

CIVIL LIABILITY INSURANCE POLICY

GENERAL CONDITIONS

CLAUSE 1. SUBJECT OF INSURANCE

The Company binds itself to pay all damages, losses, and consequential moral damages caused by the Insured to third parties, and for which he becomes liable in accordance with the applicable law in force in the Mexican United States (or foreign law in case of coverage agreed upon according to the particular civil liability conditions for damages abroad), due to unfraudulent acts occurring during the term of this policy, causing death or health damage of said third parties or deterioration or destruction of property thereof, in compliance with clauses and stipulations agreed upon in this contract.

CLAUSE 2. INSURANCE COVERAGE

A) The Company's liability covers:

1. Payment of damages, losses, and consequential moral damages incurred by the Insured in accordance with stipulations of this policy, and to the corresponding particular conditions.
2. Payment of the Insured's defense, within the conditions of this policy. This coverage includes, among others:
 - a) Payment of premiums paid for judicial bonds granted by the Insured to warrant payment of the sums claimed for civil liability covered by this policy. Therefore, the premiums for bonds to be granted as guarantee deposits in order the Insured may obtain his freedom on bail, release on bail or probation during the criminal action, shall not be comprised within the obligations assumed by the Company under this policy.
 - b) Expenses, costs, and legal interests which the Insured should pay for judicial or arbitral decision becoming final, and conclusive.
 - c) Expenses incurred by the Insured, at the Company's request for handling, and settling claims.

B) Delimitation of the insurance coverage

1. The maximum Company's liability limit, for each, and all the losses occurred during one year insurance term, shall be the sum insured indicated in the policy.
2. The occurrence of several damages, during the term of the policy, arising from the same or similar cause, shall be considered as one single loss occurring at the time the first of a series of damages may happen.
3. Payment of expenses referred to in point 2, item A) shall be covered additionally, without exceeding an amount equal to 50% of the liability limit insured in this policy.

Clause 3. Liabilities excluded by the insurance but which may be covered by means of express agreement

The following liabilities are excluded under the contract, but may be covered by means of express agreement:

- a) Liabilities of others in which the Insured, by agreement or contract, binds himself to replace the original obligor in order to repair eventual or future bodily injury or damage to property of third parties.
- b) Liabilities derived from losses occurring abroad, in compliance with applicable legislation abroad.
- c) Damage caused to third parties by products manufactured, delivered or supplied by the Insured, or else by works performed thereby.
- d) Damage caused by pollution or other harmful variations of water, atmosphere, soil, subsoil or else by noise.
- e) Damage caused to property of third parties:
 - 1. In possession of the Insured under lease, loan, deposit, custody or by authority disposition.
 - 2. Caused by normal activities of the Insured to property (elaboration, handling, transformation, repair, examination, and other similar activities).

In case of real estate, this exclusion shall be in force when such property or part thereof has been direct subject of these activities.

These liabilities shall not be covered if an employee or representative of the Insured is involved in accordance with stipulations mentioned in items 1, and 2 above.

- f) Liability for claim filed among themselves by individuals or corporations mentioned as Insureds hereunder.
- g) Liability for damage caused by nuclear reaction or radioactive contamination.
- h) Liability for damages caused by works, constructions, enlargements or demolitions thereof.
- i) Liability as a consequence of loss of goods.

CLAUSE 4. RISKS EXCLUDED UNDER THE CONTRACT

IT IS UNDERSTOOD AND, AGREED THAT THIS INSURANCE IN NO CASE SHALL COVER:

- a) **CLAIMS ARISING FROM NON-COMPLIANCE OF CONTRACTS OR AGREEMENTS, IF THIS HAS NOT CAUSED DEATH OR LOSS OF HEALTH OF THIRD PARTIES OR DETERIORATION OR DESTRUCTION OF GOODS THEREOF.**
- b) **LIABILITY FOR SUBSTITUTIVE BENEFITS FOR BREACH OF CONTRACTS OR AGREEMENTS.**

c) LIABILITY DERIVED FROM THE USE, OWNERSHIP OR POSSESSION OF VESSELS, AIRCRAFT, AND LAND MOTOR VEHICLES, UNLESS THE LATER ARE DESTINED TO BE USED EXCLUSIVELY WITHIN THE INSURED'S PREMISES NOT REQUIRING PLATES TO BE USED IN PUBLIC PLACES.

d) LIABILITY DERIVED FROM DAMAGES CAUSED INTENTIONALLY.

e) IF THE INSURED IS AN INDIVIDUAL, LIABILITY DERIVED FROM DAMAGES SUSTAINED BY: SPOUSE, PARENTS, CHILDREN, BROTHERS, PARENTS-IN-LAW OR OTHER RELATIVES OF THE INSURED WHO ARE LIVING WITH HIM PERMANENTLY.

IF THE INSURED IS A CORPORATION, LIABILITY DERIVED FROM DAMAGES SUSTAINED BY: MEMBERS OF THE BOARD, EXECUTIVES, PARTNERS, MANAGERS OR OTHER PERSONS PERFORMING SOME EXECUTIVE DUTY, AS WELL AS BY THEIR SPOUSES OR RELATIVES, ACCORDING TO PREVIOUS PARAGRAPH.

f) LIABILITY FOR DAMAGE CAUSED BY:

1. INSTABILITY, SINKING, SETTLING OF THE SOIL OR SUBSOIL.

2. LACK OR INSUFFICIENCY OF CONSOLIDATION WORKS TO AVOID LOSS OF NECESSARY SUPPORT TO THE SOIL OR SUBSOIL OF ADJACENT PROPERTY.

g) LIABILITY FOR DAMAGE CAUSED BY WAR OR OTHER WARLIKE OPERATIONS, REVOLUTION, REBELLION, MUTINIES, STRIKES OR DAMAGES ORIGINATED BY THE AUTHORITY DISPOSITIONS, DE JURE OR DE FACTO.

h) THE LIABILITY INCURRED BY THE INSURED IN ACCORDANCE WITH THE FEDERAL LABOUR LAW, THE SOCIAL SECURITY LAW OR OTHER COMPLEMENTARY DISPOSITION OF SAID LAWS.

i) PROFESSIONAL LIABILITY.

CLAUSE 5. TERRITORIALITY

This policy has been contracted in accordance with the Mexican laws, to cover damages occurring inside the United States of Mexico. The territory limits shall be extended only by contracting the civil liability coverage for damages occurring abroad in accordance with clause 3, item b) of these general conditions.

CLAUSE 6. PREMIUM

6.1 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.

6.2 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.

6.3 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.

6.4 The agreed premium shall be paid in the Company's offices upon delivery of the corresponding receipt thereof.

6.5 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 7. DEPOSIT PREMIUM

For the purpose of this insurance, as Deposit Premium it is understood the total sum resulting from applying the risk rate on the estimate rate given by the Insured in his application, according to the corresponding tariff basis. Said premium shall be adjusted at the end of the insurance term based on the actual value declared by the Insured who also binds himself to pay the difference resulting between the deposit premium, and the definite one.

Likewise, the Company binds itself to return to the Insured his corresponding amount, if any.

CLAUSE 8. DEDUCTIBLE

According to stipulations in the policy title page, and as the case may be, in the corresponding schedule of the special conditions contracted, the Insured shall always be charged in each loss, an amount called deductible.

CLAUSE 9. PROCEDURE IN CASE OF LOSS

a) Advice of loss

The Insured shall bind himself to notify the Company upon having knowledge of all the claims or suits received by him or his representatives, therefore, he shall provide the Company with all documents or copy thereof, and the Company shall be obliged to immediately report in writing that it declines to bring suit, if it decides so.

In case this notification is not delivered as established, it shall be understood that the Company has accepted to bring suit against the Insured, and he shall cooperate with the Company in the terms of this clause.

If the Company decides not to conduct the suit, it shall pay the Insured in advance the sum established therefor so that the Insured may cover his legal expenses.

b) Co-operation, and assistance of the Insured

The Insured shall, in all legal proceedings brought against him, for liability covered by this insurance:

- Furnish the necessary data and proofs requested by the Company for his defense, in case this be requested, or when the Insured shall not appear in court;
- Exercise, and get recognized actions, and defense for which he shall be legally liable;
- Appear in court in all proceedings;
- Grant authority to the lawyers appointed by the Company to represent him in said legal proceedings, in case he is not able to intervene directly.

All expenses incurred by the Insured to comply with these obligations, shall be deducted from the sum insured for legal defense.

Should the Company act with negligence in determining or directing the legal defence, the liability for the expenses thereof shall not be limited.

c) Claims, and suits

The Company shall have the right to pay for judicial or extrajudicial claims, to conduct suits or demands, and to enter into agreements.

The Company shall not be liable for any debt, transaction, agreement or any other legal act which may imply liability of the Insured without the Company's consent for assuming liability that otherwise would not exist or be lesser than the one in force. The admission of a fact by the Insured shall not be considered as acceptance of liability.

d) Beneficiary of the insurance

This insurance contract grants the right to indemnify damage directly causes to third parties who shall be considered as beneficiary as from the time of loss.

e) Reimbursement

If a third party is indemnified by the Insured whether totally or partially, this shall be reimbursed proportionately by the Company.

f) Subrogation

The Company shall be subrogated up to the sum paid in all the rights of the Insured against third parties for compensable damages. However, for acts committed by persons for whom the Insured may result legally liable as they are considered Insureds for legal purposes, there shall be no subrogation.

If only part of the damage has been indemnified, the Insured, and the Company shall have recognized all their rights in their corresponding proportion.

The Company may be totally or partially released from its obligations, if subrogation is prevented by the Insured.

CLAUSE 10. REDUCTION, AND REINSTATEMENT OF THE SUM INSURED

The sum insured in the Policy shall be reduced automatically in the amount paid for loss during the term of the insurance, however by previous acceptance of the Company, and at the Insured's request who shall pay the corresponding premium; such sum shall be reinstated up to its original amount to be applied to subsequent claims.

CLAUSE 11. AGGRAVATION OF RISK

The Insured shall notify the Company the essential aggravations of the risk during the term of this insurance within 24 hours after having knowledge thereof. If the Insured fails to give such advice or should provoke the said aggravation of the risk, the obligations of the Company shall forthwith cease in full right.

In case of fraud or bad faith, the Insured shall lose all premiums paid in advance.

CLAUSE 12. ABOLITION OF THE COMPANY'S OBLIGATIONS

In addition to stipulations in clauses 6, 9, and 13, regarding non compliance with the Insured's obligations, the Company's obligations shall cease:

- a) If the loss is caused fraudulently by the Insured or in complicity therewith.
- b) Should the loss be fraudulent or otherwise supported on false statements or documents of the Insured or third parties with the intention to obtain illicit gain.

CLAUSE 13. OTHER INSURANCE

The Insured shall notify in writing to the Company of all insurance covering the same risk insured hereunder indicating also the name of the insurance companies, and of the sums insured.

If the Insured fails intentionally to give such advice, or if he contracts other insurance to obtain illicit gain, the Company shall be relieved of its obligations.

CLAUSE 14. INSPECTION

The Company shall have the right to investigate activities subject-matter of this insurance to appraise the risk. Also, the Insured, and the Company agree that the latter may examine all his books related to any fact in connection with this Policy.

CLAUSE 15. ANTICIPATED CANCELLATION OF THE CONTRACT

Notwithstanding the term of this contract, the Insured may terminate same in advance by means of written notification. When the Insured terminates the contract, the Company shall have the right to retain that part of the premium corresponding to the time during which the insurance has been in force, in accordance with the following short term insurance table, authorized by the Comisión Nacional de Seguros y Fianzas:

	Period		Percentage of Annual Premium
Up to	3	months	40%
Up to	4	months	50%
Up to	5	months	60%
Up to	6	months	70%
Up to	7	months	75%
Up to	8	months	80%
Up to	9	months	90%
Up to	11	months	95%

When the Company terminates the contract, the insurance termination becomes effective 15 (fifteen) days after the corresponding notification is received. The Company shall refund the unearned premium calculated at pro rate within 15 days following the date of such notification becomes effective.

CLAUSE 16. PRESCRIPTION

All actions derived from this insurance contract shall prescribe in two years, in the terms of article 81 of the Insurance Contract Law counted, as of the date of the occurrence thereof, excepting those cases mentioned in article 82 of the same law.

CLAUSE 17. JUDICIAL ACTION

In the event of controversy, the complainant shall apply to the Comisión Nacional de Seguros y Fianzas at its main office in accordance with the terms of Article 135 of the General Law of Insurance Institutions, and if said organization is not appointed arbitrator upon its express declaration, he may apply to the competent courts at the Company's domicile, as indicated in the policy title page.

CLAUSE 18. REINSTATEMENT

Notwithstanding the stipulations in clause 6, the Insured, within 15 days following the last day of the period of grace mentioned in the policy shall pay the premium of this insurance or the part corresponding thereto if payment in instalments has been agreed upon; therefore, for payment as above-mentioned, the effects of this insurance shall be reinstated starting on the day, and hour shown in the receipt, and the Company shall reimburse at pro rata at the time of payment, the premium corresponding to the period during which the insurance is not effective, as per stipulations in article 40 of the Law on Insurance Contract.

However, if at the time of payment the Insured requests that the term of the insurance be extended, this shall be automatically enlarged for a period equal to that comprised between the last day of said period of grace, and the hour, and day in which the reinstatement becomes effective.

In case that the hour is not specified on the receipt, the insurance shall be considered reinstated starting at midnight on the date of payment. The reinstatement referred to in this clause shall be stipulated on the receipts issued by the Company for the corresponding payment, and in any other document issued thereafter.

In no case the Company shall be liable for loss occurred during the period comprising the expiration of the said period of grace, and the day, and hour of payment referred to in this Clause.

ARTICLE 25 OF THE INSURANCE CONTRACT LAW

"Should the wording of the policy or its modification not agree with the offer, the Insured may request the necessary rectification within the 30 days following receipt thereof. After expiry of this period, the wording of the policy or its modification shall be considered as having been accepted".