



GSIS

Government Service Insurance System
Financial Center, Pasay City, Metro Manila 1308

BILL NO.:

Name and address of insured: 10C1AAU00001
CLARK INT'L. AIRPORT CORPORATION
CORPORATE OFFICE BLDG., CIVIL AVIATION COMPLEX CLARK FREEPO
CLARK FREEPORT ZONE, PAMPANGA

Policy ID.: 1000508465
Bill: 15-1038122
Bill Date: 04-AUG-2015
Line: MISCELLANEOUS
Currency: PHILIPPINE PESO
FICC: 6000016090

Policy No.: MS-DOL-GSISHO-0000284
Endt. No. :

From : AUG 15, 2015 To : AUG 15, 2016
Sum Insured: PHP 12,500,000.00
Item DIRECTORS AND OFFICERS
LIABILITY INSURANCE

| | |
|--------------------|------------|
| Total Premium : | 300,000.00 |
| Doc Stamps : | 0.00 |
| Fire Service Tax : | 0.00 |
| Local Tax : | 0.00 |
| Premium Tax : | 0.00 |
| Other Charges : | 0.00 |

TOTAL AMOUNT DUE : PHP 300,000.00

| | | |
|-----|---------------|------------|
| | TSI | PREMIUM |
| DOL | 12,500,000.00 | 300,000.00 |

GOVERNMENT SERVICE INSURANCE SYSTEM

Prepared by : MATIGNA

Received by :

Intermediary: LCU

NOTE: This policy shall automatically be cancelled if premium is not paid within 60 days from inception or from date of receipt of the bill, whichever is later, subject to the payment of the time on risk. In the event of claim arising under the policy, the amount of premium becomes immediately due and demandable.

Priscila A. Rocaña
PRISCILA A. ROCAÑA

OFFICER IV, UNDERWRITING DEPT

SUCCESS

Document 7200104880 was posted in company code GSIS

| | | |
|----------------------------------|------------------|-----------------|
| Line & Subline | Premium | 300,000.00 |
| MISCELLANEOUS | Doc Stamps | 0.00 |
| DIRECTORS AND OFFICERS LIABILITY | Fire Service Tax | 0.00 |
| Policy No. MS-DOL-GSISHO-0000284 | Premium Tax | 0.00 |
| | VAT | 0.00 |
| Issue Date JULY 28, 2015 | Local Tax | 0.00 |
| Term From AUGUST 15, 2015 | Other Charges | 0.00 |
| To AUGUST 15, 2016 | Amount Due | 300,000.00 |
| | Currency | PHILIPPINE PESO |

Assured : CLARK INT'L. AIRPORT CORPORATION
Address : CORPORATE OFFICE BLDG., CIVIL AVIATION COMPLEX
CLARK FREEPORT ZONE, PAMPANGA

REPLACING POLICY NO. MS-DOL-GSISHO-0000243

TOTAL SUM INSURED : PHP 12,500,000.00

1 DIRECTORS AND OFFICERS LIABILITY INSURANCE 12,500,000.00
SECTION A - DIRECTORS AND OFFICERS
SECTION B - CORPORATE REIMBURSEMENT

LIMIT OF LIABILITY: PHP12,500,000.00

TOTAL AGGREGATE FOR ALL LOSSES, ARISING OUT OF ALL CLAIMS MADE AGAINST
INSUREDS UNDER ALL INSURANCE COVERS COMBINED (INCLUDING DEFENSE COSTS)

INNER LIMIT FOR LAWYER'S FEES - PHP1,000,000 ANY ONE CLAIM OR CLAIMS
ARISING FROM A SINGLE ACT COVERED

(INCLUSIVE OF ACCEPTANCE AND APPEARANCE FEES, TIME CHARGES, INCIDENTAL
EXPENSES)

CONTINUITY DATES:

(I) PENDING AND PRIOR LITIGATION: AUGUST 15, 2007

(II) POLLUTION CLAIMS: AUGUST 15, 2007

Principal : CLARK INT'L. AIRPORT CORPORATION
Location of Risk : CORPORATE OFFICE BLDG., CIVIL AVIATION COMPLEX
CLARK FREEPORT ZONE, PAMPANGA
Deductible : 0.00 PHP500,000.00 FOR ANYONE CLAIM INCLUDING ANY
JUDGMENTS, SETTLEMENT OF FINAL AGREEMENTS AS
SPECIFIED IN 5.4 RETENTION, ONLY ONE RETENTION SHALL
BE APPLIED FOR LOSS FROM ANY CLAIM OR CLAIMS
ALLEGING AS SINGLE ACT COVERED.

| Item Coverage | Sum Insured | Premiums |
|---------------------------|----------------|------------|
| 1 DOL- LIMIT OF LIABILITY | 12,500,000.00 | 300,000.00 |
| | ITEM SUB-TOTAL | 300,000.00 |
| | TOTAL | 300,000.00 |

USER: LICESTINA INTERMEDIARY LCC

Documentary Stamps to the value stated above have been affixed and properly cancelled on the office copy of the Policy.

ATTACHED TO AND FORMING PART OF POLICY NO. MS-DOL-GSISHO-0000284

GENERAL INFORMATION :

SCHEDULE

- ITEM 1. POLICY HOLDER : CLARK INT'L. AIRPORT CORPORATION
- ITEM 2. LOCATION : CORPORATE OFFICE BLDG., CIVIL AVIATION
COMPLEX CLARK FREEPORT ZONE PAMPANGA
- ITEM 3. POLICY PERIOD : August 15, 2015 to August 15, 2016
(Both days inclusive)
- ITEM 4. TOTAL SUM INSURED : Php 12,500,000.00
- ITEM 5. LIMIT OF LIABILITY: Php 12,500,000.00 total aggregate for all losses,
arising out of claims made against the Insureds
under all insurance covers combined (including
defense costs).
- Inner limit for lawyer's fees Php 1,000,000.00
any one claim or claims arising from a single
act covered
- (inclusive of acceptance and appearance fees,
time charges, incidental expenses)
- ITEM 6. COVERAGE : Section A - Directors and Officers Liability
Section B - Corporate Reimbursement
- ITEM 6. a : List of Directors and Officers and their positions

| Name | Designation |
|--------------------------------|---------------------------|
| ATTY. JOSE PERPETUO M. LOTILLA | Chairman, Ex-officio |
| ATTY. MARIA VICTORIA V. JASMIN | Vice Chairman, Ex-officio |
| JOSE ANGEL A. HONRADO | Member, Ex-officio |
| BEDA B. BADIOLA | Member, Ex-officio |
| EMIGDIO P. TANJUATCO III | Member |
| REYNALDO L. CATA CUTAN | Member |
| ALIPIO F. FERNANDEZ, JR. | Member |
| JOSE MA. J. FERNANDEZ | Member |
| RAMIL M. GUIAO | Member |
| FELIPE GERARDO MALLARI | Member |
| BIENVENIDO O. MANGA | Member |

LIST OF OFFICERS - CLARK INTERNATIONAL AIRPORT CORPORATION

ATTACHED TO AND FORMING PART OF POLICY NO. MS-DOL-GSISHO-0000284

| | |
|--------------------------|--|
| JOSE PERPETUO M. LOTILLA | - Chairman |
| MARIA VICTORIA V. JASMIN | - Vice-Chairperson |
| EMIGDIO P. TANJUATCO III | - President & CEO |
| BIENVENIDO O. MANGA | - Executive Vice-President and COO |
| REYNALDO L. CATA CUTAN | - Vice-President for Airport Operation and Management Group |
| LAURO A. ORTILE | - Vice President for Administrative and Finance Group |
| DARWIN L. CUNANAN | - Acting Vice-President for Commercial and Business Development Group |
| MILANI I. REYES | - Acting Corporate Secretary |
| LAURO A. ORTILE | - Corporate Treasurer |

BIDS AND AWARDS COMMITTEE

| | |
|--|--------------------|
| VP DARWIN L. CUNANAN (CBDG) | - Chairman |
| HILARION RITCHE D. NACPIL (AOD) | - Vice Chairman |
| ATTY. CYNTHIA C. DUNGCA (Legal) | - Regular Member |
| ATTY. MILANI I. REYES (CorSec and Marketing) | - Regular Member |
| RUEL T. ANGELES (EMD) | - Regular Member |
| ANALOU C. TADEO (HRD) | - Alternate Member |
| FEDERICO E. PRIMERO (ESD) | - Alternate Member |
| PROVISIONAL MEMBER : A representative from the end-user unit | |

TECHNICAL WORKING GROUP (TWG)

Group 1-Infrastructure/Consultancy Service Projects:

| | |
|--|---------------------------------------|
| HEAD : JOVITO M. SUNGA | - Assistant Manager (EMD) |
| MEMBERS: | |
| JOSELITO A. SAN DIEGO | - Electro Mechanical Supervisor (EMD) |
| ROMANO H. LAZARO | - Civil Maintenance Engineer (EMD) |
| NORMAN F. OCAMPO | - Executive Assistant (OEVP) |
| LEANDRO C. ARANAS II | - OIC Assistant Manager (AOD) |
| PROVISIONAL MEMBER : A representative from the end-user unit | |

Group 2- Goods and Services Projects:

| | |
|--|--------------------------------|
| HEAD : ATTY RUSTICO G. QUIZON III | - Senior Legal Officer (Legal) |
| MEMBERS: | |
| GARRY A. NAGUIT | - Office Manager (QO) |
| ROBERT S. URBANO | - Assistant Manager (Property) |
| FERNANDO S. TORRES | - OIC (ACC) |
| KRISTOBER S. GOMEZ | - Technical Assistant (MIS) |
| PROVISIONAL MEMBER : A representative from the end-user unit | |

LIST OF MANAGERS AND ASSISTANT MANAGERS

| | |
|--------------------|---|
| ABSALON, ALEX G. | - Pending appointment of plantilla position |
| AÑONUEVO, ALLAN L. | - Senior ICT Systems Officer, MIS/GIS Department |

ATTACHED TO AND FORMING PART OF POLICY NO. MS-DOL-GSISHO-0000284

| | |
|------------------------------|---|
| AQUINO, RONALD P. | - Assistant Manager, Security Department |
| ARANAS, LEANDRO II C. | - Senior Ground Operations Officer, Operations Department |
| CANLAS, JOSEPH RAYMUND P. | - Office Manager, Safety & Environment Management Office |
| CATACUTAN, REYNALDO L. | - Vice-President, Office of the VP for Airport Operations Management Group |
| CORDOVA, MARIE-TESSIEBETH T. | - Manager, Human Resource Department |
| CRUZ, MITCHELLE S. | - Senior Internal Audit Officer, Internal Audit Department |
| CUNANAN, DARWIN L. | - Assistant Vice-President, Office of the Assitant VP for Strategic Development & Corporate |
| DEONA, NESTOR P. | - Manager, Emergency Services Department |
| DUNGCA, CYNTHIA C. | - Manager, Office of the Corporate Secretary |
| ENRIQUEZ, LILIBETH P. | - Manager, Treasury Department |
| FELICIANO, MELISSA D. | - Assistant Manager, Corporate Planning & MIS/GIS Department |
| GARCIA, FEDERICO JR. G | - Manager, BAC Secretariat Office |
| GUEVARRA, EDGAR M. | - Manager, Security Department |
| ISIP, RAYMOND RANDY O. | - Media Relations Officer II, Corporate Communications Office |
| JUCO, ILDA MAE P. | - Assistant Manager, Treasury Department |
| LACAP, JAIME G. | - Assistant Manager, Emergency Services Department |
| NACPIL, HILARION RITCHE D. | - Manager, Operations Department |
| NAGUIT, GERRY A. | - Office Manager, Quality Office |
| NAZAL, MONINA JANE S. | - Sr. Executive Assistant, Office of the President & CEO |
| OCAMPO, NORMAN F. | - Executive Assistant, Office of the Executive Vice-President & COO |
| ORTILE, LAURO A. | - Vice-President, Office of the VP for Finance & Administration Group |
| PAGLINAWAN, NANCY C. | - Manager, Accounting Department |
| PEÑA, LORRAINE EMMANUEL G. | - Airport Operations & Communication Officer, Operations Department |
| PRIMERO, FEDERICO JR. E. | - Manager, Corporate Communications Office |
| PUNZALAN, JESUS ABELARDO F. | - Assistant Manager, Marketing Department |
| QUIZON, RUSTICO III D. | - Assistant Manager, Legal Services Department |
| RAYMUNDO, JANICE D. | - Assistant Manager, Human Resource Department |
| REYES, MILANI I. | - Manager, Legal Services Department |
| SISON, RIZA L. | - Assistant Manager, Procurement Department |
| SUBA, ANA MARIA R. | - Manager, Procurement Department |
| SUNGA, JOVITO M. | - Assistant Manager for Planning , Engineering and Maintenance |
| TANJUATCO, EMIGDIO III P. | - President & CEO, Office of the |

ATTACHED TO AND FORMING PART OF POLICY NO. MS-DOL-GSISHO-0000284

| | |
|---------------------------|--|
| | President & CEO |
| TARDECILLA, BERNANDINO O. | - Office Manager, Airport Security Quality Control Office |
| TORRES, FERNANDO S. | - Assistant Manager, Operations Department |
| URBANO, ROBERT S. | - Assistant Manager, Property Department |

ITEM 7. RETROACTIVE/CONTINUITY DATES :

Pending & Prior Litigation - as of August 15, 2007

Pollution Claims - as of August 15, 2007

ITEM 8. DEDUCTIBLE : The Insured shall bear the first amount of loss:

Section A - Nil

Section B - Php 500,000.00 for anyone claim including any judgements, settlement of final agreements as specified in 5.4 Retention, only one retention shall be applied for loss from any claim or claims alleging as single act covered.

ITEM 9. PREMIUM : Php 300,000.00, subject to annual review

ITEM 10. WARRANTIES, CLAUSES AND ENDORSEMENTS :

Code of Corporate Governance Endorsement

Money Laundering Exclusion

Claims Cooperation Endorsement

Payment and Gratuities Exclusion

War/Act of War Exclusion

Investment Banking Professional Liability Exclusion

Financial Institution Professional Indemnity Exclusion

Failure to Maintain Insurance Exclusion

Known Claims and Circumstances Exclusion

Sixty Days Credit Premium Credit Agreement Clause

Provision on GSIS Applicable Taxes and Documentary Tax

WARRANTIES AND CLAUSES AT THE TIME OF ISSUE :

DIRECTORS AND OFFICERS LIABILITY INSURANCE

In consideration of the payment of the premium, the Insurer agrees as follows:

1. INSURANCE COVER

A. DIRECTORS AND OFFICERS LIABILITY

The insurer shall pay the loss of each insured resulting from any claim first made against the insured during the policy period for

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any act/s covered in the Insured's capacity as a director or officer of the agency except for and to the extent that the agency has indemnified the insured.

The insurer shall hold safe and harmless any insured, who is sued, made party to or otherwise involved in any action, suit or proceeding filed against the insured by reason of his /her being a director/officer of the agency, to the extent that the insured is sued for acts committed while in the performance of his/her official functions, duties and responsibilities as such director/officer, Provided, the Insured charged or sued must be exonerated, acquitted or held not liable. However, even if the insured is found liable for the act charged or complained of, there must be a finding that he/she has acted in utmost good faith, within the scope of his/her official functions and duties, and has exercised extraordinary diligence.

B. CORPORATE REIMBURSEMENT

The insurer shall pay the loss of the agency resulting from any claim first made against the insured during the policy period for any act/s covered in the insured's capacity as a director or officer but only when and to the extent that the agency has indemnified the insured for the loss.

Subject to the terms and conditions of this policy, the insurer may advance defense costs to the director or officer or agency resulting from any claim before its final resolution, subject to the deductible stated in Item 8 of the Schedule.

Should there be a finding that the act done does not fall within the meaning of act/s covered as defined in 2.17 of this policy, the amounts advanced by the insurer shall be considered a loan by the director or officer or agency which shall become immediately due and payable to the insurer upon finality of the judgment against the insured.

2. DEFINITIONS

2.1 Agency means the policyholder specified in Item 1 of the Schedule

2.2 Claim(s) means:

- (i) any suit or proceeding brought by any person or organization against an insured for monetary damages or other relief, including non-pecuniary relief;

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- (ii) any written demand from any person or organization to hold an insured responsible for the results of any act/s covered;
- (iii) any administrative or regulatory proceeding or official investigation regarding any act/s covered of an insured.

Claims arising out of, based upon or attributable to a single act covered shall be considered to be a single claim for the purposes of this policy.

- 2.3 Continuity date(s) means the date(s) specified in Item 7 of the Schedule. The pending and prior litigation continuity date shall be the date from which the policyholder has maintained uninterrupted cover with the insurer, or with any other insurer if the initial proposal form submitted to such insurer is provided to and accepted by the insurer at the inception of this policy, or such other dates(s) as agreed with the insurer.
- 2.4 Defense costs means reasonable and necessary fees, including special assessment fees charged by the Office of the Government Corporate Counsel, costs and expenses incurred with the written consent of the insurer resulting solely from the investigation, adjustment, defense and appeal of any claim but shall not include the salary of any insured and success fees.
- 2.5 Director or officer means any natural person duly appointed or elected as a director or officer of the agency, pursuant to applicable laws.
- 2.6 Discovery period means the period of time specified in Extension 4.1, immediately following the termination of this policy during which written notice may be given to the insurer of any claims first made against the insured during such period of time for any act/s covered occurring prior to the end of the policy period and otherwise covered by this policy.
- 2.7 Employment practice claim means any claim or series of related claims relating to a past, present or prospective employee of the agency and arising out of any actual or alleged dismissal, discharge or termination, either actual or constructive, of employment, failure to employ or promote, deprivation of career opportunities, discipline; failure to grant tenure or negligent employee evaluation; or workplace or racial or disability harassment of any kind (including the alleged creation of a harassing workplace environment;

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or unlawful discrimination, whether direct, indirect, intentional or unintentional, or failure to provide adequate employee policies and procedures.

2.8 Full annual premium means the annual premium level in effect immediately prior to the end of the policy period.

2.9 Insured means any natural person who was, is, or shall become a director or officer of the agency, or any natural person who is a trustee of a pension, retirement or provident benefit fund established for the benefit of the employees of the agency. Cover will automatically apply to any natural person who becomes a director or officer of the agency after the inception date of this policy. Insured shall include any employee of the agency, but only for a claim or claims alleging act/s covered, committed by the employee in a managerial or supervisory or confidential capacity, occupying positions, as listed by the agency in Item 6.a. With respect to an employment practice claim only, insured shall include any past, present or future employee of the agency.

2.10 Insurer means the GOVERNMENT SERVICE INSURANCE SYSTEM.

2.11 Loss means damages, judgments, settlements and defense costs; however, loss shall not include civil or criminal fines or penalties imposed by law, non-compensatory damages, taxes, any amount for which the insured is not legally liable or matters which may be considered uninsurable under the law pursuant to which this policy shall be construed. Damages, judgments, settlements and defense costs incurred in more than one claim against the insured but resulting from a single act covered shall constitute a single loss.

2.12 Policyholder means the agency specified in Item 1 of the Schedule.

2.13 Policy Period means the period of time from the inception date to the expiry date specified in Item 3 of the Schedule.

2.14 Pollutants include (but are not limited to) any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes (but is not limited to) material to be recycled, reconditioned or reclaimed.

2.15 Single act covered means act/s covered or any related, continuous or repeated act/s covered, whether committed by the insured individually or by more than one insured and whether directed to or affecting one

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or more than one person or legal entity.

2.16 Transaction means that the policyholder consolidates with or merges into any other entity.

2.17 Act/s Covered means any act or omission committed in good faith by the insured in their respective capacities as a director or officer of the agency or any matter claimed against them solely because of their status as a director or officer of the agency, which gives rise to a cause of action against the insured or the agency in any court, tribunal or administrative agency exercising quasi-judicial functions.

3. EXCLUSIONS

The insurer shall not be liable to make any payment for loss in connection with any claim made against the insured:

- (i) Where the court or tribunal or administrative agency finds that there was malfeasance, misfeasance, nonfeasance, any form of negligence or bad faith, illegal, dishonest, fraudulent, unethical conduct or any other act that constitutes a breach of duty as fiduciary of the State, involved in the conduct of his/her office on the part of the insured concerned.
- (ii) Where the transaction involved is purely private and unconnected with the office of the insured.

The insurer shall not be liable to make any payment for loss in connection with any claim made against the insured:

3.1 arising out of, based upon or attributable to:

- (i) the gaining in fact of any personal profit or advantage to which the insured was not legally entitled;
- (ii) the committing in fact of any dishonest or fraudulent act.

For the purpose of determining the applicability of these exclusions, the act/s covered of any insured shall not be imputed to any other insured.

These exclusions shall only apply if it is established through a judgment, or any other final adjudication adverse to the insured, or any admission by an insured that the relevant conduct did in fact occur;

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- 3.2 arising out of, based upon or attributable to the facts alleged or to the same or related act/s covered alleged or contained in any claim which has been reported or in any circumstances of which notice has been given under any policy of which this policy is a renewal or replacement or which it may succeed in time;
- 3.3 arising out of, based upon or attributable to any pending or prior litigation as of the pending and prior litigation continuity date specified in Item 7 of the Schedule, or alleging or deriving from the same or essentially the same facts as alleged in the pending or prior litigation;
- 3.4 which are brought by or on behalf of any insured or the agency; provided, however, that this exclusion shall not apply to:
- (i) any employment practice claim brought by any insured;
 - (ii) any claim brought or maintained by an insured for contribution or indemnity, if the claim directly results from another claim otherwise covered under this policy;
 - (iii) any claim brought or maintained by any former director, officer or employee of the agency.
- 3.5 arising out of, based upon or attributable to or in any way involving, directly or indirectly, the actual, alleged or threatened discharge, dispersal, release or escape of pollutants; or any direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize pollutants, nuclear material or nuclear waste.

Provided, however, that this exclusion shall not apply to any claim made against the insured by any stakeholder of the agency either directly or derivatively, alleging damage to the agency or its stakeholders, unless on or before the pollution continuity date specified in Item 7 of the Schedule, the agency, the insured or any employee of the agency with managerial responsibilities over environmental affairs, control or compliance, knew or could have reasonably foreseen that there existed any situation, circumstances or condition which could have given rise to a claim against the agency, or the insured.

This exclusion is subject to Extension 4.4, unless on or before the pollution continuity date specified in Item 7 of the Schedule, the agency, the insured or any employee of the agency with managerial

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responsibilities over environmental affairs, control or compliance, knew or could have reasonably foreseen that there existed any situation, circumstance or condition which could have given rise to a claim against the agency, or the insured.

3.6 arising out of, based upon or attributable to any act or omission in the insured's capacity as a director or officer of any entity other than the agency, or by reason of the insured's status as a director, officer or employee of the other entity;

3.7 for bodily injury, sickness, disease, death or emotional distress of any person, or damage to or destruction of any tangible property, including loss of use thereof; provided, however, that any claim for emotional distress shall not be excluded with respect to an employment practice claim.

4. EXTENSIONS

Subject to all of the terms and conditions of this policy, cover is extended as follows:

4.1 Discovery Period

If the insurer refuses to offer any terms or conditions to renew this policy, or the policyholder refuses to renew this policy, then the policyholder shall have the right to a discovery period of 12 months following the effective date of non-renewal:

- (i) provided the agency cannot renew or replace this policy with or does not purchase, effect or otherwise acquire, any other policy affording directors and officers liability or similar liability cover; and
- (ii) upon payment of an additional premium of 100% of the full annual premium. If a transaction takes place, then the agency shall not have the right to a discovery period as set out above. However, the agency shall have the right within 60 days of the end of the policy period to request an offer from the insurer of a discovery period of up to 12 months. The insurer shall offer a discovery period with terms, conditions and premium as the insurer may reasonably decide.

No discovery period of any length is available in the event of this

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policy being cancelled due to the non-payment or premium.

4.2 Heirs, Estates and Legal Representatives

If an insured dies, becomes incompetent, insolvent or bankrupt, this policy shall cover loss arising from any claim made against the estate, heirs, or legal representatives of the insured for any act/s covered of such insured.

4.3 Joint Property Liability

This policy shall cover loss arising from any claim made against the lawful spouse (whether that status is derived by reason of the statutory law, common law or otherwise of any applicable jurisdiction in the world) of an insured for any claim arising out of his or her status as the spouse of an insured including any claim that seeks damages recoverable from marital community property or property jointly held by the insured and the spouse; provided, however, that this extension shall not afford cover for any claim for any act/s covered of the spouse and that this policy shall apply only to act/s covered of an insured.

4.4 Pollution Legal Costs

Notwithstanding Exclusion 3.5, the insurer will pay on behalf of an insured any defense costs incurred in defending a claim by reason of any act/s covered resulting in loss arising out of the discharge, dispersal, release or escape of pollutants. However, the total of all payments under this extension shall not exceed Philippine Peso 10,000,000.00 or the limit of liability whichever is lower.

5. GENERAL PROVISIONS

5.1 Representation

In granting cover to any one insured, the insurer has relied upon the proposal form, and all statements and particulars therein or incorporated therein, together with any attachment, the agency's financial statements and other information supplied or requested (if, this policy is a renewal of a previous policy(ies) issued by the insurer, then, regarding this policy, the insurer is also relying upon all applications, attachments, etc. for such previous policy(ies) issued by the insurer). These statement, particulars, attachments and information

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are the bases of cover and shall be considered incorporated into and constituting part of this policy.

Notwithstanding any provision to the contrary, the insurer shall consider the signatory in the proposal form as the agency's authorized signatory and shall bind the agency represented under this policy.

5.2 Changes in Risk During Policy Period

If during the policy period, a transaction takes place, then the cover provided under this policy is amended to apply only to act/s covered committed prior to the effective date of the transaction.

5.3 Limit of Liability

The limit of liability specified in Item 5 of the Schedule is the total aggregate limit of the insurer's liability for all loss, arising out of all claims made against all insureds under all insurance covers under this policy combined. The limit of liability for the discovery period shall be part of and not in addition to the total aggregate limit of liability for the policy period. Loss arising from any claim which is made subsequent to the policy period or discovery period which pursuant to General Provision 5.5 is considered made during the policy period or discovery period shall also be subject to the same total aggregate limit of liability. Defense costs are not payable by the insurer in addition to the total aggregate limit of liability for loss.

5.4 Retention

The insurer shall only be liable for the amount of loss arising from a claim which is in excess of the retention amount/deductible specified in Item 8 of the Schedule with regard to all loss under all insurance covers under this policy for which the agency has indemnified or is permitted or required to indemnify the insured. It is agreed that the agency will be conclusively deemed to have indemnified the insured to the maximum extent that the agency is permitted or required to grant such indemnification pursuant to law or contract, or by the charter or by-laws or the Articles of Incorporation of the agency.

The retention amount/deductible is to be borne by the agency and shall remain uninsured. A single retention amount shall apply to loss arising from all claims alleging a single act covered.

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5.5 How to Give Notice and Report a Claim

- (i) Notice of a claim or of circumstances which may result in a claim shall be given in writing to the head office of the insurer as shown on the declaration page. If posted, the date of posting shall constitute the date that the notice was given, and proof of posting shall be sufficient proof of notice.
- (ii) The agency or the insured shall, as a condition precedent to the obligation of the insurer under this policy, give written notice to the insurer of any claim made against an insured as soon as practicable and either:
 - (a) any time during the policy period or during the discovery period;
or
 - (b) within 30 days after the end of the policy period or the discovery period, as long as such claim(s) is reported no later than 30 days after the date such claim was first made against an insured.
- (iii) If, during the policy period or during the discovery period written notice of a claim against an insured has been given to the insurer pursuant to the terms and conditions of this policy, then any claim arising out of, based upon or attributable to the facts alleged in the claim previously notified to the insurer or alleging a single act covered, which is the same as or related to any act/s covered alleged in the previously notified claim, shall be considered made against the insured and reported to the insurer at the time the first notice was given.
- (iv) If during the policy period or during the discovery period, the agency or the insured shall become aware of any circumstances which may reasonably be expected to give rise to a claim being made against an insured and shall give written notice to the insurer of the circumstances and the reason for anticipating a claim, with full particulars as to dates and persons involved, then any claim which is subsequently made against an insured and reported to the insurer arising out of, based upon or attributable to the circumstances or alleging any act/s covered which is the same as or related to any act/s covered alleged or contained in those circumstances, shall be considered made against the insured and reported to the insurer at the time the notice of the circumstances was first given.

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5.6 Advancement of Costs

The insurer shall advance to the insured or the agency defense costs under all insurance covers under this policy before the final disposition of the claim. Advances to the agency shall be subject to the deductible as stated in Item 8. The advance payments by the insurer shall be repaid in full to the insurer by the insured or the agency, in the event and to the extent that the insured or the agency shall not be entitled to payment of the loss under the terms and conditions of this policy.

5.7 How Defense Will Be Conducted

The insured shall have the right and duty to defend and contest any claim. The insurer shall have the right to effectively associate with the insured and the agency in the defense and settlement of any claim that appears reasonably likely to involve the insurer, including but not limited to effectively associating in the negotiation of any settlement.

The insured shall not admit or assume any liability, enter into any settlement agreement, stipulate to any judgment or incur any defense costs without the prior written consent of the insurer as a condition precedent to the insurer's liability for loss arising out of the claim. Only those settlements, stipulated judgment and defense costs which have been consented to by the insurer shall be recoverable as loss under the terms of this policy. The insurer's consent shall not be unreasonably withheld, provided that the insurer shall be entitled to effectively associate in the defense and the negotiation of any settlement of any claim in order to reach a decision as to reasonableness.

The insurer may make any settlement of any claim it deems expedient with respect to any insured subject to such insured's written consent. If any insured withholds consent to such settlement, the insurer's liability for all loss on account of such claim shall not exceed the amount for which the insurer could have settled such claim plus defense costs incurred as of the date such settlement was proposed in writing by the insurer.

The agency and the insured shall give the insurer full co-operation and all information as it may reasonably require as a condition precedent to the insurer's liability for loss arising out of the

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claim. In the event that a dispute arises between the insurer and the insured regarding whether or not to contest any legal proceedings, neither the insured nor the agency shall be required to contest any legal proceedings unless a Government Corporate Counsel or equivalent (to be mutually agreed by the policyholder and the insurer) shall advise that the proceedings should be contested. The cost of the Government Corporate Counsel shall be borne by the insurer.

5.8 Allocation

- (1) The insurer has no obligation under this policy for defense costs incurred by the agency, or any judgment rendered against or settlements by the agency, or any obligation to pay loss arising out of any legal liability that the agency has to the third party claimant. Accordingly, with respect to:

- (a) defense costs jointly incurred by;
- (b) any joint settlement made by; and/or
- (c) any adjudicated judgment of joint and several liability rendered against the agency and any insured,

the agency, the insured and the insurer agree to use their best efforts to determine a fair and proper allocation of the amounts as between the agency and the insured and the insurer, taking into account the relative legal and financial exposures of and the relative benefits obtained by the insured and the agency.

- (11) In the event that a determination as to the amount of defense costs to be advanced to the agency under this policy cannot be agreed to, then the insurer shall advance defense costs which the insurer states to be fair and proper until a different amount shall be agreed upon or determined pursuant to the provisions of this policy and applicable law.

5.9 Subrogation

In the event of any payment under this policy, the insurer shall be subrogated to the extent of such payment to all of the agency's and the insured's rights of recovery in respect of the payment, and the agency and the insured shall execute all papers required and shall

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do everything that may be necessary to secure any rights including the execution of any documents necessary to enable the insurer effectively to bring suit in the name of the agency and/or insured.

5.10 Other Insurance

Unless otherwise required by law, any insurance as is provided under this policy shall apply only as excess over any other valid and collectible insurance.

5.11 Notice and Authority

It is agreed that the agency shall act on behalf of all insureds with respect to the giving and receiving of notice under this policy, including the giving of notice of claim, the payment of premiums that may become due under this policy, the receipt and acceptance of any endorsements issued to form a part of this policy and the exercising or declining to exercise any right to a discovery period.

5.12 Assignment

This policy and any rights hereunder cannot be assigned without the written consent of the insurer.

5.13 Jurisdiction and Governing Law

Any interpretation of this policy relating to its construction, validity or operation shall be made in accordance with the laws of the Philippines. The parties agree to submit to the exclusive jurisdiction of the court of general jurisdiction in the Philippines.

5.14 Plurals and Titles

The titles of these paragraph are for convenience only and do not lend any meaning to this contract. In this policy words in italics have special meaning and are defined.

5.15 Terms of Policy Conformed to Ordinances

Terms of this policy which are in conflict with the statutes of the Philippines are hereby amended to conform to such statutes or ordinances.

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Any provisions of this policy which is prohibited or unenforceable, shall be ineffective to the extent of such prohibition or unenforceability, but that shall not invalidate the remaining provisions of this policy.

The insurer shall not avoid this policy by reason only that it may be so entitled by virtue of any statute or rule of law that makes or deems void any provision or contract to indemnify or make payment to any insured of the agency against liability for any act/s covered.

5.16 Data Privacy

It is hereby declared that as a condition precedent to the liability of the insurer, the insured has agreed that any personal information collected or held by the insurer is provided and may be held, used and disclosed by the insured to individual/organizations associated with the insurer or any selected third party (within or outside the country where the insured is domiciled) for the purposes of processing the application and providing subsequent services to the insured for such purposes. The insured has the right to obtain access to and to request correction of any personal information held by the insurer concerning the insured.

5.17 Renewal Clause

Unless the insurer at least forty-five (45) days in advance of the end of the policy period mails or delivers to the named insured at the address shown in the policy notice of its intention not to renew the policy or to condition its renewal upon reduction of its limits or elimination of coverage, the named insured shall be entitled to renew the policy upon payment of the premium due on the effective date of the renewal. Any policy written for a term of less than one year shall be considered as if written for a term of one year. Any policy written for a term longer than one year or any policy with no fixed expiration date shall be considered as if written for successive policy periods or terms of one year.

5.18 Cancellation

This policy shall not be cancelled by the insurer except upon prior notice thereof to the insured, and no notice of cancellation shall be effective unless it is based on the occurrence, after effective date of the policy, of one or more of the following:

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- (a) non-payment of premium;
- (b) conviction of a crime arising out of acts increasing the hazard insured against;
- (c) discovery of fraud or material misrepresentation;
- (d) discovery of willful or reckless acts or omissions increasing the hazard insured against;
- (e) a determination by the Insurance Commissioner that the continuation of the policy would violate or would place the insurer in violation of the Insurance Code.

All notices of cancellation shall be in writing, mailed or delivered to the insured at the address shown in the policy, and shall state (a) which of the grounds set forth in this provisions is relied upon and (b) that, upon written request of the insured, the insurer will furnish the facts on which the cancellation is based.

If the insured cancels this policy, which must be in writing, earned premium shall be computed in accordance with the applicable percentage indicated under the following Short Rate Cancellation Table.

| | | | |
|----------------|-------|----------------|-------------------|
| 5 days or less | - 6% | Up to 4 months | - 50% |
| Up to 10 days | - 10% | Up to 5 months | - 60% |
| Up to 15 days | - 13% | Up to 6 months | - 70% |
| Up to 20 days | - 17% | Up to 7 months | - 75% |
| Up to 1 month | - 20% | Up to 8 months | - 80% |
| Up to 2 months | - 30% | Up to 9 months | - 90% |
| Up to 3 months | - 40% | above 9 months | - The annual rate |

Delivery of such written notice either by the insured or by the insurer shall be equivalent to mailing. If the insurer cancels, earned premium shall be computed pro-rata. Premium adjustment may be made at the time cancellation is effected and, if not then made, shall be made as soon as practicable after cancellation becomes effective. The insurer's check or the check of its representative mailed or delivered as aforesaid shall be a sufficient tender of any refund of premium due to the insured. Reinstatement, if granted by the insurer after cancellation, shall be in writing.

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5.19 Arbitration Clause

All differences as to amount of any loss covered by this policy shall be referred to the decision of an arbitrator to be appointed by the parties in difference or if they cannot agree upon a single arbitrator, to the decision of two arbitrators, one to be appointed in writing by each of the parties within thirty (30) days after having been required in writing to do so by either of the parties or in case of disagreement between the arbitrators, to the decision of an umpire to be appointed in writing by the arbitrators, before entering on the reference, and an award by the arbitrator or arbitrators or umpire shall be a condition precedent to any right of action against the insurer only in cases of differences as to the amount of liability arising out of this policy.

5.20 Action Against Insurer

If a claim be made and rejected and an action or suit be not commenced either in the Insurance Commission or any court of competent jurisdiction within twelve (12) months from receipt of notice of such rejection or in case of an arbitration taking place as provided herein, within twelve (12) months after due notice of the award made by the arbitrator or arbitrators or umpire, then the claim shall for all purposes be deemed to have been abandoned and shall not thereafter be recoverable hereunder.

CODE OF CORPORATE GOVERNANCE ENDORSEMENT

In order to clarify the covered acts in this Policy, Sec. 32 of the Code of Corporate Governance for GOCCs shall form part of this policy, quoted as follows:

"Sec. 32. Obtaining of Directors and Officers Liability Insurance (DOLI) - Having imposed the highest level of responsibility and accountability on the members of the Board and Officers, i.e., that of extraordinary diligence, it is equitable that when the GOCC itself and/or the members of the Board and Management are haled before the tribunals on matters that are within the official functions and capacity and on matters where business judgment has been exercised in good faith, that there be proper recovery of the costs of litigation and the judgment liability imposed. It is prudent measure therefore for every GOCC to obtain "Directors and Officers Liability Insurance" (DOLI) coverage for itself and the members of the Governing Board and Officers against contingent claims and liabilities that may arise from, as well as the expenses that may be incurred in prosecuting, the actions that may be filed against the GOCC arising

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from the actions of the Governing Board and/or Management that may cause loss or damage to third parties.

Nothing in this section shall be construed as to authorize the reimbursement or the incurring of costs, such as the payment of premiums on DOLI coverage, by the GOCC on the litigation expenses incurred and the judgment liability decreed against a Director or Officer for breach of any of his fiduciary duties or for fraud committed in the performance of his or her duties to the GOCC and/or its stakeholders."

MONEY LAUNDERING EXCLUSION

It is hereby understood and agreed that the insurer shall not be liable to make any payment in connection with any claim arising out of, based upon or attributable to, or in any way involving any actual or alleged act of Money Laundering.

The burden of proving that any claim does not fall within this Money Laundering Exclusion shall be upon the Insured.

Solely for the purposes of this Exclusion, the following Definition applies:

"Money Laundering" means the actual or attempted conspiracy to commit or commission, aiding, abetting, counseling, procuring, or inciting of any act which is in breach of and/or constitute an offence or offences under the Anti-Money Laundering Act of 2001 and any amendment thereto.

Subject otherwise to the terms, exclusions and conditions of the policy.

CLAIMS COOPERATION ENDORSEMENT

Notwithstanding anything contained in the Insurance Agreement and/or Policy Wording to the contrary, it is a condition of any liability under this Policy that: -

- a) The Insured shall, upon knowledge of any circumstances which may give rise to a claim against them, advise the Insurers within a reasonable period of time.
- b) The Insured shall co-operate with Insurers and/or their Appointed Representatives subscribing to this Policy in the investigation and assessment of any loss and/or circumstances giving rise to a loss.
- c) No settlement and/or compromise shall be made and no liability admitted

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without the prior approval of the Insurer.

All other terms and conditions remain the same.

PAYMENT AND GRATUITIES EXCLUSION

It is hereby understood and agreed that the insurer shall not be liable to make any payment for loss in connection with any claim made against the insured directly or indirectly arising out of, based upon or attributable to, or in any way involving:

- (i) payments, commissions, gratuities, benefits or any other favors to or for the benefit of any full or part-time domestic or foreign governmental or armed services officials, agents, representatives, employees or any members of their family or any entity with which they are affiliated; or
- (ii) payments, commission, gratuities, benefits or any other favors to or for the benefit of any full or part-time officials, directors, agents, partners, representatives, principal shareholder, or owners or employees, or affiliates of any customers of the agency or any members of their family or any entity with which they are affiliated; or
- (iii) political contributions, whether domestic or foreign.

Subject otherwise to the terms, exclusions and conditions of this policy.

WAR / ACT OF WAR EXCLUSION

It is hereby understood and agreed that this policy does not cover any loss in connection with any claim made against the insured arising out of, in whole or in part, directly or indirectly or resulting from or by:

- (i) war, any act of war, civil war, invasion, insurrection, revolution, use of military power or usurpation of government or military power; or
- (ii) the intentional use of military force to intercept, prevent, or mitigate any known or suspected terrorist act; or
- (iii) any terrorist acts.

It is further agreed that the terms war and terrorist acts are respectively defined as follows:

- (i) War shall mean war, whether declared or not, or any warlike activities including use of military force by any sovereign nation to achieve

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economic, geographic, nationalistic, political, racial, religious or other ends;

- (ii) Terrorist act(s) shall mean any actual or threatened use of force or violence directed at or causing damage, injury, harm or disruption, or commission of an act of force or violence dangerous to human life or property, against any individual, property or government, with the stated or unstated objective of pursuing economic, ethnic, nationalistic, political, racial or religious interests, whether such interests are declared or not. Thefts or other criminal acts, primarily committed for personal gain and acts arising primarily from prior personal relationship between perpetrator(s) and victim(s) shall not be considered terrorist acts.

A terrorist act shall also include any act which is verified or recognized by the Philippine Government, or the Government of the country in which the claim is made against the insured, as an act of terrorism.

Subject otherwise to all of the terms, conditions and exclusions of this policy.

INVESTMENT BANKING PROFESSIONAL LIABILITY EXCLUSION

It is hereby understood and agreed that the insurer shall not be liable to make any payment for loss in connection with any claim made against the insured alleging, arising out of, based upon or attributable to, in whole or in part, any Investment Banking Activity, including but not limited to any disclosure requirements in connection with the foregoing. "Investment Banking Activity" means, but is not limited to, the underwriting, syndicating or promotion of any security or partnership interest in connection with any of the following: any actual, alleged or threatened merger, acquisition, divestiture, tender offer, proxy contest, leveraged buy-out, going private transaction, reorganization (voluntary or involuntary), capital restructuring, recapitalization, spin-offs, primary or secondary offerings of securities (regardless of whether the offering is a public offering or private placement), dissolution or sale of all or substantially all of the assets or stock of a business entity, or effort to raise or furnish capital or financing for any enterprise or entity, or any acquisition or sale of securities by the Broker/Dealer for its own account, or any activity by an insured as a specialist or market maker (including the failure to make a market) for any securities, or any disclosure requirements in connection with any of the foregoing. Investment Banking also includes the rendering of advice or recommendation or the rendering of a written opinion in connection with any of the foregoing.

Subject otherwise to the terms, exclusions and conditions of this policy.

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FINANCIAL INSTITUTION PROFESSIONAL INDEMNITY EXCLUSION

It is hereby understood and agreed that the insurer shall not be liable to make any payments for loss in connection with any claim made against the insured, alleging, arising out of, based upon or attributable to the agency's, or an insured's performance of professional services for others for a fee, or any alleged act, error or omission relating thereto, including but not limited to, services rendered in the following areas: broker, dealer, financial advisor, investment advisor, investment banker, investment manager, clearing agent, insurance broker, real state syndicator; or services rendered in the agency's Trust Department or as a trustee or other fiduciary or agent for individuals, partnerships, corporations or government bodies; or any function similar to those mentioned above; or any other professional services.

Subject otherwise to the terms, exclusions and conditions of this policy.

FAILURE TO MAINTAIN INSURANCE EXCLUSION

It is hereby understood and agreed that the insurer shall not be liable to make any payments for loss in connection with any claim alleging, arising out of, based upon or attributable to any failure or omission on the part of the insured or the agency to effect and maintain insurance or adequate insurance.

Subject otherwise to the terms, exclusions and conditions of this policy.

KNOWN CLAIMS AND CIRCUMSTANCES EXCLUSION

It is hereby understood and agreed that this policy does not provide any indemnity against any claim or claims:

- (i) Made or threatened or in any way intimated on or before the inception of the policy
- (ii) For pending or prior litigation, disputes or any development therefrom with respect to any act/s covered committed by any director or officer in his/her capacity as such whether or not disclosed in the proposal or application form
- (iii) Arising out of any matter disclosed in the answer given in the application form or in the annual report of the agency or which ought to be disclosed.

SIXTY (60) DAYS PREMIUM CREDIT AGREEMENT CLAUSE

This Policy shall automatically be cancelled if premium is not paid within 60 days from inception or from date of receipt of the bill, whichever is later, subject to the payment of the time of risk. In the event of claim arising

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under the policy, the amount of premium becomes immediately due and demandable.

PROVISION ON GSIS APPLICABLE TAXES & DOCUMENTARY STAMP TAX:

It is understood that all applicable taxes, including Documentary Stamp Tax (DST), if any shall be borne by the Insured.

For this purpose, the insured acknowledges that the GSIS is not a withholding agent for DST and hereby undertakes and commits itself to make direct payments to the BIR of any DST that may be imposed on the execution and performance of this Policy.

IN WITNESS WHEREOF, the company has caused this policy to be signed by its duly authorized officer/representative at Financial Center, Pasay City as of the date of issue.

PRISCILA A. RECAÑA

OFFICER IV, UNDERWRITING DEPT