

Clause regarding compensation by the Insurance Compensation Consortium for losses derived from extraordinary events occurring in Spain in connection with insurance for damage to property and civil liability for land vehicles

In accordance with the provisions of the revised text of the Legal Statute of the Spanish Insurance Compensation Consortium, approved by Royal Legislative Decree 7/2004, of 29 October, the policyholder of an insurance contract, of the type which is obliged to include a surcharge in favour of the aforementioned public business institution, is entitled to arrange coverage of extraordinary risks with any insurance entity which meets the conditions required by prevailing legislation.

Compensation related to incidents caused by extraordinary events occurring in Spain, and which affect the risks located there, will be paid by the Insurance Compensation Consortium, if the policyholder has paid the corresponding surcharges in its favour and one of the following situations applies:

- a) That the extraordinary risk covered by the Insurance Compensation Consortium is not covered by the insurance policy contracted with the insuring institution.
- b) When even though they are covered by this insurance policy, the obligations of the insurance company could not be fulfilled due to having been judicially declared bankrupt or being subject to a supervised liquidation procedure or having been assumed by the Insurance Compensation Consortium.

The Insurance Compensation Consortium will adjust its activity to that in the mentioned Legal Statute, in Law 50/1980 of 8 October on insurance contracts, in the Regulations of extraordinary risk insurance, approved by Royal Decree 300/2004 of 20 February, and supplementary provisions.

Summary of the legal standards

1. Extraordinary events covered

- a) The following nature phenomena: earthquakes and tsunamis, flash floods, including marine flooding, volcanic eruptions, atypical cyclonic storms (including strong winds with gusts higher than 120 km/h, and tornados) and falling of astral bodies and meteorites.
- b) Violent events resulting from terrorism, revolts, sedition, riots and civil disturbances.
- c) Facts or actions by the Armed Forces or the Law Enforcement Agencies in times of peace.

Atmospheric and seismic phenomena, volcanic eruptions and the fall of astral bodies will be certified, at the request of the Consorcio de Compensación de Seguros, through reports issued by AEMET (the State Meteorological Agency), the Instituto Geográfico Nacional and other public bodies with authority in the field. In the cases of events of a political or social nature, as well as in the event of damage caused due to situations or actions by the Armed Forces or the Law Enforcement Agencies in times of peace, the Insurance Compensation Consortium will be able to obtain information on the occurrences from the competent jurisdictional and administrative bodies.

2. Excluded risks

- a) Those which do not give rise to compensation under the Insurance Contract Act.
- b) Those caused to insured property under an insurance contract other than one with a compulsory surcharge in favour of the Insurance Compensation Consortium.
- c) Those due to an impairment or defect of the thing insured, or to a clear lack of maintenance.
- d) Those caused by armed conflicts, although there has been no official declaration of war.
- e) Those caused by nuclear energy, without prejudice to the provisions of Act 12/2011, of 27 May, regarding civil responsibility for nuclear damage or damage caused by radioactive materials. Notwithstanding the above, all direct damage caused in an insured nuclear facility will be considered included, when it results from an unexpected event that affects the facility.
- f) Those due to the mere action of time, and in the case of goods fully or partially submerged in a permanent way, those attributed to the mere action of waves or ordinary currents.
- g) Those caused by natural phenomena other than those described in section 1.a) above and, in particular, those caused by an elevated groundwater level, slope movement, landslide or build-up of earth, rockfalls and similar phenomena, unless these phenomena were clearly caused by rainfall which, in turn, had led to extraordinary flooding in the area and which occurred at the same time as the flood.
- h) Those caused by tumultuous activities occurring during the course of meetings and demonstrations held in accordance with Organic Law 9/1983 of 15 July, regulating the right of assembly, or during the course of legally constituted strikes, unless the aforementioned activities could be categorised as extraordinary events of the type referred to in section 1.b) above.
- i) Those caused by the bad faith of the insured party.
- j) Those derived from accidents caused by natural phenomena that cause damage to property or pecuniary losses when the issue date of the policy or the date of it coming into effect, if it was subsequently, does not precede by seven calendar days when the accident took place, unless the impossibility of previously contracting the insurance for non-existence of insurable interest is shown. This waiting period will not be applied in the case of replacement or substitution of the policy, by the same or another company, without ongoing solution, except for the part that was the object of increase or new coverage. Nor will it be applied for the part of the insured capitals that result from automatic revaluation provided for in the policy.

- k) Those corresponding to accidents that occur before payment of the first premium or when, in accordance with the provisions of the Insurance Contract Act, coverage of the Insurance Compensation Consortium is suspended, or the insurance plan is discontinued owing to non-payment of premiums.
- l) Indirect risks or losses deriving from direct or indirect damages, different to the loss of profits specified as indemnifiable in the Regulations on insurance of extraordinary risks. In particular, this coverage does not include damages or losses suffered as a result of the cut or alteration in the external supply of electricity, fuel gases, fuel oil, gas oil, or other fluids, nor any other indirect damage or loss different from those cited in the previous paragraph, even when these alterations are derived from a cause included in the extraordinary risks coverage.
- m) Risks which, due to their magnitude and seriousness, are classified by the Government of the Nation as “national catastrophe or calamity”.

3. Excess

I. The excess payable by the insured party will be:

- a) In the case of direct damages, in the insurance against harm to things the excess payable by the insured will be seven percent of the amount of the damage to be compensated arising from the claim. Nonetheless, no deduction whatsoever shall be made by excess to damages that affect housing, home owners' communities, nor vehicles that are insured by a car insurance policy.
- b) In the case of diverse pecuniary losses, the excess payable by the insured will be the same as that established in the policy, in time and amount, for damages resulting from ordinary claims due to loss of profit. If various excesses for the cover of ordinary loss of profits accidents exist, those specified by the main cover shall be applicable.
- c) When in a policy a combined excess is established for damages and loss of profit, by the Insurance Compensation Consortium property damage will be liquidated with a deduction of the excess that corresponds to the implementation of section a), and the loss of profit produced with deduction of the excess established in the policy for the main coverage, reduced by the excess applied in the liquidation of the property damage.

4. Scope of the coverage

- 1. Coverage for extraordinary risks will apply to the same assets and the same sums insured as established in the insurance policies concerning ordinary risks.
- 2. Notwithstanding the above:
 - a) In the policies that cover damages to motor vehicles, the coverage of extraordinary risks under the Insurance Compensation Consortium will guarantee the full insurable interest even if the policy only covers it partially.
 - b) When vehicles only have a civil liability policy for automotive land vehicles, the extraordinary risks cover by the Insurance Compensation Consortium will guarantee the

value of the vehicle in the state in which it is found at the moment immediately prior to the occurrence of the accident, according to generally accepted purchase prices on the market.

Communicating damages to the Insurance Compensation Consortium

1. The request for compensation for damage, the coverage of which corresponds to the Insurance Compensation Consortium, will be made through communication to said consortium by the policyholder, the Insured or the beneficiary of the policy, or by whomever acts on behalf of the aforementioned, or by the insurance company or the insurance broker with whom the insurance was processed.
2. Communicating damages and obtaining any information pertaining to the procedure and the state of the claims procedure can be done:
 - By calling the Insurance Compensation Consortium Call Centre (900 222 665 or 952 367 042).
 - Via the website of the Insurance Compensation Consortium (www.conorseguros.es).
3. Damage valuation: the assessment of damages that are eligible for compensation in accordance with insurance legislation and the content of the policy will be made by the Insurance Compensation Consortium, without being bound by any valuations that, where applicable, were undertaken by the insurance company providing cover against ordinary risks.
4. Payment of the compensation: the Insurance Compensation Consortium will make the compensation payment to the insurance beneficiary via bank transfer.