

MICHLOL COMPREHENSIVE OFFICE POLICY
January 2024 Edition

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TRANSLATION

This document has been made only for your convenience
In the case of any discrepancy the only binding document is the Hebrew version of
the original policy.

PART ONE: INTRODUCTION

- Whereas** The insured whose name and address appear in the schedule annexed hereto and constituting an integral part of this policy (hereinafter the 'insured') approached **HAREL INSURANCE COMPANY LTD.** (hereinafter the "insurer") with a written request which constitutes the basis of this policy and an integral part thereof;
- Wherefore** This policy attests that in consideration of payment or the insured's undertaking to pay the insurance fees specified in the schedule, the insurer undertakes to pay insurance benefits in respect of insured events as detailed in each of the policy Chapters, and without derogating from the generalities of the aforementioned the aforementioned, including any extensions and/or cover which are included in all the policy Chapters – insofar as specified in the schedule as being valid – which occur within the boundaries of the State during the insurance period, all subject to the insurer's limits of liability, the policy preamble, definitions, conditions and exclusions and everything detailed herein.

Unless otherwise stated in the schedule document, the following provisions shall also apply as well:

The total insurance benefits which will be paid in respect of each Chapter or extension or cover detailed hereunder in this policy – if specified as being valid – jointly and severally (as the case may be), shall not exceed the insurer's limit of liability for each Chapter, extension or cover (as the case may be).

For this matter, the limit of the insurer's liability shall be defined as follows: unless otherwise specified in the schedule document, the sum noted for that policy Chapter or extension or cover, if at all, and if not noted - no more than the sum insured or limit of liability (as the case may be) noted in the policy for the Chapter which includes the extension or cover.

In any event, the insurer's limits of liability shall not exceed the actual damage which is covered under any Chapter or extension or cover (as the case may be), and shall not be deemed agreed indemnification sums.

The insurer's limits of liability in regard to any extension or cover, which are included in the policy insurance cover Chapters are included in the insurer's limits of liability in regard to the Chapter which includes the extension or cover (as the case may be), and are not in addition thereto.

In order to obviate doubt, the insurance cover under each of the policy Chapters and under any extension or cover (as the case may be), shall take effect only if the schedule and/or specification note that the insurance cover in regard thereto is valid.

The preamble and the definitions, exclusions as well as the general conditions, the proposal and schedule which are annexed hereto constitute an integral part of this policy and apply to everything detailed therein, unless expressly amended in the extension and/or schedule (as the case may be).

PART TWO: GENERAL DEFINITIONS FOR ALL PARTS OF THE POLICY

1. Unless otherwise stated, the definitions detailed hereunder refer to all parts of the policy as well as all the policy Chapters and without derogating from the generalities of the aforementioned, including any extension and/or cover, insofar as valid in the schedule.
 - 1.1 **The insured**
The person or body, whose name, address and the substance of his Office are specified in the schedule.
 - 1.2 **Office**
The Office serving the insured's business, located at the address specified in the schedule.
 - 1.3 **The schedule/ specification**
The document which is attached to the policy, detailing inter alia, the insured's details, the covers, the insurance period, the sums insured/ limits of the insurer's liability, the deductibles and the insurance fees, which constitute an integral part of the policy, as well as any additions or amendments to the policy which are issued by the insurer and shall constitute an integral part thereof.
 - 1.4 **Boundaries of the State**
The boundaries of the State of Israel and the Territories administered by the IDF; the territories of Israeli settlements, except areas within the Palestinian Authority;

The areas of Israeli settlements and IDF bases and/or posts within the Autonomy (areas 'B' and 'C') shall be deemed areas held by the IDF for the purpose of this policy.

Without derogating from the aforementioned, this policy shall also apply within the areas as defined in the Law for Implementation of the Peace Contract between the State of Israel and the Hashemite Kingdom of Jordan 5755 – 1995.
 - 1.5 **The insured event**
As defined in each of the policy Chapters.
 - 1.6 **Family member**
The insured's spouse or the insured's shareholders and their spouses, including their children and parents, as well as any person who permanently resides with the insured.
 - 1.7 **Employee**
A person in the insured's direct service, in its business and occupation, as noted in the schedule, who receives his salary from the insured.
 - 1.8 **The insurance proposal**
The proposal form completed and signed by the insured, which includes the information which constitutes the basis for the insurance contract as well as the basis for arranging the policy. The proposal form, its addenda and any additional information provided by the insured in writing to the insurer constitute an integral part of the policy.

- 1.9 **The policy**
The insurance contract between the insured and the insurer, the schedule/ specification document, as well as any endorsement and/or addendum attached to the policy, including the insurance proposal.
- 1.10 **The insurance period**
The insurance period specified in the schedule.
- 1.11 **Currency**
The currency stated in this policy is New Israeli Shekels and is noted in the policy as NIS.
- 1.12 **Index**
The Consumer Price Index published by the Central Bureau of Statistics, unless another index is expressly specified in the policy.
- 1.13 **Insurance fees**
The premium and fees specified in the schedule.
- 1.14 **Deductible**
The sum specified in the schedule or any other determination as specified in the schedule, which the insured will bear out of the insurance benefits and/or the indemnification sum to be paid and the expenses incurred by the insurer, in accordance with each Chapter and/or each extension and/or cover and/or specific risk - insofar as noted as valid is in the schedule - and this, in respect of each insured event separately.

Whatsoever appearing in this paragraph is in accordance with and subject to paragraph 9.20 of Part Five – General Conditions for all the Policy Chapters hereunder.

PART THREE: GENERAL EXCLUSIONS FOR ALL PARTS OF THE POLICY

2. Unless otherwise specified in the schedule, the insurer will not pay any insurance benefits and/or will not indemnify the insured and/or any other party - including any third party and/or employee – in respect of and/or in connection with an insured event which is caused or emanates from, directly or indirectly, as a result of everything detailed hereunder and/or by it and/or in connection with all the following:
 - 2.1 The insurer will not pay any insurance benefits and/or indemnification sums in regard to an insured event caused or emanating, directly or indirectly, from or by:
 - 2.1.1 Any nuclear material, including warfare nuclear material, ionizing radiation and/or radioactive contamination of any type, including from nuclear fuel and/or nuclear waste and/or combustion of nuclear fuel. For the purpose of this paragraph only, combustion shall include any self-sustaining process of nuclear fission.
 - 2.1.2 Loss, damage, financial cost, liability of any type, caused directly or indirectly and/or in connection with the circumstances detailed hereunder, irrespective of any other reason and/or event which contribute the causing of the damage, whether simultaneously or at any stage of the damage:
 - 2.1.2.1 War, invasion, act of a foreign enemy, hostilities and/or quasi-warlike actions (whether war is been declared or not).
 - 2.1.2.2 Civil war, insurrection, riots, civil commotion amounting to popular uprising, military insurrection, rebellion, revolution, usurpation of power by the military, declaration of military rule and/or siege and/or any activity which constitutes declaration or existence of martial law.
 - 2.1.2.3 Confiscation, nationalization, expropriation and/or destruction and/or damage to property, by or at the order of a government and/or national or municipal authority.
 - 2.1.2.4 Any act of terrorism - for the purpose of this paragraph "act of terrorism" shall mean: an act which includes, however is not limited to use of force, violence, the use of any weapon - including atomic, chemical or biological, weapons of mass destruction - destruction, disruption and/or subversion of any communication and information system and/or infrastructure and/or whomsoever is included therein; sabotage or use of any other means in order to cause damage of any type, whether intentionally or unintentionally; or any threat to initiate any of the actions noted above by any person or group/s, whether acting alone or on behalf of- or in connection with any organization formed for political, religious, ideological or similar purposes, including the intention to influence or any government, or to intimidate the public or any part thereof.
 - 2.1.2.5 Any unorganized or uncontrolled act, or violent act perpetrated for the benefit of the person performing same (e.g.: robbery, vandalism, destruction, looting, theft, etc.), which is caused by one of the things detailed in this paragraph by citizens, government officials or soldiers.

It should be emphasized that this exclusion 2.1.2 also excludes loss or damage, cost or financial expenditure of any type, caused directly or indirectly, or in connection with any act which is performed in connection with supervision, prevention, suppression or minimization in any way of any act noted in paragraphs 2.1.2.1 -2.1.2.5 above (inclusive) and referred to above.

Invalidity or nullification or a determination regarding inability of implementation in regard to any part of exclusion 2.1.2 shall not affect the integrity and validity of the other parts of the exclusion.

2.1.3 Riots, commotion, violent strikes or lockouts and labor disputes.

2.1.4 Environmental pollution of any type.

2.1.5 Damage caused due to construction by means of the method known as PaKal.

2.2 Consequential loss

2.3 Loss and/or damage and/or any liability in connection with and/or in respect of loss or damage, which are sustained by the property and/or electronic data of the insured and/or any third party as a result of destruction, distortion, erasure, vandalism, defacement or modification of electronic data for any reason (including, however not limited to a computer virus), or loss of use, diminished function, information leakage, cost, expense of any type or kind emanating therefrom - and this, regardless of any other cause or occurrence which may contribute to the loss simultaneously or in any other chain of developments.

'Electronic data' shall mean - facts, concepts and information which were converted into a form which may be used for communications, interpretation or processing by means of electronic or electromechanical data processing equipment, or by means of electronically controlled equipment; including computer programs, software and other coded data processing instructions and handling or management and handling of equipment of this type.

'Computer virus' shall mean - a code or system of corrupting, damaging or otherwise unauthorized instructions, including a system into which an unauthorized code or programmatic or other instructions have been maliciously inserted, which disseminate themselves by means of computer systems or computer network of any type. A computer virus includes, however, is not limited to 'Trojan horses', 'worms' and 'time bombs' or 'logic bombs'.

Notwithstanding whatsoever appearing in this exclusion, the policy shall cover physical damage to the contents insured under the First Chapter of the policy, which occurs in the course of the insurance period, in the event that the damage is caused by one of the covered risks included in this Chapter, even if the damage type is included in this exclusion.

2.4 Abandoning/ leaving the insured property, in full or in part, for any reason (including due to damage caused thereto) without effective, constant and continuous supervision, unless the insured property is in the business, on the premises of the insured's house or in a closed and locked warehouse; or where the abandoning is due to a real (non-criminal) security risk to human life.

In addition, the insurance shall not cover damage and/or loss and/or liability and/or any expense in respect of and/or in connection with property which as abandoned as aforementioned.

- 2.5 A malicious and/or intentional act and/or their result, which are committed by the insured or a member of his family and/or whomsoever received possession in the insured's property and/or the beneficiary and/or whomsoever on their behalf and/or in coordination with them and/or with their consent and/or with prior knowledge of all the parties detailed in this exclusion above in regard to malicious intent and/or an intentional act of another and failure to initiate reasonable measures to thwart the act;

Without derogating from the generalities of the aforementioned, including when the insured acts with gross negligence, which is accompanied by *mens rea* of recklessness or indifference, and his act causes the occurrence of the insured event.

- 2.6 Loss and/or damage and/or deficiency, in respect of which the insured has the right to compensation under the Property Tax and Compensation Fund Law, 5721 - 1961, even if this right is prevented due to non-compliance with any of the provisions of the aforementioned law.

- 2.7 An insured event or loss or damage occurring outside the boundaries of the State.

- 2.8 Loss or damage to the insured's property, while located in a vehicle, vessel or aircraft.

- 2.9 Pandemic / Corona (Covid 19) exclusion
Any loss, damage (including pure financial damage, physical damage, mental damage), any liability, expense of any type (including preventive expense), fines, penalties or any other sum (hereinafter "**damage**"), caused directly and/or indirectly and/or in connection with and/or as a result of any of the following - whether or not same actually occurred - including if the damage resulted from a fear or threat of the following:

2.9.1 Infection, disease, infectious disease, virus, or bacterium or microorganism (whether asymptomatic or not);

2.9.2 The Corona virus (COVID 19) including any mutation or variation thereof;

2.9.3 A pandemic declared by the World Health Organization or by another government authority.

The burden of proving that the circumstances specified in the aforementioned pandemic exclusion are fulfilled shall rest upon the insurance company.

- 2.10 Sanctions exclusion
The Insurer shall be exempt of its liability under this policy, were recognizing insurance cover or payment of a claim or insurance benefits under the policy conditions will expose the Insurer to a sanction, prohibition or restriction of any type (hereinafter a "sanction"), including trade or economic sanctions by virtue of resolutions relating to United Nations sanctions, or by virtue of acts, regulations or laws related sanctions by the United Nations, European Union, United Kingdom or United States of America.

PART FOUR: THE COVER CHAPTERS

First Chapter: All Risks and Ancillary Risks Insurance

3. In the event that schedule notes that the First Chapter – All Risks and Ancillary Risks Insurance - is valid, subject to the policy preamble, definitions, exclusions and general conditions and this Chapter hereunder, the insurer shall indemnify the insured in respect of an insured event as defined hereunder, which occurs within the boundaries of the State and during the insurance period, in accordance with all the following:
 - 3.1 Special definitions for the First Chapter
Without derogating from the General Definitions of the Policy, this Chapter shall also be subject to the following definitions. Insofar as a contradiction exists between the General Definitions of the policy and the definitions hereunder, the following definitions shall apply:
 - 3.1.1 Building
The Office building including the building annexures and the insured's proportionate share in the common property, in which the insured has an interest as the owner or tenant which is noted as insured in the schedule.
 - 3.1.2. Contents
Any contents located in the building, including other property used for the purposes of the Office, while in the building which is noted in the schedule as insured.
 - 3.1.3 Natural damages
Loss or damage caused by one or more of the following causes:
 - 3.1.3.1 Storm and tempest
Damage caused by storm, tempest, stormy winds or stronger winds, cloudburst.
 - 3.1.3.2 Flood
 - 3.1.3.2.1 Overrunning the banks or normal height of a sea, lake, river, creek, wadi, well, or other liquid source/ reservoir.
 - 3.1.3.2.2 Accumulation or flow - on the ground surface or underground - of rainwater or snow or other liquids outside of their normal flow channels.
 - 3.1.3.3 Snow and hail
Damage caused to the building due to falling hail (and to the contents - only if it occurring after damage to the building) and/or damage caused by overload due to accumulation of snow or hail, except for leakage of snow or hail or their water through walls or ceilings.

Exclusion to the insurer's liability in regard to natural damage cover

Unless otherwise stated in the schedule document, the cover for natural damages shall not apply to loss or damage to the insured property, which is caused, directly or indirectly, due to faulty gutters.

- 3.1.4 Earthquake, tremor, volcanic eruption, underground fire, including fire caused thereby, as well as a Tsunami. A loss or damage occurring within a period of 48 consecutive hours after an earthquake was first registered, shall be deemed a single insured event.

Exclusion to the insurer's liability in regard to earthquake cover

Unless otherwise noted in the schedule, the cover for earthquakes shall not apply to loss or damage to the insured property, which is caused directly or indirectly, by theft in the course of- or following an earthquake.

- 3.1.5 Burglary and robbery
Burglary, robbery or any attempt thereat

- 3.1.5.1 "Burglary" shall mean theft of the insured property from the Office, which is perpetrated in one of the following ways:

3.1.5.1.1 By intruding – forcefully and violently - into or from the Office, where such intrusion left visible signs indicating use of force and/or violence.

3.1.5.1.2 Entering while using the business keys which are illegally obtained.

Without derogating from the generalities of whatsoever appearing in condition 9.6 of Part Five (General Conditions for all the Policy Chapters), a measure for mitigating the insurer's risk regarding this cover is the insured has ensuring that the keys (and copies of the keys) to the openings of the site containing the insured contents - including to safes, security rooms and all alarm systems - are removed from the insured site during the night, weekends and holidays, and at any other time when the Office is closed for business.

- 3.1.5.2 "Robbery" shall mean theft of the insured property after intrusion into the Office, using violence or the threat of violence against the insured and/or whomsoever of its employees.

- 3.1.5.1.3 The insurance for the risk of burglary and robbery shall not cover loss or damage caused by:

3.1.5.1.3.1 Caused by the insured, an employee of the insured or by any other person who is permitted to be in the Office on behalf of the insured, or in cooperation with whomsoever of the aforementioned;

3.1.5.1.3.2 Caused to the insured property while located outside a closed and locked building, or when the insured property is not accompanied by the insured, one of its employees or whomsoever on its behalf.

Part A of the First Chapter – Building and Contents Insurance

- 3.2 In the event that schedule notes that Part A of the First Chapter – Building and Contents Insurance - is valid, subject to the policy preamble, definitions, exclusions and general conditions and this Chapter and Part hereunder, the insurer shall indemnify the insured in respect of an insured event as defined hereunder, which occurs within the boundaries of the State and during the insurance period, in accordance with all the following:
- 3.2.1 Definitions for Part A of the First Chapter – Building and Contents Insurance
Without derogating from the definitions of the General Definitions of the Policy and/or of the First Chapter, this Part shall also be subject to the following definitions.
- Insofar as a contradiction exists between the General Definitions of the policy and/or of the First Chapter and the definitions hereunder, the following definitions shall apply:
- 3.2.1.1 The insured event
Accidental, physical, random and unforeseen loss or damage, for any reason whatsoever, which is caused in the course of the insurance period, to the insured property while at the Office.
- 3.2.1.2 The insured property
The building and/or contents insured under Part A of the First Chapter – as the case may be and as detailed in the schedule.
- 3.3 Exclusions to the Par A of the First Chapter – Building and Contents Insurance
Without derogating from whatsoever appearing in Part Three of the policy (General Exclusions to all parts of the policy) above, and unless otherwise specified in the schedule, the insurer will not indemnify the insured and will not pay any insurance benefits under Part A of the First Chapter, in respect of or in connection with an insured event which is caused by or arises from – directly or indirectly - in connection with all the following:
- 3.3.1 Loss or damage to any electrical machine and device, or to any part of an electrical installation, caused by or as resulting from: overvoltage, overload, short circuit, electric arc and self-heating caused by any reason whatsoever, provided that this limitation shall apply only to that electrical machine, that device or that part of the electrical installation which is damaged as aforementioned - and not on other machines, devices or electrical installations which are damaged by fire which breaks out from that machine, that device or that electrical installation.
- 3.3.2 Loss and/or damage to the following property:
- 3.3.2.1 Art works in a sum exceeding NIS 20,000.
- 3.3.2.2 Precious stones and precious metals in a sum exceeding 5% of the sum insured for the contents.
- 3.3.2.3 Securities, negotiable instruments, credit letters, stamps, money, coins, credit cards, fuel and other vouchers, checks and other means of payment and guarantees.

- 3.3.2.4 Motor vehicles, motorized vehicles used for travel, vessels and aircraft.
- 3.3.2.5 Explosives including fuses, detonators, sabotage substances, weapons, ammunition, bombs, shells, etc.
- 3.3.2.6 Signs, windshields and display windows.
- 3.3.3 Loss or damage resulting from land subsidence and slides, as well as damage caused to water sources (including groundwater), including to bodies of water.
- 3.3.4 Loss or damage to property, which at the time of the damage was covered by marine or aviation insurance, which is arranged by the insured or on its behalf, except for any sum in excess of the sum insured under the marine or aviation insurance policy or policies.

In the event that the cover under such marine or aviation insurance is canceled due to this insurance, this exclusion shall not apply.
- 3.3.5 Loss and/or disappearance and/or deficiency in the course of a stock count and/or deficiency which cannot be attributed to a accidental physical, random and unforeseen event.
- 3.3.6 Loss and/or damage resulting from embezzlement, theft, dishonesty of malicious act by the insured's employee and/or with their knowledge.
- 3.3.7 Loss and/or damage caused by mechanical breakdown and/or malfunction, improper mechanical operation, electronic damages.
- 3.3.8 Loss or damage caused by depreciation, wear, gradual deterioration of any type, including a process of heating, drying or production.
- 3.3.9 Loss and/or damage resulting by rodents, moths, insects, worms, aphids, moisture, mold, dryness, rusting, causes having a gradual effect, normal weather conditions, or from any inherent vice in the insured property or which existed prior to inception of the policy.
- 3.3.10 Loss and/or damage caused to the insured property while in the process of cleaning, production, erection, running-in, repair, renovation or service, or as a result of the aforementioned processes.
- 3.3.11 Scratches or grooves on any polished or painted surface.
- 3.3.12 Loss and/or damage to and/or of information stored in various type of communications hardware, including hardware used for data storage, documents, maps, plans, recording and photographic films, discs, diskettes and other data storage means.
- 3.3.13 Expenses for the restoration of documents and/or information of any type.
- 3.3.14 Loss or damage as a result of natural damages and/or earthquake.

- 3.3.15 Loss and/or damage caused due to defective or improper planning, materials or workmanship.
- 3.3.16 Loss and/or damage of any type to glass, ceramics and porcelain caused by breakage in a sum/s exceeding 5% of the sum insured for the contents and all damages occurring in the course of the insurance period.
- 3.3.17 Theft of the personal belongings of the insured or its employees.
- 3.3.18 Loss and/or damage caused due to a layup in the supply of electricity and/or water and/or gas.

3.4 Extensions to Part A of the First Chapter

The following extensions shall apply subject to the preamble, definitions, exclusions and general conditions of the policy and in this chapter – only in regard to the property insured under this Part.

3.4.1 Alternative housing

If noted in the schedule that Part A of the First Chapter includes cover for the building, then the insurer shall indemnify the insured in regard to:

3.4.1.1 Additional reasonable lease and/or management fees actually paid by the insured for alternative housing if, as a result of an insured event which covered under Part A of the First Chapter, the building becomes unfit for use.

3.4.1.2 Lease fees and/or management fees and/or operating expenses in accordance with the lease contract, insofar as actually required of the insured in the course of the lease period, paid by the insured for the building held by it in the framework of a lease, which is out of use as a result of an insured event which is covered under Part A of the First Chapter, provided that the insured is not required to pay for the alternative housing.

3.4.1.3 Where the insured is the owner / lessor of the premises - the annual rental cost for the Office building, which the insured will not be entitled to receive from the lessee of the building and/or from any third party due to an insured event which is covered under Part A of the First Chapter.

The insurer's liability under this extension shall not exceed 10% of the sum insured for the building or contents, whichever is higher, or the cost of the lease fees for a period of up to 12 months – the lower of the two.

In any event, the insurance benefits paid by the insurer under this extension, shall not exceed the value of the lease fees and/or management fees and/or operating expenses for a similar building - in type, size and space, as well as in terms of the area where the damaged building is located.

The basis of the calculation for this extension will be pro-rata to the period in which the building was unfit for use as a result of the insured event.

3.4.2 Removal of debris

If noted in the schedule that Part A of the First Chapter includes cover for the building and/or if the contents of the Office is insured – in regard to the building and/or contents (as the case may be), the insurer shall indemnify the insured in regard to reasonable sums which are required and actually paid by the insured for demolition, cleaning and removal of debris, of the building or contents (as the case may be).

The insurance benefits under this paragraph shall only be paid if the aforementioned activities are performed following damage which results from an insured event which is covered under Part A of the First Chapter, or activities which are intended to prevent an imminent insured event.

The insurer's liability under this extension shall not exceed 10% of the sum insured for the building and/or the contents as the case may be, unless another sum is specified in the schedule in this respect.

3.4.3 Architects' and engineers' fees (if the building is insured)

If noted in the schedule that Part A of the First Chapter includes cover for the building, the insurer shall indemnify the insured for reasonable expenses in regard to fees of architects, engineers, surveyors and inspectors for assessments, plans, measurements, supervision and oversight for restoration of the building, which are actually paid by the insured in the event of reinstatement following an insured event.

The insurer's liability under this extension shall not exceed 10% of the sum insured for the building, unless another sum is specified in the schedule.

It should be clarified that this extension shall not cover claim preparation expenses.

3.4.4 Additional insurance

The insurance under Part A of the First Chapter shall cover - in addition to the sums insured for the building and contents, however no more than 10% thereof - additions to the building or contents, and this for 30 days from inception of the construction, installation or the addition of the additions to the building or contents.

The insured undertakes to notify the insurer before 30 days elapse as aforementioned in regard to the additions.

After 30 days, in exchange of the payment or the insured's undertaking to pay additional insurance fees (if at all), the insurance shall also apply to the aforementioned additions until the end of the insurance period specified in the schedule.

3.4.5 Reinstatement of the sum insured

Further to whatsoever appearing in condition 9.25 of the General Conditions of the Policy (reduction of the sum insured following a damage), at the insured's request and in consideration of an additional pro-rata insurance fees, the sum insured shall be reinstated following a loss or damage, as and from the actual reinstatement of the damage.

Whatsoever appearing in this extension shall not apply to the risks of theft, burglary, robbery, malicious acts, as well as any risk for which it is determined in the policy that the cover in regard thereto shall apply on a first loss basis and/or is not subject to underinsurance - for which this condition shall not apply.

3.4.6 Audit paragraph

In the event of a claim for damage in a sum not exceeding 10% of the sum insured under Part A of the First Chapter, the insurer will make do with the insured's declaration in regard to the value of the undamaged property, all for the purpose of calculating underinsurance conditions.

3.4.7 Accidental breakage of signs, windshields and display windows

Notwithstanding whomsoever appearing in exclusion 3.3.2.6 (loss or damage to signs, windshields and display windows), the insurer shall indemnify the insured for accidental damage to signs, windshields and display windows which constitute part of the building.

The insurer's liability under this extension shall not exceed 5% of the sum insured for the building or contents, the higher of the two, however, no more than NIS 20,000, unless otherwise noted in the schedule.

This extension shall not cover damage caused as a result of climatic effects, mechanical breakdown or electrical breakdown, and without derogating from the generalities of the aforementioned, including whatsoever is excluded under exclusion 3.3.1 (loss or damage to a machine or electrical device as a result of voltage, overload, etc.).

3.4.8 Value Added Tax

In the event that the insured is responsible for a building and/or contents which are not owned by it, and on the condition that the owner of such building and/or contents may not deduct VAT in respect of such building and/or contents, which were damaged as a result of an insured event which is covered under this Part - the insured shall receive indemnification including the required VAT.

3.4.9 Burglary of the building

In the event that the building is not insured and the building is not insured under a separate policy, the insurance under Part A of the First Chapter shall also cover damage caused to the building during a burglary or attempted burglary or theft.

The insurer's liability under this extension shall not exceed NIS 8,000. This extension is on a first loss basis which is not subject to underinsurance conditions.

3.4.10 Improved accommodation

In the event that the building is not insured under this policy, the insurance under this chapter shall cover loss or damage to investments in improvements, modifications and installations performed by the insured in the building, caused as a result of an insured event which is covered under this part.

The insurer's liability under this extension shall not exceed 5% of the sum insured for the contents or NIS 10,000 - whichever is higher.

3.4.11 Property of public authorities

The definition of the insured property, the building/ contents (as the case may be) includes property of public authorities such as Bezeq, the Israel Electric Corporation and municipality, which is located on the insured's premises and intended for its use, and for which the insured is responsible in the event of loss or damage due to an insured event which is covered under this part.

3.5 Special extensions only in regard to the contents insurance

The following extension shall apply subject to the preamble, definitions, exclusions and general conditions of the policy and this chapter, only in regard to the contents insured under this Part.

3.5.1 Property belonging to employees

Contrary to whatsoever appearing in exclusion 3.3.17 of the exclusion to Part A of the First Chapter (exclusion regarding theft of personal belongings of the insured and/or its employees), the insurance under this extension shall cover an insured event caused by an insured risk, involving the clothing and personal belongings of the insured and/or its employees, while at the Office.

In order to obviate doubt, it is clarified that this extension shall not apply to valuables, money, jewelry, watches, glasses, mobile phones and laptop computers/

The insurer's liability under the extension shall not exceed 1% of the sum insured for the contents per person; and no more than 3% of the sum insured for the contents for the duration of the insurance period.

This cover is on a first loss basis which is not subject to underinsurance conditions.

3.5.2 Content outside the Office

The insurance under this extension shall also cover an insured event as a result of an insured risk, which is caused to the Office contents while temporarily outside the Office, provided that at the time of the insured event, the contents was inside massive buildings, within the boundaries of the State, for the purpose of renovation, repair, cleaning, renewal or inspections for a need related to the Office.

The insurer's liability under this extension shall not exceed 10% of the sum insured for the contents per occurrence and for the entire insurance period, unless otherwise stated in the schedule.

It is hereby emphasized that the insurance for contents outside the Office shall not cover loss or damage caused to such contents due to theft not in the framework of burglary.

3.5.3 Bicycles

The insurance under this extension shall also cover an insured event as a result of an insured risk, involving non-motorized bicycles, owned by the insured, which occurs inside the Office, or during use for the needs of the Office outside the Office.

The insurance under this extension shall not cover loss or damage caused to the bicycles while outside the Office as a result of the risks of theft, burglary and malicious damage.

3.5.4 Document restoration

Notwithstanding whatsoever appearing in exclusion 3.3.13 of the exclusions to Part A of the First Chapter (exclusion regarding expenses for document and information restoration), the insurance under this extension shall cover reasonable expenses actually incurred for the restoration of documents, cards and accounting books as a result of an insured event involving the property detailed in this extension.

The insurer's liability under this extension shall not exceed 10% of the sum insured for the contents, unless otherwise stated in the schedule.

3.5.5 Money

Notwithstanding whatsoever appearing in in exclusion 3.3.2.3 in the exclusions to Part A of the First Chapter (exclusion in regard to securities, negotiable documents, etc.), the insurance under this extension shall also cover an insured event as a result of a risk which is insured under Chapter Two - Money Insurance hereunder - and the cover conditions for this extension and its exclusions shall apply as detailed in Chapter Two (even if cover is not purchased separately under Chapter Two).

The insurer's liability under this extension shall not exceed 5% of the sum insured for the contents.

3.5.6 Property in transit

The insurance under this extension shall also cover loss or damage to the insured property while in transit anywhere within the boundaries of the State, only in regard to the risks of fire, lightning and explosion.

The insurer's liability under this extension shall not exceed 10% of the sum insured for the contents.

3.5.6.1 Where the insured property is insured while in transit against the risks of fire, lightning and explosion under another policy in the name of the insured or in its favor, the cover under this extension shall apply as an excess sum, in excess of the indemnification/compensation due to the insured under the other policy.

3.5.6.2 In the event that at the time of a covered loss or damage, the insured property is covered under marine or aviation insurance which was arranged by the insured or in its favor, and the cover under the aforementioned marine / aviation insurance is canceled due to the existence of this insurance, whatsoever appearing in paragraph 3.5.6.1 above shall not apply.

3.5.7 Digital information restoration

Notwithstanding whatsoever appearing in exclusion 2.3 of the general exclusions to the policy (electronic data exclusion), and notwithstanding whatsoever appearing in exclusion 3.3.13 of the exclusions to Part A of the First Chapter (exclusion in regard to expenses for document and information restoration), the insurance under Part A of First Chapter is extended to cover reasonable expenses actually incurred for restoration of data and software as a result of damage caused to the contents due to an insured event which is covered under this Part.

Without derogating from the policy exclusions, this extension shall not cover an insured event which occurs and/or is aggravated due to defects originating from programming, punching, sorting, retrieval, set-up, as well as from changes, replacement or cancellation of records.

Measures to mitigate the insurer's risk in connection with this extension shall be:

3.5.7.1 Maintaining backups of the information and software in a quantity according to procedures established by the insurer. In the event that backup procedures have not been established by the insurer, then the insured shall keep at least one daily backup and one weekly backup (alternating), three full backup copies - two per week and one per month before each given date – to be located in a separate building, other than the building where the computer is located, and outside to the premises, in a closed and locked storage place.

3.5.7.2 The other backups shall be kept physically separated from the computer, and will be located outside the computer room in a closed and locked storage place.

The insurer's liability under this extension shall not exceed NIS 20,000 or 5% of the sum insured for the contents - whichever is lower.

3.6 Additional covers

If explicitly noted in the schedule, the covers detailed below shall apply subject to the preamble, definitions, exclusions and general conditions of the policy and this chapter, and only in regard to the property insured under this paragraph.

3.6.1 Natural damages

If explicitly noted in the schedule that the cover for natural damages is valid in regard to the building and/or contents (as the case may be), then contrary to whatsoever appearing in paragraph 3.3.14 of the exclusions to Part A of the First Chapter (exclusion in regard to loss or damage as a result of natural and/or earthquake damage), the policy shall cover natural damages as defined in definition 3.1.3 above, and this in regard to the building and/or contents detailed in the schedule as covered against this additional risk, subject to whatsoever appearing above and hereunder.

3.6.2 Natural and earthquake damage

If explicitly noted in the schedule that the cover for natural and earthquake damages is valid in regard to the building and/or contents (as the case may be), then contrary to whatsoever appearing in paragraph 3.3.14 of the exclusions to Part A of the First Chapter (exclusion in regard to loss or

damage as a result of natural and/or earthquake damages), the policy shall cover natural and earthquake damages as defined in definitions 3.1.3 and 3.1.4 above (respectively), and this in regard to the building and/or contents specified in the schedule as covered against this additional risk, subject to whatsoever appearing above and hereunder.

3.6.3 Cover in regard to terror damages

If explicitly noted in the schedule that the cover for terror damages is valid, then notwithstanding whatsoever appearing in paragraph 2.1.2.4 of Part Three - general exclusion to all parts of the policy (terror exclusion), the insurance shall also cover an insured event caused to the building and/or contents which are specified in the schedule as covered against this risk, subject to the preamble, definitions, exclusions and general conditions of the policy, as well as subject to everything stated in Part A of the First Chapter and everything detailed below.

3.6.3.1 Special definitions for this additional cover

Without derogating from the general definitions of the policy and/or of the First Chapter and Part A of the First Chapter, the following definitions shall also apply to this chapter.

Insofar as a contradiction exists between the general definitions of the policy and/or of the First Part And of Part A of the First Chapter, and the following definitions, the following definitions shall apply:

3.6.3.1.1 Act of terrors

An act and/or acts, for which approval is obtained as defined hereunder, which include illegal use of violence, and:

3.6.3.1.1.1 Are carried out for the purpose of promoting political objectives, and are intended to intimidate or compel a government, people or persons to change their behavior or policies, whether or not same are performed in the name of or in connection with a hostile organization;

3.6.3.1.1.2 Were performed for the purpose of advancing the uprising known as the "Intifada";

3.6.3.1.1.3 Including actions carried out by an authorized legal authority for the purpose of suppressing, reducing or preventing the results of a act of terror in accordance with paragraphs 3.6.3.1.1.1-3.6.3.1.1.2 above.

- 3.6.3.1.2 Insured event
Loss or physical damage to the insured's tangible property, resulting directly or indirectly from a act of terror.
- 3.6.3.1.3 Confirmation
Explicit confirmation by the Israel Police or the Ministry of Defense or the Director of Property Tax and Compensation Fund, in accordance with the Property Tax and Compensation Fund Law, 5721 1961 including all its amendments (hereinafter the "Property Tax and Compensation Fund Law"), confirming that the damage was caused directly or indirectly as a result of an act of terror.
- 3.6.3.1.4 Hostile organization
An organization, entity, person or group of persons involved in act of terrors, and without derogating from the generalities of the aforementioned, including entities known as "Hamas", "Hezbollah" and "Al Qaeda".

3.6.3.2 The insurer's liability under this cover is limited to the sum of the difference between the insured sum for the insured property (and if the insurance is based on an "estimated value", the reinstatement value conditions of the general conditions shall apply accordingly) and the compensation sum due to the insured by virtue of the Property Tax and Compensation Fund Law.

3.6.3.3 The insurer shall not be responsible for any sum which is due to the insured by virtue of the Property Tax and Compensation Fund Law, which was not paid to the insured by the Property Tax and Compensation Fund, due to non-compliance with the provisions of any of the Property Tax and Compensation Fund Law ,or since the claim was not submitted to the Property Tax and Compensation Fund.

3.6.3.4 The scope - this additional cover will be based on:

- 3.6.3.4.1 The full sum insured subject to underinsurance conditions;

Or

- 3.6.3.4.2 On a first loss basis;

All as detailed in the schedule.

3.6.3.5 Special exclusions to cover for terror damages
Without derogating from whatsoever appearing in Part Three of the policy (general exclusions to all parts of the policy); and without derogating from whatsoever appearing in paragraph 3.3 above (exclusions to Part A of the First Chapter - insurance in regard to building and contents), and unless otherwise stated in the schedule

document, the insurer shall not indemnify the insured and will not pay any insurance benefits under this cover, in respect of or in connection with an insured event which is caused or arises, directly or indirectly, in connection with all of the following:

3.6.3.5.1 Burglary, robbery or theft not in the course of burglary or robbery, or malicious damage in the course of burglary and/or theft, unless during and/or immediately following and as a result of an insured event which is covered under this additional cover.

3.6.3.5.2 Consequential loss and/or consequential damage, and without derogating from the generalities of the aforementioned, including loss of profits of any type, which the insured will incur as a result of and/or in connection with the risks insured under this additional cover.

3.6.4 Cover for portable equipment while outside the Office address
(This paragraph shall not apply to portable electronic equipment, unless cover for portable electronic equipment is purchased):

If expressly noted in the schedule that a mobile / portable equipment item (hereinafter "portable equipment") as defined hereunder, is covered while outside the Office, the insurance under this chapter shall be extended to cover same also in regard to an insured event caused to it while located outside the Office.

Special definition for this additional cover:

"Portable equipment": equipment whose definition, features and construction is intended to be operated while being shaken, outside a building.

3.6.4.1 Unless otherwise noted in the schedule, the insurer shall not provide compensation under this additional cover:

3.6.4.1.1 Loss or damage caused to portable equipment while located outside the Office, without the supervision or oversight or without regular guarding by the insured or whomsoever on its behalf, unless the equipment is locked in a building and provided signs remain indicating forced entry into the building or forced exit from the building.

3.6.4.1.2 Loss and without derogating from the generalities of the aforementioned, loss and/or damage which is unexplained and/or which cannot be attributed to any sudden event.

- 3.6.5 Cover under the Reinstatement Value Paragraph
If explicitly noted in the schedule in regard to the building and/or the contents that the Reinstatement Value Paragraph is valid in regard thereto (as the case may be), the following provisions shall apply subject to the preamble, definitions, exclusions and general conditions of the policy and subject to everything appearing in Part A of the First Chapter and all the following:
- 3.6.5.1 In regard to a covered damage, which causes damage to the property insured under Part A of the First Chapter (building and contents insurance), the insurer shall indemnify the insured for the cost of reinstatement or replacement of the same property or of property of the same type, nature or character, whose cost does not exceed the value of the property which is damaged – as new.
- 3.6.5.2 For the purpose of this paragraph, the term "reinstatement" shall mean: in the event that the property is completely destroyed – reinstatement or replacement by the insured; and in the event that the property is damaged - repair of the damage by the insured and returning the property to its condition, had the damage not occurred.
- 3.6.5.3 Special conditions:
- 3.6.5.3.1 In the event that the reinstatement cost based on the Reinstatement Value Paragraph exceeds the sum insured in the schedule for the building/ contents (as the case may be), if same are partly destroyed, then the insurer's liability shall be decreased and the insurance benefits will be paid partially only, according to the ratio between the sum insured and the reinstatement cost.
- 3.6.5.3.2 The insured must begin execution of the reinstatement work with reasonable dispatch and complete same within 12 months of the damage occurrence, or within an additional period of time, insofar as permitted by the insurer in writing before the end of the aforementioned period. Otherwise, the insurance benefits paid will not exceed the value of insurance benefits which would have been paid under this part, without the reinstatement value paragraph.
- 3.6.5.3.3 As long as the insured has not actually incurred the aforementioned reinstatement expenses, no insurance benefits will be paid in a sum exceeding that which would have paid under this part, without the reinstatement value paragraph.

- 3.6.5.4 The reinstatement value cover shall not apply:
- 3.6.5.4.1 In the event that the insured fails to inform the insurer, within 6 months after the damage, or another period – as permitted by the insurer in writing prior to the end of the aforementioned period – of its decision to reinstate the damage.
 - 3.6.5.4.2 In the event that the insured may not, cannot or is unwilling to reinstate the damage.
 - 3.6.5.4.3 In regard to damage caused by theft, robbery, burglary and damages covered under paragraph 3.6.6 hereunder (electronic equipment).

3.6.6 Electronic equipment

If the schedule explicitly states that the insurance for electronic equipment is valid, then the insurance under this chapter shall be extended to also cover same in regard to an insured event for electronic equipment cover as defined hereunder, which is caused to the electronic equipment while in the Office, subject to the preamble, definitions, exclusions and general conditions of the policy, as well as subject to everything apprising in Part A of the First Chapter and all the following:

- 3.6.6.1 Special definitions for electronic equipment cover
Without derogating from the General Definitions of the Policy and/or of the First Chapter and Part A of the First Chapter, this Chapter shall also be subject to the following definitions.

Insofar as a contradiction exists between the General Definitions of the policy and/or of the First Chapter and Part A of the First Chapter and the definitions hereunder, the following definitions shall apply:

- 3.6.6.1.1 The insured event
Accidental, physical and unforeseen loss or damage, which is caused in the course of the insurance period, to the insured property for any reason which is not excluded.
- 3.6.6.1.2 The insured property
The equipment specified in the schedule, while located in the Office, all while the equipment is at work, at rest, or while the equipment is being moved from place to place within the insured's premises. It should be clarified:

3.6.6.1.2.1 As long as the running-in period of an item has not yet ended, for the first time with the insured, that item will not be deemed insured property, and the insurance shall not apply to such item until the end of its running-in period.

3.6.6.1.2.2 In the event that for the purpose of electronic equipment insurance cover, the schedule notes that a certain item is portable, the insurance shall apply in regard thereto, subject to whatsoever appearing in paragraph 3.6.4 above (cover for portable equipment), while located anywhere within the boundaries of the State (as defined in the general definitions).

3.6.6.1.3 Total loss
The following shall be deemed a total loss of an insured item:

3.6.6.1.3.1 The item was completely destroyed or damaged to the extent that its repair is impossible.

3.6.6.1.3.2 The item is lost as a result of theft or another event which is covered by the policy.

3.6.6.1.3.3 The cost of repairing the damaged item exceeds or equals the value of an identical or similar item which may be purchased in its place.

3.6.6.1.4 Partial loss
Repairable damage at a cost which is lower than a total loss.

3.6.6.2 Special exclusions to the electronic equipment cover
Without derogating from the generalities of whatsoever appearing in Part Three of the policy (general exclusions to all parts of the policy) and without derogating from whatsoever appearing in paragraph 3.3 above (exclusions to Part A of the First Chapter – building and contents insurance) above, and unless otherwise stated in the schedule, the insurer will not indemnify the insured, nor will it pay any insurance benefits under this cover, due to or in connection with an insured event which is caused or arises, directly or indirectly, In connection with everything detailed hereunder:

- 3.6.6.2.1 Damage which is covered under Part A of the First Chapter (Building and contents insurance) above, only if noted in the schedule that the cover for electronic equipment is residual.
- 3.6.6.2.2 Defects or flaws which existed before inception of the insurance period, unless same were unknown to the insured at that time.
- 3.6.6.2.3 Failure or irregularity in service or public electricity supply.
This exclusion shall not apply to equipment items which are connected to the current source through a proper ON-LINE UPS (or other) voltage stabilizer.
- 3.6.6.2.4 Wear and tear, corrosion, rusting of any part of the insured property, either caused or resulted naturally from normal use or normal operation, or originating from gradual deterioration, or caused by scratching of painted or polished surfaces. This exclusion is limited to that part which is lost or damaged as a result of the aforementioned causes.
- 3.6.6.2.5 Any cause and factor which under the lawful responsibility of the person who produced or supplied the insured property, repaired it or is responsible under a contract for its maintenance. This, whether its responsibility is by law or by virtue of a contract or otherwise.

In the event that the aforementioned entity refutes its responsibility and the insured endorses to the insurer the warranty certificate which is in its possession - or any contractual right which it has against the

manufacturer, supplier, repairer or maintainer - the insurer will pay the loss or damage fees, insofar as same are covered under this policy.

- 3.6.6.2.6 Expenses associated with and related to correction and/or removal of operational defects, except for defects created as a result of another loss or damage which is covered by this policy.
- 3.6.6.2.7 Expenses associated with and related to repairs and/or periodic preventive servicing.
- 3.6.6.2.8 Expenses associated with and related to upkeep and maintenance of the insured equipment items. This exclusion shall also apply to parts which are replaced as part of upkeep and/or maintenance operations.
- 3.6.6.2.9 Loss or damage caused outside the Office, unless caused to mobile/ portable equipment which is specified as such in the schedule, and for which a mobile/ portable equipment extension is purchased.
- 3.6.6.2.10 Loss or damage to light bulbs, tubes, films, strips and other perishable accessories, oils and chemicals, unless caused subsequent to- and due to accidental damage to other parts of the insured property. In such case the indemnification for the aforementioned shall be limited to their remaining lifetime.
- 3.6.6.2.11 Aesthetic defects, unless caused subsequent to- and due to damage to other parts of the insured property which is covered by the policy.

3.6.6.3 Special conditions for electronic equipment cover

- 3.6.6.3.1 The basis for determining the sum insured for electronic equipment cover
The sum insured for electronic equipment shall be the cost of replacing the insured property with a new property of the same type and with the same output capacity. This cost includes: transport fees, set-up costs, levies and taxes (if applicable).

- 3.6.6.3.1.1 It is hereby clarified that this sum constitutes the basis for calculating the indemnification under this

cover. In regard to the indemnification – see paragraph 3.6.6.3.2 hereunder.

3.6.6.3.1.2 In the event that there is no new property on the market which is identical to the insured property, the sum insured will be the last price determined for the insured property - as new - by the authorized manufacturer's representative in Israel.

3.6.6.3.2 The basis for the calculation of the indemnification for electronic equipment cover
Upon the occurrence of loss or damage which is covered under this cover, the insurer, at its discretion, may choose one or more of the following compensation methods: indemnification, repair or replacement; all as detailed hereunder:

3.6.6.3.2.1 Compensation in the event of partial loss
In the event of partial loss, the insurer will indemnify the insured for all expenses necessary in order to return the damaged item to its operational condition prior to the event within a reasonable time to.

The insurer will also pay the costs for dismantling and reconstruction incurred in order to carry out the repairs, as well as the usual transport fees to the laboratory and levies, if any apply.

In the event that the repairs are carried out by the insured, the insurer will pay the cost of the materials and labor which are incurred in order to carry out the repairs. It should be clarified that the insurer will not pay for changes,

additions, improvements or general renovations which are carried out in the course of the repairs.

3.6.6.3.2.2 Compensation in the event of total loss
In the event of total loss, the insurer will pay the cost for purchasing a new, identical item. In the event an identical new item is no longer available, the insurer will pay the cost for purchasing a new item closest to the damaged item.

3.6.6.3.2.3 It is hereby clarified that in the event that a period of five years has elapsed since the date of first use of the equipment item which is was lost or damaged, or since the date when the item underwent a complete overhaul (the later of the two), wear and tear will be deducted from the insurance benefits, taking into account the condition of the insured property immediately prior to the date of occurrence of the insured event.

3.6.6.3.2.4 Expenses which are not included in the compensation
Compensation granted in regard to loss or damage to hardware shall not include costs for transportation or moving the insured property and/or costs for employing workers, insofar as such expenses are required in connection with activities outside the boundaries of the State. In addition, no expenses will be paid in regard to overtime work or work on Saturdays or holidays.

In the event that the insurer chooses to compensate the insured by way of repair or replacement, whatsoever appearing in paragraphs 3.6.6.3.2.1 – 3.6.6.3.2.4 (inclusive) above shall apply, mutatis mutandis.

3.6.6.3.3 Underinsurance
If, at the time of inception of the insurance, the sum insured specified in the schedule as "the sum insured for electronic equipment" is lower than the sum insured required in accordance with paragraph 3.6.6.3.1 above (basis for determining the sum insured for electronic equipment cover), the insurer's liability will be reduced pro-rata, and will be in accordance with the ratio between the sum insured specified in the schedule for "the sum insured for hardware" and the sum which should have been insured in accordance with paragraph 3.6.6.3.1 above (basis for determining the sum insured for electronic equipment cover).

This underinsurance condition shall apply separately to each item appearing in the list of the insured property.

3.6.6.3.4 Risk mitigation measures
Measures to mitigate the insurer's risk for the purpose of this chapter
Insofar as referring to internal loss or damage which is sustained by the insured property under this cover - the insured shall have a valid maintenance agreement with a computer/ electronic equipment maintenance company, or alternatively, the insured shall ensure proper maintenance of the insured property in accordance with the manufacturer's instructions.

3.6.7 Cover for restoration of data and software which are stored/ kept in electronic equipment items insured under paragraph 3.6.6 above (electronic equipment cover)
If explicitly noted in the schedule that the cover under Part A of the First Chapter is valid; and that the cover under paragraph 3.6.6 (electronic equipment) is valid; and if it is noted in the schedule that the cover for data and software restoration is valid, then, subject to the preamble, definitions, exclusions and general conditions of the policy – and subject to everything noted in Part A of the First Chapter, then the cover shall also apply in respect of an insured event to cover data and software restoration, as defined hereunder:

3.6.7.1 Definition of the insured event for data and software restoration cover
Loss or damage to the data and software which is stored/ kept/ located in electronic equipment items which are insured property according to paragraph 3.6.6 above, as a result of an insured event which is covered under the electronic equipment cover under paragraph 3.6.6 above.

In this matter, it should be clarified that:

3.6.7.1.1 The insurer shall indemnify the insured for the expenses of restoring the data and software, which are lost or damaged as a result of the insured event under the cover for data and software restoration as defined above, and this only where the restoration is actually carried out within the maximum period specified in the schedule for restoration, which shall commence on the date of the insured event.

3.6.7.1.2 In the event that the maximum period for restoration is not specified in the schedule, then the restoration period will be 6 months from the date of occurrence of the insured event.

3.6.7.2 Special exclusion to cover for data and software restoration
Without derogating from whatsoever appearing in Part Three of the policy (general exclusions to all parts of the policy), and without derogating from whatsoever appearing in paragraph 3.3 above (exclusions to Part A of the First Chapter – building and contents insurance) above – and unless stated otherwise in the schedule - the insurer will not indemnify the insured and will not pay any insurance benefits under Part A of the First Chapter, in respect of or in connection with an insured event which is caused by or arises from, directly or indirectly, in connection with all the following:

3.6.7.2.1 The exclusions noted in the list of special exclusions to the electronic equipment insurance in paragraph 3.6.6.2 above, except exclusion 3.6.6.2.1;

3.6.7.2.2 Defects originating from programming, punching, sorting, retrieval, set-up, as well as from changes, replacement or cancellation of records.

3.6.7.3 Special conditions for data and software restoration

3.6.7.3.1 The basis for calculating the sum insured
The sum insured for the purpose of data and software restoration is on a first loss basis

which is not subject to underinsurance conditions.

3.6.7.3.2 The basis for calculating the indemnification
The insurer shall indemnify the insured for actual expenses, which will be necessary to return the data and software which are insured under this cover to their condition, as existing soon before occurrence of the insured event.

3.6.7.3.3 Measures to mitigate the insurer's risk for the purpose of the cover for data and software restoration
Maintaining backups of the information and software in a quantity according to procedures to be determined between the insured and the insurer.

3.6.7.3.4 In the event that backup procedures have not been established by the insurer, then the insured shall keep at least three "generations" of full daily backups, one daily and one weekly backup (alternating), to be kept outside the premises. The other backups shall be kept physically separated from the computer, and will be located outside the computer room.

3.6.8 Additional operating expenses

If explicitly noted in the schedule that the cover under Part A of the First Chapter is valid; and that the cover for electronic equipment is valid (as detailed in paragraph 3.6.6 above); and if it is noted in the schedule that the cover for additional operating expenses is valid, then, subject to the preamble, definitions, exclusions and general conditions of the policy – and subject to everything noted in Part A of the First Chapter, the cover shall also apply in respect of an insured event regarding additional operating expenses, as defined hereunder:

3.6.8.1 The insured event for the purpose of additional operating expenses:
The insurer shall indemnify the insured for additional operating expenses actually incurred in the course of the indemnification period as defined hereunder. For the purpose of this cover, additional operating expenses shall mean expenses resulting from use of alternative or additional means for the purpose of operating property other than the insured property according to the electronic equipment cover paragraph as defined in paragraph 3.6.6.1.2 above (definition of the insured property under the electronic equipment cover paragraph), which is of similar performance to the property insured under the electronic equipment cover paragraph above, as a result of an insured event which is covered under paragraph 3.6.6 above (electronic equipment cover paragraph).

3.6.8.2 Special definitions regarding cover for additional operating expenses:
Without derogating from the general definitions of the policy and/or of Part A of the First Chapter, the following definitions shall also apply to this chapter.

Insofar as a contradiction exists between the general definitions of the policy and/or the First Chapter and of Part A of the First Chapter and the definitions appearing hereunder, the following definitions shall apply:

3.6.8.2.1 Maximum daily indemnification sum
The maximum sum payable for each day in which additional operating expenses are incurred – which are covered under this cover – as specified in the schedule.

3.6.8.2.2 The indemnification period
The period noted in the schedule as the indemnification period, which constitutes the maximum period during which the cover shall apply in regard to the insured event - additional operating expenses – commencing on the date the insured begins using alternative or additional means.

3.6.8.3 Special exclusion to the cover for additional operating expenses
Without derogating from whatsoever appearing in Part Three of the policy (general exclusion to all parts of the policy), and without derogating from whatsoever appearing in paragraph 3.3 above (exclusions to Part A of the First Chapter – building and contents insurance) – and unless otherwise noted in the schedule - the insurer will not indemnify the insured, nor will it pay any insurance benefits under this Part A of the First Chapter, in respect of or in connection with an insured event caused by- or resulting from, directly or indirectly, in connection with all the following:

3.6.8.3.1 The exclusion specified in the list of special exclusion to the electronic equipment insurance in paragraph 3.6.6.2 above, except for exclusion 3.6.6.2.1;

3.6.8.3.2 Any restrictions imposed by any public or governmental authority, or delays dependent on such public authority.

3.6.8.4 Special conditions regarding cover for additional operating expenses:

3.6.8.4.1 The indemnification
The indemnification will be determined in accordance with the actual additional operating expenses incurred by the insured.

3.6.8.4.2 The daily indemnification sum under this chapter shall not exceed the maximum daily indemnification sum appearing in the schedule.

3.6.8.4.3 The total indemnification for the entire insurance period shall not exceed the indemnification sum for the indemnification period.

3.6.9 Cover for corrosion and rust damages

If explicitly noted in the schedule that the cover under Part A of the First Chapter is valid and that the cover for corrosion and rust damages is valid, then, Contrary to whatsoever appearing in exclusion 3.3.8 above (wear and tear, etc.) and subject to the preamble, definitions, exclusions and general conditions of the policy – and subject to everything noted in Part A of the First Chapter – the cover shall also apply in respect of loss or damage to the building (if insured in the schedule) and/or to its contents (if insured in the schedule) resulting from liquids originating from wear and tear, corrosion or rust of the building's piping, including damage to the piping itself, except for liquids originating from improper gutters, worn gutters and gutters damaged by a process of corrosion.

3.7 General conditions for Part A of the First Chapter

3.7.1 The basis for determining the sum insured and calculation of the indemnification

3.7.1.1 The basis for determining the sum insured
Unless otherwise specified regarding any of the specific covers under this Part A, the basis for determining the sum insured under this policy shall be the cost of replacing the insured property with new property of the same type, and if no new property is available on the market, which is identical to the insured property, the sum insured will be the price of property which is close – and not inferior - to the insured property.

This sum shall not constitute the basis for the renewal of the insurance benefits.

3.7.1.2 Calculation of insurance benefits
Unless otherwise specified regarding any of the specific covers under this Part A, the insurance benefits due to the insured under this policy shall be calculated and paid according to the

value of the property which is lost or damaged, as existing at the time of the loss or damage, however, no more than the sum insured for this property and no more than the total of the actual damage caused, all subject to the preamble, definitions, the other exclusions and the general conditions of the policy and in this Part.

3.7.2 Underinsurance

Unless otherwise stated in regard to any of the specific covers under this Part A, if upon the occurrence of an insured event, the sum insured is lower than the value of the insured property in accordance with whatsoever appearing in paragraph 3.7.1.1 above, then the insurer's liability will be reduced pro-rata, according to the ratio between the sum insured specified in the schedule and the sum equal to the value of the property at the time of the insured event - in accordance with whatsoever appearing in paragraph 3.7.1.1 above. Each and every item in the schedule shall be subject to this condition separately.

Part B of the First Chapter – Loss of Income Insurance

4. If the schedule notes that Part B of the First Chapter - loss of income insurance - is valid, then subject to the preamble, definitions, exclusions and general conditions of the policy, in the First Chapter and in this Part B hereunder, the insurer shall indemnify the insured for a covered insured event as defined hereunder, which occurs within the boundaries of the State, in the course of the insurance period, and all as detailed hereunder:

4.1 The insured event in Part B of the First Chapter - loss of income insurance
Loss of income and/or increased operating expenses incurred by the insured in order to minimize loss of income, resulting from a layup in the operation of the insured's Office due to loss or damage caused to the property insured under Part A of the First Chapter (building and contents insurance) - while in the Office - due to an insured event which is covered under Part A of the First Chapter (building and contents insurance), except an insured event according to the covers specified in paragraphs 3.6.1 - 3.6.4 (cover for natural and earthquake risks; cover for terror damage; and cover for portable equipment while outside the Office address), and except for an insured event under the covers appearing in paragraphs 3.6.6 - 3.6.9 above (cover for electronic equipment; cover for data and software restoration; cover for additional operating expenses; as well as cover for corrosion damage), even if purchased under Part A of the First Chapter, unless the schedule explicitly notes that these additional risks are valid also under Part B of the First Chapter.

4.2 Special definitions for Part B of the First Chapter
Without derogating from the general definitions of the policy and/or of the First Chapter and Part A of the First Chapter, the following definitions shall also apply to this chapter.

Insofar as a contradiction exists between the General Definitions of the policy and/or of the First Part and of Part A of the First Chapter and the definitions hereunder, the following definitions shall apply:

- 4.2.1 Layup of operations
A complete and full layup of the services provided as part of the Office activities at the address of the insured Office and/or inability to access the insured Office as a result of an insured event which is covered under Part A of the First Chapter, which involves the building.
- 4.2.2 Income
Monies which are paid or are payable to the insured in the course of its business, after deducting the cost of expenses for maintaining and operating its Office, however, except for saved expenses.
- 4.2.3 Increased expenses
Reasonable additional expenses incurred for the purpose of preventing or reducing loss of income, however, no more than the sum by which the aforementioned additional expenses plus the loss would exceed the loss of income which would have been incurred, had such expenses not been incurred.
- 4.2.4 Loss of income
The difference between the normal income and the actual income in the course of the indemnification period.

- 4.2.5 Indemnification period
The period noted in the schedule, during which the Office income is reduced as a result of an insured event, as and from the date of the layup of the operations and ending at the end of the layup period - no later than 100 days thereafter - unless otherwise specified in the schedule.
- 4.2.6 Compensation sum
The multiplicand of the actual layup days in the course of the layup period, by the daily compensation sum noted in the schedule.
- 4.2.7 The layup period
The duration of the layup period in the operation of the Office, commencing on the date of inception of the indemnification period and ending by no later than the end of the indemnification period, as determined by the surveyor handling the insured damage on behalf of the insurer, under Part A of the First Chapter.
- 4.3 Special exclusions for Part B of the First Chapter - loss of income insurance
Without derogating from whatsoever appearing in Part Three of the policy (general exclusions to all parts of the policy) above, and unless otherwise stated in the schedule document, the insurer shall not indemnify the insured and will not pay any insurance benefits under Part B of the First Chapter, in regard to or in connection with an insured event which is causes or arises, directly or indirectly, in connection with all of the following:
 - 4.3.1 An insured event which originates from an event which is not covered under Part A of the First Chapter of this policy.
 - 4.3.2 An insured event originating from the liquidation of the Office, it being handed over to liquidator or receiver and/or winding-up of the Office activities.
 - 4.3.3 An insured event caused by the following events in the course of the indemnification period:
 - 4.3.3.1 Restrictions imposed by a public, local or governmental authority.
 - 4.3.3.2 Improvements, changes or renovations when repairing or replacing the property insured under Part A of the First Chapter.
 - 4.3.4 And insured event caused by burglary, theft or robbery.
- 4.4 Deductible
The insured shall bear the losses incurred in the course of the first 4 work days, from the date of the loss or damage to the property insured under Part A of the First Chapter, unless otherwise stated in the schedule.
- 4.5 Insurance Benefits
The insurance benefits will be paid in respect of loss of income sustained by the insured and/or in regard to increased expenses (in accordance with the compensation sum).

Chapter Two – Money Insurance

5. If the schedule notes that Chapter Two – Money Insurance - is valid, then subject to the preamble, definitions, exclusions and general conditions of the policy, the Chapter and in this Part hereunder, the insurer shall indemnify the insured in respect of an insured event as defined hereunder, which occurs within the boundaries of the State and during the insurance period, in accordance with everything detailed hereunder:

5.1 Special definitions for the Second Chapter

Without derogating from the general definitions of the policy, the following definitions shall also apply to this chapter.

Insofar as a contradiction exists between the General Definitions of the policy and the definitions hereunder, the following definitions shall apply:

5.1.1 The Insured event

Sudden and unforeseen physical loss or damage to the Office monies, caused in the course of the insurance period as a result of the insured risks, while located in the Office, in a protected and locked safe or in a security room, or outside the Office - only during direct transfer from place to place, while under the personal supervision of the insured or any qualified employee, during work hours, provided that the transfer is within the boundaries of the State.

5.1.2 Money

Cash, bills, coins, notes, checks, postal checks, traveler's checks, securities, tickets/ vouchers/ purchase vouchers, payment slips, medals, fuel and gift vouchers, gift and electronic payment cards, promissory notes, bills of exchange, securities, negotiable bonds, account, revenue and postage stamps, as well as debentures of any type and any other negotiable instrument with a nominal monetary value, however, excluding any other electronic means of payment of any type.

It is clarified that blank checks will not be considered money for the purposes of this policy.

5.1.3 Burglary/ robbery

5.1.3.1 Burglary

Theft of the money from the Office in the course of burglary as defined in paragraph 3.1.5.1 in Part 1A of the First Chapter above (building and contents insurance).

5.1.3.2 Robbery

Theft of money during a robbery as defined in paragraph 3.1.5.2 in Part 1A of the First Chapter above (building and contents insurance).

5.1.4 The insurance for burglary and robbery risks shall not include loss or damage caused:

5.1.4.1 By the insured, by one of its employees or by any other person who is permitted to be at the insured Office on behalf of the insured or in cooperation with any of the aforementioned.

5.1.4.2 To the insured property while outside a closed and locked building, or when the insured property is not accompanied by the insured, any of its employees or whomsoever on its behalf.

5.1.5 Safe

A safe weighing no less than 400kg, or alternatively a safe weighing no less than 200kg, which is anchored to the floor or a wall inside the Office; or alternatively a safe whose outer steel thickness is no less than 10mm, embedded, which is fixed in concrete in a wall or floor in the Office.

It is hereby clarified that whatsoever appearing in this Chapter hereunder (mutatis mutandis) regarding a safe shall apply appropriately to a security room.

For this purpose, "security room" shall mean a room whose ceiling, walls and floor are made of cast concrete, not less than 20cm thick, located inside the business building, which is locked with a steel door not less than 10 mm thick and locked with a multi-bolt safe lock.

5.1.6 Authorized employee

An employee employed by the Office, who is authorized by the insured to handle, hold in its possession, receive, transfer and deliver money, who is 18 years of age or older.

5.1.7 Work hours

The hours during which the Office is actually operated, for the purpose of managing the insured's business, during which the insured and/or any of its authorized employees are in the Office, who possess the keys to the safe and/or passwords to open the safe and/or the insured money, and/or or during the hours when money is transferred from place to place by the insured and/or any of its authorized employees who are in possession of the insured money.

5.1.8 From place to place

Directly en-route from the Office to banks and/or other payment locations and/or to customers' premises and/or suppliers' premises; and directly en-route back from the aforementioned places to the Office, and/or during collection, directly from customer to customer throughout the State.

5.2 Special exclusions to the Second Chapter

Without derogating from whatsoever appearing in Part Three (general exclusions to all policy Chapters) and unless otherwise noted in the schedule document, the insurer will not indemnify the insured and will not pay any insurance benefits under this Second Chapter, due to or in connection with an insured event which is caused or arises, directly or indirectly, In connection with all the following:

5.2.1 Loss or damage to money from a vehicle, which is not under the continuous supervision of the insured and/or whomsoever on its behalf.

5.2.2 Consequential loss or damage of any type, including loss of profit, loss of market, work layup, any stay or delay, depreciation or change in the currency exchange rate.

- 5.2.3 Fraud and/or dishonesty and/or breach of trust by the insured's employee and/or employees, excluding messengers who are not employees of the insured, who steal and abscond with the money.
 - 5.2.4 Loss or damage due to an insured event involving the money, while at the Office, due to its theft, not in the course of a break-in into the insured premises and/or theft which is perpetrated not in the framework of a robbery.
 - 5.2.5 Full or partial forgery of checks and/or any other negotiable instrument.
 - 5.2.6 Loss or damage to electronic payment means of any type, except those defined in paragraph 5.2.1 above and which were specified therein as insured.
- 5.3 The insured risks under the Second Chapter
- 5.3.1 In regard to money in transit
Any risk which is not excluded from the cover according to the exclusions to this Second Chapter.
 - 5.3.2 In regard to money in a safe
 - 5.3.2.1 Fire, explosion;
 - 5.3.2.2 Burglary and robbery;
 - 5.3.2.3 Theft by use of the key of the locked safe or locked security room where the money are kept, where the key is obtained by breaking in - which leaves signs indicating use of force or violence – in order to enter and/or exit the private home of the insured or an employee who legally holds the keys to the safe on a permanent basis.

A means of mitigating the insurer's risk regarding monies in the safe shall be removal of all the keys and key copies to the safe and/or security room and/or Office from the Office during non-working hours and whenever the Office is closed. Same shall be kept in safe locations until the Office reopens.
 - 5.3.3 Extensions to the Second Chapter
The following extensions shall apply subject to whatsoever appearing in the preamble, definitions, exclusions and general conditions of the policy and this Chapter in regard to the insured money.
 - 5.3.3.1 Money in insured Office
 - 5.3.3.1.1 The insurance under this Chapter shall be extended to cover the Office monies which are under constant supervision, in a cash register drawer in the Office, only during work hours, only against the risks of fire, explosion and robbery;

The insurer's liability under this extension shall not exceed 25% of the sum insured specified in the schedule regarding insurance of money in the safe.

5.3.3.1.2

The insurance under this Chapter is extended to cover the Office monies during counting the funds and preparing same for transfer from the Office from place to place. The cover under this extension is only in regard to an act of robbery and only during work hours.

The insurer's liability under this extension shall not exceed the sum insured noted in the schedule regarding Money insurance.

5.3.3.2 Money during transfer

The insurance under this Chapter shall be extended to cover the Office monies in respect of an insured event which occurs while same are transferred by the insured and/or its authorized employees from place to place; including their transfer directly to their apartments outside work hours, within the boundaries of the State and directly from their apartments to the insured Office and from their homes to the banks.

The insurer's liability under this extension shall not exceed 25% of the sum insured specified in the schedule regarding money insurance.

5.3.3.3 Money while located in private apartments

The insurance under this Chapter shall be extended to cover the Office monies while at the private apartments of the insured and/or its authorized employees outside work hours, only in regard to the risks of fire, explosion, burglary and robbery.

A measure to mitigate the insurer's risk for the purpose of this extension is presence of an adult - 17 years age or older – at the apartment when the monies are in the apartment, and that the monies being in a locked and protected place.

The insurer's liability under this extension shall not exceed 25% of the sum insured specified in the schedule regarding money insurance.

5.3.3.4 Loss or damage caused to the safe itself

The insurance under this Chapter shall be extended to cover loss or damage due to an insured caused by the risks of fire, explosion, burglary, robbery or any attempt thereat.

The insurer's liability under this extension shall not exceed 10% of the sum insured specified in the schedule regarding money insurance.

6. Special conditions for the Second Chapter

6.1 Measures to mitigate the insured's risk in regard to money insurance under this chapter

6.1.1 Measures to mitigate the insurer's risk regarding money insurance under - immediately after the occurrence of the insured event, the insured shall initiate all reasonable steps necessary to cancel the missing monies which can be canceled, e.g., checks, payment vouchers, payment cards, etc.

6.1.2 In everything relating to checks - the checks (relays) shall be drawn.

6.1.3 Conducting records - the insured must maintain books of account and cash registries.

6.2 Reinstatement of the sum insured

The sum insured will be reduced by the sum of the insurance benefits as and from the date of the insured event. At the request of the insured, the sum insured under this Chapter shall be reinstated and the insured shall pay the insurer the additional insurance fees due for such reinstatement, from the date of reinstatement and until the end of the insurance period.

The insurance fees for this matter shall mean the multiplicand of the insurance benefits by the rate of the insurance fees for the insurance risks, calculated for the remaining insurance period.

Chapter Three – Third Party Liability Insurance

7. If the schedule notes that Chapter Three – Third Party Liability Insurance - is valid, then subject to the preamble, definitions, exclusions and general conditions of the policy, the Chapter and in this Part hereunder, the insurer shall indemnify the insured - or alternatively, pay insurance benefits to a third party - in respect of a covered insured event as defined hereunder, which occurs within the boundaries of the State and during the insurance period, in accordance with everything detailed hereunder:

7.1 Maximum limits of the insurer's liability under Chapter Three:

- 7.1.1 The insurer's liability under this Chapter Three shall not exceed the maximum sums stated in the schedule as:

7.1.1.1 The limits of liability per insured event;

7.1.1.2 The maximum limit of liability for Chapter Three – constituting the limit of liability for all insured events occurring in the course of the insurance period.

7.2 General definitions for Chapter Three

Without derogating from the general definitions of the policy, the following definitions shall also apply to this Chapter.

Insofar as a contradiction exists between the General Definitions of the policy and the following definitions, the definitions hereunder shall apply:

7.2.1 The Law

The Torts Ordinance (New Version), 5728 - 1968, including all its amendments, as existing on the day of inception of the insurance period of this Chapter;

7.2.2 The insured event

An accidental, sudden and unforeseen event occurring in the framework of the insured's occupation, which causes:

7.2.2.1 Death, bodily harm, illness, injury or physical, mental or psychological impairment to a Third Party;

7.2.2.2 Damage to Third Party property, including loss or damage constituting a direct result damage as aforementioned;

7.2.3 Claim

A single claim or series of claims originating from a single insured event. For this matter, a claim – receipt of a demand for compensation or a notice describing circumstances that reasonably may give rise to a demand for compensation and/or indemnification; or the insured's fear or knowledge that same may lead to a claim, which originate from an insured event and/or extensions and/or the additional covers which are included and/or purchased under Chapter Three as detailed in the schedule - which shall be reported in writing by the insured to the insurer.

- 7.2.4 The insured's occupation
The insured's occupation as noted in the schedule document, as the insured requested the insurer to cover.

7.3 Exclusions to the insurer's liability for Chapter Three

Without derogating from whatsoever appearing in Part Three of the policy (general exclusions to all parts of the policy) above, and unless otherwise stated in the schedule document, the insurer will not indemnify the insured and will not pay any insurance benefits under this Chapter Three, due to or in connection with an insured event which is caused or arises, directly or indirectly, in connection with all of the following:

- 7.3.1 The insurer's liability as a result of an insured event for the following damages:

7.3.1.1 Damage to property which is in the insured's ownership and/or control and/or responsibility and/or possession;

7.3.1.2 Damage to any third party property who holds any right in property which is in the insured's ownership and/or control and/or supervision and/or possession;

7.3.1.3 Damage to property caused at the time of the insured event directly as a result of the action performed by the insured or whomsoever in its service in such property.

- 7.3.2 The insured's liability as a result of an insured event

7.3.2.1 In regard to damage caused to whomsoever of its employees, except for property damage, which is sustained by them in the course of their work for and/or on behalf of the insured;

7.3.2.2 In regard to damage caused to a contractor, subcontractor and their employees, or to any other person which is on ties which the insured in the framework of an express or implied employment contract;

7.3.2.3 In regard to damage caused to a family member.

7.3.2.4 In regard to hot works and/or work with a naked flame, unless the insured proves to the insurer – to its full satisfaction – that a Fire/ Hot Works Safety Procedure was implemented, which shall constitute a measure to mitigate the insurer's risk.

Hot Works/ work with a naked flame procedure (hereinafter "Hot Works")

The insured shall instruct its employees, as well as contractors/ subcontractors and their employees, who perform Hot Works or work with a naked flame on behalf of the insured, to comply with the following fire prevention measures and it shall ensure their implementation:

- 7.3.2.4.1 Definitions regarding Hot Works/ work with a naked flame

- 7.3.2.4.1.1 Cutting, welding, melting, heating, drying using electricity, gas, sunlight and/or use of a naked flame, as well as other works which produce sparks or sources of naked flame sources, e.g., sawing (e.g. by means of a 'Congo'), grinding, chiseling (e.g. by means of a jackhammer).
- 7.3.2.4.1.2 "Naked flame" shall mean: a flame, spark (plural "sparks"), an electric spark or any source of sufficient energy to cause ignition of gases, liquids or other flammable substances which are stored at the execution site or in proximity thereto.
- 7.3.2.4.2 Waste materials, empty boxes, crates and wood and paper waste, as well as any packaging, cover or any other flammable waste, shall be removed from the work site on a regular basis. Removal of combustible waste shall be carried out at the end of each work day, from all the floors where work is and/or was performed.
- 7.3.2.4.3 No Hot Works shall be performed in the work site area, except in accordance with whatsoever appearing hereunder:
 - 7.3.2.4.3.1 An employee appointed by the insured as a supervisor and/or contractor and/or subcontractor, who has been assigned to perform work which includes "Hot Works", will appoint a person on its behalf (hereinafter the "appointee"), to ensure no Hot Works are performed not in accordance with whatsoever appearing in the aforementioned procedure.
 - 7.3.2.4.3.2 Before starting the Hot Works, the appointee will tour the area designated for the Hot Works, and ensure removal of flammable materials of any type in a radius of at least 10 meters from the Hot Works site. Fixed flammable objects which cannot be moved, will be covered with a non-flammable cover.

7.3.2.4.3.3 The appointee in the field and the contractor, shall appoint a person who will serve as a fire lookout (hereinafter the "fire lookout"), who will be equipped with suitable fire extinguishing means to extinguish flammable materials of the type existing in the vicinity of the hot works execution site.

The exclusive role of the fire lookout will be to oversee the execution of the Hot Works and act immediately to extinguish any combustion which may arise from execution of the hot works.

The fire lookout will be present at the hot works execution site from the time same commence until at least 30 minutes after the hot works are completed, to ensure that no sources of ignition remain onsite.

In the event that the insured/ contractor/ subcontractor (as the case may be) fail to act in accordance with whatsoever appearing in the aforementioned Fire Safety Procedure, and an insured event occurs - which could have been avoided or whose results could have been minimized had it/they acted according to whatsoever appearing in the procedure - the insurer shall be exempted from its liability, or the insurance benefits will be reduced, as the case may be respectively.

7.3.2.5 In respect of any of the following liabilities

7.3.2.5.1 Liability which must be insured according Motor Vehicle Law, including liability of whomsoever is exempt from the duty to arrange insurance under the Motor Vehicle Insurance Ordinance (New Version), 5730 - 1970;

7.3.2.5.2 Any liability which may apply to the insured as a result of bodily injury caused by a motor and/or motorized vehicle, and without derogating from the generalities of the aforementioned, including motorized vehicles of any type used for travel;

7.3.2.5.3 Any liability which may apply to the insured in respect of damage to property, caused as a result of a motor and/or motorized vehicle, and without derogating from the generalities of the

aforementioned, including motorized vehicles of any type used for travel, unless a special extension is purchased for this purpose in the framework of this policy;

7.3.2.5.4 Liability due to use or operation of mechanical engineering equipment, which is not required to possess mandatory insurance according to the Motor Vehicle Insurance Ordinance (New Version), 5730 - 1970.

7.3.2.5.5 Any liability that may apply to the insured in respect of an insured event, whose origin or cause emanate directly or indirectly and/or is related in any manner to asbestos or silica (silicon) or any materials containing asbestos or silica, in any form or quantity, provided that the insured event arises from, or is affected by the dangerous properties of asbestos or silica.

7.3.2.5.6 Any liability that may apply to the insured due to the possession and/or use of animals.
However, in the event that the insured is in possession of a dog, which is not one of the dogs defined as a "dangerous dog" or a dangerous breed as defined in the Law for Regulating the Supervision of Dogs, 5763 - 2002, as well as all the regulations and orders promulgated by virtue thereof, and/or the regulations for Arrangement of Supervision of Dogs (import and possession of dangerous dogs), 5765 - 2004, including (however not limited to) American Staffordshire Terrier, Bull Terrier, Dogo Argentino, Japanese Tosa, English Staff, Pit Bull Terrier, Brazilian Fila, Rottweiler, including any crossbreed including the breeds noted in this exclusion – where such dog is subject to the following measures to mitigate the insurer's liability, separately and in the accumulative:

7.3.2.5.6.1 The dog is held by the insured under a valid license from the authorized authorities;

7.3.2.5.6.2 The dog is vaccinated with a valid vaccine, as required by the authorized authorities;

7.3.2.5.6.3 The dog is chained and muzzled during working hours;

Then, whatsoever appearing in this this Animals Exclusion shall not apply in regard to that dog.

7.3.2.5.7 In respect of and/or in connection with weapons, ammunition, explosives, including fuses, detonators, sabotage substances, bombs, shells, etc. which are held by the insured, as well as by any of its employees, or those employed by the insured and with its permission.

However, the words "weapons, ammunition" shall not apply to the insured's liability which may result from the possession of weapons and ammunition by the insured and/or any of its employees or whomsoever on behalf of the insured, provided that the weapon and/or ammunition are held under license by such person, and on the condition that same are required in the framework of the insured's occupation and/or of the employee with the insured.

7.3.2.5.8 In regard to and/or in connection with any direct damage to underground pipes, installations or cables, which are at a depth exceeding half a meter underground, where the insured did not ascertain their exact location with the appropriate authorities before performing its work, and failed to perform its work while taking their location into account.

Notwithstanding the aforementioned, insofar as prior inspection and/or a permit from the appropriate/ authorized authorities are required in accordance with the provisions of the law, regarding the execution of said works, no cover will be provided for damages to underground pipes, facilities or cables, where the insured fails to act in accordance with the provisions of the law.

In addition, no cover will be provided in regard to consequential damage of any type, which results from physical damage to underground pipes, installations or cables.

7.3.2.6 In respect of and/or in connection with any claim –

7.3.2.6.1 By the National Insurance Institute in regard to an injured person, for whom the insured is required to pay National Insurance Institute contributions and fails to do so, or failed to report to the National Insurance Institute that such person is its employee, as required by law.

7.3.2.6.2 By the National Insurance Institute regarding a person who worked or provided service to the insured through a manpower company or contractor, including a subcontractor, or against invoices or a corporation owned by him.

7.3.3 The insured's liability due to an insured event resulting from

7.3.3.1 Professional negligence, consulting or planning by the insured or whomsoever on its behalf;

7.3.3.2 Services rendered, products manufactured, packaged, sold, supplied, repaired, serviced, marketed, dismantled and/or assembled and/or imported or exported for commercial purposes by the insured or in connection with it or any person in its service, except for products manufactured by the insured, as long as same are in the Office;

The word "supplied" in this exclusion shall not apply to food and beverage products provided in the framework of hospitality by the insured.

7.3.3.3 Damage caused while carrying out modifications, renovations or extensions in the Office building in connection with such works, except in the course of ongoing and regular maintenance works.

7.3.3.4 Damage caused to the foundations of buildings bordering or nearby any work which is performed by the insured or any person in its service.

7.3.3.5 Damage to land, property or a building as a result of shock or vibration, weakening of a stave of a building, property or land, or claims resulting from such damage.

7.3.3.6 Damage caused by –

7.3.3.6.1 A product which includes G.M.O. (Genetically Modified Organisms);

7.3.3.6.2 From use of product which is produced and/or taken from the human body.

7.3.3.6.3 As a result of and/or in connection with radiation and/or electromagnetic fields.

7.3.3.6.4 As a result of and/or in connection with an elevator, crane, lifting device, including their loading, offloading or use, unless the following conditions – In the accumulative - are complied with:

7.3.3.6.4.1 The Item (of those noted above) was only operated by a certified operator (insofar as required by law);

7.3.3.6.4.2 The item (of those noted above) was operated after performing a periodic test as required by the manufacturer and/or by law, and the insured possesses a test report

confirming the operation of the item.

- 7.3.3.7 Any liability assumed by the insured in the framework of an agreement or admission of any type and kind; unless such liability, undertaking or responsibility would have been imposed on the insured - to the same extent and measure - in absence of such agreement or admission.
- The insurance shall not apply to sums which the insured may claim from any entity and avoids doing so, including due to an agreement or waiver.
- The insured shall refund to the insurer any sum paid to it, which the insurer could have collected in absence of such an agreement or waiver, or which was paid to the insured due to a liability or undertaking which is assumed by it under such agreement or admission - insofar as the insurer recognized the cover as aforementioned.
- 7.3.3.8 Fines, levies, multiple damages, punitive damages, exemplary damages.
- 7.3.3.9 Claims arising from financial damage, unless such damage is caused directly and subsequent to actual property damage.
- 7.3.3.10 Liability as a director and/or Officer, including as a manager or senior official, unless such would have applied to the defendant/insured had he not been an Officer.
- 7.3.3.11 Loss of documents, loss of ability or right to use them or their delay.
- 7.3.3.12 Advertisement, defamation, slander, reviling or libel in any form.
- 7.3.3.13 Any act or omission committed with malicious intent, dishonesty, crime, deception, fraud, informed ultra vires, breach of trust, intentional act by the insured or whomsoever of the insured's partners, their managers, employees, or predecessors in the business.
- 7.3.3.14 Liability related to extreme sports
Sports considered particularly dangerous, and which include/require of participants, inter alia, high levels of difficulty and/or physical effort, speed, altitude and danger. For the details of the sports included in this definition, see the insurer's website - "Definition of extreme sports".
- 7.3.3.15 An indecent act by the insured, improper sexual behavior and any act which constitutes a sexual offense under the Penal Law, 5737 - 1977, or an act constituting a violation of the Sexual Harassment Prevention Law, 5758 - 1998.

7.4 Extensions to Chapter Three – Third Party Liability

The following extensions shall apply subject to whatsoever appearing in in the preamble, definitions, exclusions and general conditions of the policy and in this Chapter.

7.4.1 In the event that the name of the insured includes more than one person or one legal entity, the cover according to this Chapter shall apply to each of the insureds individually (except contractors and subcontractors), as if it had been issued only in his/its name. the cover under this extension shall apply in accordance with the conditions, exclusions and provisions of Chapter Three, separately and independently of the existence of the other insureds.

7.4.2 The insurance is extended to also cover the insured's legal liability in connection with insured events:

7.4.2.1 In respect of antennas and/or masts and/or signs

7.4.2.2 Resulting from work performed on its behalf by sub-contractors and their employees who are employed by the insured.

7.4.2.3 Resulting from the execution or in connection with construction, erection, assembly, changes, renovations, extension of buildings, installations, containers within the boundaries of its business and the premises whose address is specified in the schedule.

In such case, whatsoever appearing in exclusion 7.3.3.3 above (damage caused in the course of changes and renovations) shall not apply to ongoing and routine maintenance work, nor will it apply to execution of work, changes, repairs or additions to the insured's premises as noted in the schedule, all only if the duration of the work does not exceed one week, and any such work being performed only according to any law and in accordance with any licensing required for its execution.

In order to obviate doubt, it is hereby clarified that extensions 7.4.2.1, 7.4.2.2 and 7.4.2.3 shall not provide any cover to contractor and/or sub-contractors.

7.4.3 The insurance is extended to also include the insured's vicarious liability, which emanates from the acts or omissions of any person or body acting on behalf of or for the insured.

7.5 Additional cover in regard to Third Party Liability

If explicitly noted in the schedule, the following covers shall apply subject to whatsoever appearing in in the preamble, definitions, exclusions and general conditions of the policy and this Chapter.

7.5.1 Cover in regard to damage to third-party property by vehicles

If explicitly noted in the schedule that cover in regard to damage to third-party property by vehicles is valid, then the insurance under this Chapter shall be extended to indemnify the insured in regard to its liability for damage caused to third-party property as a result of use of motor vehicles owned by the insured, and this in excess of the limits of liability of NIS 500,000, or beyond the limits of liability under another Third Party Liability

Property Damage policy in regard to use of vehicles owned by the insured – the higher of them.

Accordingly, whatsoever appearing in exclusion 7.3.2.5.3 (liability in regard to property damage as a result of use of vehicles) shall not apply respectively, up to a limit of liability of NIS 200,000 (unless otherwise noted on the schedule documents), in regard to damage to Third Party property by vehicles.

In order to obviate doubt, it is hereby declared as follows:

The limits of liability under the vehicle insurance policy as aforementioned, shall constitute the insured's deductible sum in regard to damage which is covered under this extension, and the conditions, provisions and exclusions of such policy shall constitute the basis for indemnification under this extension.

In the event that the insured does not possess a valid third-party property vehicle policy at the time of the event, the provisions, conditions and exclusions of the Harel Third-Party Property Vehicle Insurance Policies shall be deemed the basis for indemnification according for this extension. This policy can be viewed on the website of Harel Insurance Company Ltd.

7.5.2 Cover for workers who are not the insured's employees

If explicitly noted in the schedule that the extension regarding workers who are not the insured's employees is valid, then notwithstanding whatsoever appearing in paragraph 7.3.2.2 (contractors and subcontractors) and 7.3.2.6.2 above (National Insurance Institute claim in regard to employees of manpower companies), it is hereby clarified that the insured's liability in regard to an insured event involving contractors, subcontractors, employees of contractors and subcontractors, as well as the insured's temporary, provisional or casual workers – for whose employment the insured is not required to make National Insurance Institute payments – shall be covered under this Chapter and they will be deemed third parties for this matter.

7.5.3 Cover for defense expenses in criminal proceedings

If explicitly noted in the schedule that the cover for defense expenses in a criminal proceedings is valid, then the insurer shall make an advocate available to the insured and/or one of its employees, in order to provide a legal defence in the investigation, including an investigation of a death event, in criminal proceedings filed against whomsoever of them in connection with an insured event which is covered under this Chapter, which shall occur in the course of the insurance period under this policy - all this at the insurer's expense.

7.5.3.1 In addition to the aforementioned, insofar as the insurer receives a reasoned opinion from the advocate who represented the insured in the court whose decision will be the subject of the appeal, in terms of which there is a pertinent basis and reasonable chances of the appeal being successful, the insurer will provide the insured with an advocate for filing an appeal and representing the insured up to the highest court possible, until a decision and/or verdict is imposed upon the insured in the criminal proceedings as aforementioned. The insurer shall also bear the costs of the appeal as aforementioned.

7.5.3.2 In the event that the insured is not interested in the services of the advocate provided by the insurer as aforementioned, the insured shall be entitled, after receiving the insurer's approval, to contact an advocate of its choice. In such case, the insurer shall indemnify the insured in regard to the fees, including for an appeal (according to the definition of this term in paragraph 7.5.3.3.1 hereunder).

7.5.3.3 Definitions of defense expenses and fees

7.5.3.3.1 Definition of fees

Advocate's fees for handling the legal proceedings as set down in the Bar Association Rules (Minimum Recommended Rate) 5760 – 2000, or rules concerning the minimum rate for legal fees as prescribed by the law, from time to time; or lawyer's fees according to the insurer's customary minimum rates for representing insureds in criminal proceedings - the highest of them.

7.5.3.3.2 Definition of defense expenses

Fees as defined above which are paid to advocates for handling a claim, for defense in the event of a claim, in a compromise arrangement, in arbitration and/or an appeal in regard to a claim, including the cost of issuing a bank guarantee in accordance with the insurer's demand as stated in this extension, levies, protocol copying, witness fees and/or expert fees as determined by the court, incurred by the insured in connection with the criminal proceedings or appeal proceedings – except for any fine, compensation or punitive payment imposed in the framework of a sentence and/or a judgment.

7.5.3.4 The insured shall deliver to the insurer any letter, demand and/or criminal claim, summons and/or legal notice, relating to an insured event insured under this Chapter Three immediately and soon after same are received by it.

Written notice shall also be given to the insurer immediately upon the insured learning that criminal proceedings and/or a legal investigation and/or an investigation into the cause of death will be initiated in connection with any event which may result in a claim under this cover.

7.5.3.5 Exclusions in regard to this cover

The insurer shall not make an advocate available to the insured and/or will not bear any payment, according to this cover in the event that upon the occurrence of the insured event, the insured or its employee for whom cover exists in regard to defense expenses in these criminal proceedings –

7.5.3.5.1 Was under the influence of drugs.

- 7.5.3.5.2 Acted maliciously with the intention of causing the event and the insured and/or its employee was convicted of doing so.
- 7.5.3.5.3 Was engaged in any matter which deviates and/or does not correspond with the occupation and/or the business of the insured which is named in the schedule.
- 7.5.3.5.4 In addition, the insurer shall not provide the insured with an advocate and/or will not bear any payment under this cover in regard to an insured event as defined in the additional cover under paragraph 7.5.1 above (cover for property damage by a vehicle), even if the schedule notes that this over is valid.
- 7.5.3.6 It should be emphasized that in the event that the insurer chooses to provide the insured with an advocate and/or if it finances the insured's advocate, who is selected as noted in this cover, and during the process (and/or during questioning of the insured), or at the end of the process, it transpires that the insured and/or its employee acted under the exclusions detailed in paragraph 7.5.3.5 in this extension above – the insurer will be entitled to stop providing the defence or its financing and the insured shall refund to the insurer - upon its initial demand - any sum incurred by the insurer as fees and defense expenses.
- 7.5.3.7 For the purpose of this cover, insofar as referring to whatsoever appearing in paragraph 7.5.3.6 above, the insured shall act as follows:
 - 7.5.3.7.1 The insured will confirm in writing that it has read and understood the conditions detailed in this cover, and that the legal services will be granted subject to the insured's undertaking to indemnify the insurer in regard to all its expenses, in the event that the conditions detailed in paragraphs 7.5.3.4 above are fulfilled (the insured's duty to provide relevant material) and 7.5.3.5 above (exclusions to this extension) and this paragraph 7.5.3.7.
 - 7.5.3.7.2 The insured shall authorize its representative by means of an irrevocable power of attorney to notify the insurer of any material development in the investigation, in the file, as well upon conclusion of the proceedings. The aforementioned shall not adversely affect the attorney-client privilege.
- 7.5.3.8 At the insurer's request, the insured shall provide appropriate bank guarantees to guarantee the indemnification noted in paragraph 7.5.3.6 above, which the insurer will bear. The insured will be entitled to offer the insurer other guarantees, to its satisfaction.

7.5.3.9 In the event that the insured complies with all the aforementioned conditions, it shall be entitled to legal services, subject to the policy conditions and exclusions in general, and subject to whatsoever appearing above in particular.

7.5.3.10 The insurer's limit of liability under this cover shall not exceed NIS 50,000, or the sum noted in the schedule for defense expenses in criminal proceedings (the higher of the two).

Chapter Four – Employers Liability Insurance

8. If the schedule notes that Chapter Four – Employers Liability Insurance - is valid, then subject to the preamble, definitions, exclusions and general conditions of the policy, the Chapter and in this Part hereunder, the insurer shall indemnify the insured - or alternatively, pay insurance benefits to whomsoever of the insured's employees - in respect of a covered insured event as defined hereunder, which occurs within the boundaries of the State and during the insurance period, in accordance with everything detailed hereunder:

8.1 Maximum limits of the insurer's liability under Chapter Four:
The insurer's liability under this Chapter Four shall not exceed the maximum sums stated in the schedule as –

8.1.1 The limit of liability per injured party in regard to an insured event;

8.1.2 The limit of liability per insured event – the limit of liability for all claims relating to an insured event emanating from a single original cause or reason;

8.1.3 The maximum limit of liability for Chapter Four - which is the limit of liability for all insured events occurring in the course of the insurance period.

The insurer shall also bear reasonable legal expenses which the insured must bear in regard to an insured event which is covered under Chapter Four (in the event that the limits of liability are exhausted, the insurer will bear reasonable legal expenses vis-à-vis the limit of the insurer's liability under this Chapter Four), and this is even in excess of the limits of liability specified in the schedule.

In the event that the compensation sum which the insured must pay for a single injured party – in regard to an event which is covered under this Chapter - is greater than the limit of liability per injured party as specified in the schedule for this Chapter, the insurer's liability in regard to the reasonable legal expenses will be reduced pro-rata in accordance with the ratio between the limit of liability per injured party as specified in the schedule and the compensation sum which the insured must pay that injured party.

In the event that several employees are injured in the insured event, and the compensation sum which the insurer must pay in regard to such insured event exceeds the sum specified in the schedule as the maximum limit of liability per insured event under Chapter Four, the insurer's liability in regard to the reasonable legal expenses will be reduced pro-rata in accordance with the ratio between the maximum limit of liability per insured event specified in the schedule for Chapter Four and the compensation sum which the insured must pay for that insured event.

8.2 Definition for the purpose of this Chapter Four
Without derogating from the general definitions of the policy, this Chapter shall also be subject to the following definitions:

Insofar as a contradiction exists between the General Definitions of the policy and the definitions hereunder, the following definitions shall apply:

8.2.1 The law

8.2.1.1 The Torts Ordinance (New Version) 5728 – 1968;

8.2.1.2 The Defective Products Warranty Law, 5741 – 1980.

8.2.2 Accident

An unforeseen event, which is caused to the employee directly in the course of and as a result of his occupation at the Office.

8.2.3 The insured's business

The insured's business as indicated in the schedule document, as the insurer is requested to cover by the insured.

8.2.4 The insured event

Physical, mental or psychological impairment or an occupational disease or death, suffered by an employee or employees who work for the insured, as a result of an accident or an occupational disease, which independently of any other factor, constitute the direct and main cause of the impairment, illness or death, which occur in the course of and as a result of his/ their at the insured's Office and in the scope of the insured's occupation.

Continuous risk: where the insured's liability arises from an accident or illness, which was caused by exposure of the employee to a continuous physical or tangible risk (hereinafter in this condition "the cause of the damage") in the course of and as a result of working at the Office, the insurer will bear a pro-rata part of the liability, according to the ratio between the period of the employee's exposure to the cause of the damage in the course of the insurance period under this policy, and the period of the employee's exposure to the cause of the damage in general.

8.2.5 The Salary

The total of all salaries, wages, commission, earnings and other benefits provided by the insured to employees according to the number of employees, plus the ancillary expenses detailed in the annual report, all only in accordance with Form 126 or its substitute.

Where various categories have been determined in the schedule for different professions/ occupations, the salary must reflect the total salary paid to employees of all categories, and for each category separately.

8.2.6 Number of employees

In the event that the insurance fees are determined according to the number of employees, the insured shall ensure that the number of employees declared by it in the insurance proposal corresponds at all times (in the course of the insurance period) to the number of employees actually employed by it.

Where different categories for different professions/occupations have been determined in the schedule, the number of employees must reflect the number of employees in each category, each profession and each occupation separately.

8.2.7 Occupational disease

An occupational disease as defined in the National Insurance Institute Law and its Regulations.

- 8.3 Exclusions to the insurer's liability under Chapter Four
Without derogating from whatsoever appearing in Part Three of the policy (general exclusions to all parts of the policy) above, and unless otherwise stated in the schedule document, the insurer will not indemnify the insured and will not pay any insurance benefits under this Chapter Four, due to or in connection with an insured event which is caused by or arises from, directly or indirectly, in connection with all the following:
- 8.3.1 Insured's liability
Vis-à-vis or in respect of a contractor or an employee of a contractor or subcontractor, or an employee of a subcontractor and/or manpower company workers.
- 8.3.2 Any liability assumed by the insured under an agreement, unless such undertaking or liability would have been imposed upon the insured in absence of such agreement.
- 8.3.3 Any sum which the insured is entitled to claim from any party, and is prevented from doing so according to an agreement to which it is a party. The insured shall refund to the insurer any sum paid by the insurer, which it could have collected in the absence of such an agreement.
- 8.3.4 Any sum –
- 8.3.4.1 Which will be claimed from the insured by the National Insurance Institute.
- 8.3.4.2 Which was paid by the National Insurance Institute, in regard to a cause stemming from a claim under this policy, or which the National Insurance Institute should pay, however fails to do so due to non-compliance with a provision or provisions of the National Insurance Institute Law or its regulations, or due to a claim not being submitted to it at all.
- 8.3.4.3 Imposed upon the insured due to an insured event under this policy, as compensation to an employee for whom the insured is not obliged to make National Insurance Institute payments in regard to his employment.
- In such a case, the insurer shall compensate the insured in regard to such claims only in the sum which exceeds the sum which may have been paid in accordance with the National Insurance Institute Law (combined version) 5755 - 1995, as if such employee had been insured under the aforementioned law; and/or benefits and/or part thereof, which the employee may receive from the National Insurance Institute, however does not receive same because the insured did not report the employee's full salary to the National Insurance Institute; or the insured failing to comply with a provision which applies to it under the National Insurance Institute Law and its regulations.
- 8.3.5 Any liability which may apply to the insured in respect of an insured event, whose origin or cause emanate directly or indirectly and/or is related in any manner to asbestos or silica (silicon) or any materials containing asbestos or

silica, in any form or quantity, provided that the insured event arises from, or is affected by the dangerous properties of asbestos or silica.

- 8.3.6 Any liability arising from possession and/or use of drugs, poisons which are prohibited under any law and/or by order of a legal authority.
- 8.3.7 Any liability in respect of an employee who is employed contrary to the provision or provisions of the laws or regulations regarding the employment of youths, or not in accordance therewith.
- 8.3.8 Any liability which may apply to the insured due to and/or in respect of use of a motor vehicle or any other motorized device, or involvement in a road accident, as defined in the Road Accident Victims Compensation Law, 5735 – 1975 including all its amendments.
- 8.3.9 Fines, levies, multiple damages, punitive damages, exemplary damages.
- 8.3.10 Any liability in connection with and/or which is related to explosives including fuses, detonators, sabotage substances, weapons, ammunition, bombs, shells, etc.
- 8.3.11 An insured event caused directly or indirectly by the "Human Immunodeficiency Virus (HIV) ("AIDS"), insofar as the insured did not initiate reasonable measures to prevent infection with this virus, and/or Hepatitis C and/or the Ebola virus.
- 8.3.12 An insured event caused by
 - 8.3.12.1 By a product which involves genetic engineering - GENETICALLY MODIFIED ORGANISMS (G.M.O) (a living body which undergoes genetic modification);
 - 8.3.12.2 Due to use of a product which is produced and/or taken from the human body.
 - 8.3.12.3 Damage caused due to and/or in connection with radiation and/or electromagnetic fields.
- 8.3.13 Any liability emanating from or related to extreme sports
Sports considered particularly dangerous, and which include/require of participants, inter alia, high levels of difficulty and/or physical effort, speed, altitude and danger.

For the details of the sports included in this definition, see the insurer's website - "Definition of extreme sports".
- 8.3.14 An indecent act by the insured, improper sexual behavior and any act which constitutes a sexual offense under the Penal Law, 5737 - 1977, or an act constituting a violation of the Sexual Harassment Prevention Law, 5758 - 1998

- 8.4 Exclusions and covers under the employers liability insurance
The following extensions and covers shall apply – only of the schedule notes that same are valid - subject whatsoever appearing in the preamble, definitions, exclusions and general conditions of the policy and this Chapter hereunder.
- 8.4.1 Extension - work hours
The insurance under this Chapter is extended to cover the insured's legal liability in respect of an insured event involving an employee, whenever the employee is in the service of the insured, including during work breaks, transfer from one workplace to another, on the way to and from the workplace, as well as during the employee's other activities which are performed for or in connection with the work for the Office, as long as the employee acts in the framework of his duties, rights and needs as an employee of the insured, including sports and social activities organized by the insured.
- 8.4.2 Work for others
The insurance under this Chapter is extended to cover the insured's legal liability vis-à-vis its employees in respect of an insured event, also while they are temporarily employed by others.
- 8.4.3 Extension in regard to temporary/ casual workers
The insurance under this Chapter is extended to cover the legal insured's liability in respect of an insured event, vis-à-vis casual, self-employed, temporary, volunteer and foreign workers, whose salary and/or number is included in the declarations which the insured must provide the insurer for insurance purposes under this Chapter Four, however, not when the insured is entitled to indemnification vis-à-vis those noted in this extension, for that insured event, under any other insurance arranged out by it or on its behalf.
- In the event that the insured is entitled to indemnification in regard to an insured event which is noted in this extension also under other insurance, the limit of liability of the other insurance will constitute the deductible for the purpose of this extension, and the insured will be entitled to indemnification according to this extension only in the excess sums - over and above the other insurance.
- In order to obviate doubt, recovery claims filed by the National Insurance Institute in regard to casual, self-employed, temporary, volunteer and foreign workers shall not be covered under this cover extension.
- 8.4.4 Extension in regard to control holders
The insurance under this Chapter is extended to cover the insured's legal liability vis-à-vis control holders who work as salaried managers and/or full-time employees, who appear on the insured's payroll lists, and for whose employment the insured pays National Insurance Institute fees.
- 8.4.5 Cover for defense expenses in criminal proceedings
If explicitly noted in the schedule that the cover for defense expenses in a criminal proceedings is valid, then the insurer shall make an advocate available to the insured and/or one of its employees, in order to provide a legal defence in the investigation, including an investigation of a death event, in criminal proceedings filed against whomsoever of them in connection with an insured event which is covered under Chapter Four,

which shall occur in the course of the insurance period under this policy - all this at the insurer's expense.

8.4.5.1 In addition to the aforementioned, insofar as the insurer receives a reasoned opinion from the advocate who represented the insured in the court whose decision will be the subject of the appeal, in terms of which there is a pertinent basis and reasonable chances of the appeal being successful, the insurer will provide the insured with an advocate for filing an appeal and representing the insured up to the highest court possible, until a decision and/or verdict is imposed upon the insured in the criminal proceedings as aforementioned. The insurer shall also bear the costs of the appeal as aforementioned.

8.4.5.2 In the event that the insured is not interested in the services of the advocate provided by the insurer as aforementioned, the insured shall be entitled, after receiving the insurer's approval, to contact an advocate of its choice. In such case, the insurer shall indemnify the insured in regard to the fees, including for an appeal (according to the definition of this term in paragraph 8.4.5.3.1 hereunder).

8.4.5.3 Definitions of defense expenses and fees

8.4.5.3.1 Definition of fees
Advocate's fees for handling the legal proceedings as set down in the Bar Association Rules (Minimum Recommended Rate) 5760 – 2000, or rules concerning the minimum rate for legal fees as prescribed by the law, from time to time; or lawyer's fees according to the insurer's customary minimum rates for representing insureds in criminal proceedings - the highest of them.

8.4.5.3.2 Definition of defense expenses
Fees as defined above which are paid to advocates for handling a claim, for defense in the event of a claim, in a compromise arrangement, in arbitration and/or an appeal in regard to a claim, including the cost of issuing a bank guarantee in accordance with the insurer's demand as stated in this extension, levies, protocol copying, witness fees and/or expert fees as determined by the court, incurred by the insured in connection with the criminal proceedings or appeal proceedings – except for any fine, compensation or punitive payment imposed in the framework of a sentence and/or a judgment.

8.4.5.4 The insured shall deliver to the insurer any letter, demand and/or criminal claim, summons and/or legal notice, relating to an insured event insured under this policy immediately and soon after same are received by it.

Written notice shall also be given to the insurer immediately upon the insured learning that criminal proceedings and/or a legal

investigation and/or an investigation into the cause of death will be initiated in connection with any event which may result in a claim under this cover.

8.4.5.5 Exclusions in regard to this cover

The insurer shall not make an advocate available to the insured and/or will not bear any payment, according to this cover in the event that upon the occurrence of the insured event, the insured or its employee for whom cover exists under this cover –

8.4.5.5.1 Was under the influence of drugs.

8.4.5.5.2 Acted maliciously with the intention of causing the event and the insured was convicted of doing so.

8.4.5.5.3 Was engaged in any matter which deviates and/or does not correspond with the occupation and/or the business of the insured which is named in the schedule.

8.4.5.6 It should be emphasized that in the event that the insurer chooses to provide the insured with an advocate and/or if it finances the insured's advocate, who is selected as noted in this cover, and during the process (and/or during questioning of the insured), or at the end of the process, it transpires that the insured and/or its employee acted under the exclusions detailed in paragraph 8.4.5.5 in this extension above – the insurer will be entitled to stop providing the defence or its financing and the insured shall refund to the insurer - upon its initial demand any sum incurred by the insurer as fees and defense expenses.

For the purpose of this cover, insofar as referring to whatsoever appearing in paragraph 8.4.5.6 above, the insured shall act as follows:

8.4.5.6.1 The insured will confirm in writing that it has read and understood the conditions detailed in this cover, and that the legal services will be granted subject to the insured's undertaking to indemnify the insurer in regard to all its expenses, in the event that the conditions detailed in paragraphs 8.4.5.4 above are fulfilled (the insured's duty to provide relevant material); 8.4.5.5 (exclusions to this extension) and this paragraph 8.4.5.7.

8.4.5.6.2 The insured shall authorize its representative by means of an irrevocable power of attorney to notify the insurer of any material development in the investigation, in the file, as well upon conclusion of the proceedings. The aforementioned shall not adversely affect the attorney-client privilege.

8.4.5.7 At the insurer's request, the insured shall provide appropriate bank guarantees to guarantee the indemnification noted in paragraph

8.4.5.6 above, which the insurer will bear. The insured will be entitled to offer the insurer other guarantees, to its satisfaction.

8.4.5.8 In the event that the insured complies with all the aforementioned conditions, it shall be entitled to legal services, subject to the policy conditions and exclusions in general, and subject to whatsoever appearing above in particular.

8.4.5.9 The insurer's limit of liability under this cover shall not exceed NIS 50,000, or the sum noted in the schedule for defense expenses in criminal proceedings (the higher of the two).

8.4.6 Cover for contractors and/or subcontractors and/or employees of manpower companies

If it is expressly determined in the schedule that this cover is valid, the insurance shall cover the insured's legal liability vis-à-vis contractors and their employees, subcontractors and their employees or manpower company workers whose salary and/or number is included in the declarations which the insured is obliged to submit under this Chapter - provided that the insured is considered their employer – as a result of an insured event, however, not where the insured is entitled to indemnification vis-à-vis those included in this cover in regard to such event under any other insurance which is arranged by it or in its favor.

In the event that the insured is entitled to indemnification in regard to an insured event under other insurance, the other insurance shall constitute the deductible for the purpose of this cover, and the insured shall be entitled to indemnification under this cover only in the sum/s in excess of the other insurance which is arranged by it or in its favor.

In order to obviate doubt, recovery claims filed by the National Insurance Institute in regard to contractors and/or sub-contractors and/or manpower company workers shall not be covered under this cover extension.

8.4.7 Cover in regard to workers whose wages are not paid by the insured

If it is expressly determined in the schedule that this cover is valid, the insurance shall cover the insured's legal liability vis-à-vis those who are employed under special contracts, whose salary and/or number is included in the declarations which the insured is obliged to submit under this Chapter as a result of an insured event, however, not where the insured is entitled to indemnification vis-à-vis those included in this extension in regard to such event under any other insurance which is arranged by it or in its favor.

In the event that the insured is entitled to indemnification in regard to an insured event under other insurance, the other insurance shall constitute the deductible for the purpose of this cover, and the insured shall be entitled to indemnification under this cover only in the sum/s in excess of the other insurance which is arranged by it or in its favor.

However, in the event that the National Insurance Institute is not obliged to compensate these employees, in any event, a sum equal to the compensation which would have been paid by the National Insurance Institute (or its capitalized sum) will be deducted from any compensation

which the insurer will be obliged to pay to such employees in accordance with the policy conditions – had the injured party been entitled to such compensation;

In addition, any sum paid by the plaintiff in regard to any financial expense, including the injured party's remedy expenses which the National Insurance Institute should bear – had the plaintiff been legally insured by the National Insurance Institute - will be deducted from the compensation sum.

The number of employees noted in this extension, or the sum of salaries paid to them by any legal entity (as the case may be), will be included in the declarations which the insured must provide to the insurer for the purpose of insurance under this Chapter Four.

8.4.8 Cover extension in regard to the law applicable in the Administered Territories

If it is expressly determined in the schedule that cover under the law applicable in the Administered Territories is valid, and if an insured event occurs in which an employee – a resident of the Administered Territories - is injured in an area which is not considered within the territorial boundaries as stated in the definitions paragraph and/or in "A territories", while he is employed by the insured in these areas, and his matter is heard by a court in the State of Israel, and such court adjudicates/ determines that Israeli law applies to the circumstances of the event, the insurance under this Chapter shall cover the insured's liability vis-à-vis such an employee under the law applicable (at the time of the insured event) in the territories administered by the IDF;

However, if in the aforementioned insured event, damage is sustained by several workers who are residents of the Administered Territories or workers residing in "A territories":

8.4.8.1 A deductible shall apply to the insured in regard to each injured party/ person separately.

8.4.8.2 In the event that a court in the State of Israel imposes liability on the insured according to the law applicable in the territories administered by the IDF, whatsoever appearing in paragraph 8.4.8.1 shall apply and the insured shall also bear a deductible in a sum equal to three times the deductible sum noted in the schedule for an insured event, in respect of which the liability is subject to the Law as defined in paragraph 8.2.1 of the definitions above.

8.4.8.3 Upon the occurrence of an insured event where liability applies to the insured both under the Law and according to the law applicable in the territories administered by the IDF, in regard to such insured event the insured shall bear a deductible as detailed above regarding injured parties who are entitled to compensation under the law applicable in the Administered Territories, and in addition the deductible in definition 1.14 in regard to injured parties who are subject to the Law as defined in definition 8.2.1 of the definitions above.

8.4.9 Cover in regard to additional insureds
If explicitly noted in the schedule that the cover in regard to additional insureds is valid, this Chapter Four shall be extended to indemnify any person or legal entity vis-à-vis whom the insured undertook in writing, prior to the occurrence of an insured event, to include as an additional insured under the Employers' Liability Insurance arranged by it, to the same extent that such person or legal entity will be deemed the employer of the insured's employees, or where it is determined that it bears vicarious liability for the purpose of the Insured's liability vis-à-vis its employees.

8.4.10 Cover for carrying weapons
If expressly noted in the schedule that cover for carrying weapons is valid, then contrary to whatsoever appearing in paragraph 8.3.10 above (exclusion in regard to explosives, weapons, etc.), the insurance under this chapter shall be extended to cover the insured's legal liability arising from ownership and/or possession and/or use of weapon which are held under a license by it or its employees, who carry weapons under a valid license at the time of the occurrence, and on condition that same are not obliged as part of the insured's and/or the insured's employee's occupation.

8.5 Special condition for Chapter Four – Employers liability – adjustment of the insurance fees

8.5.1 The insurance fees noted in the schedule are provisional and were calculated on the basis of the total annual salary paid by the insured to its employees, or on the basis of the number of the insured's employees (as these terms are defined, agreed and detailed in the schedule), in accordance with its declaration upon inception of the insurance period.

8.5.2 The insurance fees are subject to adjustment at the end of the insurance period, which will be carried out as follows: within 30 days after the end of the insurance period, the insured will provide the insurer with a declaration regarding the total wages paid to its employees in the course of the insurance period – which shall be supported by a copy of form 126, as well as a CPA certificate detailing the occupation types performed by the insured's employees.

If the total salary paid by the insured to its employees, or the number of workers employed by it in the course of the insurance period differs from the insured's declaration used for payment of the insurance fees, the final account of the insurance fees will be adjusted by payment of the differences in the insurance fees to the insurer, or a refund of the difference in the insurance fees to the insured, as the case may be.

8.5.3 The refunded insurance fees paid to the insured shall not exceed 50% of the insurance fees which the insured was actually charged.

PART FIVE: GENERAL CONDITIONS FOR ALL THE POLICY CHAPTERS

9. Insofar as not otherwise noted in regard to the general conditions, the following conditions shall apply to such Chapters:
- 9.1 Application of the law
This policy shall be subject to the provisions of the legislative arrangement, including the provisions of the Insurance Contract Law, 5741-1981 (hereinafter the "Insurance Contract Law") unless otherwise stipulated between the parties.
- 9.2 Duty of disclosure and change in a material matter
- 9.2.1 In the event that the insured fails to provide complete and truthful answers, or fails to disclose to the insurer a matter which may affect the willingness of a reasonable insurer to enter into the contract at all or to enter into the contract under its conditions (hereinafter "a material matter"), the insurer may cancel the policy or reduce the scope of its liability in accordance with the provisions of the Insurance Contract Law.
- In addition, a material matter is a matter in respect of which a question was presented to the insured in the insurance proposal and/or information in any other document which is submitted to the insurer – whether in regard to this or another policy.
- 9.2.2 Concealment with fraudulent intent on the part of the insured of a matter which he was aware was a material matter, shall be tantamount to provision of a reply which is incomplete and untruthful.
- 9.2.3 A sweeping question asked by the insurer, which binds together different matters without distinction shall not require a response as aforementioned unless it was reasonable upon signing the contract.
- 9.2.4 Furthermore, in the course of the insurance period the insured shall disclose to the insurer in writing, any change in a material matter, immediately upon learning thereof.
- 9.2.5 In this matter it should be clarified that a change occurring after the policy has been submitted to the insured in a matter that was noted as a material matter, and in the event that something reveals that a response provided to a question regarding a material matter was incorrect and may significantly increase the insurer's risk, same shall also be deemed to be part of a "material matter".
- 9.2.6 Within 30 days from the date on which the insurer receives a response which is incomplete and untruthful, or a notice of a material change, or within 30 days after such information becomes known to the insurer in another manner, the insurer may - as long as an insured event has not occurred - cancel the policy immediately by sending the insured written notice.
- 9.2.7 In the event that the insurer cancels the contract by virtue of this condition, prior to the occurrence of an insured event, the insured shall be entitled to a refund of the insurance fees paid by it for the period following the cancellation, unless the insured acted with fraudulent intent.

9.2.8 If an insured event occurs prior to the contract being cancelled by virtue of this paragraph 9.2, the insurer shall only be obliged to pay proportionately reduced insurance benefits, according to the ratio between the insurance fees which would have been customarily paid by it according to the actual condition and the agreed insurance fees. It shall be completely exempt upon each of the following:

9.2.8.1 The response or lack of notice as noted in condition 9.2.5 (as the case may be) were given with fraudulent intent.

9.2.8.2 A reasonable insurer would not have entered into the policy, even for increased insurance fees, had it been aware of the actual condition.

9.2.9 The insurer shall not be entitled to the remedies specified in condition 9.2.6 and 9.2.8 above in this condition upon each of the following, unless the response – which was incomplete and untruthful - was given with fraudulent intent:

9.2.9.1 The insured was aware or should have been aware of the true situation when entering into the contract or that it caused the response to be incomplete or untruthful.

9.2.9.2 The fact in respect of which the response was incomplete or untruthful ceased to exist prior to the occurrence of the insured event, or did not influence the occurrence, the insurer's liability or its extent.

9.2.10 This condition 9.2 shall not deny the insurer any remedy bestowed upon it by law.

9.3 Address for Notices

9.3.1 Notices to the insured and beneficiary
Notices by the insurer to the insured or the beneficiary insofar as relating to the policy, shall be sent to their last address known to the insurer.

9.3.2 Notices to the insurer
Notices by the insured or the beneficiary to the insurer shall be delivered to the insurer's head Office address, or any other address in Israel of which the insurer gives written notice to the insured and beneficiary from time to time.

9.4 Israeli law and jurisdiction

Any claim under this policy shall be subject only to Israeli law and the courts in Israel shall have exclusive jurisdiction in any insured event and/or dispute deriving from this policy. The company shall not compensate and/or indemnify the insured and/or shall not pay any insurance benefits for a ruling given by another judicial authority located outside the boundaries of the State of Israel.

- 9.5 Payment of insurance fees and other fees
- 9.5.1 The insurance fees and other fees due from the insured to the insurer in connection with the policy shall be made within 28 days after inception of the insurance or on other dates agreed upon in writing between the insured and insurer.
- 9.5.2 In the event that the insurance fees or any other payments due from the insured to the insurer are not remitted within 28 days, same may be paid on other dates expressly agreed upon as follows:
- 9.5.2.1 Regarding a policy denominated in shekels – the sums in arrears shall bear linkage differentials for the arrears period from the inception of the insurance. The linkage differentials shall be calculated according to the difference between the index known upon inception of the insurance period and the index known on the date on which each payment is actually remitted.
- 9.5.2.2 In respect of a policy denominated in (US) dollars, each payment shall be made in new shekels according to the representative rate on the date of payment.
- 9.5.3 In order to obviate any doubt, it is hereby clarified that if insurance fees are determined as a deposit or which are subject to adjustment, this policy, its renewal or cancellation shall not constitute a waiver of the adjustment for any insurance period preceding the insurance period in this policy.
- 9.5.4 In the event that insurance fees are not paid on the agreed dates, the sum in arrears shall also bear interest as specified in the Interest and Linkage Adjudication Law 5721–1961 (hereinafter the “arrears interest”) from the date on which the arrears began and until full defrayal of the sum in arrears. It should be clarified that if the interest is determined by law, the interest determined by the law shall apply.
- 9.5.5 In the event that the sum in arrears is not paid on the specified date (as specified above) and not within 15 days after the insurer demands same of the insured in writing, the insurer may act as noted in sub-conditions 9.5.6 – 9.5.7 (inclusive) hereunder.
- 9.5.6 In the event that any arrears sum is not paid within 15 days after the insurer demands same in writing of the insured as aforementioned, the insurer may notify the insured in writing that the insurance will be cancelled after 21 additional days unless the sum in arrears is settled prior thereto. In the event that a beneficiary other than the insured is irrevocably designated, the insurer may cancel the insurance if it informs the beneficiary in writing of the said arrears and the beneficiary fails to settle the sum in arrears within 15 days of the date of receiving said notice.
- 9.5.7 Cancellation of the insurance under this condition shall not derogate from the insured’s duty to settle the sum in arrears relating to the period up to the said cancellation.

9.5.8 If an insured event brings about the exhaustion of the limits of liability under this policy due to indemnification of the insured (as the case may be), then the insurer may deduct from the insurance benefits due to the insured (if any), the balance of the insurance fees due to it, even if their payment date has not yet fallen due.

9.6 Measures for preventing and/or mitigating the insurer's risk
In so far as the policy states - explicitly or in any other manner - that the insured is obliged to initiate measures to prevent and/or mitigate the insurer's risk (hereinafter the "measures") and such measures are not initiated, and as a result an insured event takes place or is aggravated, this may cause a significant reduction in the insurance benefits, to the point of total rejection of the cover, all in accordance with the conditions of paragraphs 18, 19, and 21 of the Insurance Contract Law.

Dear Insured! In order to prevent lack of insurance cover or a significant reduction of insurance benefits upon the occurrence of an insured event – please ensure that the measures are fully implemented.

9.7 Duty of care
The insured must initiate all reasonable precautions and comply with all legislated duties intended to prevent any damage or harm which are covered under this policy and to protect the insured property which may be damaged by a risk which is covered under the policy.

In the event that the insured becomes aware, or is informed of a real risk to property - which has caused or may cause damage thereto - the insured shall immediately stop the activity which is related to this risk.

9.8 Notice of an insured event and clarification of the insurer's liability

9.8.1 The insured must notify the insurer of the occurrence of an insured event immediately after learning thereof, and the beneficiary must notify the insurer immediately after learning of the occurrence of the event; provision of a notice by one of the aforementioned shall release the other from its duty.

9.8.2 Any claim by the insured for indemnification, as well as for the payment of insurance benefits under the policy, will be submitted by means of a claim form which the insurer will provide to the insured at its request.

9.8.3 The insured or beneficiary as the case may be, shall provide the insurer - within a reasonable time after being requested to do so - the information and documents required to clarify the liability and its extent, and if same are not in its possession it shall assist the insurer to obtain same to the best of its ability.

9.8.4 In the event of failure to uphold any of the duties under any of the conditions noted under condition 9.8.1 (notice regarding an insured event), 9.8.3 (cooperation regarding clarification of the insurer's liability), condition 9.9 (no admission), condition 9.10 (notice of proceedings), condition 9.11 (transfer of documents) hereunder, whose fulfillment would have allowed the insurer to minimize its liability, the insurer shall not be obliged to pay insurance benefits, except to the extent it would have been obliged to do so

had the duty been upheld. This provision shall not apply upon each of the following:

9.8.4.1 The duty was not upheld or was upheld belatedly for justified reasons.

9.8.4.2 The failure to uphold the duty or delay in doing so did not prevent the insurer from clarifying its liability and did not encumber said inquiry.

9.8.5 In the event that the insured or beneficiary deliberately committed an act which may prevent or hinder the insurer from clarifying its liability, the insurer shall not be obliged to pay insurance benefits, except to the extent it would have been obliged to do so had such act not been committed.

9.8.6 In the event of a breach of a duty under conditions 9.8.1 (notice of an insured event), 9.8.3 (cooperation regarding clarification of the insurer's liability), condition 9.9 (no admission), condition 9.10 (notice of proceedings) and condition 9.11 (transfer of documents) hereunder, or where an act is committed as noted in condition 9.8.5 (preventing or hindering clarification of the insurer's liability) above, or where the insured or beneficiary provided the insurer with false facts, or concealed facts relating to the insured event, or in regard to the insurer's liability - and same is committed with fraudulent intent - the insurer shall be exempt of its liability.

9.8.7 If an insured event is caused deliberately by the insured, the insurer shall be exempt of its liability.

9.8.8 The insurer shall not be obliged to pay insurance benefits for damage which the insured could have prevented or minimized upon the occurrence of the insured event or thereafter, by taking reasonable measures or measures which the insurer instructed it to initiate.

9.8.9 In the event that upon the occurrence of an insured event or thereafter the insured incurred reasonable expenses to prevent or minimize the damage, or for this purpose assumed reasonable undertakings, the insurer shall be obliged to indemnify it whether the damage is prevented or minimized or not. In the event that said expenses or undertakings were unreasonable, the insurer shall be obliged to provide indemnification according to their reasonable rate in the circumstances of the matter, all even in excess of the sum insured.

9.9 Prohibition of admission

No admission, proposal, promise, undertaking or compensation of any type shall be made or given by the insured or on its behalf, without the prior written consent of the insurer, in connection with any insured event which is covered under this policy. The provisions of this condition shall not apply to reporting of facts regarding the insured event to the police or any lawfully authorized entity, upon their request, as well as to giving testimony in Court.

9.10 Notice regarding proceedings

The insured shall notify the insurer as soon as possible of a police or other investigation, an investigation of the causes of death or any indictment which are

open or about to be opened – if same are known to it in connection with any insured event which is covered under this policy.

9.11 Provision of documents by the insured to the insurer

The insured will submit to the insurer, immediately upon receipt thereof, any information, letter, summons, notice of a hearing, order and any process in connection with/due to any insured event which is covered by this policy.

9.12 Claims handling

9.12.1 The insurer may – by means of its authorized officials - at any reasonable times, for investigation or inspection purposes, enter all sites belonging to the insured and/or which are under its possession and/or responsibility - where the insured event took place or may be related to the insured event - and the insurer may remain onsite and request to hold same and their contents, insofar as justified by the matter, all at a reasonable time and for any purpose related to this event. The insured shall permit and grant the insurer all easements necessary for this purpose.

9.12.2 Where the insurer has acknowledged its liability in terms of the policy, at its discretion, it shall be entitled to take over and conduct the defense against any claim in the insured's name, or the settlement of any claim and to claim and receive indemnification, compensation, participation and damage fees on behalf of the insured.

The insurer shall have discretion in handling any proceedings or in regard to arrangement or settlement of any claim. The insured shall be obliged to furnish all information in its possession to the insurer and extend to the insurer any reasonable assistance required by it in connection with the matters referred to in this paragraph.

9.12.3 However, the insurer shall endeavor to act in coordination with the insured, in order to avoid causing it damage or adversely affecting its good name.

9.12.4 Payment of the insurance benefits shall be in accordance with paragraph 68 of the Insurance Contract Law as follows:

"In liability insurance, the insurer may - and according to the demand of the Third Party - shall be obliged to pay the insurance benefits which the insurer is obliged to pay to the insured to the Third Party, provided that the insured is given written notice of same 30 days in advance, and the insured fails to object during this period. However, any allegation which the insurer may make vis-a-vis the insured shall stand vis-a-vis the Third Party."

9.12.5 In the event that the sum of the claim exceeds the insurer's limit of liability, the insurer and the insured shall act in mutual coordination and without derogating from the generality of the aforementioned, the insured shall be given the right to actively participate in the conduct of the defense.

9.13 Currency conversion

9.13.1 If the sums insured or limits of liability are denominated in new shekels the calculation will be as follows:

9.13.1.1 In respect of limits of liability/ sums insured - based on the changes in the index, between the known index published soon before inception of the insurance period and the known index published soon before the occurrence of the insured event.

9.13.1.2 If the policy determines that it is subject to adjustment conditions, for adjustment of insurance fees - based on the changes in the index, between the known index published soon before the date of inception of the insurance period and the date soon prior to the end of the insurance period specified in the schedule.

9.13.1.3 In respect of insurance benefits – according to the changes in the index, between the known index published soon before the date of the insured event and the index known soon before their actual payment to the injured party or the insured (as the case may be).

9.13.1.4 In respect of the extent of the deductible - according to the changes in the index, between the known index published soon before inception of the insurance period and the known index published soon before the date of deduction of the deductible from the insurance benefits, or their actual date of payment or defrayal (as the case may be).

9.13.2 If the sums insured or limits of liability and deductible are denominated in US dollars, same – including the insurance benefits due to the insured or the beneficiary (as the case may be) – shall be calculated in US dollars according to the representative rate of the dollar with the Bank of Israel, applying on the date of calculation or actual payment (as the case may be).

9.13.3 If the policy notes a sum insured, limit of liability or deductible sum in a currency other than that specified in the schedule, said sum shall be calculated in accordance with the representative exchange rate published by the Bank of Israel for such currency into the currency noted in the schedule on the date of the occurrence of the insured event.

9.14 Prescription

The prescription period for a claim for insurance benefits shall be three years from the date of the occurrence of the insured event.

In liability insurance, a claim for insurance benefits shall not prescribe as long as the Third Party's claim against the insured has not prescribed.

9.15 Subrogation

9.15.1 If due to the insured event the insured also had a right to compensation or indemnification vis-à-vis a Third Party, not by virtue of an insurance contract, such right shall devolve upon the insurer once it pays any insurance benefits and/or compensation and/or indemnification (as the case may be) and according to the rate of benefits or indemnification paid.

9.15.2 The insurer shall not be entitled to make use of a right which has devolved upon it according to this condition in a manner which would infringe on the insured's right to collect compensation or indemnification from the Third Party in excess of the benefits received from the insurer.

9.15.3 In the event that the insured receives from a Third Party compensation or indemnification which is due to the insurer according to this condition, it shall transfer same to the insurer. In the event that the insured compromises, waives or performs any other act which infringes on a right which has devolved upon the insurer - even if performed prior to inception of the insurance period - it shall compensate the insurer accordingly.

9.15.4 The provisions of this condition shall not apply if the insured event is unintentionally caused by a person from whom a reasonable insured would not claim compensation or indemnification due to family relations or employer-employee relations between them.

9.16 Right of set-off

The insurer may set-off from the insurance benefits due to the insured upon the occurrence of an insured event any sum owed by the insured to the insurer, whether said debt relates to this policy or to another. In the event of a total loss of the insured property covered by this policy, the insurer may set-off the balance of the insurance benefits due to it according to this policy, even if the date of payment has not yet fallen due.

9.17 Extension of the insurance period

Any extension of the insurance period under the policy requires the consent of the parties, which will be given expressly for this purpose.

It is hereby clarified that at the end of the aforementioned insurance period, the insurance will not be automatically extended, and the insurance cannot be extended in any way due to the insured being silent or by any other act by the insurer (other than its consent as stated in this condition), even if the insured proposed to the insurer that the insurance be extended, in any form and at any time.

9.18 Principal insured in the policy

If several insureds are specified in the name of the insured in the policy and a principal insured is designated in the schedule, during the insurance period the principal insured shall conduct all negotiations with the insurer on behalf of all the insureds and request any amendment or addition, including matters relating to claims. The principal insured's signature on the proposal form and applications for amendments in the policy during the insurance period and/or on any document issued by the insurer (including a cancellation notice) will be sufficient to be binding upon all the other insureds. Insurance benefits shall only be remitted to the principal insured – or according to its written instructions which shall be given to the insurer;

in addition, any notice sent by the insurer shall only be sent to the principal insured and same shall be deemed to have been sent to each of the insured individuals.

It is hereby clarified that nothing appearing in this condition shall exempt any insured who is included in the name of the insured of its obligations under this policy. In addition, nothing in this condition shall deny the insurer any right under this policy vis-à-vis each of the insureds, jointly and/or severally.

9.19 Cancellation of the insurance

9.19.1 In addition to whatsoever appearing in condition 9.2.6 above regarding immediate cancellation and in condition 9.5.5 above regarding cancellation of the policy due to failure to remit insurance fees, and without derogating from the insurer's rights - by law or under any other provision in the policy - the insurer may cancel the insurance at any time prior to the end of the insurance period, at its discretion, provided it gives the insured written notice at least 30 days prior to the date on which the insurance will be cancelled. In such instance the insured shall be entitled to a refund of the insurance fees paid to the insurer, pro-rata to the period after cancellation of the insurance.

9.19.2 Cancellation of the insurance as aforementioned, shall not derogate from the rights of claim according to this policy in respect of an insured event occurring/ caused prior to cancellation of the insurance.

9.19.3 The insured will be entitled to cancel the insurance at any time whatsoever prior to the end of the insurance period at its discretion by means of a written notice to the insurer. The cancellation shall apply from the date specified in the insured's notice, however, not before the date on which the insurer receives the notice. In this case, the insurer shall retain/ the insured will pay (as the case may be) insurance fees based on the following formula: 10% of the annual insurance fees (irrespective of the period during which the policy was valid) plus 0.3% of the annual insurance fees for each day of insurance during the period when the policy is valid.

9.19.4 Notwithstanding the aforementioned, in the event that the insured demands that the insurer sign insurance certificates containing an undertaking to only cancel the insurance after prior notice is given to the recipient of the undertaking, the policy will only be cancelled after fulfillment of the undertaking to provide advance notice and the end of the period noted in said certificates.

9.20 Deductible

9.20.1 In the event that damage is caused to several items for which a different deductible applies - in respect of each item and in the alternative in respect of each risk, field or matter – for which a claim is submitted under a part/ sub-part/ segment of the policy (as the case may be), a single deductible shall apply - the higher of them respectively.

9.20.2 In the event that damage is caused for which claims are filed under several Chapters/ parts of this policy - the insured shall bear a deductible for each Chapter and each part separately.

9.20.3 In order to obviate doubt, it is hereby clarified that in the insurance/ cover of the insured's liability, the deductible sum shall apply to expenses incurred by the insurer in the course of, and as a result of handling the claim/ demand for compensation/ notice in regard to an event which may give rise to a claim, even if no actual compensation is paid.

9.20.4 It should be emphasized that the insured's deductible, in regard to an insured event which covers the insured's liability, constitutes a first layer of the policy which applies to the insured, and is included in the policy limits of liability in the policy - and is not in addition thereto.

9.21 Calculation of the indemnification

9.21.1 Unless otherwise specified in one of the policy chapters/parts (as the case may be), the calculation of the indemnification shall be performed as follows:

The insurance benefits due to the insured under this policy shall be calculated and paid according to the value of the property which is lost or damaged – as existing at the time of the loss or damage – however, no more than the sum insured for this property.

9.21.2 It is hereby clarified that the sums insured and/or limits of liability appearing in the schedule are merely maximum sums insured, and that the indemnification rate under this policy is not agreed and the insured must reasonably prove the damage sum, scope and rate.

9.21.3 In order to obviate doubt, it is hereby clarified that any estimate submitted to the insurer regarding the value of the insured property, whether ordered by the insured or the insurer, will not constitute an agreed indemnification rate within its meaning under paragraph 56(d) of the Insurance Contract Law.

9.21.4 This condition shall not derogate from the policy provisions in regard to underinsurance conditions.

9.22 The insurer's rights to salvage

9.22.1 Upon the occurrence of any loss or damage to the property insured under this policy, the insurer may:

9.22.1.1 Enter the building or premises where the insured event took place or may be related to the insured event.

9.22.1.2 Receive into its possession the insured property, in respect of which the insured is claiming insurance benefits.

9.22.1.3 Take into its possession any such property, to inspect, sort, arrange, transfer or handle same in any other manner for any reasonable objective and in any reasonable manner.

9.22.1.4 Sell salvage to a Third Party following loss or damage as aforementioned, only after the insured has been granted a preferential right to purchase same at the Third Party's price.

9.22.2 In the event that the insured or any other person acting on its behalf, fails to comply with the insurer's demands or obstructs or prevents the insurer from exercising its rights to clarify its liability which are granted herein, the insured's liability will be reduced and it shall not be obliged to pay insurance benefits, except to the extent it would have been obliged to do so had the duty been upheld. This provision shall not apply upon each of the following:

9.22.2.1 The duty was not upheld or was upheld belatedly for justified reasons.

9.22.2.2 The failure to uphold the duty or delay in doing so did not prevent the insurer from clarifying its liability and did not encumber said inquiry.

9.22.3 The insured will not be entitled in any manner to abandon any property in favor of the insurer, whether the insured has already taken same into its possession or not.

9.22.4 Exploitation of the insurer's rights according to this condition shall not adversely affect the insured's business management or its reputation.

9.23 Advance payments and benefits which are not in dispute

9.23.1 Upon the occurrence of an insured event involving the property which is insured under this policy, the insured shall be entitled to receive from the insurer advance payments or monetary undertakings, which shall enable it to obtain service to repair the damage, subject to underinsurance conditions. This, on account of the monies due to the insured from the insurer under the conditions of this policy.

These advance payments will be deducted from the final insurance benefits paid to the insured. The benefits shall be calculated on the basis of their value linked to the Index from the date of the advance payment and until the day the final insurance benefits are paid, and if the policy is a dollar based policy, the calculation will be made on this basis;

9.23.2 Insurance benefits which are not in dispute, shall be paid within 30 days after a written claim for payment of insurance benefits is delivered to the insurer - which may be claimed separately from the other benefits.

9.23.3 In the event that it becomes apparent that the advance payment exceeds the final benefit due to the insured, the insured shall repay the difference, including linkage and interest as soon as possible.

9.24 Beneficiary other than the insured

9.24.1 The insured under this policy may not designate a beneficiary other than itself, unless the insurer grants its advance written consent to do so.

9.24.2 Where a beneficiary other than the insured is designated in the policy and the insurer and the insured agree on the compensation due to the insured, such determination shall also be binding upon the beneficiary.

9.25 Reduction of the limits of liability following a claim/ damage
Unless otherwise explicitly stated in the schedule:

9.25.1 Following a loss or damage, the sums insured and/or the insurer's limits of liability (as the case may be) shall be reduced according to the sum of the insurance benefits or indemnification (before deduction of the deductible) due to the insured in respect of the loss or damage.

9.25.2 In the event that the insurer gives a written undertaking to pay compensation to a Third Party, or in the event that the insurer pays compensation to a Third Party, or in the event that the insurer indemnifies the insured in respect of an insured event, the insurer's limits of liability shall be reduced by the sum which the insurer undertook vis-à-vis the Third Party, as and from the date of its undertaking, or (as the case may be), the sum in which the insurer compensated the Third Party or the sum in which the insurer indemnified the insured, as and from the date that same was paid - the earlier of them.

9.26 Reinstatement

9.26.1 The insurer may, at its discretion, reinstate or replace the damaged or destroyed property, or any part thereof, instead of paying the sum of the loss or damage, or will be entitled to participate with any other insurer or insurers in doing so.

In the event that the insurer chooses to reinstate or replace any property, the insured shall provide the insurer with the plans, specifications, measurements, quantities and all other details as the insurer may require, and none of the actions taken or caused to be taken by the insurer with the intention of reinstatement or replacement, shall be interpreted as the insurer's choice to reinstate or replace the damage.

9.27 Changes in the insurer's limits of liability

In the event that the insured requests the insurer to increase the limits of liability in respect of any matter/ initiative/ project/ insured and the insurer agrees and confirms the increase of the limits of liability requested, and notes the specific matter/ initiative/ project/ insured in the schedule, the increase in the sums of the limits of liability shall only apply in respect of that specific matter/ initiative/ project/ insured and shall not apply to the insured's other activities (which shall be subject to lower limits of liability).

In order to avoid any doubt, it is hereby clarified that in the event of a claim/ damage in respect of which insurance benefits are paid by the insurer, or the insurer undertakes in writing to pay, the insurer's limits of liability (both the general limits of liability and the limits of liability in respect of a specific matter/ initiative/ project/ insured) shall be reduced by the sum of the insurance benefits paid or undertaken in writing by the insurer, regardless if paid in respect of the specific matter/ initiative/ project/ insured in the schedule, or in respect of any other matter whatsoever.

9.28 Payment of the limit of liability sum / by way of compromise

9.28.1 Before conducting proceedings or in the course of negotiations for a compromise in connection with any claim or series of claims or any matter whatsoever which may be claimed according to this policy – or in the course

thereof – the insurer be entitled to pay the sum of the appropriate limit or limits of liability to the insured following the deduction, of any sum or sums already paid as insurance benefits.

In such instance the insurer shall forego the management and supervision of such claim or claims and the aforementioned shall constitute the full payment of the entire appropriate limits of liability in the policy, except for reasonable payments and court expenses which shall be paid in excess of the limits of liability.

- 9.28.2 In the event that the insurer proposes to the insured to conclude a claim, or series of claims, or any matter whatsoever which may be claimed according to this policy by way of compromise, and the insured objects to the compromise, the insurer's limit of liability shall be limited to the inclusive sum which the insurer would have paid had the insured not refused to settle the claim, the series of claims or the matter, and this, even if the proceedings continue. The insurer shall not be obliged to bear more than the sum it could have paid in the framework of the compromise.

In the event that the insured continues with the proceedings which result in:

9.28.2.1 Striking out/ rejection of the claim and/or full and final cancellation of any possibility of same being filed - the insurer shall indemnify the insured for the reasonable expenses incurred by the insured for the purpose of the proceedings, aforementioned, however, in no instance no more than the sum which the insurer would have paid in the framework of the compromise.

9.28.2.2 In the event that the compensation sum is reduced, and as a result thereof the insured bears reasonable defense expenses - the insurer shall indemnify the insured in accordance with the compensation sum, after any sum of sums which have already been paid as insurance benefits under the policy are deducted.

In addition, the insurer shall provide indemnification in regard to reasonable defense expenses, however, in no instance no more than the inclusive sum which the insurer would have paid in the framework of the compromise.

- 9.28.3 It is clarified that in respect of the sum or sums which have already been paid as insurance benefits, the sum shall be calculated subject to whatsoever appearing in condition 9.25 hereunder (reduction of the limit of liability following a claim/ damage).