

Indemnity clause by the Insurance Compensation Consortium for losses derived from extraordinary events in the insurance of persons

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 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) 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 the provisions set out in the aforementioned Legal Statute, in the Insurance Contracts Act 50/1980 of 8 October, in the Regulations on insurance for extraordinary risks, approved by Royal Decree 300/2004 of 20 February, and in their 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 fall of astral bodies will be certified, at the request of the Insurance Compensation Consortium, through reports issued by AEMET (the Spanish State Meteorological Agency), the Instituto Geográfico Nacional (National Geographical Institute) 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 caused by armed conflicts, although there has been no official declaration of war.
- d) 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.
- e) Those caused by natural phenomena other than those indicated in article 1. a) above and, in particular, those caused by rising levels in the water table, soil movement on hillsides, landslides or ground subsidence, rock falls and similar phenomena, unless these are clearly caused by the action of rainwater that has, in turn, caused an extraordinary flood situation in the area and they have occurred at the same time as this flood.
- f) 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.
- g) Those caused by the bad faith of the insured party.
- 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 contacting the Insurance Compensation Consortium Call Centre (952 367 042 or 902 222 665)
- Via the Insurance Compensation Consortium website (www.conorseguros.es)

3. Damage valuation:

The valuation of damages that are compensable in accordance with insurance legislation and the content of the insurance policy can be done through the Insurance Compensation Consortium, without being bound by any valuation 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.