

Clause on compensation paid by the Insurance Compensation Consortium for loss arising from extraordinary events in relation to insurance with blended cover for personal injury and property damage, and liability for land-based motor vehicles

In accordance with the amended text of the Legal Statute of the Insurance Compensation Consortium, approved by Royal Legislative Decree 7/2004, of 29 October, the Policyholder of an insurance contract that obligatorily pays a surcharge to the aforementioned public entity is able to agree the coverage of the extraordinary risks with any insurer that includes conditions required by current legislation.

Compensation for accidents arising from extraordinary events occurring in Spain and affected risks within the country and, in the case of damages to persons, also occurring aboard when the regular residence of the person insured is in Spain, will be paid by the Insurance Compensation Consortium when the Policyholder has satisfied the corresponding surcharges and any of the following situations apply:

- a) That the extraordinary risk covered by the Insurance Compensation Consortium is not covered by the insurance policy contracted with the insurer.
- b) That, even being covered by this insurance policy, the obligations of the insurer may not be satisfied having been declared legally bankrupt or being subject to a forced 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 LEGAL RULES

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 derived from nuclear power, notwithstanding the foregoing Law 12/2011, of 27 May, on civil liability due to nuclear damages or arising from 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 produced by natural phenomena different to those highlighted in section 1.a), and in particular, those produced by rising groundwater levels, slope movement, landslide or ground settlement, rock fall and similar phenomenon, unless these were clearly caused by the action of rainwater that, in turn, would have caused a situation of extraordinary flooding in the area and occurred simultaneously to this 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 occurring before the first payment or when, in accordance with the Insurance Contract Act, the coverage of the Insurance Compensation Consortium has been suspended or the insurance is extinguished due to lack of premiums paid.
- l) In the case of damages to goods, indirect or losses derived from direct or indirect damages, different from pecuniary losses defined as indemnifiable in the Extraordinary Insurance Risks Regulations. 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”.
- n) In the case of civil liability in motor vehicles, personal injury deriving from this coverage.

3. Excess

I. The excess payable by the insured person 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.

II. In personal insurance the excess deduction will not be applied.

4. Scope of the coverage

- 1. The coverage of extraordinary risks will apply to the same goods or persons, as well as the same sums insured as has been established in the policy for the purpose of ordinary risks.
- 2. Notwithstanding the above:
 - a) In the policies covering damage to motor vehicles, the cover of extraordinary risks by the Insurance Compensation Consortium will cover all insurable interests even if the policy does so only 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.
 - c) In the life insurance policies that, in accordance with the contract, and in compliance with private insurance regulations, generate a mathematical reserve, coverage from the Insurance Compensation Consortium will refer to the capital at risk for each insured person, that is, the difference between the insured sum and the mathematical reserve that the insurance company which issued it must have duly constituted. The amount

corresponding to the aforementioned mathematical reserve will be satisfied by said insurance company.

COMMUNICATING DAMAGES TO THE INSURANCE COMPENSATION CONSORTIUM

1. A claim for damages whose coverage corresponds to the Insurance Compensation Consortium, will be communicated to the Consortium by the insurance policyholder, the insured person or the beneficiary of the policy, or by the person acting on behalf and in the name of the aforementioned, or by the insurance company or the insurance broker with whom the insurance will be 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 Insurance Compensation Consortium website (www.conorseguros.es)
3. Damage valuation: The assessment of damage that can be compensated in accordance with insurance legislation and the content of the policy shall be carried out by the Consorcio de Compensación de Seguros, which will not be bound by any assessment that may have been made by the insurance company providing cover against ordinary risks.
4. Payment of the compensation: The Insurance Compensation Consortium will pay indemnity to the beneficiary of the insurance by bank transfer.