damaged, together with the amount of the corresponding loss, taking into consideration the value of said property at the time of loss.
- 5.4.C. Estimate for the repair of damage.
- 5.4.D. A detailed list of all existing insurances of the property.
- 5.4.E. All plans, projects, books, receipts, invoices, railway guides, supporting documents, records and any other accounting-fiscal document that sustains legal possession of the property whereby giving support to such claim.
- 5.4.F. All data with respect to the origin and cause of the loss, including the circumstances giving rise thereto. At the Company's request, and at the Insured's expense, supply certified copies of investigations carried out by the Public Prosecutor or his officers, fire brigade, or by any other authority pursuing the investigation of the loss or facts related thereto.
- 5.4.G. Prompt notice of stock salvage, if any.
- 5.4.H. Any other information or documents required by the Company.
- 5.4.I. Penal Report.

Without prejudice to the aforementioned documents and information, in the event of unlawful cases, the Insured shall render the penal report, the confirmation thereof, and evidence of ownership and pre-existence.

The prompt advice, the information provided by the Insured to the Company or their representatives, together with the assistance that the Company may give to the Insured for determining the loss; in no event whatsoever shall be construed as an acceptance of liability by the Company.

In no case, the Company may demand that the loss is proven in lawsuit, according to provisions in Article 71 of the Insurance Contract Law.

CLAUSE 6. MEASURES THAT THE COMPANY MAY TAKE IN THE EVENT OF LOSS

In all cases of loss that destroys or damages the property or whilst the amount of the corresponding indemnity has not been fixed definitely, the Company may:

- 6.1. Enter into the buildings or locations where the loss occurred in order to determine the cause and consequence thereof.
- 6.2. Examine, classify and appraise the property wherever so located.

In no event shall the Company be compelled to undertake the sale or settlement of the property or remnants thereof, or shall the Insured be entitled to abandon such property to the Company.

CLAUSE 7. ARBITRATION

In the event of dispute between the Insured and the Company as to the amount of any loss or damage, the matter shall be given over in writing to an Arbitrator of mutual agreement; however, in such cases where no single Arbitrator can be agreed upon, two such arbitrators shall be named; one for each party, within a period of 10 (ten) days from the date on which either of the parties has required the other to do so in writing. Moreover, before commencement of arbitration, the two arbitrators shall name an umpire in case of further disagreement.

If either of the parties shall refuse or simply neglect to designate his arbitrator at the request of the other, or if the arbitrators do not agree upon the umpire, then the judicial authority shall, at the request of either of the parties, make the appointment of the arbitrator or the umpire, or both if necessary.

The death of any party, if an individual; or the dissolution, if a corporation, during the arbitration process shall not cancel or affect the authority or powers of the arbitrator, or arbitrators or umpire, as the case may be; or in the event of the death of an arbitrator or umpire of either of the parties die before a decision is made, another shall be appointed by such respective (party, arbitrator, judicial Authority) as a substitution thereof.

Expenses and fees originated by the arbitration shall be divided equally between the Insured and the Company, but each party shall pay the fees of his own arbitrator.

The arbitration referred to in this Clause shall not be construed as an admission of liability by the Company; it shall only determine the amount of the loss which shall eventually be payable by the Company, and while giving both parties liberty to exercise the corresponding objections.

CLAUSE 8. PLACE AND PAYMENT OF INDEMNITY

The Company shall pay any indemnity at its office, within the 30 (thirty) days following the date of receipt of the documents and information, which are the fundamental base of the claim, in the terms of Clause 5 "Procedures in the Event of Loss" of the General Conditions of the Policy.

CLAUSE 9. REDUCTION AND REINSTATEMENT OF THE SUM INSURED IN THE EVENT OF LOSS

All partial indemnities paid by the Company, and according to provisions in Clause 8 "Total Loss" of the Individual Conditions of this Policy, shall be reduced in the same amount as the insured sum; however, this may be reinstated upon previous acceptance of the Company, and at the request of the Insured, who shall be obliged to pay the corresponding additional premium.

Should the Policy consist of various limits and sublimits, the reduction or reinstatement shall apply to such affected limits and sublimits.

CLAUSE 10. SUBROGATION OF RIGHTS

In all terms of Law, the Company shall be subrogated, up to the amount paid, to the Insured's rights, together with the corresponding actions against those liable or responsible for the loss. Should the Company so request, and at the Insured's expense, the Insured shall place in record such subrogation in notarized documents. If due to acts or omissions of the Insured, such subrogation is inhibited, the Company shall be wholly or in part released from its obligations forthwith.

If only a part of the damage is paid, the Insured and the Company agree to exercise their rights in the same corresponding proportion.

There shall be no subrogation of rights in case the Insured has a marital or blood relationship or kinship up to the second degree with the person(s) that are known to have committed the damage; otherwise, the Insured may be liable for the acts of the aforementioned persons under civil litigation.

CLAUSE 11. FRAUD, DECEIT, BAD FAITH OR GROSS NEGLIGENCE

THE COMPANY'S OBLIGATIONS SHALL TERMINATE:

- 11.1. IF THE INSURED, LOSS PAYEE OR THEIR REPRESENTATIVES WITH THE OBJECT OF INDUCING THE COMPANY TO COMMIT AN ERROR, DISSIMULATE OR MAKE INEXACT DECLARATIONS, WHEREBY EXCLUDING OR RESTRICTING SUCH OBLIGATIONS.**
- 11.2. MOREOVER, IF WITH THE SAME INTENTION THEY DO NOT FURNISH, IN DUE TIME, TO THE COMPANY THE DOCUMENTS NECESSARY FOR THE CORRECT PROCEDURE OF THE PAYMENT OF THE LOSS (BASED ON PROVISIONS IN CLAUSE 5 "PROCEDURE IN THE EVENT OF LOSS" OF THE GENERAL CONDITIONS OF THE POLICY).**
- 11.3. DECEIT OR GROSS NEGLIGENCE ON THE PART OF THE INSURED OR LOSS PAYEE OR ASSIGNEES OR ATTORNEYS, HIS REPRESENTATIVES OR PERSONS LIABLE FOR THE TECHNICAL DIRECTION; IF AND WHEN SUCH ACT OR NEGLIGENCE IS DIRECTLY ATTRIBUTABLE TO SUCH PERSONS.**

CLAUSE 12. INCREASE OF HAZARD

When the premium has been fixed in accordance with the characteristics of the risk, described in this policy, the Insured shall advise the Company of any essential increase of hazard during the validity of this insurance, within a period of 24 (twenty four) hours upon having such knowledge thereof. **SHOULD THE INSURED OMIT TO GIVE SUCH ADVICE OR PROVOKE AN ESSENTIAL INCREASE OF HAZARD, THE COMPANY'S OBLIGATIONS SHALL TERMINATE HEREINAFTER.**

CLAUSE 13. ADVANCE TERMINATION OF CONTRACT

Notwithstanding the term of the Policy, the parties agree that such Policy may be terminated in advance by means of written notice.

When the Insured terminates the Policy, the Company shall have the right to retain that part of the premium corresponding to the time during which the insurance had been in force, in accordance with the following short term tariff (percentage of the annual premium):

SHORT TERM TARIFF	
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 requests the termination of the contract, such shall be by means of written notice to the Insured. The insurance termination shall become effective 15 (fifteen) days after the corresponding notice; and the Company shall return such part of the premium in proportion to the unexpired term, at the moment when giving such notice. Consequently, the cancellation shall not be effective without such herefore stated requirement.

CLAUSE 14. STATUTE OF LIMITATIONS

All actions derived from this insurance contract shall prescribe in **2 (two) years**, in the terms of Article 81 of the Insurance Contract Law, as of the date of the occurrence thereof, unless exceptions consigned in Article 82 of the same law.

The prescription shall be interrupted not only by ordinary causes, but also by those referred to in the **Law of Protection and Defense of the Financial Service User (CONDUSEF)**.

Article 81 and 82 of the Insurance Contract Law:

Article 81: All actions derived from an insurance contract shall prescribe in two years, as of the date of the occurrence giving rise thereto.

Article 82: The term referred to in the previous article shall not be effective in case of omission, false or inexact declarations of the risk. However, in such case, where loss has occurred it shall be effective when the interested parties have proven that they had no previous knowledge of such loss occurrence taking place but on such date when the company has knowledge thereof. With respect to third party loss payees, they should also be aware of the vested rights in their favour.

CLAUSE 15. NOTIFICATIONS

Any declaration or notification in respect to this contract shall be submitted in writing to the Company's registered address indicated in the Specification of this Policy.

In all such cases where the address of the offices of the Insurance Company is different from such indicated in the issued Policy, the Company shall advise the Insured the new address in the Republic of Mexico for all requests and notifications that should be sent to the Insurance Company for any legal effect.

The requirements and notifications that the Insurance Company shall make to the Insured or his assignees shall be valid to the last known address given to the Insurer.

CLAUSE 16. OTHER INSURANCE

If the covered property is insured, wholly or in part, by other insurance covering the same peril, whether acquired on the same date or another, the Insured is under the obligation to declare such immediately in writing to the Company and/or they should be mentioned in the Policy or enclosure thereto; indicating the name of the insurance companies and the sums insured.

Should the Insured intentionally omit to give such notice, or acquire other insurance in order to obtain an illicit gain, the Company shall be released from its obligations.

When the Company has been duly notified that the same covered interests by this Policy are insured by other companies, the Company is obliged to pay the full value of the damage sustained within the limits of the Sum Insured, and thereafter shall be repeated proportionally against other companies which have issued coverage for the amount insured.

CLAUSE 17. BENEFITS FOR THE INSURED

If during the period of the insurance, the General Conditions are modified in similar contracts, the Insured shall have the right to request in writing to the Company the corresponding modifications in his Policy in order that the new conditions are applied thereto, but if such modifications grant higher benefits for the Company, the Insured is obliged to cover the equivalent increase in the corresponding premium.

CLAUSE 18. JURISDICTION

In the event of controversy, the plaintiff may enforce his rights in the terms provided by the **Law of Protection and Defense of the Financial Service User (CONDUSEF)**.

CLAUSE 19. ARREARS INTEREST

In the event that the Company, even though it has received the documents and information with reference to the basis for the claim made, does not fulfil the obligation of paying the indemnity, capital or rent, in the terms of Article 71 of the

Insurance Contract Law, then, by fault of paying the legal interest applicable, the Company is obliged to pay the Insured, loss payee or third party sustaining damage, an arrears interest under the terms provided in Article 135 Bis of the General Law of Insurance Institutions and Mutual Societies, covering the delay period. Such interest shall be calculated as of the following day in which such obligation is so demanded.

CLAUSE 20.- INCEPTION AND TERMINATION OF TERM

The policy term shall begin and terminate in the dates indicated therein at twelve hours in the place where the covered property is located.

CLAUSE 21. TERRITORIAL LIMIT

This Policy has been contracted in accordance with Mexican Laws and to cover damage and/or loss occurred within the territory of the Republic of Mexico.

CLAUSE 22. CURRENCY

Both the payment of the premium and indemnity, if any under this Policy, are payable according to the terms of the Monetary Law in force at the date of payment.

CLAUSE 23. ARTICLE 25 OF THE INSURANCE CONTRACT LAW

"Should the wording of the Policy or its modifications not agree with the offer, the Insured may request the necessary amendment within the 30 (thirty) days following receipt thereof. After expiry of this period, the provisions or amendments of the Policy shall be considered as accepted"