



Know your insurance

ARAG Auto-Basic

General Conditions

This Insurance Contract is governed by the terms agreed in these General Conditions and the Particular Conditions of the policy, pursuant to the provisions of Act 50/1980, of 8 October, on insurance contracts and Act 20/2015, of 14 July, on the regulation, supervision and solvency of insurance and reinsurance companies.

Definitions of interest

Insurer

ARAG SE, Sucursal en España that takes on the risk defined in the policy.

Insurance Policyholder

The natural or legal person with whom the Insurer signs this contract, and to whom the obligations stemming from it arise, with the exception of those that due to their nature are to be met by the Insured Party.

Insured Party

The natural or legal person in whose name the insured interest is signed and that, in the absence of the Insurance Policyholder, assumes the obligations deriving from the contract.

For the Payment Protection cover, individuals will be insurable who are between the ages of 18 and 67 at the time of taking out the policy, are working for wages within Spain, either self-employed or as employees, and are registered with the Social Security, mutual insurance company, friendly society or similar institution as determined by Spanish legislation.

For employees, they must also have had an uninterrupted labour relation with the same employer or business owner for at least six months, via an open-ended employment contract.

Car insurance

For the effects of the present policy, car insurance is defined as all insurance policies taken out by the Insured Party for which the payment of a premium is compulsory and in which the material asset whose risk is insured is an automobile whose number plate must be detailed in the Particular Conditions of this contract.

Beneficiary

The natural or legal person that holds the right to the benefit provided by the Insurer. In the present policy, the Insured Party shall have the consideration of beneficiary.

Insured vehicle

The vehicle designated in the Particular Conditions.

Unemployment

Protected status of those who, being able and wishing to work for an employer for wages, lose their jobs and they are



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assigned the right to an economic benefit, at their level of contribution, provided by the Public Employment Service.

Temporary disability

Situation of common illness or occupational illness or accident, whether or not incurred while working, which can confer the right to a subsidy while receiving healthcare from the Social Security during the period they are unable to work.

Policy

The contractual document containing the conditions regulating the insurance. The General Conditions, the Particular Conditions and the supplements or appendices issued to complete or modify them, are all an integral part of the contract.

Premium

The price of the insurance. The receipt shall also contain any surcharges and legally applicable taxes.

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Online legal services

1. Who is insured by this policy?

1.1 For Legal Defence covers:

The following are considered to be Insured Parties:

- a) The Policyholder as owner and driver of the insured vehicle and any other driver of the vehicle duly authorised by the Policyholder.
 - b) The Policyholder as an occasional driver of any other vehicle in the same category as the insured vehicle.
 - c) The occupants of the insured vehicle transported for free, when expressly requested by the Policyholder.
- If the Policyholder is an organisation, the Insured Party is the person who appears in the Particular Conditions as the regular driver.

1.2. For the cover of Payment Protection

The Policyholder holds the status as Insured Party. If the insurance Policyholder is a legal person, the person who is set out in the Particular Conditions as the regular driver shall be considered the Insured Party.

2. What is the object of this insurance?

Via the present insurance contract, ARAG is obligated, within the limits established by law and in the contract, to pay the costs that the Insured Party may incur as a result of his/her involvement in administrative, legal or arbitration proceedings and to provide him/her with the services of in-court and out-of-court assistance deriving from the insurance cover.

Likewise, within the limits established by this insurance contract, ARAG is also obligated to pay any costs incurred by the Insured Parties as a result of their involvement in arbitration proceedings, provided that this procedure derives from an act guaranteed under this insurance policy and is set forth within the scope of Act 5/2012 of 6 July on mediation in civil and commercial matters.

ARAG is also obligated, in accordance with the limits and conditions established by law and in the present contract, to reimburse the Insured Party the amount allocated for renewing the Car Insurance defined in these General Conditions, in which the Insured Party is obligated to pay the premium and whose renewal occurs while this party

is unemployed or temporarily disabled, under the circumstances described in the present policy. .

The premium for the present insurance contract or those for any other insurance sold by ARAG shall never form part of the object of cover of this policy.

Guarantees that may be taken out are listed in the articles below, and those that have been taken out will be detailed in the policy's Particular Conditions.

3. What is the territorial scope and applicable law?

The insurance covers taken out shall apply to events that occur within the Spanish territory, subject to Spanish Law and Courts.

However, the guarantees of article 4, sections 4.1 and 4.2 shall apply to motorbikes and cars for private use, throughout Spain, the rest of Europe and countries that border the Mediterranean.

For other vehicles, throughout Spain, Andorra and Gibraltar and, via an additional premium, the rest of Europe and countries that border the Mediterranean.

With regard to the cover of section 4.7, an essential requirement for the application of the Payment Protection cover is that the Insured Party is a resident of and works in Spain.

4. Guarantees

4.1. Criminal defence

ARAG guarantees the defence of criminal liability—up to the limit defined in the Particular Conditions—for the Insured Party in the event of a traffic accident.

The cover extends to procedures that follow as a consequence of a traffic accident due to:

- a) Violation due to the failure to provide assistance
- b) Violations against road safety, whether due to reckless driving, speeding, driving under the influence of alcoholic beverages or drugs or for driving without having a driving license, even if a traffic accident has not occurred
- c) The Policyholder as the driver of the insured vehicle or any other driver the former has authorised to drive vehicle, in procedures heard due to



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a violation or offence caused by the objects or goods transported in the insured vehicle, whether own or third party

d) The Policyholder's minor children who drive the insured vehicle without the former's authorisation or knowledge, even when they do not have a driving license

e) The Insured Party in procedures for recklessness stemming from any event not related to driving, provided that they are related to the insured vehicle and do not have a contractual origin.

If during these procedures the Insured Party is required to post bonds, ARAG shall cover their deposit up to the limit thereof, for the purpose of:

- Obtain their provisional release
- Guarantee their presence at the trial.
- Cover the payment of legal costs, with the exclusion of compensations and fines

4.2. Claim for damages and losses

For claims for damages and losses, ARAG guarantees the amicable processing of the claim, as well as the payment of the

legal expenses, up to the limit set out in the Particular Conditions of the policy, in the order they are obtained, charged to the responsible third parties, of the compensations owed to the Insured Party and, where applicable, to the party's family members or heirs, in the cases that these situations occur as the consequence of a traffic accident:

- **Bodily injuries or death of the Insured Party**
- **Material damages to the insured vehicle, provided that the amount of damages exceeds the limit set out in the Particular Conditions of the present contract**
- **Damages to the goods transported in the insured vehicle, provided that the Policyholder expressly requests it**
- **Losses undergone by the Insured Party as a consequence of the traffic accident**

This guarantee extends to the claim for damages caused for events outside of driving, provided that there is no contractual relationship in force between the Insured Party and the party causing them, and provided that they are directly related to the insured vehicle.

4.3. Advance of compensations

In the case of extrajudicial claims made by the Insurer on behalf of the Insured Party, as soon as the Insurer is given formal approval of compensation by the responsible insurance entity and it is accepted by the interested party, the Insurer will advance the amount up to the limit set out in the Particular Conditions, except in the event that that insurance entity is in bankruptcy or receivership proceedings.

The Insured Party is obligated to reimburse ARAG the amount advanced as soon as it is indemnified, even if the amount received differs from the amount advanced or it becomes known that recovering this amount will be impossible because the insurance entity obliged to pay is in bankruptcy or receivership, or for any other justified reason receivership, or for any other justified reason.

4.4. Defence of rights from other insurance policies

ARAG ensures the amicable processing of the claim, as well as the payment of legal expenses, up to the limit set out in the Particular Conditions, to other private insurers or to the Spanish Insurance Compensation Consortium, so that the Insured Party can employ

the rights stemming from the insurance policies held for the insured vehicle, provided that the infringement of these rights takes place during the validity period of the present contract.

The covered contractual breach occurs not only due to the express action of the Insurer, but also due to the tacit omission of its obligation to repair damages or compensate for its value, in the maximum period of three months from the time the claim occurs. In this last case, ARAG shall also cover the claim, after the Insured Party has provided documentary proof of having filed the claim within the due period and having claimed for damages in a way that is set on record and without attaining satisfactory results.

The cover expressly extends to the claim for undue application of rewarding good drivers and higher penalisation for accidents (bonus/malus).

The fees for conflicting expert appraisers set out in these policies are also included in this cover for the part they establish as charged to the Insured Party.

4.5. Defence of civil liability

Up to the limit established in the Particular Conditions, ARAG shall pay expenses for defence of civil liability



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in criminal proceedings against the Insured Party stemming from traffic accidents when the party is in a situation of overdraft, rejection or insolvency of the Civil Liability Insurance for the insured vehicle.

This guarantee also covers lawyer fees and court representative fees, when their participation is obligatory, legal expenses on civil order, which without representing a personal penalty, are owed as a consequence of the proceeding, specifically expenses for professional fees.

In similar situations to those set out in paragraph one, the Insurer shall defend the Insured Party in civil lawsuits filed against the party, provided that they are related to traffic accidents in which the insured vehicle was involved. **In this case, the legal costs of the opposing attorney shall not be covered.**

ARAG shall also cover the defence of the Insured Party when the Civil Liability company executes its right of repetition claimed against its own insured party, the compensations paid to the damaged party or the party's heirs, in virtue of the direct action detailed in article 76 of the current Insurance Contract Law in force.

The Insurer shall never be held liable for the payment of the compensations

or interest that the Insured Party could be sentenced to pay, or the deposit for bonds to guarantee the civil liability.

4.6. Handling administrative traffic violations

4.6.1 Handling sanctions in administrative proceedings

ARAG, via its Advisory and Sanction Processing Service, will handle acquittals of allegations and ordinary appeals against sanctions for violations of the Law on Traffic, Driving Motor Vehicles and Road Safety, as well as other regulations on traffic, which are attributed to the Insured Party or the authorised driver of the vehicle included in the policy.

The benefits the Insurer provides are limited to administrative proceedings, where any other legal proceeding is expressly excluded.

4.6.2. Management of sanctions in contentious-administrative proceedings:

Via the pertinent additional premium depending on the case, after the administrative jurisdiction has been exhausted, ARAG shall also cover—up to the limit set out in the Particular Conditions—the defence

costs of the Insured Party filing the timely administrative appeal, when appropriate:

- a) **For violations of the Law on Traffic, Driving Motor Vehicles and Road Safety, its regulations, general regulations on drivers and vehicle regulations, provided that the sanction is for a higher amount than set out in the Particular Conditions and entails a loss of points.**
- b) **In addition to violations of the preceding regulations, those stemming from the Road Transport Planning Law, its regulations, regulations on the transport of hazardous and perishable goods and any other regulating traffic, if the amount of the sanction exceeds the amount set out in the Particular Conditions of the present contract.**

The phone numbers are provided in the Particular Conditions that the Insured Party may ring to request the provision of service covered, or the party can send a fax with the documentation necessary to process the timely appeal.

However, for the Insured Party to have a right to this benefit, the party must provide ARAG with the necessary documentation at least five days before the expiry of the appeal period, in order

to ensure that the ARAG Advisory and Processing Service has enough time to challenge the sanction in question. **It is essential that the Insured Party provided documentary proof to ARAG of the reception date of the imposed sanction.**

ARAG shall never be held liable for the payment of such sanctions. The Insurer will handle the settlement of the sanction if the Insured Party thus requests and provides the funds necessary.

As a complement to this cover, ARAG shall conduct periodic monitoring in the Spanish Traffic Fine Notice Board (TESTRA) and in the different electronic gazettes of official Spanish institutions at a provincial, autonomous community and national level, for the purpose of locating the administrative traffic sanctions that may have been imposed on the Insured Party.

If any such fines are located, ARAG shall notify the Policyholder by email or text message, provided that the party has provided the data needed to make this communication.

ARAG shall never be held liable for events outside of its wishes, such as errors, delays, illegibility or insufficient identifying details, or for the proper



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operation of the technology systems of the official bodies and/or those required to send notices.

4.7. Vehicle expert appraisal expenses (second opinion)

When due to a breakdown or accident, the vehicle covered in the policy requires a repair estimate higher than 600 euros, the Insurer, at the request of the Insured Party, shall appoint an appraiser to write up the pertinent report on the amount of the repair to be done, where the Insurer shall pay for the fees and expenses of the appraisal, up to the limit set out in the **Particular Conditions**.

4.8. Car insurance premium Payment Protection

ARAG is also obligated, up to the limit set out in the Particular Conditions of the policy, to reimburse the Insured Party the amount allocated for renewing the Car Insurance defined in these General Conditions, in which the Insured Party is obligated to pay the premium and whose renewal occurs while this party is unemployed or temporarily disabled, under the circumstances described in the present policy.

A) Unemployment benefit

Employees shall be covered for the

Unemployment risk who—at the time of taking out the insurance—had an uninterrupted labour relationship with the same employer or business owner for at least six months, via an open-ended employment contract.

For the cover to take effect, the unemployment situation must have originated in one of these circumstances:

Termination of the employment relationship:

- a) Due to legal redundancy or mass dismissals
- b) Due to the death or disability of the individual business owner, and provided that this leads to the termination of the employment contract
- c) For wrongful dismissal or declared null and void
- d) For dismissal or termination of the contract based on objective causes
- e) For voluntary termination by the Insured Party, only in those cases set out in articles 40 (geographic mobility), 41 (substantial modifications to working conditions) and 50 (termination due to the

employer's breach) of the Workers Statute (RDL 1/1995 of 24 March).

f) In virtual of a legal ruling adopted during a bankruptcy proceeding

Suspension of the employment relationship:

In virtual of a legal redundancy procedure or legal ruling adopted during a bankruptcy proceeding

An exclusion period of 60 days is established for the Unemployment benefit.

An exclusion period is the time in which, subsequent to the date the policy enters into force, for an individual policy, or the signing up of the Insured Party, for a group policy, a claim is not covered should it occur.

For the purpose of verifying that the exclusion period has ended at the time the claim occurs, the situation of Unemployment shall be understood as starting on the date on which the employment relationship is terminated or suspended for the reasons set out above, and this is confirmed by the State Public Employment Service.

After these circumstances are met and the exclusion period has ended, ARAG

shall reimburse the Insured Party an amount equivalent to the premium for car insurance defined in these General Conditions for which the party is the Policyholder and whose renewal time occurs while unemployed, provided that this situation lasts for 90 or more consecutive days.

The Unemployment benefit shall end when the first of these events takes place:

- The maximum sum is reached as set out in the Particular Conditions for the reimbursement of the Insured Party of premiums for a renewed policy
- A 12 month period has ended since the date on which the Insured Party became unemployed

B) Temporary disability

Insured Parties shall be covered for the risk of Temporary Disability who, at the time this situation is incurred, were in an employment situation other than those considered in these General Conditions for having the right to the Unemployment benefit.

To have the right to the benefit for Temporary Disability, the accident—whether or not it is work related—or



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illness that leads to the disability must have its origin or occur after the date the policy enters into force, for an individual policy, or when the Insured Party is added to the policy, for a group policy.

An exclusion period of 60 days is established for the Temporary Disability for illness benefit. If the disability is the consequence of an accident, there is no exclusion period.

An exclusion period is the time in which, subsequent to the date the policy enters into force, for an individual policy, or the signing up of the Insured Party, for a group policy, a claim is not covered should it occur.

For the purpose of verifying that the initial exclusion period has ended at the time the claim took place, the situation of Temporary Disability shall be understood as occurring on the date on which the illness causing the temporary disability was diagnosed by doctors at Social Security, mutual insurance society or similar institution, or an authorised doctor, and this is approved by ARAG medical services.

After these circumstances are met and the exclusion period has ended, ARAG shall reimburse the Insured Party an

amount equivalent to the premium for car insurance defined in these General Conditions for which the party is the Policyholder and whose renewal time occurs while in a situation of temporary disability, provided that this situation lasts for 90 or more consecutive days.

The Temporary Disability benefit shall end when the first of these events takes place:

- **The maximum sum is reached as set out in the Particular Conditions for the reimbursement of the Insured Party of premiums for a renewed policy**
- **A 12 month period has ended since the date on which the Insured Party incurred temporary disability**

C) Incompatibility of benefits

The benefits of this insurance are alternate and mutually exclusive and will be applied according to the employment situation of the Insured Party at the time of the claim, so that the Insured Party shall not have the right to receive the Unemployment benefit if the party is receiving or has the right to receive Temporary Disability.

5.5. Specific exclusions of the Payment Protection cover

5.1. Unemployment

For the purposes of the benefit covered by this policy, these situations shall not be considered as Unemployment and consequently no benefit shall be paid to the Insured Party:

- a) When the party voluntarily quits the job, not for any of the reasons set out in articles 40, 41 and 50 of the Workers Statute (RDL 1/1995 of 24 March)
- b) When the party was dismissed and does not file a claim in the suitable period of time and manner against this company decision, except due to contract termination stemming from a legal redundancy proceeding or mass dismissal or based on the objective causes set out in article 52 of the Workers Statute (RDL 1/1995 of 24 March).
- c) When the employment contract is terminated due to the retirement of the business owner
- d) Permanent part-time employees in the periods in which there is no real work
- e) When after the dismissal is declared wrongful or null and void by final legal ruling and the employee is notified of the date to start working again, the Insured Party does not exercise this right or does not make use, where applicable, of the actions set out in legislation in force
- f) When the party has not requested to be rehired to the job post when the employee has the option of compensation or rehiring, or when the party was on leave and the period established for it has ended
- g) The termination of the employment contract for early retirement or partial unemployment or when the compensation for dismissal consists of a temporary income payable at the time of dismissal and until the date on which the employee retires (pre-retirement)
- h) When the employment relationship of the Insured Party prior to unemployment was with a company owned by family or relatives up to second degree, as well as in cases where the Insured Party or a relative up to the second degree or blood relationship or third degree of relationship was the company



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administrator, and also if the Insured Party was a partner with presence or direct representation on the company's board of directors

or are the consequence of these situations shall not be considered Temporary Disability and thus shall not be paid any benefit:

- i) When the Insured Party voluntarily signs up for a legal redundancy proceeding
 - j) If immediately before the date of taking out the policy, the Insured Party had not had an uninterrupted labour relation with the same employer or business owner for at least six months, via an open-ended employment contract.
 - k) If the Insured Party turns down an alternative job post offered by the same or another business owner in line with the party's education and past experience within the party's geographic region
 - l) If unemployment takes place after the Insured Party has reached the legal retirement age with regard to the activity done, and meets all the legal requirements necessary to receive retirement pension
- 5.2. Temporary disability

For the purposes of the benefit covered by this policy, claims that result from

- a) Illnesses, injuries and complications caused directly or indirectly by the Insured Party's wishes
- b) Pregnancy, delivery or miscarriage, complications stemming from them and the periods of voluntary or obligatory rest applicable for maternity
- c) Those caused when the Insured Party is under the influence of alcohol, toxic drugs or narcotics; those that occur during a state of emotional upheaval, sleepwalking or brawling or fighting, except in proven cases of legitimate defence; as well as those stemming from a legally declared criminal offence of the Insured Party, or the party's resisting arrest
- d) Any illness, pain, state or injury for which the Insured Party had received a diagnosis and/or treatment by a doctor prior to being added to the policy
- e) Lower and upper back pain, sciatica, as well as any other

pathological conditions whose sole manifestation is pain, except when there is objective proof by complementary medical exams (x-rays, scintigraphy, scans, CAT scans, etc.) that prove the existence of alterations that justify the pain that is the cause for Temporary Disability

f) Headaches, psychiatric and mental disorders, including stress, anxiety, depression and similar ailments, even when these illnesses and disorders have been diagnosed and treated by a medical specialist (psychiatrist)

g) Surgeries and medical and/or dental treatments that are not essential for medical purposes and are demanded by the Insured Party for psychological, personal and/or aesthetic reasons, provided that they are not due to the after-effects of accidents that occurred after the date the insurance cover take effect

h) Illnesses and injuries stemming from professionally playing any sport, participating in betting or competitions and doing high risk activities as a professional or amateur, as well as accidents from driving vehicles without the

pertinent license issued by the competent authority and airplane accidents, with the exception of commercial flights on regular authorised airlines

i) Losses stemming from extraordinary events such as those defined in Royal Decree 300/2004 of 20 February, which approves the Regulations on Insurance for Extraordinary Risks handled by the Insurance Compensation Consortium, as well as general damages and claims excluded from cover in article 6 of this regulation.

5.3. Common exclusions for both circumstances (Unemployment and Temporary Disability)

The Insured Party shall not have the right to payment of the Unemployment or Temporary Disability benefit if the contingency occurs, stems from or is the direct or indirect consequence of:

a) Armed conflicts, even if there has been no official declaration of war, or those stemming from political or social events or acts of terrorism

b) The direct or indirect action of a nuclear reaction or radioactive contamination

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c) **Earthquakes, volcanic eruptions, floods and other extraordinary seismic or weather phenomena and all those that stem from situations classified by the Spanish government as a 'catastrophe' or 'national disaster'**

d) **There will be no right to collect the covered benefits if the situations of Unemployment or Temporary Disability occur prior to the date that the policy enters into force, for individual policies, or when the Insured Party is added to the policy, for group policies, or within the exclusion periods established for each of them**

5. The notarial and power of attorney fees for litigations, as well as the certificates, summons and other instruments necessary for the defence of the interests of the Insured Party

6. The necessary fees and expenses for appraisers

7. The reimbursement of the amount allocated to payment of the renewed insurance premiums for the insured vehicle if the Insured Party's earnings were reduced due to incurring a situation of Unemployment or suffering Temporary Disability, under the terms and conditions set out on the present policy.

6. What does the insurance cover?

ARAG will cover these expenses:

1. The taxes, fees and court costs arising from processing the covered proceedings

2. The costs derived from the arbitration procedure covered

3. Lawyers' fees and expenses

4. The fees and expenses of the counsel, when his/her involvement is compulsory

7. What are the limits of the insurance?

ARAG will cover these costs, within the limits established and up to the maximum amount taken out for each case. **Events that have the same cause and take place at the same time will be considered a single claim.**

In the event that an agreement is not reached between the parties in an arbitration procedure, and as a result, the Insured Party turns to legal proceedings, the fees of the professionals who take part in the arbitration procedure shall

be deducted from the limit for expenses set out in the General Conditions and Particular Conditions of this insurance for the remaining procedures covered.

ARAG will be obligated to pay the benefit, except in the event that the claim is caused by bad faith on the part of the Insured Party.

In any guarantees which represent the payment of a cash amount, ARAG is obligated to pay the compensation at the conclusion of any investigations and expert reports that may be necessary to establish the existence of the claim. In all cases the Insurer shall pay, within the 40 days from receipt of the claim report, the minimum amount that may be owed, according to the circumstances known thereto. If, within three months of the occurrence of the accident, the Insurer has not paid the compensation for causes which are not justified or are attributable to the Insurer, the compensation shall be increased by a percentage equivalent to the legal interest rate in force at that time, increased in turn by 50%.

8. What payments are not covered?

Under no circumstances will the following be covered by the policy:

- 1. Compensations, fines or penalties the Insured Party is ordered to pay**
- 2. Taxes or other tax payments deriving from submitting public or private documents to official bodies**
- 3. Costs resulting from judicial accumulation or counterclaims when referring to matters not included in the guaranteed covers**
- 4. Any payment other than those covered by the General and Particular Conditions of the policy**

9. What claims are not covered?

The following are not covered by the policy:

- 1. Any kind of actions directly or indirectly resulting from events caused by nuclear energy, genetic alterations, radioactive radiation, natural disasters, warlike actions, disturbances and terrorist acts**
- 2. Litigations deriving from or originating from strikes, lockouts, collective employment disputes or redundancies**
- 3. Events resulting from the Insured**

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Party's participation in sporting competitions or events not expressly covered in the Particular Conditions

4. Events deliberately caused by the Insured Party or those involving the party's fraud or gross negligence, established by final court ruling

10. When are premiums paid?

The Policyholder is obligated to pay the premium at the time the contract is signed. Successive premiums must be paid on their due dates.

If the Particular Conditions do not state another place for the payment of the premium, it must be paid at the Policyholder's registered address.

In the event of non-payment of the premium, if it is for the first annual period, cover will not take effect and the Insurer may cancel the contract or demand payment of the agreed premium. Failure to pay successive annual periods will lead to suspension of the policy's guarantees, one month after the due date. **The cover will always take effect 24 hours after the day on which the Insured Party pays the premium.**

The Insurer may demand the payment of the unpaid premium within six months from the due date.

11. How is the Insurance Policy formalised and what information on the risk is necessary?

The details that the Policyholder provided in the application for insurance form the basis of this agreement.

If the contents of this policy differ from the insurance application or the agreed clauses, the Policyholder may report this to the Insurer within the term of one month from the time of delivery of the policy, in order to correct the existing discrepancy. If no report has been made within this period, the conditions set out in the policy will be applicable.

The Policyholder has the duty to declare to ARAG, before the contract is executed and according to the questionnaire provided, any circumstances known to the party that may affect the risk assessment. The party will be released from this obligation if the Insurer does not provide a questionnaire or when, even if this is provided, there are circumstances that may affect the risk assessment that are not contained in it.

The Insurer may rescind the contract

within one month from the date on which it comes to their attention that the declaration by the Policyholder contains inaccurate information or that information has been withheld.

During the contract validity period, the Insured Party must notify the Insurer, as soon as possible, of any alteration in the factors or circumstances declared in the questionnaire referred to in this article that may aggravate the risk and are of such a nature that, if they had been known by the Insurer when the contract was issued, it would have resulted in the contract not being accepted or in less favourable conditions.

If the Insurer becomes aware of an aggravation of the risk, it may, within the term of one month, propose a modification of the contract or proceed to its cancellation.

If there is a reduction in the risk, the Insured Party has the right, after the following annual payment, to a reduction in the amount of the premium in the pertinent proportion.

12. When is a claim understood as having occurred?

It depends on the case in question. Thus:

In criminal defences, a claim shall be

understood as occurring at the time it was carried out or is said to have been carried out.

In claims for non-contractual guilt, at the same time that the damage is caused.

In litigations on contractual matters, at the time the breach of contractual regulations started or is said to have started.

In Payment Protection covers, the claim shall be understood as taking place at the time the Insured Party incurred any of the situations of Unemployment or Temporary Disability under the conditions described in the present policy.

13. How is claim defined?

a) In Legal Defence covers, a claim shall be understood as all unplanned events that cause damages to the interests of the Insured Party or change the party's legal status, which occur when the policy is in force.

b) For the Payment Protection cover, claim shall be understood as the loss of earnings of the Insured Party

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due to having incurred a situation of Unemployment or Temporary Disability.

14. When and how must a claim be reported?

The Policyholder or the Insured Party or the Beneficiary should notify the Insurer of the occurrence of an incident leading to a claim within seven days of it coming to their knowledge, unless a longer period is specified in the policy. If this is not done, the Insurer may claim for any damages caused by the failure to report the loss.

This will not occur if it is proven that the Insurer became aware of the accident by other means.

The Insurance Policyholder or the Insured Party must also provide the Insurer with all information about the circumstances and consequences of the claim. **In the event of failure to comply with this requirement, the right to compensation will only be forfeited if said failure is attributable to fraud or gross negligence.**

15. Processing the claim

15.1. Legal Defence claims

15.1.1. How is a claim processed?

When the claim has been accepted, ARAG will carry out all necessary procedures to obtain a settlement that recognises the interests and rights of the Insured Party.

Any such amicable or out-of-court settlement is the sole responsibility of the Insurer.

If it proves impossible to obtain an out-of-court settlement that is acceptable to the Insured Party, provided that the interested party requests this and is not making unreasonable demands, the matter will be taken to court, in one of the following two ways:

- a) The Insured Party may, in accordance with the terms of Article 15 of these General Conditions, exercise his/her right to the free choice of professionals to represent and defend him/her in litigation, agreeing with them the terms of representation and informing the Insurer accordingly.
- b) If the Insured Party does not exercise the right to free choice of professionals and the procedure requires their participation, ARAG will designate them, subject to the approval of the Insured Party.

If the Insured Party decides to proceed to arbitration foreseen in Act 5/2012

of 6 July on mediation in civil and commercial matters as an alternative method for the resolution of the conflict affecting him/her, the party must communicate this intention to ARAG prior to making the initial application.

ARAG will cover all duly accredited fees and expenses for the provision of the cover, up to the limit established in the Particular Conditions, subject in all cases to the guidelines for fees established in article 16 of these General Conditions.

No ARAG staff member handling Legal Defence claims will carry out similar activities in other branches or at other companies operating in branches other than Life.

15.1.2. What should be done in the case of disagreement regarding how a claim is processed?

Should the Insurer not believe that there is a reasonable chance of success and decide not to proceed with initiating a litigation process or an appeal, they must notify the Insured Party to this end.

In the event of disagreement, the parties may agree to arbitration, as set out in article 20 of these General Conditions.

The Insured Party shall have the right, within the limits of the cover taken out, to the reimbursement of expenses incurred in lawsuits or appeals processed against the advice of the Insurer, or even arbitration, when, on his/her own account, a more beneficial result was achieved.

15.1.3. What is the procedure for selecting a lawyer and counsel?

The Insured Party shall have the right to freely choose the counsel and lawyer who shall represent and defend the party in any legal, administrative or arbitration proceedings.

Before proceeding to their appointment, the Insured Party will inform the Insurer of the names of the lawyer and counsel chosen.

If the lawyer or counsel chosen by the Insured Party does not reside in the judicial district in which the proceedings will be held, the Insurer shall cover the travel costs and fees that the professional concerned includes in their bill.

The professionals chosen by the Insured Party shall have total freedom in the management of the issues entrusted to them, and shall not rely on instructions from the Insurer, who will



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not be answerable for the work of these professionals or the outcome of the matter or proceedings.

When the lawyer or counsel needs to act urgently before reporting the claim, ARAG will also pay fees and expenses corresponding to this work.

In the case of a possible conflict of interest between the parties, the Insurer shall communicate this to the Insured Party so that the latter may decide to appoint a lawyer or counsel who the party believes appropriate to defend the party's interests, in accordance with the freedom of choice recognised in this article.

15.1.4. Is there a limit to the payment of fees?

The Insurer shall pay the fees of the lawyer who acts in defence of the Insured Party, subject to the regulations established to this end by the General Council of Spanish Lawyers and, if no such regulations exist, the matter shall be regulated pursuant to the pertinent bar associations. **The fee guidelines in the regulations shall be considered the maximum limit of the Insurer's obligation.**

Discrepancies in the interpretation of these regulations shall be handled by

the responsible committee of the bar association in question.

If a claim has been processed in accordance with the provisions of section A) of article 13 of these General Conditions, ARAG shall reimburse the fees incurred by the lawyer who was freely chosen, with the limit established in the Particular Conditions of this policy, subject in all cases to the bar association regulations referred to in the first paragraph of this article.

For these expenses to be reimbursed, the Insured Party must accredit payment by means of submitting the pertinent invoices and receipts.

If, on the other hand, the Insured Party opts for section B) of article 13, ARAG shall pay the fees for the lawyer's work, paying them directly to the professional, at no charge to the Insured Party.

In the case that, because so chosen by the Insured Party, more than one lawyer is involved in the claim, the Insurer shall, at most, cover the fees equivalent to the involvement of a single lawyer, for the full defence of the interests of the Insured Party, this being subject in all cases to the guidelines for fees mentioned above.

The fees of counsel, should this party's

involvement be required, shall be paid according to the relevant tariffs and scales.

15.2. Payment Protection claims: obligation of cooperation and payment of benefits

15.2.1. How are claims processed?

The Insured Party or Policyholder must notify the Insurer of the occurrence of a claim within a seven day period after having knowledge of the event.

To request payment of the insured benefits, when the Insured Party has the right to receive them, the party must provide the Insurer with all documents requested for each concrete case.

The documentation that ARAG may request from the Insured Party in the event of claim, includes but is not limited to:

1. For Unemployment:

- a)** Photocopy of national identity document
- b)** Photocopy of the last open-ended employment contract
- c)** Work history report issued on the date of expiry of each receipt or equivalent document for which reimbursement is being requested

d) Letter of notification from the company on how the employee's job was terminated

e) Spanish Public National Employment Service (SEPE) payment receipts on the date of expiry of each receipt or equivalent document for which reimbursement is being requested

f) If it is a wrongful dismissal:

- a.** Without Mediation, Arbitration and Conciliation Service (SMAC): Letter from company acknowledging that it was a wrongful dismissal
- b.** With the SMAC: Copy of conciliation proceeding
- c.** Before a judge: Copy of the lawsuit and legal ruling

g) If it is a legal redundancy proceeding:

- a.** Copy of the administrative authorisation for the proceeding
- b.** Copy of the notice from the company to the employee referring to the dismissal
- h)** Any other documentation replacing that listed above or that is necessary to prove its validity or scope

2. For Temporary Disability:

- a) Social Security initial cancellation report
- b) Renewal of cancellation of registration with Social Security or cancellation certificate if belonging to a mutual insurance company on the date of paying the vehicle insurance premium for which reimbursement is requested
- c) Medical reports related to the origin and development of Temporary Disability
- d) Updated employment history
- e) Photocopy of national identity document
- f) Photocopy of the last open-ended employment contract or, for self-employed, the last self-employed payment receipt

3. In both cases:

The receipt or equivalent document proving the payment made by the Insured Party requesting ARAG for reimbursement according to the terms of this contract.

The payment of the benefit shall only be done after ARAG has received the

documentation and proofs from the Insured Party, as the party has incurred either a situation of Unemployment or Temporary Disability described in these General Conditions and that the party has paid the bill to renew car insurance, for which the reimbursement is requested. If this documentation is not delivered, ARAG shall not be obligated to pay any benefits.

ARAG, after payment of the benefit has started, may require the submission of official proof or documents that show that the Insured Party continues to be in the situation of Unemployment or Temporary Disability that led to the claim.

If a claim is later denied after having started to pay the benefit, ARAG may take action against the Insured Party to recover the amounts unduly paid, plus the pertinent legal interest.

15.2.2. Loss of right to compensation

If there is a violation of the obligation of cooperation due to negligence, the right to the benefit stemming from this contract shall be upheld, although only to the degree that the violation does not have a significant influence on verifying the claim or the volume of the benefit.

The Insurer shall not be held liable for the damages and losses caused in delays in the obligation to cooperate.

In the event of claim, the right to compensation shall be lost in these cases:

- a) If the data required for the insurance application were not declared correctly and truthfully and the essential requirement for cover are not fulfilled**
- b) If all reasonably necessary information on the circumstances and consequences of the claim are not provided, where the Policyholder or Insured Party have incurred fraud or gross negligence**
- c) If the intention to damage or trick the Insurer by the Policyholder or Insured Party is discovered with regard to the consequences of the claim.**

In the event of not employing the means within the Insured Party's reach to lessen the consequences of the claim, the Insurer may reduce its benefit proportionally depending on the importance of the damages stemming from the claim and the Insured Party's degree of guilt.

16. Is there subrogation?

The Insurer is subrogated in the rights and activities that correspond to the Insured Party or to the beneficiaries of the policy when dealing with responsible third parties, for expenditure and payments of any class by the latter, including the cost of services rendered.

17. Can the Insured Party accept agreements?

The Insured Party may reach a compromise settlement in the matter, but should this cause obligations or payments to be borne by the Insurer, both must always act after a prior mutual agreement has been reached.

18. What is the insurance policy term?

The insurance enters into force on the day and at the time indicated in the Particular Conditions of the policy, provided that the pertinent premium has been paid, and it shall end at the same time of day when the stipulated time has elapsed.

When it expires, the insurance shall be considered to be extended for a



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new period of one year, and so on successively.

However, the parties may oppose the extension of the contract through written notification to the other party at least one month prior to the expiry of the policy in the case of the Policyholder, and at least two months in the case of the Insurer.

The Insurer must inform the Policyholder at least two months before the termination of the contract of any modification to the policy.

19. How are possible conflicts between parties resolved?

The Insured Party shall be entitled to submit to arbitration any disagreement that may arise between him/herself and the Insurer regarding the insurance policy.

Arbitrators shall not be appointed before the disputed issue has been raised.

Should any of the parties decide to take action before the jurisdictional bodies, the judge in the district of residence of the Insured Party shall be consulted as the sole authority by legal requirement.

Should the Insured Party reside abroad, he/she must designate an address in Spain.

20. How are communications made between the parties?

Communication with ARAG shall be made to the address of the Insurer.

Communication with the Insurance Policyholder or the Insured Party shall be made to the address stated in the policy. The Policyholder should notify the Insurer of any change of address.

21. When do the actions deriving from the Insurance Contract expire?

Any actions deriving from the Insurance Contract expire after a two-year term from the time at which they could have been exercised.

Online legal services

ARAG offers the Insured Party, via its website: www.arag.es, the following on-line legal services:

- a) Practical guides
- b) Interactive legal enquiries
- c) Legal document templates

The services corresponding to sections a) Practical guides and b) Legal enquiries can be openly accessed and are free of charge.

For the service in section c) Legal document templates, the first download will be free of charge and, after this, the Insured Party will receive a 50% discount on the fee for this service given on the website.

To access these online legal services, the Insured Party must first register on the ARAG website, by entering his/her policy number. The system will identify him/her as a client and he/she will receive these services free of charge or with the corresponding discounts.

