

TERRORISM DAMAGES INSURANCE POLICY **(Above Property Tax and Compensation Fund)**

This Policy hereby testifies that in consideration of an undertaking from the Insured to pay the premium stipulated in the schedule and/or the specification enclosed herewith (hereinafter: the "Schedule"), to

Phoenix Insurance Company Ltd.

(hereinafter: the "Insurer"):

The Insurer shall indemnify the Insured against physical damage caused to the insured property described in Chapter 1 "Property Insurance" or to part thereof and/or loss or consequential damage as set forth in Chapter 2 "Consequential Loss" and/or as set forth in the Schedule, by an act of War or terrorism, pursuant to the terms of this Policy, within the period of insurance determined in the Schedule or any additional period, with the consent of the Insurer, for which the Insured paid or consented to pay the premiums determined in consideration of this additional period, on condition that the amount paid by the Insurer for each item in the Schedule does not exceed the amount recorded alongside it and its total does not exceed the insurance amount or general limit of liability mentioned therein in respect of both chapters together or any other amount or amounts determined in their stead by an addition to this Policy or by an endorsement thereto signed by the Insurer or in its name and under no circumstances shall it exceed the damage caused to the Insured by loss or damage to the insured property.

This Policy does not cover any property outside the "Green Line", unless otherwise explicitly stipulated in the Schedule and/or the extensions to the Policy.

This Policy was issued by the Insurer on the basis of an insurance proposal and/or other document or information submitted to the Insurer, constituting a basis and integral part of this Policy.

Definitions

Acts of Terrorism: Sabotage or an act harming the property insured pursuant to this Policy, committed with violence for political ends, including the use of violence for the purpose of putting the public or any section of the public in fear, by a person or persons whether or not operating on behalf of or in connection with any organization whatsoever, including acts committed in order to further the uprising known as the "Intifada".

Acts of War: Invasion, act of a foreign enemy, hostilities or warlike operations (whether or not war is declared), civil war, sabotage, revolt, military or popular uprising, insubordination, rebellion, revolution, military government or illegally seized government, military regime or a situation of siege or any events or elements leading to the declaration or existence of a military regime or a situation of siege.
For the purpose of this Policy the following shall also be construed as War and terrorism damage:



- A) Loss or physical damage resulting directly from an act of a lawfully constituted Authority for the purpose of suppressing or minimizing or preventing the consequences of an act of War or terrorism.

Burden of proof: The burden of proof that the loss or damage are covered shall be upon the Insured. Only an explicit certificate of the Israeli police or the ministry of defence or the manager of the property tax and compensation fund as defined by the law of property tax and compensation fund 1961 with all its amendments, certifying that the loss or damage has been caused directly by an act of terrorism shall serve as proof that the loss or damage are covered.

The “Green Line”: The area of the State of Israel as it was on June 4, 1967.

Clarification— Tangible property

Property damage covered under this Policy shall mean physical damage to the substance of property.

Physical damage to the substance of property shall not include damage to data or software, in particular any detrimental change in data, software or computer programs that is caused by deletion, a corruption or deformation of the original structure.

Consequently the following are excluded from this Policy:

- A. Loss of or damage to data or software, in particular any detrimental change in data, software or computer programs that is caused by a deletion, a corruption or a deformation of the original structure, and any business interruption losses resulting from such loss or damage. Notwithstanding this exclusion, loss or damage to the substance of property shall be covered.
- B. Loss or damage resulting from an impairment in the function, availability, range of use or accessibility of data, software or computer programs, and any business interruption losses resulting from such loss or damage.

To avoid any doubt, it is hereby stipulated that this clarification does not grant any additional cover not otherwise covered under the Policy.

General Exclusions to the Liability of the Insurer

1. **This Policy does not cover loss or damage caused directly or indirectly to the property of the Insured by:**
 - A. Loss or damage arising directly or indirectly from nuclear detonation, nuclear reaction, nuclear radiation or radioactive contamination, however such nuclear detonation, nuclear reaction, nuclear radiation or radioactive contamination may have been caused.
 - B. Housebreaking or burglary.
 - C. Loss or damage arising directly or indirectly from or in consequence of chemical or biological emission, release, discharge, dispersal or escape or chemical or biological exposure of any kind.
 - D. Loss or damage directly or indirectly arising from or in consequence of the seepage and or discharge of pollutants or contaminants, which pollutants and contaminants shall include but not be limited to any solid, liquid, gaseous or thermal irritant, contaminant or toxic or hazardous substance or any substance the presence, existence or release of which endangers or threatens to endanger the health, safety or welfare of persons or the environment.
 - E. Loss or damage arising directly or indirectly from or in consequence of asbestos emission, release, discharge, dispersal or escape or asbestos exposure of any kind.
 - F. Loss or damage caused by or arising out of vandalism, criminal damage or criminal activity.
 - G. Loss or damage caused by factors including but not limited to cessation, fluctuation or variation in, or insufficiency of, water, gas or electricity supplies and telecommunications or any type of service except those located within site premises as defined on schedule attached other than loss or damage insured under the Interruption of Public Services and Suppliers/Customers extensions under Chapter 2.
 - H. Loss or increased cost as a result of threat or hoax.
 - I. This Policy does not cover loss consequent on War, between any of the following countries: The United Kingdom of Great Britain and Northern Ireland, the United States of America, The Republic of France, the People's Republic of China and the Russian Federation.
 - J. Loss by seizure or legal or illegal occupation unless physical loss or damage is caused directly by covered perils.
 - K. Loss or damage caused by confiscation, nationalization, requisition, embargo, quarantine, or any result of any order of public or government authority which deprives the insured of the use or value of its property, nor for loss or damage arising from acts of contraband or illegal transportation or illegal trade

Chapter 1

Property Insurance

This Policy covers the property of the Insured as stated in the property Policy whose number appears in the Schedule. This Policy is subject to all the extensions of the above property Policy to the extent that they are not explicitly changed herein.

Insured event: physical loss or damage to the insured property caused by an act of War or terrorism.

Limitation of Liability

The liability of the Insurer in respect of this section (property damage) is limited to the difference between the reinstatement values of the property as defined under the above mentioned property Policy and the "actual damage" as defined in the Property Tax and Compensation Fund regulations (compensation payment) (war damage and consequential damage) – 1973.

Exclusions to Chapter 1 - Property

This Policy does not cover loss or damage to assets listed below, unless otherwise stipulated in the Schedule:

- A. (1) Precious metal, excluding precious metal which is part of an investment or equipment or from an inventory used by the Insured's factory for production.
- (2) Works of art in an amount exceeding \$ 5,000 per work or which are not on the Insured's premises.
- B. Precious stones, securities, promissory notes, stamps, cash, coins and checks.
- C. Motorized vehicles: unless used as business inventory and excluding forklifts.
- D. The "Restoration of Insurance Amount" and "Property in Assessment" extension in the property Policy is not valid in this Policy.

2. Consequential Loss

The Insurer shall not be liable for any loss or consequential loss caused to the Insured as a result of the risks insured under this Policy.

3. Marine Insurance

This insurance does not cover any loss or damage to the insured property which on occurrence of the loss or damage is covered, and for which compensation may be received under a marine insurance Policy taken out by the Insured or in his favor, except for any surplus amount exceeding the insurance amount pursuant to the marine insurance Policy or policies. If the cover pursuant to said marine insurance is canceled as a result of this insurance Policy, the Insurer shall be liable for loss or damage under the terms of the Policy.

Chapter 2 - Consequential Loss

This chapter covers loss caused to the Insured by an Insured event during the period of indemnity stipulated in the Schedule. This Chapter is subject to all the extensions of the Insured's Consequential Loss Policy whose number is specified in the schedule to the extent that they are not explicitly changed herein.

Insured event: Physical loss or damage to the property insured in Chapter 1 caused by an act of War or terrorism occurring during the period of insurance, as a result of which there was an interruption or cessation in the business of the Insured.

Limitation of Liability

The liability of the Insurer in respect of this chapter is limited only to the difference between the actual Consequential Loss sustained by the Insured and the compensation due to the Insured from the property tax and compensation fund under law. The insurer shall not be liable to pay any amount paid by the fund or which would have been paid but was not and/or because of not submitting any claim to the fund.

Scope of Cover

- A The insurance is limited to loss of gross profit as a result of
- i. Reduction in Turnover.
 - ii. Increase in operating expenses.

The insurance benefits for Gross Profit shall be calculated as follows:

1. For reduction in Turnover:
The amount obtained by multiplying the Percentage of Gross Profit by the Reduction in Turnover resulting from the Insured event during the Period of Indemnity.
2. For increase in operating expenses:
An amount of additional expenses which is reasonable and required, incurred solely for the purpose of preventing or decreasing the Reduction in Turnover, which could have been caused by the Insured event during the Period of Indemnity.

On the express condition that the amount to be paid under this sub-clause does not exceed, in respect of each above expense, the amount obtained by multiplying the percentage of Gross Profit by said proportion of the Turnover, the loss of which was prevented by this additional expense, less any amount saved in the Period of Indemnity, for said expenses and costs of the business which were paid out of the Gross Profit, which decreased or ceased as a result of the Insured event.

- B Liquidated Damages
This Liquidated Damages incurred by the Insured under the BOT Agreement, in respect of non-performance or delay in performing contractual obligations, up to 6 month indemnity period.

Definitions

Gross Profit

The amount obtained from all the Turnover and revenues from the Insured's business, plus the closing inventory less the amount of processing expenses (uninsured) listed in the Schedule plus the opening inventory.

Turnover

The money paid to the Insured or payable to the Insured for goods sold and supplied, and for services rendered during the Insured's business.

Period of Indemnity

That period during which the Insured's business results were harmed by the Insured event which begins with the occurrence of the Insured event and concludes no later than the end of the period stipulated in the Schedule as the Period of Indemnity.

Reduction in Turnover

The amount at which the actual Turnover is reduced in relation to the Regular Turnover during the Period of Indemnity.

Percentage of gross profit	The ratio between the Gross Profit and the Turnover in the financial year preceding the date of the occurrence of the damage.	In respect of which those adjustments shall be made which are required by the trend of the business's development, and by the changes in the business and the other circumstances affecting the business, or which could have affected the business had the damage not occurred, so that the adjusted amounts shall represent insofar as is reasonably possible the results, which, had the damage not occurred, would have been obtained in the proportionate period had the damage not occurred.
Annual Turnover	The Turnover during the 12 months preceding the date of occurrence of the damage.	
Regular Turnover	The Turnover in said period corresponding to the Period of Indemnity within the 12 months preceding the date of the occurrence of the damage, adjusted proportionately if the Period of Indemnity exceeds 12 months.	

Memorandum 1

If, during the Period of Indemnity, goods are sold or services are provided in a place other than the premises where the damage occurred, whether by the Insured or whether by others for him, which are for the benefit of the business, the money paid or which shall be paid as a result of these sales or services shall be taken into account for the purpose of determining the Turnover during the Period of Indemnity.

Memorandum 2

If any expense insured under this Policy is paid to the Insured pursuant to Chapter 1, the Insurer shall not pay for said expense pursuant to this chapter, with the exception of differences, if any, between what was paid under Chapter 1 and what is owed under this chapter (but not if they derive from underinsurance).

Memorandum 3

This Policy shall not be affected by the fact that the loss and/or damage covered under the Chapter 1 is at an amount lower than its deductible

Exclusions to Insurer's Liability

1. This chapter shall not cover any loss not resulting from physical damage covered in Chapter 1.
2. This chapter shall not cover any loss resulting from expenses for improvements, modifications or renovations during repair or reinstatement or replacement owing to physical damage caused to the insured property.
3. This chapter shall not cover any loss for damage to property in construction.
4. The extensions "Property not owned by the Insured", "Restoration of Insurance Amount", from the Insured's consequential loss Policy are not valid for the purpose of this chapter.

Inaccessibility Extension:

Notwithstanding exclusion 1 above, it is agreed that the Policy is extended to cover interference or interruption in the course of the insured's business in consequence of a physical loss or damage to property adjacent to the insured's premises caused by act of war or terrorism, rendering the insured property inaccessible or unusable, or preventing and/or hindering the use of or access to the insured's premises following a law, order of decree of the relevant civil or military authorities.

The insurance benefits under this extension are limited to USD 2,000,000.

Policy Terms

This Policy, the Schedule the Specification and any other document attached thereto shall be read as one contract and any word or expression to which a meaning shall be attributed in any part of the Policy or the Schedule or the Specification shall have the same special meaning in any place in which they appear.

1. Application of the Law

The provisions of the Insurance Contract Law, 5741 - 1981 shall apply to all matters pertaining to this Policy, insofar as shall be required by the matter, unless otherwise stipulated in this Policy.

2. Means of Reducing the Risk

The Insured shall take measures to reduce the Insurer's risk under the Policy, as shall be agreed in writing from time to time during the period of insurance, within a period to be determined for this purpose by the parties or as stipulated in the Policy and/or the Schedule, depending on the case.

3. Double Insurance

If a property is insured in favor of the Insured against one risk with more than one insurer during coincident periods, the Insured shall notify the Insurer to this effect in writing, within a reasonable time after taking out the double insurance or after he becomes aware of it.

4. Extension of Insurance

Each extension of the period of insurance pursuant to the Policy requires the written consent of the Insurer which shall be granted explicitly for this purpose.

5. Payment of Premiums and Other Fees

- A. Unless otherwise agreed by the parties, the premiums and other fees owed by the Insured to the Insurer in connection with the Policy shall be paid in full in NIS within twenty-eight days from the beginning of the period of insurance, at the representative rate of the currency of the Policy in the Bank of Israel on the date of payment.
- B. Should the premium not be paid within said 28 days, but on other dates which have been explicitly agreed, each payment shall bear differentials from the date of the beginning of the insurance until the date of actual payment. These differentials shall be differentials in the representative rate of the currency of the Policy in the Bank of Israel, credit fees and handling fees.
- C. If the premium is not paid on the agreed date/s the overdue amount shall also bear interest for the arrearage period, at the rate customary in the Insurer at that time.
- D. Should any overdue amount not be paid as aforesaid within 15 days after the Insurer demanded payment in writing from the Insured, the Insurer may notify the Insured in writing that the insurance shall be cancelled in another 21 days if the overdue amount is not paid prior thereto, and if a beneficiary who is not the Insured was determined, and the determination was irrevocable, the Insurer may cancel the insurance if it notified the beneficiary in writing of said arrearage, and the beneficiary did not pay the overdue amount within 15 days from the date on which he was notified thereof

6. The Right to Set-Off

The Insurer may set off against the insurance benefits due to the Insured on the occurrence of the Insured event any amount owed by the Insured to the Insurer, whether or not his debt relates to this Policy. In the event of total loss caused to the insured property covered under this Policy, the Insurer may set off the balance of the premiums owed to it, even if the date of payment therefor has not yet arrived.

7. Cancellation of Insurance

- (a) 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 before the expiry of the insurance at his discretion, provided that notice to this effect shall be sent to the Insured by registered letter at least 60 days before the date of cancellation. Such notice shall entitle the Insured to a return of the premium paid by him to the Insurer for the period subsequent to the cancellation of the insurance.

- (b) The Insured may cancel the insurance at any time before expiry of the insurance, at his discretion, provided that a notice to this effect shall be sent to the Insurer by registered mail at least 21 days before the cancellation of the insurance.

Notwithstanding the above mentioned, if the insured demanded that the insurer will sign any insurance certificate which includes obligation to cancel the insurance only after prior notification to the certificate's receiver, the Policy will be cancelled only after the expiry of the period stated in the certificate.

Where cancellation is due to the insured's demand, the Insurer shall retain the customary short period premium for the period during which the Policy has been in force. (Namely 10% of the annual premium for each month or part thereof, plus global 10%)

- (c) Where the Insurer cancels the insurance before the agreed expiry date and the cause of cancellation is not that the Insured has breached the contract or tried to defraud the Insurer, Insurer shall pay to the Insured the amount which would have been requested by a reasonable Insurer from a similar Insured for the same kind of insurance at the date of cancellation in proportion to the period which remained until the agreed expiry date. However in the event that a claim has occurred under this policy prior to cancellation, no return premium will be payable to the Insured.

8. Claim for Insurance Benefits

- A. Upon the occurrence of an Insured event, the Insured shall notify the Insurer thereof within a reasonable time after learning of the occurrence of the event, and the beneficiary shall notify the Insurer thereof within a reasonable time after learning of the occurrence of the event and of his right to the insurance benefits.
- B. The Insured shall submit any claim for payment of insurance benefits pursuant to the Policy to the Insurer in writing.
- C. The Insured or the Beneficiary, as applicable, shall deliver to the Insurer within a reasonable time after being requested to do so, the information and documents required for clarification and scope of liability, and if they are not in his possession, he shall make every effort to assist the Company to obtain them.
- D. After the occurrence of an Insured event the Insured shall take reasonable measures to reduce the scope of the damage, should the Insured fail to take such reasonable measures, the Insurer may reduce the scope of its liability pursuant to the provisions of the law.

9. Reducing the Insurance Amount after Damage

After the occurrence of loss or damage the insurance amounts owed to the Insured for the loss or damage and/or the Insurer's limits of liability shall be reduced by the amount of the insurance benefits, before deduction of the deductible.

10. Deductible

The Insured pays the initial amount, which appears in the Specification or in the Schedule, of the insurance benefits payable as a result of loss or damage covered by the Policy.

11. Insurer's Salvage Rights

- A. In the event of any loss or damage to any property insured under this Policy, the Insurer may:
1. Enter the building or premises in which the loss or damage occurred.
 2. Obtain any property of the Insured in respect of which the Insured is claiming insurance benefits.
 3. Hold in its possession any such property, examine, sort, arrange, transfer or handle it in any other manner for any reasonable purpose and in any reasonable form.
 4. Sell salvage to a third party following the above loss or damage, only after the Insured has been granted first right to purchase it at the third-party price.
- B. If the Insured or any other party acting on his behalf fails to meet the Insurer's requirements or disrupts or prevents the Insurer from using the powers hereby granted to it, the Insurer's liability shall be reduced.
- C. The Insured may under no circumstances abandon any property in favor of the Insurer, whether or not the Insurer has already received it.

It is hereby stipulated that exercise of the Insurer's right under this condition shall not prejudice the business or reputation of the Insured.

12. Subrogation

- A. If the Insured, as a result of the Insured event, also has a right to compensation or indemnity from a third party, not by virtue of the insurance contract, this right devolves to the Insurer once it has paid the insurance benefits to the Insured or the Beneficiary, and at the same rate of the benefits it paid.
- B. The Insurer may not use a right devolving to it under this clause in a manner prejudicing the right of the Insured to collect compensation or indemnity from the third party exceeding the benefits received from the Insurer.
- C. Should the Insured receive from the third party compensation or indemnity due to the Insurer under this clause, he shall transfer it to the Insurer. Should the Insured compromise, effect a waiver or other act prejudicing the right devolved to the Insurer, he shall compensate it therefore.
- D. The Insurer waives its right to subrogation against any employee of the Insured, the Board of Directors, shareholders of the Insured as well as the members of their families, and also against any person or legal entity against whom the Insured waived his right to file a claim or whom he undertook in writing to indemnify before the damage.

13. Underinsurance

- A. for the purpose of chapter 1 property insurance If at the time when the loss or damage occurred, the insurance amount is less than 90% of the value of the insured property, the Insurer's liability shall be reduced in the proportion which is the ratio between the insurance amount and 90% of the value of the property when the loss or damage occurred. Each item in the Schedule is subject to this condition separately.
- B. Where at the time of the occurrence of the insured event, the total amount of insurance is less than the amount arrived at by applying the rate of the Gross Profit to the amount of the annual Turnover, and/or where the wages have separately been insured also including the wages in the annual Turnover, the amount of indemnity payable shall be reduced proportionately to the proportion between the amount insured to the sum arrived at by applying the rate of gross profit .Where the Period of Indemnity exceeds 12 months, the application of the Annual Turnover shall be increased proportionately.

14. The Basis for Determining the Insurance Amounts

1. The basis for determining the value of the insured property and for calculating the insurance benefits shall be as follows:

For raw materials and packing materials	The cost of repurchase on the effective date.
For products in process	The cost of repurchasing the raw materials plus invested expenses on the effective date.
For finished products	The value of the sale less the profit on the effective date.
Other property insured at indemnity value	The property's real value (new less depreciation and/or amortization).
Other property insured in the Reinstatement Value clause as follows:	

Reinstatement Value

It is hereby declared and agreed that in the event of loss or damage to the insured property, pursuant to Chapter 1 of this Policy, the Insurer shall indemnify the Insured for the cost of reinstatement of said property or property of another kind, nature or type; (for the purpose of this clause reinstatement means: for partial damage -repair, for total loss - reconstruction or replacement) on condition that the Insurer's liability is limited to the cost of the reinstatement in the same place, of property of the same kind or type as the property which was lost or damaged, and which does not exceed the same property when it was new.

Notwithstanding that stated above, the Insurer shall indemnify the Insured for expenses for necessary modifications and additions which shall be required by the competent authorities, on condition that they did not require them before the occurrence of the loss or damage, provided that the total of expenses for these modifications and additions does not exceed 10% of the value of the damage. It is hereby clarified that the Insured may reinstate the damage in another place in an appropriate manner and form, on condition that the Insurer's liability does not increase as a result thereof All the above is subject to the following special provisions and terms of the Policy to the extent that they are not changed by that stated in this clause, and subject to the insurance amount and limits of liability stated in the Schedule.

Special Provisions

1. The reinstatement work shall be begun at a reasonable speed, and in any event it shall be completed within 24 months from the date of the loss or damage, or within an additional period which the Insurer shall authorize (within said period of reinstatement) otherwise the Insurer shall not be liable for any amount exceeding the amount which would have been due had this clause not been included.
2. As long as the Insured does not bear the expenses for reinstatement of the lost or damaged property, the Insurer shall not owe any payment exceeding the amount it would have owed had this clause not been included; it is agreed that ordering property or ordering work for the purpose of reinstating the lost or damaged property shall be deemed an expense borne by the Insured for the purpose of this clause, on condition that a lien is placed on the said ordered property in favor of the Insurer until actual reinstatement.
3. The insurance benefits owed to the Insured shall be calculated in the currency of the Policy by converting the amounts spent into the currency of the Policy at the rate/s applying on the date of the actual expenditure by the Insured.
4. It is agreed that if the lost or damaged property is not in ongoing production, the Insurer's liability shall be limited to the cost of reinstating the property which is in ongoing production from a type which resembles the lost or damaged property when it was new, and is not inferior thereto.
5. If, during the period of reinstatement, all the property covered under this clause is destroyed and 80% of the reinstatement amount exceeds the amount insured herein when the loss or damage occurred, the Insured shall be deemed to have insured himself for the difference between the insurance amount and 80% of said reinstatement amount, and pursuant thereto the Insured shall bear a proportional percentage of the loss or damage.

6. This clause shall not be valid for:
 - A. Machines or equipment which were not being used regularly before the damage.
 - B. Property in respect of which the Insured did not give notice within six months from the occurrence of the insurance [event] (or within any additional period authorized by the Insurer), of his intention to substantiate his claim as aforesaid in this clause.
 - C. Property which the Insured does not want or is unable to reinstate.
7. For the purpose of companies and factories belonging to the Phoenix concern, it is hereby declared and agreed that the Insured may transfer his above-mentioned reinstatement rights to the management of the division in the concern to which the Insured belongs.
8. To prevent doubt it is hereby clarified that insured property which is not damaged directly as a result of a covered risk, yet in respect of which a demolition order is issued and/or its use is forbidden by the competent authorities following damage caused by a covered risk to the premises of the Insured or its immediate environment, it shall be considered to be property damaged directly by a covered risk.

15. Period of Limitation

The period of limitation of a claim for insurance benefits is three years from the date of the occurrence of the Insured event, with the exception of third-party property in respect of which the limitation shall not apply as long as the owners' claim against the Insured has not expired.

16. Advance Payment and Undisputed Benefits

- A. On the occurrence of damage to the property insured under this Policy caused by one of the insured risks, the Insured shall be entitled to receive from the Insurer an advance payment or financial commitment which shall enable him to obtain damage repair service, on account of the moneys owed to him by the Insurer under the terms of this Policy.

Such an advance payment shall be deducted from the amount of the final insurance benefits to be paid to the Insured, where the value of the advance payment shall be calculated from the amount of the final insurance benefits on the basis of its dollar value, or if the Policy is in NIS, its linked value on the date of payment of the final insurance benefits.

- B. **An assessor to handle damage shall be appointed** by and at the expense of the Insurer, in full coordination with the Insured. The assessor shall be requested to deliver a preliminary report to the Insurer as soon as possible (and at the same time to the Insured), where the amounts of the loss or damage are divided in accordance with the clauses in the Policy.

Subject to that stated in Clause A above, the Insurer accepts an instance where the damage is indisputably covered, and in reference to the matter of underinsurance, to pay advance payments to the Insured at the following rates:

1. Two weeks after receipt of the above report - 30% of the amount of the assessed covered damage, as set forth in the above report.
2. After 21 days from the first payment, an additional payment of 20% (in other words, a total of up to 50% of the covered damage), as set forth in the above report. In the event that in additional reports, it transpires that there are material changes in respect of the preliminary report on the basis of which the advance payments were paid, the advance payments shall be supplemented pursuant thereto as soon as possible.
3. If it transpires that the advance payment/s exceed the amount of the final insurance benefits due to the Insured, the Insured shall reimburse the difference, including interest and linkage, as soon as possible.

17. Change in a Material Matter

- A. The Insured shall notify in writing, during the period of insurance, any change in a material matter within a reasonable time after becoming aware thereof. Should the Insured fail to disclose such a change to the Insurer, the Insurer may cancel the Policy or reduce the scope of its liability pursuant to the provisions of the law.
- B. A material matter is a matter in respect of which a question was asked in the insurance proposal or in any other document.
- C. If the Insured is a corporation to the knowledge of the Insured for the purpose of this clause and for any other matter for the purpose of this operation after one of the corporation's managers or the officer responsible for insurance matters is apprised thereof

18. Beneficiary who is not the Insured

- A. The Insured under this Policy may not stipulate a beneficiary other than himself unless the Insurer has consented in advance thereto.
- B. If the Policy stipulates a beneficiary who is not the Insured and the Insurer and the Insured have agreed on the compensation owed to him, this stipulation shall also bind the beneficiary.

19. Notices

A notice from the Insurer to the Insured or to the beneficiary in any matter relating to the Policy shall be sent to their addresses last known to the Insurer.

A notice from the Insured or the beneficiary to the Insurer shall be sent to its office as specified in the Policy or to any other address (if any) in Israel notified in writing by the Insurer to the Insured and to the beneficiary from time to time.

20. Main exclusions of the Insurers Liability or the extent of cover under this policy have been highlighted. Nothing of the above mentioned will derogate from all other terms and conditions of the Policy.
