

**Clause for compensation
by the Consorcio de Compensación de Seguros
[Insurance Compensation Consortium]
for losses deriving from extraordinary events occurring
in Spain in property damage
and civil liability insurance for motor vehicles.**

In accordance with what is set out in the revised text of the Legal Statute of the Consorcio de Compensación de Seguros, approved by Royal Legislative Decree 7/2004, of 29 October, policyholders with the type of insurance contract which must incorporate a surcharge payable to the aforementioned public business entity have the right to arrange coverage for extraordinary risks with any insurance provider satisfying the conditions required by the legislation in force.

The Consorcio de Compensación de Seguros will pay out compensation resulting from incidents brought about by extraordinary events occurring in Spain and which affect risks located therein, once policyholders have settled the corresponding surcharges due to the Consorcio de Compensación de Seguros and when any of the following situations occur:

- a) The extraordinary risk covered by the Consorcio de Compensación de Seguros is not included in the insurance policy taken out with the insurance provider.
- b) Although policyholders are covered by the insurance policy in question, the obligations of the insurance provider could not be fulfilled as it has been declared legally bankrupt, or because it is subject to liquidation proceedings overseen or performed by the Consortium of Insurance Compensation.

The Consorcio de Compensación de Seguros shall act in accordance with the provisions of the aforementioned Legal Statute; Law 50/1980, of 8 October, on Insurance Contracts; the Regulation on the Insurance of Extraordinary Risks, approved by Royal Decree 300/2004, of 20 February; and supplementary provisions.

Summary of Legal Standards

1. Extraordinary events covered.

- a) The following natural phenomena: Earthquakes and tsunamis; extraordinary floods, including those caused by sea storms; volcanic eruptions; atypical cyclones (including extraordinary winds with gusts above 120 km/h and tornadoes); and falling space debris and meteorites.
- b) Events caused through violence as a result of terrorism, rebellion, sedition, rioting and civil unrest.
- c) Acts carried out by the armed forces or by law enforcement agencies during peacetime.

At the behest of the Consorcio de Compensación de Seguros, atmospheric and seismic phenomena, volcanic eruptions and falling space debris shall be certified via reports issued by the Spanish State Meteorological Agency (AEMET), Spain's National Geographic Institute and other public bodies competent in this subject-area. In cases of events of a political or social nature, as well as in the event of damage caused by acts of the armed forces or law enforcement agencies during peacetime, the Consorcio de

Compensación de Seguros will be able to request information from the competent legal and administrative bodies with regard to the events.

2. Excluded risks.

a) Risks that do not give rise to compensation under the Insurance Contract Law.

b) Risks arising on property covered by an insurance contract other than those in which there is an obligatory surcharge payable to the Consorcio de Compensación de Seguros.

c) Risks due to a fault or defect inherent to the insured item, or to its clear lack of maintenance.

d) Risks brought about by armed conflict, even if such conflict has not been preceded by an official declaration of war.

e) Risks arising from nuclear energy, without prejudice to the provisions of Law 12/2011, of 27 May, on civil liability for nuclear damage or damage caused by radioactive materials. Notwithstanding the above, all direct damage caused at an insured nuclear installation will be understood as being included when it is the result of an extraordinary event affecting the installation itself.

f) Risks due to mere wear and tear, and in the case of goods that are totally or partially submerged in a permanent manner, risks attributable to the mere action of waves or ordinary currents.

g) Risks brought about by natural phenomena other than those stated in section 1.a), above, and, in particular, those caused by a rise in the water table, slope movement, landslides or settlement of land, rock falls and similar phenomena, unless these were clearly caused by the action of rainwater which, in turn, caused a situation of extraordinary flooding in the area that occurred at the same time as the flooding in question.

h) Risks caused by actions of unrest occurring during meetings and demonstrations held in accordance with the provisions of Organic Law 9/1983, of 15 July, governing the right of assembly, as well as during legal strikes, unless the aforementioned actions fall into the category of extraordinary events stated in section 1.b), above.

i) Risks caused by bad faith on the part of the insured party.

j) Risks arising from incidents brought about by natural catastrophic phenomena causing damage to property or pecuniary losses where the date of issue of the policy or its coming into effect, if later, is less than seven calendar days before the date on which the incident occurred, unless it is demonstrated that the insurance could not have been contracted before as there was no insurable interest. This qualifying period shall not apply in the event of replacement or substitution of the policy, with the same or another insurance provider, without interruption, except for any part that was the object of an increase or new coverage. Neither shall it apply to any part of the insured capital resulting from the automatic revaluation foreseen in the policy.

k) Risks corresponding to incidents occurring before the payment of the first premium or when, in accordance with the provisions of the Insurance Contract Law, the coverage of the Consorcio de Compensación de Seguros is suspended or the insurance is terminated due to non-payment of premiums.

l) Indirect risks or losses arising from direct or indirect damage, other than pecuniary losses defined as compensable under the Extraordinary Risks Insurance Regulation. In particular, this coverage does not

include any damage or losses suffered as a consequence of an outage of or change in the external supply of electricity, combustible gases, fuel oil, diesel or other fluids, nor does it include any other indirect damage or losses other than those mentioned in the previous section, even where such changes arise from a cause included in the coverage for extraordinary risks.

m) Incidents which, due to their magnitude and severity, are termed "national disasters or national emergencies" by the national government.

3. Excess.

The insured party will pay the excess:

a) In the event of direct damage, with respect to insurance policies against property damage, the excess payable by the insured person will be seven per cent of the amount of the compensable damage caused by the incident. However, there will be no excess deduction made for damage affecting housing, homeowners' associations or vehicles insured under a motor insurance policy.

b) In the event of multiple pecuniary losses, the excess payable by the insured person will be the same as that established in the policy, in time or amount, for damage resulting from loss of profit ordinary incidents. If there are multiple excesses for covering loss of profit ordinary incidents, the provisions of the main coverage shall apply.

c) When a policy establishes a combined excess for damage and loss of profits, the Consorcio de Compensación de Seguros shall settle the material damage deducting the corresponding excess by applying the provisions of section a), above, and shall settle the loss of profits caused deducting the excess set out in the policy for the main coverage, reduced by the excess applied in the settlement of the material damage.

4. Extension of coverage.

1. The coverage of extraordinary risks shall cover the same goods and the same insured amounts set out in the insurance policies for the purposes of the coverage of ordinary risks.

2. Notwithstanding the foregoing:

a) In policies covering policyholder damage to motor vehicles, the coverage of extraordinary risks by the Consorcio de Compensación de Seguros will guarantee all of the insurable interest even if the ordinary policy only does so partially.

b) When vehicles solely have a civil liability policy for land motor vehicles, coverage of extraordinary risks by the Consorcio de Compensación de Seguros 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 incident, according to generally accepted purchase prices in the market.

Notification of damage to the Consorcio de Compensación de Seguros

1. The request for compensation of damages whose coverage corresponds to the Consorcio de Compensación de Seguros, will be made by means of a notification to the same by the policy holder, the insured person or the beneficiary of the policy, or by whoever acts on behalf of the aforementioned, or by the insurance provider or the insurance broker with whose intervention the insurance has been managed.

2. Reporting damage and obtaining any information relating to the procedure and processing status for incidents may be carried out:

- By calling the Consorcio de Compensación de Seguros Call Centre (on 900 222 665 or 952 367 042).
- Via the Consorcio de Compensación de Seguros website (www.conorseguros.es).

3. Damage valuation: The valuation of damage compensable in accordance with the insurance legislation and the content of the insurance policy will be carried out by the Consortium of Insurance Compensation. The latter will do so bound by the valuations which, where appropriate, would have been carried out by the insurance provider that covered the ordinary risks.

4. Compensation payment: The Consorcio de Compensación de Seguros will pay the compensation to the beneficiary of the insurance via bank transfer.