

BUILDERS RISK INSURANCE PACKAGE POLICY

TABLE OF CONTENTS

	Page
Definitions	2
General Conditions	5
Clause 1. Contract	3
Clause 2. Property Insured	3
Section I Physical Damage	3
Clause 3. Property Excluded which shall be covered by Express Agreement	3
Clause 4. Property Excluded	3
Clause 5. Perils Covered	3
Clause 6. Perils Excluded but which may be covered by Express Agreement	3
Section II Expenses	3
Section III Liability	3
Additional Coverages	4
Clause 7. Exclusions	5
Clause 8. Insured Sum	6
Clause 9. Compensable Values	6
Clause 10. Increase of Hazard	6
Clause 11. Partial or Total Loss	6
Clause 12. Proportional Rule	7
Clause 13. Deductible	7
Clause 14. Inspection of Damage	7
Clause 15. Indemnity in the Event of Loss	7
Clause 16. Repairs	7
Clause 17. Commencement and Termination of the Company's Liability	8
Clause 18. Decrease and Reinstatement of the Insured Sum	8
Clause 19. Other Insurance	8
Clause 20. Procedure in the Event of Loss	8
Clause 21. Measures that the Company may take in the Event of Loss	9
Clause 22. Arbitration	9
Clause 23. Deceit or Bad Faith	10
Clause 24. Subrogation of Rights	10
Clause 25. Place and Payment of Indemnity	10
Clause 26. Jurisdiction	10
Clause 27. Notifications	10
Clause 28. Premium	10
Clause 29. Reinstatement	10
Clause 30. Advance Cancellation of the Contract	11
Clause 31. Statute of Limitations	11
Clause 32. Inspections	11
Clause 33. Interest in Arrears	11
Additional Coverages	12
Earthquake and/or Volcanic Eruption Endorsement for the Builders Risk Insurance	12
Hail, Cyclone, Hurricane or Stormy winds Endorsement for Builders Risk Insurance	13
Endorsement of damages caused by water or mud, muddy, subsidence or sliding of the land or landslide or loosening of land or rocks as a consequence of rain, flood, overflowing and rising of water levels for the Builders Risk Insurance	13
Strikes, riots, civil commotion, vandalism and malicious mischief Endorsement for the Builders Risk Insurance	13
Manufacturer's Risk Endorsement for the Builders Risk Insurance	14
Endorsement for damage to provisional constructions and installations owned by the Insured for the Builders Risk Insurance	14
Cross (Mutual) Liability Endorsement for the Builders Risk Insurance	15
Overtime and Express Transportation Endorsement for the Builders Risk Insurance	15
Debris Removal Endorsement for Builders Risk Insurance	15

Subject to the General and Special Clauses, the latter having preference over the former, **Seguros Comercial América, S.A. de C.V.** shall insure in accordance with stipulations of the schedule which forms an integral part of this policy.

Article 25 of the Law of Insurance Contracts: "Should the wording of this policy or its modifications do not agree with the offer, the Insured may request the necessary rectification within the 30 days following receipt thereof. After expiry of this period, the wording of this policy or its modifications shall be considered as having been accepted".

DEFINITIONS

For the purposes of this policy, the following expressions shall mean:

Builders Risk

The works carried out in the erection of the planned construction work, subject matter of this insurance, including all the necessary materials and provisions, as well as the apparatus and equipment required for such work until its termination and which shall be an integral part thereof.

Installation of Machinery and Equipment

Any apparatus declared, which shall be installed in the premises mentioned in this policy, including all the necessary materials and installations.

Contractors' Equipment

As contractors' equipment it shall be understood, that used in the work of construction and which shall not form a part thereof.

Minor Equipment for Construction and/or Installation

Scaffolding, arch centerings, supports, reinforcements, manual electric tools, steam or electricity generators, electric motors, pumps, compressors and similar apparatus required for the erection of the Builders Risk and/or installation.

Temporary Constructions and Installations

The temporary constructions and installations for the Builders Risk and/or installation insured.

Removal of Debris

The necessary works after the occurrence of a loss to remove the destroyed or damaged property insured from the premises, in order to continue the construction of the work and/or installation, subject of this insurance.

Overtime

The amount of earned wages for overtime in the works carried out to return the property insured to the same conditions as before the loss.

Transportation by Express

The difference between the amount of the ordinary freight and the amount for contracting an urgent transportation for the damaged property, in order to repair it in a place different from that stipulated in the policy, and/or the amount required to replace such damaged property or an irreparable part thereof.

Liability

The indemnities which, according to the applicable liability law in force in the Republic of Mexico, the Insured shall pay for third party bodily injury due to unintentional acts or omissions about the works performed under the coverage of this policy during the term thereof, causing death or detriment of the health of such third parties, or loss or damage to the property thereof.

The expenses, costs or legal interests incurred for the defense of any suit against the Insured are also included.

The contractors and subcontractors performing any work of construction and/or installation within the premises described in this policy shall not be considered as "third parties" for the purposes of this insurance.

Replacement Value

For the purposes of this policy, replacement value shall be understood as the amount for the construction or acquisition of a new good of the same kind and capacity, including the cost of transportation, assembly and customs duties thereof.

Total Loss

When the repair cost of the damaged property be equal or greater than its actual value, this shall be considered as total loss.

Actual Value

Actual value shall be understood as the replacement value of a good, less the corresponding depreciation.

Deductible

Deductible shall be understood as the amount paid by the Insured in each loss or damage to the property insured, as a consequence of any covered peril.

Clause 1. Contract

The insurance application and this policy with all its endorsements are the testimony of the contract entered into by the Company and the Insured. Any person, term, obligation or right mentioned hereinafter shall be referred to stipulations in this insurance.

It is an essential condition, for the insurance provided, to contract coverage a) of Section I, Physical Damage.

Clause 2. Property Insured
Section I Physical Damage

a) This policy shall cover any kind of builders risk, including the materials used in the course of construction.

Clause 3. Property Excluded which shall be Covered by Express Agreement
(Section I Physical Damage)

With separated sums insured and the payment of the corresponding premium, this policy may be extended to cover:

- b) Installation of machinery and equipment forming an integral part of the Builders Risk.
- c) Construction equipment: auxiliary machinery and installations of any kind used in the site work of construction.
- d) Contractor's equipment specified in the schedule.
- e) Temporary constructions and installations.
- f) Damage to other property of the Insured (D.O.P.A.).

Clause 4. Property Excluded
This policy does not cover expressly:

- a) **Vessels and any other floating equipment, automotive vehicles authorized to travel in public roads, except if these are used in the premises only, airship of any kind, as well as property owned by the Insured's workers or employees.**
- b) **Plans, bills, securities, stamps, contracts, evidence of indebtedness, money, documents, bills receivable, shares of stock and liabilities.**

Clause 5. Perils Covered

Basic Coverage

This insurance covers Section I against the physical damage sustained by the insured property due to:

- Fire, explosion and direct impact of lightning.
- Falling of aircraft.
- Burglary and robbery.
- Damage by defective works, due to inexperience, negligence, malicious mischief and human failure.
- Cost to repair the works or goods as a consequence of damages due to defects in the material, design or labor.
- Other unforeseen accidents not expressly excluded in this policy.

Clause 6. Perils Excluded, but which may be Covered by Express Agreement

Section II Expenses

This policy may cover, by means of express agreement and the payment of the corresponding premium:

a) Extra Expense

The additional expense for shipments by express, overtime and works carried out on Sundays and holidays, according to the terms of the respective endorsement.

b) Expenses for Debris Removal

The expenses for disassembly, demolition, cleaning or transportation and any other similar activity, according to the terms of the respective endorsement.

Section III Liability

By means of express agreement and the payment of the corresponding premium, this policy may cover the liability perils mentioned in this Section III. It shall be understood that the Company shall indemnify the Insured, not exceeding the sum or sums insured, due to:

- A) The liability incurred by the Insured for bodily injury caused to third parties (therefore, damage to works carried out by him are excluded), derived from his activities of the work(s) mentioned on the policy face. Therefore, this Company binds himself to pay damages and consequential moral damage caused by the Insured to third parties and for which he may be liable, according to the liability law of the Republic of Mexico (or foreign law in case of the special conditions for the liability insurance due to damage in foreign countries be covered), due to unintentional acts or omissions during the policy term causing death or detriment in the health of such third parties, or damage or destruction to their property, according to Clauses and specifications of this insurance contract.

The Company's obligations include:

The payment for damage or consequential moral damage for which the Insured is liable.

2. The expenses for the Insured's defense, according to the conditions of this section. This coverage includes, among others, the following:
 - a) The payment for judicial bonds that the Insured must provide as guarantee of the amounts being claimed under liability as covered under this section. Therefore, the premiums for bonds to be granted as guarantee deposits in order the Insured may obtain his freedom on bail, release on bail or conditional freedom, during a penal action, shall not be included within the obligations assumed by the Company under this section.
 - b) The payment of legal expenses, costs or interests which the Insured shall pay due to judicial decision or arbitral judgements
 - c) The payment of expenses incurred by the Insured due to the claim procedure and settlement.
3. The Company's maximum liability limit for one or all the losses during the policy term is the sum insured established in the corresponding section.
4. The occurrence of several damages during the policy term due to one single cause shall be considered as one single loss, and this Company shall consider that such loss occurred at the time the first damage of such several damages happened.
5. The payment of the expenses referred to in item 2 shall be covered additionally, not exceeding the amount equivalent to 50% of the liability limit insured for this section.

The following liabilities shall be covered when indicated on the schedule of these individual conditions and with the deductible agreed upon:

1. **Underground Installations**
Liability for damage caused to piping, cables, channels or other underground installations, only when the Insured has knowledge about the situation and characteristics of such installations.
2. **Welding Works**
Liability for welding works causing property damage as a consequence of fire or explosion, when such works be carried out by expert persons trained in welding engineering.
3. **Loading And Unloading Operations**
Liability for damage to vehicles of third parties during the loading and unloading operations, caused by cranes, derricks or material hoists. Damage to tanks, cisterns and containers during the loading and unloading operations, as a consequence of explosion is also covered hereunder.
4. **Demolition**
Liability derived from works of demolition from the premises.
5. **Explosives**
Liability derived from the storage and use of explosive material.
6. **Machinery**
Liability as a consequence of self-propelled machinery given to third parties and for providing electric or pneumatic power.
7. **Shoring**
Liability for damage caused by shoring and underpinning.
8. **Other Special Works**
Liability for damages caused during works of foundation, construction of galleries, tunnels, trains, bridges, docks, retaining walls, towers and cranes.

In case of Partnerships

1. When the Insured is a member of a partnership, where the obligations of the members are distributed according to their speciality, partial services or stretch of construction, this Company shall be liable, under the coverage of this section, for damages caused by the Insured only.
2. When the Insured is a member of a partnership where the obligations of the members are not distributed according to their speciality, partial services or stretch of construction, this Company shall be liable only for that part of the damage corresponding to the Insured's participation in such partnership.
3. When the partnership is liable for a damage and it is not possible to find the one responsible therefor this Company shall be liable only for that part of the damage corresponding to the Insured's participation in such partnership.

B) Cross (mutual) Liability, as per endorsement.

Additional Coverages

This policy may be extended to cover, by means of express agreement and the payment of the corresponding premium:

- Damage directly caused by earthquake, shaking and/or volcanic eruption.

- Damage directly caused by hail, cyclone or winds.
- Damage directly caused by water or mud, muddy, sinking or sliding of the land or landslide and loosening of land or rocks as a consequence of rain, flood, overflowing or rising water.
- Strikes, riots, civil commotion, vandalism and malicious mischief.
- Manufacturer's risks.

Clause 7. Exclusions

A) For Section I

This section shall not cover:

1. Damage or defects of the property insured before its unloading in the premises or at the attachment of this policy.
2. Damage due to errors in the calculation or design.
3. Professional errors, it being understood as such, those errors as a consequence of faulty calculation, specification or design due to inexperience, negligence or fraud of the person directly liable for such works, according to the terms of the applicable law.
4. The cost for rectification, repair or replacement of faulty material or labor.
5. Deterioration due to lack of use, corrosion, oxidation, wear and tear, incrustation, rust and scrapping, unless as a consequence of a peril covered hereunder.
6. Lack discovered upon effecting a physical inventory or control inspection; theft of parts or accessories of the construction and/or installation machinery and equipment, unless as a consequence of theft of the entire equipment of which such parts or accessories form part, and theft or breach of trust in which an employee, relative and other person for whom the Insured may be liable takes part directly or indirectly.
7. Overload and mechanical or electric failures of construction machinery and equipment, as a consequence of the operation thereof.
8. Loss or destruction of books of account, plans, money, securities and documents.
9. Vehicles authorized to transit in public roads, except if these are used in the premises only, aircraft, vessels and any other floating equipment, as well as goods property of the Insured's workers or employees.

B) For Section III

This section shall not cover the Insured's liability as a consequence of:

1. Liability for non-compliance of contract or agreement when such non-compliance does not give rise to the death or health detriment of third parties, or damage or destruction of the property owned by third parties.
2. Liability for benefits granted as a consequence of breach of contract or agreement.
3. Liability derived from the use or possession of vessels, aircraft and motor land vehicles, except if these are used only in the Insured's premises and if they do not need register for their use in public places.
4. Liability derived from damage caused intentionally by the Insured or with his complicity.
5. in case that the Insured is a physical person, bodily injury sustained by the spouse, parents, children, brothers, sisters, parents-in law, brothers-in-law, sisters-in-law or other relatives-in-law who live permanently with the Insured.

In case the Insured is a company, bodily injury sustained by advisers, officers, partners, managers or other persons with managing functions, as well as by their spouses or relatives who live permanently with them, as indicated in previous paragraph.

6. Liability for damage caused by:

- a) unstability, sinking or settlement of the soil or subsoil;
 - b) lacking or insufficiency in consolidation works to avoid loss of the necessary support for the soil or subsoil of adjacent premises.
7. Liability imposed to the Insured according to the Federal Labor Law, Social Security Law or other law complementary thereto.
 8. Professional liability.
 9. Damage to the works of construction, installation or assembly, nor to the apparatus, equipment, material or machinery of construction used for the works.
 10. Damage to real property due to demolition works within a ratio equivalent to the height of the construction to be demolished.
 11. Physical damage caused by works with explosives to real property within a ratio of 150 m from the place of the explosion.

12. Damage to lands, buildings, part of buildings or installations to be shored or underpinned, neither damage as a consequence of failure to carry out such activities when those are necessary.

13. Liability claims for damage to electric or telegraphic lines or other external or air conductions.

14. Claims of the members of a partnership against other member, or claims of a partnership against its members or vice versa.

C) Exclusions Applicable To All Sections
This insurance in no case shall cover:

- a) Claims due to cancellation of the work and/or assembly contract, penalties, sanctions, infringements, deficiencies, aesthetic, efficiency or capacity defects, nor for any consequential loss.
- b) Damage caused by any act of an authority legally authorized, except damage caused by the salvage procedures thereof.
- c) Damage due to hostilities, activities and operations of war, whether declared or not, invasion of a foreign enemy, civil war, rebellion, revolution, insurrection, suspension of guaranties or acts giving rise to such events de jure or de facto.
- d) Damage by fraudulent acts or grave fault on behalf of the Insured or of his representative in the work.
- e) Damage caused by nuclear reaction, radioactive contamination or as a consequence of the phenomena.

Clause 8. Insured Sum

The sums insured established on the policy face are not a proof of the existence nor the value of the property, subject matter of this insurance, these represent only the Company's maximum liability limits and the Insured has fixed them based on:

1. For item a), Section I, the work value when completed, including materials, machinery and equipment forming part thereof, labor, freights and customs duties, if any.
2. For items b), c) and d) Section I, the replacement value of the property insured.
For item e) Section I, the actual value of the property insured.
3. For items a) and b) Section II, and items a) and b) Section III, the Insured's decision.
4. The Insured binds himself to notify the Company all the facts which may give rise to an increase or decrease of the sum insured, even though such changes are due to fluctuations in the wages and prices, and the premium shall be adjusted according to such increases or decreases. Such increases or decreases shall be in force after these have been stipulated in the policy.

Since the premium of the Liability Section was established based on the contract value at the end of the insurance term, an adjustment of premiums shall be effected, considering the premium charged and the premium resulting from the actual value of the contract, including all the increases and decreases during the policy term.

The difference in premiums shall be refunded or charged to the Insured, as the case may be.

Clause 9. Compensable Values

All loss involving indemnity under items a), b), c), d) and e) of Section I not exceeding the sum insured established in each item or in each good insured, shall be limited to:

1. In case of partial loss, the cost of reconstruction or repair incurred to leave the property in conditions similar to those existing before the loss, or the replacement value of the damaged good.

In case of total loss, the indemnity shall include the actual value of the property, less the salvage value, if any, excepting for items a) with respect to material, and b) in which case, the replacement value of the damaged good if it is new or the actual value at the time of the loss if it is used.

2. The cost of the temporary repairs effected by the Insured to the damaged property, provided such repairs form part of the final repair or these has been authorized in writing by the Company.

In case of a loss involving indemnity under coverages a) and b) Section II, as well as the additional coverages contracted, the Insured shall be indemnified for the removal of debris and extra expense, up to the limits established on the policy face.

In case of a claim under section III, the indemnities shall be limited to the sums insured contracted under items a) and b) and to the legal expenses, costs and interests incurred to defend any suit against the Insured, up to 50% in addition of such insured sum.

Clause 10. Increase of Hazard

The premium having been fixed in accordance with the characteristics of the risk described in this policy, the Insured shall advise the Company of any partial or total interruption of the works of construction and/or assembly, as well as of any essential aggravations thereto during the term of this insurance within 24 hours of his having knowledge thereof. Should the Insured omit to give such advice, or provoke **an essential increase of hazard the Company's obligations shall cease immediately.**

Clause 11. Partial or Total Loss

Partial Loss

In case of partial loss the claim shall include the expenses necessarily incurred in order to leave the property in operating conditions similar to those existing immediately before the loss.

Such expenses shall be:

- a) The cost of reconstruction of the destroyed goods forming part of the work, including the cost of materials, labor and ordinary freights.
- b) The cost of repairs, including the cost of dismantling, reerection, ordinary freight, taxes and customs duties, if any, it being agreed that the Company shall also be liable for damage caused by the transportation of the property to be repaired, when its transfer to and from the repair workshop is necessary.
- c) When such repair or part thereof is made in the Insured's workshop, the expenses shall be the cost of material and labor originated by such repairs, plus a maximum percentage of 30% to cover the fixed expenses in said workshop.
- d) Extra expense for shipment by "express", overtime and work carried out on Sundays and holidays shall be paid only when specifically insured, as Section II of Clause 6.
- e) The cost of reconditioning, modifications or improvements carried out, which are not necessary for repairing the damage shall be for the Insured's account.
- f) The Company shall not effect deductions on account of depreciation in case of partial loss.

The corresponding deductible shall be applied to the indemnity agreed upon.

Total Loss

- a) In case of destruction or total theft of the insured property, the claim shall be for the actual value thereof less the value of the salvage, if any. By means of mutual agreement between the Insured and the Company, this may make use of the salvage, provided it pay to the Insured the actual value thereof according to an expert estimation.
- b) When the cost of the repairs of the property insured be equal or greater than its actual value, the loss shall be considered as total loss.
- c) The deductible established in this policy shall be applied to all indemnity for total loss.

Clause 12. Proportional Rule

If at the time of a loss amounting partial loss, the sum insured established in clause 8 is less than the value of the damaged property, the Company shall indemnify in the proportion between the sum insured and the value of the damaged property. Every claim paid by the Company during the policy term shall reduce in the same proportion the amount of its liability and the indemnities for subsequent losses shall be paid up to the limit of the remaining amount.

Clause 13. Deductible

In case of a loss involving indemnity hereunder according to the policy conditions, the deductible fixed for each coverage of Section I of the policy face shall be charged to the Insured.

Clause 14. Inspection of Damage

Upon receiving notification of the loss by telephone, the Company may authorize the Insured, at its own discretion, to carry out the necessary repairs in case of minor damages.

In all other cases of loss, a representative of the Company shall inspect the damage; however, the Insured may take all the necessary steps to continue the construction work, provided this shall not imply any modification of the loss before the inspection thereof without detriment of the stipulations in clause 16 of this policy.

If the inspection is not carried out within a period of five days, as of the notification date of the loss, the Insured is authorized to make the necessary repairs or changes.

Clause 15. Indemnity in the Event of Loss

1. The Company's maximum liability for one or more losses occurred during the policy term shall not exceed the insurable value of the damaged property less the deductible. In case of liability, the Company's liability shall not exceed the sum insured and the lawsuit expenses, as established in Clause 6 of these conditions.
2. The Company may, at its discretion, repair or replace the damaged property, or else pay in cash the indemnity.

Clause 16. Repairs

If the property insured, after having sustained damage, is repaired provisionally by the Insured and it continues operating, the Company shall in no case be liable for any subsequent damage sustained thereby until the repairs are carried out in a definite manner, except if it is agreed in writing.



The Company's liability shall also cease if any definite repairs made by the Insured to the property insured are not to the Company's satisfaction.

If repair is made by the Company, this shall be to the Insured's satisfaction.

Clause 17. Commencement And Termination Of The Company's Liability

During the term of the policy, the Company's liability shall be in force when the construction and/or assembly works begin, and the property shall be covered immediately after it has been unloaded in good conditions at the place where the construction and/or assembly works subject matter of this insurance are carried out, and it shall terminate:

- a) With respect to coverage a) of Section I, when the work is completed or in operation.
- b) With respect to coverage b) of Section I, when the resistance or operation test period has been completed, or else when the work is in operation or the buyer has accepted it, if such property is new, or immediately before the resistance test or operation test period begins, if such property is used. The test period for new property shall not exceed four consecutive weeks, unless if it is agreed in writing, whether such period has been interrupted or not.
- c) With respect to coverages c), d) and e) of Section I, at the time the property insured under such coverages leaves the premises where the work is carried out, unless the property is in adjacent premises or public roads due to operation needs.
- d) With respect to coverages of Section III, when the Company's liability in the different items of Section I terminates.

If the construction and/or installation period is greater than the policy term, this may be extended by means of express agreement between the Company and the Insured.

Clause 18. Decrease and Reinstatement of the Insured Sum

All indemnity paid by the Company shall reduce in the same amount the sum insured and the subsequent losses shall be paid up to the limit of the remaining sum. However, the sum insured may be reinstated at the Insured's request, who shall pay the corresponding premium.

If the policy includes several items, such reduction or readjustment shall be applied to the item or items affected.

Clause 19. Other Insurance

If the property is wholly or partially covered by other insurances of this or other line covering the same risk, whether acquired on the same date or another, the Insured binds himself to advise immediately in writing to the Company and this shall mention the fact in the policy itself or in an endorsement thereto.

Should the Insured intentionally omit to give such advice, or acquire other insurance in order to obtain illicit gain, the Company shall be released from its obligations.

Clause 20. Procedure in the Event of Loss

a. Notice of Loss

Upon the occurrence of a loss which may give rise to an indemnity in accordance with this insurance, the Insured is obliged to advise the Company thereof by telephone or telegraph to confirm it in a certified letter, within 24 hours as of the time he has knowledge thereof, except due to force majeure or fortuitous fact in which case the advice shall be given when such circumstances cease.

Delay in giving this advice may result in the indemnity being reduced to the amount the loss would originally have represented had the Company received prompt advice thereof.

b. Salvage or Recovery Procedures

Upon the Insured having knowledge of the occurrence of a loss caused by one of the perils covered under this policy, he shall be obliged to take all necessary steps to avoid or reduce the damage. If delay is not dangerous, he shall request instructions from the Company and shall abide thereby. Non-compliance with this obligations may affect the rights of the Insured in the terms of the law. All expenses incurred by the Insured, which are not contrary to law, shall be covered by the Company and upon the instructions thereof, this shall advance such expenses.

c. Documents, Data and Information which the Insured must file with the Company

The Insured shall prove his claim and other circumstances thereof, according to the terms of this policy.

The Company shall have the right to demand from the Insured or the beneficiary all kind of information with regard to all matters relating to the loss and through which the circumstances of its performing and its consequences may be determined, and the Insured shall deliver to the Company within 15 days after the loss or during any other period specially granted in writing thereby the following documents and data:

- 1) A statement of the damage caused by the loss indicating in the most detailed and exact possible manner what property was stolen or damaged as well as the amount of the loss, taking into consideration the value of said property at the time of the loss.
- 2) A detailed list of all insurances existing covering the property.
- 3) All plans, catalogues, receipts, invoices, vouchers, and any other document which may serve to establish the claim.
- 4) All data relating to the origin and cause of the damage, as also the circumstances in which it occurred and, at the Company's request, certified copies of the investigation carried out by the public Prosecutor or by any other authority which shall have intervened in the investigation of the loss or facts related thereto.

Without prejudice of the documents and data mentioned above, the loss shall be considered proved, for the purposes of this insurance, upon filing the legal notice, its confirmation, ownership and pre-existence certificate.

In no case, it shall be necessary to prove the loss in a lawsuit, according to stipulations in Article 71 of the Insurance Contract Law.

For Section III Liability

a. Notice

The Insured shall immediately notify to the Company on all the claims or demands received by him or his representatives for which purpose he shall send to it all documents or copies thereof, and the Company binds itself to immediately advice in writing that it shall not conduct a lawsuit, should this be its final decision.

If the Company do not advice as previously stated, it shall be understood that this has accepted to conduct all lawsuits against the Insured and he shall cooperate therewith in the terms of the following items of this clause.

If the Company do not conduct the lawsuit, it shall defray the Insured in advance up to the amount it is obliged to pay therefor, so that he may cover his legal expenses, which shall be carried out with due diligence.

b. Co-operation and assistance of the Insured with this Company

For all proceeding, which may be initiated as a consequence of liability covered hereunder, the Insured binds himself to:

- Supply all data and necessary proofs required by the Company for his defense, if necessary, or when the Insured does not appear in court.
- Carry out and get recognized all actions and defense corresponding to him by law.
- Appear in court for all proceedings.
- Grant faculty in favor of attorneys nominated by the Company, who are his representatives in said proceedings, in case he is not able to directly intervene therein.

All expenses effected by the Insured to comply with such obligations shall be charged to the sum insured relative to defense expenses.

Should the Company act with negligence to determine or conduct lawsuits, the liability regarding the total expenses of said lawsuit shall not be subject to any limit.

c. Claims and Demands

The Company is empowered to settle all the claims extra judicially or judicially, to carry out lawsuits or bring suits before the authority to enter into agreements.

Any indebtedness acknowledgement, transaction, agreement and other legal act implying liability acknowledgement on the Insured's part agreed upon without the Company's consent, shall not be objection thereto if it has the intention of appearing as a liability which otherwise would not exist or be lesser than the actual one. The admission of a fact by the Insured shall not be considered as acceptance of liability.

Clause 21. Measures that the Company may take in the Event of Loss

In the event of loss or damage to the property and whilst the amount of the indemnity has not been determined, the Company may:

- a) Enter the buildings or premises where the loss occurred to determine the cause and extent thereof.
- b) Examine, classify and appraise the property wherever located; but in no event the Company shall be obliged to undertake the sale or liquidation of the property or remainder nor shall the Insured have the right to abandon same to the Company.

Clause 22. Arbitration

In the event of disagreement between the Insured and the Company as to the amount of any loss or damage, the matter shall be submitted to the decision of an arbitrator appointed in writing by both parties. However, should they fail to agree on the appointment of a single arbitrator, the case shall be submitted to the judgement of two, one appointed by each party within ten days from the date on which one of the parties has been requested by the other to do so. Before commencing their duties, both arbitrators shall name an umpire in case of disagreement.

Should one of the parties refuse to name an arbitrator or simply fail to do so when so requested by the other party, or should the arbitrators not agree on the appointment of the umpire, the judicial authority, upon request of the party, shall appoint the arbitrator or umpire or both, if necessary. However, should both parties so request it, the National Insurance and Surety/Bonding Commission may name the arbitrator or umpire, as the case may be. The death of one of the parties, if a physical person, or its dissolution if a society, occurring during the arbitration shall not annul or affect the powers or attributions of the arbitrator or as the case may be, of both arbitrators or the umpire, or if either of the arbitrators or the umpire should die before judgement is rendered, a new arbitrator shall be appointed by the party or by the arbitrators or by the National Insurance and Surety/Bonding Commission, to act in substitution thereof.

The expenses and fees of the arbitration shall be borne in equal parts by the Company and the Insured, but each party shall pay the fees of its own arbitrator.

The arbitration mentioned in this clause does not imply acceptance of the claim by the Company; it merely determines the amount of the indemnity the Company may eventually be obligated to pay, the parties remaining free to execute any actions and oppose the corresponding exceptions.

Clause 23. Deceit or Bad Faith

The Company's obligations shall cease:

- a) **If the Insured, the beneficiary or their representatives with the object of inducing the Company to commit an error, dissimulate or make inexact declarations which would exclude or could restrict such obligations.**
- b) **If with the same intention the Insured shall not deliver in due time to the Company all the documents referred to in Clause 20 c).**
- c) **If there shall have been in the loss or claim, deceit or bad faith on the part of the Insured, the beneficiary or their legal representatives.**
- d) **If the loss is due to grave fault of the Insured.**

Clause 24. Subrogation of Rights

In the terms of Law, the rights of the Insured shall be subrogated to the Company up to the sum paid, as also to any actions he may have against the parties or culprits responsible for the loss. If so required by the Company, the Insured shall confirm such subrogation in a legal instrument drawn up before a Notary Public. **If due to acts or omissions of the Insured, subrogation is prevented, the Company shall be relieved from its obligations.**

The Insured and the Company shall have recognized all their rights in their corresponding proportion if only part of the loss is paid.

Clause 25. Place and Payment of Indemnity

The Company shall pay any indemnity at its domicile within the 30 days following the date it receives the documents and information, which are the bases of the claim, in the terms of clause 20 of these General Conditions.

Clause 26. Jurisdiction

In the event of controversy, the plaintiff may appeal to the National Insurance and Surety/Bonding Commission at its main office or those located in districts within the city, as provided in Article 135 of the General Law of Insurance Institutions and Mutual Societies, and if such commission is not appointed arbiter, then appeal may be made to the competent courts in the city where the Home Office of the Company is located.

Clause 27. Notifications

Any declaration or notification relative to this contract shall be delivered in writing precisely at the company's domicile shown on the policy face.

Clause 28. Premium

- a) The premium charged to the Insured is due at the time of enter into the contract and subsequent agreements affecting this policy and giving rise to the payment of additional premiums.
- b) Should the Insured choose to pay the premium in installments, these shall be in equal terms no lesser than one month. The expiration date thereof shall be at the beginning of each period agreed upon and the financing rate authorized by the National Insurance and Surety/Bonding Commission shall be applied at the date of the attachment of the policy, which shall be advised in writing to the Insured.
- c) The Insured shall have the right of a waiting period of 30 (thirty) calendar days to settle the total of the premium or each of the fraction agreed upon in the contract.
At noon of the last day of the waiting period if the Insured has not settled the total of the premiums or the fraction agreed upon, the effects of the contract shall cease automatically.
- d) The premium agreed upon shall be paid at the Company's domicile, against delivery of the corresponding receipt.

In case of a loss, the Company shall deduct from the indemnity due to the beneficiary, the amount of the outstanding premium or the portions thereof not settled until completing the total premium corresponding to the period of the contracted insurance.

Clause 29. Reinstatement

Notwithstanding the stipulations in the previous clause, the Insured, within the 30 days following the last day of the period of grace mentioned in such clause, shall pay the premium of this insurance or the part corresponding thereto if payment in installments has been agreed upon therefore, for payment as above mentioned, the effects of this insurance shall be reinstated starting on the day and hour shown in the receipt, and the Company shall reimburse at pro rata, at the time it receives payment, the premium corresponding to the period during which the insurance became ineffective, as per stipulations in article 40 of the Law on Insurance Contract.

However, if at the time of payment, the Insured requests that the term of the insurance be extended, this shall be automatically enlarged for a period equal to that comprised between the last day of the mentioned period of grace and the hour and day in which the reinstatement is effective.

In the event that the hour is not specified on the receipt, the insurance shall be considered reinstated starting at midnight on the date of payment.

The reinstatement referred to in this clause shall be stipulated on the receipts issued by the Company for the corresponding payment and in any other document issued after said payment.

In no event the Company shall be liable for losses occurred during the period comprised between the expiration of said period of grace and the hour and day of payment referred to in this clause.

Clause 30. Advance Cancellation of the Contract

Notwithstanding the term of this contract, the parties agree that this may be terminated in advance by means of written notification. Should the Insured request such termination, the Company shall have the right to retain that part of the premium corresponding to the time during which the insurance has been in force, in accordance with the following table:

Up to 2.77% of the construction period	10% of the construction period premium
Up " 8.33% of the construction period	20% of the construction period premium
Up " 12.5% of the construction period	25% of the construction period premium
Up " 16.66% of the construction period	30% of the construction period premium
Up " 25.00% of the construction period	40% of the construction period premium
Up " 33.33% of the construction period	50% of the construction period premium
Up " 41.66% of the construction period	60% of the construction period premium
Up " 50.00% of the construction period	70% of the construction period premium
Up " 58.33% of the construction period	75% of the construction period premium
Up " 66.66% of the construction period	80% of the construction period premium
Up " 75.00% of the construction period	85% of the construction period premium
Up " 83.33% of the construction period	90% of the construction period premium
Up " 91.66% of the construction period	95% of the construction period premium

When the Company terminates the contract, this shall be by means of authentic notification to the Insured. The insurance termination becomes effective 15 days after the corresponding notification is received. The Company shall refund the unearned premium at the time of such notification, without which the cancellation shall not be effective.

Clause 31. Statute of Limitations

The actions derived from this contract shall prescribe in two years, counted in the terms of article 81 of the Law on Insurance Contracts, as of the date of the occurrence thereof, excepting those cases mentioned in article 82 of the same law.

The prescription shall be interrupted not only due to ordinary causes but also by the appointment of experts or by the initiation of the proceeding indicated in article 135 of the Insurance Institutions General Law.

Clause 32. Inspections

The Company shall have, at all times, the right to inspect the property, insurance object, and to investigate the business operations, contract matter, as well as to examine the Insured's books and registers related to this insurance and the application thereof.

Clause 33. Interest in Arrears

a) For policies issued in Mexican currency

In the event that the Insurance Company, even though it has received the documentation and information with reference to the bases of the submitted claim, does not fulfil the obligation of paying the corresponding indemnity, capital or rent under the terms of Article 71 of the Law of Insurance Contracts, then, instead of paying the legal interest applicable, it shall be binding on the Insurance Company to pay the Insured, beneficiary or the third party sustaining damage an interest in arrears calculated on an annual rate equal to an average of the percentage cost of profit published monthly by Banco de México, during the time of delay.

Such interest shall be calculated from the day following the 30 day period referred to in the aforementioned ruling.

b) For policies issued in foreign currency

In the event that the Insurance Company, even though it has received the documentation and information with reference to the bases of the submitted claim, does not fulfil the obligation of paying the corresponding indemnity, capital or rent under the terms of Article 71 of the Law of Insurance Contracts, then, instead of paying the legal interest applicable, it shall be binding on the Insurance Company to pay the Insured, beneficiary or the third party sustaining damage an annual interest in arrears equivalent to the highest rate of interest on the instruments or securities held by the Nacional Financiera S.N.C. (National Financing Company) in the foreign currency in question, but should such currency not exist in the Nacional Financiera S.N.C., then what is held in U.S. currency shall apply.

Such interest shall be calculated from the day following the 30 day period referred to in the aforementioned ruling.

In the cases of lawsuits or arbitration in the terms of Articles No. 135, Section IV Bis, and 136, Section II of the General Law of Insurance Institutions and Mutual Societies, moratory interest shall be calculated in accordance with that contained therein.

Additional Coverages

Note: The contracting conditions for the additional coverages, which appear as covered on the policy face, are specified below:

Earthquake and/or Volcanic Eruption Endorsement for Builders Risk Insurance

Clause 1. Perils Covered

The property covered by the policy to which this endorsement is attached, is covered also against property damage caused directly by Earthquake and/or Volcanic Eruption.

If said property or a part thereof should be destroyed or damaged during the term of the policy, the Company agrees to indemnify the Insured for the loss in accordance with this Endorsement, but excluding the value of betterments whether or not required by the authorities to strengthen the building as well as the machinery or equipment affected in order to restore the property to the state it was before the occurrence of the loss.

Damage covered hereunder arising from earthquake and/or volcanic eruption shall require a separate claim for each, but if several phenomena occur within a period of 72 consecutive hours during the term hereof, they shall be considered as one single loss and the damage caused shall be included in a single claim.

Clause 2. Perils Excluded that may not be Covered

This Company shall in no event be liable for damage caused by:

- a) Directly or indirectly, proximately or remotely caused by nuclear reactions, radioactive radiations or contamination, whether controlled or not, and whether or not as a consequence of earthquake and/or volcanic eruption.
- b) Groundswell even though caused by any of the perils insured by this insurance.
- c) Natural vibrations or movements of the subsoil other than earthquake and/or volcanic eruption.
- d) Tidal wave.

Clause 3. Deductible

On each claim for physical damage to the building, as well as to the machinery and equipment covered by this Endorsement, the deductible indicated in the policy shall apply.

The deductible is calculated on 100% of the insured sum.

If the insurance covers two or more buildings and/or machinery and equipment covered under various items, the deductible shall apply separately with respect to each building, machinery or equipment damaged.

The deductible shall be discounted from the amount of loss, before deducting any underinsurance (Proportional Rule), or applying any coinsurance.

Clause 4. Proportional Rule

Should the Proportional Rule be applicable, then indemnity shall be reduced proportionally.

Clause 5. Coinsurance

An essential condition for the granting of this coverage is that the Insured bears for his own account, according to the seismic zone in which the insured property is located, a percentage of all loss or damage involving indemnity affecting the insured property resulting from Earthquake and/or Volcanic Eruption; such percentage is specified in the policy.

Coinsurance shall apply on the loss involving indemnity after having discounted the deductible and before applying the Proportional Rule, if applicable.

Clause 6. Deductibles and Coinsurance Table

Risks with insured sum greater than US\$1,500,000.00 or the equivalent thereof in Mexican Currency

Seismic Zone	Deductible	Coinsurance
A	2%	10%
B	2%	10%
B1	2%	25%
C	2%	10%
D	2%	10%
E	2%	25%
F	2%	25%
G	4%	30%
H1	3%	30%
H2	3%	30%
I	2%	30%
J	5%	30%

Risks with insured sum up to US\$1,500,000.00 or the equivalent thereof in Mexican Currency

Seismic Zone	Deductible	Coinsurance
I	2%	10%
II	2%	20%
III	3%	30%

Hail, Cyclone, Hurricane or Stormy Winds Endorsement for Builders Risk Insurance

Clause 1. Perils Covered

The property insured by this policy to which this endorsement is attached, is also covered for the same amounts specified therein, against property damage directly caused by hail, cyclone, hurricane or stormy winds.

Clause 2. Perils Excluded but which may be covered by Express Agreement

Direct damage caused by snow.

Clause 3. Perils Excluded

This Company in no case shall be liable for loss or damage caused by:

- a) Tidal wave or flood, although these be originated by one of the perils insured hereunder.
- b) To the interior of buildings or their contents by wetting or filtration of water caused by rain, hail or snow, unless the buildings are destroyed in their roofs, walls, exterior doors or windows, by the direct action of the perils covered by this endorsement causing openings or cracks through which the rain or hail has penetrated.

Clause 4. Deductible

In each claim for property damage caused by the perils covered hereunder, an amount of (as shown on the policy face) shall be on the Insured's account, which shall be deducted from the total amount of the loss.

Endorsement of damages caused by water or mud, muddy, subsidence or sliding of the land or landslide or loosening of land or rocks as a consequence of rain, flood, overflowing and rising of water levels for the Builders Risk Insurance

Clause 1. Perils Covered

Subject to the policy General Conditions, this endorsement covers the insured property against property damage caused by water or mud, muddy, subsidence or sliding of the land or landslide or loosening of land or rocks as a consequence of rain, flood, overflowing and rising of water levels.

Clause 2. Exclusions

This endorsement, in no case, shall cover damage caused by:

- a) Overflowing of the phreatic level.
- b) Damage to personal property, whilst in the open air, unless that by its own nature should be in such circumstances.

Clause 3. Deductible

In the event of a claim for property damage caused by the perils covered hereunder, an amount of (as shown on the policy face) shall be on the Insured's account.

Strikes, Riots, Civil Commotion, Vandalism and Malicious Mischief Endorsement for the Builders Risk Insurance

Clause 1. Perils Covered

The property insured by this policy to which this clause is attached is also covered by the same amounts set forth in the policy, against property damage caused directly by:

- a) Strikers or persons taking part in work stoppages, labour disturbances, riots or popular uprisings, or by ill-intentioned persons during the course of such act, or else by measures taken by the authorities for the repression thereof.
- b) Vandalism and malicious mischief.

The words "vandalism and malicious mischief" as used in this clause include the acts carried out by a person or persons in cases other than strikes, riots or civil commotion, causing intentionally physical damage to the property insured.



Clause 2. Perils Excluded which can not be Covered
This Company shall not be liable for loss caused by:

I. Under items a) and b) Clause 1:

- a) **Theft committed by the Insured's personnel or by third parties, during the occurrence of the above-mentioned acts.**
- b) **Depreciation, delay or loss of market.**
- c) **Lack, shortage or reduction of fuel or work energy of any kind or nature.**
- d) **Changes of temperature or humidity.**
- e) **Any other consequential damage resulting from acts referred to in this clause.**

II. Under item b) Clause 1:

- a) **Damage to glass, crystal glass (except for structural glass blocks), which form part of the building.**
- b) **Explosion, rupture, bursting of steam boilers, steam piping, steam machinery or rotary parts of machines or machinery, property of the Insured or operated or controlled by him and which are located in the buildings described on the policy.**

Clause 3. Deductible

In case of claim for damage caused by the perils covered by this endorsement, an amount of (as shown on the policy face) shall always be charged to the Insured.

Manufacturer's Risk Endorsement for the Builders Risk Insurance

Clause 1. Perils Covered

Subject to the policy General Conditions, this endorsement covers regarding machinery and equipment assembly the property damage caused by design errors, construction defects, use of defective materials and workmanship, provided always the manufacturer or his representatives be the Insured.

Clause 2. Exclusions

The Company shall not be liable for expenses incurred by the insured manufacturer to correct the errors or faults, which originated the damages.

Clause 3. Insured Sum

The sum insured of this endorsement corresponds to the replacement value of the machinery or equipment manufactured or represented by the Insured.

Clause 4. Premium

For the effects of this endorsement, the Insured shall pay to the Company an additional premium.

Clause 5. Deductible

In case of a claim for damage caused by the perils covered in this endorsement, the Insured shall be charged the deductible set forth in Section I, Property Damage, of the policy face.

Endorsement for Damage to Provisional Constructions and Installations owned by the Insured for the Builders Risk Insurance

Clause 1. Perils Covered

Subject to the policy General Conditions, this endorsement covers the property damage directly caused to adjacent constructions and installations of the work belonging to or under the care, custody or control of the Insured or the insured contractors, provided always the loss or damage occurs directly during the assembly, construction and/or machinery tests in case the latter be covered.

Clause 2. Exclusions

This endorsement in no case covers:

- a) **Damage to any property, land or building caused by the removal, sinking or weakness of foundations.**
- b) **Machinery and construction equipment (policy face items c), d) and e) of Section I, Physical Damage).**

Clause 3. Premium

For the effects of this endorsement, the Insured shall pay to the Company an additional premium.

In case of loss and for the purposes of indemnity, the sum insured set forth on the policy face shall be considered.

Cross (Mutual) Liability Endorsement for the Builders Risk Insurance

It is understood and agreed that in addition to all other terms, exclusions, clauses and conditions set forth in the policy, the coverage for the liability policy shall be applied to each one of the mentioned parties as insured in the specifications, as if a policy had been issued separately for each one of them; however, the Company shall not indemnify the Insured in respect of:

- Loss or damage covered or insured under the property insurance of the policy, even though there shall be no indemnity for being lesser than the deductible or by any other limits.
- Liability for injuries, whether fatal or not, or sickness for any person occupied in the site of construction, who are or may be insured under a social insurance, according to the legislation of the country and/or employers' liability insurance.

However, the Company's total liability, with respect to the insured parties for an accident or series of accidents arising from one single and same event, shall not exceed the indemnity limit set forth on the policy specification.

Overtime and Express Transportation Endorsement for the Builders Risk Insurance

Subject to the policy General and Special Conditions, it is understood and agreed that in case of loss involving indemnity hereunder, the expenses for express freight, works performed during holidays and overtime work resulting from the repair of the damaged property covered under Section I item a) and/or b) of this policy are covered hereunder without exceeding the contracting sum insured.

Debris Removal Endorsement for the Builders Risk Insurance

This policy is extended to cover, in case of loss involving indemnity, the necessary expenses for the debris removal from the damaged property.

Debris Removal - The expenses incurred due to disassembly, demolition, cleaning or hauling and any other similar activities are covered within this coverage; however, the expenses incurred in order to diminish or avoid damages, as referred to in Article 131 of the Law on Insurance Contracts, are not covered hereunder.

This endorsement is subject to the policy general conditions and to the contracted coverages; therefore in case of loss, the Insured shall advice to the Company thereof, subject to stipulations mentioned in the general conditions; also, the Proportional Rule Clause is cancelled in regard to the coverage referred to in this endorsement.

It is an express condition of this endorsement that in case of loss or damage involving indemnity, in accordance with the general and special conditions of the policy, the Company binds itself to indemnify the Insured up to the maximum limit specified in the first paragraph for the expenses necessarily incurred.

This coverage shall not be in force when the removal of debris from the property insured be as a consequence of damage arising from perils other than those insured, when this be an order of an authority or the Insureds' decision without the property insured has been damaged by any of the perils covered, as well as for the exclusions mentioned in the policy General Conditions of Builders Risk insurance and of the endorsements attached thereto.

SEGUROS COMERCIAL AMÉRICA, S.A. DE C.V.

Note: This English translation is a courtesy only. In case of controversy, the Spanish version of this document and Mexican jurisdiction shall in all cases prevail.

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