



Country Fact Sheets

'Zurich' Facilities

Zurich Compañía de Seguros
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Other companies in the Group
IGUAZU Compañía de Seguros S.A
Zurich Iguazú Compañía de Seguro del Retiro S.A
(same address as Zurich)

Licensed to write. All lines of insurance

Compulsory Insurances

Legal obligation to carry Fire Insurance (no indication as to amount of assessment) on apartment buildings sold as condominiums

Decree 1567/74 obliges the employer to carry a Collective Life Insurance for all workers and employees for an amount which is periodically fixed by the Supervisory Authority

Accident Insurance for public transport

Certain cases of insurance of goods in transit

Major Insurance Laws

Law 17.418 (17.1968) Insurance Contract Act
- regulates insurance contracts

Law 20.091 (1973) Insurance Supervisory Act
- regulates incorporation, operation and supervision of insurance companies through the 'Superintendencia de Seguros de la Nación'

Law 12.988 (1947) Reinsurance Law
- prohibition to insure any risk outside Argentina and obligation to insure with Argentine companies only the risks of corporations which benefit from special concessions, tax franchises or other privileges by order of laws or decrees of public authorities

Law 14.152 (13.10.1952) National Reinsurance Institute Act
- establishes the monopolistic state-owned Reinsurance Institute INDER (Instituto Nacional de Reaseguros)

Non-admitted Insurance

Not allowed

Premium Taxes, Stamp Duties and Fees

Basic premiums plus financial surcharge if payment by instalments (maximum six) is chosen, plus insurance tax (up to 10%) on sub-total.

Stamp duties generally around 1%

As regulations suffer frequent changes, it is advisable to enquire about current values in each particular case.



Exchange Controls

At present the Austral is freely convertible and transferable to other countries.

Other Information

Policies are issued in 'Unidad de Cuenta de Seguros' (UCS) or in a foreign currency.

Compulsory cession of reinsurance to INDER (monopoly state-owned reinsurer) Argentine companies cede 100% of the reinsured part to INDER. Foreign companies such as 'ZURICH' must cede 30% to INDER, or 60% if reinsurance abroad is required.

The Insurance Companies maintain a tariff organisation, but the market does not strictly adhere to its rulings. All rates and conditions must, however, be approved by the Superintendency of Insurance, and, in some cases, by the state Reinsurance Institute INDER

With the compliments of

ZURICH INSURANCE GROUP
International Division Marketing & Information

Prepared March 1989

Latin American Presentation

Argentina

May/June 1989

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Argentina****Contents**

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1. General Country Information

1.1. History

In 1810, Argentina gained its autonomy from the central power in Spain. The Spanish viceroy was removed from office and independence was formally declared in 1816. A period of civil war followed, which finally led to reorganisation of the country in 1853, the year of the National Constitution. The following years were characterised by great prosperity and Argentina ranked in the top ten in the world regarding development and economic production.

From 1930 onwards, a number of military coup d'états occurred. The civil governments which have been in power since this time were unable to stabilise the situation. Only in 1983 did the country return to a democratic system of government.

1.2. Population

According to the last census in 1980, Argentina had a population of 27.8 million. Today's figure is estimated to be around 31 million.

Approximately 10 million people live in Greater Buenos Aires and another 2.5 million in the cities of Mendoza, Rosario and Cordoba.

The population is characterised by a mixture of races, with whites of European descent (Spain, Italy, and the Anglo-Saxon countries) being predominant. Standards of education are good. Racial discrimination is non-existent, and the country enjoys considerable religious freedom.

1.3. Climate

A variety of climatic conditions can be found in Argentina. The north is semitropical (hot and humid). In the centre, temperatures vary considerably: the average temperature in summer is 25C and in winter 0C.

The climate in the Andean zone is cold and it has heavy snowfalls, while "Patagonia" is dry, windy and cold, with fog and snowfall. Buenos Aires has a humid climate with an average temperature of 30C in summer and 10C in winter.

1.4. Geography

Argentina has a territory of 2,791,000 sq km. It includes a variety of landscape, including mountains, plains, plateaus, etc. The country is politically divided into 22 provinces, one national territory and one federal district.

1.5. Political Powers

The country has a federal system of government, whereby the provinces have delegated part of their power to the central government.

The three powers are represented as follows:

- The Executive is represented by a President, who is assisted by eight ministers and about 69 "Secretaries of State" (Secretarios de Estado).
- The legislative power made up of two chambers: the Chamber of Senators (two for each province and the capital) and the Chamber of Deputies (their number depends on the size of the population).
- The judicial power is in the hands of a federal court and lower courts.

The provinces have similar power structures and are subdivided into a number of municipalities.

1.5.1. Legal System

Argentina has a positivist system of law derived from Roman Law and the Napoleon Code. Laws are passed by congress with the majority of both chambers, and enacted or vetoed by the President, who, in addition, has the right to issue decrees.

The judges interpret and apply the laws in concrete cases. There is no system of cessation. Laws dealing with topics not delegated to the central power are enacted by the provinces issues, and issues regarding subjects of local interest by the municipalities.

2. Economic Situation

The per capita GNP (annual rate) has changed as follows in recent years:

1985	- 4.4 %
1986	5.7 %
1987	1.6 %

The importance of the various branches of industry in the GNP was for 1987:

Agriculture	14.7%
Mining	2.5%
Industry, Construction Ind.	27.4%
Electricity	4.9%
Transport, Traffic	11.5%
Trade	14.5%
Other Service Industries	24.5%

The per capita GNP in 1987 was US\$ 2,437
(Source: Banco Germanico de la America de Sud)

2.1. Structure of Economy

Although it is difficult to give exact figures, it is estimated that about 60% of the manufacturing and service industries are state owned, while about 40% is in the hands of private individuals.

2.1.1. Foreign Exchange Reserves

The following figures represent the gross reserves of the "Banco Central" over the last three years:

1985	US \$ 4,801
1986	US \$ 4,287
1987	US \$ 3,018

(Source: Banco Central de la Republica Argentina)

2.1.2. Trade Deficit/Surplus

From 1986 to 1988, the balance of trade showed the following surplus (in million dollars):

1986	US \$ 2,128
1987	US \$ 556
1988	US \$ 3,050

(Source: Banco Central de la Republica Argentina)

2.1.3. Inflation

The following figures reflect the inflation rates between 1986 and 1988:

	1986	1987	1988
Retail prices %	81.9	174.8	387.7
Wholesale prices %	57.9	181.6	431.6

Source: INDEC

2.2. Exchange Control Regulations

At present, the Austral is freely convertible and transferable to other countries.

2.2.1. Labour Laws

The system is centred on a general law including the basic conditions for labour contracts. In addition, there are collective bargaining agreements between trade unions and employers' organisations which establish salaries and working conditions

for each branch of industry (not on an individual company basis). The third stage of the system consists of individual agreements between the employer and the employee.

There is a specific system for setting salaries; every two months a tripartite committee consisting of government officials, employers' representatives and trade union representatives establishes the general minimum salary.

Collective bargaining agreements set pay scales according to seniority, function, position, etc. The employer must either comply with these guidelines or pay higher salaries.

2.2.2. Social Insurance

There is an official retirement scheme financed by company employee contributions. Benefits are granted upon reaching a certain age (60 years for women and 65 for men), if contributions have been paid for at least 30 years. It is also possible to qualify for benefits due to disability or advanced old age even if individuals have not contributed to the scheme.

According to law, pensions should be an adjustable 82% of the average of the salary collected in the last three years.

Health insurance is financed through employers and employees contributions to the "obra social" (trade unions agency). Contributions are compulsory for both retirement and health insurance. At the end of 1987, private retirement schemes offered by insurance companies were authorised as a complement to the official system.

Apart from Zurich/Iguazu, there are 11 other companies which offer this service. Workers' compensation for accidents at work are not covered by social security but directly by the employer or through liability insurance.

2.2.3. The Social Costs of Doing Business

The following are a list of the compulsory contributions provided by the employer:

- Monthly contributions to the retirement scheme (as a percentage of the salary)
- Contributions to the "obra social" (health insurance)
- Contributions to the housing loan and tourism fund
- Contributions to family allowance (additional payments for spouses, children, children going to school, etc.)

2.2.4. Membership in Economic Groups

Argentina is not only a member of the economic organisations within the UN and the OAS, but also the following organisations:

CEPAL	("Comision Economica para America Latina" - Economic Commission for Latin America)
ALALC	("Asociacion Latinoamericanan de Libre Comercio" - Latin American Free Trade Association)

FMI	("Fondo Monetario Internacional" - International Monetary Fund)
BIRF	("Banco Internacional de Reconstrucción y Fomento" - World Bank)
CAUSE	("Convenio Argentino-Uruguayo de Cooperación Económica" - Argentine-Uruguayan Agreement on Economic Cooperation)

During the last three years, Argentina has signed important economic and tariff agreements with Brazil, Spain and Italy.

2.3. Production

2.3.1. Raw Materials

Argentina is basically a producer of raw materials for agriculture / cattle raising, oil, minerals and natural gas.

2.3.2. Main Products

Industrial Products: Cement - paper - cars - agricultural - electrical home appliances - textiles - petrochemicals - combustibles

Regional Products: Wine - sugar - oil - tea - fish

Agriculture/Cattle: Meat - cereals (maize - wheat - soyabeans - sunflowers) - fruit

Metallurgy/Oil: Steel - heavy and light oil

2.3.3. Manufacturing Industries

The most important manufacturing industries in Argentina are:

- Extraction of oil and natural gas and industry related to the products derived from them, particularly petrochemicals
- Light and heavy metallurgy
- Shipyards
- Cars
- Textiles
- Electrical home appliances

2.3.4. Commerce

External Trade:

Argentina's exports are heavily concentrated in the agricultural sector. These may be divided by groups of products (1987):

	Percentage of Total Exports
Agricultural products	22.0
Manufactured goods	21.7
Edible oils	8.6
Animal products	10.3
Metals	8.3
Leather products	6.6
Chemicals	5.4
Machinery	4.3
Textiles	4.9
Transport equipment	2.1
Minerals	2.0
Plastics and rubber	1.9
Paper and paper products	1.2
Glass and ceramics	0.6
Other	0.1
Total	100.0

Source: INDEC (Instituto Nacional de Estadística y Censos)

Imports:

Argentina's imports are similar to those in many developing economies. The country imports only a small amount of food and a limited amount of raw materials, while a substantial percentage of its purchases are in the manufacturing sector.

Imports by groups of products (1986):

	Percentage of Total Imports
Machinery	29.6
Chemicals	17.8
Minerals	14.2
Metals	9.7
Transport equipment	6.1
Plastics, rubber, etc.	5.4
Agricultural products	5.0
Scientific equipment	4.9
Paper and paper products	2.5
Textiles, clothing, etc.	2.0
Others	2.8
Total	100.0

Source: INDEC (Instituto Nacional de Estadísticas y Censos)

2.3.5. Service Industries

Following worldwide trends, service industries have expanded over the last few years. There are 250 banks and 231 insurance companies, five of which stand out as being as leading companies in the international market.

2.3.6. Agriculture

Agriculture has traditionally been a very important sector in the Argentine economy. Beef and grain production has been sufficient to feed the domestic population and leave a substantial surplus for export. Argentina is the world's fifth largest exporter of wheat, the third largest exporter of soybeans and has a considerable share in the world markets of maize, grain, sorghum, beef and wool. Grapes are grown in substantial quantities. Much of them are turned into wine, of which Argentina is the fifth largest producer in the world. The country also produces large quantities of sunflower seed, sugar cane, cotton, apples, pears and citrus fruits, and is the world's most important exporter of oilseed products.

2.3.7. Exports - Imports

Despite awareness of the need to increase exports, agriculture still represents the most important export sector in Argentina.

Manufacturing and service industries are rapidly developing; this has mainly been due to a number of agreements that have been signed, such as the Argentinian-Uruguayan agreement CAUCE ("Convenio Argentino-Uruguayo de Cooperacion Economica"), the Argentine-Brazilian Agreement and the ALALC Agreement ("Asociacion Latinoamericana de Libre Comercio" - Latin American Free Trade Association).

Imports are limited to materials which are necessary for the most important industries: metallurgy, textiles, oil, automobiles and drugs.

2.3.8. Major Export Markets

The market for agricultural products fluctuates and conditions are significantly effected by the European Common Market. As a result, efforts are being made to increase trade with East European countries. Another objective is to intensify exports to Brazil, Uruguay, and the other neighbouring countries, as well as to the United States.

3. Insurance Market

It is estimated that of the 231 companies in Argentina, the first 20 companies write between 40% and 45% of the business. As such, the market is very atomised (see list of direct insurers).

3.1. Our Local Facility

The Zurich Group in Argentina
Grupo Zurich/Iguazu
San Martin 442
1004 Buenos Aires

Tel: 325-6738
394-2417/3217
Telex: 23726 zurig ar
Telefax: 3256738

The Group consists of:

Iguazu Compania de Seguros. This is an Argentine company founded in 1947 and affiliated to the "Zurich". In addition, it has administered the business of the "Zurich" since 1982.

Iguazu is licensed to write all lines of insurance including property, business interruption, general/product liability, worker's compensation, motor, machinery, electronic equipment (all risks), CAR/EAR, marine cargo and life.

Due to the economic structure of the country, the central administration of the company is in Buenos Aires. There are two agencies: one in the Province of Cordoba in the centre of the country (a region of economic and cultural importance), and one in Mar del Plata (a seaside resort in the south of the Province of Buenos Aires).

Zurich Compania de Seguros (Regional Office Buenos Aires). A foreign owned company, established in the country as an agency in 1963 and transformed into a branch office in 1982.

It is active in the property, business interruption, business interruption as a consequence of machinery breakdown, general/products liability, electronic equipment, machinery, CAR and EAR lines.

Zurich Iguazu Compania de Seguro del Retiro. This is a recently founded Argentine company dealing exclusively in private retirement insurance.

3.2. Insurance Law

Law 17.418 (1.7.1968): Insurance Contract Act regulates insurance contracts.

Law 20.091 (1973): Insurance Supervisory Act regulates the incorporation, operation and supervision of insurance companies through "Superintendencia de Seguros de la Nacion".

Law 12.988 (1947): Reinsurance Law prohibits the insurance of any risk outside Argentina and obliges companies to insure with Argentine companies who benefit from special concessions, tax franchises and other privileges by order of laws or decrees by public authorities.

Law 14.512 (13.10.1952): National Reinsurance Institute Act established the monopolistic state owned Reinsurance Institute INDER ("Insutituto Nacional de Reaseguros").

3.2.1. Insurance Supervision

The "Superintendencia de Seguros de la Nacion" regulates the insurance industry in Argentina. It can grant or withdraw authorisation for the incorporation of companies, and sets guidelines for their operation, contracts, tariffs etc. There are more than 747 resolutions or circulars in force at the moment.

3.2.2. Insurance Requirements

Under the Argentine constitution, insurance is a national matter, so that the activities of insurers throughout the country are governed by national laws and monitored by the "Superintendencia de Seguros de la Nacion", which is a functionally and financially autonomous state body.

Although insurance companies may be incorporated federally or provincially, they may not engage in insurance activities unless they have been licensed by the "Superintendencia de Seguros de la Nacion".

Insurance plans, policies, premiums, and the bases used for computing technical reserves and changes therein, require the prior approval of the "Superintendencia de Seguros de la Nacion". This agency also monitors matters connected with the organisation, functioning, solvency and liquidation of insurance companies, the conduct of insurance agents, and publicity and promotion involving insurance.

The following types of organisation may carry out insurance activities:

- Corporations, cooperatives and mutual insurance funds;
- Branches or agencies of foreign insurance companies of the types mentioned above;
- Official or mixed (partly state owned) national, provincial or municipal organisations.

3.2.3. Government vs. Private Insurers

The Argentine insurance market is made up of 231 companies, six of which are state owned and the rest private. Of the private companies, 155 are joint-stock companies, 56 cooperative societies with national capital, and 14 branch offices of foreign companies.

The distribution of production by sector and by line in the last quarter of 1987 was as follows:

Line	Joint-stock Companies	Cooperatives and Mutual Societies	State Institutions	Branch Offices and Agencies of Foreign companies	Total
Motor	19.82	20.48	4.80	0.28	45.38
Fire	10.02	2.24	0.45	1.30	14.01
Workers'					
Comp.	7.10	3.32	0.53	0.16	11.11
Life	3.12	0.59	4.96	0.02	8.69
Marine	5.29	0.52	1.22	0.17	7.20
Burgl.	1.96	0.65	0.20	0.09	2.90
Hail	0.56	1.62	0.00	0.00	2.18
Rest	7.18	0.60	0.50	0.25	8.53
Total	55.05	30.02	12.66	2.27	100.00

3.3. Statistics

The "Superintendencia de Seguros de la Nacion" collates market statistics for each type of enterprise (Argentine private companies, Argentine cooperatives and mutual insurance societies, state owned companies, foreign companies) and for each line.

The last official figures were given in 1988.

3.3.1. Solvency and Financial Stability of Insurers

Law 20.091, which regulates the activities of insurers, established minimum capital amounts the insurers must comply with in order to obtain authorisation to operate. Through the supervisory authority, the "Superintendencia de Seguros de la Nacion", there is a follow-up for the compliance with the minimum capital amounts stated above, and schemes for updating and correction are available for cases concerned with the reduction of these amounts. Failure to comply with these procedures may entail cancellation of the authorisation to operate.

The supervisory authority is also empowered to determine necessary technical reserves and reserves for outstanding losses. Investment of these reserves, just as for capital, the legal reserve and provision funds, must be made through the options foreseen in Art. 35 of Law 20.091, i.e. government bonds, debentures with property located in the country as security, loans with mortgage security, real estate, corporate stock (both national and foreign listed) on the stock exchange (both Argentine and foreign), etc.

When choosing an insurer, the client should take into account the solvency of the company with regard to the local economic situation.

3.3.2. List of Direct Insurers

The following are among the most important insurance companies in Argentina's insurance market:

Rank	Company	Market Share (%)
1	C.N.A.Y.S. (Caja Nacional de Ahorro y Seguros)	10.04 (state-owned)
2	San Cristobal	2.80
3	Buenos Aires	2.61
4	Segunda	2.49
5	Sancor	2.28
6	Meridional	2.20
7	Federacion Agraria Arg.	2.10
8	Omega	2.02
9	Ruta	1.84
10	Sudamerica T.y M.	1.70
11	Federacion Patronal	1.70
12	Bernadino Rivadavia	1.67
13	Aseg. Industriales	1.51
14	Estrella	1.43
15	Belgrano	1.36
16	Patagonia	1.27
17	Sud Atlantica	1.12
18	Plus Ultra	1.11
19	Fides	1.07
20	Iguazu	1.02

The market share held by foreign companies is divided up as follows:

1	Zurich	19.52
2	Insurance Comp. of North America	16.26
3	Firemen's Insurance	12.69
4	L'Union	12.38
5	Assicurazioni Generali	11.42
6	American Home Assurance	8.90
7	Royal Exchange Assurance	7.59
8	Commercial Union Assce. Co.	6.84
9	Alliance Assurance Co. Lim.	3.58
10	Tokyo	0.81

3.4. Associates and Institutes

- "Asociacion Argentina de Companias de Seguros"
- "Union Argentina de Aseguradores"
- "Asociacion de Aseguradores Extranjeros de la Republica Argentina"
- "Asociacion Argentina de Cooperativas y Mutuales de Seguros"
- "Aseguradores del Interior de la Republica Argentina"

3.4.1. Pools

There are two pools of insurance companies, both operating in very specialised branches:

- Aviation Insurers
- Export Credit Insurance Company.

Iguazu participates in both of them.

3.5. Capital Requirements

The amounts are exclusively set by the supervisory authority and have general validity. The sums valid on 31st of December 1987 were:

For one branch:	Australes	611,968
For each subsequent branch:	Australes	76,496
For all branches:	Australes	1,223,936

The amounts are automatically increased every six months on the basis of the non-agricultural wholesale price index. They are valid for state owned and private companies, as well as for branch offices and agencies of foreign companies.

3.5.1. Solvency Margin

Insurers are obliged to cover their technical liabilities (premium reserves and reserves for outstanding losses) totally through investments determined by Law 20.091 Art. 35 cited above.

3.5.2. Management

Within a context of relative freedom as regards administration and the disposal of assets, Law 20.091 established certain limitations. The following are not allowed:

- 1) Joint ownership of property without previous authorisation;
- 2) Mortgage loans, except for property of personal use and as security for the balance of purchase price;
- 3) Issuing debentures, negotiable bonds and notes;
- 4) Discounting documents payable by the insured or third parties or negotiating cheques, except for transfer through endorsement to specific parties;
- 5) Applying for bank loans, except where the object of the loan is the construction of real estate for rent or sale;
- 6) Providing security or assume warranties for obligations contracted by third parties.

3.5.3. Overseas Involvement

Branch offices or agencies of foreign companies are allowed to operate in almost all lines. Private companies are treated as foreign if more than 49% of their capital is in the hands of a foreign investor. They may not operate in marine insurance, nor cover

risks of an insured who enjoys fiscal privileges or some other kind of preferential treatment from the Argentine Government.

3.5.4. Non-Admitted Insurance

Insurance of Argentine risks outside the country is not allowed.

3.6. Intermediaries (Agents, Brokers)

Systems:

The intermediaries' activities are regulated in Law 22.400. They can exercise their business in two ways:

- 1) As intermediaries acting directly and advisors whose efforts aim at the conclusion of an insurance contract, and who advise insureds and potential insureds;
- 2) As organised intermediaries and advisors who give instructions, directives or advice to the direct intermediaries who form part of an organisation.

It is also possible to found companies aiming solely at mediating in the conclusion of insurance contracts. Unless otherwise agreed, the fact that an intermediary does not comply with his functions does not imply any legal subordination to, or relation of, dependence on the insurance company.

According to insurance law, the insurer may elect a representative or agent to act in his name. In this case, regulations regarding agencies apply, and the relation is determined by the contracts concluded.

Intermediaries are also affected by the law referring to insurance companies, which includes regulations concerning their activities and deals with the sanctions they are subject to in the event that they do not comply with their obligations and functions.

Most international brokers are represented in Argentina.

For their efforts, the intermediaries receive a commission previously agreed with the insurance company. However, certain maximum limits have been established by the "Superintendencia de Seguros de la Nacion".

3.7. Reinsurance

There is one reinsurance institution - INDER (a state owned company) - to which Argentine companies must cede the whole surplus of their retention. The agencies or branch offices of non-Argentine companies have to cede 30% of the amount in the contract at the original cost. The remaining 70% can be kept by the company or partially ceded to INDER under the same conditions applying to national companies.

Foreign companies may cede up to 40% abroad, but have to cede another 30% to INDER (total cession to INDER: 60%, retention or cession abroad: 40%). For local companies, cessions abroad are virtually impossible.

R/I commissions under treaties and facultative business:

They are unilaterally set by INDER through rules or agreements or facultatively. According to legal provisions, the determination of commissions must be based on those obtained for the placing of funds in the local market or abroad, since there is no profit motive involved.

Compulsory cessions:

As mentioned earlier, only foreign companies are obliged to cede 30 % of all their risks to INDER.

3.8. Underwriting Per Line of Business

3.8.1. Tariff/ Non-Tariff Situation, Rating

There are uniform minimum tariffs approved by the "Superintendencia de Seguros de la Nacion" for the branches fire, business interruption, burglary, liability, worker' compensation, personal accidents, life and motor. For marine, guarantee and technical insurance, either the company's tariffs or special quotations obtained from INDER are applied, according to the size of the risk.

3.8.2. Underwriting Capacities

There is no limitation for the amount subscribed to by the insurance companies. They set their retention according to their assets, their premium situation and their liquidity.

3.8.3. Basic Coverage - Exclusions - Extensions

The conditions and scope of a contract, its extensions and exclusions, must be expressly approved by the "Superintendencia". There is a tendency to impose compulsory uniform market conditions prohibiting specific clauses in certain lines and for certain coverages.

3.8.4. Compulsory Lines

A basic minimum fire insurance exists for condominium buildings, insurance for boilers, some very specific minimum collective life insurance, and, in certain cases, for the insurance of goods in transit. All these are minimum coverages, and may sometimes have to be insured with a state owned insurer.

3.9. Cash Premiums/Paid Losses in 1987 (Australas)

Lines	Premiums	%	Losses	%
Motor	2,251,002,016	47.14	938,866,502	50.06
Fire	621,259,605	13.01	123,884,515	6.61
Workers' Comp.	545,310,309	11.44	198,503,573	10.58
Life	434,646,005	9.10	249,152,076	13.28
Marine	322,916,575	6.76	135,237,528	7.21
Burglary	142,009,645	2.97	64,552,912	3.44
Hail	45,508,102	0.95	11,418,351	0.61
Miscellaneous	411,200,281	8.61	153,979,941	8.21
Total	4,774,852,538	100.00	1,875,594,498	100.00

Since statistical information in Argentina is rather poor, we cannot indicate more detailed figures (e.g. loss ratios on an incurred basis).

4. Property Insurance

4.1. Personal/Commercial/Industrial/Agricultural

As regards the insurance for individual persons, one can say that property insurance (fire, burglary, etc.) was not very common until recently. At the moment, integrated household policies and, due to their increasing number, insurance against burglaries, are gaining in importance.

For business, there is the "combined commercial policy" (not very widespread), as well as burglary insurance for goods and valuables, and glass policies for shops which face the street.

Due to its size, industry is the most important sector for the various branches of property insurance, such as fire, burglary, technical insurance, etc.

Within the agricultural sector, a consciousness for the need to have an insurance has not yet developed, except for certain regions (for example, the Province of Mendoza, the south of the Province of Buenos Aires) where hail insurance policies against damages to harvests and sown fields are sold.

4.2. Standard Fire Coverage

The following losses or damages and expenses are covered by the general conditions for "ordinary fire insurance":

Property loss or damage caused by fire, lightning, explosion, aircraft, vehicle impact, strike, riot, civil commotion, malicious damage, vandalism, sabotage, terrorism, smoke.

Main exclusions:

- a) Wilful act or gross negligence of the person effecting the insurance, the insured, the beneficiary or their legal representative;
- b) Burglary or theft of the insured property at the time of the accident of the above mentioned events;
- c) Windstorm, hail, earthquake, sprinkler leakage, collapse, sonic boom, molten material, radioactive contamination, volcanic eruption, flood, landslide;
- d) War, civil war;
- e) Any loss or damage occurring before payment of the premium.

Endorsement to fire policy:

The following perils can be added via endorsement (require an extra premium):

- a) Windstorm;
- b) Hail;
- c) Earthquake (incl. fire caused by an earthquake and material damage caused by an earthquake)
- d) Debris removal
- e) Spontaneous combustion

4.2.1. Named Perils

In the following order:

- Robbery/theft of valuables from premises or safe;
- Robbery/theft of valuables in transit;
- Robbery/theft of goods;
- Machinery/computer breakdown
- Outbreaks of fire
- Glass breakage
- Water damage

4.2.2. All Risk Policies

'All Risk' policies are mainly sold in the sub-lines concerned with the robbery of valuables and machinery breakdown.

4.2.3. Loss of Profits/Business Interruption

This coverage is not very widespread and is usually only taken by very large companies.

4.3. Catastrophe Exposure

Catastrophe exposures require an additional cover and an extra premium.

Catastrophes do not occur very frequently except in certain regions (e.g. earthquakes in the Province of Mendoza, windstorms in Tierra del Fuego, etc.).

4.3.1. Terrorism/Sabotage

These risks are covered by the standard fire policy (no additional coverage).

4.3.2. Fire Protection and Fire Brigades

There are considerable rebates for fire protection installations, which are sometimes even required by the insurer (sprinklers, separation doors, handsaw roofs etc.). The distance between an industrial plant and the next fire brigade also has an impact on the premium.

5. Accident

5.1. Motor

Without any doubt, motor insurance is the best selling branch of insurance in Argentina. The premiums account for almost 60% of the total amount of premiums in the country; yet this line has never been very profitable and in many cases even produces a loss. Iguazu has a limited portfolio in motor insurance (23%), while the "Zurich" barely writes any insurance in this line.

Although several laws establishing compulsory liability insurance for third parties have been passed both on a local level, for a number of reasons they have been suspended, repealed or not been applied.

Throughout the market, motor insurance is a uniform line as far as contract conditions and tariffs are concerned, with a large number of guidelines regulating it.

5.1.2. Fleets

Since fleet coverages lead to a considerable reduction in administrative costs, it is very common that firms include their employees' cars in a fleet policy.

5.2. Workers' Compensation and Employers' Liability

Applicable laws:

Workers' compensation is regulated by Law 9.688, which foresees two basic options for claims:

- 1) Damages awarded according to specific tariffs with certain maximum amounts set by the law. In these cases, requirements regarding the employer's liability are relatively easy to ascertain and simple to comply with, e.g. relation of dependence, total or partial relationship of cause and effect between the damage suffered and activities pursued in the course of work, and the damage itself.
- 2) Procedure regulated by the civil law, where amounts awarded are substantially higher due to the absence of tariffs or limits. These norms establish a presumption of responsibility incurred by the owner or custodian

of any object which has caused a damage. If the damage was caused by a risk created by this object, or a defect, the owner or custodian (employer) must not only prove that he was not responsible for the damage, but also the total or partial responsibility of the victim or of a third party, for which he is not liable, in order to exempt himself totally or partially from his liability.

5.3. Liability (General and Products)

Market conditions:

Argentines, like most Latin Americans, are not litigation conscious, and the frequency and amount of awards have remained low as compared with the industrialised nations of Europe and North America.

Coverage:

Public liability (premises and operations), with products liability either integrated or as an optional extension.

The insurer will indemnify the insured against legal liability to compensate for :

- Bodily injury
- Property damage

occurring during the period of insurance within the geographical limits determined by the insurance contract.

In addition to the limits of indemnity, the policy will cover:

- Claimant's costs and expenses;
- Insured's defence costs incurred with the consent of the insurer.

Deductibles:

Deductibles of 10 % of indemnity with a minimum of 1 % and a maximum of 5 % of the sum insured.

Limits:

Per occurrence and in the aggregate (3 occ./aggr. for public liability and 2 occ./agg. for product liability).

Extensions available:

- Products liability (unless integrated)
- Tenants legal liability
- Contractual liability
- Contingent employer's liability
- Cross liability
- Written contractual liability
- Sudden/accidental pollution
- Care, custody and control

- Loading/unloading

Exclusions:

- Employee injury
- Non-performance of contract, penalty sums, fines or liquidated damages
- Ownership or use of aircraft, hovercraft, watercraft or oil drilling platforms
- Pollution/contamination
- Professional indemnity
- Product recall
- Pure financial loss
- Infringement of copyright

5.3.1. Legal Base (Common Law or Other)

Extra-contractual liability in Argentine legislation may be direct or personal. As such, it falls on the author of an unlawful act which caused damage and is subject to the "Codigo Civil" (Art. 1109). The burden of proof lies on the person affected by the damage, who must prove the author's guilt in order to make him liable.

Liability may also be indirect or reflexive. This arises as a result of acts or omissions caused through malicious intent or negligence committed by an individual in the course of employment or acting as an agent ("Codigo Civil" Art. 1113, Paragraph1). To prove liability, it is necessary to prove the guilt of the agent as well as the relation of dependence.

Finally, Art. 1113 the "Codigo Civil" foresees another type of liability which arises from the custody of objects or the profits gained by them (created risk theory). This norm refers to two different situations which are treated in the same way.

In the first case, the damage is caused "with the object", which implies human intervention; the object is managed and handled by a person.

In the second case, the damage is caused "by the object" without any direct human intervention. The damage is caused by the object itself due to a defect or to a risk created by it.

The victim of damage caused "with the object" or "by the object" does not have to ascertain the custodian's guilt, but it is the custodian who, in order to free himself from his liability, must prove that he was not responsible for the damage or that the guilt can be ascribed to the victim or to a third party for which he is not liable.

Contractual liability obviously presupposes the existence of a contract. A breach of contract which causes a damage to the creditor obliges the debtor to compensate for it. The creditor does not have to prove the debtor's guilt, but must only show the documentary evidence of his credit, thus obliging the debtor to prove compliance with the obligation, the circumstances that prevented him from compliance or the extinction of the obligation.

5.4. Various

5.4.1. Professional Indemnity

Professional liability insurance has been approved by the supervisory authority for the following professions:

- Physicians
- Architects and engineers
- Lawyers and notary publics.

The only liability sold is that for physicians, although it is regarded as a bad risk in the market. The fact that this coverage is rarely sold makes it impossible to work out statistics which might prove the assumption correct.

5.4.2. Personal Accidents

This is another type of insurance which is seldom sold due to its cost and the limited scope of coverage (both determined by the supervisory authority). It is usually taken by companies which pay the premiums and are the beneficiaries of the indemnities paid, which helps them to recover the expenses they have due to other social legislation.

5.4.3. Bonds

This is a very specialised line. There are only two or three companies which dedicate themselves exclusively to this line. The remaining companies offer it as a complementary service for their clients.

The most important forms are:

- Guarantees for the fulfilment contracts for public works ;
- Custom guarantees for import/export operations.

Iguazu operates very cautiously in this line, having a form of credit analysis worked out by a company specialised in this field, which checks the economic and financial situation of the potential insured.

5.4.4. CAR/EAR/Machinery Breakdown

These coverages, which fall under technical insurance, were not too important in the past, but are now experiencing a positive development as regards the main industrial and construction companies. They usually cover important risks with high sums insured and, as a consequence, a low retention. The quotation is obtained from the Reinsurance Institute. There are neither reinsurance tariffs nor contracts.

6. Marine, Aviation and Transit

6.1. Marine Cargo/Inland

To handle this very important insurance branch, Iguazu has a specialised department which enjoys a good reputation in the market. Sea marine insurance, which yields good results, and inland marine insurance, which yields regular results, together account for more than 25% of the premium volume of Iguazu.

Unlike other countries, tariffs exist in Argentina, which take into account the type of ship, the passage, the kind of goods transported, the packing etc..

6.2. Hull

There is no tariff for this line and, although results have proved to be regular, it is seldom sold. A large proportion tends to be reinsured.

6.3. Aviation

All aviation risks are insured via a pool of companies.

The following coverages exist:

- Hull
- Personal accident
- Liability
- Insurance for goods in transit (via the line and section transport insurance)

6.4. War

This is an additional coverage, requiring an extra premium, and can be rescinded within 48 hours. It is a common coverage in sea marine insurance.

6.5. Claims Handling

Due to the special character of this branch, all losses occurring in marine insurance are handled via the underwriting section, which works together with external loss adjusters.

4. Future

7.1. Politics

The constitutional system has been consolidated and, after various periods of de facto regimes, in 1989 the first change of government in accordance with the Constitution will take place through democratic elections.

7.2. Social and Economic

In this sector, no significant progress has been made. Instead, inflation, which, among other reasons, can be partly attributed to the fiscal deficit, is aggravating, and taking into consideration the difficulties to reduce this deficit, it seems impossible to reverse this tendency.

7.3. Insurance Market

Although the market is deeply affected by the situation described above, some positive tendencies can be observed. In view of the massive losses suffered by INDER, a liberalisation of reinsurance regulations seems probable, which may lead to the participation of private enterprises in the coming years.

7.4. Other Developments

In accordance with the needs of the population, and following the successful example of the industrialised countries, guidelines were established last year for private retirement schemes to be exclusively offered by insurance companies.

* Source for all figures given in those sections concerned with insurance was: "Superintendencia de Seguros de la Nacion" Estadística Diciembre de 1987.

Overview of Perils Insured Against in Basic Fire Policy

Argentina

a	Fire	c	Sprinkler Leakage
a	Lightning	b	Collapse
a	Explosion	a	Smoke
a	Aircraft	c	Sonic Boom
b	Windstorm	c	Molten Material
b	Hail	c	Radioactive Contamination
a	Vehicle Impact	b	Earthquake
a	Strike	b	Volcanic Eruption
a	Riot	b	Flood
a	Civil Commotion	b	Snow Pressure
a	Malicious Damage	b	Landslide
a	Vandalism	b	Tenants & Neighbours Liability
a	Sabotage	c	All Risks available (local form)
a	Terrorism	c	All Risks allowed (fronting)
a	Perils covered in a standard policy		
b	Perils can be added by endorsement		
c	Perils cannot be added by endorsement		

Comparison Tables

Argentina

Spain

May/June 1989

Comparison of Fire Insurance Coverage

ARGENTINA

Fire

Excludes loss or damage caused by:

- a) Inherent vice
- b) Burning, scorching or any other damages caused by contact or effect of sources of heat, unless a fire results
- c) Effect of fire on equipment, machinery or installations when the fire is an integral part of functioning
- d) Electrical disturbance
- e) Power cuts affecting machinery and equipment
- f) New government regulations applying to reconstruction of a damaged building

Lightning

Covered by general policy.

Explosion

Covered by general policy.

Aircraft

Coverage in respect of damage caused by the force of wind to the subject. The windstorm has been classified as such by the National Meteorological Institute (minimum required speed: 78 km per hour).

Hail

Coverage in respect of loss or damage caused by the force of hail to the subject matter.

Vehicle Impact

Collision or contact of vehicle, parts thereof and their cargo.

SPAIN

Fire

Excludes loss or damage to property caused by:

- a) Heat or fermentation
- b) Electrical disturbance
- c) Spontaneous combustion

(However, a fire following the above-mentioned accidents would be covered)

Lightning

Covered by standard policy

Explosion

Covered by standard policy

Aircraft

Damage by falling aircraft or parts thereof covered by "Extended Coverage".

Windstorm

Covered as an extension to the Fire Policy "Extended Coverage"

Hail

Part of "Extended Coverage".

Vehicle Impact

Damage caused by physical contact of road and rail vehicles. Exclusions:
- Damage caused by vehicles of the insured, the user of the insured premises or their employees.

ARGENTINA

Strike

See "Civil Commotion".

Riot

See "Civil Commotion".

Civil Commotion

Basic coverage includes any material damage suffered by subject matter as a consequence of disturbance and group action similar thereto or destructive action incidental to strikes, lock-out, as well as acts of terrorism originated in circumstances as mentioned above. All other acts of vandalism, terrorism and malicious damage, even if they are not incidental to circumstances as mentioned above, provided they are not caused by civil or international wars, rebellion, sedition, mutiny or guerrilla warfare.

Malicious Damage

See "Civil Commotion".

Vandalism

See "Civil Commotion".

Sabotage

See "Civil Commotion".

Terrorism

See "Civil Commotion".

Sprinkler Leakage

Coverage not available.

Collapse

Coverage is not always available. It is subject to approval by the "Superintendencia de Seguros de la Nacion".

SPAIN

Strike

Part of "Extended Coverage" if it is an illegal strike. Legal strike covered by the "Consortio". See note 1).

Riot

Covered by the "Consortio". See note 1).

Civil Commotion

Covered by the "Consortio". See note 1)

Malicious Damage

Part of "Extended Coverage"

Vandalism

Part of "Extended Coverage". Can be added by endorsement.

Sabotage

Term "Sabotage" as such not used for coverages, but in certain circumstances coverage exists.

Terrorism

Covered by the "Consortio". See note 1)

Sprinkler Leakage

Part of "Extended Coverage"

Collapse

Coverage not available

ARGENTINA

Smoke

Coverage includes smoke originating in fire or in malfunctioning of heating and/or cooking devices provided safety regulations regarding ventilation have been duly fulfilled.

Sonic Boom

Coverage not available.

Molten Material

Coverage not available.

Radioactive Contamination

Coverage not available.

Earthquake

By extension of standard policy. Includes both fire and shock cover.

Volcanic Eruption

Coverage is not always available. It is subject to approval by the "Superintendencia de Seguros de la Nacion".

Flood

Coverage is not always available. It is subject to approval by the "Superintendencia de Seguros de la Nacion".

SPAIN

Smoke

Covered if sudden and accidental escape from a heating/boiling unit, furnace or drying system.

Sonic Boom

Coverage in respect of damage caused directly by sonic boom resulting from sonic boom waves of an aircraft. Part of "Extended Coverage".

Molten Material

Coverage in respect of damage of destruction caused by sudden and unexpected escape of molten material.

Exclusions:

- Damage, destruction or loss of the actual escaping material
- Costs incurred in the discovery of the point of escape.

Part of "Extended Coverage". Can be added by endorsement.

Radioactive Contamination

Coverage not generally available.

If atomic reactor or nuclear material is used coverage is available by the Atomic Pool.

Earthquake

Covered by the "Consortio". See Note 1).

Volcanic Eruption

Covered by the "Consortio". See Note 1)

Flood

Covered by the "Consortio". See Note 1)

ARGENTINA

Snow Pressure

Coverage is not always available. It is subject to approval by the "Superintendencia de Seguros de la Nacion".

Landslide

Coverage is not always available. It is subject to approval by the "Superintendencia de Seguros de la Nacion".

Tenants' and Neighbours' Liability

Can be added in a standard policy by special agreement.

SPAIN

Snow Pressure

Coverage not available

Landslide

Coverage not available

Tenants' and Neighbours' Liability

Coverage available.

Water Damage

Coverage available under the "Extended Coverage" endorsement.

Tsunami

Coverage not available.

Leakage

Coverage available by special endorsement.

Coverage in respect of damage or destruction caused by sudden and unexpected leakage of the contents of pipes, tanks and containers.

Exclusions:

- Damage caused by the leakage of water or heating oil.
- Damage to pipes, tanks and containers caused by wear, tear, gradual deterioration, rust and corrosion.
- Costs incurred in discovery of the point of leakage.

Sprinkler leakage part of "Extended Coverage".

Deductibles/Limits of Indemnity

1. Fire/B.I.

Generally no deductibles or limits of indemnity (can be agreed individually).

2. Extended Coverage

Generally 10 % of damages minimum Ptas. 25.000, maximum Ptas. 250.000

ARGENTINA

SPAIN

Deductibles/Limits of Indemnity (cont'd)

Note 1) - Consorcio

Government pool covering special risks. Must be included in fire policies by adding a special rate to be paid by the insured.

Taxes and Fees

Additional surcharge 9,30 % plus 3.650 Ptas.
Fire brigade 5,00 % on premium
D.G.S. 0,50 % on premium
Consorcio - Rate range from 0,092 o/oo to 0,25o/oo applicable on amounts insured.

Whenever the risk is located close to a water source there are specially increased rates for Consorcio .

General Liability Insurance Coverage

ARGENTINA

Structure

Policy contains preamble, operative clause, jurisdiction clause, exceptions, definitions, conditions, schedule. Standard coverage is Public Liability only, which may be extended to Products Liability. Wordings must be approved by the "Superintendencia de Seguros de la Nacion".

Coverage

Insurer will indemnify the insured against legal liability in compensation for Bodily Injury, Property Damage, and Financial Loss resulting from Bodily Injury or Property Damage occurring during the period of insurance within the geographical limits arising out of its business as a consequence of acts or omissions stated in Articles 1109 to 1136 of the Argentine Civil Code.

Insurance in respect of Business or Industry includes coverage of acts committed by company officials.

Schedule

Attached to and forming part of the policy. It states insured's name, address, period of insurance, premium, limits of indemnity, deductibles, and policy territory-

Definitions

There are definitions of: persons insured, obligations of the insured during policy period, bases for the premium calculation, consequences of breach of policy conditions, claims handling, etc.. These are to be found in various "interpretation clauses".

Supplementary Payments

In addition to the limits of indemnity the policy provides for payment of claimant's costs and expenses as well as insured's defence costs incurred with the consent of the insurer.

SPAIN

Coverage

Covers the legal liability of the insured arising out of the operation products, can also be included designated in the policy for:

- Bodily Injury including death and other impairment of health (bodily injury)
- Damage, destruction or loss of property (property damage)

Unless otherwise agreed, the General Liability Insurance shall also cover the liability of the insured:

- 1) As owner, lessee or tenant of building which are part of the insured's enterprise.
- 2) Arising out of use of motor vehicles and cycles provided that they are used in the insured's business (only subsidiary liability complementary to motor insurance).
- 3) Pollution only if sudden and accidental.

Schedule

Essential part is the exact and comprehensive description of the activities and the manufacturing programmes of the insured enterprise.

Definitions

There are definitions of persons insured, obligations of the insured during the policy period, bases for the premium calculations, consequences of breach of policy conditions, claims handling etc

Supplementary Payments

Expenses of the insurer for costs (e.g. lawyers' and experts' fees and court costs) shall not be counted as indemnities in respect of the sum insured. If liability claims exceed the sum insured, the costs shall be divided proportionally.

For a claim occurring in the United States or Canada, all costs, however, shall be taken into account within the limit of indemnity.

ARGENTINA

Limits of Indemnity

In addition to any award or settlement to a Third Party, the limits of indemnity also include: interest on the loss, assessment fees, lawyers' fees, court, arbitration and conciliation costs up to the sum insured. Policies are subject to Claims Series Clause (all occurrences resulting from a single cause are deemed one occurrence). Standard aggregate of three times the limits of indemnity during the policy period. The policy is written on a loss occurrence basis with various time limitations applying, e.g. in civil cases two years from the time of discovery by the plaintiff.

Period of Insurance

The policy is written on a 12-month basis without tacit renewal.

Policy Territory

Policy territory may be varied from purely local to worldwide, excluding USA/Canada. Exports to the USA/Canada can be included by payment of an additional premium.

Deductibles

Deductibles apply for Bodily Injury / Property Damage jointly and may be per occurrence and in the aggregate. Deductibles of 10% of indemnity with a minimum of 1% and a maximum of 5% of the sum insured per occurrence for bodily injury and property damage claims.

Cancellation

Policy may be cancelled by the insurer upon 15 days' notice by registered letter subject to pro rata return of premium and by the insured without prior notice but subject to a scale-based return of premium.

Available Extensions of Cover

Special risks subject to the payment of additional premium:

- 1) Product liability: Bodily injury or property damage occurring within the geographical limits and caused by the insured's products. Standard aggregate of two times the limit of indemnity during the policy period.
- 2) Tenant Legal Liability
- 3) Contractual Liability applying to written contracts provided the contract is submitted to

SPAIN

Limits of Indemnity

Within the limits of indemnity, legal costs and lawyers' fees are not included. These costs are paid additionally.

No claim payable after the exhaustion of policy limits. All occurrences resulting from a single cause are deemed one occurrence.

Period of Insurance

Twelve months with tacit renewal.

Policy Territory

Standard coverage is limited to Spain. Worldwide coverage can be included by payment of an additional premium.

Deductibles

On property damage claims a deductible is generally applied.
(Minimum Ptas. 10.000).

Cancellation

A policy may be cancelled by either party following each claim covered under the policy.

Coverage shall close 15 days after receipt of the cancellation notice.

Available Extensions of Cover

Special risks subject to the payment of additional premium:

- 1) Product Liability - Bodily Injury or Property Damage occurring within the geographical limits and caused by the insured's products. Limit of Indemnity per occurrence and in the aggregate any period of insurance.
- 2) Tenant Legal Liability.
- 3) Contractual Liability (written contracts).
- 4) Contingent Motor Vehicle liability (non-

ARGENTINA

Available Extensions of Cover (cont'd)

insurer for approval.

- 4) Contingent Motor Vehicle Liability (non-owned vehicles used for and on behalf of business).
- 5) Cross Liability
- 6) Sudden / Accidental Pollution
- 7) Property in Care, Custody or Control of the insured or his family.
- 8) Damages caused by heat, vapor, humidity, leakage, drainage, smoke, soot, dust, fungus, vibration by machinery, noise, smell, and light.
- 9) Loading / Unloading
- 10) Animals
- 11) Elevators

Exclusions

- 1) Claims by the insured or his family members.
- 2) Employee Injury
- 3) Non-performance of contract, penalty sums, fines, or liquidated damages
- 4) Ownership or use of motorcraft, aircraft or watercraft
- 5) Pure Financial Loss
- 6) Gradual Liability
- 7) Professional Liability
- 8) Liability in connection with nuclear pollution
- 9) Liability in connection with civil or international war, rebellion, sedition, mutiny, guerrilla warfare of terrorism.

SPAIN

Available Extensions of Cover (cont'd)

owned vehicles used for and on behalf of the business).

- 5) Employer's liability.

Exclusions

- 1) Liability claims arising from damage due to risks not corresponding to the activities described.
- 2) Property in care, custody and control of the insured.
- 3) Performance of contract.
- 4) Non-accidental pollution contamination.
- 5) Radioactive contamination and nuclear assemblies.
- 6) Financial loss not directly resulting from bodily injury or property damage covered by the policy.

Product liability

- 7) Illegal distribution or marketing of products.
- 8) Products recall (can be included by endorsement).
- 9) Product guaranty.
- 10) Claims due to genetical alterations.
- 11) Liability arising out of products during test phase.