



HULL MARINE INSURANCE POLICY

GENERAL CONDITIONS

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Clause 4th Perils excluded which may not be covered by means of express agreement.

In no event shall this Company accept claims for loss or damage arising from any of the following causes:

- a) **Infringement by the Insured of any law, rule or regulation prescribed by domestic or foreign authorities where this infringement has directly influenced the occurrence of loss.**
- b) **Deceit or gross negligence of the Insured. Failure to act with due diligence by the Insured in maintaining the vessel in the conditions as provided in Clause 5th, and the withdrawal of the vessel's classification after contracting this insurance shall be considered gross negligence, among other cases.**
- c) **Terrorism and/or actions taken in hindering, preventing, controlling or minimizing the consequences of any terrorist acts and/or any consequential loss resulting from terrorism.**

For purposes of this policy, terrorism shall mean:

The acts of any person or persons whether acting alone or on behalf of others or in connection with any organization, committed by the use of force or violence or any other means for political, religious, ideological, ethnic or similar purposes, intended to influence or urge any government to make a decision or undermine the authority of the State.

Direct or indirect physical loss or damage whether proximately or remotely resulting from the use of explosives, toxic substances, firearms or any other violent means against people, objects or utilities, and putting the public or any section thereof in alarm, fear, terror or anguish in view of the threat or possibility of occurring again with the aim to disturb the public peace.

Clause 5th Obligations of the Insured.

It is binding on the Insured to keep the vessel, while anchored and moored, displaying at all times the lights prescribed by law, and properly equipped in accordance with the law and practice; there shall always be watchmen on board such vessel and crew suitable for the service it is intended for; merchandise in excess of the authorized freeboard shall not be carried by the vessel and only merchandise customary and usual to the type of shipping shall be carried on deck but never in a dangerous quantity or manner; and in general the vessel shall comply with all requirements established by law and applicable regulations.

The Insured is also bound to guarantee that the vessel shall not undertake towage or salvage services by means of a contract previously arranged or agreed upon, unless previous consent by the Company is obtained, and the Insured shall pay the corresponding additional premium.

Clause 6th Additional coverage.

Should abnormal circumstances arise during the term of this policy due to perils covered by this insurance forcing the vessel to deviate from the established limits of navigation, this insurance shall continue in force but the Insured shall be bound to give notice to the Company as soon as having knowledge of any of such circumstances, and the Insured shall pay the respective additional premium.

If the deviation results wholly or partially from the decision of the Insured or perils not covered by or excluded from the policy, the insurance shall cease from the time of such deviation and shall be reinstated only upon the safe and sound return of the vessel to the zone of navigation authorized by this policy.

Clause 7th Sue and labor.

Upon becoming aware of any loss putting the vessel at imminent risk, the Insured, the shipowner, master, or their factors and assigns, must act for the defense and protection of the vessel and for establishing the right of recovery; therefore, they shall file claim or bring suit and, if necessary, travel and act on behalf of the interested party and take all precautions necessary for the protection and recovery of the vessel or equipment thereof.

Failure to comply with this obligation shall be detrimental to the Insured's rights according to the terms of law. The Company shall contribute to the expenses incurred for this concept in the proportion that the sum insured, after deducting the amount of any loss for which the Company is liable, bears to the appraised value of the vessel as agreed by this Company. No act by the Company or the Insured to recover, save or preserve the vessel shall be construed as a waiver or acceptance of abandonment.

Clause 8th Notice of loss.

In the event of any loss or damage that may give rise to a claim under this insurance, the Insured, the shipowner, the master, or their factors and assigns, shall be obligated to give written notice to the Company of the occurrence as soon as having knowledge thereof.

In the event of failure to give timely notice, the Company may reduce the indemnity to the amount that would have been due had notice been promptly given.

The Company shall be released from all obligations under this contract if the Insured, the shipowner, the master, or their factors and assigns fail to give immediate notice with the intention of preventing the circumstances of loss from being duly proven.

Clause 9th Average Statement.

In the event of any loss or damage that may give rise to any claim under this insurance, the Insured, the shipowner, the master, or their factors and assigns, shall immediately request a damage survey and its respective statement of average by applying to the Company's Average Surveyor, if any, at the place where the inspection is required, or, in the absence thereof, to the Lloyd's local agent or the representative of the New York Board of Underwriters, or, in the absence thereof, to the harbor master, the Mexican Consul, a notary public, the judicial authority and lastly to the local political authority.

Clause 10th Loss.

It shall be binding on the Insured to accurately prove his claim and furnish all pertinent information thereon. The Company shall have the right to request from the Insured or loss payee all information relative to the claim in order to determine the circumstances and consequences of the loss; the Insured shall furnish the Company, within 15 days following the occurrence of loss, or within any other period of time granted in writing, the following data and documents:

- a) A certified copy of the master's protest of the vessel or the navigation logbook.
- b) The average statement according to Clause 9th of these general conditions; and
- c) A certified copy of the title deed or documents verifying the Insured's insurable interest.

Clause 11th Other insurances.

If other insurances covering the vessel as insured by this policy are contracted or have been contracted by the Insured and such insurance exceed as a whole the agreed value, except in respect of disbursement, freight, protection or indemnity insurance, the Insured shall be subject to the provisions in the Commercial Code in force. In the event of contracting other insurances within the agreed value, it shall be binding on the Insured to report immediately in writing such other insurances to the Company, stating the name of the Insurers and the amount of sums insured.

Clause 12th Arbitration.

In the event of a disagreement between the Insured and the Company regarding the amount of any loss or damage, the matter shall be submitted to the decision of an arbitrator agreed upon in writing by both parties hereto; if such parties cannot agree upon one single arbitrator, two shall be named, one for each party, within a period of one month from the date on which either of the parties has requested the other in writing to do so. Before the arbitration is started, the two arbitrators shall name an umpire in case of disagreement.

If either of the parties should refuse, or simply neglect to designate his arbitrator at the request of the other, or if the arbitrators do not agree upon the umpire, then the judicial authority shall, at the request of either of the parties, make the appointment of the arbitrator or the umpire, or both. Nevertheless, the National Insurance and Surety/Bonding Commission may so appoint, if requested to do so by both parties. The death of one of the parties, if an individual, or its dissolution, if a corporation, during arbitration shall not cancel or affect the powers or attributes of the arbitrator, or the arbitrators or the umpire, or if one of the arbitrators or the umpire should die before a decision is made, another shall be designated to substitute the arbitrator or the umpire by the respective parties, (the parties, the arbitrators, the judicial authority or the National Insurance and Surety/Bonding Commission).

Expenses and costs resulting from the arbitration shall be borne equally by the Insured and the Company, but each party shall pay the fees of its own arbitrator.

The arbitration referred to above shall not be construed as an admission of liability by the Company; it shall only determine the amount of loss which will eventually be payable by the Company, and both parties are at liberty to take whatever action they may deem convenient in support or in opposition of the corresponding exceptions.

If the Insured and the Company fail to agree as to the amount of loss or damage, the matter shall be submitted to the decision of an arbitrator agreed upon in writing by both parties hereto; but if such parties fail to agree on one single arbitrator, two shall be named, one by each party, within a period of one month from the date on which either of the parties has requested the other in writing to do so. The two arbitrators shall first name an umpire in the event of disagreement.

If any of the parties shall refuse or simply neglect to designate his arbitrator when so required by the other, or if the arbitrators do not agree upon the umpire, then the judicial authority shall designate, at the request of any of the parties, the arbitrator, the umpire, or both if necessary. However, the National Insurance and Surety/Bonding Commission (*Comisión Nacional de Seguros y Fianzas*) may designate the arbitrator or umpire if both parties so request it by common agreement.

The death of one of the parties, if an individual, or the dissolution, if a corporation, that occurs during arbitration shall not invalidate or affect the powers or authority of the arbitrator or arbitrators or umpire, as the case may be; or if any of the arbitrators or umpire so designated by the parties dies before a decision is made, another shall be designated in substitution by the respective party, the arbitrators, the judicial authority or the National Insurance and Surety/Bonding Commission.

The Insured and the Company shall each pay the fees of his own arbitrator and shall bear equally the other expenses and costs incurred during arbitration.

The arbitration referred to in this clause shall not be construed as an acceptance of liability by the Company; it shall only determine the amount of loss which eventually will be payable by the Company, and both parties are free to exercise the respective actions and oppose the respective exceptions.

Clause 13th Maximum indemnity payment.

It is expressly understood and agreed that this Company shall not be liable for any amount greater than the sum insured; however, the Company shall additionally pay the costs resulting from suits, judgments and proceedings incurred according to provisions in Clause 7th.

Clause 14th Reduction and reinstatement of sum insured in the event of loss.

Any indemnity paid by the Company shall reduce the first insured sum accordingly, and reinstatement thereof may be effected for the unexpired term at the request of the Insured and upon payment of the corresponding premium.

Clause 15th Advance termination of the contract.

Notwithstanding the term of this contract, the parties hereto do hereby agree that this insurance may be terminated before the expiration date thereof by means of written notice. When the Insured requests the termination of the contract, the Company has the right to that part of the premium corresponding to the time during which the insurance was in force, in accordance with the following short rate tariff approved by the National Insurance and Surety/Bonding Commission:

Where cancellation is requested by the Company, the insurance shall expire 15 days thereafter, and the Company shall be entitled to that part of the premium corresponding to the elapsed period of time.

SHORT RATE INSURANCE TABLE

PERIOD	PERCENTAGE OF ANNUAL PREMIUM
Up to 10 Days	10%
Up to 1 Month	20%
Up to 1 ½ Months	25%
Up to 2 Months	30%
Up to 3 Months	40%
Up to 4 Months	50%
Up to 5 Months	60%
Up to 6 Months	70%
Up to 7 Months	75%
Up to 8 Months	80%
Up to 9 Months	85%
Up to 10 Months	90%
Up to 11 Months	95%

Clause 16th Lay-up return premium.

On expiration of this policy and provided that the vessel has arrived safe and sound and is anchored at port, the Company shall return to the Insured a percentage of the premium with respect to each thirty consecutive days in which the vessel would have been moored at port, laid up and with no cargo on board, provided that such lay period is not caused by repairs.

For the purpose of this clause, the period when the vessel remains in roadstead or in exposed or unprotected waters will not be considered lay period.

Should the vessel be moored at port for a period of thirty consecutive days and only part of such period fall within the term of this policy, it is agreed that the lay period in which the attachment or expiration date of this policy falls shall be considered from the first day on which the vessel is moored. On this basis, the Company shall only pay for the proportion that the number of days falling within this policy term bears to a full thirty-day period.

Clause 17th Premium.

The premium payable by the Insured is due at the time this contract enters into effect, and unless otherwise agreed upon, the term of the policy shall be understood to be for one year.

If the Insured elects installment payment of premium, the monthly, quarterly or semiannual payments agreed upon shall become due on commencement of each month, quarter or six-month period in which the insurance term has been divided for the purpose of paying the premium.

The Insured shall be allowed a 30-day grace period to pay the total amount of premium or each of the installments agreed upon.

Coverage hereunder shall automatically cease at noon on the last day of the grace period if the Insured has failed to pay the total amount of premium or the installment thereof.

In the event of loss, the Company shall deduct from the indemnity payable to the loss payee hereunder the total amount of the outstanding premium or the unpaid fraction thereof until completing the total premium corresponding to the period of insurance contracted.

Should the Insured elect to pay the premium in installments, the applicable surcharges shall be those in force and effect on the issuance date of this policy, in accordance with the official provisions of the National Insurance and Surety/Bonding Commission.

Clause 18th Jurisdiction.

In the event of controversy the plaintiff may appeal to the competent administrative authorities related to the business of insurance at their main offices or those located in districts within the city, under the terms of the applicable laws to the subject matter of the claim; if such authority is not appointed arbitrator, then the plaintiff may appeal to the competent tribunals at the Company's place of domicile.

Clause 19th Reinstatement.

Notwithstanding anything to the contrary in Clause 17th of the general policy conditions, the Insured may pay within 30 days following the last day of the grace period stated in such clause, the premium on this insurance or the corresponding portion thereof, if an installment payment has been elected; in this case, if such payment is made, the insurance shall be reinstated starting from the hour and date shown on the payment receipt and the Company shall credit, at the time of receiving the payment, the pro rata premium corresponding to the period during which the effects of the insurance ceased, according to that stated in Article 40 of the Law of Insurance Contract.

However, if at the last moment the Insured makes such payment and requests in writing the extension of the insurance term, it shall be automatically extended for a period equal to that comprised between the last day of such grace period and the hour and day on which the reinstatement becomes effective.

In the event that the hour is not shown on the payment receipt, it shall be understood that the insurance is reinstated starting from midnight on the date payment is made.

Without prejudice to the automatic effects hereof, the reinstatement referred to in this clause shall be shown by the Company for administrative purposes on the receipt issued for the corresponding payment, and in any other document issued subsequent to such payment.

In no event shall the Company be liable for any loss occurring during the period between the expiration date of the aforementioned grace period and the hour and day of the payment referred to in this clause.

Clause 20th Interest in arrears.

In the event that the Insurance Company, even though it has received the documentation and information with reference to the basis of the claim made, does not fulfill the obligation of paying the indemnity, capital or rent in the terms of Article 71 of the Law of Insurance Contract, then, instead of paying the legal interest applicable, it shall be binding on the Insurance Company to pay the Insured, loss payee or third party that sustains damage, interest in arrears calculated as provided in Article 135 Bis of the General Law of Insurance Institutions and Mutual Societies, during the delay period. Such interest shall be calculated from the day following the thirty day period named in the Law of Insurance Contract.

Clause 21st Statute of limitations.

All legal actions deriving from this insurance contract shall be limited to two years, according to the terms of Article 81 of the Law of Insurance Contract, as from the date of the events giving rise to such actions, barring the exceptions described in Article 82 of the same law previously mentioned.

The statute of limitations shall cease not only for ordinary causes but also for the naming of an arbitrator or for the initiation of the procedure outlined in Article 135 of the General Law of Insurance Institutions and Mutual Societies.

Clause 22nd Currency.

Both the premium and indemnity payments, if any hereunder, shall be made in accordance with the Monetary law in force on the date of payment.

Article 25 of the Law of the Insurance Contract

"If the contents of the policy or the amendments thereto do not conform with the offer, the Insured may request the corresponding correction within thirty days of receipt thereof.

This period having elapsed, the stipulations of the policy or the amendments thereto shall be considered as having been accepted."

"This translation to English is a professional courtesy only. In case of controversy, the original wording shall prevail."

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