

## **BUILDERS' AND/OR CONTRACTORS' LIABILITY**

### **CLAUSE 1. SUBJECT OF INSURANCE.**

The Company binds itself to pay the damage, including loss and consequential personal damage caused by the Insured to third parties, and for which he becomes liable, in accordance with the applicable law in force in the Republic of Mexico (or foreign law, in case the coverage has been agreed upon, in accordance with the individual conditions of the liability insurance for damage in foreign countries), as a result of non-fraudulent acts or omissions occurring during the term of this Policy, and causing death or health detriment of such third parties or deterioration of property owned thereby, as per Individual and General Conditions agreed upon in this insurance contract.

### **CLAUSE 2. SCOPE OF INSURANCE.**

#### **2.1 The Company's obligation includes:**

2.1.A Payment of damage, loss and consequential personal damage for which the Insured may be liable, in accordance with provisions in the Individual and General Conditions of this Policy.

2.1.B Payment of defense expenses of the Insured, within the conditions of this Policy. This coverage includes:

2.1.B.1. Payment of premiums for judicial bonds granted by the Insured as a guaranty for the payment of the sums claims for the liability covered by this Policy. Therefore, **the premiums for bonds to be granted as a guaranty so the Insured may obtain his parole, petrial release or on license, during a criminal proceeding, are not included within the obligations assumed by the Company under this Policy.**

**The above mentioned judicial bond shall not be issued by this company.**

2.1.B.2. Payment of expenses, costs and legal interests that the Insured must pay for executed decision or arbitral award.

2.1.B.3. Payment of expenses incurred by the Insured due to procedure and settlement of claims.

#### **2.2 Limitation of Insurance scope:**

2.2.A The Company's maximum limit of liability for one or all losses that may occur during any insurance year is stated in the Specification of this Policy.

2.2.B The occurrence of several damages, during the Policy term, arising out the same or similar cause shall be considered as a single loss, and taking place when the first series of damage occurred.

2.2.C The payment of expenses referred to in paragraph 2.1.B of item 2.1 shall be covered in addition, but not exceeding a sum equal to 50% of the maximum limit of liability stated in the Specification of this Policy.

### CLAUSE 3. BASIC COVERAGE

This Policy is extended to cover the Insured's liability, as contracted, in any of the following three types:

Builder's Liability

Liability of Contractors in charge of the Insured

Both Liabilities.

#### 3.1. BUILDER'S LIABILITY

The legal liability incurred by the Insured for bodily injury and/or property damage is insured, within the scope of the general conditions of the Policy (**therefore, the damage that may sustain the own works carried out by him are excluded**), derived from the operations attributable to work(s) mentioned in the Specification. Consequently, the Insured's liability is insured:

- 3.1.A As owner, temporary landholder or tenant of lands, buildings or premises used to carry out the works or as temporary housing for his workers.
- 3.1.B Derived from the ownership and use of loading and unloading installations, including working machines
- 3.1.C Derived from the possession and maintenance of parking lots and gas stations during activities for the Insured.
- 3.1.D Derived from the possession and maintenance of sanitary installations and apparatus and installations recognized by the medical science, in case of having a consultation office.
- 3.1.E Derived from the possession and maintenance of social installations (dining rooms, stores, orphanages, nurseries, and similar installations), exclusively destined for his firm.
- 3.1.F Derived from the ownership or maintenance of advertising installations (signs, advertisement posters or others) in the real property mentioned in this Clause.
- 3.1.G Derived from the possession and maintenance of security installations (Fire fighting brigades, watchdogs, alarm system and alike).
- 3.1.H Derived from the use of elevators, escalators, and hoist engines
- 3.1.I The personal legal liability of his employees and workers against third parties, derived from the business operations, subject of this insurance, is also covered in accordance with the Conditions of the Policy.

**THE LIABILITY OF INDIVIDUALS HAVING NO BUSINESS IN CONNECTION WITH THE INSURED'S WORK IS EXCLUDED HEREUNDER.**

**FOR THE PURPOSE OF THIS INSURANCE, THE INSURED'S EMPLOYEES ARE NOT CONSIDERED AS THIRD PARTIES.**

3.1.J Partnerships:

- 3.1.J.1 If the Insured takes part in partnerships whereby the obligations of the members are distributed in accordance with specialties, partial services or construction sections, this Company shall be liable only, within the scope of the conditions of the Policy, for damage caused by the Insured.

- 3.1.J.2 If the Insured takes part in a partnership whereby the obligations of the members are not distributed in accordance with specialties, partial services or construction sections, this Company shall be liable only, within the scope of the conditions of the Policy, for such part of damage corresponding to the Insured's proportional or numerical participation in such partnership.
- 3.1.J.3 If the partnership is liable for damage, and it is not possible to find out the party responsible therefor, this Company shall be liable only, within the scope of the conditions of the Policy, for such part of damage corresponding to the Insured's proportional or numerical participation in such partnership.

### **3.2. LIABILITY OF CONTRACTORS IN CHARGE OF THE INSURED**

The legal liability incurred by the Insured for damage caused to third parties by his contractors, subcontractors is insured, within the scope of the Individual and General conditions of this Policy, derived from the work operations mentioned in the Specification of this Policy.

Consequently, the Insured's liability is insured as a result of:

- 3.2.A Accidents for which the Insured may become liable, derived from the operation of machinery owned, operated and used by him, his dependents, contractors or subcontractors, or under his handling, only if the liability is incurred as a result of the operations mentioned in previous item.
- 3.2.B Accidents for which the Insured may become liable, caused by the accidental fall of materials or tools used in the operations mentioned in previous item.

For the purpose of this insurance, the following words shall be construed as:

#### **Accidents**

Fortuitous, involuntary and unforeseen event caused to the Insured or his assignees, agents or dependents, contractors or subcontractors, and which it may not be physically avoided.

#### **Contractors**

Individual or corporation who enters into a contract work with the Insured for carrying out the works by or on behalf of him for any of the operations mentioned item A, Clause 3.2. Liability of contractors in charge of the Insured.

#### **Subcontractors**

Individual or corporation who enters into a contract work with the Insured or his contractors, for carrying out the works by or on behalf of himself, for any of the operations mentioned item A, Clause 3.2 Liability of contractors in charge of the Insured.

### **3.3. BOTH LIABILITIES**

The liability is covered for the perils mentioned both in **item 3.1** as in **item 3.2**, with the respective maximum limit of liability stated in the Specification of the Policy.

#### **CLAUSE 4. ADDITIONAL COVERAGES FOR BUILDERS AND/OR CONTRACTORS**

By Express agreement and by means of the obligation of payment of the corresponding additional premium, this Policy may be extended to cover the following concepts, if contracting any of the above types, as indicated in the Specification thereof:

- 4.1 Assumed liability
- 4.2 Liability for damage in foreign countries
- 4.3 Environmental Contamination Liability
- 4.4 Cross Liabilities
- 4.5 Tenant's Legal Liability
- 4.6 Vehicle parking lot or garage Liability
- 4.7 Liability for damage caused to third party's property, in the custody of the Insured, arising from the normal operations of the Insured (manufacturing, handling, transformation, repair, testing and alike).

**IN CASE OF REAL PROPERTY, COVERAGE SHALL NOT BE PROVIDED WHEN SUCH PROPERTY OR PART THEREOF HAS BEEN DIRECT SUBJECT OF THE OPERATIONS MENTIONED IN PREVIOUS PARAGRAPH, OR LIABILITIES SHALL BE COVERED IF PROVISIONS MENTIONED IN PREVIOUS ITEM 4.7 CAUSE BODILY INJURY TO AN INSURED'S EMPLOYEE OR PERSON IN CHARGE, DURING THE COURSE OF THEIR EMPLOYMENT.**

#### **CLAUSE 5. ADDITIONAL COVERAGES FOR BUILDER'S LIABILITY**

By Express agreement and by means of the obligation of payment of the corresponding additional premium, this insurance is extended to cover, if item 3.1 or 3.3 of the basic coverage has been contracted:

##### **5.1. Underground installations**

For damage caused to pipelines, cables, channels or other underground installations, only if the Insured has obtained information of the conditions and characteristics of such installations with the competent offices.

##### **5.2. Welding works**

Derived from welding works causing property damage as a result of fire or explosion, provided that such works had been performed, in a verifiable manner, by qualified and trained personnel in welding techniques.

##### **5.3. Loading and unloading operations**

Derived from damage to third party's land vehicles during loading and unloading operations caused by cranes, winches or hoist engines. It also covers damage to third party's tanks, cisterns and containers, during the loading and unloading operations as a result of implosion.

##### **5.4. Demolition**

Derived from tearing down works and demolition of real property.

**5.5. Explosives**

Derived from storage and use of explosive materials.

**5.6. Working machinery**

Derived from providing self-propelled working machinery and supplying electric or pneumatic power to third parties.

**5.7 Shoring**

Derived from damage caused by shoring bracing and underpinning works.

**CLAUSE 6. EXCLUSIONS**

**6.1 GENERAL EXCLUSIONS**

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

**6.1.A LIABILITY ARISING FROM NONCOMPLIANCE OF CONTRACTS OR AGREEMENTS WHEN SUCH NONCOMPLIANCE HAS NOT CAUSE THE DEATH OR HEALTH DETRIMENT OF THIRD PARTIES OR THE DETERIORATION OR DESTRUCTION OF PROPERTY OWNED BY THEM.**

**6.1.B LIABILITY FOR SUBSTITUTE OR COMPENSATORY BENEFITS FROM BREACH OF CONTRACTS OR AGREEMENTS.**

**6.1.C LIABILITY DERIVED FROM THE USE, OWNERSHIP OR POSSESSION OF SHIPMENTS, AIRCRAFT AND LAND MOTOR VEHICLES, UNLESS THESE ARE EXCLUSIVELY USED WITHIN THE INSURED'S PREMISES, AND DO NOT REQUIRE LICENSE PLATES WHEN USE IN PUBLIC PLACES.**

**6.1.D LIABILITY DERIVED FROM FRAUDULENT DAMAGE CAUSED BY THE INSURED OR IN COMPLICITY WITH THE INSURED.**

**6.1.E WHEN THE INSURED IS AN INDIVIDUAL, THE LIABILITY DERIVED FROM DAMAGE SUSTAINED BY: SPOUSE, PARENT, CHILD, BROTHER OR SISTER, FATHER-IN-LAW/MOTHER-IN-LAW, BROTHER OR SISTER-IN-LAW, OR ANY OTHER RELATIVES OF THE INSURED LIVING PERMANENTLY WITH HIM.**

**6.1.F WHEN THE INSURED IS A CORPORATION, THE LIABILITY DERIVED FROM DAMAGE SUSTAINED BY: ADVISERS, DIRECTORS, PARTNERS, ADMINISTRATORS, MANAGERS, OR OTHER PERSONAS PERFORMING AN EXECUTIVE POSITION, INCLUDING THEIR SPOUSE OR RELATIVES LIVING PERMANENTLY WITH THEM, AS INDICATED IN PREVIOUS PARAGRAPH.**

**6.1.G LIABILITY FOR DAMAGE CAUSED BY:**

**6.1.G.1 INSTABILITY, COLLAPSE OR SETTLEMENT OF SOIL OR SUB-SOIL.**

**6.1.G.2 LACK OR INSUFFICIENCY OF CONSOLIDATION WORK TO AVOID THE LOSS OF SUPPORT NECESSARY TO THE SOIL OR SUB-SOIL OF THE NEIGHBORING PROPERTIES.**

**6.1.H. LIABILITY FOR DAMAGE CAUSED BY WAR OR OTHER WARLIKE ACTS, REVOLUTION, REBELLION, RIOTS, STRIKES OR DAMAGE ORIGINATING FROM PROVISIONS OF AUTHORITIES DE JURE OR DE FACTO.**

**6.1.I LIABILITY ATTRIBUTABLE TO THE INSURED, IN ACCORDANCE WITH THE FEDERAL LABOR LAW, THE SOCIAL SECURITY LAW OR OTHER COMPLEMENTARY PROVISIONS TO SUCH LAWS.**

**6.1.J PROFESSIONAL LIABILITY.**

**6.1.K DAMAGE CAUSED BY ACTS OF TERRORISM.**

**6.1.L DAMAGE CAUSED TO THIRD PARTIES BY EARTHQUAKE.**

**6.1.M DAMAGE CAUSED BY ASBESTOS OR PRODUCT THEREOF.**

**6.1.N ALL INDEMNITIES WHICH IMPLY OR REPRESENT A FINE, PENALTY, PUNISHMENT OR FOR EXAMPLE, THOSE CALLED "PUNITIVE DAMAGES", "VINDICTIVE DAMAGES", "EXEMPLARY DAMAGES" OR ANY OTHER WITH A SIMILAR TERMINOLOGY.**

**6.1.O DAMAGE CAUSED BY FUNGI, BACTERIA OR HARMFUL ORGANISMS WHATEVER ORIGIN.**

**6.2. EXCLUSIONS FOR BUILDER' LIABILITY**

**6.2.A DAMAGE TO CONSTRUCTION, INSTALLATION OR ASSEMBLY WORKS, OR TO APPARATUS, EQUIPMENT AND MATERIAL OR CONSTRUCTION MACHINERY USED FOR THE PERFORMANCE OF SUCH WORKS.**

**6.2.B DAMAGE TO REAL PROPERTY DERIVED FROM REMOVAL AND DEMOLITION WORKS WITHIN A RADIUS EQUIVALENT TO THE HEIGHT OF THE CONSTRUCTION TO BE DEMOLISHED OR REMOVED.**

**6.2.C PROPERTY DAMAGE TO REAL PROPERTY DERIVED FROM EXPLOSIVE WORKS WITHIN A RADIUS OF ONE HUNDRED AND FIFTY METERS FROM THE PLACE OF THE EXPLOSION.**

**6.2.D DAMAGE CAUSED TO LANDS, BUILDINGS, PARTS OF BUILDINGS OR INSTALLATIONS TO BE SHORED, EXCAVATED OR UNDERPINNED, INCLUDING DAMAGE FOR FAILURE TO CARRY OUT SUCH ACTIVITIES WHEN SO REQUIRED.**

**6.2.E LIABILITY FOR CLAIMS DERIVED FROM DAMAGE TO TELEGRAPHIC, ELECTRIC LINES OR ANY OTHER EXTERNAL OR AERIAL CONDUCTIONS.**

**6.2.F CLAIMS FROM MEMBERS OF A PARTNERSHIP AMONG THEMSELVES, OR CLAIMS OF THE PARTNERSHIP BEFORE THEIR MEMBERS OR VICE VERSA.**

**6.3 EXCLUSIONS FOR LIABILITY OF CONTRACTORS IN CHARGED OF THE INSURED**

**6.3.A ANY LIABILITY EXPRESSLY ASSUMED BY THE INSURED UNDER ANY CONTRACT, EXCEPT FOR CONTRACT SUBJECT TO OPERATIONS REFERRED TO IN ITEM I.A) OF CLAUSE 3 “BASIC COVERAGE”.**

**6.3.B ANY LIABILITY REFERRED TO THE EXCLUSIONS MENTIONED IN THE CONDITIONS OF THE WORK CONTRACT.**

**6.3.C ANY LIABILITY DERIVED FROM THE INFRINGEMENT OF THE AUTHORITY’S PROVISIONS, SECURITY REGULATIONS OR PREVENTIVE MEASURES CONSIGNED IN THE PLACES WHERE THE WORKS ARE CARRIED OUT, AS MENTIONED IN THIS POLICY.**

**6.3.D DAMAGE CAUSED TO ADJACENT PROPERTY DUE TO LAND DISPLACEMENT OR SETTLEMENT DERIVED FROM ANY WORK THAT MAY BE CARRIED OUT BY THE INSURED.**

**6.3.E ERRORS IN SECURITY AND RESISTANCE CALCULATION, INCLUDING IN DESIGNS AND SCHEMES.**

**6.3.F ANY LIABILITY ASSUMED BY THE INSURED DUE TO FRAUD, DECEIT OR GROSS NEGLIGENCE OF HIS DEPENDENTS, ASSIGNEES, CONTRACTOS OR SUBCONTRACTORS.**

**6.3.G CLAIMS MADE TO THE COMPANY FOR ANY PROPERTY DAMAGE AND BODILY INJURY OF THIRD PARTIES ARE NOT INCLUDED HEREUNDER, AS A CONSEQUENCE OF ACCIDENTS RESULTING FROM THE USE OF EXPLOSIVES FOR THE WORKS IN QUESTION.**

**6.3.H FURTHERMORE, THE COMPANY SHALL BE RELEASED FROM ANY LIABILITY FOR LOSS OR DAMAGE CAUSED TO PROPERTY UNDER THE LEVEL OF SOIL.**

## **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 the event 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. INSURED'S PARTICIPATION**

In the event of loss payable under this Policy, the Insured shall always pay the deductible as indicated in the specification thereof.

#### **CLAUSE 4. 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 5. 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 6 "Procedures in the Event of Loss" of the General Conditions of the Policy.

#### **CLAUSE 6. PROCEDURES IN THE EVENT OF LOSS**

a) Notice of Claim: The Insured shall bind himself to notify the Company, as soon as having knowledge of all the claims or suits received by him or his representatives; therefore, he shall furnish the Company all documents or copy thereof, and the Company shall be obliged to state in writing, within a period of seventy two hours, that it declines to bring suit, if it so desires.

In case notice is not delivered as established, it shall be understood that the Company has accepted to bring suit in the name of the Insured, and he shall cooperate with the company in the terms of the following items of this clause:

If the Company decides not to conduct the suit, it shall pay the Insured in advance the sum established therefore so that the Insured may cover his defense expenses, which shall be effected with due diligence and in the terms agreed upon.

b) Cooperation and assistance of the Insured to the Company: When the Company has assumed the defense, it shall be binding on the Insured with respect to all proceedings brought against him for liability covered by this insurance, to:

- Provide all information and evidence necessary required by the Company.
- Exercise and enforce the actions and defenses corresponding to him by law.
- Appear in court in all proceedings.
- Grant authority to the lawyers designated by the Company to represent him in said proceedings.

All expenses made by the Insured to comply with the above obligations shall be reimbursed or paid in advance on account of the amount for defense expenses.

- c) Claims and suits: The Company shall be empowered to settle judicial or extra judicial claims, to conduct suits or prosecutions before the authorities and to enter into agreements.

The Insured may not accept any debt, transaction, agreement or any other legal act that implies liability for him without the Company's consent. The admission of a fact by the Insured will not be considered as an acceptance of liability.

- d) Loss Payee of Insurance: This insurance contract grants the right of indemnity directly to the damaged third party, who shall be considered as the Insured's loss payee as from the time of loss.
- e) Refunds: Should the third party be indemnified totally or partially by the Insured, with the Company's written consent, this shall be refunded proportionally by the Company.

#### **CLAUSE 7. REDUCTION AND REINSTATEMENT OF THE SUM INSURED IN THE EVENT OF LOSS**

All partial indemnities paid by the Company, and in accordance with 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, 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 8. 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 9. 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 10. INSPECTION**

The Company shall have at all times the right to inspect, during the term of this insurance, the property covered, at any 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 11. ADVANCE TERMINATION OF CONTRACT**

Notwithstanding the term of the Policy, the parties agree that such Policy may be terminated 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):

<b>SHORT TERM TARIFF</b>	
<b>Up to 7 days</b>	10%
<b>Up to 15 days</b>	15%
<b>Up to 1 month</b>	25%
<b>Up to 2 months</b>	35%
<b>Up to 3 months</b>	45%
<b>Up to 4 months</b>	55%
<b>Up to 5 months</b>	65%
<b>Up to 6 months</b>	70%
<b>Up to 7 months</b>	75%
<b>Up to 8 months</b>	80%
<b>Up to 9 months</b>	85%
<b>Up to 10 months</b>	90%
<b>Up to 11 months</b>	95%
<b>Up to 12 months</b>	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 12. 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 **Ley de Proteccion y Defensa al Usuario de Servicios Financieros (CONDUSEF) Law of Protection and Defense of Financial Services Users**.

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 13.- COMPETENCE**

The competence to file a complaint against the Insurance Company will be determined, at the choice of claimant, at the domicile of the Specialized Unit for the Attention of Consultations and Complaints referred to in Article 50 Bis of the Law for Protection and Defense of Users of Financial Services or before the National Commission for the Protection and Defense of Users of Financial Services in any of their branch offices.

In case of controversy, claimant will decide to go to the National Commission for the Protection and Defense of Users of Financial Services, whether in its headquarters, or to the branch offices of such Commission, or directly to the corresponding Courts pursuant to the facts established in Article 136 of the General Mutual Insurance Company and Institutions Law.

### **CLAUSE 14. 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 fulfill 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 15. 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 16. 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 17. 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, at its 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 or if the Insured may be civilly liable for the such person.**

## **CLAUSE 18. FRAUD, DECEIT, BAD FAITH OR GROSS NEGLIGENCE**

### **THE COMPANY'S OBLIGATIONS SHALL TERMINATE:**

**18.1 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.**

**18.2 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).**

**18.3 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 19. INSURANCE TERRITORY**

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. The territory limit may be extended by means of contracting the coverage of Liability for damage in foreign countries, and only in the coverages where applicable, in accordance with the individual conditions.

## **CLAUSE 20. ARTICLE 25 OF THE INSURANCE CONTRACT LAW**

"Should the wording of the Policy or its amendments 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"