
ELECTRONIC EQUIPMENT INSURANCE POLICY

Dear Valued Insured,

Thank you for choosing Cocogen Insurance, Inc. as your Insurer.

This insurance contract between you and Cocogen consists of the Application Form, the Policy, the Schedule, and the Endorsements, if any. Please note that in accepting this insurance, we relied on the information you have provided us.

In consideration of the payment of the premium shown in the Schedule, we agree to pay you, subject to the terms and conditions contained in or endorsed on this insurance contract, against loss or damage in the manner and to the extent provided in this Policy.

Should you have clarifications and concerns on this insurance contract, feel free to call us at (632) 8-830-6000 or send us an email at client_services@cocogen.com. To learn more about our products and services, please visit our website at www.cocogen.com.

Your Insurance Provider,

COCOGEN INSURANCE, INC.

IMPORTANT NOTICE

The Insurance Commissioner, with offices in Manila, Cebu, and Davao, is the Government official in charge of the enforcement of all laws relating to Insurance and has supervision over insurance companies. He is ready at all times to render assistance in settling any controversy between an insurance company and a policyholder relating to insurance matters.

Do not fail to notify the Company of every event which results in a claim under this Policy however small, immediately on occurrence. In communications with the Company, always give the number of Policy.

ARTICLE 1250 OF THE CIVIL CODE WAIVER

You agree that the following provision of the Civil Code of the Philippines shall not apply in determining the extent of Our liability under this insurance contract:

"Art. 1250. In case an extraordinary inflation or deflation of the currency stipulated should supervene, the value of the currency at the time of the establishment of the obligation shall be the basis of payment xxx."

Cocogen has caused this insurance contract to be signed by its duly authorized officer in the place and on the date appearing in the Schedule.

COCOGEN INSURANCE, INC.

T.I.N. 000 432 798



Atty. Darren M. de Jesus

President

WHEREAS the Insured has made to the Insurer a written proposal and declaration which, together with any other statements made in writing by the Insured for the purpose of this Policy, shall be the basis of and deemed to be incorporated in this contract.

NOW THIS POLICY WITNESSETH that, in consideration of the Insured having paid to the Insurer the Premium and subject to the Terms, Exceptions and Conditions contained herein or endorsed hereon, the Insurer will indemnify the Insured in the manner and to the extent hereinafter provided in respect of events occurring during the Period of Insurance.

SECTION I - MATERIAL DAMAGE COVER

ARTICLE 1: INSURED ITEMS. All electronic equipment as itemized in this Schedule is covered under the insurance contract as soon as it is ready for operation after a trial run, and has been permanently installed at the Insured Location stated in the Policy to take up its intended operation.

ARTICLE 2: INSURED LOSSES. Unless hereinafter excluded, any physical loss or damage will be covered under this Policy if an Item insured under the Policy is either damaged or destroyed due to a sudden and unforeseen event, so that it is no longer able to carry out its intended function.

Causes of these sudden and unforeseen events:

1. Human beings - negligence, untrained or improper handling, operational errors, intentional damage by third parties, malicious intent, theft, burglary, robbery
2. Fire - fires (with and without blaze), through all kinds of explosions, implosions, a direct stroke of lightning, crash of manned/unmanned flying object, as well as through extinguishing, demolishing, clearing or loss caused during these events.
3. Water - tap water, tide water, flooding, backwater, ground water, rain water, corrosion, steam, frost, ice drift, water/dampness and other types of liquid
4. Natural phenomena/Acts of God - earthquake, avalanche, rockslide, hurricane, typhoon, cyclone, storm, wind, storm tide, hail.
5. Technology - errors in construction, material defects, manufacturing discrepancies, over voltage, induction, damage through indirect lightning.

ARTICLE 3: INSURED EXPENSES/BASIS OF INDEMNITY. After a loss or damage insured under the Conditions of the Policy, the Insurer will indemnify the Insured either by payment in cash for the expenses necessary to repair or replace the Items damaged or lost (compensation in cash), or by repair or replacement of the lost, damaged or stolen Item (replacement in kind); replaced parts (salvage material) shall become the property of the Insurer, provided, the indemnification amount shall not exceed the Sum Insured specified in the Schedule.

3.1 INDEMNIFICATION PAYMENT. (a) In case of repair (partial loss): costs necessarily incurred for material and labor in order to repair the damaged item; (b) In case of replacement (total loss): cost of purchase and installation of an identical Item, or an Item of similar kind and quality, and; (c) In case repair is not possible or the Insured Item is not replaced; costs which would have been incurred to repair or replace damaged items, but not higher than the actual cash value of the Insured Item immediately prior to the loss.

Necessary repair or replacement costs also cover overtime, night shift, work on Sundays and holidays, express freight, airfreight and travel expenses for service engineers and consultant engineers within the country. If spare parts out of series production are no longer available (obsolete items), indemnification shall be made on the basis of the actual cash value.

3.2 DETERMINING THE PAYMENT OF INDEMNIFICATION. The indemnification payment is calculated by subtracting the deductible, the salvage value of damaged Items and of parts, which can be reutilized from indemnification sum. If a number of Insured Items have been affected by one and the same loss event only the highest deductible applied will be subtracted.

If, at the time of loss of or damage to any item insured under this Policy, it is found that the Sum Insured is less than the New Replacement Value, then the amount recoverable by the Insured under this Policy shall be reduced in such proportion as the Sum Insured bears to the New Replacement Value.

ARTICLE 4: EXCLUSIONS

4.1 ITEMS EXCLUDED. Parts and materials, which are prone to heavy wear and tear and repeated or periodic exchange due to their specific function and composition, are not covered by this insurance. In particular these are: auxiliary materials, exchangeable tools, exchangeable Data Media, tapes, belts, daisy wheels, light sources, etc. Tubes (e.g. X-ray and laser tubes, not however cathode ray tubes in EDP-peripherals), encapsulated disk drives and intermediate image carriers (e.g. selenium drums), are only covered against fire, water and burglary, if no special agreement has been made to the contrary.

4.2 LOSS OR DAMAGE EXCLUDED. The Insurer shall not be liable for loss or damage, directly or indirectly caused by, or contributed to, or arising from:

- a) war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, mutiny, military or usurped power, or malicious persons acting on behalf of, or in connection with, any political organization, confiscation, commandeering, requisition, or destruction of or damage to property by order of the government de jure or defacto or by any public authority;
- b) strike, lock-out, riot, civil commotion, or terrorist attacks;
- c) volcanic eruption, seaquake or tsunami, tornadoes;
- d) nuclear reaction, nuclear radiation or radioactive contamination;
- e) willful act or gross negligence on the part of the Insured or one of his representatives;
- f) consequential loss of any kind or description, whatsoever;
- g) events for which a third party as supplier, manufacturer or retailer, carrier, forwarding agent or contractor is liable;
- h) wear and tear, abrasion and ageing of any part of the Insured Item naturally resulting from ordinary use, or working, or gradual deterioration. However, if an adjacent part to the Insured Item is affected by such loss or damage, the Insurer shall indemnify according to the Terms of this Policy.

The Insured is obliged to provide proof that damage was not due to any of the causes mentioned under a to c.

4.3 COSTS EXCLUDED. The Insurer shall not pay compensation for additional costs due to any alteration or improvement to the Insured Item in connection with a loss, or damage, covered under the Conditions of the Policy. The same applies to provisional repairs, if the provisional repair and final repair costs together exceeds costs for the final repair alone.

ARTICLE 5: SUM INSURED/ UNDERINSURANCE

- 5.1 The determination of the Sum Insured lies at the sole discretion of the Insured. It shall express the actual insurable Value of each item.
- 5.2 The Insured Items are underinsured if the Sum Insured agreed upon is lower than the actual New Replacement Value, each Item being separately subject to this regulation.

SECTION II - DATA MEDIA COVER

(Please refer to the attached schedule if this Section is in force)

ARTICLE 1: INSURED ITEMS. All Data Media and Data throughout the respective Insured company's premises and the backup center as itemized in the Insurance Schedule will be covered as hereinafter provided. Backup Data files and Data Media for external storage are also insured, to and from the company premises, to the backup storage facilities.

ARTICLE 2: INSURED LOSSES. Damage is covered if:

- a) Data Media insured under the Policy has been either damaged or destroyed due to an unforeseen circumstance so that it is neither machine-readable nor can Data be stored on it, or if;
- b) Data Media insured under the Policy has been lost due to theft, burglary or robbery.

ARTICLE 3: COSTS INSURED/BASIS OF INDEMNITY. The Insurer will reimburse for the costs necessarily incurred when replacing standard software and Data carrying material and recreating Data damaged by an Insurable Loss under the Conditions of the Policy. The term "recreation of data" denotes Data input from backup media, at most, manual input from original documents. The Insurer shall indemnify the sum as above less the deductible agreed in the Schedule. If Data has not been recreated twelve (12) months after the loss, the Insurer will only reimburse for the costs of replacing Data Media.

ARTICLE 4: EXCLUSIONS

4.1 ITEMS EXCLUDED

- a) Data Media which cannot be exchanged by the user (e.g. Fixed disk packs, semi-conductor memories);
- b) Data stored in the CPU's main memory, as well as program Data not mentioned in the Definitions.

4.2 LOSS OR DAMAGE EXCLUDED. The Insurer shall not be liable for loss or damage to Data Media or Data, directly or indirectly caused by, or contributed to or arising from loss or damage excluded under Article 4.2 of the Material Damage Cover section, or:

- a) Malfunction of, or damage to disk drives, which are covered under a Comprehensive Maintenance Contract, or which could be covered under the same;
- b) Insufficient cleansing and care of Data Media or incorrect storage of the same.

4.3. COSTS EXCLUDED. No indemnity will be paid for the insured Data/ Data Media having been altered or in any way improved after occurrence of the loss.

ARTICLES 5: SUM INSURED/ UNDERINSURANCE

5.1 In agreement with the Insured, the Sum Insured will be fixed on a "first-loss" basis. The calculation of the Sum Insured is based on the New Replacement Value of Data Media, plus costs necessary for recreating Data contained thereon.

5.2 Underinsurance does not apply.

SECTION III - INCREASED COST OF WORKING COVER

(Please refer to the attached schedule if this Section is in force)

ARTICLE I: ADDITIONAL COSTS INSURED. The Insurer will indemnify the Insured in respect of additional costs as specified in the Schedule, necessary to maintain working procedures, which could otherwise not have been continued by the Insured Item due to physical loss or damage. In particular, additional costs are covered arising through:

- the use of external systems
- the application of other work procedures and production methods
- the rental of substitute equipment
- the utilization of third party services
- additional personnel expenses

ARTICLE 2: INSURED LOSSES. The Insurer shall be liable to indemnify the Insured for any additional costs incurred as a result or consequence of physical loss or damage to an Insured Item in accordance with Article 2 of the Material Damage Cover Section.

ARTICLE 3: EXTENT OF INDEMNIFICATION/INDEMNITY PERIOD. The Insurer will indemnify the Insured for all additional costs which have arisen during the indemnity Period in order to diminish or avoid impairment to normal working procedures caused by physical loss or damage and to ensure that business operations can proceed unhindered as though the physical loss or damage had not occurred. The maximum indemnification is limited to the Sum Insured.

3.1 INDEMNIFICATION PAYMENT. Any costs during downtime of the Insured equipment will be subtracted together with the deductible agreed, from the indemnification sum. Only additional costs, which have actually accrued during the indemnity period, will be reimbursed.

3.2 INDEMNITY PERIOD. If not otherwise agreed, the duration of the indemnity period is one (1) month. It commences upon the date of the earliest possible detection of a physical loss or of damage by the Insured, in accordance with standard technical rules, at the latest, at the time when additional costs covered under the Policy arises.

ARTICLE 4: EXCLUSIONS. Additional costs resulting from, or directly or indirectly caused by, or contributed to, loss or damage excluded in Article 4.2. of the Material Damage Cover Section are exempt from cover. Equally, additional costs which were caused or increased by any of the following are not covered:

- a) Reconstructive or operational restrictions imposed by any public authorities;
- b) Lack of capital for reconstruction or replacement of lost items, or the repair of damaged items;
- c) Total destruction of, or damage to component parts or materials which have been excluded in Article 4.1 of the Material Damage Cover Section;
- d) Indemnifiable physical loss or damage to supply equipment;
- e) Reinstatement of damaged or lost Data and programs;
- f) Improvement or overhauling of Insured Items during repair work, or through replacement of the same.

ARTICLE 5: SUM INSURED/UNDERINSURANCE

5.1 The sum Insured will be fixed on a "first-loss" basis. The Sum Insured shall not be less than the amount needed to compensate for the impairment of the Insured Item after loss or damage over the period of one (1) month or the Indemnity Period agreed upon.

5.2 Underinsurance does not apply.

GENERAL CONDITIONS

ARTICLE 1: INCEPTION, DURATION AND TERMINATION OF THE POLICY

1.1 The Policy term will commence as soon as the premium agreed upon has been paid in full. The Policy Term is twelve (12) months if no agreements to the contrary have been made.

- 1.2 The Insurance Policy will initially run for one (1) year and will then be automatically renewed from year to year provided it has not been cancelled in writing by one of the parties forty-five (45) days prior to the respective renewal date of the Policy.
- 1.3 Cover through the Policy will automatically be terminated if:
 - a) The risk no longer exists (i.e Insured Item has been scrapped, lost or has disappeared);
 - b) The Insured Item has been transferred over to third parties by way of sale or as a gift;
 - c) The business of the Insured has been wound up or carried on by liquidator or receiver or permanently discontinued;
 - d) Notice of cancellation has been given (refer to Article 2).

Should the Insured pass away, the Insurance Policy will be assigned over to his next of kin (legal heir) or legal successor.

ARTICLE 2: CANCELLATION OF THE INSURANCE POLICY

- 2.1 Notice of cancellation is made in accordance to the terms stated in Article 1.2
- 2.2 The Policy shall not be cancelled by or on behalf of the Insurer except in accordance with and pursuant to the provisions of section 64 and 65 of the Insurance Code. In the event of such cancellation, the Insurer shall refund the paid premium less the earned portion thereof to the Insured. Likewise, this Policy may be cancelled on the short rate basis set forth in the Short Period Rate Scale at the request of the Insured for the time the Policy has been in force, to wit:

If insurance contract remains in force for only:	We will retain:
1 month or less	20% of the annual premium
Up to 2 months	30% of the annual premium
Up to 3 months	40% of the annual premium
Up to 4 months	50% of the annual premium
Up to 5 months	60% of the annual premium
Up to 6 months	70% of the annual premium
Up to 7 months	80% of the annual premium
Up to 8 months	80% of the annual premium
Up to 9 months	90% of the annual premium
Up to 10 months	95% of the annual premium
Up to 11 months	Annual premium

ARTICLE 3: SUBROGATION. The Insured shall, at the expense of the Insurer, do and permit to be done, all such acts and things as may be necessary or reasonably required by the Insurer for the purpose of enforcing any rights and remedies, or of obtaining relief or indemnity other than those insured under the Policy to which the Insurer shall be or would become entitled upon their paying for, making good, any loss or damage under this Policy whether such acts and things shall be or become necessary or required before, or after, the Insured's indemnification by the Insurer. The Insurer will provide with their full support when enforcing his claims against third parties.

ARTICLE 4: OBLIGATIONS OF THE INSURED

- 4.1 Obligations upon application for Insurance. Before the Policy has been signed, the Insured is obliged to give the Insurer a full and detailed account of all risk-influencing circumstances. Risk circumstance are deemed to be risk-influencing if they might influence the Insurers in their decision whether to accept the risk at all, or to accept the risk based on special agreements. When in doubt, those risk circumstances where the Insurers expressly require information in writing are regarded as being risk-influencing. As far as the legal consequences are concerned, it is important whether the Insured has culpably provided false or incomplete information.
- 4.2 Obligations during the terms of the Policy. The Insured is bound to take at his own expense all reasonable precautions to prevent loss or damage, to comply with statutory requirements and manufacturers' recommendations regarding safeguarding and operation of Insured Items and to maintain Insured Items in good condition;
 - to inform the Insurer in writing of all alterations regarding the Insured Items, such as in their application, their characteristic, their place of erection or other risk aggravating circumstance;

- to allow the Insurance Company's representative access to the Insured Items at all times.

4.3 Obligations after loss. The Insured is bound:

- to notify the Insurer or nearest representative within twenty-four (24) hours after the damage has become known either by telephone, telegram, telex or registered letter. If the loss was reported verbally, notification must be repeated in writing within one (1) week;
- to inform the Insurer at his own expense without delay of both the cause and extent of the loss or damage, providing all proof, information and such other evidence with respect to the claim as the Insurer may reasonably require;
- in case of theft or burglary, or attempted theft or burglary, to make an immediate notification to the relevant authorities;
- to do, or concur in doing, or permit to be done, all reasonable steps within his power to minimize the extent of loss or damage or minimize the costs;
- to give his full support when investigating both the cause and circumstances accompanying the loss or damage, to support the necessary inquiries into the loss or damage and not to undertake any alterations to the damaged Items, which might hinder or make impossible the investigation of the cause of loss or damage;
- to preserve all damaged parts;
- to provide the Insurer with full information together with all documents needed in order to assess the extent of damage or determine the expenses incurred.

The reinstatement of damaged Items by the Insured may only take place after the Insurer have given their agreement. Failing this within one (1) week, the Items may be reinstated by the Insured without the Insurer agreement.

The due observance and fulfillment of the obligations set forth within this Article shall be precedent to any liability of the Insurer to make any payment under the Policy.

ARTICLE 5: NOTICES. All statements and notifications on the part of the Insurers or Insured must be in writing in order to be legally binding. Each and every statement made by any one of the parties to the agreement is effective as of the date as postmarked.

DEFINITIONS

Data	machine-readable information which is stored outside of the central processing unit stored inside Data Media.
Data Media	storage media supplying machine-readable information and can only be covered if the user is able to exchange it (e.g. removable magnetic disks, magnetic tapes, floppy disks, compact disks).
Insured Location	the Insured's rooms, buildings or company premises as itemized in the Policy Schedule.
New Replacement Value	the purchase price of a new and identical unit, excluding any possible price rebates, but including the costs of packing, transportation/haulage, erection/assembly and taking the unit into operation, plus any relevant costs covering tax and customs duties.
Comprehensive Maintenance Contract	ensures that a regular routine, of checking equipment and replacing substandard parts to minimize the possibility of equipment failure (preventive maintenance) is carried out, either contracted out or in-house personnel, as well as ensuring that any damage and functional disruptions which occur during normal operations without any external influence (corrective maintenance) is repaired or removed, respectively.

OMNIBUS CLAUSE

All applicable provisions of Presidential Decree No. 1460, otherwise known as the Insurance Code of 1978, as amended, as of the date of effectivity, latest renewal or latest reinstatement of this Policy/ certificate/ contract of insurance as the case may be, and all existing laws obligatory upon insurance companies as may be pertinent are deemed incorporated in this Policy/ certificate/ contract of insurance and will supersede any agreement/ contract inconsistent herewith.