

## **Excess of Loss (Direct) Insurance**

Whereas the Insured named in the Schedule hereto has paid up or agreed to pay AIG ISRAEL Insurance Company Limited (hereinafter called "the Insurers") the Premium specified in the Schedule as consideration for the following insurance.

THE INSURERS hereby agree to indemnify the Insured to the extent of the limits set forth in Sections (1), (2) and (3)) of the Schedule hereof in respect of all sums which the Insured shall become legally liable to pay as damages happening during the Period of Insurance and arising out of the business all as more fully described in the aftermentioned Primary Policies (hereinafter called "the Primary Policy").

### **PROVIDED ALWAYS THAT**

- 1. No liability shall attach to the Insurers hereunder unless and until the Primary and/or Underlying Excess Insurers have paid or have been held liable to pay the full amount of their ultimate net loss liability as specified in Sections (1), (2) or (3) of the Schedule (hereinafter called "the excess any one loss").**
- 2. The liability of the Insurers hereunder shall not exceed the amount(s) specified in Sections (1), (2) or (3) of the Schedule hereunder:**

## CONDITIONS

1. The term "ultimate net loss" shall be understood to mean the sum actually paid in cash in the settlement of losses for which the Insured are liable after making proper deductions for all recoveries, salvages and other insurances (other than the Primary and/or Underlying Excess Insurance) whether recovered or not, and **shall exclude all costs and expenses.**
2. In the event of a claim occurring likely to exceed "the excess any one loss" no costs shall be incurred without the consent of the Insurers who shall be given the opportunity of co-operating in the settlement of claims in which they are interested. **Should the claim become adjustable previous to going into Court or judgement be entered for a sum of not more than "the excess of any one loss" then no costs shall be payable by the Insurers under this Policy.**
3. Should, however, the sum for which the said claim may be so adjustable exceed "the excess any one loss" then the Insurers hereunder if they consent to proceedings continuing shall contribute to the costs in the ratio that their proportion of the liability for the judgement rendered bears to the whole amount of the said judgement.
4. In the event that the Insured having the right to appeal a judgement in excess of "the excess any one loss" elect not to appeal such judgement then the Insurers may elect to conduct such appeal at their own cost and expense and shall be liable for the taxable costs and interest incidental thereto **but in no event shall the liability of the Insurers exceed the sum(s) stated under Section (1), (2) or (3) of the Schedule of this Policy plus such taxable costs and interest as aforesaid.**
5. It is understood and agreed that this Policy is subject to the same warranties, terms and conditions (except as regards the premium and amount and limit of liability and the renewal agreement, if any, and except as otherwise provided herein) as are contained in or as may be added to the Primary Policy. **No amendment to the policy of the Primary Insurers during the period of this Policy in respect of which the Primary Insurers require an additional premium or a deductible shall be effective in extending the scope of this Policy until agreed in writing by the Insurers.**
6. It is a condition of this Insurance that the Primary and/or Underlying Excess Policies shall be maintained in full force and effect during the currency hereof except for any reduction of the aggregate limits (if any) contained in the said Primary and/or Underlying Excess Policies solely by payment of claims in respect of claims made during the currency hereof.

7. In the event of any loss arising which appears likely to result in a claim under this Policy immediate notice of same is to be given to the Insurers.
8. If the underlying insurers exercise a right under their policy to pay the limit of indemnity thereunder and only be liable for costs incurred up to the time of such payment then the Insurers under this Policy shall have the right to contest any claim against the Insured in the name of the Insured. Provided always that in this event the Insurers shall pay all legal costs and expenses incurred with their written consent after the date upon which the underlying insurers shall have exercised the aforementioned right.
9. If by reason of the payment of any claim or claims by the Underwriters of the Underlying Policy during the period of this Insurance, the amount of indemnity provided by such underlying Policy is:
  - Partially reduced, then this Policy shall apply in excess of the reduced amount of the underlying Policy for the remainder of the Period of Insurance;
  - Totally exhausted, then this Policy shall continue in force as underlying Policy until expiry hereof
10. Premium designated as Deposit Premium is a deposit premium only which shall be credited to the amount of earned premium due at expiration of this Policy. When the final earned premium is computed at expiration and upon notice thereof to the Insured the Insured shall pay to the Insurers such final earned premium. If the total earned premium is less than the premium previously paid the Insurers shall return to the Insured the unearned portion paid by the Insured. The Insured shall maintain records of such information as is necessary for premium computation and shall send copies of such records to the Insurers at the end of the Period of Insurance and at such times during the Period of Insurance as the Insurers may direct. Premium designated as Minimum Premium shall represent the minimum amount of premium due to the Insurers for the Period of Insurance of this Policy.