

LAW NO. 17418 ON INSURANCE

Buenos Aires, August 30, 1967

In exercise of the powers conferred by Section 59 of the Statute of the Argentine Revolution,

The President of the Argentine Nation has passed and enacted the present law.

INSURANCE LAW

TITLE I INSURANCE CONTRACT

CHAPTER I GENERAL PROVISIONS

ARTICLE I Concept and Execution

Definition

Section 1. An insurance contract is effective when the insurer binds itself, through a premium or estimate, to compensate the damage or to perform the agreed service if the insured event occurs.

Purpose

Section 2. An insurance contract may cover any type of risk if there is an insurable interest unless expressly prohibited by law.

Non-existence of risk

Section 3. An insurance contract is null and void if the loss has already occurred or the possibility of occurrence has vanished, at the time of the contract execution. If a period preceding the contract execution is agreed upon, it shall be null and void only if, at the time of expiry, the insurer was aware of the impossibility of the loss occurrence, or the insured knew it had already occurred.

Nature

Section 4. An insurance contract is consensual; the insurer's and insured's reciprocal rights and duties start from the time the agreement is made, even before the policy is issued.

Proposal form

The insurance contract proposal, whatever its form may be, shall not bind the insurer or the insured. The proposal form may be subject to prior knowledge of the general

conditions.

Extension proposal

The contract extension proposal shall be considered accepted by the insurer if it is not rejected within 15 days from receipt. This provision shall not apply to personal insurance.

ARTICLE II Concealment

Concealment: Concept

Section 5. Every misrepresentation or concealment of facts known by the insured, even if made in good faith, which in the judgment of experts would have prevented the contract, or altered its conditions, if the insurer had been advised of the actual risk condition, shall render the contract void.

Challenge period

The insurer must challenge the contract within three months of becoming aware of the concealment or the misrepresentation.

Absence of fraud

Section 6. When a non-fraudulent concealment is invoked in the period stated under section 5, the insurer, at its sole discretion, may void the contract by returning the premium received and deducting the expenses, or readjust it to the actual risk condition with the concurrence of the insured. In life insurance, the readjustment may be imposed on the insurer when the nullity is prejudicial to the insured, if the contract were re-adjustable in the judgment of experts, and the contract had been executed in accordance with the insurer's business practice. If the contract includes several persons or interests, section 45 shall apply.

Adjustment of life insurance after a loss

Section 7. In life insurance, when the insured acts in good faith and concealment is alleged within the term stated under section 5 following the loss occurrence, the provision owed shall be reduced if the contract is adjustable in accordance with section 6.

Fraud or bad faith

Section 8. If the concealment is fraudulent or in bad faith, the insurer is entitled to the premiums for the periods elapsed and to those for the period during which it alleged such concealment or misrepresentation.

Loss during the challenge period

Section 9. In all cases, if the loss occurs during the challenge period, the insurer shall not owe any provision, except for the redemption value corresponding to the life insurances.

Execution through representation

Section 10. When the contract is entered into with an insured's agent,, the knowledge and the behaviour of the principal and the agent shall be taken into account in judging the concealment, unless the agent acted on the insured's and the insurer's behalf simultaneously in the execution of the contract.

Execution of contract on behalf of third party

The same principles shall apply to a third party insured and a policyholder where the contract is executed on another's behalf.

ARTICLE III

Policy

Contract evidence

Section 11. The insurance contract may only be evidenced in writing; however, any other means of evidence shall be admitted if there is preliminary evidence of facts in writing.

Policy

The insurer shall provide the policyholder with a duly signed policy with clear, easily readable wording. The policy shall contain the names and addresses of the parties; the interest or the person insured; the risks assumed; the time from which they are assumed and the period; the premium or estimate; the sum insured; and contract general conditions. Special conditions may be included in the policy. For an insurance taken out concurrently with several insurance companies, a single policy may be issued.

Differences between proposal forms and policies

Section 12. When the text of the policy differs from the content of the proposal form, the difference shall be considered as approved by the policyholder, if policyholder does not contest within one month of receiving the policy.

Acceptance shall be presumed only when the insurer advises the policyholder of this right by a clause conspicuously inserted on the front side of the policy.

The challenge shall not affect the efficacy of the contract remaining provisions, without prejudice to the right of the policyholder to terminate the contract at that moment.

Policies to order and to bearer. System

Section 13. Assignment of policies to order or to bearer shall involve assigning the rights against the insurer; nevertheless, the same objections as might be made valid against the insured concerning the insurance contract may be made against the holder, except for non-payment of premium, if insured's debt does not result from the policy.

Insurer release

The insurer shall be released if it complies with its duties to policy's endorsee or bearer.

Policy theft, loss or destruction

In case of theft, loss or destruction of a policy to order or to bearer, its replacement may

be agreed by sufficient guarantee.

Personal insurance

In personal insurance, the policy must be nominative.

Duplicate declarations and policy

Section 14. The insured is entitled, by payment of the relevant expenses, to be provided with a copy of the declarations made for contract execution and a non-negotiable copy of the policy.

ARTICLE IV

Reports and declarations

Compliance

Section 15. The reports and declarations imposed by this law or by the contract shall be considered fulfilled if issued within the period set. The parties shall be in default merely on the expiry of period.

Knowledge of the insurer

The insurer may not allege the disadvantageous consequences of the failure or lateness of a declaration, report or notice if, at the time which it should have been made, the insurer was aware of the circumstances in relation thereto.

ARTICLE V

Jurisdiction and domicile

Jurisdiction

Section 16. To establish a legal domicile is prohibited. The extension of the jurisdiction within the country is admissible.

Domicile

The domicile to which the parties must address the reports and declarations as provided in the law or in the contract shall be the last domicile declared.

ARTICLE VI

Period

Insurance period

Section 17. The insurance policy period is assumed to be one year unless the premium is calculated for a different period according to the nature of the risk.

Start and end date of coverage

Section 18. Insurer's liability starts at twelve noon on the day on which coverage shall begin and ends at twelve noon of the last day of the period set, unless otherwise agreed on.

Termination clause

Notwithstanding the period set forth, and with exception of life insurance, it may be agreed that either party may be entitled to terminate the contract without stating the cause. If the insurer exercises the power of terminating, insurer must give a notice no less than fifteen days in advance and refund the proportional premium for the unexpired period. If the insured chooses to terminate the contract, the insurer shall be entitled to the premium drawn for the time elapsed, according to the short-term rates.

Implied extension

Section. 19. The implied extension provided in the contract is only effective for the maximum term of one insurance period, except for floating insurance.

For indefinite period

When the contract is made for an indefinite period, either party may terminate it in accordance with section 18. The waiver of this right of termination for a certain period not exceeding five years is legal. The provisions of this paragraph shall not apply to life insurance.

Portfolio liquidation and assignment: Termination

Section 20. The voluntary liquidation of the insurance company and the portfolio assignment approved by the supervisory authority does not allow for contract termination.

ARTICLE VII

On behalf of third party

Validity

Section 21. Except as provided for life insurance, the contract may be made on behalf of a third party, with or without designation of the third party insured. In case of doubt, it shall be deemed as executed on one's own behalf. In the event of an insurance taken out on behalf of whomever it may correspond, or otherwise undetermined whether it is an insurance on one's own behalf or on another person's behalf, the provisions of this article shall apply when it turns out that another person's interest has been insured.

Duty of insurer

Section 22. Insurance on behalf of another person shall oblige the insurer, even when the third party insured invokes the contract after the loss has occurred.

Rights of policyholder

Section 23. When in possession of the policy, the policyholder may enjoy the rights resulting from the contract in his own name.

Policyholder may likewise collect the indemnity, but the insurer shall be entitled to demand that the policyholder should previously prove the consent by the insured, unless

the policyholder demonstrates that the insurance was undertaken by it as mandated by the insured or on the basis of a legal obligation.

Rights of the Insured

Section 24. The rights deriving from the contract shall correspond to the insured, if in possession of the policy. Otherwise, the insured may not have those rights or judicially enforce them without the policyholder's consent.

Withholding of the policy by policyholder

Section 25. The policyholder is not obliged to deliver the policy to the insured, to the auditor, or to the liquidator of the composition or bankruptcy thereof until it is paid the relevant amount as per contract. Policyholder may collect, with priority over the insured or its creditors, over the amount owed or paid by insurer.

Concealment or knowledge of the insured

Section 26. For the application of section 10, if at the time of execution the insurer was not advised that the contract was being made on behalf of a third party, it may not be alleged that the contract was executed without knowledge of the insured.

ARTICLE VIII

Premium

Obligation to pay

Section 27. The policyholder is obligated to pay the premium. In an insurance on behalf of a third party, the insurer shall be entitled to demand the payment of the premium from the insured, if the policyholder has become insolvent.

Compensation

The insurer has a right to offset his credits against the policyholder under the contract, with the indemnity owed to the insured or the provision owed to the beneficiary.

Payment by a third party

Section 28. Unless there is opposition from the insured, the insurer may not refuse the payment of the premium offered by a third party, with limitation of section 134.

Place of payment

Section 29. The premium shall be paid at the domicile of the insurer or at the place agreed upon by the parties.

The place of payment shall be deemed changed if payment is made in a different manner, established with no late payment by policyholder; however, the insurer may render it ineffective, by letting policyholder know that subsequent payments should be made in such place as agreed upon.

Premium payability

Section 30. The premium is due after the execution of the contract but is only payable

upon delivery of the policy, unless a provisional coverage certificate or instrument has been issued.

In case of doubt, successive premiums are due at the commencement of each insurance period.

Implied credit

The delivery of the policy without the receipt of the premium shall presume the granting of credit for its payment.

Delay in payment of premium. Effects

Section 31. If payment of the first premium or of the single premium is not timely made, the insurer shall not be liable for the loss occurred before payment is made.

Concerning paragraph three of section 30, in absence of an agreement between the parties, the insurer may terminate the contract with a report period of one month. The termination shall not be effective if the premium is paid before expiry of the report period. The insurer shall not be liable for a loss occurred during the period of report, after two days following the notice of termination.

Right of insurer

Section. 32. When termination takes place because of delay in the payment of the premium, the insurer shall be entitled to collect the single premium or the premium of the current period.

Payment of a premium adjusted due to concealment

Section 33. In cases of concealment where the readjustment prescribed by law applies, the difference shall be paid within one month following notice sent to the insured.

Adjustment due to reduced risk

Section 34. When the insured has erroneously reported a risk to be more serious than it really is, he shall be entitled to the premium correction for the periods following the report of the error, in accordance with the rate applicable at the time of contract execution. When the risk has decreased, the insured shall have a right to the adjustment of the premium for the subsequent periods, in accordance with the rate applicable at the time of such decrease report.

Adjustment of the premium due to aggravation of risk

Section 35. When there is aggravation of risk and the insurer chooses not to terminate the contract or if termination would be improper, the premium shall be adjusted in accordance with the new risk condition as from the report thereof, in accordance with the rate applicable at that time.

ARTICLE IX

Lapse

Conventional lapse

Section 36. When the effect of non-fulfilment of a duty or obligation imposed on the insured has not been determined by this law, the parties may come to an agreement on the lapse of insured's rights, if the non-fulfilment arose from its fault or negligence, in accordance with the following system:

Duties and obligations prior to a loss

a) If the duty or obligation should be fulfilled before the loss, the insurer must allege lapse within the month of learning of the non-fulfilment. When the loss occurs before the insurer alleges the lapse, the insurer will only owe the indemnity if the non-fulfilment did not affect the occurrence of the loss or the extension of the insurer's obligation.

Duties and obligations after a loss

b) If the duty or obligation should be executed after a loss, the insurer shall be released by the non-fulfilment if it affected the extension of the obligation undertaken. Effect on the premium In case of lapse, the insurer shall have the right to the premium for the period in progression at the time in which it learned of the non-fulfilment of the obligation or duty.

ARTICLE X

Aggravation of risk

Aggravation of the risk. Concept and termination

Section 37. Any aggravation of risk assumed that, if it had existed at the time of contract execution, in the judgment of experts would have impeded the contract or modified its conditions, is special cause for termination thereof.

Report

Section 38. The policyholder must report to the insurer any aggravations caused by itself before they occur; and those caused by any other person, immediately after learning of them.

Effects: Caused by policyholder

Section 39. When the aggravation is due to an act of the policyholder, the coverage shall be suspended. The insurer must notify of its decision to terminate the contract in a 7-day term.

Effects: Caused by an act other than by policyholder

Section 40. When the aggravation resulted from an act other than by the policyholder or if the latter had to permit it or provoke it due to reasons other than its own will, the insurer must notify him of the decision to terminate within the period of one month with a prior notice of seven days. Section 39 shall apply if the risk had not been assumed in accordance with insurer's business practices.

Effects in case of loss

If the policyholder failed to report the aggravation, the insurer shall not be obliged to provide if the loss took place while the aggravation of the risk exists, unless:

- a)** the policyholder incurred in failure or delay without fault or negligence;
- b)** the insurer was aware of the aggravation at the time in which insurer should have been given the report thereof.

Effects of the termination

Section 41. The termination of the contract shall entitle the insurer:

- a)** to receive the premium in proportion to the time elapsed if it is informed of the risk aggravation in a timely manner,
- b)** to receive the premium for the current insurance period if it is not informed of the risk aggravation in a timely manner.

Extinction of the right to terminate

Section 42. The right to terminate shall be extinguished if not exercised in the periods provided or if the aggravation has disappeared.

Excused aggravation

Section 43. The provisions on risk aggravation shall not be applied in case of being provoked to prevent the loss or attenuate its consequences, or out of a generally accepted humane duty.

Aggravation between the proposal and the acceptance

Section 44. The provisions of this article are also applicable to an aggravation caused between the presentation and the acceptance of insurance proposal form that had been unknown to the insurer at the time of its acceptance.

Plurality of interests or persons

Section 45. When the contract includes a plurality of interests or persons and the aggravation only affects them partially, the insurer may terminate the entire contract if insurer had not executed it under the same conditions in relation to the non-affected interests or persons. If the insurer exercises its right to terminate the contract in relation to a portion of the interests, the policyholder may terminate the remainder with application of section 41 in relation to the premium. The same rule is applicable when the insurer is released for this cause.

ARTICLE XI

Report of the loss

Report

Section 46. The policyholder or beneficiary, if any, shall communicate the occurrence of a loss to the insurer within 3 days after knowing it. The insurer may not allege lateness or failure if insurer takes part in the salvage or loss or damage verification operations in the

same period.

Information

Additionally, the insured is obliged to provide the insurer, upon insurer's request, with the information necessary to verify the loss or the extension of the service the insurer is in charge of, and to let insurer carry out such investigations as needed for that purpose.

Documents. Prohibited requirements

The insurer may require documentary evidence insofar as it is reasonable for insured to supply. It is not valid to agree upon a limitation of the means of evidence, or to subject the performance of the insurer to a recognition, settlement or judgment with the authority of res judicata, without prejudice to the application of the legal provisions on prejudicial issues.

Power of insurer

The insurer may examine the administrative or judicial procedures caused by or related to the loss investigation, or become a civil plaintiff in the criminal case.

Delay. Penalty

Section 47. The insured shall not be entitled to compensation in the case of non-fulfilment of the duty provided in paragraph 1, section 46, unless it proves an act of God, force majeure or de facto impossibility without fault or negligence.

Malicious non-fulfilment of section 46, paragraph 2

Section 48. The insured shall not be entitled to compensation if insured maliciously fails to fulfil the duties provided under paragraph 2 of section 46, or fraudulently exaggerates the damages or employs false evidence to prove the damages.

ARTICLE XII

Expiration of Insurer's obligation

Time of payment

Section 49. In property damage insurance, the credit of the insured shall be paid within fifteen days from the time the amount of the indemnity is established or from the acceptance of the compensation offered, upon expiry of the period set forth under section 56.

In personal insurance, the payment shall be made within fifteen days following notice of loss, or receipt of the complementary information mentioned under section 46, paragraphs 2 and 3, if applicable.

Delay

Section 50. Any agreement releasing the insurer from liability for delay shall be null and void.

Payment on account

Section 51. When the insurer estimated the damage and acknowledged the right of the insured or beneficiary, the latter may claim a payment on account if the procedure for establishing the provision was not completed within one month following the notice of loss. The payment on account shall not be less than one-half of the provision recognized or offered by the insurer.

Suspension of period

When the delay is due to an insured's failure, the period shall be suspended until the insured fulfils the duties imposed by law or by contract.

Personal accident insurance

In personal accident insurance, if in the event of temporary disability the payment of an annuity was agreed, the insured shall be entitled to a payment on account after one month has elapsed.

Delay of the insurer

The insurer becomes liable for delay merely on expiry of the terms.

ARTICLE XIII

Termination due to partial loss

Time

Section 52. When the loss causes only partial damage, both parties may unilaterally terminate the contract until the time of payment of the indemnity.

By the insurer

If the insurer chooses to terminate, insurer's liability shall cease fifteen days after notifying of its decision to the insured, and the insurer shall refund the premium for the time not elapsed of the current period in proportion to the remainder of the sum insured.

By the insured

If the insured chooses to terminate, the insurer shall keep the right to the premium for the current period, and refund any premium received for future periods.

No termination: Effects

When the contract is not terminated, the insurer shall only be liable, in the future, for the remainder of the insured sum, unless otherwise provided.

ARTICLE XIV

Intervention of assistants in the execution of the contract

Assistants: Powers

Section 53. The insurance agent or producer, whatever its relationship with the insurer,

authorized by it for mediating, shall only be empowered for operations in which it takes part, to:

- a)** Receive proposals for execution or amendment to insurance contracts;
- b)** Deliver the instruments issued by the insurer, referring to contracts or extensions thereof;
- c)** Accept payment of the premium if having available a receipt by the insurer. The facsimile signature is allowed.

Institutorian agent. Assigned area

Section 54. When the insurer appoints a representative or agent with powers to act in the insurer's name, the rules of mandate shall apply. The power to enter into insurance contracts shall also include agreeing on amendments or extensions, receiving notices and drawing up declarations of termination, except for express limitations. If the insurance representative or agent is appointed for a certain district or area, its powers shall be limited to negotiations or legal acts related to insurance contracts relating to things existing in the district or area, or to persons who have their usual residence therein.

Equivalent knowledge

Section 55. In the cases mentioned in the foregoing section, the knowledge of the representative or agent is equivalent to that of the insurer as to the insurance that the representative or agent is allowed to execute.

ARTICLE XV

Calculation of indemnity. Expert judgment.

Recognition of the right. Term. Silence

Section 56. The insurer must decide upon the right of the insured within thirty days from receipt of the complementary information provided under paragraphs 2 and 3, section 46. Failure to pronounce shall imply acceptance.

Arbitration judgment. Expert judgment

Section 57. Arbitration clauses included in the policy are null and void. The damage valuation may be submitted to expert's judgment.

ARTICLE XVI

Lapsing

Term

Section 58. Suits based on the insurance contract shall prescribe in one-year term, calculated from the time the obligation becomes enforceable.

Premiums payable in instalments

When the premium must be paid in instalments, the prescription period for collection

shall be calculated from the expiry date of the last instalment. In the case of section 30, last paragraph, it shall be calculated as from the time the insurer demands payment.

Interruption

The acts of the procedure set forth by law or by contract for the settlement of the damage interrupt the prescription for the collection of the premium and of the indemnity.

Beneficiary

In life insurance, the prescription term for the beneficiary is calculated as from the time the beneficiary becomes aware of the benefit, but in no case shall it exceed three years from the loss.

Abbreviation

Section 59. The prescription period may not be abbreviated. Neither shall it be valid to establish a period for filing legal action.

CHAPTER II

Property damage insurance

ARTICLE I

General Provisions

Purpose

Section 60. Any risk may be a purpose of the above-described insurances, if there is a legal economic interest for a loss not to occur.

Obligation of insurer

Section 61. The insurer is obligated to compensate the property damage caused by the loss, in accordance with the contract, without including the interrupted profits, unless expressly agreed on.

Measure

Insurer shall be liable only up to the amount of the sum insured, unless otherwise provided by law or the contract.

Insured sum: Reduction

Section 62. If the insured sum significantly exceeds the actual value of the insured interest, the insurer or the policyholder may demand reduction.

Nullity

The contract shall be null and void if it is executed with the intention of unduly enriching

with the surplus insured. If, at the time of execution of the contract, the insurer is not aware of such intention, insurer shall be entitled to receive the premium for the insurance period over which it becomes aware of it.

Appraised value

Section 63. The value of the property covered by the insurance may be set in a certain amount that shall expressly be indicated as an appraisal. Estimate shall be the value of the property at the time of the loss, unless the insurer proves that it significantly exceeds this value.

Universality or set of things

Section 64. If the contract includes a universality or set of things, it shall include the things that may be subsequently incorporated to such universality or set.

Over-insurance

Section 65. If, at the time of the loss, the insured value exceeds the insurable value, the insurer shall only be obligated to compensate for the damage actually suffered; nevertheless, the insurer shall be entitled to receive the entire premium.

Underinsurance

If the insured value is less than the insurable value, the insurer shall only compensate for the damage in the proportion resulting from both values, unless otherwise agreed upon.

Inherent defect

Section 66. The insurer shall not compensate for damages or losses caused by an inherent defect of the item, unless otherwise agreed upon. If the defect aggravated the damage, the insurer shall indemnify without including the damage caused by the defect, unless otherwise agreed upon.

ARTICLE II

Plurality of insurance coverage

Notice

Section 67. Anyone who insures the same interest and the same risk with more than one insurance company shall notify each of the insurers without delay of such other contracts executed, indicating the insurance company and the sum insured, under penalty of lapse, unless otherwise agreed on.

Liability of each insurer

In case of loss, in the absence of special stipulations in the contract or between the insurers, it shall be understood that each insurer shall contribute proportionally to the amount established in its contract, up to the amount of the indemnity owed. Damage settlement shall be made taking into account the contracts in force at the time of the loss. An insurer that pays a higher amount than the one it is proportionally responsible for,

may file an action against the insured and against the other insurers, to make the corresponding readjustment.

Subsidiary insurance

It may be provided that one or more insurers may be liable only subsidiarily or when the damage exceeds a certain amount.

Nullity

Section 68. The insured may not seek an indemnity exceeding the amount of the damage sustained from the joint insurers. If plural insurance has been executed intending to get an undue enrichment, contracts so executed shall be null and void, notwithstanding the right of insurers to receive the premium due in the period during which they got to know such intention, had they ignored it at the time of the execution.

Executed in ignorance

Section 69. If the insured executes the contract being unaware of the existence of a previous contract, it may request the termination of the most recent or the reduction of the insured sum to the amount not covered by the first contract with a proportional decrease of the premium. The request is to be made immediately upon learning of it and prior to a loss.

Contracts executed simultaneously

If the insurance contracts are executed simultaneously, only a pro-rated reduction of the insured sums may be requested.

ARTICLE III

Provoking a loss

Provoking a loss

Section 70. The insurer shall be released if the policyholder or the beneficiary provokes the loss fraudulently or with gross fault. Any act carried out to prevent the loss or attenuate its consequences, or as a generally accepted humane duty, shall be excluded.

War, mutiny or riot

Section 71. The insurer shall not cover the damages caused by acts of civil or international war or by mutiny or popular riot, unless otherwise agreed upon.

ARTICLE IV

Salvage and verification of damage

Obligation to salvage

Section 72. The insured is obligated to provide as much as needed and where possible, to prevent or reduce the damage and to observe the insurer's instructions. Should there be more than one insurer issuing contradictory instructions, the insured shall act in accordance with the instructions that appear as most reasonable under the

circumstances.

Violation

If the insured violates this obligation fraudulently or with gross fault, the insurer shall be released from its obligation to indemnify, to the extent that the damage would have been lesser if that violation had not occurred.

Refund, expenses, salvage

Section 73. The insurer is obligated to reimburse the insured for the expenses which are not evidently erroneous, made in compliance with the duties indicated in section 72, even when they were unfruitful or exceeded the insured sum.

Underinsurance refund

In the case of underinsurance, refund shall be done in the proportion stated in section 65, second paragraph.

Instructions by insurer

If the expenses are made as instructed by insurer, insurer must provide the entire payment and advance the funds, if required.

Abandonment

Section 74. The insured may not abandon the property affected by the loss, unless otherwise agreed on.

Data verification

Section 75. The insured may be represented in the loss verification and damage settlement proceedings; any agreement to the contrary is null and void. The expenses of that representation shall be borne by the insured.

Verification and settlement expenses

Section 76. The necessary expenses to verify the loss and settle the compensable damage shall be borne by insurer insofar as they have not been caused by inaccurate indications by the insured. The refund of the remuneration of personnel employed by the insured shall be excluded. It may be agreed that the insured pay its expert's fees and share those of the third party.

Change in damaged items

Section 77. The insured may not, without the consent of the insurer, make any change to the items damaged which would make it more difficult to establish the cause of the damage thereof, unless it is done to decrease the damage, or in the public interest. Delay of the insurer The insurer may only allege this provision when proceeding without delay to determine the causes of the loss and to value the damages. Malicious violation Malicious violation of this duty shall release the insurer. Expert estimation. Challenge.

Judicial valuation

Section 78. When the damage amount is estimated by experts as agreed by the parties, the expert opinion is voidable if it evidently withdraws from the true state of affairs or from the agreed procedure. Should the expert opinion be annulled, the damages shall be judicially valued following an expert examination carried out in accordance with procedural law.

Judicial valuation

The judicial valuation shall replace the conventional expert valuation if the experts may not pronounce or not so do in time.

Effects on prior lapse causes

Section 79. The insurer's participation in the expert procedure for damage valuation as per section 57, shall involve his waiver of invoking the causes of release previously known, that are incompatible with that participation.

ARTICLE V **Subrogation**

Subrogation

Section 80. The rights of the insured against a third party, because of the loss, shall be assigned to the insurer up to the amount of the indemnity paid for. The insured is liable for any act that may impair any such insurer's right.

Exceptions

The insurer may not make the subrogation valid in prejudice of the insured.

Personal insurance

Subrogation is inapplicable in personal insurance.

ARTICLE VI **Interest disappearance or holder change**

Disappearance before the effective date

Section 81. When the insured interest does not exist at the start of the effectiveness of the coverage under contract, the policyholder shall be released from its obligation to pay the premium; however, insurer shall be entitled to a refund of expenses, plus an additional amount which may not exceed 5% of the premium.

Disappearance during the period of length

If the insured interest disappears after the start of coverage, the insurer shall have a right to receive the premium, as provided under section 41.

Change of interest holder

Section 82. Any change of the insured interest holder must be notified to the insurer who may terminate the contract in the term of 20 days, with a 15-day notice, unless otherwise agreed upon.

Termination by the taker

The taker may terminate within the term of fifteen days, with no prior notice.

Liability for the premium

The alienor owes the premium corresponding to the period in course at the date of notice. The purchaser is a joint and several co-debtor until the time it notifies its wish to terminate.

Termination by the insurer

If the insurer chooses to terminate, it shall refund the premium of the current period in proportion to the term not elapsed and the entire premium corresponding to future periods.

Term to notify

The notice of the change of holder provided under the first paragraph shall be made in the term of seven days, if the policy does not provide otherwise. Failure thereof shall release the insurer if a loss occurs after fifteen days from the expiration of that period.

Forced sale. Hereditary succession

Section 83. The article 82 shall be applied to forced sale, by calculating the terms as from the approval of the auction. It shall not be applied to hereditary conveyance, whereby the heirs and legatees shall succeed to the contract.

ARTICLE VII
Mortgage - Pledge

Mortgage - Pledge

Section 84. In order to exercise the privileges envisaged under article 3110, Civil Code, and section 3 of Law 12962 (Decree-Law No. 15348, of 1946), a creditor shall notify the insurer of the existence of a pledge or mortgage, and the insurer, unless it is compensation, shall not pay the indemnity without prior notice to the creditor, in order that the latter might draw up his opposition within seven days. Once objected and in the absence of an agreement between the parties, the insurer shall judicially deposit the sum due. The court shall decide on the article through specially expedited summary proceeding.

ARTICLE VIII
Fire insurance

Recoverable damage

Section 85. An insurer shall compensate for damage caused on assets by the direct or indirect action of fire, through actions taken for extinguishment thereof, such as demolition, evacuation, or other similar ones. The indemnity must also cover the insured goods lost during the fire.

Earthquake, explosion or lightning

Section 86. The insurer shall not be liable for the damage if the fire or the explosion is caused by an earthquake. The damages caused by explosion or lightning shall be on the same level as those caused by fire.

Recovery amounts

Section 87. The amount of the recovery owed by the insurer shall be determined:

- a)** For buildings, by their value at the time of the loss, unless reconstruction is agreed upon;
- b)** For goods produced by the same insured, in accordance with the manufacture cost; for other goods, by the selling price at the time of the loss;
- c)** For animals, by the value they had at the time of the loss; for raw materials, crops and other natural products, in accordance with the average prices thereof on the day of the loss;
- d)** For household furniture and home equipment and supplies, and other items for use, tools and machines, for their value at the time of the loss. Nevertheless, it may be agreed that indemnity shall be made in accordance with replacement value thereof.

Anticipated profits

Section 88. When compensation for loss of profits is included in the fire insurance, its value may not be agreed. When accidental damage with respect to the same property is insured with one insurer and the loss of profits or other special interest exposed to the same risk is insured with another insurer, the insured must notify them of the different contracts forthwith.

Guarantee of reconstruction

Section 89. When the reconstruction or replacement of the damaged property is agreed, the insurer shall be entitled to demand that the indemnity be actually used for that purpose and to require sufficient guarantees. In such conditions the mortgagee or the pledgee may not challenge the payment, unless the debtor delays in the payment of its credit.

ARTICLE IX

Agricultural insurance

General principle

Section 90. In the agricultural insurance, the indemnity may be limited to the damages that the insured suffers at a certain stage or time of agricultural operations, such as sowing, harvest or other similar ones, with respect to all or some of the products, and it may be related to any risk that may damage them.

Hailstorm

General principle

Section 91. The insurer shall be liable for damages caused solely by hail to the insured fruits and products, even when it happens together with other meteorological phenomena.

Calculation of indemnity

Section 92. In order to value the damage, the value the fruits and products would have had at the time of the harvest if there had been no loss, as well as the use to which they may be applied and the value they hold after the damage shall be calculated. The insurer shall pay the difference as compensation.

Loss report

Section 93. The loss report shall be sent to the insurer in a three-day term, if the parties have not agreed upon a longer period. Postponement of settlement Section 94. Either of the parties may request postponement of the settlement of the damage until harvest time, unless otherwise agreed upon.

Changes to affected products

Section 95. The insured may only make those changes on the fruits and products affected by the damage which cannot be postponed in accordance with rules of good agricultural practice, before the estimation of the extent of damage without the insurer's consent.

Change of interest holder

Section 96. In case of disposal of the property where the damaged fruits and products are, the insurer may terminate the contract only after the expiration of the current period, during which he learned of the disposal. The provision shall be applied also in the cases of lease and legal business whereby a third party acquires the right to withdraw the insured fruits and products.

Frost

Frost. System

Section 97. Sections 90 to 96 shall be applied to insurance of damages caused by frost.

ARTICLE X

Insurance on Animals

General principle

Section 98. Any risk affecting the life or health of any species of animals may be insured.
Mortality insurance

Indemnity

Section 99. In animal mortality insurance, the insurer shall indemnify the damage caused

by the death of the animal or animals insured, or by their total and permanent disability, if so agreed.

Damages not encompassed

Section 100. The insurance shall not include damages, unless otherwise agreed upon, like:

- a)** Those derived from epizooty or illnesses for which the insured has a right to indemnity with public resources, even if the right were lost as a consequence of breach of the health policy rules;
- b)** Those caused by fire, lightning, explosion, flood or earthquake;
- c)** Those occurring during or because of transportation, loading or unloading.

Subrogation

Section 101. In the enforcement of article 80, the insurer shall be subrogated to the rights of the insured for the hidden defects compensated.

Right of inspection

Section 102. The insurer shall have a right to inspect and review the insured animals at any time at its own cost and expense.

Report on loss

Section 103. The insured shall report to the insurer the death of the animal and any illness or accident that it shall suffer within 24 hours, although it is not a risk covered.

Veterinary assistance

Section 104. When the insured animal is sick or injured, the insured shall immediately get the assistance of a veterinarian, or practitioner, in case there is no veterinarian available.

Maltreatment or serious neglect of animals

Section 105. The insured shall lose the right to be indemnified in case of maltreatment or serious neglect of the animal, whether fraudulently or with gross fault, particularly if the insured has not called for veterinary assistance (Section 104) in case of illness or injury, unless its conduct has not influenced the production of the loss or the extent of the performance of the insurer.

Sacrifice of the animal

Section 106. The insured may not sacrifice the animal without the consent of the insurer, unless:

- a)** it is provided by the authority;
- b)** if, according to circumstances, it were so urgent that the insurer could not be notified. This urgency shall be established by a report issued by a veterinarian, or in default thereof, by two practitioners. If the insured does not permit the sacrifice ordered by the insurer, the insured shall lose the right to indemnification for major damage caused by such refusal.

Indemnity. Estimation

Section 107. The indemnity shall be estimated by the value of the animal stated in the policy. Death or disability after expiration Section 108. The insurer shall be liable for the death or disability of the animal occurring up to one month after the contractual relationship was extinguished, when it was caused by an illness or injury produced during the term of duration of the insurance. The insured must pay the premium proportional to the rate.

Termination in case of contagious illness

The insurer shall not be entitled to terminate the contract when any of the insured animals has been affected by a covered contagious disease.

ARTICLE XI

Civil Liability Insurance

Scope

Section 109. The insurer shall be obligated to hold the insured harmless due to a third party by reason of the liability provided under the contract, as a consequence of an act occurring over the term under cover.

Costs: Civil case

Section 110. The guarantee of the insurer shall include:

a) Payment of judicial and extrajudicial expenses and costs to withstand the claim of the third party. When the insurer deposits the sum insured in payment and the amount of the expenses and costs accrued up to that time, relinquishing the exclusive direction of the case to the insured, the insurer shall be released from the expenses and costs which may subsequently accrue;

Costs: Criminal case

b) The payment of costs of defence in the criminal procedure when the insurer assumes that defence.

Section 111. Payment of expenses and costs must be made to such extent as may be required.

Proportional rule

If the insured must support a portion of the damage, the insurer shall reimburse the expenses and costs in the same proportion.

Instructions or orders of the insured

If they are accrued in a civil case maintained by an expressly unjustified decision of the insurer, the latter must pay them entirely.

Refusal

Provisions of section 110 and of this section shall be applied even when the claim of the third party is refused.

Penalties

Section 112. The indemnity owed by the insurer shall not include the penalties applied by any judicial or administrative authority.

Liability of managerial staff

Section 113. Liability insurance for the exercise of industry or trade, shall include the liability of the persons with managerial functions.

Fraud or gross fault

Section 114. The insured shall not be entitled to be indemnified when it, whether fraudulently or with gross fault, has provoked the act from which its liability arises.

Report

Section 115. The insured must report the act from which its eventual liability might arise in the term of three days from the day on which it happened, if the insured knows of it or should have known thereof; or from the third party's claim, if the insured did not know of it previously. The insured shall notify forthwith to the insurer when the third party enforces its rights.

Judgment compliance

Section 116. The insurer shall serve the judicial sentence in the portion insurer is liable to in the procedural terms.

Recognition of liability

The insured may not acknowledge its liability or execute a transaction without permission of the insurer. When those acts are carried out through the intervention of the insurer, insurer shall deliver the relevant funds, in accordance with the contract, in a term used for the diligent fulfilment of duties assumed.

Judicial recognition of acts

The insurer shall not be released when the insured, under judicial interrogation, acknowledges acts from which its liability derives.

Control of procedures

Section 117. The insurer may examine the administrative or judicial procedures caused by, or related to the investigation of the loss and may be a civil plaintiff in a criminal case.

Privilege of the injured party

Section 118. The credit of the injured party shall have privilege on the insured sum and its accessories, with preference over the insured and any creditor thereof, even in case of bankruptcy or composition.

Summoning the insurer

The injured party may summon the insurer as security until the case is received on approval. In such case, the injured party must file the claim before the judge of the venue where the fact took place, or of the domicile of the insurer.

Res judicata

The judgment issued shall be a res judicata as to the insurer, and it shall be enforceable against insurer to the extent of the insurance. In this judgment or in the enforcement of the judgment, the insurer may not plead the defences arising after the loss. Also the insured may summon the insurer as security within the same term and with identical purpose.

Plurality of injured parties

Section 119. In case of a plurality of injured parties, the indemnity owed by the insurer shall be distributed on a pro-rated basis. When two or more suits are filed, the different procedures shall accumulate for them to be resolved by the judge of the preliminary investigation.

Collective insurance

Section 120. In the case of collective insurance of persons and the contracting party takes the payment of the premium at its sole cost and expense, it may be agreed that the insurance shall cover its civil liability with respect to the members of the group in the first place, and that the balance shall correspond to the designated beneficiary.

ARTICLE XII **Transport Insurance**

Subsidiary application of maritime insurance

Section 121. Insurance on land transport risks shall be governed by the provisions of this law and, subsidiarily, by those relative to maritime insurance. Insurance on risks of transport in inland waters and rivers shall be governed by the provisions relative to maritime insurance with the amendments set forth in the following sections.

Scope

The insurer may assume any risk which the transport vehicles, the goods or the transporter's liability are exposed to.

Change of route and abnormal fulfilment

Section 122. The insurer shall not be held liable for damages if the trip is unnecessarily made on special routes or roads or in an uncommon way.

Time or trip insurance

Section 123. Insurance may be taken out by time or by trip. In both cases, the insurer shall compensate for the damage caused after the period of guarantee, if the extension of the trip or the transport is due to a loss covered by the insurance.

Abandonment

Section 124. In the case of land transport vehicles, abandonment shall only be possible if there is total effective loss. The abandonment shall be done in the term of thirty days following occurrence of the loss. For river and inland waters transportation, the maritime insurance rules shall apply.

Broader carrier liability

Section 125. When the insurance refers to the carrier's liability to passengers, carriers, consignees, or third parties, the liability for the acts of their employees or other persons they are liable for shall be construed as included.

Indemnity calculation. Goods

Section 126. In the case of goods, unless there is an agreement to the contrary, the indemnity shall be calculated on its destination price, at the time in which it should have been regularly delivered. Anticipated profits shall only be included if expressly agreed upon.

Transport facilities

In the case of land transport vehicles, the indemnity shall be calculated on its value at the time of the loss. This rule shall not be applied to river or inland water transport facilities.

Inherent defect, etc.

Section 127. The insurer shall not be liable for the damage due to the intrinsic nature of the goods, inherent defect, ill-conditioning, shrinkage, leakage or poor packaging. Notwithstanding, the insurer shall be liable to the extent that the deterioration of the goods arises from delay or other direct consequences of a covered loss.

Carrier or consignee's fault or negligence

The parties may agree that the insurer shall not be held liable for the damages caused by the carrier or consignee's simple fault or negligence.

CHAPTER III

Insurance of persons

ARTICLE I

Life Insurance

Insurable life

Section 128. An insurance may be taken out on the life of the contracting party or of a third party.

Minors over eighteen years of age

Minors over eighteen years of age shall have legal capacity to contract for insurance on their own life only if they designate their ascendants, descendants, spouses or siblings who are dependent thereon as beneficiaries.

Third party consent. Interdicted parties and minors of fourteen years of age

If death is to be covered, the written consent of the third party or the legal representative thereof, if it had no legal capacity, shall be required. Death insurance of interdicted parties and of minors of 14 years of age is prohibited.

Knowledge and conduct of a third party

Section 129. In life insurance of a third party, the knowledge and the conduct of the contracting party and of the third party shall be taken into account.

Incontestability

Section 130. Having lapsed three years from the execution of the contract, the insurer may not allege concealment, unless it is fraudulent.

Inaccurate age reporting

Section 131. The inaccurate age reporting shall only authorize the termination by the insurer when the true age exceeds the limits established in its business practice to assume the risk. Older age When the actual age is over that reported, the insured capital shall be reduced in accordance therewith and with the amount of premium paid. Younger age. When actual age is below that reported, the insurer shall compensate the mathematical reserve constituted with the surplus of premium paid and shall readjust the future premiums.

Risk aggravation

Section 132. Only the aggravation of the risk that is due to reasons specifically provided in the contract must be reported.

Change of profession

Section 133. Changes of profession or activity of the insured shall authorize termination of the contract when they aggravate the risk in such a way that the insurer would not have concluded the contract if the insured had been thus engaged at the execution thereof. If at the time of the execution of the contract, the insurer would have concluded it for a higher premium, if such change had existed at that time, the insured sum shall be reduced in proportion to the premium paid.

Termination

Section 134. The insured may terminate the contract without any limitation after the first insurance period. The contract shall be considered terminated if the premium is not paid in the terms agreed. Payment by third party A third party beneficiary, for valuable

consideration, shall be permitted to pay the premium.

Suicide

Section 135. The voluntary suicide of a person whose life is insured shall release the insurer, unless the contract has been in force uninterruptedly for three years.

Death of the third party by the contracting party

Section 136. In life insurance of a third party, the insurer shall be released if the death was deliberately provoked by an illegal act of the contracting party. Death of the insured by the beneficiary A beneficiary who deliberately provokes the death of the insured with an illegal act shall lose all right.

Criminal enterprise. Death penalty

Section 137. The insurer shall be released if the person whose life was insured dies in a criminal enterprise or by legitimate application of death penalty. Section 138. Having elapsed three years from the execution of the contract and the insured is up to date with the payment of premiums, it may demand at any time and in accordance with the technical plans approved by the supervisory authority that the following be inserted in the policy:

Insurance settled

a) The conversion of the insurance into another settled for a reduced amount or for a shorter term.

Redemption

b) The termination, with the payment of a certain sum.

Conversion

Section 139. When in the case of the preceding section, the insured interrupts the payment of the premiums without stating any choice between the solutions described within one month of being questioned by the insurer, the contract shall be converted automatically into settled insurance for a reduced sum.

Termination and insurer release

Section 140. When the insurer is released for any reason after a term of three years, the provisions of section 9 shall apply.

Loan

Section 141. When an insured is up to date with the payment of the premiums, it shall have a right to a loan after three years since the execution of the contract; its amount shall result from the policy. It shall be calculated in accordance with the reserve corresponding to the contract, in accordance with the technical plans of the insurer approved by the supervisory authority.

Automatic loan

It may be agreed that the loan be accorded automatically for the payment of the premiums not paid on time.

Rehabilitation

Section 142. Notwithstanding the reduction provided under sections 138 and 139, the insured may, at any time, restore the contract to its original terms with the payment of the premiums corresponding to the period in which the reduction was effective, along with interest at the rate approved by the supervisory authority, in accordance with the technical nature of the plan and under the conditions as determined by it.

In benefit of a third party

Section 143. It may be agreed that the capital or revenue to be paid in case of death shall be paid to a third party survivor, already determined or to be determined at the time of the event.

Acquisition of proper right

The third party shall acquire proper right at the time of the event. When its designation is for consideration, a prior time may be set. Except in the case in which the designation is for consideration, the contracting party may freely revoke it even when designation was made under the contract.

Collation or reduction of premiums

The legitimate heirs of the insured shall have a right to the collation or reduction for the amounts of the premiums paid.

Designation without setting quota share

Section 145. If several persons are designated with no indication on quota share, it shall be understood that the benefit is to be shared equally.

Designation of children

When children are designated, it shall be understood they are those conceived and those surviving at the time of the occurrence of the insured event.

Designation of heirs

When heirs are designated, it shall be understood as those who shall succeed the contracting party by law, if it has not granted a will; if it has so do, the heirs instituted therein shall be considered designated. If no quota share is set, the benefit shall be distributed in accordance with the portion allotment.

No designation or expiration thereof

When the contracting party does not designate a beneficiary or, for any reason, the designation has become ineffective or invalid, it shall be understood that it has designated the heirs.

Section 146. The designation of a beneficiary shall be made in writing without determined formality, even when the policy indicates or demands a special form. It shall be valid even if the insurer is notified after the event.

Bankruptcy or composition of the insured

Section 147. The bankruptcy or composition of the insured shall not affect the insurance contract. The creditors may only enforce their actions valid on the credit for redemption exercised by the bankrupt or insolvent party or on the capital which it must receive, should the event provided for occur.

Scope

Section 148. The provisions of this chapter shall be applied to the insurance contract in case of death, survival, mixed or others related with human life insofar as they are compatible by nature thereof.

ARTICLE II

Accident insurance

Application of life insurance provisions

Section 149. Sections 132, 133 and 143 to 147, inclusive, relative to life insurance shall apply on accident insurance.

Reduction of consequences

Section 150. The insured, insofar as possible, must impede or reduce the consequences of the loss and observe the instructions of the insurer in this regard, insofar as they are reasonable.

Expert opinion

Section 151. When the loss or the consequences thereof must be set by experts, their report is not compulsory if it evidently goes off the real factual situation or the agreed procedure. If the expert's opinion is annulled, the verification thereof shall be made judicially.

Fraud or gross fault of the insured or beneficiary

Section 152. The insurer shall be released if the insured or the beneficiary provokes the accident fraudulently or with gross fault, or the accident is sustained in a criminal enterprise.

ARTICLE III

Collective Insurance

Third party beneficiary

Section 153. In the case of contracting collective life or accident insurance in the exclusive interest of the members of the group, they or their beneficiaries shall have a proper right

against the insurer since the foreseen event occurs.

Commencement of the contingent right

Section 154. The contract shall establish the conditions of incorporation into the insured group that shall be produced when the conditions are met. Prior medical examination If a prior medical examination is demanded, the incorporation shall be subject to that examination. It shall be made by the insurer within fifteen days of the relevant notice.

Loss of the contingent right by separation

Section 155. Those ceasing to belong to the insured group shall be excluded from the insurance from that moment, unless there is an agreement to the contrary.

Exclusion of the policyholder as beneficiary

Section 156. The contracting party of the collective insurance may be a beneficiary thereof, if it is a member of the group, as well as for the accidents that it may personally suffer, notwithstanding the provisions of section 120.

The contracting party may also be beneficiary when it has a legal economic interest in respect to the life or health of the members of the group, to the extent of the specific damage.

CHAPTER IV

Final Provisions

Marine and aviation insurance

Section 157. The provisions of this title shall be applied to marine insurance and aviation insurance, insofar as it is not provided by specific laws and is not repugnant to the nature thereof.

Extension

The provisions of this article shall also be applied to the obligatory life insurance of State employees and to the insurance of spectators and personnel of athletic shows, except for the provisions that are contradictory to such special laws or to the nature thereof. Mutual insurance shall be governed by the provisions of this title, except for the rules that are contrary to the nature thereof.

Mandatory rules

Section 158. In addition to the rules that, for their wording or nature, are totally or partially unchangeable, sections 5, 8, 9, 34 and 38 may not be changed as agreed upon by the parties, and sections 6, 7, 12, 15, 18 (second paragraph), 19, 29, 36, 37, 46, 49, 51, 52, 82, 108, 110, 114, 116, 130, 132, 135 and 140 may only be amended in favour of the insured. When the provisions of the policies go off the repealable statutory rules, they may not be a part of the general conditions. The cases where the law sets forth the annulment

through an agreement to the contrary, are not included.

TITLE II REINSURANCE

Concept

Section 159. The insurer may, in turn, insure the risks assumed, but the insurer is the sole obligated party to the insurance policyholder.

Reinsurance insurance

Contracts of retrocession or others whereby a reinsurer insures, in turn, the risks assumed, shall be governed by the provisions of this Title.

Actions of insured parties. Privilege of insured parties

Section 160. The insured shall not be able to bring action against the reinsurer. In case of voluntary or forced liquidation of the insurer, the insured parties together shall have special privilege on the credit balance as shown in the insurer's account with the reinsurer.

Debt offset

Section 161. In case of voluntary or forced liquidation of either the insurer or the reinsurer, the existing reciprocal debts and credits relative to reinsurance contracts shall be offset as a matter of law.

Credit to be calculated

The compensation shall be made effective by taking into account, for calculating the credit or the debit, the termination date of the insurance and reinsurance, the obligation of refunding the premium in proportion to the time not run and of returning the deposit of guarantee constituted, held by the insurer.

Legal system

Section 162. The reinsurance contract shall be governed by the provisions of this Title and those agreed upon by the parties.

TITLE III FINAL AND TRANSITORY PROVISIONS

Section 163. This law shall be incorporated into the Commercial Code and shall govern as from six months from enactment thereof. As from the same date, sections 492 to 557 and sections 1251 to 1260 of the Commercial Code as well as Law No. 3942 shall be repealed. In the first official edition they shall be replaced with sections 1 to 162. Section 164. Be it known, published, passed to the National Bureau of the Official Registry and, in due course, be filed.

ONGANIA

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