



PREFEITURA DE ITANHAÉM

ESTÂNCIA BALNEÁRIA | ESTADO DE SÃO PAULO

ANNEX 11

GENERAL CONDITIONS OF INSURANCE POLICIES



1. MINIMUM INSURANCE TO BE CONTRACTED

1.1. The CONCESSIONAIRE shall hire and maintain the following insurance policies in force throughout the CONCESSION term:

- a. **Operational Risks**, to cover the assets owned by the CONCESSIONAIRE, the GRANTOR or third parties, which are under its guard and custody in the execution of the SERVICES;
- b. **Civil responsibility**, to cover material, personal and moral damages caused to third parties that are attributed to it during the operation and/or works, installations, assemblies, renovations and expansions that may occur; it's from
- c. **Engineering Risks**, for all works, installations and assemblies, renovations and expansions that may occur during the CONCESSION.

The insurance policies referred to above must comply with the requirements listed below.

2. VALUE AT RISK

2.1. The estimated Value at Risk of the assets of the MUNICIPAL STREET LIGHTING NETWORK to be declared in the operational risk insurance policy shall be equivalent to the sum of the value in new condition of all assets, including the building, goods, permanent materials, equipment and others, owned by the CONCESSIONAIRE, the GRANTOR and third parties, allocated and intended for the operation of the MUNICIPAL STREET LIGHTING NETWORK.

2.2. For engineering risk insurance, the value at risk must correspond to the value of the total investments, including civil works, installations and assemblies, management expenses, equipment and all other costs that may occur in a possible accident.

3. COVERAGES, MINIMUM INDEMNITY LIMITS AND DEDUCTIBLES

3.1. The minimum indemnity limits to be declared in the insurance policies, including



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the material and moral damages covered, must meet the maximum indemnity limits calculated based on the greatest probable damage, taking into account the values of the covered assets of the MUNICIPAL STREET LIGHTING NETWORK in new condition, including the building, assets, permanent materials, equipment and others, owned by the CONCESSIONAIRE, the GRANTOR and third parties, allocated and intended for the operation of the MUNICIPAL STREET LIGHTING NETWORK.

3.2. The table below includes all coverage considered as a minimum requirement when contracting the insurance policy:

N.º	Coverage
Operational Risk Insurance	
1.	Insurance for fire, lightning and explosion of any nature, for all STREET LIGHTING POINTS and other buildings of the MUNICIPAL STREET LIGHTING NETWORK and their respective contents, including equipment owned or used exclusively by the MUNICIPAL LIGHTING NETWORK PUBLIC and third parties under its guard and custody;
2.	Natural events, such as: gale, hurricane, cyclone, hail, landslide, flooding, flooding and smoke;
3.	Land vehicle impact and aircraft crash;
4.	Electrical damage;
5.	Riots, strikes, demonstrations and lockout;
6.	Electronic equipment;
7.	sprinkler spillage;



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8.	Mobile and stationary equipment.
Civil responsibility insurance	
9.	Civil responsibility for operations, as well as for the existence, use and conservation of assets;
10.	Employer's civil responsibility;
11.	Moral damages arising from the events mentioned above;
12.	Design errors;
13.	Cross civil responsibility;
14.	Loss of profit arising from civil responsibility (to serve third parties);
15.	Material damage caused to the owner of the work.
Engineering Risk Insurance	
16.	Coverage of civil works under construction / Installation and assembly, with design error and manufacturer risks;
17.	Damage as a result of design error and manufacturer risks with the same amount insured as the basic coverage.
18.	Expenses with site clearance;
19.	Small and medium-sized tools;
20.	Mobile / Stationary equipment used in the work;
21.	Completed works;



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22.	Temporary works;
23.	Experts' fees;
24.	Works accepted and put into operation;
25.	Storage outside the construction site;
26.	Riots, surrounding property, and extraordinary expenses;
27.	Expenses with claim containment and rescue
28.	Civil responsibility arising from civil works under construction/installation and assembly, with additional coverage for design error, cross RC and foundations;
29.	Moral damages arising from civil works under construction/installation and assembly, with additional coverage for design error, cross RC and foundations;
30.	Extraordinary expenses.

3.3. It is at the CONCESSIONAIRE's discretion to contract any other coverage in addition to those established in this ANNEX, as well as the definition of indemnity limits higher than those herein established.

3.4. For the above-related coverage, the CONCESSIONAIRE must observe:

3.4.1. The value of the basic coverage of civil works (item 16 of the table) must correspond to the entire project foreseen in the period of the modernization works of the MUNICIPAL STREET LIGHTING NETWORK.

3.4.2. In case of renewing or expansion, the values to be considered must correspond to the value of the previous investment, added to the value of existing



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buildings if they are exposed to any type of risks arising from the renewing and/or expansion and provided that such risks are excluded from other operational risk insurance policies required by this NOTICE.

3.4.2.1. Alternatively, coverage for renews and expansions may be contracted within the operational risk insurance, under the title "Minor Engineering Works", in this case, using as a basis for defining the insured limit to be used, only the investment value maximum per unit. Such procedure shall be accepted as long as it is evident that damages to the facilities in operation shall remain covered in the operational risk policies, and the coverage of civil works, installation and assembly must also be included in the civil responsibility policy, so that the damages resulting from these renovations and /or extensions are covered.

3.5. Coverages that deal with civil responsibility of the operation and the work (items 9,10 and 11 of the table), shall consider as co-insured, in addition to the CONCESSIONAIRE, the GRANTOR, as well as its administrators, financial agents, employees, subcontractors, agents or delegates, for the amounts with which they may be liable for material damages , personal and moral, procedural costs and any other charges related to material, personal or moral damages, arising from the activities covered by the CONCESSION, including, but not limited to, involuntary personal damages, deaths, material damages caused to third parties and their vehicles, such insurance must be contracted with indemnity limits compatible with the risks assumed for damages to third parties.

3.6. It is understood and agreed that the indemnification limits are minimal and do not exempt the CONCESSIONAIRE from being liable for any losses and damages caused to third parties that exceed such limits, even if they may not be supported by the policies that may be contracted. Or, the CONCESSIONAIRE shall be solely responsible for any and all deductibles that may be applied in the event of claims involving the coverage contracted in the policies.



4. ADDITIONAL OBLIGATIONS:

4.1. The CONCESSIONAIRE must:

- a) Contract and maintain, throughout the CONCESSION period, operational risk and civil responsibility insurance;
- b) Hire and maintain in force for the period of execution of the CONCESSION MILESTONES, from the EFFECTIVE DATE until the definitive receipt of the MODERNIZED AND ENHANCED MUNICIPAL STREET LIGHTING NETWORK, the engineering risk insurance, which must be in force even in cases of deviation from the schedule of initial delivery that gave rise to the policy;
- c) Hire policies with first-rate insurers and reinsurers, whose classification is considered as “investment grade”, by the risk agencies: Moody's and/or S&P and/or Fitch;
- d) Carry out risk management work, where the operating conditions of the MUNICIPAL STREET LIGHTING NETWORK shall be periodically assessed in order to verify changes in the risk level of the enterprise. Based on this survey, adjustments and actions must be proposed to manage and minimize these risks; and
- e) Maintain an insurance policy for the units, facilities and assets, covered 100% (one hundred percent) of the time for the minimum coverage required.

4.2. The GRANTOR must:

- a) Notify the CONCESSIONAIRE on non-compliances or problems that may increase exposure to risks in the environment of the MUNICIPAL STREET LIGHTING NETWORK;
- b) Work with its employees and systems under its operation in order to ensure compliance with the risk management policies defined, by mutual agreement, for the MUNICIPAL STREET LIGHTING NETWORK;
- c) Assess and indicate problems in the facilities, systems and services provided that may represent risk of claims;



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- d) Monitor and assess the work of operation, conservation and maintenance of services, environments and systems; and
- e) Monitor and handle the evolution of occurrences and work orders related to accidents and incidents with regard to risk management.