

# **PROPERTY MULTILINE POLICY**

## **(NAMED PERILS)**

### **PARTICULAR CONDITIONS**

Subject to the General, Particular 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.

## **SECTIONS I AND II. FIRE INSURANCE (NAMED PERILS)**

### **SECTION I. BUILDING (S)**

#### **CLAUSE 1. PROPERTY COVERED**

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.

#### **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.

### **SECTION II CONTENTS**

#### **CLAUSE 1. PROPERTY COVERED**

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.

#### **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 responsible, and provided the property is declared as part of the Sum Insured, and contained within the insured premises.

#### **CLAUSE 2. RISKS COVERED FOR SECTIONS I AND II**

This Section covers the physical damage to the insured property caused 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 Particular Conditions of this section, or forming a part of Clause 4 “Additional Coverages” of the Particular Conditions of this section, 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 Particular Conditions of this section 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 3. EXCLUSIONS FOR SECTIONS I AND II**

#### **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.**
  - 3.1.B.4. ANY WEAPON EMPLOYING ATOMIC FISSION OR FUSSION OR RADIOACTIVE FORCE, WHETHER IN TIME OF PEACE OR WAR**
  - 3.1.B.5. NUCLEAR REACTION, NUCLEAR RADIATION, IONIZATION OR RADIOACTIVE CONTAMINATION.**
  - 3.1.B.6. RUST AND LIQUID GASES OR CORROSIVE DUST.**

## **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 FOR SECTIONS I AND II**

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

## **CLAUSE 5. PROPERTY EXCLUDED BUT WHICH MAY BE COVERED BY EXPRESS AGREEMENT FOR SECTION II**

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 wages 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 are 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. **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.
- 14.3. **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.
- 14.4. **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.
- 14.5. **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).
- 14.6. **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.
- 14.7. **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.
- 14.8. **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.
- 14.9. **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.
- 14.10. **Raw material.**- The materials used in the Insured's business in the condition that they are acquired for transformation thereof.

- 14.11. Solid material.-** Those constructed of stone, brick, concrete block, reinforced concrete; sections of sheath or shatterproof glass.
- 14.12. 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.
- 14.13. Modifications.-** See improvements.
- 14.14. 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.
- 14.15. Negligence or carelessness.-** Carelessness, lack of diligence, omission of attention and due care corresponding to legal acts and in the negotiation of property.
- 14.16. Normal operations.-** The normal business operations of the Insured means the condition that would have existed had no loss occurred under this Policy.
- 14.17. Product in process.** Raw materials subject to a transformation, to obtain a finished product but not being finished product yet.
- 14.18. Finished product.-** Stock manufactured by the Insured in order to attain the conditions for their final package, shipment or sale.
- 14.19. Reconditioning.-** See improvements.
- 14.20. Resumption of operations.-** The date on which the insured business attains the same operating condition which prevailed prior to the loss.
- 14.21. Redesign.-** See improvements.
- 14.22. Flammable or explosive materials.-** All those substances in a solid, liquid or gaseous state with a flammability point less than 93 grades °C.
- 14.23. 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. 23.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.

**14.23.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.**

**14.23.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.

**14.24 Actual Cash Value:**

**14.24.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.

**14.24.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.**

**14.24.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.

**14.25 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.

### **SECTION III CONSEQUENTIAL LOSSES**

This Section covers, according to the terms of this endorsement to be attached to and forming part of this policy, losses sustained as a consequence of the paralyzation or slowing down of the insured business operations, provided such paralyzation or slowing down arises from the occurrence of the fire and/or lightning risks or as the case may be of the risks covered by the coverages contracted additionally for sections I and II.

#### **CLAUSE 1. EXCLUSIONS APPLICABLE TO THIS SECTION**

**BESIDES THE EXCLUSIONS MENTIONED IN THE ATTACHED ENDORSEMENT, EXCLUSIONS OF SECTIONS I AND II, CLAUSE 5TH. ARE APPLICABLE UNDER THIS SECTION**

## **EARTHQUAKE AND/OR VOLCANIC ERUPTION ENDORSEMENT**

### **CLAUSE 1. PERILS COVERED**

The property covered by this Policy, to which this endorsement is attached, is also insured against the physical damage directly caused by Earthquake and/or Volcanic Eruption.

Should the property or part thereof is destroyed or damaged, within the insurance term, the Company agrees to indemnify the Insured for the amount of the damage sustained, in accordance with clauses 4 and 5 of this endorsement and other related clauses, but not including the value of improvements (required or not by the authorities) for providing more stability to damaged building or buildings or for other purposes, in excess of those repairs necessary to restore the property to the same conditions existing before the loss.

The damage covered by this endorsement caused by any Earthquake and/or Volcanic Eruption shall give rise to a separate claim for each event; but if several events occur during any period of 72 consecutive hours, during the period thereof, such events shall be considered as a single loss, and the damage caused shall be included in a single claim.

### **CLAUSE 2. PROPERTY AND PERILS EXCLUDED BUT WHICH MAY BE COVERED BY EXPRESS AGREEMENT**

Unless express agreement, this Company shall not be liable for damage covered by this endorsement to:

- 2.1.** Foundations, swimming pools, fences, outside patios, outside stairs, and any other constructions separated from the building or buildings or constructions expressly covered by the Policy, to which this endorsement is attached.
- 2.2.** Retaining walls under the lowest floor level of access, independent retaining walls.
- 2.3.** Any kind of frescos or murals painted as decoration or ornament or forming part of the covered building or buildings or constructions.
- 2.4.** For business interruption.

Such are understood as: the loss of any earning, profit, yield or other similar business interruption, together with fixed expenses and salaries resulting from stoppage or interruption of business operations due to the occurrence of Earthquake and/or Volcanic Eruption perils.

### **CLAUSE 3. PROPERTY AND PERILS EXCLUDED WHICH CANNOT BE COVERED**

**IN NO EVENT SHALL THIS COMPANY BE LIABLE FOR DAMAGE, REFERRED TO IN THIS ENDORSEMENT, CAUSED:**

- 3.1. TO SOILS AND LANDS.**
- 3.2. TO BUILDINGS, INSTALLATIONS AND CONSTRUCTIONS NOT TOTALLY COMPLETED AND CONTENTS THEREOF.**

- 3.3. **DIRECTLY OR INDIRECTLY, PROXIMATELY OR REMOTELY BY NUCLEAR REACTION OR NUCLEAR RADIATION OR RADIOACTIVE CONTAMINATION, WHETHER CONTROLLED OR NOT, AND RESULTING FROM EARTHQUAKE AND/OR VOLCANIC ERUPTION.**
- 3.4. **BY TIDAL WAVE OR FLOOD, EVEN THOUGH THIS IS DERIVED FROM ANY HAZARD COVERED BY THIS INSURANCE.**
- 3.5. **BY VIBRATIONS OR NATURAL MOVEMENTS OF SUBSOIL, OTHER THAN EARTHQUAKE, SUCH AS UNSUDDEN SINKING, SLIDES AND NATURAL SETTLEMENTS.**

#### **CLAUSE 4. DEDUCTIBLE**

In each claim for physical damage to buildings, constructions and contents covered by this endorsement, the deductible to be applied to is indicated in the face and/or specification of the Policy. The deductible is expressed in a percentage and is calculated at 100% of the insurable value (actual cash value or replacement cost, as contracted), indicated below.

Should the insurance cover two or more items or under any item two or more buildings, constructions or contents thereof, the deductible shall be applied separately with respect to each location, and hence to each building, construction and/or contents therein.

For business interruption, the deductible is expressed in waiting days.

This deductible shall be discounted from the amount of loss, before discounting any underinsurance (not proportional rule, in accordance with Clause 4 of the General Conditions of the Policy) or applying a coinsurance (Clause 5).

#### **CLAUSE 5. COINSURANCE**

It is a basic condition for granting this coverage, as established in this endorsement, that the Insured pays, on his own account, a percentage applicable to all compensable loss or damage to the covered property, in accordance with the seismic zone where the covered property is located, and arising from Earthquake and/or Volcanic Eruption. Such percentage is indicated in the Specification of the Policy.

The coinsurance shall be applied to the payable loss, after discounting the deductible and prior to the application of the proportional rule, if applicable.

#### **CLAUSE 6. DEFINITIONS**

- 6.1. **Foundations.-** Those portions of a building under the lowest floor level of access. Such foundations may be made of masonry, reinforced concrete, wooden, steel or concrete piles supporting the weight of the building to the subsoil.
- 6.2. **Retaining walls.-** The retaining walls confine or retain the land on which there is no construction, including retaining walls under the lowest floor level of access, since such are deemed as foundations.
- 6.3. **Independent retaining walls.-**Such walls are constructed outside of a building, without supporting or having direct connection to the structure of a building.

- 6.4. **Totally completed building.**- The building ready to be used, that is to say, with its installed windows and glass, finished floors, placed doors, and plastered walls, even though it is not necessarily painted.
- 6.5. **Facades.**- those walls to the exterior, whether to a street, patio, light well or terrace. The bordering walls without windows or openings are not considered as facades.

## SECTION IV. GENERAL LIABILITY

### INDUSTRIAL OR COMMERCIAL 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 Particular 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 Particular 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 Particular 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 loss 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**

The legal liability incurred by the Insured for damage to third parties is insured, within the scope of the Particular and General Conditions of the Policy, arising from the proper industrial or commercial activities or in any of the following assumptions:

The Insured's liability is covered:

- 3.1** As owner or tenant of lands, buildings or premises used for the mentioned industry.  
  
For the purpose of covering the liability derived from damage caused to real property under lease, the additional coverage for Tenant's Liability shall be contracted.
- 3.2** Derived from the ownership and use of loading and unloading installations, including working machines
- 3.3** Derived from the possession and maintenance of parking lots and gas stations during activities for the Insured.  
  
For the purpose of covering the liability for damage to vehicles of third parties (or the contents thereof) in possession of the Insured, the additional coverage for parking lot or garage liability is required.
- 3.4** 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.
- 3.5** Derived from the possession and maintenance of security installations in the course of service with the Insured (Fire fighting brigades, watchdogs, alarm system and alike).
- 3.6** Derived from the possession and maintenance of social installations in the course of service with the Insured (dining rooms, stores, orphanages, nurseries, schools, libraries and similar installations).
- 3.7** Derived from the permission of use or assignation of places and apparatus for sports practice by the personnel of the Insured's firm.

#### **PERSONAL LIABILITY OF PARTICIPANTS IN SPORT ACTIVITIES IS NOT COVERED HEREUNDER.**

- 3.8** Derived from tours and festivities organized for his personnel.
- 3.9** Derived from the ownership and maintenance of advertising installations (signs, advertisement posters or others) inside or outside his premises.
- 3.10** Derived from his participation in fairs and exhibitions.
- 3.11** Derived from the use of elevators, escalators, and hoist engines
- 3.12** Derived from the possession, maintenance, and use of loading railroad material whether fixed or rolling stock inside his premises.
- 3.13** 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 Particular and General Conditions of the Policy.

#### **THE LIABILITY OF PERSONS THAT HAVE NO WORKING RELATION WITH THE INSURED IS EXCLUDED HEREUNDER.**

#### **THE INSURED'S EMPLOYEES ARE NOT CONSIDERED AS THIRD PARTIES.**

## **CLAUSE 4. ADDITIONAL COVERAGES**

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, which shall be indicated in the Specification thereof:

- 4.1 Products and Completed Operations Liability
- 4.2 Assumed liability
- 4.3 Liability for damage in foreign countries
- 4.4 Environmental Contamination Liability
- 4.5 Tenant's Legal Liability
- 4.6 Cross Liabilities
- 4.7 Independent Contractors' Liability
- 4.8 Vehicle parking lot or garage Liability
- 4.9 Liability for property damage caused to third parties, 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 ITEM 4.9 CAUSE BODILY INJURY TO AN INSURED'S EMPLOYEE OR PERSON IN CHARGE, DURING THE COURSE OF THEIR EMPLOYMENT.**

- 4.10 Derived from the manufacture, storage and use of explosive matters.
- 4.11 Derived from damage to third party's land vehicles during loading and unloading operations caused by cranes, winches and hoist engines.

It also covers damage to third party's tanks, cisterns and containers, during the loading and unloading operations.

## **CLAUSE 5. EXCLUSIONS**

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

- 5.1. **LIABILITY ARISING FROM NONCOMPLIANCE OF CONTRACTS OR AGREEMENTS WHEN SUCH NONCOMPLIANCE HAS NOT CAUSED THE DEATH OR HEALTH DETRIMENT OF THIRD PARTIES OR THE DETERIORATION OR DESTRUCTION OF PROPERTY OWNED BY THEM.**
- 5.2. **LIABILITY FOR SUBSTITUTE OR COMPENSATORY BENEFITS FROM BREACH OF CONTRACTS OR AGREEMENTS.**

- 5.3. LIABILITY DERIVED FROM THE USE, OWNERSHIP, POSSESSION OF SHIPMENTS, AIRCRAFT AND LAND MOTOR VEHICLES, UNLESS THESE ARE USED EXCLUSIVELY WITHIN THE INSURED'S PREMISES, AND DO NOT REQUIRE LICENSE PLATES WHEN USE IN PUBLIC PLACES.
- 5.4. LIABILITY DERIVED FROM FRAUDULENT DAMAGE CAUSED BY THE INSURED OR IN COMPLICITY WITH HIM.
- 5.5. 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.

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.

- 5.6. LIABILITY FOR DAMAGE CAUSED BY:
  - 5.6.A. INSTABILITY, COLLAPSE OR SETTLEMENT OF SOIL OR SUB-SOIL.
  - 5.6.B. LACK OR INSUFFICIENCY OF CONSOLIDATION WORK TO AVOID THE LOSS OF SUPPORT NECESSARY TO THE SOIL OR SUB-SOIL OF THE NEIGHBOURS PROPERTY.
- 5.7. 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*.
- 5.8. LIABILITY ATTRIBUTABLE TO THE INSURED, IN ACCORDANCE WITH THE FEDERAL LABOR LAW, THE SOCIAL SECURITY LAW OR ANY OTHER COMPLEMENTARY PROVISION TO SUCH LAWS.
- 5.9. PROFESSIONAL LIABILITY.
- 5.10. DAMAGE CAUSED BY ACTS OF TERRORISM.
- 5.11. DAMAGE CAUSED BY ASBESTOS OR PRODUCT THEREOF.
- 5.12. 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.
- 5.13. DAMAGE CAUSED BY FUNGI, BACTERIA OR HARMFUL ORGANISMS, WHATEVER ORIGIN.
- 5.14. GENETIC DAMAGE TO PERSONS OR ANIMALS.

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

- 6.1.** 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.

- 6.2.** 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.

- 6.3.** 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.

- 6.4.** 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.

- 6.5.** 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.

## **SECTION V. GLASS BREAKAGE**

### **CLAUSE 1. PROPERTY COVERED**

#### **1.1. Automatically**

This section covers Glass while duly installed in the real property described in the Specification of the Policy.

#### **1.2. By Express Agreement**

Unless express agreement and by means of the payment of the corresponding premium, this Policy may be extended to cover the following Property, which shall be indicated in the Specification thereof:

**1.2.A.** Plate glass, covers, glass showcases, panels and alike.

**1.2.B.** The decoration of the glass covered (such as silver-plated, gilding, stained, painted, engraved and cut glass, signs and similar decorations) or to the frames thereof; as well as safety films.

### **CLAUSE 2. PERILS COVERED**

#### **2.1. Automatically**

This section covers loss or property damage to the glass covered, the installation and removal caused by accidental, sudden and unexpected breakage thereof or by vandalism.

#### **2.2. Additional Coverages**

By express agreement and by means of the obligation of the payment of the corresponding premium, this section may be extended to cover the following Perils, which shall be indicated in the Specification of the Policy:

**2.2.A.** Loss or property damage to plate glass, covers, glass showcases, panels and alike.

**2.2.B.** Loss or property damage to the decoration of the glass covered (such as silver-plated, gilding, stained, painted, engraved and cut glass, signs and similar decorations) or to the frames thereof; as well as safety films.

**2.2.C.** Loss or property damage to the glass arising from repairs, alterations, improvements and/or painting of the real property described herein and/or of the glass covered, whether removed or duly installed.

### **CLAUSE 3. EXCLUSIONS**

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

- 3.1. DAMAGE TO GLASS WITH LESS THAN 4 MM THICKNESS.**
- 3.2. DAMAGE BY SCRAPINGS, SCRATCHINGS OR OTHER SUPERFICIAL DEFECTS IN GLASS OF ANY THICKNESS.**
- 3.3. DESTRUCTION OF THE PROPERTY BY ACTS OF LEGALLY CONSTITUTED AUTHORITIES IN THE COURSE OF THEIR DUTIES.**
- 3.4. HOSTILITIES, WARLIKE ACTIVITIES OR OPERATIONS, WHETHER WAR HAS BEEN DECLARED OR NOT, INVASION OF FOREIGN ENEMY, CIVIL WAR, REVOLUTION, REBELLION, INSURRECTION, SUSPENSION OF GUARANTEES, EVENTS GIVING RISE TO THESE CONDITIONS, DE JURE OR DE FACTO.**
- 3.5. LOSSES DUE TO FRAUD OR BAD FAITH OF THE INSURED.**
- 3.6. THIRD PARTY LIABILITY FOR BODILY INJURY AND PROPERTY DAMAGE DUE TO LOSS OR DAMAGE CAUSED BY THE PROPERTY COVERED.**
- 3.7. ACTS OF TERRORISM.**
- 3.8. ANY CONSEQUENTIAL LOSS.**

### **CLAUSE 4. PROPORTIONAL RULE**

In case of a claim meriting indemnity, this shall be paid at first-risk.

- 4.1.** When this section operates at first-risk, this shall mean that the Company shall pay in full the total of the damages sustained up to the sum insured without exceeding the replacement value of the glass at the time of the loss once the participation on the loss shown in the Specification of the policy is deducted.
- 4.2.** In the event of property damage to the glass, in the terms of these General Conditions, the Company shall elect to replace it at the Insured's satisfaction, or else to pay in cash the replacement value thereof at the date of the loss, without exceeding the sum insured in force, once the participation on the loss indicated in the Specification of the policy is deducted.

### **CLAUSE 5. PARTICIPATION OF THE INSURED**

In every loss meriting indemnity under this Policy, the Insured shall always be charged the deductible shown in the Specification of the Policy.

## **CLAUSE 6. DEFINITIONS**

**Replacement value.**- For the purposes of this section, "replacement value" shall be understood as the price of any new glass, including the expenses of installation, removal, freights, and other expenses, if any.

## **SECTION VI. NEON SIGNS**

### **CLAUSE 1. PROPERTY COVERED**

This section covers electronic screens in general, neon signs and posters, whilst they are duly installed, as described in the Specification of this Policy.

### **CLAUSE 2. PERILS COVERED**

#### **2.1. Automatically**

This section covers the property against loss or property damage caused in an accidental, sudden and unforeseen manner, as indicated in Clause 1. "Property Covered" of these Particular Conditions, with the exceptions consigned in Clause 3. "Exclusions" hereof.

#### **2.2. Additional Coverage**

By means of express agreement and with the obligation of the payment of the corresponding premium, this Policy may be extended to cover the following perils, which shall be indicated in the Specification thereof:

Loss or property damage caused to electronic screens, neon signs and posters by:

**2.2.A** Repairs, alterations, improvements and/or painting of the real property where such electronic screens, neon signs and posters are installed, provided always they are described in this Policy.

**2.2.B.** Repairs, alterations, improvements and/or painting of the electronic screens, neon signs and posters, provided they are described in the Specification of the Policy.

### **CLAUSE 3. EXCLUSIONS**

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

- 3.1. LOSS OR DAMAGE RESULTING FROM WEAR AND TEAR, OR NORMAL DEPRECIATION OR DECOLORATION.**
- 3.2. LOSS OR DAMAGE DUE TO SCRAPINGS, SCRATCHES OR OTHER SUPERFICIAL DEFECTS.**
- 3.3. DESTRUCTION OF PROPERTY BY ACTS OF ANY LEGALLY RECOGNIZED AUTHORITY IN THE COURSE OF THEIR DUTIES.**
- 3.4. HOSTILITIES, WARLIKE ACTIONS OR OPERATIONS, WHETHER WAR BE DECLARED OR NOT, INVASION OF FOREIGN ENEMY, CIVIL WAR, REVOLUTION, REBELLION, INSURRECTION, SUSPENSION OF WARRANTIES OR ACTS ARISING FROM SUCH ACTIVITIES, DE JURE OR DE FACTO.**
- 3.5. THIRD PARTIES' LIABILITY PROPERTY DAMAGE OR BODILY INJURY DUE TO LOSS OR DAMAGE CAUSED BY THE PROPERTY COVERED.**

- 3.6. INDIRECT DAMAGE SUCH AS: LOSS OF MARKET OR ANY OTHER FINANCIAL LOSS OR DIFFICULTY OF COMMERCIAL INTEREST THAT AFFECTS THE INSURED, WHATEVER THE CAUSE OR ORIGIN.**
- 3.7. FAILURES OR DEFECTS OF THE PROPERTY COVERED EXISTING AS OF THE ATTACHMENT OF THIS INSURANCE.**
- 3.8. LOSS OR DAMAGE AS A DIRECT CONSEQUENCE OF A CONTINUED OPERATION OR GRADUAL DETERIORATION DUE TO PREVAILING ENVIRONMENT OR ATMOSPHERIC CONDITIONS, SUCH AS: WEAR AND TEAR, EROSION, CORROSION AND INCRUSTATION.**
- 3.9. ANY EXPENSES INCURRED FOR MAINTENANCE CARRIED OUT BY THIRD PARTIES, BY MEANS OF A CONTRACT; MAINTENANCE SHALL MEAN THAT CONTRACT BINDING A THIRD PARTY TO PERIODICALLY INSPECT AND REPLACE USED OR DEFECTIVE PARTS OF THE PROPERTY COVERED.**
- 3.10. LOSS OR DAMAGE SUSTAINED BY ANY ELEMENT OR MEANS OF OPERATION SUCH AS: LUBRICANTS AND FUELS, UNLESS THE SUSTAINED DAMAGE IS AS A CONSEQUENCE OF A PERIL COVERED.**
- 3.11. AESTHETIC DEFECTS.**
- 3.12. EXPROPRIATION, REQUISITION, SEIZURE OR KIDNAPPING OR DETENTION OF ANY PROPERTY BY THE LEGALLY RECOGNIZED AUTHORITIES IN THE COURSE OF THEIR DUTIES.**
- 3.13. LOSS OR DAMAGE CAUSED DIRECTLY BY PILLAGE OR THEFT CARRIED OUT DURING OR AFTER THE OCCURRENCE OF A METEOROLOGICAL OR SEISMIC PHENOMENON, CONFLAGRATION OR NUCLEAR REACTION, NUCLEAR RADIATION OR RADIOACTIVE CONTAMINATION, AS WELL AS LOSS OR DAMAGE CAUSED DIRECTLY BY PILLAGE OR THEFT CARRIED OUT DURING OR AFTER THE OCCURRENCE OF A FIRE, LIGHTNING, EXPLOSION OR FLOOD, WITHOUT DETRIMENT OF PROVISIONS IN ARTICLE 126 OF THE LAW OF INSURANCE CONTRACT.**
- 3.14. NUCLEAR REACTION OR RADIATION OR RADIOACTIVE CONTAMINATION, WHATSOEVER THE CAUSE MAY BE.**
- 3.15. INTERRUPTION OR FAILURE TO SUPPLY ELECTRICITY FROM PUBLIC NETWORK.**
- 3.16. ERRORS IN CONSTRUCTION, FAILURE OF ASSEMBLY, FAULTY MATERIAL AND FAULTY WORKMANSHIP.**
- 3.17. LOSS OR DAMAGE TO PROPERTY COVERED ARISING FROM TERRORIST OR SABOTAGE ACTS.**

## **CLAUSE 4. PROPORTIONAL RULE**

In the event of claim meriting indemnity, this shall be paid under the concept of proportional rule, it being understood as such:

The sum insured fixed is not a proof of the existence or the value of the property; it merely represents the basis to limit the Company's maximum liability.

If at the time of the occurrence of a loss, it is determined that the property covered has as a whole a replacement value greater than the sum stated in this section, the Company shall indemnify in the proportion existing between the sum insured and the replacement value of the property.

If the section comprises several items, this stipulation shall apply separately to each item.

Therefore, the Company shall pay the amount of the damage sustained, taking into consideration the provisions in Clause 3. "Participation of the Insured" of the General Conditions, up to the amount of the sum insured, no exceeding the replacement value of the neon signs, porters or electronic screens, at the time of loss.

In case of property damage to the covered property in the terms of these General Conditions, the Company may elect for the substitution of new property or repair thereof with new material and spares, at the Insured's satisfaction, or else to pay in cash the replacement value thereof, at the date of the loss, not exceeding the sum insured in force, once the participation indicated in the Specification of the Policy has been deducted.

## **CLAUSE 5. PARTICIPATION OF THE INSURED**

In every loss meriting indemnity under this section, the Insured shall always be charged the amount equivalent to 10% on the loss, with a minimum of 10 days of minimum wages in force in Mexico City at the moment of the loss.

## **CLAUSE 6. DEFINITIONS**

### **6.1. Replacement value**

For the purposes of this section, replacement value shall be understood as the price of any new electronic screen, neon sign or poster, including the expenses of installation, auxiliary equipment, debris removal of the property covered, freights, and other expenses, if any.

## **SECTION VII. THEFT OF GOODS WITH VIOLENCE AND ASSAULT**

### **CLAUSE 1. INSURED ITEMS**

- 1.1. The section covers goods, raw materials, products being processed and/or finished products.
- 1.2. The following items will be insured, provided that it they are needed for the business insured: machinery, tools, furniture, implements, accessories and other equipment owned by the Insured, plus the items owned by third parties that the Insured has under its safekeeping and provided that there is an agreement that covers said items.
- 1.3. Rare articles or objects of art and, in general, those that are not needed for the business insured, and that are specifically numbered or specified in the Policy, whose value per unit, pair or set is no greater than the amount specified in the Specification of the Policy.

The aforementioned items shall only be covered while they are on the premises mentioned in the Specification of the Policy.

It is understood and agreed that, at the express request of the Insured, there is a Sole and Combined Limit for the locations declared, said limit being established on the Specification of the Policy.

### **CLAUSE 2. RISKS COVERED**

The insured items shall be covered exclusively for the risks specified below, for the premises described in the Specification of the Policy:

- 2.1 Loss of the insured items as a consequence of theft within the premises established in the Specification of the Policy, committed by any person or persons who use force to enter the premises where the insured items are, leaving visible signs of violence at the place where they gained entrance.
- 2.2. Loss of the insured items as a consequence of theft by assault or attempted theft, this being understood as entering the premises by using force or violence against persons, either moral or physical.
- 2.3. Material damage caused to moveable and immovable assets on account of theft, assault or attempted theft or assault, in which physical or moral force or violence has been used against the persons responsible for the insured items on the premises of the Insured.

***Notwithstanding the provisions of Clause 5 of the General Conditions of the Policy ("Procedure in the Event of an Incident"), it is understood and agreed that if the receipts that the Insured submits do not meet the accounting requirements established herein, then the maximum liability of the Company shall be limited to 25% of the amount of the loss, up to a maximum of 250 days of the General Minimum Wage for the Federal District effective at the time of the incident, with the limit being the Insured Sum.***

### **CLAUSE 3. EXCLUSIONS**

- 3.1. **IT IS UNDERSTOOD AND AGREED THAT THE COMPANY SHALL UNDER NO CIRCUMSTANCES BE LIABLE FOR LOSS OF AND/OR DAMAGE TO THE ITEMS INSURED HEREUNDER IN THE EVENT OF:**

- 3.1.A. **THEFT, THEFT WITHOUT VIOLENCE, MYSTERIOUS DISAPPEARANCE OR MISLAYING.**

- 3.1.B. LOSSES ORIGINATING FROM THE THEFT OR ROBBERY OF INSTRUMENTS, OBLIGATIONS OR DOCUMENTS OF ANY TYPE, POSTAGE OR TAX STAMPS, COINS, BANK BILLS OR OTHER NEGOTIABLE DOCUMENTS THAT INCLUDE, BUT ARE NOT LIMITED TO CHECKS, DRAFTS, PROMISSORY NOTES, SHARES, FINANCIAL BONDS, MORTGAGE-SECURED BONDS, VOUCHERS, SHOPPING VOUCHERS, RESTAURANT VOUCHERS, GASOLINE VOUCHERS, ACCOUNTS BOOKS AND OTHER BUSINESS REGISTERS, PLUS, IN GENERAL, THE CONTENT OF SAFES, VAULTS OR CASH TILLS.**
- 3.1.C. LOSS AND/OR DAMAGE DIRECTLY CAUSED BY LOOTING OR THEFT COMMITTED DURING OR AFTER ANY METEOROLOGICAL OR SEISMIC PHENOMENON, CONFLAGRATION, NUCLEAR REACTION, NUCLEAR RADIATION OR RADIOACTIVE CONTAMINATION, OR ANY CATASTROPHIC EVENT, THAT RESULTS IN SAID ACT BEING COMMITTED TO THE DETRIMENT OF THE INSURED.**
- 3.1.D. LOSS AND/OR DAMAGE DIRECTLY CAUSED BY HOSTILITIES, ACTS OF WAR, DECLARED OR NOT, INVASION OF FOREIGN ENEMY TERRITORY, CIVIL WAR, REVOLUTION, REBELLION, INSURRECTION AND SUSPENSION OF GUARANTEES, OR ANY EVENT THAT BRINGS ABOUT THESE SITUATIONS *DE FACTO* OR *DE JURE*.**
- 3.1.E. LOSS AND/OR DAMAGE DIRECTLY CAUSED BY DESTRUCTION, EXPROPRIATION, REQUISITION, SEIZURE OR ATTACHMENT, CONFISCATION OR DETENTION OF THE ITEMS BY A LEGALLY RECOGNIZED AUTHORITY WHEN EXERCISING ITS ATTRIBUTES.**
- 3.1.F. TERRORISM AND/OR**
  - 3.1.F.1. MEASURES TAKEN TO PREVENT, IMPEDE, PREVENT, CONTROL OR REDUCE THE CONSEQUENCES OF ANY TERRORIST ACT AND/OR**
  - 3.1.F.2. ANY CONSEQUENTIAL DAMAGE DERIVED FROM AN ACT OF TERRORISM.**
- 3.1.G. ANY CONSEQUENTIAL LOSS.**
- 3.1.H. DISPLAY WINDOWS OR DISPLAY CABINETS THAT DO NOT COMMUNICATE DIRECTLY WITH THE INTERIOR OF THE PREMISES, AND HALLWAYS, PASSAGeways, DOORWAYS, STAIRWAYS AND OTHER PUBLIC SERVICE AREAS IN THE INTERIOR OF THE BUILDING OR PREMISES.**

- 3.1.I. ITEMS THAT ARE IN YARDS, ON ROOFS, IN GARDENS OR OTHER OUTDOOR AREAS, IN DISPLAY WINDOWS OR DISPLAY CABINETS THAT DO OR DO NOT COMMUNICATE DIRECTLY WITH THE INTERIOR OF THE PREMISES INSURED, PLUS ITEMS IN HALLWAYS, PASSAGEWAYS, DOORWAYS, STAIRWAYS AND OTHER COMMON AREAS TO WHICH THE PUBLIC HAS ACCESS.**
- 3.1.J. WHEN THE INSURED HAS FAILED TO IMPLEMENT OR ESTABLISH “THE OBLIGATORY SECURITY MEASURES” (CLAUSE 5 OF THE SPECIFIC CONDITIONS HEREOF) OR HAS FAILED TO KEEP THEM IN PROPER OPERATING CONDITION.**
- 3.1.K. VEHICLES THAT REQUIRE LICENSE PLATES OR NOT, FOR USE ON PUBLIC HIGHWAYS, SUCH AS MOTORCYCLES, VESSELS AND AIRCRAFT.**

**3.2. OR DERIVED FROM THEFT COMMITTED BY:**

- 3.2.A. PERSONS FOR WHOM THE INSURED IS CIVILLY LIABLE, PERSONS WITH WHOM THE INSURED HAS AN EMPLOYMENT RELATIONSHIP AND PERSONS THAT CARRY OUT A FUNCTION ON BEHALF OF THE INSURED; ANY BENEFICIARY OR CLAIMANT OF THE INSURED, OR THE ATTORNEYS-IN-FACT OF ANY OF THE AFOREMENTIONED.**
- 3.2.B. BY STRIKERS OR BY PERSONS THAT TAKE PART IN LABOR-RELATED DISTURBANCES, RIOTS, CIVIL COMMOTION OR VANDALISM DURING THE PERPETRATION THEREOF.**
- 3.2.C. FRAUDULENT, DISHONEST, CRIMINAL OR DECEITFUL ACTS OF THE INSURED OR THE SERIOUS NEGLIGENCE OF THE INSURED, ITS ADMINISTRATORS OR ANY OTHER PERSON ACTING IN THE NAME OF THE INSURED, COMPANY MANAGEMENT, OR THE TECHNICAL DIRECTOR.**
- 3.2.D. INTENTIONAL ACTS OR GROSS NEGLIGENCE OF THE INSURED OR ITS REPRESENTATIVES.**

**CLAUSE 4. RISKS COVERED BY EXPRESS AGREEMENT.**

The Policy may be extended to cover the following risk with payment of an additional premium and in accordance with the Insured Sum. Said risk shall be specified in the Specification of the Policy:

- 4.1. The theft of gold and silver ingots, gems and precious tones, mounted or not.**

In the event of an admissible claim, the commercial value of the objects covered hereby at the time of the incident shall be indemnified.

## **CLAUSE 5. OBLIGATORY SECURITY MEASURES**

- 5.1.** All doorways of the premises must have locks with at least three locking points and access controls.
- 5.2.** Any skylights must be protected with structural iron grilles with maximum spaces of 20cm. Grilles must be embedded in the wall.
- 5.3** Advising the Company whenever any change occurs that essentially aggravates the risk, under penalty of forfeiting its rights hereunder. These changes may include:
  - 5.3.A.** Alterations, improvements or temporary or permanent redesign that are essential for the structure of the premises and that alter its security conditions.
  - 5.3.B.** Access to the premises of persons that carry out the aforementioned work.
- 5.4.** The Insured declares that the business covered has all the security measures established in the Specification of the Policy, therefore, the Insured undertakes to ensure that said security measures remain in place throughout the validity period of the Policy.
- 5.5.** If the premises specified in the Specification of the Policy do not meet these requirements at the time an incident occurs, the Insured shall incur in an essential aggravation of the risk, so the provisions of Clause 12 of the General Conditions of the Policy ("Aggravation of Risks") shall apply.

## **CLAUSE 6. PARTICIPATION OF THE INSURED**

The Insured shall always pay the deductible specified in the Specification of the Policy for all incidents that are claimable hereunder.

If Clause 4 of the General Conditions of the Policy ("Claimable Proportion") is applicable, the Insured shall only pay part of the deductible amount in proportion to the extent to which the Company is liable for the damage caused.

For any incident originating from a risk covered by express agreement and when the relevant endorsement specifies another deductible, the latter shall apply.

## **CLAUSE 7. CLAIMABLE VALUE**

Admissible claims shall be paid as first risk; therefore the Company undertakes to indemnify all damage covered, up to the amount of the Insured Sum, without exceeding:

- 7.1.** The acquisition or production cost of the goods, raw materials, products being processed and/or finished products, at the time of the incident.
- 7.2.** The actual value of the machinery, tools, furniture, articles and electronic office equipment that the Insured requires and uses for its business.
- 7.3.** The replacement value, for material damage to immovable assets.

## CLAUSE 8. DEFINITIONS

The following terms used throughout the Policy shall be defined as follows:

- 8.1. Assault.-** For the purpose hereof, assault shall be understood as the act of committing an attack suddenly and by surprise at the address declared to the Company, particularly with the purpose of theft (armed theft), hold-up, attack and assault.
- 8.2. Material damage.-** Loss of and/or damage to the insured items. This means that actions or events that do not cause direct damage to and/or loss of the insured items are excluded (including, but not limited to attachment, nationalization or disappearance).
- 8.3. Mysterious disappearance or mislaying.-** The loss of an item when it has been left in a certain place and, when searched for later in the same place, may no longer be found, without there being any trace of violence that explains its disappearance.
- 8.4. Pilfering.-** Theft without violence. An offense committed furtively by person who takes something that is not his or hers, without anybody noticing.
- 8.5. Immoveable asset.-** As used in this section, this term defines the part of the interior of the premises that the Insured uses to conduct the activities declared to the Company.
- 8.6. Premises.-** An interior space enclosed by brick walls and roof where the insured items are located.
- 8.7. Pair or set.-** If article or articles that are part of a pair or set is/are lost or damaged on account of any risk insured, the amount of the loss or damage shall be in proportion to the total value of the pair or set, taking into account the importance of said article or articles, although under no circumstances shall said damage or loss be considered as total loss.
- 8.8. Looting.-** Theft committed when a catastrophic event has taken place, when access to the premises insured cannot be checked and when persons not related to the Insured commit theft, taking advantage of a situation that is out of control.
- 8.9. Actual Value:**
- 8.9.A. For goods and stock:**
- For the manufacturer, the actual value shall mean the production cost of the items insured, namely, the cost of raw materials and other materials used during manufacture, plus labor and direct and indirect production costs incurred.
- 8.9.B. For machinery, equipment, furniture, implements and other items that are not goods or stock:**
- Actual value is the amount that would need to be spent to repair the item damaged or stolen, or to replace it with a new item of the same or similar, quality, size and capacity, deducting physical depreciation for use according to the age and the maintenance conditions of the item insured, immediately before the incident occurred.
- 8.9.C. For the distributor, seller or wholesaler:**
- Actual value shall be the acquisition cost of the items insured, as per the invoiced value. Depreciation for use shall apply to used items.

## **SECTION VIII. CASH AND SECURITIES FOR INDUSTRY AND BUSINESSES**

### **CLAUSE 1. INSURED ITEMS.**

This section covers up to the Insured Sum, cash (coins and bills), securities and other negotiable and non-negotiable documents, including, but not limited to, bills of exchange, promissory notes, checks, shares, financial, mortgage-secured or savings bonds and bills of foreclosure that are the property of the Insured, or the property of third parties under the safekeeping of the Insured. The Insured Sum for each item mentioned in the risks covered is established in the Specification of the Policy.

### **CLAUSE 2. RISKS COVERED.**

This section covers the following risks under three sets of circumstances:

#### **2.1. On the Premises.**

##### **2.1.A. Theft with violence from safes or vaults:**

Covers the theft of the insured items, provided that the theft is committed by any person or persons who use force to enter the premises where the insured items are, leaving visible signs of violence at the place where they gained entrance. The Insurance shall be effective provided that safe or vault doors are properly locked with a combination lock, and that physical force is used to either open or remove them, with visible signs being left.

##### **2.1.B. Theft by assault:**

Covers the loss of or damage to the insured items while they are inside or outside safes or vaults, as a result of theft by assault or attempted theft, this being understood as being perpetrated on the premises, with either physical or moral force or violence being used against persons.

##### **2.1.C. Material damage:**

Loss of or material damage to safes, vaults, both moveable and fixed, caused by theft, attempted theft or assault, is covered, provided that the theft or assault is committed as described in points 2.1 and y 2.2 of this clause.

##### **2.1.D. Fire and/or explosion:**

Covers loss of or damage to the insured items mentioned in Clause 1 of the Particular Conditions of this section ("Insured Items"), directly caused by fire and/or explosion while they are in safes, vaults, collecting boxes or in any other place on the premises insured.

#### **2.2. Off the premises or in transit**

##### **2.2.A. Theft with violence or assault:**

Covers the loss of or damage to the insured items caused by theft, attempted theft or assault, this being understood as that committed against the person or persons responsible for the insured items with the use of either physical or moral violence, while the items are in their safekeeping for the purpose of conducting a transaction related to the business of the Insured.

**2.2.B. Physical disability of the person transporting the items:**

Covers the loss of or damage to the insured items that is directly attributable to the physical disability of the person responsible for their transport, or an employee thereof, caused by sudden illness or an accident in transit off the premises, which results in loss of consciousness, injury or death.

**2.2.C. Accident of the vehicle transporting the persons responsible for the insured items:**

Covers the loss or theft of, or damage to the insured items, as a consequence of the vehicle transporting the persons that are physically carrying the insured items with them being damaged by fire, lightning, explosion, collision, overturning, fall, derailment and the subsidence of or damage to bridges.

**2.3. Sole and Combined Limit on and off the Premises**

The risks mentioned in **points 2.1 and 2.2** are covered exclusively for the locations specified in the Specification of the Policy, with a Sole and Combined Limit for the Insured Sum, established in the Specification of the Policy.

*Notwithstanding the provisions of Clause 5 of the General Conditions of the Policy ("Procedure in the Event of an Incident"), it is understood and agreed that if the receipts that the Insured submits do not meet the accounting requirements established herein, then the maximum liability of the Company shall be limited to 25% of the amount of the loss, up to a maximum of 250 days of the General Minimum Wage for the Federal District effective at the time of the incident, with the limit being the Insured Sum.*

**2.4. Sole and Combined Limit for locations**

It is understood and agreed that, at the express request of the Insured, there is a Sole and Combined Limit for the locations declared, said limit being established on the Specification of the Policy.

**CLAUSE 3. EXCLUSIONS**

**IT IS UNDERSTOOD AND AGREED THAT UNDER NO CIRCUMSTANCES DOES THE POLICY COVER:**

- 3.1. THEFT OR ASSAULT COMMITTED BY THE OFFICERS, PARTNERS OR EMPLOYEES OF THE INSURED, WHETHER ACTING ON THEIR OWN ACCOUNT OR ON THE INSTRUCTIONS OF OTHERS.**
- 3.2. LOSS AS A CONSEQUENCE OF THEFT WITHOUT VIOLENCE, PILFERING, MYSTERIOUS DISAPPEARANCE OR MISLAYING.**
- 3.3. IF THE INSURED DOES NOT KEEP ACCOUNTS TO BE ABLE TO DETERMINE THE AMOUNT OF THE LOSS, WHEN AN INCIDENT CLAIMABLE UNDER THE POLICY OCCURS.**
- 3.4. THE POLICY SHALL NOT COVER THEFT WITH VIOLENCE OF THE INSURED ITEMS OUTSIDE NORMAL WORKING HOURS IF THEY ARE NOT KEPT IN LOCKED SAFES, VAULTS OR DRAWERS.**

- 3.5. LOSS DIRECTLY CAUSED BY STRIKERS OR BY PERSONS THAT TAKE PART IN LABOR-RELATED DISTURBANCES, RIOTS, CIVIL COMMOTION OR VANDALISM DURING THE PERPETRATION THEREOF.
- 3.6. LOSS AND/OR DAMAGE DIRECTLY CAUSED BY LOOTING OR THEFT COMMITTED DURING OR AFTER ANY METEOROLOGICAL OR SEISMIC PHENOMENON, CONFLAGRATION, NUCLEAR REACTION, NUCLEAR RADIATION OR RADIOACTIVE CONTAMINATION, OR ANY CATASTROPHIC EVENT, THAT RESULTS IN SAID ACT BEING COMMITTED TO THE DETRIMENT OF THE INSURED.
- 3.7. LOSS AND/OR DAMAGE DIRECTLY CAUSED BY HOSTILITIES, ACTS OF WAR, DECLARED OR NOT, INVASION OF FOREIGN ENEMY TERRITORY, CIVIL WAR, REVOLUTION, REBELLION, INSURRECTION AND SUSPENSION OF GUARANTEES, OR ANY EVENT THAT BRINGS ABOUT THESE SITUATIONS *DE FACTO* OR *DE JURE*.
- 3.8. LOSS AND/OR DAMAGE DIRECTLY CAUSED BY EXPROPRIATION, REQUISITION, SEIZURE OR ATTACHMENT, CONFISCATION OR DETENTION OF THE ITEMS BY A LEGALLY RECOGNIZED AUTHORITY WHEN EXERCISING ITS ATTRIBUTES.
- 3.9. ACTS OF TERRORISM AND/OR
  - 3.9.A. MEASURES TAKEN TO PREVENT, IMPEDE, PREVENT, CONTROL OR REDUCE THE CONSEQUENCES OF ANY TERRORIST ACT AND/OR
  - 3.9.B. ANY CONSEQUENTIAL DAMAGE DERIVED FROM AN ACT OF TERRORISM.
- 3.10. ANY CONSEQUENTIAL LOSS.
- 3.11. WHEN THE INSURED HAS FAILED TO IMPLEMENT OR ESTABLISH "THE OBLIGATORY SECURITY MEASURES" (CLAUSE 6 OF THE SPECIFIC CONDITIONS HEREOF) OR HAS FAILED TO KEEP THEM IN PROPER OPERATING CONDITION.

#### **CLAUSE 4. ITEMS COVERED BY EXPRESS AGREEMENT.**

By express agreement, this section may be extended to cover the following risk, in accordance with the risks contracted by the Insured, upon payment of the premium and up to the Insured Sum noted on the Specification:

- 4.1. Vouchers, shopping vouchers, restaurant vouchers, gasoline vouchers.

## **CLAUSE 5. ADDITIONAL COVERAGE**

The Policy may be extended to cover the following risks up to the Insured Sum established on the Specification, in accordance with Clause 2 of the Particular Conditions of this section ("Risks Covered), provided that the Insured pays the necessary premium:

- 5.1. Theft with violence of cash and/or securities on board delivery vehicles or cash-in-transit vehicles.
- 5.2. When the Insured does not have a safe or vault, the Policy shall cover theft with violence and/or assault from cash tills and cash drawers, provided that their locking system is functioning correctly.
- 5.3. In accordance with the risks contracted under Clause 2 (Risks Covered), excess cash and/or securities are covered up to the limit of the Insured Sum and during the period declared, both of which are established in the Specification of the Policy.

## **CLAUSE 6. OBLIGATORY SECURITY MEASURES**

- 6.1. All doorways of the premises must have locks with at least three locking points and access controls.
- 6.2. Any skylights must be protected with structural iron grilles with maximum spaces of 20cm. Grilles must be embedded in the wall.
- 6.3. Advising the Company whenever any change occurs that essentially aggravates the risk, under penalty of forfeiting its rights hereunder. These changes may include:
  - 6.3.A. Alterations, improvements or temporary or permanent redesign that are essential for the structure of the premises and that alter its security conditions.
  - 6.3.B. Access to the premises of persons that carry out the aforementioned work.
- 6.4. The Insured declares that the business covered has all the security measures established in the Specification of the Policy, therefore, the Insured undertakes to ensure that said security measures remain in place throughout the validity period of the Policy.
- 6.5. If the premises specified in the Specification of the Policy do not meet these requirements at the time an incident occurs, the Insured shall incur in an essential aggravation of the risk, so the provisions of Clause 12 of the General Conditions of the Policy ("Aggravation of Risks") shall apply.

## **CLAUSE 7. INSPECTION OF DAMAGE**

When the Company is immediately notified of an incident, and if there is any material damage, it shall have the option of authorizing the Insured in writing to make the repairs necessary, so as to leave the damaged items in the condition in which they were before the incident occurred.

In any case, the Company reserves the right to provide a representative to inspect the damage, however, before the inspection is made, the Insured may take the measures that are absolutely necessary in order to keep its business running, provided that said measures do not alter the aspect of the incident, without detriment to Clause 5 of the General Conditions of the Policy ("Procedure in the Event of an Incident").

**If the inspection is not carried out within 7 (seven) days as from when the incident is notified, the Insured shall be authorized to make the necessary changes or repairs.**

## CLAUSE 8. PARTICIPATION OF THE INSURED

The Insured shall always pay deductible specified in the Specification of the Policy for all incidents that are claimable hereunder.

If Clause 4 of the General Conditions of the Policy ("Claimable Proportion") is applicable, the Insured shall only pay part of the deductible amount in proportion to the extent to which the Company is liable for the damage caused.

For any incident originating from a risk covered by express agreement and when the relevant endorsement specifies another deductible, the latter shall apply.

## CLAUSE 9. CLAIMABLE VALUE.

- 9.1. The liability of the Company for the Insured items shall not exceed the Insured Sum established in the Specification of the Policy.
- 9.2. For foreign bills and coins, the Company shall only be liable for the equivalent amount in local currency converted at the rate of exchange published in the Official Gazette of the Federation on the date the loss occurred. If it is not possible to determine exactly when the incident took place, the liability of the Company shall be no greater than the equivalent in local currency converted at the exchange rate effective the day before that on which the loss comes to light.
- 9.3. As far as securities are concerned, under no circumstances shall the Company be liable for a sum higher than their actual cash value at the close of business on the Mexican Stock Exchange on the day of the incident. If it is not possible to establish when the incident occurred, the liability of the Company shall be no greater than the securities' actual cash value the day before that on which the loss comes to light.
- 9.4. The liability of the Company with regard to negotiable instruments payable to order that are legally cancelled and replaced shall be restricted to reprinting and legal costs, plus the fees of lawyers and experts called upon on account of canceling and replacing the instruments affected so that they may be rendered invalid, due to any risk covered by this section, provided that said expenses do not exceed the value of the instrument, otherwise the value of the instrument shall be paid.

## CLAUSE 10. DEFINITIONS.

- 10.1. **Assault.**- For the purpose hereof, assault shall be understood as the act of committing an attack suddenly and by surprise at the address declared to the Company, particularly with the purpose of theft (armed theft), hold-up, attack and assault.
- 10.2. **Vault.**- An area comprising walls, floor and roof made from reinforced concrete with a minimum thickness of 10 cm., or steel plate, closed with a combination lock.
- 10.3. **Safe.**- For the purpose of this section, "safe" shall be understood as a unit that weighs more than 130 kilograms, the body of which is made from steel plate or steel and concrete, that has a steel door, a combination lock and that is anchored to the floor or embedded in the wall
- 10.4. **Material damage.**- Loss of and/or damage to the insured items. This means that actions or events that do not cause direct damage to and/or loss of the insured items are excluded (including, but not limited to attachment, nationalization or disappearance).
- 10.5. **Mysterious disappearance or mislaying.**- The loss of an item when it has been left in a certain place and, when searched for later in the same place, may no longer be found, without there being any trace of violence that explains its disappearance.
- 10.6. **Pilfering.**- Theft without violence. An offense committed furtively by person who takes something that is not his or hers, without anybody noticing.

- 10.7. Immoveable asset.-** As used in the Policy, this term defines the part of the interior of the premises that the Insured uses to conduct the activities declared to the Company.
- 10.8 Premises.-** An interior space enclosed by brick walls and roof where the insured items are located.

## SECTION IX. ELECTRONIC OR ELECTROMAGNETIC EQUIPMENT

### SUB-SECTION I. PHYSICAL DAMAGE TO ELECTRONIC EQUIPMENT

#### CLAUSE 1. PERILS COVERED

The property insured in this coverage, and mentioned in the Specification attached to and forming part of this Section is covered against sudden or unforeseen physical loss or damage, provided such property is not specifically excluded as a consequence of the perils mentioned below and wholly within the premises mentioned in the Specification of the Policy.

- 1.1. Fire, lightning discharge, explosion, implosion, and fire extinguishing.
- 1.2. Smoke, soot, gases, liquids or corrosive dust.
- 1.3. Water action or humidity not arising from normal weather conditions existing in the region, including damage caused by:
  - 1.3.1. Accidental fissures of piping or seepage of water or steam supply systems located within the limits of the premises mentioned in the Policy. **NOT COVERING DAMPNESS OR WATER SEEPAGE CAUSED BY DEFICIENCIES IN CONSTRUCTION OR DESIGN OF ROOFS, INCLUDING LACK OF MAINTENANCE THERETO.**
  - 1.3.2. Accidental discharge or leakage from water or steam arising from industrial equipment or household appliances, including refrigeration, air conditioning or heating systems.
- 1.4. Short circuit, voltage arc, magnetic field disturbances, overloading caused by lightning discharge, and insulator burnout.
- 1.5. Manufacture, material, design or installation defects.
- 1.6. Handling errors, carelessness, negligence, unskillfulness or bad faith on behalf of the Insured's personnel.
- 1.7. Malicious mischief and fraud committed by third parties.
- 1.8. Physical loss or damage caused by violent theft, attempted theft and/or assault. Violent theft shall mean that perpetrated by any such person or persons who making use of violence for breaking and entering into the insured property are found to leave such visible signs of perpetrated violence.
- 1.9. Sinking and landslides, rockfalls, and avalanches not caused by earthquake or volcanic eruption.
- 1.10. Foreign bodies introduced inside the covered property.
- 1.11. Other damages not excluded from this section or from any of the coverages indicated in Clause 4 "Additional Coverages" , sub-section I of the Particular Conditions of this section.

## **CLAUSE 2. PROPERTY COVERED**

All type of Electronic Equipment as described in the Specification of this Policy, whilst duly installed within the locations specified in such Special Conditions and once the initial operation and start up tests have been completed satisfactorily, whether in operation, inspection, maintenance or out of service but in conditions to be used at whatsoever moment, such as but not limited to:

Communication systems, medical equipment, office equipment, photocomposition, traffic signal equipment, communication, transmission and reception relays, search and analysis equipment, transmitters, graphic arts, machines, apparatus and equipment for information technology, data processing equipment, measurement, regulation and control equipment and in general equipment whereby the value of components or electric parts is greater than 50% of its total replacement cost.

## **CLAUSE 3. EXCLUSIONS**

**IT IS UNDERSTOOD AND AGREED UPON THAT IN NO CASE SHALL THIS POLICY COVER LOSS OR DAMAGE CAUSED BY:**

- 3.1 FAILURE OR EXISTING DEFECTS OF THE PROPERTY COVERED, AS AT THE INCEPTION DATE OF THIS INSURANCE.**
- 3.2 ANY EXPENSE INCURRED TO ELIMINATE OPERATION AND CAPACITY FAILURES OF THE INSURED EQUIPMENT. UNLESS SUCH FAILURES WERE CAUSED BY A PAYABLE LOSS OR DAMAGE INCURRED BY THE COVERED PROPERTY.**
- 3.3 ANY EXPENSE INCURRED WITH RESPECT TO MAINTENANCE CARRIED OUT BY THIRD PARTIES, BY MEANS OF A CONTRACT. MAINTENANCE CONTRACT SHALL MEAN THAT CONTRACT BINDING A THIRD PARTY TO PERIODICALLY INSPECT AND REPLACE USED OR DEFECTIVE PARTS. THE EXPENSES OF PREVENTIVE MAINTENANCE MADE BY THE INSURED ARE NOT COVERED.**
- 3.4 LEGAL OR CONTRACTUAL LIABILITY OF THE MANUFACTURER OR SALES AGENT OF THE PROPERTY COVERED OR SUPPLIER OF THE MAINTENANCE SERVICE OTHER THAN THE INSURED'S PERSONNEL.**
- 3.5 EQUIPMENT HIRED OR RENTED, WHEN THE LIABILITY FALLS UPON THE LESSOR, WHETHER LEGALLY OR IN ACCORDANCE WITH THE LEASE AND/OR MAINTENANCE CONTRACT.**
- 3.6 USE OF WEARABLE PARTS SUCH AS: BULBS, VALVES, TUBES, BANDS, FUSES, SEALS, TAPES, SPRINGS, CHAINS, REPLACABLE TOOLS, ENGRAVED ROLLERS, GLASSWARE, CHINAWARE OR CERAMIC OBJECTS; HOWEVER, SUCH PARTS ARE COVERED WHEN THE DAMAGE RESULTS FROM A PERIL COVERED.**
- 3.7 ELEMENTS OR OPERATION MEANS SUCH AS: LUBRICANTS, FUELS, CHEMICALS, EXCEPT FOR MERCURY USED IN CURRENT RECTIFIERS, AND IN CERAMIC ISOLATERS WHICH ARE COVERED BY THIS POLICY, PROVIDED THE DAMAGE RESULTS FROM A PERIL COVERED.**

- 3.8 AESTHETIC DEFECTS SUCH AS: SCRATCHES ON PAINTED, POLISHED OR VARNISHED SURFACES. HOWEVER, THE COMPANY AGREES TO COVER THE LOSS OR DAMAGE MENTIONED IN THIS ITEM WHEN SAID PARTS ARE DAMAGED BY A PAYABLE LOSS OR DAMAGE OCCURRED TO THE COVERED PROPERTY.**
- 3.9 EQUIPMENT WITHOUT REGISTERED PATENTS MEANING SUCH EQUIPMENT THAT DOES NOT HAVE THE TRADE NAME OF THE MANUFACTURER WHO GIVES WARRANTY TO THE INTEGRITY THEREOF IN RELATION TO DESIGN AND SERVICE REFERRED THERETOFORE.**
- 3.10 EXPENSES INCURRED TO RECHARGE THE PROTECTION SYSTEMS BASED ON HALON GAS, WHEN SUCH HAVE BEEN EMPTIED ACCIDENTALLY.**
- 3.11 EQUIPMENT OPERATING UNDERGROUND, IN WATER, IN THE AIR OR SPACE CRAFT.**
- 3.12 EARTHQUAKE, SEISMIC MOVEMENT AND VOLCANIC ERUPTION.**
- 3.13 ANY DAMAGE CAUSED BY EFFECTS OF TOXIC MOULD.**

#### **CLAUSE 4. ADDITIONAL COVERAGES**

By means of the obligation of payment of the additional premium, this Policy may be extended to cover the following perils, provided they are indicated in the Specification of the Policy:

- 4.1** Hail, cyclone, hurricane or windstorm, frost, snow and tidal wave.
- 4.2** Flood.
- 4.3** Strikes, riots, civil commotion, vandalism and malicious damage.
- 4.4** Theft without violence (larceny).
- 4.5** Extra charges for express freight (excluding airfreight), work on public holidays and overtime, provided that such charges are incurred in connection with the repair of a covered damage.
- 4.6** Extra charges for airfreight incurred in connection with the repair of a covered damage.
- 4.7** Damage occurred to the covered property by physical damage to the air conditioning equipment.
- 4.8** Expenses for masonry, scaffold, and stairs incurred due to breaking, digging, refilling, repairing, plastering, repainting, and recovering of pavements, walls, floors, and roofs are covered when repair of damage to insured equipment in such pavements, walls, floors, and roofs, including expenses for the use of scaffold and stairs which are incurred necessarily to repair the damage to the insured equipment, up to 10% of the amount payable for the direct physical damage.
- 4.9** Damages to mobile and portable equipment outside of the premises stated in the Specification of the Policy.

## CLAUSE 5. SUM INSURED

- 5.1. The Insured shall maintain the contracted Sum Insured, during the Policy term, for that equivalent to the replacement cost of all machines and equipment covered by other new property of the same type and capacity, including freight, taxes and custom duties, if any, and assembly expenses.

At the Insured's written request, the Company shall be obliged to update the Sum Insured by means of the payment of the additional premium indicated in the Specification of the Policy.

**Upon the occurrence of a payable loss, and whereby the Insured has not made the above request, should the sum insured not correspond to the replacement cost of the property covered, Clause 11 "Proportional Rule" of Sub-Section I of this Section shall be applied hereto.**

- 5.2. Condition applicable exclusively to computer equipment (microcomputers, minicomputers, printers, monitors workstations), cellular phones and radio beepers.

Notwithstanding the provisions in the above paragraphs for the correct establishment of the Sum Insured, in cases whereby, as a consequence of the technological advance, the insured equipment is not available in the market and consequently its "replacement cost" cannot be obtained, the Sum Insured shall correspond to the value of the new equipment existing in the market with similar technical and technological characteristics and/or close to the insured equipment, including the expenses necessarily incurred for the operation within the location(s) insured, such as: freight, installation, taxes, fees and customs duties, if any.

## CLAUSE 6. PARTS OF PREDETERMINED USEFUL LIFE

It is understood and agreed that in accordance with provisions in Clause 7. "Partial Loss" of the Particular Conditions of this Section, and with respect to the parts of the damaged equipment whereby useful life is predetermined, the replacement cost of such parts shall be indemnified at the time of loss.

For equipment mentioned in item 8.1 of Clause 8. "Total Loss", where such form of indemnity has been contracted at actual cash value, the "Table of depreciation factors for use and age" shall be applicable.

## CLAUSE 7. PARTIAL LOSS

### 7.1. Compensable expenses:

In case of partial loss for such cases where the repair may be carried out for damage occurred to the property covered, the claim should 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:

#### 7.1.A. The cost of repair:

- 7.1.A.1 In case of proceeding, the Company shall indemnify in accordance with the invoice provided by the Insured, including the cost of construction, disassembly, reassembly, ordinary freight and customs duties, if any. Moreover, **THE COMPANY SHALL NOT BE LIABLE FOR DAMAGE OCCASIONED BY THE TRANSPORTATION OF THE PROPERTY SUBJECT TO REPAIR;** however, 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 wherein the repair is to be made.

- 7.1.A.2 Extra charges for express freight, overtime and work on Sundays or public holidays, including extra charges for airfreight shall be paid only when they are specifically covered.
- 7.1.A.3 In partial losses, the Company shall not make any deduction for depreciation to replacement parts, but however fix the indemnity, taken into account the value of any salvage.
- 7.1.A.4 The Company may replace, repair or pay in cash the damaged property.
- 7.1.A.5 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 necessary administrative expenses for the execution thereof.
- 7.1.A.6 With respect to parts with a predetermined useful life, the replacement cost of such remaining useful life shall be paid in accordance with provisions in Clause 6. "Parts of predetermined Useful Life" of the Particular Conditions of this Policy.
- 7.1.A.7 The Company shall only be responsible for the damages after receiving to their satisfaction the invoices and all documents supporting the carrying out the respective repairs or replacements.
- 7.1.A.8 Should the replacement cost be equal to or exceeded the actual value of the property prior to the occurrence of the loss, the adjustment shall be effected based on the provisions in the following Clause 8 Total Loss.

**7.1.B Expenses charged to the Insured:**

- 7.1.B.1 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.
- 7.1.B.2 The cost to recondition, modify or make unnecessary improvements to repair the damage shall be charged to the Insured.
- 7.1.B.3 If the covered property after sustaining damage is repaired by the Insured temporarily and continue working, **IN NO CASE SHALL THE COMPANY BE LIABLE FOR ANY DAMAGE THAT SUCH PROPERTY SUSTAINS THEREINAFTER, UNTIL THE DEFINATE REPAIS ARE CARRIED OUT.**
- 7.1.B.4 **THE COMPANY'S LIABILITY SHALL NOT BE EFFECTIVE IF ANY DEFINATE REPAIR CARRIED OUT BY THE INSURED DOES NOT MEET THE COMPANY'S SATISFACTION.**

The deductible fixed in the Specification of the Policy shall be applied to all such indemnity for partial losses.

## **CLAUSE 8. TOTAL LOSS**

- 8.1 In case of total loss of the covered property, the Company's liability shall not exceed the actual cash value of such property, less the value of any salvage, not exceeding the Sum Insured.
- 8.2 In case there is an agreement between the parties, the Company shall keep the salvaged property, only when the credited value to the Insured is attested to by an appraiser.

- 8.3** When the repair cost of the covered and damaged property is equal to or greater than the actual cash value, the loss shall be considered as a total loss.
- 8.4** In case of total loss of the covered property, if the Insured decides not to replace the damaged or lost property, such shall be paid at Actual Cash Value.
- 8.5** After an indemnity for total loss, the insurance for the damaged property shall be considered terminated. All data corresponding to the property to be replaced shall be declared in order to include such replaced property, by means of an endorsement and with the collection of the corresponding premium, in this Policy.
- 8.6** In case of a payable loss, since the date of this loss, the Sum Insured will be reduced for the rest of the term of the Policy, in the amount indemnified, unless such amount is restated as stipulated in item 8.5.
- 8.7** The deductible on the Sum Insured shall be applied to all such indemnity for total loss.

For computer equipment (microcomputers, minicomputers, printers, servers), cellular phones and radio beepers, the above item 1.9.1 is amended as follows:

**Total Loss**

In case of total loss or destruction of the covered property, the Company's liability shall not exceed the actual cash value or replacement cost (as contracted) of such property, less the value of the salvage, if any, but not exceeding the Sum Insured.

The Actual Cash Value shall be obtained deducting from the Replacement Cost of the damaged property at the date of loss, the depreciation amount, calculated on the useful life and the preservation condition of the corresponding equipment, as indicated in the following table of "Depreciation Factors".

TABLE OF DEPRECIATION FACTORS FOR USE AND AGE											
MONTHS/ UP TO	CONTRACTS INCLUDING MAINTENANCE AND MODERATE USE			CONTRACTS WITHOUT MAINTENANCE AND MODERATE USE, BUT CONTRACTS INCLUDING MAINTENANCE AND INTENSIVE USE			CONTRACTS WITHOUT MAINTENANCE AND INTENSIVE USE			CELLULAR PHONES AND BEEPERS	
	LAP TOP	PC'S	SERVERS AND PERIPHERALS	LAP TOP	PC'S	SERVERS AND PERIPHERALS	LAP TOP	PC'S	SERVERS AND PERIPHERALS	INTENSIVE USE 3 YEARS	INTENSIVE USE 3 YEARS
1	0.979	0.983	0.988	0.881	0.885	0.889	0.783	0.787	0.790	0.972	0.983
4	0.917	0.933	0.952	0.825	0.840	0.857	0.733	0.747	0.762	0.889	0.933
8	0.833	0.867	0.905	0.750	0.780	0.814	0.667	0.693	0.724	0.778	0.867
12	0.750	0.800	0.857	0.675	0.720	0.771	0.600	0.640	0.686	0.667	0.800
16	0.667	0.733	0.810	0.600	0.660	0.729	0.533	0.587	0.648	0.556	0.733
20	0.583	0.667	0.762	0.525	0.600	0.686	0.467	0.533	0.610	0.444	0.667
24	0.500	0.600	0.714	0.450	0.540	0.643	0.400	0.480	0.571	0.333	0.600
28	0.417	0.533	0.667	0.375	0.480	0.600	0.333	0.427	0.533	0.300	0.533
32	0.333	0.467	0.619	0.300	0.420	0.557	0.300	0.373	0.495	0.300	0.467
36	0.300	0.400	0.571	0.300	0.360	0.514	0.300	0.320	0.457	0.300	0.400
40	0.300	0.333	0.524	0.300	0.300	0.471	0.300	0.300	0.419		0.333
44	0.300	0.300	0.476	0.300	0.300	0.429	0.300	0.300	0.381		0.300
48	0.300	0.300	0.429	0.300	0.300	0.386	0.300	0.300	0.343		0.300
52	0.300	0.300	0.381	0.300	0.300	0.343	0.300	0.300	0.305		0.300
56	0.300	0.300	0.333	0.300	0.300	0.300	0.300	0.300	0.300		0.300
60	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300		0.300

NOTE: TO DETERMINE THE REMAINING VALUE, THIS FACTOR SHALL BE APPLIED TO THE REPLACEMENT COST OF THE DAMAGED EQUIPMENT.

**CONCEPTS:**

**Moderate use: Equipment use by the owner of the equipment and his family in the private domicile of the Insured.**

Private and family use, in accordance with the manufacturer’s operating instructions.

Intensive use: Equipment use as work tools in offices, service companies, commercial outlets, schools or industrial plants, whether in the public or private sector.

If, as a result of the technological advance, at the date of loss, the damaged and/or stolen equipment is not manufactured, and consequently its “Replacement Cost” cannot be obtained, the Company shall indemnify based on the value of the new equipment existing in the market with similar technical and technological characteristics and/or close to the damaged and/or stolen equipment, less the amount of the corresponding “depreciation” calculated as indicated in the above paragraph, and less the amount of the deductible agreed upon, but in no case exceeding the Sum Insured declared for the damaged property.

When the repair cost of the covered property is equal to or greater than the actual cash value, the loss shall be considered as a total loss.

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

**CLAUSE 9. DAMAGES IN TUBES AND VALVES**

It is understood and agreed that in addition to the terms, exclusions and conditions contained in the Policy or in the endorsements, and provided it is mentioned in the Specification of this Policy, this insurance is extended to cover loss or damage to any type of tubes and valves. The indemnity shall be limited to the actual cash value of this property (items 9.1. to 9.7.) prior to the occurrence of the damage, including ordinary transit expenses, assembly costs and eventual customs duties, if any.

**9.1. Actual Cash Value**

**9.1.A.** Vertical x-ray anode tubes in tank generators, and gyratory x-ray anode tubes with no counter in diagnostic installations.

**9.1.B** X-ray tubes and valves for surface therapy and close-ups installations.

**9.1.C** Tubes for image amplification.

<b>AGE (MONTHS)</b>	<b>ACTUAL CASH VALUE IN % OF REPLACEMENT COST</b>
less than 18	100
between 18 and 20	90
Between 21 and 23	80
Between 24 and 26	70
Between 27 and 30	60
Between 31 and 34	50
Between 35 and 40	40
Between 41 and 46	30
Between 47 and 52	20
Between 53 and 60	10
Greater than 60	00

**9.2. Actual cash value of valves for diagnostic installations**

AGE (MONTHS)	ACTUAL CASH VALUE IN % OF REPLACEMENT COST
less than 33	100
between 34 and 36	90
between 37 and 39	80
between 40 and 42	70
between 43 and 45	60
between 46 and 48	50
between 49 and 51	40
between 52 and 54	30
between 55 and 57	20
between 58 and 60	10
greater than 60	00

**9.3. Actual cash value of gyrotary x-ray anode tubes with strapped counter for diagnostic installations**

NUMBER OF X-RAYS	ACTUAL CASH VALUE IN % OF REPLACEMENT COST
less than 10000	100
From 10000 to 12000	90
From 12001 to 14000	80
From 14001 to 16000	70
From 16001 to 19000	60
From 19001 to 22000	50
From 22001 to 26000	40
From 26001 to 30000	30
From 30001 to 35000	20
From 35001 to 40000	10
greater than 40000	00

**9.4. Actual cash value for x-ray tubes and valves for intense therapy installations**

PERIOD OF SERVICE (HOURS)	AGE (MONTHS)	ACTUAL CASH VALUE IN % OF REPLACEMENT COST
less than 400	less than 18	100
From 400 to 500	From 18 to 22	90
From 501 to 600	From 23 to 26	80
From 601 to 700	From 27 to 30	70
From 701 to 800	From 31 to 35	60
From 801 to 900	From 36 to 40	50
From 901 to 1000	From 41 to 45	40
From 1001 to 1100	From 46 to 50	30
From 1101 to 1200	From 51 to 55	20
From 1201 to 1300	From 56 to 60	10
greater than 1300	More than 60	00

**9.5. Actual cash value of x-ray tubes and valves for material analysis installations**

PERIOD OF SERVICE (HOURS)	AGE (MONTHS)	ACTUAL CASH VALUE IN % OF REPLACEMENT COST
Less than 300	less than 6	100
From 300 to 380	From 6 to 8	90
From 381 to 460	From 9 to 10	80
From 461 to 540	From 11 to 12	70
From 541 to 620	From 13 to 14	60
From 621 to 700	From 15 to 16	50
From 701 to 780	From 17 to 18	40
From 781 to 860	From 19 to 20	30
Greater than 860	Greater than 20	00

**9.6. Actual cash value of image receiver and transmitter tubes for T.V. installations**

After the first 12 (twelve) months of use, the actual cash value of image receiver and transmitter tubes shall be reduced by 3% per month, up to a minimum of 20% of the replacement cost.

**9.7 Actual cash value of other type of tubes and valves**

For other type of tubes and valves, the actual cash value at the time of the occurrence of the loss shall be determined based on data provided by the manufacturer.

**CLAUSE 10. ELECTRONIC TOMOGRAPHS**

Whensoever mentioned in the Specification of this Policy, this endorsement shall form an integral part of all such Policies issued to cover this type of property.

It is understood and agreed upon that in addition to the terms, exclusions, Clauses, and conditions contained in this Policy or any such endorsements thereof, **the Company shall not indemnify the Insured for any loss or damage derived from a failure of the different elements and constructive groups, unless proven that such was caused by the action of external phenomenon in the installation or by fire therein.**

As a result of modifications in the indemnity conditions of the Clause referring to tubes and valves in installations and electrotherapy equipment for tubes installed in electronic tomographs shown below, the following conditions shall apply:

X-RAY TUBES WITH HIGH VOLTAGE HOURS COUNTER (VERTICAL ANODE TUBE) (SERVICE HOURS UP TO)	WITH RADIOGRAPH COUNTER GYRATORY ANODE TUBE (NUMBER OF RADIOGRAPHS UP TO)	INDEMNITY %
400	10000	100
440	11000	90
480	12000	80
520	13000	70
600	15000	60
720	18000	50
840	21000	40
960	24000	30
1080	27000	20
1200	30000	10

## Voltage and leveling stabilization tubes

USAGE TIME UP TO (MONTHS)	INDEMNITY (%)
36	100
39	90
41	80
44	70
47	60
49	50
52	40
55	30
57	20
60	10

## CLAUSE 11. PROPORTIONAL RULE (APPLICABLE ONLY TO SECTION I)

Notwithstanding the provisions in Clause 4. "Proportional Rule" of the Particular Conditions of the Policy, if at the time of the loss occurrence, the Replacement Cost of the property damaged is greater than the amount insured, in accordance with stipulations in items 5.1 and 5.2, Clause 5 "Sum Insured" Sub-Section I Physical Damage to Electronic Equipment, the Company shall only be liable in proportion to the damage caused, and from such proportion, the deductible stated in the Specification of this Policy shall be deducted therefrom.

## CLAUSE 12. INDEMNITY

- 12.1** The Company, at its option, may replace, repair or pay in cash the damaged or destroyed property.
- 12.2** Should the Company choose to pay in cash the amount of the loss calculated in accordance with Clauses 7. "Partial Loss" and 8. "Total Loss" of the Particular Conditions of this Policy, such amount shall be based on the costs in force at the time of loss.
- 12.3** In partial losses, the indemnity calculation in favour of the Insured shall be taken into account in accordance with provisions in Clause 11. "Proportional Rule" of Sub-Section I of this Section.
- 12.4** Application of deductible and salvage
- 12.4.A** Should the Company, at its option, choose to replace, repair or pay in cash the damaged or destroyed property, the Insured shall pay to the Company the deductible, together with the value of any salvage that remains in his possession.
- 12.4.B** Should the Company choose to pay in cash, the deductible together with the value of any salvage in his possession shall be discounted from the resulting amount in accordance with stipulations in items 12.2 and 12.3 of this Clause.

- 12.4.C** If on the Insured's behalf, the adjustment is delayed, and subsequently material and workmanship costs are increased between the date of loss and actual payment thereof; the Company shall indemnify the damage at costs calculated on the date whereby the agreed upon payment in cash would have taken place. The difference shall be to the Insured's account, plus the deductible amount specified in the Policy.
- 12.4.D** When two or more items are affected by a single loss, subject to indemnity, in accordance with the conditions of this Section, the Insured shall pay only the amount of the highest deductible applicable to such property.
- 12.4.E** The Company's maximum liability for one or more losses occurred during the term of the Policy shall not exceed the total Sum Insured corresponding to the damaged property, less the respective deductible.
- 12.4.F** Each partial indemnity paid by the Company during the term of the Policy shall be reduced in the same amount, and the indemnity of subsequent losses shall be paid up to the limit of the remaining amount. In case that Clause 11 "Proportional Rule" of Sub-Section I of this Section applies hereto, the reductions to the Sum Insured as a result of previous paid indemnities shall not be applicable.

The Company, at the request of the Insured, may reinstate the reduced amounts, when the payment of the pro rate corresponding premium is effected. Should the Policy consist of various items, the reduction or reinstatement shall apply to such affected item or items.

## **SUB-SECTION II. EXTERNAL DATA CARRIERS**

(AUXILIARY TO THE DATA PROCESSING INSTALLATIONS COVERED IN SUB-SECTION I "PHYSICAL DAMAGE TO ELECTRONIC EQUIPMENT" OF THIS SECTION )

By express agreement between the Insured and the Company, and under the obligation of payment of the corresponding additional premium on behalf of the Insured, and subscribed to in the Specification, this section may be extended to cover this Sub- Section:

### **CLAUSE 1. PERILS COVERED**

The covered property under this Item is insured against physical loss or damage caused by the same covered perils, subject to Sub-Section I "Physical Damage to Electronic Equipment", including such property covered by the contracted additional coverages.

Furthermore, the reproduction and recording expenses of the information stored therein are covered, providing that the Insured has the necessary data source of information, including the expenses for the transportation of said data source to the premises. This coverage only applies to the external data carriers within the premises mentioned in the Specification of the Policy or in another location agreed upon with the Insured.

However, the covered property under this Item is insured outside the Insured's premises, only when such is used or shall be used for the operation of mobile or portable equipment covered outside these premises, in accordance with the additional coverage referred to in Clause 4. item 9 "Mobile and Portable Equipment outside the premises mentioned in the face of the Policy" of Sub-Section I "Physical Damage to Electronic Equipment".

### **CLAUSE 2. PROPERTY COVERED**

For the purposes of this insurance, the external data carriers are devices that store legible data, whether magnetic or mechanically, and are capable of being used in the electronic data processing installation insured, but do not form an integral part of said installation.

### **CLAUSE 3. EXCLUSIONS**

#### **3.1 GOODS EXCLUDED**

**THE COMPANY SHALL NOT BE LIABLE FOR LOSS OR DAMAGE AFFECTING THE FOLLOWING PROPERTY:**

**3.1.A USELESS EXTERNAL DATA CARRIERS FOR THE INSURED.**

**3.1.B PROGRAMS FOR RESEARCH AND DEVELOPMENT.**

## **3.2 PERILS EXCLUDED**

**IN ADDITION TO THE EXCLUSIONS MENTIONED IN SECTION I "PHYSICAL DAMAGE TO ELECTRONIC EQUIPMENT", IT IS UNDERSTOOD AND AGREED UPON THAT IN NO CASE SHALL THE COMPANY COVER:**

**3.2.A ANY EXPENSE RESULTING FROM FALSE PROGRAMMING OR CLASSIFICATION OR DATA INSERTION, AND ACCIDENTAL DATA ANNULMENT, EXCEPT WHEN ORIGINATED FROM A LOSS COVERED UNDER ITEM I "PHYSICAL DAMAGE TO ELECTRONIC EQUIPMENT"**

**3.2.B LOSS OF INFORMATION CAUSED BY MAGNETIC FIELDS.**

**3.2.C REPRODUCTION AND RERECORDING OF ANY UNNECESSARY DATA, WHICH WAS NOT CARRIED OUT WITHIN A PERIOD OF 12 (TWELVE) MONTHS FOLLOWING THE LOSS, IN SUCH CASE, THE COMPANY SHALL ONLY INDEMNIFY THE AMOUNT CORRESPONDING TO THE MATERIAL OF EXTERNAL CARRIERS.**

**3.2.D GRADUAL WEAR AND TEAR OF EXTERNAL DATA CARRIERS.**

**3.2.E ANY BENEFIT OBTAINED BY MEANS OF AN ALTERATION OR MODIFICATION OF THE DATA ORIGINALLY CONTAINED IN THE CARRIERS.**

**3.2.F DAMAGE OR LOSS TO DATA AS A CONSEQUENCE OF VIRUS.**

**3.2.G DAMAGE OR LOSS OF DATA AS A RESULT OF ERRORS IN DATES READING PROCESSES.**

**3.2.H DESIGN EXPENSES FOR ANY PROGRAM CONTAINED IN THE EXTERNAL DATA CARRIERS.**

## **CLAUSE 4. SUM INSURED**

The sum insured shall be the necessary amount to replace the insured data carriers, including the cost of blank material, and reproduction and rerecording the data originally contained therein. Moreover, the Company, irrespective of the corresponding deductible shall pay in full the amount of the expenses incurred for damage sustained to the carriers insured, up to the amount of the corresponding Sum Insured.

## **CLAUSE 5. SCOPE OF INDEMNITY**

The Company shall indemnify proven expenses incurred by the Insured within a period of 12 (twelve) months, from the date of loss, in order to repair the external data carriers to such similar conditions existing prior to the loss, and thereby allowing normal data processing operations.

If it is unnecessary to reproduce the lost information or data, or if such reproduction is not effected within the 12 (twelve) months, after the loss, the Company shall only indemnify the expenses for replacement of new material of the external data carriers.

At the date of the occurrence of a payable loss, the Sum Insured shall be reduced by the unexpired term to the indemnified amount, unless the Sum Insured is reinstated.

In the event of loss affecting this Section, the indemnity payable by the Company includes:

- 5.1**        The acquisition cost of the external data carriers affected by the loss, and
- 5.2**        The expenses incurred to carry out the reproduction and rerecording of the information stored therein.

However in both cases shall not exceed the Replacement Cost or the Sum Insured.

If on the Insured's behalf, the adjustment is delayed, and subsequently material and workmanship costs are increased between the date of loss and actual payment thereof; the Company shall indemnify the damage at costs calculated on the date whereby the agreed upon payment in cash would have taken place. The difference shall be to the Insured's account, plus the deductible amount specified in the Policy.

### **SUB-SECTION III. INCREASED COST OF OPERATION FOR THE UTILIZATION OF A DATA PROCESSING CENTER**

By express agreement between the Insured and the Company, and under the obligation of payment of the corresponding additional premium on behalf of the Insured, and subscribed to in the Specification, this Section may be extended to cover this Section:

#### **CLAUSE 1. PERILS COVERED**

The Company agrees that whenever the property covered under Sub-Section I. "Physical Damage to Electronic Equipment", of this Section is destroyed or damaged as a consequence of the perils covered under such Section, or as a result of the additional perils that have been contracted, and henceforth the operations of the electronic data processing system were interrupted or shut down; the Company shall indemnify the Insured for the additional expenses paid for the use of a supplementary or other electronic data processing system, which is not insured by this Section, but would allow the Insured to continue his normal operations during the number of months agreed upon in such indemnity period, and up to a sum not exceeding the daily indemnity agreed upon or the total Sum Insured.

#### **CLAUSE 2. EXCLUSIONS**

**IN ADDITION TO THE EXCLUSIONS MENTIONED IN SECTION I "PHYSICAL DAMAGE TO ELECTRONIC EQUIPMENT", IT IS UNDERSTOOD AND AGREED THAT THE COMPANY SHALL NOT BE LIABLE FOR ANY ADDITIONAL EXPENSES AS A CONSEQUENCE OF:**

- 2.1 EXTENSION OF THE INDEMNITY PERIOD CAUSED BY ENLARGEMENTS OR BETTERMENTS OF THE DAMAGED ELECTRONIC DATA PROCESSING INSTALLATION.**
- 2.2 EXPENSES INCURRED FOR RECONSTRUCTING AND/OR RERECORDING INFORMATION CONTAINED IN EXTERNAL DATA CARRIERS.**
- 2.3 LACK OF THE NECESSARY MATERIAL TO CONTINUE THE NORMAL DATA PROCESSING.**
- 2.4 THE APPLICATION OF ANY STATE OR FEDERAL LAW LIMITING OR AVOIDING THE RECONSTRUCTION OR REPAIR OF THE COVERED PROPERTY.**
- 2.5 THE SUSPENSION, EXPIRY OR CANCELLATION OF ANY PERMISSION, LICENSE, LEASE OR PATENT RIGHTS.**
- 2.6 THE INSURED'S ECONOMICAL FAILURE TO PAY THE EXPENSES FOR THE RECONSTRUCTION OR REPAIR OF THE DAMAGED PROPERTY INSURED IN SECTION I "PHYSICAL DAMAGE TO ELECTRONIC EQUIPMENT".**

## **CLAUSE 3. SUM INSURED**

**3.1** The Sum Insured must be annual and equal to the necessary amount incurred during the 12 (twelve) months due to increased costs of operations insured (even if a shorter period of indemnity is chosen) of an auxiliary and other data processing center, and with similar capacity to the insured electronic data processing system.

**3.2** The Sums Insured shall be fixed separately to each data processing center.

**3.3** The Sum Insured is determined as follows:

### **3.3.A Additional expenses incurred several times.**

- a) Daily increased costs of operation while using the Electronic Installations of the data processing center or other photocomposition installations or for using other computer, photocomposition or operation processes, in addition to:
- b) Daily increase to regular income of employees, salaries of other employees, daily costs of other services; plus:
- c) Daily expenses for transportation of data carriers; material and staff; less:
- d) Expense saving, such as daily rent of the own installation of the data processing center, and lower utilities cost.
- e) The sum of the daily expenses indicated in items 1 to 4 of this section 3.3.A is multiplied by the number of working days of the data processing center, and then multiplied by 12 (twelve) months.

### **3.3.B. Additional expenses incurred one time:**

The sum insured shall correspond to the unusual additional expenses, and thus does not meet a time frame schedule; consequently, it shall be determined based on the following concepts:

**3.3.B.1** The costs to convert the system to alternative working process.

**3.3.B.1** Transportation costs incurred one time.

## **CLAUSE 4. SUSPENSIONS**

**THE COVERAGE OF THIS ITEM SHALL NOT BE EFFECTIVE IN THE FOLLOWING CASES:**

**4.1 IF, AFTER A LOSS, THE INSURED SUSPENDS THE OPERATIONS, WITH THE INTENTION OF NOT RESUMING SUCH OPERATIONS.**

**4.2 IF DUE TO REASONS OTHER THAN THE PERILS COVERED BY THIS POLICY, THE REAL PROPERTY IS CLOSED DOWN OR THE OPERATIONS ARE SUSPENDED BY ORDER OF A LEGALLY RECOGNIZED AUTHORITY IN PURSUANCE OF THEIR FUNCTIONS.**

**4.3 IF AFTER A LOSS, THE INSURED DOES NOT KEEP IN FORCE THE PHYSICAL DAMAGE COVERAGE OF SECTION I "PHYSICAL DAMAGE TO ELECTRONIC EQUIPMENT".**

In such cases, Clause 13 "Advance Termination of Contract" of the General Conditions of the Policy shall apply.

## **CLAUSE 5. INDEMNITY PERIOD**

The indemnity period covered by this Section in no case shall exceed the number of months contracted and stated in the Specification. The term attaches from the time of operation of the supplementary electronic data processing equipment, but not limited by the expiry date of this Policy.

Nonetheless, should the Insured cancel Sub-Section I "Physical Damage to Electronic Equipment", the Sub-Section III "Increase in Operational Costs for the Utilization of a Data Processing Center" shall automatically be cancelled.

### **5.1. MONTHLY INDEMNITY**

The monthly indemnity shall be limited to the indemnity period stated in the Specification of the Policy, but not exceeding the monthly and daily Sum Insured determined in accordance with provisions in Clause III.1 "Perils Covered" of this Section.

The amount of indemnity charged to the Company shall be calculated taking into consideration any expense savings.

If after an interruption of the operations of the covered electronic data processing system is found that the additional expenses incurred during such period of interruption is greater than the proportional part of the annual Sum Insured applicable to such period, the Company shall only be liable for such part of the annual Sum Insured corresponding to the proportion between the interruption period and the indemnity period whereof agreed upon.

As of the date of the loss occurrence payable, the Sum Insured shall be reduced for the unexpired term by the amount indemnified, unless such is reinstated.

The Insured shall be charged that proportion of the claim corresponding to the temporal deductible agreed upon.

## **CLAUSE 6. DELAY IN REPAIR WORKS**

The Company shall be liable for a maximum period of 4 (four) weeks for delay in repairs due to:

- 6.1** Transfer of spare parts or equipment from the dealer's plant or warehouse to the Insured's premises.
- 6.2** Transfer of the equipment to and from the repair shop.
- 6.3** If necessary, transfer and reception of foreign specialists to the Insured's premises.
- 6.4** Time required for the import and export permits of the parts or equipment, or the purchase of foreign currency.
- 6.5** Lack of spare parts for the repair of the damaged electronic data processing installation or completion of equipment, when such spare parts for equipment completion are not available due that they can not be imported or are not a manufactured line.

In all such cases, the maximum liability of the Company shall be limited to 4 (four) weeks of the operation of supplementary installation; and there forwith, the Company shall refund the proportional unearned premium of the damaged property, deducting the corresponding deductible.

## **CONDITIONS APPLICABLE TO THE THREE SUB-SECTIONS OF THE ELECTRONIC EQUIPMENT SECTION**

### **CLAUSE 1. EXCLUSIONS**

- 1.1 IN ADDITION TO THE EXCLUSIONS SPECIALLY MENTIONED IN EACH SUB-SECTION OF THIS SECTION, IN NO CASE SHALL THE COMPANY BE LIABLE FOR LOSS OR DAMAGE AS A RESULT OF:**
- 1.1.A DAMAGE AND LIABILITY DUE TO INCOME REDUCTION AND/OR ANY OTHER CONSEQUENTIAL LOSS, BEING UNDERSTOOD AS SUCH LOSS OF ANY PROFIT, EARNINGS, BENEFIT OR LICIT GAIN RESULTING FROM THE FULFILMENT OR INTERRUPTION OF BUSINESS OPERATIONS AS A CONSEQUENCE OF THE OCCURRENCE OF A PERIL.**
  - 1.1.B HOSTILITIES, WARLIKE ACTS OR OPERATIONS, WHETHER WAR HAS BEEN DECLARED OR NOT, INVASION BY FOREIGN ENEMY, CIVIL WAR, REVOLUTION, REBELLION, INSURRECTION, SUSPENSION OF GUARANTEES OR ACTS ARISING FROM SUCH ACTIVITIES, DE JURE OR DE FACTO.**
  - 1.1.C EXPROPRIATION, REQUISITION, DETENTION, EXPROPRIATION, REQUISITION OR DESTRUCTION OF PROPERTY BY ORDER OF ANY LEGAL AUTHORITY IN PERSUANT OF THEIR FUNCTIONS.**
  - 1.1.D NUCLEAR REACTION, NUCLEAR RADIATION OR RADIOACTIVE CONTAMINATION.**
  - 1.1.E INTENTIONAL ACTS OR GROSS NEGLIGENCE ON BEHALF OF THE INSURED OR HIS LEGAL REPRESENTATIVES.**
  - 1.1.F DECEIT OR GROSS NEGLIGENCE ON BEHALF OF THE INSURED, LOSS PAYEE, ASSIGNEES, ATTORNEYS, HIS REPRESENTATIVES OR PERSONS LIABLE FOR THE TECHNICAL DIRECTION; IF AND WHEN SUCH ACT OR NEGLIGENCE IS DIRECTLY ATTRIBUTABLE TO SUCH PERSONS.**
  - 1.1.G VIBRATION SHOCK OR SONIC BOOM CAUSED BY AIRCRAFT OR OTHER MECHANISMS.**

- 1.1.H LOSS OR DAMAGE, AS A DIRECT CONSEQUENCE OF CONTINUOUS USE OR GRADUAL WEARING DUE TO ATMOSPHERIC OR CLIMATIC CONDITIONS IN THE PREMISES, SUCH AS: WEAR AND TEAR, EROSION, CORROSION, INCRUSTATION, SEDIMENTATION, CRACKING, AND CAVITATION.
- 1.1.I THEFT COMMITTED DURING AND AFTER THE OCCURRENCE OF A FIRE, EXPLOSION OR ANY METEOROLOGICAL OR SEISMIC PHENOMENA.
- 1.1.J THEFT BY DIRECT OR INDIRECT INTERVENTION OF EMPLOYEES AND DEPENDENTS OF THE INSURED WHETHER ACTING ALONE OR IN COLLUSION WITH OTHERS.
- 1.1.K THEFT COMMITTED BY THE LOSS PAYEES OR ASSIGNEES OF THE INSURED OR BY THE ATTORNEYS, OR PERSONS FOR WHOM THE INSURED IS CIVILLY LIABLE.
- 1.1.L DAMAGE CAUSED BY INTERRUPTION, FAILURE OR DEFFICIENCY OF THE ELECTRIC CURRENTS, FROM PUBLIC UTILITIES, WHEN SUCH EQUIPMENT LACKS THE PROTECTION, IN ACCORDANCE WITH CLAUSE 2 "INSURED'S OBLIGATIONS" OF THE CONDITIONS APPLICABLE TO ALL SUB-SECTIONS.
- 1.1.M DAMAGE CAUSED BY INTERRUPTION, FAILURE OR DEFFICIENCY IN THE SUPPLY OF WATER OR GAS FROM THE PUBLIC UTILITIES.
- 1.1.N EXPENSES FOR MAINTENANCE AND WHATSOEVER INCURRED FOR IMPROVEMENTS.
- 1.1.O INTERFERENCE BY STRIKERS OR OTHER PERSONS IN THE REPAIR OR RECONSTRUCTION OF THE DAMAGE, OR INTERRUPTING THE RESUMPTION OR CONTINUATION OF THE BUSINESS OPERATIONS.
- 1.1.P TERRORISM AND/OR
  - 1.1.P.1 MEASURES TAKEN IN PREVENTING, SUPPRESSING, CONTROLLING OR MINIMIZING THE CONSEQUENCES DERIVED FROM ANY ACT OF TERRORISM AND/OR
  - 1.1.P.2 ANY CONSEQUENTIAL DAMAGE DERIVED FROM ANY ACT OF TERRORISM.
- 1.1.Q COMPUTER VIRUS INCLUDES, BUT IS NOT LIMITED TO, "TROJAN HORSES", "WORMS" AND "TIME OR LOGIC BOMBS".
- 1.1.R COMPUTER CRIME.

**1.1.S LOSS, DAMAGE, DESTRUCTION, DISTORTION, ERASURE, CORRUPTION OR ALTERATION OF ELECTRONIC DATA FROM ANY CAUSE WHATSOEVER, INCLUDING BUT NOT LIMITED TO COMPUTER VIRUS, OR LOSS OF USE, REDUCTION IN THE FUNCTIONALITY, COST, EXPENSE OF WHATEVER NATURE RESULTING THEREFROM, REGARDLESS OF ANY OTHER CAUSE OR EVENT CONTRIBUTING CONCURRENTLY OR IN ANY OTHER SEQUENCE TO THE LOSS.**

**1.1.T DAMAGE TO ELECTRONIC DATA IS UNDERSTOOD AS FACTS, CONCEPTS AND INFORMATION CONVERTED INTO A FORM USABLE FOR COMMUNICATION, INTERPRETATION OR PROCESSING BY ELECTRONIC AND ELECTROMECHANICAL DATA PROCESSING OR ELECTRONICALLY CONTROLLED EQUIPMENT AND INCLUDES PROGRAMMES, SOFTWARE AND OTHER CODED INSTRUCTIONS FOR THE PROCESSING AND HANDLING OF DATA OR THE DIRECTION AND HANDLING OF SUCH EQUIPMENT.**

**1.2 IN NO CASE SHALL THE INSURANCE COMPANY BE LIABLE FOR:**

**1.2.A LOSS, PHYSICAL DAMAGE, DAMAGE AND EXPENSES CAUSED, DIRECTLY OR INDIRECTLY, AS A CONSEQUENCE OF A REDUCTION IN THE FUNCTIONALITY, DESIGN ERRORS OR BY FAILURES, ERRORS OR DEFICIENCIES OF ANY DEVICE, DATA PROCESSING EQUIPMENT OR MICROCHIP, OPERATING SYSTEMS, MICROPROCESSORS (COMPUTER CHIPS), INTEGRATED CIRCUIT OR SIMILAR DEVICE, ANY PROGRAM (SOFTWARE), OR COMPUTER SYSTEM, WHETHER THE PROPERTY OF THE INSURED OR NOT OR UNDER HIS CONTROL OR POSSESSION, AS A CONSEQUENCE OF THE INABILITY OF ITS PHYSICAL OR LOGICAL COMPONENTS TO CORRECTLY RECOGNIZE OR USE A DATE, BEFORE, DURING AND AFTER THE YEAR 2000 THAT RESULTS FROM THE INABILITY TO:**

**1.2.A.1 RECOGNIZE CORRECTLY ANY DATE AS ITS TRUE CALENDAR DATE.**

**1.2.A.2 CAPTURE, SAVE, RETAIN AND/OR CORRECTLY MANIPULATE, INTERPRET AND PROCESS ANY INFORMATION, DATA, COMMAND OR INSTRUCTION AS A RESULT OF TREATING ANY DATE OTHERWISE THAN AS ITS TRUE CALENDAR DATE.**

**1.2.A.3 CAPTURE, SAVE, RETAIN AND/OR CORRECTLY PROCESS ANY DATA AS A RESULT OF THE OPERATION OF ANY COMMAND WHICH HAS BEEN PROGRAMMED INTO ANY COMPUTER SOFTWARE, BEING A COMMAND WHICH CAUSES THE LOSS OF DATA OR THE INABILITY TO CAPTURE, SAVE, RETAIN OR CORRECTLY PROCESS SUCH DATA ON OR AFTER ANY DATE.**

- 1.2.B ANY EXPENSE FOR THE REPAIR OR MODIFICATION OF ANY PART OF AN ELECTRONIC DATA PROCESSING SYSTEM OR ITS RELATED EQUIPMENT, TO CORRECT DEFICIENCIES IN PROGRAMMING OR OPERATION.**
- 1.2.C EXPENSES INCURRED FOR CHANGES, MODIFICATIONS OR REPAIRS CARRIED OUT OR SO INTENDED WITH RESPECT TO THE PHYSICAL OR LOGICAL COMPONENTS ALREADY DEFINED DUE TO THE ARRIVAL OF THE DATES, INCLUDING ANY LOSS OR DAMAGE ARISING FROM THE FAILURE, INADEQUACY, OR MALFUNCTION OF ANY ADVICE, CONSULTATION, DESIGN, EVALUATION, INSPECTION, MAINTENANCE, REPAIR OR SUPERVISION DONE BY THE INSURED OR FOR THE INSURED, AND ANY DAMAGE CAUSED BY THE INTERACTION OF COMPUTERS OR SYSTEMS OF THIRD PARTIES WITH THE EQUIPMENT OF THE INSURED DERIVED FROM THE POSSIBILITY TO RECOGNIZE THE DATES AS STATED IN THIS CLAUSE.**
- 1.2.D LOSS, PHYSICAL DAMAGE, DAMAGE AND EXPENSES CAUSED, DIRECTLY OR INDIRECTLY AS DESCRIBED IN THIS ITEM 1.23 ARE EXCLUDED REGARDLESS OF ANY OTHER CAUSE THAT CONTRIBUTED CONCURRENTLY OR IN ANY OTHER SEQUENCE.**

## **CLAUSE 2. INSURED'S OBLIGATIONS**

The coverage of this Section is subject to the Insured's compliance with the following obligations:

- 2.1** Maintain the property insured in good operating conditions.
- 2.2** The equipment shall not be habitually or intentionally overloaded or used in works for which they were not constructed.
- 2.3** Comply with the respective technical and administrative regulations with respect to the installation and operation of the equipment.
- 2.4** Keep valid preventive maintenance contracts with the manufacturers or suppliers of the insured equipment as required and as shown in the Specification of this Policy, in order to guarantee regular inspection and maintenance.
- 2.5** Have installed environmental control air conditioning where the insured equipment is placed, according to the manufacturer's instructions.
- 2.6** Adequate connection to an individual earth, in accordance with the instructions of the manufacturer of the covered equipment. Furthermore, to have atmospheric voltage discharges to earth, also voltage regulators (No Break, U.P.S.) equipment for use in computer centers.
- 2.7 SHOULD THE INSURED FAIL TO COMPLY WITH THESE OBLIGATIONS, THE COMPANY SHALL BE RELEASED FROM ALL LIABILITY, PROVIDED THAT SUCH NON-COMPLIANCE HAD A DIRECT INFLUENCE ON THE OCCURRENCE OF THE LOSS.**
- 2.8** Retain, upon total payment of the loss, all damaged and defective parts for inspection by the Company.

### **CLAUSE 3. (DISCONTINUED) PARTS OR SPARES OFF THE MARKET**

Should the necessary spare parts for the repair of the equipment not be available, the Company's liability shall be limited to indemnify based on the value of such spares at the time of the loss, as per the manufacturers' list of prices plus the corresponding expenses, as per Clause 7 "Partial Loss" of Sub-Section I "Physical Damage to Electronic Equipment".

### **CLAUSE 4. INSURED'S PARTICIPATION**

In every loss meriting indemnity, the Insured shall always be charged the deductible as shown in the Specification of the Policy, such is applicable to each sub-section contracted and to each damaged equipment, whether covered by the basic or additional coverages.

Should the provisions of Clause 11 "Proportional Rule" of Sub-Section I of this Section, 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.

In case of a loss from a peril covered by express agreement and when the corresponding endorsement indicates another deductible, the latter shall apply.

This deductible shall be applied before any coinsurance or contribution of the Insured.

For Sub-Section III, the Insured shall be charged the expenses corresponding to the deductible in days stipulated on the face of the Policy, from the date of use of the supplementary equipment.

### **CLAUSE 5. INSPECTION OF DAMAGE**

Upon receiving notice of the loss, the Company, at its option, may authorize the Insured in writing to make all necessary repairs to have the equipment in the same conditions prior to the occurrence of the loss.

In such case of loss, the Company reserves the right to send a representative, to inspect the damage; however, the Insured shall take all necessary measures to maintain business in good order, provided these do not change the state of being of the loss prior to inspection, without prejudice to provisions in Clause 5 "Procedures in the Event of loss", of the General Conditions of the Policy.

When the inspection is not carried out within a period of 7 (seven) days as of the date of notice of loss, the Insured shall be authorized to carry out the necessary repairs or modifications.

### **CLAUSE 6. DEFINITIONS**

**The following terms whensoever used in this Policy shall have the following meaning:**

- 6.1 Assault.-** Shall mean such perpetrated by means of force or violence (whether moral or physical) on the persons.
- 6.2 Downspout.-** For the purposes of this insurance, the down-pipe installed in the roofs of the real property, and which function is to eject and run off the rain water.
- 6.3 Cavitation.-** Formation of hollows or local cavitations full of steam or gas in the hollow of a liquid in movement, when the pressure at a point of the liquid results inferior to the tension of vapour and causes damage to metals.
- 6.4 Computer Crime.-** Means a malicious act with the intention of creating, downloading or sending to a web-site any "device" including a designed or fit program in order to obtain mainly unauthorized access to a computer system, interfering with the function of a computer system, whether erasing or altering data.

- 6.5 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).
- 6.6 Depreciation.-** Physical wearing down of a covered equipment caused by the wear and tear and the interrelation of the elements composed thereof. The depreciation shall constitute the proportion of reduction affecting the indemnity when the equipment has been insured at actual cash value.
- 6.7 Electronic Equipment.-** Equipment designed by a set of circuits specialized in certain functions for handling electric signs and generating, engineering and providing information. For example: control switch boards, computers and telecommunication systems.
- 6.8 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.
- 6.9 Larceny.-** Theft without violence, offence committed in a furtive manner by a person taking possession of another's property, without being noticed.
- 6.10 Real property.-** As used in this Section, 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.
- 6.11 Flood.-** meaning such the accidental temporary covering of soil by water, as a consequence of deviation, overflow or fracture of retaining walls, rivers, channels, lakes, ponds, reservoirs and other streams or deposits of water, whether natural or man-made.
- 6.12 Normal operations.-** The normal business operations of the Insured means the condition that would have existed had no loss occurred under this Section.
- 6.13 Operative personnel.-** Employee of the Insured to whom the Insured equipment has been assigned, for laboral matters, and being such equipment, a work tool. This concept includes employees designed for maintenance of this equipment.
- 6.14 External data carriers.-** For the purposes of this section, the external data carriers are devices that store legible data, whether magnetically or mechanically, and are capable of being used in the electronic data processing installation insured, which neither join nor form part of said installation.
- 6.15 Violent theft.-** shall mean that perpetrated by any such person or persons who making use of violence for breaking and entering into the insured property are found to leave such visible signs of perpetrated violence.
- 6.16 Computer Virus.-** For the purpose of this Policy, computer virus means any corrupting, harmful or otherwise unauthorized instructions or code including any maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature.

## **SECTION X. MACHINERY BREAKDOWN**

### **CLAUSE 1. INSURED ITEMS**

The machinery described in the Specification attached hereto, while it is installed on the premises established in the Specification, once it has successfully passed all initial operating tests, and that is in operation, being checked or serviced, or idle, but that may be put into operation at any time, including, but not limited to:

All types of electrical, mechanical, hydraulic or pneumatic machinery, or a combination thereof, regardless of its use, features or mechanisms.

The Insured must advise the Company if the machinery is new, used, rebuilt, original or altered, and if it is of special manufacture, own manufacture, leased, financed, loaned, and whether it was manufactured locally or has been imported.

All power or driving machinery, such as processing machines and fixed and mobile equipment, is also insurable under this section.

This Section also covers auxiliary equipment, including, but not limited to: panels, switches, engines, pumps, compressors and the cables and pipes incorporated into each machine, but only if the auxiliary equipment:

- Is integrated with the machinery insured, or its supporting structure.
- Is supported by the foundation of the machinery and/or
- If it exclusively services this machinery.

The foundation of insured machinery and equipment is covered, but only when its value is itemized as part of the Insured Sum for each piece of machinery, for which the Insured shall submit the relevant invoices in accordance with Clause 5 of the General Conditions of the Policy ("Procedure in the event of an incident"), and provided that the damage to the foundation is caused by a risk covered by this Section.

Parts, spare parts, replacement machinery, except as provided for in Clause 3 of the General Conditions of this Section ("Exclusions").

### **CLAUSE 2. RISKS COVERED.**

This Section covers loss or direct material damage, except as established hereinafter, caused by an unforeseen and sudden incident, that requires the insured items, or part thereof, listed in the Specification hereto, to be repaired or replaced, so as to leave them in a working condition similar to that in which they were immediately before the incident, including damage caused by:

- 2.1. The lack of skill, or negligence or sabotage on the part of the staff of the Insured or third parties.
- 2.2. The direct action of electricity as a consequence of short-circuits, voltaic arcs, insulation failure and transitory over-voltage caused by electrical disturbances, either for natural or artificial causes.
- 2.3. Design errors, manufacturing and casting flaws and the use of defective materials.
- 2.4. Flaws in labor and incorrect assembly.
- 2.5. Insufficient water in boilers or other heat-producing apparatus.
- 2.6. Damage caused by centrifugal force, limited to loss of or damage to the machinery itself.
- 2.7. Foreign bodies introduced into the insured items.

- 2.8. Insufficient greasing, loose pieces, abnormal stress and self-heating.
- 2.9. Failure of regulating devices
- 2.10. Other accidents in which the insured items are involved that are not specifically excluded under this Section.

### **CLAUSE 3. EXCLUSIONS**

**IT IS UNDERSTOOD AND AGREED THAT IN NO EVENT DOES THIS SECTION COVER:**

#### **3.1.- ITEMS EXCLUDED:**

**IT IS UNDERSTOOD AND AGREED THAT IN NO EVENT DOES THIS SECTION COVER:**

- 3.1.A. **FUEL, LUBRICANTS, REFRIGERATING AGENTS, METALIZERS, CATALYSTS AND OTHER OPERATION MEDIA, EXCEPT FOR OIL USED IN TRANSFORMERS AND ELECTRICAL SWITCHES AND MERCURY USED IN ELECTRIC CURRENT RECTIFIERS, WHICH SHALL BE COVERED UNDER THE POLICY, PROVIDED THAT DAMAGE IS CAUSED BY A RISK COVERED.**
- 3.1.B. **ALL TYPES OF CONVEYOR BELTS, STEEL CHAINS AND CABLES, HOSES, TRAVELING BANDS, SIEVES, DIES, SWAGES, STAMPERS, PUNCHES, STAMPING ROLLS, RUBBER TIRES AND MOBILE EQUIPMENT PLATFORMS.**
- 3.1.C. **CHANGEABLE AND CUTTING TOOLS SUCH AS: DRILL BITS, BARS, HAMMERS, PUNCHES, KNIVES, FUSES, FILTERS, CLOTHS, SIEVES, MOLDS, JOINTS, FOUNDATIONS (FOUNDATIONS ARE COVERED PROVIDED THAT THEY MEET THE CONDITIONS OF CLAUSE 1 OF THE SPECIFIC CONDITIONS OF THIS SECTION (“INSURED ITEMS”), REFRACTORY, GLAZED AND PORCELAINIZED LININGS.**
- 3.1.D. **ALL TYPES OF GLASS AND PEWTER, EXCEPT CHINA USED FOR ELECTRICAL INSULATORS.**
- 3.1.E. **UNPATENTED OR UNMARKED EQUIPMENT, IN OTHER WORDS, EQUIPMENT THAT DOES NOT INCLUDE THE NAME OF THE MANUFACTURER THAT BACKS UP THE RELIABILITY THEREOF, AS FAR AS DESIGN AND SERVICE IS CONCERNED.**

#### **3.2.- RISKS EXCLUDED:**

- 3.2.A. **THE COMPANY SHALL NOT BE LIABLE FOR ANY LOSS OR DAMAGE CAUSED AS A CONSEQUENCE OF THE FOLLOWING CIRCUMSTANCES, WHATEVER THE REASON:**
  - 3.2.A.1. **ANY DAMAGE, FLAWS OR DEFECTS IN THE EQUIPMENT THAT EXIST WHEN THIS SECTION COMES INTO EFFECT.**

- 3.2.A.2. FIRES, EXTINGUISHING OF FIRES, REMOVAL OR COLLAPSE OF RUBBLE AFTER A FIRE; DIRECT LIGHTNING STRIKES.**
- 3.2.A.3. PHYSICAL OR CHEMICAL EXPLOSIONS AND THE USE OF ATOMIC POWER OR RADIOACTIVE ENERGY, WHATEVER THEIR SOURCE; NUCLEAR REACTION OR RADIATION OR RADIOACTIVE CONTAMINATION, CONTROLLED OR NOT, REGARDLESS OF WHETHER THE MATERIAL DAMAGE CAUSED IS NEARBY OR REMOTE AND WHETHER THE INSURED ITEMS ARE AFFECTED BY IT OR CAUSE IT.**
- 3.2.A.4. ALL FORMS OF THEFT.**
- 3.2.A.5. DAMAGE CAUSED BY VIBRATION OR NATURAL GROUND MOVEMENT, SUCH AS SUBSIDENCE, DISPLACEMENT AND NORMAL GRADUAL SETTLING.**
- 3.2.A.6. DAMAGE CAUSED BY FILTRATION OF WATER, SUBTERRANEAN OR NOT, THAT CAUSES DAMP.**
- 3.2.A.7. LOSS OR DAMAGE DIRECTLY OR INDIRECTLY CAUSED BY OR RESULTING FROM NATURAL PHENOMENA, SUCH AS: EARTHQUAKES, EARTH TREMORS, VOLCANIC ERUPTION, HURRICANES, CYCLONES, STORMS, WIND, HAIL, FREEZING, FLOODING, OVERFLOWS AND RISING OF WATER LEVEL, MUD SLIDES, SUBSIDENCE, EARTH MOVEMENT OR ROCK SLIDES.**
- 3.2.A.8. GRADUAL DETERIORATION CAUSED BY LOCAL PREVAILING WEATHER AND ENVIRONMENTAL CONDITIONS, SUCH AS: WEAR, EROSION, CORROSION, RUSTING, SCALING, SEDIMENTATION, CRACKING AND CAVITATION.**
- 3.2.A.9. ANY DAMAGE CAUSED BY THE EFFECT OF TOXIC MOSS.**
- 3.2.A.10. DAMAGE CAUSED BY INTERRUPTION OR FAILURE OF THE PUBLIC ELECTRICITY SUPPLY (PUBLIC ELECTRICITY SUPPLY SHALL NOT INCLUDE OVER-VOLTAGE CAUSED BY LIGHTNING STRIKES ON ELECTRICITY CABLES OR PHENOMENA CAUSED BY ATMOSPHERIC ELECTRICITY).**
- 3.2.A.11. DAMAGE CAUSED BY INTERRUPTION OR FAILURE OF THE PUBLIC GAS AND WATER SUPPLY.**
- 3.2.A.12. LOSS OR DAMAGE THAT IS A DIRECT CONSEQUENCE OF PROLONGED OR CONTINUOUS OPERATION.**
- 3.2.A.13. EXPERIMENTS, TESTS OR TRIALS DURING WHICH THE MACHINERY INSURED IS SUBJECT TO STRESS THAT IS ABOVE ITS NORMAL TOLERANCE.**

- 3.2.A.14. ANY EXPENSE INCURRED FOR CORRECTING OPERATING FAULTS OR THE CAPACITY OF THE INSURED ITEMS, UNLESS SAID FAULT IS CAUSED BY LOSS OF OR DAMAGE TO THE INSURED ITEMS CAUSED BY A RISK COVERED.**
  - 3.2.A.15. DAMAGE CAUSED BY THE INSTALLATION OF SPARE PARTS OTHER THAN THOSE SPECIFIED BY THE MANUFACTURER, OR BY OPERATING THE MACHINERY IN A MANNER OTHER THAN THAT SPECIFIED BY THE MANUFACTURER.**
  - 3.2.A.16. AESTHETIC DEFECTS, SUCH AS SCRATCHES AND MARKS ON POLISHED, PAINTED OR VARNISHED SURFACES. NEVERTHELESS, THE COMPANY AGREES TO COVER THE DAMAGE OR LOSS MENTIONED IN THIS SECTION WHEN THE PARTS IN QUESTION HAVE BEEN AFFECTED BY LOSS OF OR DAMAGE TO THE INSURED ITEMS COVERED BY THE POLICY.**
- 3.2.B. THE COMPANY SHALL ALSO NOT BE LIABLE FOR DAMAGE CAUSED AS A CONSEQUENCE OF:**
- 3.2.B.1. ANY EXPENSE INCURRED FOR MAINTENANCE CARRIED OUT BY THIRD PARTIES UNDER A MAINTENANCE CONTRACT, THE LATTER BEING UNDERSTOOD AS A CONTRACT UNDER WHICH A THIRD PARTY IS REQUIRED TO CARRY OUT CHECKS FROM TIME TO TIME AND REPLACE WORN OR FAULTY PARTS. PREVENTIVE MAINTENANCE EXPENSES INCURRED BY THE INSURED SHALL ALSO NOT BE COVERED.**
  - 3.2.B.2. ANY LOSS OR DAMAGE FOR WHICH THE MANUFACTURER OR THE VENDOR OF THE INSURED ITEMS, OR THE MAINTENANCE SERVICE PROVIDER, IF NOT THE STAFF OF THE INSURED, IS LEGALLY OR CONTRACTUALLY RESPONSIBLE.**
  - 3.2.B.3. ANY FRAUDULENT ACT OR FAULT ON THE PART OF THE INSURED, ITS ADMINISTRATORS OR ANY OTHER PERSON ACTING IN THE NAME OF THE INSURED, COMPANY MANAGEMENT, OR THE TECHNICAL DIRECTOR.**
  - 3.2.B.4. ANY APPARENT INTENTIONAL ACT OR NEGLIGENCE ON THE PART OF THE INSURED OR ITS REPRESENTATIVES.**
  - 3.2.B.5. LOSS AND/OR DAMAGE CAUSED BY HOSTILITIES AND ACTS OF WAR, DECLARED OR NOT, INVASION OF ENEMY TERRITORY, CIVIL WAR, REVOLUTION, REBELLION, INSURRECTION, SUSPENSION OF GUARANTEES, CONSPIRACY, COUP D'ÉTAT, OR EVENTS THAT BRING ABOUT THESE *DE FACTO OR JURE* SITUATIONS.**

**3.2.B.6. TERRORISM AND/OR**

**3.2.B.6.a). MEASURES TAKEN TO IMPEDE, PREVENT, CONTROL OR REDUCE THE CONSEQUENCES OF ANY ACT OF TERRORISM AND/OR**

**3.2.B.6.b). ANY CONSEQUENTIAL DAMAGE RESULTING FROM AN ACT OF TERRORISM.**

**3.2.B.7. STRIKES, POPULAR UPRISINGS, RIOTS AND CIVIL COMMOTIONS.**

**3.2.B.8. CONSEQUENTIAL LOSS OF ANY TYPE, SUCH AS: LACK OF USE OR HIRE, SUSPENSION OR STOPPAGE OF WORK, BREACH OR RESCISSION OF CONTRACTS, CONTRACTUAL PENALTIES AND, IN GENERAL, ANY RESULTING LOSS OF BENEFITS, AND CIVIL LIABILITY OF ANY TYPE.**

**CLAUSE 4 COMMENCEMENT AND CONTINUATION OF COVERAGE**

- 4.1. This section shall come into effect once the insured items listed in the Specification of the Policy have been installed on the site mentioned in the Specification, and once their initial operating testes have been completed satisfactorily.
- 4.2. Coverage shall remain valid even when the machinery is out of service or being checked, repaired, assembled and disassembled, for its maintenance or movement on the site mentioned in the Specification.

**CLAUSE 5. CHECKING AND RECONDITIONING MACHINERY.**

In addition to the terms and conditions of the Particular Conditions of this Section and General Conditions of the Policy, it is understood and agreed that the Insured is required to check and recondition the equipment listed in the Specification attached to the Policy, on its own account and at its own cost.

**Circumstances of checking and/or reconditioning.**

- 5.1. The Insured must refer to the manufacturer's instructions when checking and reconditioning its machinery.
- 5.2. The Insured shall fully check and, as the case may be, recondition the machinery and equipment specified in Clause 6 of the Particular Conditions of this Section ("Checking and/or Reconditioning Periods") at the times established for each piece of equipment and machinery.
- 5.3. The Insured shall provide the Company seven days notice of when it intends to commence checking equipment and machinery, so that the Company may assign a representative to witness said activity.
- 5.4. The expenses incurred by the aforementioned representative shall be paid by the Company.
- 5.5. The Insured shall provide the Company a copy of the report prepared by an expert for the machinery and equipment checked and/or reconditioned.

**5.6. IF THE INSURED FAILS TO MEET THESE CONDITIONS, THE COMPANY SHALL BE RELEASED FROM ALL LIABILITY FOR DAMAGE CAUSED BY ANY FAILURE OR DEFECT THAT WOULD HAVE COME TO LIGHT IF THE INSPECTION HAD BEEN CARRIED OUT IN THE PRESENCE OF AN EXPERT.**

**CLAUSE 6.- CHECKING AND/OR RECONDITIONING PERIODS:**

Clause 5 of the Specific Conditions of the Policy ("Checking and Reconditioning Machinery") establishes the following maintenance periods:

6.1.	Steam turbo-generators.	Every three calendar years
6.2.	Steam and stage turbines.	Every two calendar years.
6.3.	Gas turbines and turbo-generators, as per manufacturer's indications, as a minimum.	Every calendar year.
6.4.	Hydraulic turbines, with or without generator.	Every two calendar years.
6.5.	Electric motors of less than 1 kilowatt.	Every calendar year.
6.6.	Triphasic electric motors greater than 1 kilowatt, but less than 750 kilowatts.	Every three calendar years.
6.7.	Triphasic electric motors greater than 750 kilowatts and direct current motors and generators of any power.	Every 500 start-up/shut-down cycles, or 800 hours of operation, whichever is less.
6.8.	Electric propulsion motors for rolling machines.	Every calendar year
6.9.	Distribution or power transformer oil.	Every calendar year
6.10.	Furnace transformers, including oil.	Every calendar year.
6.11.	Turbo-compressors or blowers.	Every two calendar years.
6.12.	Gearboxes or gearing.	Every 15000 hours of operation or every two years of work, whichever is less.
6.13.	Machinery lubricating sumps, including oil.	Every calendar year
6.14.	Diesel motors, reciprocal compressors and cranes in general.	As indicated by the manufacturer.
6.15.	Revolving tower cranes.	
6.16.	Hydraulic presses, agglomerated wood and plywood press plates.	Every time disassembled and/or every year
6.17.	Metal or plastic injection mold presses.	Every calendar year
6.18.	Metal, plastic or clay extrusion presses.	Every calendar year
6.19.	Tank pumps.	Every calendar year
6.20.	Other equipment	Every calendar year or as indicated by the manufacturer.

**CLAUSE 7. PARTS WITH A PREDETERMINED OPERATING LIFE**

It is understood and agreed that the replacement value of the parts of damaged machines whose operating life is predetermined by the manufacturer, shall be indemnified at their value at the time of the incident, in accordance with Clause 11 of the Particular Conditions of this Section ("Partial Loss"). The parts included are:

Combustion chambers, transition pieces, high-pressure gas turbine vanes and nozzles, and other parts through which combustion gases circulate directly; electric arc furnace transformer coils; casing, combustion heads, rings and bearings of internal combustion engines or reciprocal compressors; perpetual screws of metal, plastic, clay or synthetic resin extrusion presses; parts of crushers or grinders that are in direct contact with the material being crushed or ground, and shafts of rotary crushers; coils and bearings of electric motors of less than one kilowatt; coils of electric motors greater than one kilowatt, power and distribution transformers and generators; other machinery parts that the manufacturer considers to be the same should be replaced from time to time.

## **CLAUSE 8. OBLIGATIONS OF THE INSURED.**

- 8.1. To keep the insured machinery in good operating condition.
- 8.2. To not habitually or intentionally use the machinery for work for which it is not designed.
- 8.3. To meet the technical and administrative requirements for installation and operation of the equipment.
- 8.4. To advise the Company within eight days of any change that substantially increases the risk, under penalty of losing its rights under this section: Said changes include:
  1. Substantial changes to the machines that alter their design, capacity, output or use.
  2. Change of location of the equipment.
  3. New installations close to the machinery insured.
  4. Change in raw materials or processes.
  5. Suspension of operations for a continuous period of more than 3 (three) months.
  6. Changes in the equipment's operating environment.
  7. Changes to foundations.
- 8.5. **IF THE INSURED FAILS TO MEET THESE CONDITIONS, THE COMPANY SHALL BE RELEASED FROM ALL LIABILITY, PROVIDED THAT ANY BREACH ON THE PART OF THE INSURED HAS HAD A DIRECT EFFECT ON THE INCIDENT.**
- 8.6. The Insured shall retain all damaged and faulty parts and make them available for inspection by the Company, until the claim made has been paid in full.

## **CLAUSE 9. REPLACEMENT VALUE AND INSURED SUM**

### **Replacement Value**

In this Section, "replacement value" shall be understood as the amount spent for a new item of the same type, including cost of transport, assembly and customs duty, if any, without taking depreciation into account.

### **Insured Sum**

The Insured Sum is fixed by the Insured and must be set for each item at the replacement value, as established in the previous point.

When the Insured Sum is less than the replacement value, Clause 4 of the General Conditions of the Policy ("Claimable Proportion").

## CLAUSE 10. INSPECTION OF DAMAGE

When the Company is immediately advised of the incident, it may optionally authorize the Insured in writing to make any repairs necessary to leave the equipment in the same condition in which it was before the incident occurred.

In any case, the Company reserves the right to appoint a representative, who will inspect the damage, however, the Insured may take all measures that are absolutely necessary to keep its business running, provided that these measures do not alter the nature of the incident before the inspection is made, without detriment to the provisions of Clause 5 of the General Conditions of the Policy ("Procedure in the Event of an Incident").

If the inspection is not conducted within 7 (seven) days as from when the incident is notified, the Insured shall be authorized to make any necessary repairs or alterations.

## CLAUSE 11. PARTIAL LOSS

### 11.1. Claimable Expenses:

In the event of partial loss, in other words, those cases in which damage caused to the insured items may be repaired, the claim must include all expenses incurred for leaving the insured items in normal operating condition, similar to that in which they were before the event occurred.

These expenses include:

#### 11.1.A. Cost of repair:

- 11.1.A.1. If a claim is accepted, it shall be paid against the invoice that the Insured submits, and the invoice shall include construction, disassembly, reassembly, ordinary freight and customs charges, if any. Nevertheless, **THE COMPANY SHALL NOT BE LIABLE FOR ANY DAMAGE CAUSED TO THE INSURED ITEMS TO BE REPAIRED WHILE THEY ARE BEING TRANSPORTED**, and it shall only cover the premium for the insurance that the Insured must take out to cover the damaged items while being transported from the workshop at which they are repaired to the premises of the Insured.
- 11.1.A.2. Extraordinary express courier charges, overtime, work carried out on Sundays and public holidays and extra charges or air transport shall only be paid when specifically insured.
- 11.1.A.3. For partial loss, there shall be no reduction whatsoever for depreciation of spare parts, although the value of any recovery shall be taken into account in order to set the amount of compensation.
- 11.1.A.4. The Company may repair or replace the insured items, or pay them in cash.
- 11.1.A.5. When any repair or part thereof is made in the workshop of the Insured, expenses shall include the cost of materials and labor required for the repair, plus any necessary administrative costs.
- 11.1.A.6. The replacement value of the remaining operating life of parts with a predetermined operating life shall be paid, as established in Clause 7 of the Particular Conditions of this Section ("Parts with a Predetermined Operating Life").
- 11.1.A.7. The Company shall only pay compensation for damage when it receives invoices and documents that prove that the repair or replacement has been made.
- 11.1.A.8. If the cost of repair is the same as or greater than the current value of the insured items immediately before the damage was caused, then an adjustment shall be made in accordance with Clause 12 ("Total Loss").

**11.1.B. Expenses to be paid by the Insured:**

- 11.1.B.1** The Insured shall pay the cost of any temporary repairs, unless they are part of permanent repair costs, or if the Company has authorized them in writing.
- 11.1.B.2** The Insured shall pay all costs for reconditioning, alterations and improvements not needed for repair of the damage.
- 11.1.B.3** If the Insured temporarily repairs any of the insured items and they continue functioning, **UNDER NO CIRCUMSTANCES SHALL THE COMPANY BE LIABLE FOR ANY DAMAGE THAT THEY MAY SUFFER SUBSEQUENTLY, UNTIL THE PERMANENT REPAIR IS MADE.**
- 11.1.B.4** **THE LIABILITY OF THE COMPANY SHALL CEASE IF ANY PERMANENT REPAIR MADE BY THE INSURED IS NOT TO THE SATISFACTION OF THE COMPANY.**
- 11.1.B.5** The deductible established in the Specification of the Policy shall apply for all compensation for partial loss.

**CLAUSE 12. TOTAL LOSS.**

- 12.1.** In the event of total loss or destruction of the items insured, the liability of the Company shall not exceed their **actual value**, less the recovery value, if any, without exceeding the Insured Sum.
- 12.2.** If the parties agree, the Company may retain the effects recovered, provided that it pays the Insured their actual value, in accordance with an expert valuation.
- 12.3.** When the repair cost of damaged insured items is the same as or greater than their actual value, the loss shall be considered as total.
- 12.4.** In the event of the total loss of the insured items, compensation shall be paid at the Actual Value if the Insured decides not to replace the damaged or lost items.
- 12.5.** After compensation has been paid for total loss, the insurance of the damaged items in shall cease.
- 12.6.** The deductible on the Insured Sum shall apply to all compensation for total loss.

**CLAUSE 13. PARTICIPATION OF THE INSURED**

The Insured shall pay the deductible shown on the Specification of the Policy for all claims made under the Policy.

If the provisions of Clause 4 of the General Conditions of the Policy ("Claimable Proportion) are applicable, the Insured shall only pay part of the deductible, to the same extent that the Company proportionately covers the damage caused.

## CLAUSE 14. COMPENSATION.

- 14.1.** The Company may repair or replace damaged or destroyed items, or make a cash payment, at its own choice.
- 14.2.** If the Company chooses to pay in cash the loss calculated in accordance with Clause 11 ("Partial Loss") and Clause 12 ("Total Loss") of the Specific Conditions of the Policy, the amount shall be set based on current values at the time of the incident.
- 14.3.** For partial loss, the compensation to be paid to the Insured shall be calculated on the basis of the provisions of Clause 4 of the General Conditions of the Policy ("Claimable Proportion").
- 14.4.** Application of Deductible and Recovery.
- 14.4.A.** If the Company chooses to repair or replace the damaged or destroyed items, or pay in cash, as it may decide, the Insured shall pay the Company the Deductible and the recovery value if it retains the damaged items.
- 14.4.B.** If the Company chooses to make a cash payment, the deductible, and the recovery value (if the Insured retains the damaged items), shall be subtracted from the sum arrived at in accordance with points. 14.2 and 14.3
- 14.4.C.** If adjustment is delayed on account of the will of the Insured, and the price of materials and labor increases between the date of the incident and the date on which the claim is paid, the Company shall pay compensation for the damage, calculated at the cost on the date on which a cash payment is agreed. The Insured shall pay any difference, plus the deductible established in this Section.
- 14.4.D.** When two or more items affected by a single incident are subject to claim in accordance with the conditions of the Section, the Insured shall pay the highest deductible only for the items damaged.
- 14.5.** The maximum liability of the Company for one or more incidents that occur during the validity period of the Policy shall not exceed in total the Insured Sum for the items damaged, less the respective deductible.
- 14.6.** Each partial claim that the Company pays during the validity period of the Policy shall reduce its liability by the same amount, and subsequent claims shall be paid up to the limit of the remaining amount. If Clause 4 of the General Conditions of the Policy ("Claimable Proportion") applies, any reduction in the Insured Sum on account of claims previously paid shall not be taken into account.

At the request of the Insured, the Company may reestablish the reduced amounts and the Insured shall pay the relevant premiums pro rata. If this section comprehends various points, reduction or reestablishment shall apply to the point or points affected.

## CLAUSE 15. DEFINITIONS

**The definition of the following terms shall apply throughout the Policy:**

- 15.1. Vane.** A curved blade on a hydraulic wheel. Mat or protection placed at the side of the car.
- 15.2. Crankcase.-** An oil receptacle installed on the lower section of a gasoline engine.
- 15.3. Cavitation.-** The wear or erosion of the solid parts of a machine that move in the hollow of a liquid, forming local cavities or holes as the result of a drop in overall pressure.
- 15.4. Corrosion.-** Deterioration and wear caused by chemical reaction.
- 15.5. Sieve.-** An instrument comprising a hoop to which a sheet of leather or cloth in the form of a mesh is fixed, and that is used to select and clean impurities found in seeds, minerals or liquids.
- 15.6. Defect.-** Any item that is missing any of its features, or that has any imperfection or flaw.

- 15.7. Erosion.-** Wear caused by friction.
- 15.8. Physical explosion.-** The physical explosion of a receptacle filled with gas, steam and/or liquid is understood to take place as a consequence of the tendency of the gas and steam therein to expand. The receptacle shall break when the escape of gas or leak of liquid causes a sudden balance between the internal and external pressure of the receptacle. An explosion caused or accompanied by chemical reactions shall not be considered as a physical explosion.
- 15.9. Extra expenses.-** The total expenses in which the Insured incurs to keep its business running, less the total expenses in which it would normally incur for running its business during the same period, if the incident had not occurred.
- In all cases, extra expenses include those incurred for obtaining the use of the assets and premises of other companies, or other emergency expenses.
- 15.10. Rusting.-** Oxidation.
- 15.11. Scaling.-** Solid chemical compounds dissolved in a liquid deposited on the walls of a pipe through which it is passing.
- 15.12. Power or driving machinery.-** Machinery that change one form of energy to another, such as motors, turbines and generators.
- 15.13. Processing machinery.-** Machines that with the assistance of power machinery are used to obtain, produce, transform or transport a material, these including pumps, presses, compressors, lathes, extractors, plastic injection machines, cranes, grinders, etc.
- 15.14. Swage.-** A swage or die is a rotary tool that is used to cut the contours of the label.
- 15.15. Screen.-** Strainer, sieve, filter.
- 15.16. Nozzle.-** The part at the rear of reaction motors through which combustion gas is emitted.

## **SECTION XI. BOILERS AND PRESSURE VESSELS**

### **CLAUSE 1. INSURED ITEMS**

This Section, as contracted, covers the following two types of machinery:

- I.** Boilers and pressure vessels with vent
- II.** Boilers and pressure vessels without vent

### **CLAUSE 2. RISKS COVERED.**

This Section covers the insured items against material damage caused by:

#### **2.1. Boilers and pressure vessels with vent:**

- 2.1.A.** The sudden and violent breakage of any part of the boiler or vessel caused by the pressure of steam, water or any other liquid in the equipment insured.
- 2.1.B.** The sudden and violent explosion of gas produced by unburnt fuel in the furnace of the boiler or vessel, or in the gas pipes between the furnace and the chimney, provided that the fuel established in the Specification is that being used.
- 2.1.C.** The sudden and violent decomposition of any part of the boiler or vessel, caused by the pressure of water, steam or any other liquid in the boiler or vessel, or vacuum, that immediately renders it inoperable or unsafe.
- 2.1.D.** The cracking of any part of low-pressure boilers (up to 1.05kg/cm<sup>2</sup> in steam and 2.10kg/cm<sup>2</sup> in water) made from iron, copper, bronze or any other forged material, provided that the liquid in the boiler leaks out through the crack.
- 2.1.E.** Any burning caused by insufficient supply of water, steam or any other liquid in the boiler or vessel and that immediately renders it inoperable or unsafe.

#### **2.2. Pressure vessels without vent**

This Section covers the items insured against material damage caused by:

- 2.2.A.** Sudden and violent breakage caused by the pressure of air, water or liquid in the vessel.
- 2.2.B.** The sudden and violent decomposition of the vessel or any of its parts, caused by the pressure of steam, air, gas or liquid in the vessel, or by any vacuum.
- 2.2.C.** The cracking of any part made from iron, copper, bronze or any other forged material, provided that the air, gas or liquid in the vessel leaks out through the crack.

### **CLAUSE 3. EXCLUSIONS**

**IT IS UNDERSTOOD AND AGREED THAT IN NO EVENT DOES THE SECTION COVER:**

#### **3.1. ITEMS EXCLUDED:**

- 3.1.A. FUEL, LUBRICANTS AND REFRIGERATING AGENTS, UNLESS THE DAMAGE IS CAUSED BY A RISK COVERED.**
- 3.1.B. CHIMNEYS THAT ARE NOT DIRECTLY SUPPORTED BY THE BOILERS' STRUCTURE.**
- 3.1.C. BURSTING DISCS, RUPTURING DIAPHRAGMS, PLUG FUSES AND JOINTS.**
- 3.1.D. FORCED-DRAUGHT FANS THAT ARE NOT PART OF THE BOILERS' BODY OR STRUCTURE.**
- 3.1.E. FUEL SUPPLY BELTS.**
- 3.1.F. WATER OR FUEL SUPPLY PUMPS AND ANY OTHER TYPE OF EQUIPMENT THAT IS NOT PART OF THE STRUCTURE OF THE EQUIPMENT INSURED.**
- 3.1.G. COAL GRINDERS.**
- 3.1.H. VESSELS OR EQUIPMENT NOT MADE OF METAL.**
- 3.1.I. COMPRESSORS OF ANY TYPE.**

#### **3.2. RISKS EXCLUDED:**

**THE COMPANY SHALL NOT BE LIABLE FOR ANY LOSS OR DAMAGE CAUSED AS A CONSEQUENCE OF THE FOLLOWING CIRCUMSTANCES, WHATEVER THE REASON:**

- 3.2.A. ANY DEFECTS IN THE EQUIPMENT THAT EXIST WHEN THIS SECTION COMES INTO EFFECT.**
- 3.2.B. THE USE OF ATOMIC POWER OR RADIOACTIVE ENERGY, WHATEVER THEIR SOURCE; NUCLEAR REACTION OR RADIATION OR RADIOACTIVE CONTAMINATION, CONTROLLED OR NOT, REGARDLESS OF WHETHER THE MATERIAL DAMAGE CAUSED IS NEARBY OR REMOTE AND WHETHER THE INSURED ITEMS ARE AFFECTED BY IT OR CAUSE IT.**
- 3.2.C. EXPLOSION OUTSIDE THE BOILERS OR PRESSURE VESSELS.**
- 3.2.D. SLOW LEAKS OR GRADUAL DECOMPOSITION, FORMATION OF BLISTERS OR OTHER IMPERFECTIONS OF THE MATERIAL FROM WHICH THE INSURED EQUIPMENT IS BUILT. NEVERTHELESS, THE COMPANY SHALL BE LIABLE FOR ANY LOSS OR DAMAGE UNDER THE ADDITIONAL RISKS COVERED, EVEN WHEN ORIGINATING FROM ANY IMPERFECTION OR DEFORMATION OF THE MATERIAL.**

- 3.2.E. DAMAGE TO CLADDING NOT CAUSED BY THE RISK COVERED HEREUNDER.**
- 3.2.F. LOSS OR DAMAGE THAT IS A DIRECT CONSEQUENCE OF PROLONGED OR CONTINUOUS OPERATION, OR GRADUAL DETERIORATION DUE TO LOCAL WEATHER AND ENVIRONMENTAL CONDITIONS, SUCH AS WEAR, EROSION, CORROSION, RUSTING, SCALING, SEDIMENTATION, CRACKING AND CAVITATION.**
- 3.2.G. ANY DAMAGE CAUSED BY THE EFFECT OF TOXIC MOSS.**
- 3.2.H. CHANGES IN STRUCTURE OR DESIGN, EXTENSIONS, REDUCTIONS AND CHANGES IN AUXILIARY OPERATING EQUIPMENT, OR USE OF A FUEL OTHER THAN THAT ESTABLISHED IN THE SPECIFICATION OF THIS SECTION, UNLESS THE INSURED PROVIDES THE COMPANY 10 (TEN) WRITTEN DAYS NOTICE TO SUCH EFFECT AND THE COMPANY PROVIDES ITS WRITTEN CONSENT.**
- 3.2.I. EQUIPMENT REPAIRED TEMPORARILY, UNLESS THE REPAIRS ARE PART OF THE PERMANENT REPAIR.**
- 3.2.J. IF THE EQUIPMENT IS CONTINUALLY SUBJECTED TO A PRESSURE THAT IS HIGHER THAN THAT AUTHORIZED, OR SUBJECTED TO ANY TYPE OF TEST THAT IS NOT IN ACCORDANCE WITH ITS NORMAL OPERATION.**
- 3.2.K. COLLAPSE OF CHIMNEYS THAT ARE NOT DIRECTLY SUPPORTED BY THE BOILERS' STRUCTURE.**
- 3.2.L. ELECTRO-MECHANICAL FAILURE OF THE EQUIPMENT INSURED THAT IS DAMAGED BY ITS OWN OPERATION OR BY OUTSIDE INFLUENCES.**
- 3.2.M. DAMAGE CAUSED BY VIBRATION OR NATURAL GROUND MOVEMENT, SUCH AS SUBSIDENCE, DISPLACEMENT AND NORMAL GRADUAL SETTLING.**
- 3.2.N. DAMAGE CAUSED BY FILTRATION OF WATER, SUBTERRANEAN OR NOT, THAT CAUSES DAMP.**
- 3.2.O. DAMAGE CAUSED BY INTERRUPTION OR FAILURE OF THE PUBLIC GAS AND WATER SUPPLY.**
- 3.2.P. ANY EXPENSE INCURRED FOR MAINTENANCE CARRIED OUT BY THIRD PARTIES UNDER A MAINTENANCE CONTRACT, THE LATTER BEING UNDERSTOOD AS A CONTRACT UNDER WHICH A THIRD PARTY IS REQUIRED TO CARRY OUT CHECKS FROM TIME TO TIME AND REPLACE WORN OR FAULTY PARTS. PREVENTIVE MAINTENANCE EXPENSES INCURRED BY THE INSURED SHALL ALSO NOT BE COVERED.**

- 3.2.Q. ANY EXPENSE INCURRED FOR CORRECTING OPERATING FAULTS OR THE CAPACITY OF THE INSURED ITEMS, UNLESS SAID FAULT IS CAUSED BY LOSS OF OR DAMAGE TO THE INSURED ITEMS CAUSED BY A RISK COVERED.**
- 3.2.R. LOSS RESULTING DIRECTLY OR INDIRECTLY FROM:**
- 3.2.R.1. STOPPAGE OR INTERRUPTION OF BUSINESS OR MANUFACTURING PROCESSES.**
  - 3.2.R.2. LACK OF POWER, ELECTRICITY, HEAT, STEAM OR REFRIGERATION.**
  - 3.2.R.3. CLAIMS FOR LOSS OR DAMAGE CAUSED TO THIRD PARTIES.**
  - 3.2.R.4. ANY OTHER INDIRECT CONSEQUENCE OF THE RISK COVERED.**
  - 3.2.R.5. THE LEGAL OR CONTRACTUAL LIABILITY OF THE MANUFACTURER OR VENDOR OF THE ITEMS INSURED.**
  - 3.2.R.6. EXPENSES INCURRED BY THE INSURED IN ADDITION TO EXTRAORDINARY EXPENSES, AS A CONSEQUENCE OF A RISK COVERED UNDER THE POLICY, FOR EXTRAORDINARY BONUSES OR BENEFITS PAID TO EMPLOYEES OR WORKERS, OR FEES PAID TO TECHNICIANS WHOSE SERVICES HAVE NOT BEEN AUTHORIZED BY THE COMPANY.**
  - 3.2.R.7. LEAKAGE OF OR DAMAGE TO CONTENT, UNLESS ADDITIONAL COVERAGE 4.2 (“CONTENT”) MENTIONED IN CLAUSE 4 (“ADDITIONAL COVERAGE”) IS INCLUDED.**
- 3.2.S. DAMAGE TO OTHER ASSETS OF THE INSURED OR OF THIRD PARTIES CAUSED BY THE SPILLAGE OR LEAKAGE OF THE CONTENT OF BOILERS OR VESSELS.**
- 3.2.T. FIRES, EXTINGUISHING OF FIRES, REMOVAL OR COLLAPSE OF RUBBLE AFTER A FIRE; DIRECT LIGHTNING STRIKES.**
- 3.2.U. ACTS OF WAR, DECLARED OR NOT, HOSTILITIES, INVASION OF ENEMY TERRITORY, CIVIL WAR, REVOLUTION, REBELLION, INSURRECTION, SUSPENSION OF GUARANTEES, CONSPIRACY, CIVIL COMMOTION, RIOTS, COUPS D’ÉTAT AND USURPATION OF POWER.**
- 3.2.V. DECOMMISSIONING, FORECLOSURE, DETENTION, EXPROPRIATION, SEIZURE OR DESTRUCTION OF THE INSURED ITEMS ORDERED BY ANY LEGALLY RECOGNIZED AUTHORITY IN EXERCISING ITS ATTRIBUTES.**
- 3.2.W. ANY FRAUDULENT ACT OR FAULT ON THE PART OF THE INSURED, ITS ADMINISTRATORS OR ANY OTHER PERSON IN COMPANY MANAGEMENT, OR THE TECHNICAL DIRECTOR, ACTING IN THE NAME OF THE INSURED.**

**3.2.X. TERRORISM AND/OR**

**3.2.X.1. MEASURES TAKEN TO IMPEDE, PREVENT, CONTROL OR REDUCE THE CONSEQUENCES OF ANY ACT OF TERRORISM AND/OR**

**3.2.X.2. ANY CONSEQUENTIAL DAMAGE RESULTING FROM AN ACT OF TERRORISM.**

**3.2.Y. STRIKES, POPULAR UPRISINGS, RIOTS AND CIVIL COMMOTIONS.**

**3.2.Z. LOSS OR DAMAGE DIRECTLY OR INDIRECTLY CAUSED BY OR RESULTING FROM NATURAL PHENOMENA, SUCH AS EARTHQUAKES, EARTH TREMORS, VOLCANIC ERUPTION, HURRICANES, CYCLONES, STORMS, WIND, HAIL, FREEZING, FLOODING, OVERFLOWS AND RISING OF WATER LEVEL, MUD SLIDES, SUBSIDENCE, EARTH MOVEMENT OR ROCK SLIDES.**

**3.2.AA. ALL TYPES OF THEFT.**

**CLAUSE 4. ADDITIONAL COVERAGE**

Subject to payment of the relevant premium, the Policy may be extended to cover the following risks, which shall be established in the Specification of the Policy:

**4.1. Extraordinary Expenses.**

The insurance covers expenses incurred for overtime, namely, extraordinary wages and expenses for the transport of parts and spare parts required to speed up the permanent repair of the insured items, in accordance with the basic and additional coverage, except for the additional coverage for "Content", that are damaged as a consequence of any of the risks covered under this Section, without in any event exceeding 15% of the value of the material damage to each boiler or pressure vessel, nor 10% of the Insured Sum of the boiler or pressure vessel being repaired.

**4.2. Contents.**

The insurance covers the leakage of or damage to the liquids or substances in any part of the insured items that occurs as a consequence of any risk that may be claimed for under this Section.

For this coverage, the Insured shall contribute the co-insurance, to be applied to the amount claimed, and a deductible, to be applied to the Insured Sum, both of which are detailed in the Specification of the Policy.

**4.2.A. EXCLUSION FOR CONTENT:**

**DAMAGE TO CONTENT IS EXCLUDED, AS IS MATERIAL LOSS OR DAMAGE CAUSED BY LEAKAGE OR BY:**

**4.2.A.1. INCORRECT OPERATION OF THE EQUIPMENT, VALVES AND CONNECTIONS.**

**4.2.A.2. OPENING OVER-PRESSURE SAFETY DEVICES.**

**4.2.A.3. FAULTY JOINTS, SEALS, PRESS-CAULKING, CONNECTIONS OR VALVES, BURSTING DISCS, RUPTURING DIAPHRAGMS AND PLUG FUSES.**

**4.2.A.4. FISSURES OR CRACKS IN BOILERS, VESSELS OR PIPES, UNLESS INCLUDED IN CLAUSE 2 (“RISKS COVERED”) IN POINT 2.1.D. AND 2.2.C. OF THE SPECIFIC CONDITIONS.**

#### **4.3. Pipes**

The insurance covers pipes against the risk of sudden and violent rupture or decomposition caused by the pressure of steam, air gas or liquid contained therein.

### **CLAUSE 5. OBLIGATIONS OF THE INSURED**

Coverage under this Section shall be subject to the Insured meeting the following requirements:

- 5.1.** To keep the items insured in good operating condition.
- 5.2.** To not habitually or intentionally overload the equipment insured or use it for work for which it is not designed.
- 5.3.** To meet applicable technical and administrative requirements and the manufacturer’s installation, operating and maintenance instructions for the equipment.

**IF THE INSURED FAILS TO MEET THESE CONDITIONS, THE COMPANY SHALL BE RELEASED FROM ALL LIABILITY, PROVIDED THAT ANY BREACH ON THE PART OF THE INSURED HAS HAD A DIRECT EFFECT ON THE INCIDENT.**

### **CLAUSE 6. INITIAL LOCATION AND INSTALLATION**

The boilers, pressure vessels and pipes described in the Specification attached hereto, whether in operation or not, or that have been disassembled, repaired and reassembled, shall be covered exclusively after being installed and successfully passing all initial operating tests, and while they are on the premises mentioned in the Specification.

### **CLAUSE 7. SUM INSURED**

#### **7.1. Insured Sum.**

The Insured Sum that the Insured shall establish for the validity period of the Policy must be equivalent to the replacement value of each piece of equipment insured. At the written request of the Insured, the Company may adjust the Insured Sum by charging the relevant additional premium.

If the Insured Sum is not equivalent to the replacement value of the items insured, Clause 4 of the General Conditions of the Policy (“Claimable Proportion”) shall apply.

## 7.2. Insured Sum for content

The Insured Sum that the Insured shall establish for the validity period of the Policy for the content of each vessel or boiler must be equivalent to the replacement value of the substances or liquids therein, including the manufacturing cost for the process for which the equipment is used.

If the Insured Sum is not equivalent to the replacement value of the items insured, Clause 4 of the General Conditions of the Policy ("Claimable Proportion") shall apply.

## CLAUSE 8. INSPECTION OF DAMAGE

When the Company is immediately advised of the incident, it may optionally authorize the Insured in writing to make any repairs necessary to leave the equipment in the same condition in which it was before the incident occurred.

In any case, the Company reserves the right to appoint a representative, who will inspect the damage, however, the Insured may take all measures that are absolutely necessary to keep its business running, provided that these measures do not alter the nature of the incident before the inspection is made, without detriment to the provisions of Clause 5 of the General Conditions of the Policy ("Procedure in the Event of an Incident").

If the inspection is not conducted within 7 (seven) days as from when the incident is notified, the Insured shall be authorized to make any necessary repairs or alterations.

## CLAUSE 9. PARTIAL LOSS.

### 9.1. Claimable Expenses:

In the event of partial loss, in other words, those cases in which damage caused to the insured items may be repaired, the claim must include all expenses incurred for leaving the insured items in normal operating condition, similar to that in which they were before the event occurred.

These expenses include:

#### 9.1.A. Boilers, pressure vessels and pipes:

##### 9.1.A.1. Cost of repair:

**9.1.A.1.a).** If a claim is accepted, it shall be paid against the invoice that the Insured submits, and the invoice shall include construction, disassembly, reassembly, ordinary freight and customs charges, if any. Nevertheless, **THE COMPANY SHALL NOT BE LIABLE FOR ANY DAMAGE CAUSED TO THE INSURED ITEMS TO BE REPAIRED WHILE THEY ARE BEING TRANSPORTED**, and it shall only cover the premium for the insurance that the Insured must take out to cover the damaged items while being transported from the workshop at which they are repaired to the premises of the Insured.

**9.1.A.1.b).** Extraordinary express courier charges, overtime, work carried out on Sundays and public holidays and extra charges or air transport shall only be paid when specifically insured by coverage for extraordinary expenses.

- 9.1.A.1.c). For partial loss, there shall be no reduction whatsoever for depreciation of spare parts, although the value of any recovery shall be taken into account in order to set the amount of compensation.
- 9.1.A.1.d). The Company may repair or replace the items insured, or pay them in cash.
- 9.1.A.1.e). When any repair or part thereof is made in the workshop of the Insured, expenses shall include the cost of materials and labor required for the repair, plus any necessary administrative costs.
- 9.1.A.1.f). The Company shall only pay compensation for damage when it receives invoices and documents that prove that the repair or replacement has been made.
- 9.1.A.1.g). If the cost of repair is the same as or greater than the current value of the insured items immediately before the damage was caused, then an adjustment shall be made in accordance with Clause 10 ("Total Loss").

**9.1.A.2. Expenses to be paid by the Insured:**

- 9.1.A.2.a). The Insured shall pay the cost of any temporary repairs, unless they are part of permanent repair costs, or if the Company has authorized them in writing.
- 9.1.A.2.b). The Insured shall pay all costs for reconditioning, alterations and improvements not needed for repair of the damage.
- 9.1.A.2.c). If the Insured temporarily repairs any of the insured items after they have been damaged and they continue functioning, **UNDER NO CIRCUMSTANCES SHALL THE COMPANY BE LIABLE FOR ANY DAMAGE THAT THEY MAY SUFFER SUBSEQUENTLY, UNTIL THE PERMANENT REPAIR IS MADE.**
- 9.1.A.2.d). **THE LIABILITY OF THE COMPANY SHALL CEASE IF ANY PERMANENT REPAIR OF THE INSURED ITEMS MADE BY THE INSURED IS NOT TO THE SATISFACTION OF THE COMPANY.**

The deductible established in the Specification of the Policy shall apply for all compensation for partial loss.

**9.1.B. Content**

Claims must include the replacement value immediately before the incident of the substances or liquids lost or damaged, plus any manufacturing costs.

Expenses incurred for reducing the loss may also be included, provided that they do not exceed the reduction in loss thereby obtained.

For each claim that the Company pays for loss of or damage to content, it shall apply the contribution of the Insured, as stipulated in the Specification of the Policy.

The **amount of each claim** shall be calculated as follows:

- 9.1.B.1.** Any loss or damage the value of which is less than the amount of the deductible established shall be to the account of the Insured.
- 9.1.B.2.** If the value of the loss or damage is greater than the amount of the deductible, the claim shall be calculated as follows:
  - 9.1.B.2.a).** The co-insurance shall be applied to the value of the loss suffered by the Insured.
  - 9.1.B.2.b).** If applicable, Clause 4 of the General Conditions (“Claimable Proportion”) shall be applied to the figure arrived at.
  - 9.1.B.2.c).** Finally, the deductible established in the Specification of the Policy, shall be discounted from the figure arrived at thereby, taking the Insured Sum at 75%.

## **CLAUSE 10. TOTAL LOSS**

- 10.1.** In the event of total loss or destruction of the items insured, the liability of the Company shall not exceed their **actual value**, less the recovery value, if any, without exceeding the Insured Sum.
- 10.2.** If the parties agree, the Company may retain the effects recovered, provided that it pays the Insured their actual value, in accordance with an expert valuation.
- 10.3.** When the repair cost of damaged items insured is the same as or greater than their actual value, the loss shall be considered as total.
- 10.4.** After compensation has been paid for total loss, insurance of the damaged items shall cease. All details of the items that replace them must be provided, so that they may be incorporated into the Policy as an endorsement, with the relevant premium being charged accordingly.
- 10.5.** In the event of the total loss of the items insured, compensation shall be paid at the Actual Value if the Insured decides not to replace the damaged or lost items.
- 10.6.** If additional coverage for “Content” is included, the contribution of the Insured shall be applied in accordance with point 9.1.B of Clause 9 of the Specification of the Policy (“Partial Loss”).

## **CLAUSE 11. PARTICIPATION OF THE INSURED**

The Insured shall always pay the deductible established in the Specification of the Policy for each claimable incident. The deductible shall be applicable to each type of coverage and to each piece of equipment damaged, whether insured by basic or additional coverage.

If the provisions of Clause 4 of the General Conditions of the Policy (“Claimable Proportion) are applicable, the Insured shall only pay part of the deductible, in the same proportion that the Company covers the damage caused.

When an incident is caused by a risk covered by express agreement and when the relevant endorsement establishes another deductible, the latter shall apply.

## CLAUSE 12. COMPENSATION

The amount of any loss claimable hereunder shall be set based on the value of the insured interest at the time of the incident, in accordance with Clause 9 ("Partial Loss"), Clause 10 ("Total Loss") and Clause 4 ("Claimable Proportion") of the General Conditions of the Policy.

The maximum liability of the Company for one or more incidents that occur during the validity period of the Policy shall not exceed in total the Insured Sum for the items damaged when the incident occurs, less the respective deductible.

With regard to content, the contribution of the Insured in the value of the claim, as established in the Specification of the Policy, should be also taken into account.

## CLAUSE 13. DEFINITIONS

**The definition of the following terms shall apply throughout this Section:**

- 13.1. Boilers and pressure vessels with vent:** A sealed vessel in which water or another liquid is heated or is converted to steam by the heat generated by any fuel or by electricity. This section covers any auxiliary equipment of the boilers or vessels insured that is incorporated into their structure, including gas pipes that lead to the chimney, and is extended to the supply pipes that run between supply pumps, injectors, boilers and vessels, and to all boiler steam discharge pipes, up to and including the nearest valve.
- 13.2. Cavitation.-** The formation of holes or cavities filled with steam or gas in the hollow of a liquid in motion, when the pressure at a certain point of the liquid is lower than the steam tension, causing damage to metal.
- 13.3. Auxiliary equipment.-** Fuel burners, grates, economizers, air pre-heaters, control panels and equipment and injectors incorporated into the structure of boilers and vessels with vent. This also includes fuel heaters and forced-draught fans of smoke tube boilers that are incorporated into the body or structure of the boiler.
- 13.4. Physical explosion.-** The physical explosion of a receptacle filled with gas, steam and/or liquid is understood to take place as a consequence of the tendency of the gas and steam therein to expand. The receptacle shall break when the escape of gas or leak of liquid causes a sudden balance (*sic*) between the internal and external pressure of the receptacle. An explosion caused or accompanied by chemical reactions shall not be considered as a physical explosion.
- 13.5. Extra expenses.-** The total expenses in which the Insured incurs to keep its business running, less the total expenses in which it would normally incur for running its business during the same period, if the incident had not occurred.

In all cases, extra expenses include those incurred for obtaining the use of the assets and premises of other companies, or other emergency expenses.

- 13.6. Pressure vessel without vent.** A sealed vessel in which water or another liquid is heated or converted to steam that usually works under pressure or in a vacuum, but that is not heated directly by flame or by combustion gases; intake and outlet pipes, seals, valves and their attachments are not included.

- 13.7. Pipes.-** The network of metal pipes of any diameter through which a liquid under pressure is transported between the boiler or pressure vessel and the equipment that uses said liquid, including connections, supports and valves, although not including lagging. Steam pipe networks shall be considered as an integral part of the steam trap or separator network.

In no event shall equipment and or apparatus that use liquid be considered as part of the network, these including tanks, radiators and other equipment, even though the aforementioned apparatus has coil tubes through which the liquid flows. These apparatus may be insured as a separate item.

## **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 Particular 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**

Competence to claim against the Insurance Company shall be determined, upon election of the claimant in the domicile of the Special Unit of Attention and Consults and Claims, as referred to in the Article 50 Bis of the Law for Protection and Defense of the Financial Service User at any of its Delegations.

In case of controversy, it will be a prerogative of the claimant to attend to the National Commission for Protection and Defense of the Financial Service User, at the central office or delegations or directly to the competent Tribunals, according to the stated in Article 136 of the General Law of Insurance Institutions and Mutual Societies.

## **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. Territorial Limit can be extended upon coverage of damages occurred in foreign countries and where applicable only, according to Particular Conditions of Section IV.

## **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. ERRORS AND OMISSIONS**

Subject to the general conditions of the policy, it is understood that whichever accidental error or omission in the description of the insured property will not prejudice the interest of the Insured, and it is intended that this document will give protection all the time without exceeding the limits established in the policy, and without considering any additional cover or location. For the same whichever error or omission discovered it will be corrected, and once accepted the premium will be adjusted subject to the tariff registered by the Comisión Nacional de Seguros y Fianzas.

## **CLAUSE 24. 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”