

INDONESIAN STANDARD EARTHQUAKE POLICY

In consideration of the payment of the premium and on the basis of written declaration made by the Insured which constitutes an inseparable part of this Policy and the current validity of a policy covering the peril of fire on the same property and/or interests (excluding foundations excavations and the like) as insured hereunder, the undersigned (hereinafter called the "Insurer") insures property and/or interests specified in the Schedule against loss or damage by perils described herein subject to the conditions and stipulations printed on, attached to, endorsed hereon or written in this Policy.

Provided always that this insurance shall not be extended to cover any other perils.

CHAPTER 1 - PERILS INSURED

This Policy covers loss of or damage to the insured property and/or interests caused by the named perils mentioned hereunder :

1. **Earthquake**, which for the purpose of this Policy is defined as a shaking or trembling of the earth due to geological phenomena such as tectonic movement and volcanic eruptions.
2. **Fire and Explosion following Earthquake**, which for the purpose of this Policy is defined as fire and explosion where the proximate cause is earthquake.
3. **Volcanic Eruption**, which for the purpose of this Policy is defined as the issuance of molten or hot rock or steam, gas or liquid from a vent or vents in the earth's crust.
4. **Tsunami**, which for the purpose of this Policy is defined as a great sea wave produced by submarine earth movement such as subduction of crustal plates or by submarine volcanic eruption.

CHAPTER II - EXCLUSIONS

1. This insurance does not cover loss of or damage to the insured property and/or interest caused by or arising from or consequent upon the following perils :
 - 1.1 riots, strikes, locked-out workers, malicious acts, civil commotion, insurrection/popular rising, usurped power, revolution, rebellion, military power, invasion, civil war, war and hostilities, subversive acts, terrorism,

sabotage or looting as defined by Dewan Asuransi Indonesia ;
in any action suit or other proceedings where the Insurer alleges that by reason of the provision of this Exclusion any loss or damage is not covered by this Insurance, the burden of proving that such loss is covered shall be on the Insured ;

- 1.2 nuclear reactions including but not limited to, nuclear radiation, ionization, fusion, fission or pollution by radioactivity, regardless of whether such processes occur inside or outside the premises or are controlled or uncontrolled whether such loss be directly or indirectly, proximately or remotely or be in whole or part caused by or contributed to or aggravated by earthquake ;
- 1.3 impact by vehicle ;
- 1.4 windstorm and tempest, of any nature whether the same be caused by or be attributable to any insured peril ;
- 1.5 flood and inundation, occurring more than 72 (seventy two) hours after any insured peril ;

2. The Policy does not cover :

- 2.1 the amount shown in the Schedule as the Deductible which shall be deducted from any claim made hereunder
- 2.2 consequential loss of any kind whatsoever
- 2.3 unless otherwise expressly stated in this Policy as specific sum insured :
 - 2.3.1 removal of debris, cleaning costs ;
 - 2.3.2 goods held in trust or on commission ;

- 2.3.2 bullion or unset precious stones ;
- 2.3.4 any curiosity or work of art ;
- 2.3.5 manuscripts, plans, drawings or designs, patterns, models or moulds ;
- 2.3.6 securities, bonds, or documents of any kind, stamps including duty and customs coined or paper money, cheques, books of account or other business books and computer system records ;
- 2.3.7 foundations, excavations and the like, plant and machinery, stock, and other contents.

2.4 Property and/or interest located within 10 (ten) kilometers of an active volcano as defined by Direktorat Vulkanologi Departemen Pertambangan dan Energi.

- 3. Notwithstanding anything contained in article 291 of the Kitab Undang-Undang Hukum Dagang to the contrary, any loss occurring as a result of theft following the operation of an insured peril shall not be covered under this Policy.

CHAPTER III - CONDITIONS

ARTICLE 1

PAYMENT OF PREMIUMS

- 1. Notwithstanding the provisions of article 257 of the Kitab Undang-Undang Hukum Dagang and without prejudice to Clause 2 hereinafter set out, it is a condition precedent to liability under this Policy, that any premium due must be paid to and actually received in full by the Insurer :
 - 1.1 when the period of insurance is 45 (forty five) calendar days or more, within 45 (forty five) calendar days from the inception date of coverage under the Policy ;
 - 1.2 when the period of insurance is less than or equal to 45 (forty five) calendar days, within the period of insurance specified in the Policy.
- 2. In the event any of the above mentioned premium is not paid in the manner and within the time stipulated above, the cover under this Policy shall be deemed to have terminated from the expiry of the said premium grace period and the Insurer shall be discharged from all liability therefrom but without prejudice to any liability incurred before that date and the Insurer will be entitled to a time on risk premium of 25 % (twenty five percent) of the annual premium.

ARTICLE 2

OTHER INSURANCE

- 1. Prior to the attachment of this Insurance the Insured shall give notice to the Insurer of any insurance or insurances already effected on the property and/or interests.
- 2. If subsequent to the attachment of this Insurance other insurance is effected on the same property and/or interests the Insured is obliged to make full disclosure thereof to the Insurer.

ARTICLE 3

ALTERATION TO RISK

- 1. If changes or alterations are made to the insured buildings or to the premises where the insured goods are stored, or goods wholly or partly used for another purpose or if other goods are stored at the premises which increases the risks insured under this Policy and the Insured knows or should have known about this, then the Insured is obliged to notify the Insurer within 7 (seven) calendar days of such changes or alterations.
- 2. Upon the receipt of such notification the Insurer shall have the right to determine whether or not this Policy may be continued on the basis of the existing premium or whether a higher premium should be charged or whether this Policy should be terminated. In the event of such termination the Insured shall be entitled to receive a pro-rata refund of premium for the unexpired period of insurance.

ARTICLE 4

REMOVALS AND CHANGE OF OWNERSHIP

- 1. This Insurance shall cease to attach to any items which have been removed to rooms or floors or locations or premises other than those mentioned in this Policy unless the Insurer has agreed to such removal by written endorsement to this Policy.
- 2. Notwithstanding the provisions of article 263 of the Kitab Undang-Undang Hukum Dagang when there is a change of ownership of the insured property and/or interests, whether on the basis of agreement or due to the death of the Insured, this Insurance shall automatically become void 10 (ten) calendar days after such change of ownership unless the Insurer has agreed in writing to continue this Insurance.

ARTICLE 5

OBLIGATIONS OF THE INSURED IN THE EVENT OF LOSS OR DAMAGE

1. The Insured, upon knowing or when it could be regarded that he should have known about the occurrence of loss or damage to property or interests insured by this Policy must :
 - 1.1 immediately inform the Insurer ;
 - 1.2 Within 30 (thirty) calendar days submit a written report containing all known facts concerning the loss or damage including information as to the cause or causes of the loss or damage to the best of his knowledge or assumption; such report should contain in particular an account as may be reasonably practicable of all the several articles or items of property lost, damaged or destroyed as well as an account of all insured property which is not affected by such loss or damage.
2. At the time of the loss or damage the Insured is obliged :
 - 2.1 to the best of his ability, safeguard the insured property and authorize other people to assist and safeguard the property ;
 - 2.2 to provide full support to the Insurer or his representative or any other party appointed by the Insurer to conduct an investigation of the loss or damage ;
 - 2.3 to safeguard all salvageable property.

All rights to indemnification under this Policy shall be forfeited if the Insured fails to comply with the above requirements.

ARTICLE 6

LOSS REPORTING

When filing a claim under this Policy the Insured must :

1. submit a completed copy of the insurers claim form to the Insurer ;
2. submit the Policy together with an official report of the incident from the Kepala Desa or Kepala Kelurahan or the local Kepala Kependidikan Sector or other competent authority;
3. deliver a detailed report explaining as completely as possible the circumstances that according to his knowledge have caused the loss or damage ;

4. supply any other information and evidence as may be reasonably requested by the Insurer.

ARTICLE 7

INDEMNITY

1. In the event of loss or damage to the insured property and/or interests, the maximum liability of the Insurer shall be limited to the Sum Insured.
2. The basis of calculation of the indemnity shall be a comparison of the value prior to and the value immediately after the loss or damage.
3. The value of any salvage shall be taken into account in calculating the indemnity.

ARTICLE 8

LOSS OF OR DAMAGE TO MOVABLE ITEMS

1. In the event of loss or damage to movable items, the Insured is obliged as soon as practicable to:
 - 1.1 for furniture and/or household goods : prepare and submit a list containing the type of each and every item and estimated values immediately prior to the loss or damage as well as a list containing the salvage values ;
 - 1.2 for raw materials and merchandise : prepare and submit a list containing estimated values of each and every item immediately prior to the loss or damage as well as a list containing the salvage values ;
 - 1.3 submit books and relevant documents as may be requested by the Insurer or if not available, invoices, notes, or any document that can be used as proof of the loss or damage ;
2. 2.1. If the insured object is described by the general terms general terms of “furniture and household goods”, “machinery” or “goods , wares and merchandise”, such furniture and household goods, machinery or goods, wares and merchandise which are at the time of the loss or damage at the place mentioned in this Policy will be covered by this Insurance, whether they were there at the time the Insurance was affected or not ; subject always to the provisions of Article 10 of this Policy.
- 2.2 If the kind of each of the insured items is specified, the previous paragraph will only be valid when those items are present at the premises at the time of the loss or damage.

The preceding provisions shall not apply to objects which owing to their description in this Policy or the valuation in this Policy are to be considered as irreplaceable.

ARTICLE 9

INDEMNIFICATION OF MULTIPLE INSURANCE

1. Notwithstanding anything contained to the contrary in the provisions of Article 277 section 1 of the Kitab Undang-Undang Hukum Dagang, in the event of loss or damage to property or interests insured by this Policy where such property or interests are also insured by any other policy or policies and the total sum insured under all policies exceeds the actual value of the property or interests, the Sum Insured under this Policy will be reduced in proportion to the total sum insured against the actual value of the property or interests and the Insured shall not be entitled to a reduction or refund of premium.
2. The provisions of paragraph 1 above shall apply, notwithstanding other insurances are affected under one or more policies on different dates, and without prejudice to the provisions of Article 277 of the Kitab Undang-undang Hukum Dagang, in the event of the dates of any or all of the above-mentioned insurances preceded the date of this Policy and do not contain a similar provision.
3. In the event of loss or damage the Insured is obliged at the request of the Insurer to submit a written declaration of any other insurances covering the same property or interests at the time of the occurrence of loss or damage. Should the insured fail to provide such a declaration then he shall forfeit his right to indemnification.

The application of this condition shall apply prior to the application of Exclusion 2.1.

ARTICLE 10

UNDER INSURANCE

If the property or interests hereby insured shall at the time of the loss or damage be collectively of greater value than the Sum Insured thereon then the Insured shall be considered as being his own insurer for the difference and shall bear a rate able proportion of the loss accordingly. Every item, if more than one, of this Policy shall be separately subject to this condition.

ARTICLE 11

FRAUDULENT REPORT

If the Insured with the intention of taking benefit from the cover afforded by this policy, deliberately :

1. increases the amount of the loss allegedly suffered ;
2. includes items that did not exist at the time of loss or damage and declares the same as being destroyed ;
3. retains items or part of the salvageable items and reports those items had been destroyed ;
4. uses false documents/evidence, makes fraudulent statements to support his claim ;
5. causes or instructs others to cause loss or damage covered under this policy ;
6. by serious mistake or negligence beyond reason damages or destroys or gives order to damage or destroy or causes damage or destruction ;

then he shall lose the right for indemnification.

ARTICLE 12

ASSESSMENT OF VALUE IN THE EVENT OF A CLAIM

1. The estimated value shall be based on the real value of the property insured at the time of loss or damage without adding any profit.
2. In the assessment of the value of buildings no account shall be taken of their location or occupation.
3. Goods, materials and merchandise will be assessed on the basis of their cost price immediately prior to the occurrence of the loss or damage.

ARTICLE 13

72 HOURS CLAUSE

1. Each loss by any insured perils shall constitute a single claim hereunder, provided that if more than one event shall occur within a period of 72 (seventy two) hours during the term of this Policy, such event shall be deemed to be a single event within the meaning hereof.

2. The Insurer shall not be liable for any loss caused by any insured perils occurring before the effective date and time of this Policy, nor for any loss occurring after the expiry date and time of this Policy.

ARTICLE 14

REIMBURSEMENT

1. In case of loss, service fees and honoraria for the assessors and other experts who are appointed by the Insurer, will be paid by the Insurer.
2. Reasonable expenses incurred to prevent or reduce losses, whether successful or not, disbursed by the Insured in accordance with Condition Article 5 paragraph 2 and Condition Article 15 paragraph 2 shall be reimbursed by the Insurer.

ARTICLE 15

SALVAGE

1. In the event of loss or damage, the salvage, if any, is the responsibility of the Insured.
2. The Insurer is entitled to request the Insured to store all or part of the salvage.
3. It is stipulated that any action on the part of the Insurer including a request to store the salvage as mentioned above can by no means be considered as an acknowledgment of any responsibility whatsoever.

ARTICLE 16

INDEMNIFICATION

The Insurer is obliged to pay the Indemnity within 30 (thirty) calendar days after an agreement on the amount of the indemnity has been reached.

ARTICLE 17

SUBROGATION

1. In accordance with Article 284 of the Kitab Undang - Undang Hukum Dagang upon payment of Indemnity on the property and/or interests insured by this Policy, the Insurer will replace the Insured as regard any rights that he has against third party concerning the loss. The Insurer's right of subrogation set out above shall

operate automatically without the need for written approval from the Insured.

2. The Insured remains responsible for any action that could possibly affect the rights of the Insurer against third party.
3. The failure of the Insured to carry out his responsibilities under paragraph 2 above will reduce or remove the right to Indemnification under this Policy.

ARTICLE 18

REINSTATEMENT OF THE SUM INSURED

In the event of loss or damage to insured property and/or interests, the amount of the loss or damage will be deducted from the Sum Insured.

After restoration of the damage the Insured may request reinstatement of the Sum Insured by paying additional premium on pro rata basis, however agreement to such reinstatement is solely at the option of the Insurer.

ARTICLE 19

FORFEITURE OF RIGHT TO INDEMNIFICATION

1. The right of the Insured to Indemnification for loss or damage will be automatically forfeited :
 - 1.1 if the Insured fails to follow his obligations as stated within this Policy ;
 - 1.2 if no claim has been submitted within 12 (twelve) calendar months from the date of occurrence of the loss or damage ;
 - 1.3 if no protest or request for settlement by arbitration or other legal effort is made by the Insured within a period of 6 (six) calendar months from the date of receipt of a written repudiation of liability from the Insurer, either the first and/or the latest notice.
2. The right of the Insured for Indemnification greater than agreed by the Insurer will be lost if the Insured takes no action or makes no response within a period of 3 (three) calendar months from the receipt of such written offer from the Insurer.

ARTICLE 20

TERMINATION OF THE INSURANCE

1. Both the Insured and the Insurer are entitled to terminate this Insurance at any time without giving reason therefor. Such termination shall be effected by registered letter to the last recorded address of the party concerned. The Insurer is relieved from all liability under this Policy 7 (seven) calendar days from the date of dispatch of the registered letter effective 12 noon at the place of dispatch.
2. In the event the Insurer terminates this Insurance, he is obliged to return prorata premium for the unexpired period of insurance.
3. In the event the Insured terminates this Insurance, premium will be calculated on the short term rate laid down in the current Earthquake Insurance Tariff of Indonesia for the completed period of insurance.

ARTICLE 21

RETURN OF PREMIUM

The Insured shall have no right to any return of premium except as described in Conditions Article 3, 4 and 20.

ARTICLE 22

DISPUTES

In the event of any dispute arising between the Insurer and the Insured in respect of the implementation and/or interpretation of this Policy, the dispute shall be settled amicably within 60 (sixty) calendar days since the dispute arises. The dispute arises since the Insured or the Insurer has expressed in writing his disagreement on the subject matter of the dispute. If the dispute could not be settled, the Insurer shall give the option to the Insured to elect either one of the following dispute clauses to settle the dispute and such choice could not be revoked. The Insured must notify his choice to the Insurer by registered letter, telegrams, telex, facsimile, e-mail or by courier.

Settlement of Dispute (Arbitration) Clause

It is hereby noted agreed that the Insured and the Insurer shall settle the dispute through Arbitration Ad Hoc as follows :

1. The Arbitration Ad Hoc consists of three arbitrators. The Insured and the Insurer each shall appoint an arbitrator within 30 (thirty) calendar days from the date of receipt of the written notification, then the two arbitrators shall appoint the third arbitrator within 14 (fourteen) calendar days from the date of appointment of the second arbitrator. The third arbitrator shall act as umpire of the Arbitration Ad Hoc.
2. Should there be any disagreement as to the appointment of arbitrator (s) and or the two arbitrators fail to appoint the third arbitrator, then the Insured and or the Insurer could request the Competent Ketua Pengadilan Negeri to appoint the arbitrator (s) and or the umpire.
3. The arbitrators shall examine the case and make an award within 180 (one hundred and eighty) days from the date of the formation of the Arbitration Ad Hoc. The period of examination of the case could be extended upon the consent of both parties and if it is deemed necessary by the Arbitration Ad Hoc.
4. The Arbitration award is final, binding and enforceable for both parties, the Insured and the Insurer. Should the Insured and or the Insurer fail to comply with the arbitration award, then at the request of the other party, the award shall be executed under the order of the Competent Ketua Pengadilan Negeri.
5. Matters which are not provided and or not sufficiently provided under this clause shall be subject to the provisions of the Act of the Republic Indonesia Nr. 30 dated August 12, 1999 regarding the Arbitration and Alternative Dispute Resolution.

Settlement of Dispute (Court of Law) Clause

It is hereby noted and agreed that the Insured and the Insurer shall settle the dispute through Indonesian Court of Law where the defendant resides.

ARTICLE 23

CONCLUSION

1. Should there be a difference in the wording contained in this Policy and that circulated by the Board of Dewan Asuransi Indonesia to all members of the Non Life Sector of Dewan Asuransi Indonesia, the original of which is lodged with the General Secretariat of Dewan Asuransi Indonesia, then the valid version shall be the latter.
 2. Matters which may not be sufficiently provided for in this Policy shall be subject to the provisions of the Kitab Undang-Undang Hukum Dagang.
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