

Law 17,418 on Insurance

Buenos Aires, August 30, 1967

INSURANCE LAW

PASSED AND ENACTED by the President of the Argentine Nation

TITLE I: OF THE INSURANCE CONTRACT

CHAPTER I: GENERAL PROVISIONS

Section I: Concept and Execution

Definition

Art. 1. An insurance contract is effective when the insurer binds itself, through a premium or contribution, to repair damage or to comply with the agreed upon performance if the foreseen event occurs.

Object

Art. 2. The object of an insurance contract may include all kinds of risks if an insurable interest exists, unless expressly prohibited by law.

Non-existence of a risk

Art. 3. An insurance contract is null and void if at the time of its execution the damage or loss had already been produced, or the possibility of its being produced had disappeared.

If a period preceding its execution is agreed upon, the contract is null only if at the time of its conclusion the insurer knows the impossibility of the damage or loss having occurred, or the insured knows that it had already occurred.

Nature

Art. 4. An insurance contract is by consensus; the reciprocal rights and obligations of the insurer and the insured commences from the time the agreement is made, even before the policy is issued.

Proposal form

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

Proposal of extension

The proposal to extend the contract shall be considered accepted by the insurer if he does not refuse it within 15 days of its receipt. This provision shall not be applied to personal insurance.

SECTION II: Suppression of Information

Suppression of information: Concept

Art. 5. Every misrepresentation or suppression 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 informed of the true condition of the risk, shall render the contract void.

Challenge period

The insurer must challenge the contract within 3 months of becoming aware of the suppression of facts or the misrepresentation.

Absence of fraud

Art. 6. When a non-fraudulent suppression of information is alleged in the period stated in article 5, the insurer, at its sole discretion, may annul the contract by restoring the premium received with a deduction of the expenses, or readjust it to the true state of the risk 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 opinion of experts, and the contract had been executed in accordance with the business practice of the insurer.

If the contract includes several persons or interests, article 45 shall be applied.

Readjustment of life insurance after a loss

Art. 7. In life insurance, when the insured acts with good faith and suppression is alleged within the period mentioned in article 5, after the loss had occurred, the performance owed shall be reduced if the contract is re-adjustable in accordance with article 6.

Fraud or bad faith

Art. 8. If the suppression is fraudulent or in bad faith, the insurer has a right to the premiums for the periods elapsed and for the period during which the suppression or misrepresentation was invoked.

Loss during the challenge period

Art. 9. In all cases, if the loss occurs during the challenge period, the insurer shall not owe any performance, except for the redemption value of life insurances.

Execution through representation

Art. 10. When the contract is executed with a representative of the insured, the knowledge and the behavior of the represented and representative shall be taken into account in judging the suppression of information, unless the representative acted on behalf of the insured and the insurer simultaneously in the execution of the contract.

Execution of contract on behalf of another

The same principles shall be applied with respect to a third party insured and a policyholder where the contract is executed on behalf of another.

SECTION III: Policy

Proof of the contract

Art. 11. The insurance contract can only be evidenced in writing; however, any other means of evidence shall be admitted if there is introductory evidence in writing.

Policy

The insurer shall deliver a policy to the policyholder duly signed with clear, easily legible wording. The policy must contain the names and addresses of the parties; the interest or the person insured; the risks assumed; the time from which they shall be assumed and the period; the premium or quote; the sum insured; and the general conditions of the contract. Special conditions may be included in the policy. When the insurance is taken out simultaneously with several insurers a single policy may be issued.

Differences between proposal forms and policies

Art. 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 he does not contest within one month of receiving the policy.

This acceptance shall be presumed only when the insurer advised the policyholder of this right by a clause indicated, in a conspicuous manner, on the front side of the policy.

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

Policies to the order and to the bearer. System

Art. 13. The transfer of policies to the order or to the bearer shall involve assigning the rights against the insurer; nevertheless, the same defenses as might be made valid against the insured concerning the insurance contract may be made against the holder, except failure to pay the premium, if debt does not result from the policy.

Release of the insured

The insurer shall be released if it complies with its obligations to the endorsee or the bearer of the policy.

Policy theft, loss or destruction

In case of theft, loss or destruction of a policy to the order or to the bearer, its replacement may be agreed by furnishing sufficient guarantee.

Personal insurance

In personal insurance, the policy must be nominative.

Duplicate declarations and policy

Art. 14. The insured is entitled, through payment of the relevant expenses, to have a copy of the declarations he made for the execution of the contract and a non-negotiable copy of the policy, delivered to him.

SECTION IV: Reports and declarations

Compliance

Art. 15. The reports and declarations imposed by this law or by the contract shall be considered fulfilled if they are issued within the period set. The parties shall be considered in delay by the mere expiration of the period.

Knowledge of the insurer

The insurer may not invoke the disadvantageous consequences of the failure or lateness of a declaration, report or notice if, at the time which it should have been made, he was aware of the circumstances they were related to.

SECTION V: Jurisdiction and domicile

Jurisdiction

Art. 16. To establish a special domicile shall be prohibited. The extension of the jurisdiction within the country is admissible.

Domicile

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

SECTION VI : Period

Insurance period

Art. 17. It shall be presumed that the insurance period is one year unless the premium is calculated for a different time due to the nature of the risk.

Commencement and end of coverage

Art. 18. The liability of the insurer commences 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 upon.

Rescission clause

Notwithstanding the period set forth, and with exception of life insurance, it may be agreed that either party shall have a right to rescind the contract without stating the cause. If the insurer exercises the power of rescinding, he must give a notice no less than fifteen days in advance and refund the proportional premium for the period not expired. If the insured chooses to rescind the contract, the insurer shall be entitled to the premium drawn for the time elapsed, in accordance with the short term rates.

Implied extension

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

For an indefinite period

When the contract is executed for an indefinite period, either party may rescind it in accordance with article 18. The waiver of this right of rescission for a certain period not exceeding five years is legal. The provisions of this paragraph shall not be applied to life insurance.

Portfolio liquidation and assignment: Rescission

Art.20. The voluntary liquidation of the insurance company and the portfolio assignment approved by the supervisory authority, does not give the right to rescind the contract.

SECTION VII : On behalf of another person

Validity

Art. 21. Except as provided for life insurance, the contract may be made on behalf of another person, with or without designation of the third party insured. In case of doubt, it shall be presumed that it has been executed on one's own behalf.

In the case of insurance taken out on behalf of whomever it may correspond, or otherwise, in case it is not determined whether it is an insurance on one's own behalf or on behalf of another person, the provisions of this section shall be applied when it turns out that another person's interest has been insured.

Obligation of insurer

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

Rights of policyholder

Art. 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 him as mandated by the insured, or because of a legal obligation.

Rights of the Insured

Art. 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 consent of the policyholder.

Withholding of the policy by policyholder

Art. 25. The policyholder is not obligated to deliver the policy to the insured, to the auditor, or to the liquidator of the composition or bankruptcy thereof before he has been paid insofar as corresponds to him by reason of the contract. The amount due or paid by the insurer may be collected, with preference to the insured or his creditors.

Suppression of information or knowledge of the insured

Art. 26. For the application of article 10, if at the time of execution the insurer was not let known that it was being undertaken on behalf of a third party, it may not be alleged that the contract was executed without knowledge of the insured.

SECTION VIII: Premium

Obligation to pay

Art. 27. The policyholder is obligated to pay the premium.

In an insurance on behalf of another person, the insurer shall have a right 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 by reason of the contract, with the indemnity due to the insured or the performance due to the beneficiary.

Payment by a third party

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

Place of payment

Art. 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

Art. 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

Art. 31. If payment of the first premium or of the single premium is not effected in a timely manner, the insurer shall not be liable for the loss occurred before payment is made.

In the case of the third paragraph of article 30, in the absence of an agreement between the parties, the insurer may rescind the contract with a report period of one month. The rescission shall not be effective if the premium is paid before the expiration of the period of report.

The insurer shall not be liable for a loss occurred during the period of report, after two days following the notice of rescission.

Right of insurer

Art. 32. When rescission 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 readjusted because of suppression of information

Art. 33. In cases of suppression of information where the readjustment prescribed by law applies, the difference shall be paid within the month of notice sent to the insured.

Readjustment because of decrease of risk

Art. 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 the execution of the contract.

When the risk has decreased, the insured shall have a right to the readjustment of the premium for the subsequent periods, in accordance with the rate applicable at the time of the report of such decrease.

Readjustment of the premium due to aggravation of the risk

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

SECTION IX: Lapse

Conventional lapse

Art. 36. When the effect of non-fulfillment 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 the rights of the insured, if the non-fulfillment 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-fulfillment.

When the loss occurs before the insurer alleges the lapse, the insurer will only owe the indemnity if the non-fulfillment did not influence the occurrence of the loss or the extension of the obligation of the insurer;

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-fulfillment if it influenced the extension of the obligation assumed.

Effect on the premium

In case of lapse, the insurer shall have a right to the premium for the period in progression at the time in which it learned of the non-fulfillment of the obligation or duty.

SECTION X: Aggravation of the risk

Aggravation of the risk. Concept and rescission

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

Report

Art. 38. The policyholder must report to the insurer aggravations caused by an act of its before they happen; and those due to an act of another person, immediately after learning of them.

Effects: Caused by policyholder

Art. 39. When the aggravation is due to an act of the policyholder, the coverage shall be suspended. The insurer must notify its decision to rescind the contract, in the term of 7 days.

Effects: Caused by an act other than by policyholder

Art. 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 rescind within the period of one month with a prior notice of seven days. Article 39 shall be applied if the risk had not been assumed in accordance with the business practices of the insurer.

Effects in case of loss

If the policyholder failed to report the aggravation, the insurer shall not be obligated to perform 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 knew of the aggravation at the time in which he should have been given the report thereof.

Effects of the rescission

Art.41. The rescission of the contract shall give a right to the insurer:

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

Extinction of the right to rescind

Art. 42. The right to rescind shall be extinguished if it is not exercised in the periods provided or if the aggravation has disappeared.

Excused aggravation

Art. 43. The provisions on aggravation of a risk shall not be applied in the assumptions in which it was provoked in order to prevent the loss or attenuate its consequences, or due to a generally accepted humane duty.

Aggravation between the offer and the acceptance

Art.44. The provisions of this section are also applicable to an aggravation produced between the presentation and the acceptance of insurance proposal form that was not known by the insurer at the time of its acceptance.

Plurality of interests or persons

Art.45. When the contract includes a plurality of interests or persons and the aggravation only affects part of them, the insurer may rescind the entire contract if it had not been executed under the same conditions with respect to the interests or persons not affected.

If the insurer exercises its right to rescind the contract with respect to a portion of the interests, the policyholder may rescind the remainder with application of article 41 in regard to the premium.

The same rule is applicable when the insurer is released for this cause.

SECTION XI: Report of the loss

Report

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

Information

Additionally, the insured is obligated to provide the insurer, at its request, with the information necessary to verify the loss or the extension of the service it is in charge of, and to let it perform 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 limit of the means of evidence, or to subject the performance of the insurer to a recognition, settlement or judgment handed down on the authority of a matter decided, without prejudice to the application of the legal provisions on prejudicial questions.

Power of insurer

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

Delay. Penalty

Art. 47. The insured shall lose the right to be indemnified in the case of non-fulfillment of the duty provided in paragraph 1, article 46, unless it proves an act of God, force majeure or de facto impossibility without fault or negligence.

Malicious non-fulfillment of article 46, paragraph 2

Art. 48. The insured shall lose the right to be indemnified if he maliciously fails to fulfill the duties provided in paragraph 2 of article 46, or fraudulently exaggerates the damages or employs false evidence to prove the damages.

Section XII: Expiration of the Obligation of the Insurer

Time of payment

Art. 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 indemnity offered, once the period set forth in article 56 has expired.

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

Delay

Art. 50. An agreement that exempts the insurer from liability for delay shall be null and void.

Payment on account

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

Suspension of period

When the delay is due to a failure of the insured, the period shall be suspended until the latter fulfills the duties imposed by law or by contract.

Personal accident insurance

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

Delay of the insurer

The insurer becomes liable for delay by the mere expiration of the terms.

SECTION XIII : Rescission due to partial loss

Time

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

By the insurer

If the insurer chooses to rescind, its liability shall cease fifteen days after notifying its decision to the insured, and 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 rescind, the insurer shall keep the right to the premium for the current period, and refund any premium received for future periods.

No rescission. Effects

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

SECTION XIV: Intervention of assistants in the execution of the contract

Assistants: Powers

Art. 53. The insurance agent, whatever its relationship with the insurer, authorized by it for mediating, shall only be empowered, in respect to the 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

Art. 54. When the insurer appoints a representative or agent with powers to act in its name, the rules of mandate shall apply. The power to enter into insurance contracts shall also empower to agree on amendments or extensions, to receive notices and to draw up declarations of rescission, 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 with respect to things existing in the district or area, or to persons who have their usual residence therein.

Equivalent knowledge

Art. 55. In the cases mentioned in the foregoing article, the knowledge of the representative or agent is equivalent to that of the insurer with reference to insurance that the representative or agent is authorized to execute.

SECTION XV: Calculation of indemnity. Expert judgment.

Recognition of the right. Term. Silence

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

Arbitration judgment. Expert judgment

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

SECTION XVI : Lapsing

Term

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

Premiums payable in installments

When the premium must be paid in installments, the prescription period for its collection shall be calculated from the expiration of the last installment. In the case of article 30, last paragraph, it shall be calculated from the time the insurer demand 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 shall be calculated as from the time it knows of the benefit, but in no case shall it exceed three years from the loss.

Abbreviation

Art. 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

SECTION I: General Provisions

Object

Art. 60. Any risk may be an object of the insurances described, if there is a legal economic interest for a loss not to occur.

Obligation of insurer

Art. 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 upon.

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

Art. 62. If the insured sum significantly exceeds the actual value of the insured interest, the insurer or the policyholder may require its 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, it shall be entitled to receive the premium for the insurance period over which it gets to know it.

Appraised value

Art. 63. The value of the property covered by the insurance may be fixed 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.

Totality of property or group of items

Art. 64. If the contract includes a totality of property or a group of items, it shall include the items that may be subsequently incorporated to such totality or group.

Over-insurance

Art. 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, 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

Art. 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.

SECTION II: Plurality of insurances

Notification

Art. 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 the other contracts executed, indicating the insurance company and the sum insured, under penalty of lapse, unless otherwise agreed upon.

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 set forth that one or more insurers shall only be subsidiarily liable, or when the damage exceeds a certain amount.

Nullity

Art. 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 of such intention, had they ignored it at the time of the execution.

Executed in ignorance

Art. 69. If the insured executes the contract without knowing of the existence of another prior contract, it may request the rescission 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.

SECTION III: Provoking a loss

Provoking a loss

Art. 70. The insurer shall be released if the policyholder or the beneficiary provokes the loss fraudulently or gross fault. Acts carried out to prevent the loss or attenuate its consequences, or for a generally accepted humane duty, shall be excluded.

War, mutiny or riot

Art. 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.

SECTION IV: Salvage and verification of damages

Obligation to salvage

Art. 72. The insured is obligated to provide as much as needed and to the extent of the possibilities, to avoid or decrease 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 most reasonable in the circumstances of the case.

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.

Reimbursement, expenses, salvage

Art. 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 article 72, even when they were unfruitful or exceeded the insured sum.

Underinsurance reimbursement

In the case of underinsurance reimbursement shall be done in the proportion indicated in article 65, second paragraph.

Instructions of the insurer

If the expenses are made in accordance with instructions by insurer, the latter must provide the entire payment and advance the funds, if required.

Abandonment

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

Data verification

Art. 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

Art. 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 reimbursement 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

Art. 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 invoke 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

Art. 78. When the damage amount is estimated by experts in accordance with that agreed by the parties, the expert opinion is annulable if it is 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 in accordance with an expert opinion, issued 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

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

SECTION V: Subrogation

Subrogation

Art. 80. The rights corresponding to the insured against a third party, by reason 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 harm this right of the insurer.

Exceptions

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

Personal insurance

Subrogation is inapplicable in personal insurance.

SECTION VI: Interest disappearance or holder change

Before the effective date

Art. 81. When the insured interest does not exist at the time of commencement of the effectiveness of the contracted coverage, the policyholder shall be released from its obligation to pay the premium; but the insurer has a right to reimbursement of the expenses, plus an additional amount which may not exceed 5% of the premium.

During the period of duration

If the insured interest disappears after the commencement of the coverage, the insurer shall have a right to receive the premium, in accordance with the rules of article 41.

Change of holder of interest

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

Rescission by the taker

The taker may rescind in the term of fifteen days, without observing any 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 rescind.

Rescission by the insurer

If the insurer chooses to rescind, 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 notification of the change of holder provided in 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

Art. 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.

SECTION VII: Mortgage - Pledge

Mortgage. Pledge

Art. 84. In order to exercise the privileges recognized by article 3110, Civil Code, and article 3 of Law 12,962 (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 of the parties, the insurer shall judicially deposit the sum due. The court shall decide on the article through specially expedited summary proceeding.

SECTION VIII: Fire insurance

Recoverable damage

Art. 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.

Art. 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

Art. 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

Art. 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

Art. 89. When the reconstruction or replacement of the damaged property has been agreed, the insurer has a right to require that the indemnity be actually used for that purpose and to require sufficient guarantees. In these conditions the mortgagee or the pledgee may not challenge the payment, unless the debtor delays in the payment of its credit.

SECTION IX : Agricultural insurance

General principle

Art. 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

Art. 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

Art. 92. In order to value the damage, it shall be calculated the value that the fruits and products would have had held 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 that they hold after the damage. The insurer shall pay the difference as compensation.

Loss report

Art. 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

Art. 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

Art. 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 holder of interest

Art. 96. In case of disposal of the property where the damaged fruits and products are, the insurer may rescind 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

Art. 97. Articles 90 to 96 shall be applied to insurance of damages caused by frost.

SECTION X: Insurance on Animals

General principle

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

Mortality insurance

Indemnity

Art. 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

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

a) Those derived from epizootia 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

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

Right of inspection

Art. 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

Art. 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

Art. 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

Art. 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 (article 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

Art. 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

Art. 107. The indemnity shall be estimated by the value of the animal established in the policy.

Death or disability after expiration

Art. 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 a illness or injury produced during the term of duration of the insurance. The insured must pay the premium proportional to the rate.

Rescission in case of contagious illness

The insurer shall not have a right to rescind the contract when any of the insured animals has been affected by a covered contagious disease.

SECTION XI: Civil Liability Insurance

Scope

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

Costs: Civil case

Art.110. The guarantee of the insurer shall include:

a) Payment of judicial and extrajudicial expenses and costs to resist 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 defense in the criminal procedure when the insurer assumes that defense.

Art. 111. The payment of the 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 a manifestly unjustified decision of the insurer, the latter must pay them entirely.

Refusal

The provisions of article 110 and of this article shall be applied even when the claim of the third party is refused.

Penalties

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

Liability of managerial staff

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

Fraud or gross fault

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

Report

Art. 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.

Sentence fulfillment

Art.116. The insurer shall fulfill the judicial sentence in the portion to which it is liable 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 executed through the intervention of the insurer, the latter shall deliver the relevant funds, in accordance with the contract, in a term used for the diligent fulfillment 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

Art. 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

Art. 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 decision pronounced shall be a *res judicata* in respect to the insurer and shall be executable against it to the extent of the insurance. In this judgment or the execution of the decision, the insurer may not enter the pleas in bar 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

Art. 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

Art. 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.

SECTION XII: Transport Insurance

Subsidiary application of maritime insurance

Art.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 articles.

Scope of application

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 fulfillment

Art. 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

Art.123. The insurance may be contracted 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

Art. 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

Art. 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

Art. 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.

Art. 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's or consignee's fault or negligence

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

CHAPTER III: INSURANCE OF PERSONS

SECTION I: Life Insurance

Insurable life

Art. 128. An insurance may be contracted 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

Art.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

Art. 130. Having lapsed three years from the execution of the contract, the insurer may not invoke suppression of information, unless it is fraudulent.

Inaccurate age reporting

Art. 131. The inaccurate age reporting shall only authorize the rescission 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

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

Change of profession

Art. 133. Changes of profession or activity of the insured shall authorize rescission 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.

Rescission

Art. 134. The insured may rescind the contract without any limitation after the first insurance period. The contract shall be considered rescinded if the premium is not paid in the terms agreed.

Payment by third party

A third party beneficiary, designated for consideration, shall be permitted to pay the premium.

Suicide

Art. 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

Art. 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

Art. 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.

Art. 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 rescission, with the payment of a certain sum.

Conversion

Art. 139. When in the case of the preceding article 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.

Rescission and insurer release

Art. 140. When the insurer is released for any reason after an elapse of three years, the provisions of article 9 shall apply.

Loan

Art. 141. When an insured is up to date with the payment of the premiums, it shall have a right to a loan after the elapse of three years from 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

Art. 142. Notwithstanding the reduction provided in articles 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

Art. 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

Art. 145. If several persons are designated with no indication as to 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 event foreseen.

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.

Designation procedure

Art. 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

Art. 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 of application

Art. 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.

SECTION II: Accident insurance

Application of life insurance provisions

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

Reduction of consequences

Art. 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

Art. 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 of such extremes shall be made judicially.

Fraud or gross fault of the insured or beneficiary

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

SECTION III: Collective Insurance

Third party beneficiary

Art. 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

Art. 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

Art. 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

Art. 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 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

Maritime and aeronautical insurance

Art. 157. The provisions of this article shall be applied to maritime insurance and air navigation 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

Art. 158. In addition to the rules that, for their wording or nature, are totally or partially unchangeable, articles 5, 8, 9, 34 and 38 may not be changed as agreed upon by the parties, and articles 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 modified in favor 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

Art. 159. The insurer may, in turn, insure the risks assumed, but be the sole obligated party with respect 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

Art. 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

Art. 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 rescission 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

Art. 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

Art. 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, articles 492 to 557 and articles 1251 to 1260 of the Commercial Code as well as Law No. 3942 shall be annulled. In the first official edition they shall be replaced with articles 1 to 162.

Art. 164. Be it known, published, passed to the National Bureau of the Official Registry and, in due course, be filed.