

EARTHQUAKE AND/OR VOLCANIC ERUPTION

INDIVIDUAL CONDITIONS

CLAUSE 1. PROPERTY COVERED

This insurance covers the property described on the face and/or specification of the policy, such as: buildings and contents thereof, dwelling houses and contents thereof, assembly, works, contractor's equipment and electronic equipment.

CLAUSE 2. PERILS COVERED (BASIC COVERAGE)

The covered property under this policy is insured against direct physical damage caused by Earthquake and/or Volcanic Eruption.

Should the property mentioned or part thereof be destroyed or damaged during the term of the policy set forth herein, the Company agrees to indemnify the Insured for the amount of damage sustained in accordance with Clauses 5 and 6 and other related clauses, deducting the participation of the Insured, and not including the value of improvements (required or not by Authorities) to gain more solidity to the damaged building or buildings or for other purposes, in excess of those repairs necessary to restore and leave the property in the conditions existing before the loss.

Damage covered hereunder and caused by Earthquake and/or Volcanic Eruption shall give rise to a separate claim for each phenomena, but should several events occur during a period of 72 (seventy two) consecutive hours during the term thereof, such events will be considered as a single loss and the damages caused shall be included in a single claim.

CLAUSE 3. PROPERTY AND PERILS EXCLUDED BUT WHICH MAY BE COVERED BY EXPRESS AGREEMENT

Unless expressly agreed upon, this Company shall not be liable for damage to:

- Foundations, swimming pools, walls, yards and streets inside the premises, outside ladders and any other constructions separated from the building or buildings, or constructions.
- Retaining walls below the level of the lowest floor, independent retaining walls.
- Any kind of fresco or mural painted as decoration or ornament on or forming part of the building or buildings or constructions insured.
- Consequential Loss.
It shall be deemed to mean any loss of profits, earnings, benefits or other similar consequential loss, as well as fixed expenses and wages resulting from shutdown or interruption of business operations due to the occurrence of the Earthquake and/or Volcanic Eruption perils.

CLAUSE 4. EXCLUSIONS

I. PROPERTY EXCLUDED

IT IS UNDERSTOOD AND AGREED THAT IN NO EVENT SHALL THIS COMPANY BE LIABLE FOR THE DAMAGE TO:

- a) GROUNDS AND LANDS.**
- b) BUILDINGS, INSTALLATIONS AND CONSTRUCTIONS NOT COMPLETELY FINISHED AND CONTENTS THEREOF, UNLESS ASSEMBLY OR A PUBLIC WORK IS COVERED.**

II. PERILS EXCLUDED

- a) NUCLEAR REACTION OR NUCLEAR RADIATION, OR RADIOACTIVE CONTAMINATION, ALL WHETHER CONTROLLED OR UNCONTROLLED, AND WHETHER OR NOT AS A CONSEQUENCE OF EARTHQUAKE AND/OR VOLCANIC ERUPTION DIRECT OR INDIRECT, PROXIMATE OR REMOTE.**
- b) GROUNDWELL OR FLOOD, EVEN THOUGH THIS IS ORIGINATED BY ANY OF THE HAZARDS COVERED BY THIS INSURANCE.**
- c) VIBRATIONS OR NATURAL MOVEMENTS OF THE SUBSOIL OTHER THAN EARTHQUAKE, SUCH AS NORMAL BUT NOT SUDDEN SINKINGS, DISPLACEMENTS AND SETTLING.**

ANY PART OF THE BUILDING SHALL NOT BE EXCLUDED FROM THE BUILDING COVERAGE, EXCEPT FOR THE VALUE OF LAND, FOUNDATIONS AND PILINGS BELOW THE LEVEL OF THE LOWEST FLOOR; NOR THE LESSEE'S LIABILITY OF THE BUILDING SHALL BE COVERED ONLY; HOWEVER, IF THERE IS A DIVISION OF PROPERTY REGISTER, THE PROPORTIONAL PART CORRESPONDING TO EACH OWNER SHALL BE COVERED INDEPENDENTLY.

CLAUSE 5. COMPENSABLE VALUE

The compensable value or sum insured shall be the amount fixed by the Insured constituting the maximum limit of liability assumed by the Company in the event of loss, and shall correspond to the actual cash value or replacement cost of the property (as contracted).

Actual cash value

- a) For buildings: The necessary amount expended to repair or replace the damaged or destroyed property, deducting physical depreciation for use.**
- b) For machinery, equipment, furniture and fixtures: The necessary amount expended to repair or replace the damaged property by other of like kind, quality, size or capacity of production, deducting the physical depreciation for use.**
- c) For merchandise and inventories: The market price for the Insured.**

Replacement cost

- a) For buildings: the necessary amount expended to repair, rebuild or replace the damaged or destroyed property, deducting physical depreciation for use.
- b) For machinery, equipment, furniture and fixtures: The necessary amount expended to repair or replace the damaged property by other of like kind, quality, size or capacity of production, irrespective of any deduction for physical depreciation for.
- c) For merchandise and inventories: The market price for the Insured.

CLAUSE 6. INSURED'S PARTICIPATION

In each loss meriting indemnity under this policy, the Insured shall be charged the participation indicated on the face and/or specification of this Policy.

Such participation is established as follows:

Deductible

For the purpose of this Policy, the deductible shall mean:

- The percentage on the sum insured (coinsurance net) charged to the Insured.
- The number of waiting days when covering consequential losses.

Coinsurance

For the purpose of this insurance, the coinsurance shall mean the percentage on the loss charged to the Insured at the time of a loss occurrence.

Both the deductible and coinsurance are an essential condition for granting this insurance.

CLAUSE 7. PROCEDURE IN EVENT OF LOSS

I. Protection and Recovery Measures

Upon becoming aware of a loss caused by any of the perils covered by this Policy, the Insured shall have the obligation to carry out all acts intending to avoid or reduce the damage. If delay is not dangerous, he shall request instructions from the Company and shall abide thereby.

The expenses incurred by the Insured, which are not contrary to law, shall be covered by the Insurance Company and if this gives instructions, the Company shall pay in advance such expenses.

Non-compliance with this obligation may affect the Insured's right in the terms of the Insurance Contract Law.

II. Notice of Loss

The term for the Insured to give notice of a loss occurrence to the Company shall be as a maximum of five days, as from the time he has knowledge of the fact, unless in case of an act of God or force majeure, which notice shall be given as soon as one cause or the other ceases.

Failure to give prompt notice might result in an indemnity reduction to the original amount the loss would have amounted if the Company had received prompt notice thereof.

III. 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 working days.

IV. Documents, data and information that the Insured must render to the Company

The Insured shall prove the exactness of his claim, and the Company shall be entitled to demand from the Insured or Payee all type of information of the facts related to the loss, and by which the circumstances and consequence thereof may be determined. The Insured shall render to the Company, within the following 15 days after the loss or in any other term granted specially in writing, the following documents and data:

- A report of damage caused by the loss indicating in the most detail and exact manner the destroyed or damaged property, as well as the amount of the corresponding damage, taking into consideration the value of said property at the time of loss.
- A detailed list of all insurances in force covering the same property.
- All plans, projects, books, receipts, invoices, copies or duplicates of invoices, railway guides, supporting documents, reports and any document which may serve to support the claim.
- All data related to the origin and cause of the damage, as well as the circumstances in which the damage occurred and, at the Company's request and expenses, certified copies of the investigation carried out by the public Prosecutor or by any other authority which shall have intervened in the investigation of the loss or facts related thereto.

CLAUSE 8. PROPORTION SUBJECT TO INDEMNITY

Should this Clause be applicable due to the fact that the property has a value greater than the sum insured, upon the loss occurrence, the indemnity shall be reduced proportionally.

CLAUSE 9. MEASURES THAT THE COMPANY MAY TAKE IN EVENT OF LOSS

In event of loss which may destroy or damage the property and if the corresponding indemnity has not been definitely fixed, the Company may:

- a) Go into the building or premises where the loss occurred in order to determine its extent.
- b) Examine, classify and value the property wherever located, but in no event shall the Company be obliged to undertake the sale or dispose of the property or its remainders, nor shall the Insured have the right to abandon it to the Company.

CLAUSE 10. DEFINITIONS

FOUNDATIONS. Those parts of the building under the level of the lowest part thereof.

These foundations may be made of masonry, reinforced concrete, piers or wooden, steel or concrete piles that support the weight of the building to the subsoil.

RETAINING WALLS. The retaining walls are those used to border or retain the land on which no construction has been built, as well as the retaining walls under the lowest floor, which are considered as foundations.

INDEPENDENT RETAINING WALLS. They are constructed off buildings, and not receiving any weight therefrom and separated from the building structure.

COMPLETED FINISHED BUILDING. The building ready to be occupied, that is to say, with all its installed windows and glass, finished floors, placed doors, plastering walls, even if they are not painted, since the lessees carry out the finishing thereof in many cases.

FACADES. Exterior walls communicating whether to the street, yard, light shaft or terrace. Bordering walls without windows or openings are not considered as facades.