

Clause on compensation paid by the Insurance Compensation Consortium for losses arising from extraordinary events in personal insurance

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 that meets the conditions required by prevailing legislation.

Compensation deriving from claims arising from extraordinary events occurring in Spain or abroad, when the insured party has his habitual residence in Spain, will be paid by the Insurance Compensation Consortium when the policyholder has paid the corresponding surcharges and any of the following situations applies:

- a) The extraordinary risk covered by the Insurance Compensation Consortium is not covered by the policy contracted with the insurer.
- b) Even though the risk is covered by this insurance policy, the obligations of the insurer could not be fulfilled because it has been declared bankrupt or is subject to receivership, is involved in a process of audited settlement or settlement assumed by the Insurance Compensation Consortium.

The Insurance Compensation Consortium will adjust its activity to the provisions in said Legal Statute, in the Insurance Contract Act 50/1980, of 8 October, in the Regulations on Insurance of Extraordinary Risks, approved by the Royal Decree 300/2004, of 20 February, and in the supplementary provisions.

Summary of the legal standards

1. Extraordinary events covered

- a) The following nature phenomena: earthquakes and seaquakes; extraordinary flooding, including giant waves; volcanic eruptions; atypical cyclones (including extraordinary winds with gusts of over 120km/h, and tornados); the fall 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 falling of sidereal bodies will be certified at the behest of the Insurance Compensation Consortium using reports issued by the Spanish State Meteorological Agency (AEMET), the Spanish National Geographic Institute and all other concerned public or social entities; in the event of damages caused by actions or

activities of the Armed Forces or Law Enforcement Bodies in time of peace, the Insurance Compensation Consortium will obtain information on the occurrences from the competent legal and administrative authorities.

2. Excluded risks

- a) Those which do not give rise to compensation under the Insurance Contract Act.
- b) Those suffered by people or property insured by an insurance contract different to those in which the surcharge for the Insurance Compensation Consortium is compulsory.
- c) Those caused by armed conflicts, although there has been no official declaration of war.
- d) Those arising from nuclear power, without prejudice to the provisions of Law 12/2011, of 27 May, on legal liability for nuclear damages or damages caused by radioactive materials.
- e) 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.
- f) Those caused by disturbances occurring during meetings or demonstrations carried out in accordance with the Organic Law 9/1986, of 15 July, regulating the right to assembly, as well as those occurring during legal strikes, unless the aforementioned activities could be considered extraordinary events as described in section 1.b) above.
- g) Those caused by the bad faith of the insured person.
- h) Those corresponding to incidents occurring before payment of the first premium or when, in accordance with the provisions of the Law on insurance contracts, cover by the Insurance Compensation Consortium is suspended or the insurance policy has been canceled for non-payment of premiums.
- i) Incidents that, due to their magnitude and seriousness, are qualified by the National Government as a "national catastrophe or calamity".

3. Scope of the coverage

- 1. Cover for extraordinary risks will apply to the same people and involve the same sums insured as has been established in the policy for the purposes of ordinary risks.
- 2. In life insurance policies which, in accordance with the provisions of the contract and with the regulations concerning private insurance, generate a mathematical provision, the Consortium's cover will refer to the capital at risk for each insured party; that is, the difference between the sum insured and the mathematical provision which the insurance institution issuing it must have established. The sum corresponding to this mathematical reserve will be payable by the aforementioned insurance company.

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 22 665 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 common risks.
4. Payment of the compensation: the Insurance Compensation Consortium will make the compensation payment to the insurance beneficiary via bank transfer.