



CORPORATE KIDNAP AND RANSOM/EXTORTION INSURANCE 6/2016

In consideration of the insured's obligation to pay the premium and in reliance on the warranties and representations made by the Insured in the application for this insurance, AIG ISRAEL Insurance Co. Ltd. herein called the "Insurer", agrees to indemnify the Insured for loss(es) as follows:

I. INSURING AGREEMENT

The Insurer will indemnify the Insured for Covered Losses due to the following Insured Events:

INSURED EVENTS

A. KIDNAP AND RANSOM/EXTORTION; CORPORATE AND PERSONAL ASSETS

1. Kidnapping or alleged Kidnapping of an Insured Person(s); and
2. Personal Extortion upon the Insured Person(s); and
3. Property Damage Extortion upon the Insured or Insured Person(s).

B. WRONGFUL DETENTION

The Wrongful Detention of an Insured Person(s).

C. HIJACKING

The Hijacking of any aircraft, motor vehicle, train, or waterborne vessel on which an Insured Person(s) is travelling.

II. COVERED LOSSES

The Insurer will indemnify the Insured for the following Covered Losses. Each Covered Loss is subject to a separate Limit of Liability and Policy Period aggregate as stated in the declarations.

A. RANSOM MONIES

Ransom Monies paid by the Insured resulting directly from a Kidnapping or Extortion occurring during the Policy Period.

B. IN-TRANSIT/DELIVERY

Loss due to destruction, disappearance, confiscation or wrongful appropriation of Ransom Monies while being delivered to person(s) demanding the Ransom Monies by anyone who is authorised by the Insured or Insured Person(s) to have custody thereof; provided, however, that the Kidnapping or Extortion which gave rise to the delivery is insured hereunder.

C. EXPENSES

Any reasonable and necessary expenses incurred and paid by the Insured or Insured Person(s) solely and directly as a result of a Kidnapping, Extortion, Wrongful Detention, or Hijacking provided that such Kidnapping, Extortion, Wrongful Detention or Hijack is insured hereunder, including but not limited to:



1. the amount paid by the Insured or Insured Person(s) as reward to an Informant for information relevant to any Insured Event; and
2. interest costs for a loan from a financial institution made to the Insured or Insured Person(s) for the purpose of paying Ransom Monies; and
3. reasonable costs of travel and accommodations shall be covered as follows:
 - a. costs incurred by the Insured or Insured Person(s) while attempting to negotiate an incident covered under Insured Events A, B; and C; and
 - b. travel costs of a Kidnapping, Wrongful Detention or Hijacking victim to join their immediate family upon their release, and the travel costs of an employee to replace the Kidnap, Wrongful Detention or Hijack victim; and
 - c. travel costs to evacuate, or hotel costs of, an Insured Person and/or Relatives living in the same household as the Insured Person who is the victim of a Kidnapping or Extortion threat covered under this policy; and
4. salary, which shall mean the following:
 - a. the amount of compensation paid by the Insured at an annual rate including but not limited to the average bonuses, commissions, cost of living adjustments or foreign tax reimbursements the Insured Person(s) would normally receive, including contributions to pension and benefit programs (at the level in effect on the date of the Kidnapping, Wrongful Detention, or Hijacking) which the Insured continues to pay to or on behalf of the Insured Person(s) for the duration of the Kidnapping, Wrongful Detention, or Hijacking of the Insured Person(s). **Salary will be paid until the earliest of the following:**
 - i. **up to thirty (30) days after the release of the Insured Person(s) from a Kidnapping, Wrongful Detention or Hijacking if the Insured Person(s) has not yet returned to work; or**
 - ii. **discovery of the death of the Insured Person(s); or**
 - iii. **120 days after the Insurer receives the last credible evidence that the Insured Person(s) is still alive; or**
 - iv. **sixty (60) months after the date of the Kidnapping or Wrongful Detention or Hijacking; and**
 - b. the amount of compensation paid by the Insured at an annual rate, of an individual newly hired to conduct the specific duties of the Insured Person(s) while he/she is held by the kidnappers or wrongfully detained, and will continue only **until the earliest of the conditions set forth in Covered Loss II.C.4.a.i-iv above are satisfied; and**
 - c. the amount of compensation normally received by a Relative of a Kidnapping, Wrongful Detention, or Hijacking victim, and paid by the Insured, who leaves their employment in order to assist in the negotiations for the release of the victim. **Coverage under this section will continue only until the earliest of the conditions set forth in Covered Loss II.C.4.a.i-iv above are satisfied; and**
5. reasonable and necessary medical services and hospitalisation costs incurred by an Insured Person(s), and paid by the Insured as the direct result of an incident covered under Insured Events A, B; or C. within thirty six (36) months either following the release of the victim(s) or the last credible Extortion threat occurring during the Policy Period, including but not limited to any costs for treatment by a neurologist or psychiatrist, costs for cosmetic surgery, and expense of confinement for such treatment. Coverage under this paragraph is also extended to any other person(s) directly involved in the handling or negotiating of a Kidnapping, Wrongful Detention, Extortion, or Hijacking and/or the handling of Ransom Monies; and
6. reasonable and necessary fees and expenses of independent forensic analysts engaged by the Insured; and
7. personal financial loss suffered by an Insured Person(s) solely and directly as the result of the physical inability of such person(s) to attend to personal financial matters while a Kidnapping, Wrongful Detention or Hijacking victim. Coverage will include but not be limited to loss(es) which result from such person's failure to renew insurance contracts, failure to exercise stock options, failure to respond to margin or loan



calls by financial institutions and failure to pay off personal loans or a mortgage. Claims will be payable to the Insured where applicable; and

8. Recall Expenses which are incurred by the Insured solely as a result of a threat or connected series of threats, for the purpose of demanding Ransom Monies, made directly against the Insured to commit a Product Tampering;

The maximum Limit of Liability for all Recall Expenses will not exceed the amount set forth in Item II.C of the declarations, or \$3,000,000, whichever is less; and

9. Business Interruption Loss suffered by the Insured resulting from the necessary interruption of business caused directly and solely by a Kidnapping, Extortion, Wrongful Detention or Hijacking, or an Extortion threat to physically damage any real or tangible property bordering the Insured's Premises which necessarily results in an interruption of the Insured's business.

The maximum Limit of Liability for all Business Interruption Loss will not exceed the amount set forth in Item II.C of the declarations or \$3,000,000, whichever is less. The waiting period for all Business Interruption Loss will be six hours; and

10. rest and rehabilitation expenses including travel, lodging, meals and recreation of the Kidnapping, Wrongful Detention or Hijacking victim and a spouse and/or children; and
11. reasonable and necessary fees and expenses of a qualified interpreter assisting the Insured or Insured Person(s) in the event of an incident covered under Insured Events A, B; or C; and
12. increased costs of security due to Kidnapping, Extortion threats, or Hijacking including but not limited to hiring of security guards, hiring of armoured vehicles and overtime pay to existing security staff, **for a period of up to 90 days, provided however that Clayton Consultants or other specialist consultant has specifically recommended such security measures; and**
13. job retraining costs for the Kidnapping, Wrongful Detention, or Hijacking victim, including but not limited to salary of the Kidnap, Wrongful Detention or Hijack victim while being retrained, and costs of external training courses.

D. CONSULTANTS

1. Reasonable fees and expenses of Clayton Consultants or its subsidiaries; or other independent security consultants, provided that the Insurer has given its prior consent to the use of such other independent security consultants; and
2. Reasonable fees and expenses of RQA or its subsidiaries, Edelman or its subsidiaries, or other product recall or public relations consultants, provided the Insurer has given its prior consent to the use of such other public relations or recall consultants.

No Deductible will apply to this section.

Consultant fees and expenses shall be limited to the earliest of:

- **Sixty (60) months after the date of a Kidnapping, Extortion, Wrongful Detention or Hijacking; or**
- **Sixty (60) days after the release of the Insured Person(s) from a Kidnapping, Wrongful Detention or Hijacking; or**
- **Sixty (60) days after the discovery of the death of the Insured Person(s).**

E. JUDGEMENTS, SETTLEMENTS AND DEFENCE COSTS

1. Defence costs, judgements, and settlements (with the Insurer's consent) incurred as a result of any claim or suit brought by or on behalf of an Insured Person(s) (or the heirs, estate, or legal representatives of an Insured Person(s)) against the Insured solely and directly as a result of a Kidnapping, Extortion, or Wrongful Detention **provided such suit or claim is brought within twelve (12) months of the release or death of a kidnapped, wrongfully detained Insured Person(s) or the last credible Extortion threat occurring during the Policy Period, but in no event longer than sixty (60) months after the**



Kidnapping, Extortion, or Wrongful Detention. As additional conditions precedent to the Insurer's liability, the Insured will:

- a. immediately notify the Insurer of any such claim or suit, and**
- b. not admit liability in any such claim or suit, and**
- c. co-operate with the Insurer in conducting the defence of any such claim or suit.**

The Insurer will have the right to investigate, negotiate or settle any such claim or suit or to take over the conduct of the defence thereof, and the Insured will co-operate with the Insurer to these ends.

F. DEATH OR DISMEMBERMENT

1. The Death or Dismemberment sustained by an Insured Person(s) during a Kidnapping, Wrongful Detention, Extortion, or Hijacking and any other Insured Person(s) involved in the handling or negotiation of the Kidnapping, Wrongful Detention, Extortion, or Hijacking incident.
2. The amounts listed in Item II.F. of the declarations will be the total limit of the Insurer's liability for all Death and Dismemberment benefits arising out of bodily injury sustained by the Insured Person(s) during any one covered incident.
3. The Insurer at its own expense will have the right and opportunity to examine the person of any individual whose injury is the basis of claim when and as often as it may reasonably require during the pendency of a claim hereunder and to make an autopsy, in case of death, where it is not forbidden by law.
4. All claims under this section will be payable to the Insured upon receipt and acceptance by the Insurer of Proof of Loss. Proof of Loss may include a death certificate, coroner's report, police report, or other evidence of the Death or Dismemberment of the Insured Person(s), deemed sufficient by the Insurer.

III. DEFINITIONS

The following words, when used in this policy, have the meanings set forth below:

- A. "Advisory" means a formal recommendation of the Appropriate Authorities that the Insured Person(s) specifically leave a host country or generally that a class of person(s) which include an Insured Person(s) leave the host country.
- B. "Appropriate Authorities" means the United States Department of State; the Foreign Office of the United Kingdom; the Foreign Office of Canada, the Ministry of Foreign Affairs of Israel or similar authority of the country of the Insured listed in Item I of the declarations.
- C. "Business Interruption Loss" means the loss of Earnings, but not exceeding the actual reduction in Earnings, less charges and expenses which do not necessarily continue during the interruption of business, resulting from necessary interruption of business caused directly and solely by an Insured Event.
- D. "Death or Dismemberment" means the death or permanent total physical disablement of an Insured Person(s) including but not limited to paralysis or loss, or loss of use, of any body part
- E. "Earnings" means net profit plus payroll expense, taxes, interest, rents and all other operating expenses earned and incurred by the business.
- F. "Extortion" means Personal Extortion or Property Damage Extortion, as herein defined.
- G. "Guest(s)" means any person visiting the Premises, or travelling in a motor vehicle, aircraft or watercraft with any director, officer or employee of the Insured who is listed in Item VI of the declarations, for social or business purposes.
- H. Hijacking means the illegal holding under duress, for a period in excess of six hours, of an Insured Person while travelling on any aircraft, motor vehicle or waterborne vessel
- I. "Informant" means any person, other than an Insured Person(s), providing information not otherwise obtainable, solely in return for a reward offered by the Insured.



- J. "Insured" means any natural or legal person, sole proprietorship, partnership or corporation stated in Item I of the declarations.
- K. "Insured Person(s)" means the Insured (if a natural or legal person, sole proprietorship, or partnership) listed in Item I of the declarations, any director, officer or employee of the Insured who is listed in Item VI of the declarations, Guest(s), a Relative, or any resident in the household of such person listed in Item VI of the declarations.
- L. "Kidnapping" means any event or connected series of events of seizing, detaining or carrying away by force or fraud, of one or more Insured Person(s) (except a minor by the parent(s) thereof) by person(s) for the purpose of demanding Ransom Monies.
- M. "Personal Extortion" means any threat or connected series of threats for the purpose of demanding Ransom Monies communicated to the Insured or Insured Person(s) to
 - 1. kill, physically injure or kidnap an Insured Person(s), provided that Ransom Monies are not in the possession of an Insured Person(s) at the time of the threat; and/or
 - 2. divulge any confidential, private or secret information unique to the Insured Person.
- N. "Policy Period" means the period stated in Item IV of the declarations.
- O. "Premises" means that portion of any building occupied by the Insured as a place to conduct business or a residence occupied by any director, officer or employee of the Insured who is listed in Item VI of the declarations.
- P. "Product Tampering" means any actual or threatened, intentional, malicious and wrongful alteration or contamination of any goods or products manufactured, handled or distributed by the Insured.
- Q. "Property Damage Extortion" means any threat or connected series of threats for the purpose of demanding Ransom Monies communicated to the Insured or Insured Person(s) to:
 - 1. damage physically or pollute any Premises or other real or personal property owned by the Insured, leased by the Insured, or for which the Insured is legally liable, including fixtures, machinery, equipment or electronic data (including computer virus) located therein, livestock, fine art; and/or
 - 2. commit a Product Tampering; and/or
 - 3. reveal a Trade Secret or other Proprietary Information of the Insured.
- R. "Proprietary Information" means any confidential, private or secret information unique to the Insured or the Insured's business.
- S. "Ransom Monies" means any monies which the Insured or Insured Person(s) has paid or lost under circumstances described in Insured Event A or C. The term "Monies" as used herein includes cash, monetary instruments, bullion, or the fair market value of any securities, property or services.
- T. "Recall Expense" means reasonable and necessary costs incurred by the Insured to inspect, withdraw and destroy the Insured's product(s), including, but not limited to:
 - 1. the cost of newspaper, magazine, radio and television announcements necessary to effect the recall of the Insured's product(s); and
 - 2. the cost of correspondence and transportation necessary to effect the recall of the Insured's product(s); and
 - 3. the cost to hire additional person(s), other than regular employees of the Insured, necessary to effect the recall of the Insured's product(s); and
 - 4. remuneration paid to regular employees of the Insured for overtime devoted exclusively to the purpose of recalling the Insured's products; and
 - 5. the reasonable and necessary out of pocket expenses of personnel under paragraphs 3. and 4. above, including transportation, incurred exclusively for the purpose of recalling the Insured's products; and



6. any other reasonable and necessary expenses approved by the Insurer, necessary to effect the recall of the Insured's product(s).
- U. "Relative" means a spouse, child, step-child, legally adopted child, foster child, spouse of a married child, grandchild, sister, brother, parent, parent-in-law, grandparent or grandparent-in-law, adoptive parent, step-parent and siblings, Fiancé or Fiancée or living ancestors or descendants of any person listed in Item VI of the declarations.
- V. "Trade Secret" means a secret process, formula, tool, mechanism, or compound known to the Insured, but not patented, which is used directly to produce some article of trade having a commercial value.
- X. "Wrongful Detention" means the arbitrary or capricious act of involuntary confinement of an Insured Person(s) by person(s) acting as agent(s) of or with the tacit approval of any government or governmental entity, or acting or purporting to act on behalf of any insurgent party, organisation or group. A connected series of Wrongful Detentions will be considered one Wrongful Detention.

IV. TERRITORY

This policy applies to incidents anywhere in the world **unless limited by the Insurer through endorsement.**

VI. CONDITIONS PRECEDENT TO LIABILITY

- A. **As a condition precedent to the Insurer's liability under Insured Event A, the Insured will have approved the payment of Ransom Monies.**
- B. **In the event of a Kidnapping, Extortion, Wrongful Detention, or Hijacking of an Insured Person(s) during the Policy Period, and in the case of a Kidnapping or Extortion, prior to the payment of Ransom Monies, the Insured will make every reasonable effort to:**
 1. **determine that the Kidnapping, Extortion, Wrongful Detention, or Hijacking has actually occurred; and**
 2. **give immediate oral and written notice to the Insurer with periodic and timely updates concurrent with activity occurring during the incident; and**
 3. **if it appears to be in the best interest of the Insured or Insured Person(s), notify the national or other appropriate law enforcement agency having jurisdiction over the matter.**

VII. EXCLUSIONS

The Insurer will not be liable for loss caused by or resulting either directly or indirectly from:

- A. **the fraudulent, dishonest, or criminal acts of the Insured, Insured Person(s), or any person authorised by the Insured to have custody of Ransom Monies. This exclusion will not apply to the payment of Ransom Monies by the Insured or Insured Person(s) in a situation where local authorities have declared such payment illegal; or**
- B. **monies or property surrendered away from the Premises in any face to face encounter involving the use or threat of force or violence unless surrendered by a person in possession of such monies at the time of such surrender for the sole purpose of conveying it to pay an Extortion or demand for Ransom Monies previously communicated to the Insured or Insured Person(s); or**
- C. **monies or property surrendered on the Premises unless brought onto the Premises after receipt of the Extortion or demand for Ransom Monies for the purpose of paying such demand; or**
- D. **As respects Wrongful Detention only:**
 1. **any actual or alleged violation of the laws of the host country by the Insured or Insured Person(s), or failure of the Insured or Insured Person(s) to maintain and possess duly authorised and issued**



- required documents and visas, unless the Insurer determines that such allegations were intentionally false, fraudulent, and malicious and made solely to achieve a political, propaganda, or coercive effect upon or at the expense of the Insured or Insured Person(s);
2. failure of the Insured or Insured Person(s) to evacuate from the host country within ten (10) days after issuance of an Advisory by the Appropriate Authorities or travel to country(ies) after an Advisory has been issued;
 3. any Insured Person(s) who is an active member of any governmental organisation, official law enforcement, or military force.

The Insured agrees to reimburse the Insurer for any payments made hereunder by the Insurer which are ultimately determined not to be covered because of the application of this exclusion.

E. As respects Recall Expense only:

1. any Recall Expenses where the Insured's use of flawed or substandard materials or components in its manufacturing process or the manufacturing process itself would, without any Extortion threat, have necessitated product recall and/or destruction; and
2. any reduction in revenue or profits; and
3. refunds for, the reduction in value of, or the cost of replacing any withdrawn, recalled, substandard or destroyed goods.

VIII. GENERAL CONDITIONS

- A. **CONFIDENTIALITY:** The Insured and Insured Person(s) will use all reasonable efforts not to disclose the existence of this policy. This condition will also apply to any excess or other insurance.
- B. **CHOICE OF LAW AND FORUM:** The construction, validity and performance of this policy will be governed by the laws of Israel. The Insurer and the Insured hereby expressly agree that all claims and disputes will be litigated in the courts of Israel.
- C. **DEDUCTIBLE:** Except as stated herein to the contrary, the Deductible stated in Item III of the declarations will apply to each and every loss. The Deductible is to be borne by the Insured and remain uninsured.
- D. **LIMITS OF LIABILITY:** For each Covered Loss the maximum limit and aggregate limit of the Insurer's liability hereunder will not exceed the amounts set forth in Item II of the declarations by reason of any one Insured Event, except as stated herein to the contrary. All Covered Losses will be deemed to have been incurred during the Policy Period in which the Insured Event occurred.
- E. **CANCELLATION:** This policy may be cancelled by the Insured by giving 10 days advance written notice to the Insurer, stating when thereafter such cancellation will be effective. This policy may be cancelled by the Insurer, for any reason whatsoever, by delivering to the Insured or by mailing to the Insured by registered mail, at the Insured's address stated in Item I. of the declarations, written notice stating when, not less than ninety (90) days thereafter, the cancellation will be effective except in the case of cancellation for non-payment of premium by the Insured, in which case if the Insured does not pay the outstanding premium within 15 days following receipt of Insurer's written notice, the Insurer may notify the Insured in writing that the policy will be cancelled after 21 additional days, unless payment is made within such period. The mailing of such notice as aforesaid will be sufficient proof of notice and this policy will terminate at the date and hour specified in such notice.

If this policy is cancelled by the Insured, the Insurer will retain the pro rata portion of the premium hereon. If this policy is cancelled by the Insurer, the Insurer will retain the pro-rata portion of the premium hereon. Payment or tender of any unearned premium by the Insurer will not be a condition precedent to the effectiveness of cancellation, but such payment will be made as soon as practicable.
- F. **DUE DILIGENCE:** The Insured and Insured Person(s) will use due diligence and do and concur in doing all things reasonably practicable to avoid or diminish any loss(es) insured under this policy.



- G. *EXCESS INSURANCE*: The Insured may purchase excess insurance over the Limit of Liability set forth in this policy without prejudice to this policy, provided that the Insurer is notified in writing of the details of such other insurance at the time such other insurance is acquired. The existence of such insurance, if any, will not reduce the Insurer's liability under this policy.
- H. *NON-ACCUMULATION OF LIABILITY*: Regardless of the number of years this policy will continue in force, and of the number of premiums which will be payable or paid or of any other circumstances whatsoever, the liability of the Insurer under this policy with respect to any loss(es) will not be cumulative from year to year or period to period. **When there is more than one Insured, the aggregate Limit of Liability of the Insurer for loss(es) sustained by any or all of them will not exceed the amount for which the Insurer would be liable if all loss(es) were sustained by any one of them.**
- I. *STATEMENT OF LOSS*: The Insured will file a detailed, sworn Statement of Loss with the Insurer as soon as practicable after the date of loss.
- J. *NON-EMPLOYEE DIRECTORS*: In the event that any director(s) of the Insured, who is not an employee thereof, is an Insured Person(s) under any other similar policy or policies issued by the Insurer (or any other member or affiliated insurance company of the American International Group, Inc.) and a loss as respects such director is reported under this policy and one or more such other policies, then the aggregate liability of the Insurer and other member Company(ies) for each loss will not be cumulative and will in no event exceed the highest Limits of Liability applicable to each loss under any one such policy.
- K. *NON-ASSIGNMENT*: This policy will not be assigned or transferred without the written consent of the Insurer.
- L. *AUTHORISATION*: By acceptance of this policy, the first Insured listed in Item I of the declarations agrees to act on behalf of any of its subsidiaries with respect to the giving and receiving of any return premiums that may become due under this policy, the acceptance of endorsements, and the giving or receiving of any other notice provided for in this policy; and these subsidiaries agree that the first Insured will act on their behalf.
- M. *CONSOLIDATION-MERGER*: If, through either (1) consolidation or merger with, (2) acquisition of the majority stock ownership of, or (3) acquisition of the assets of, some other entity, exposures are created which are covered by this policy and not originally part of the Insured based on the original description of the Insured at the time of policy issuance, the Insured will give the Insurer written notice of consolidation, merger, or acquisition within thirty (30) days of such consolidation, merger or acquisition and upon acceptance by the Insurer of such additional exposure, will pay the Insurer an additional premium computed from the date of the consolidation, merger or acquisition to the end of the current premium period.
- N. *APPRAISAL*: If the Insured and the Insurer fail to agree as to the amount of loss, each will, on the written demand of either, made within sixty (60) days after rejection of the Statement of Loss by the Insurer, select a competent and disinterested appraiser. The appraisers will appraise the loss stating the amount of loss. If the appraisers fail to agree they will select a competent and disinterested umpire, and failing for fifteen (15) days to agree upon such umpire, then, on the request of the Insured or the Insurer, such umpire will be selected by a judge of any competent court in Israel, and the appraisers will submit their differences to the umpire. An award in writing of any two will determine the amount of loss. The Insured and the Insurer will each pay its chosen appraiser and will bear equally the other expenses of the appraisal and umpire. The Insurer will not be held to have waived any of its rights by any act relating to appraisal.
- O. *ASSISTANCE AND CO-OPERATION*: The Insured and Insured Person(s) will co-operate with the Insurer in all matters relating to this insurance. This may include attending hearings and trials, securing and giving evidence, obtaining the attendance of witnesses, assisting in effecting settlements, and in conducting litigation, arbitration, or other proceedings.
- P. *INSPECTION AND AUDIT*: The Insurer may examine and audit the Insured's business documents, relating to the subject matter of this insurance, until three (3) years after this policy has expired or has been cancelled. Any premium due for exposures which exist but were not reported will be determined by Company audit.
- Q. *SUBROGATION*: In the event of any payment under this policy, the Insurer will be subrogated to the Insured's or Insured Person's rights of recovery, up to the amount paid by the Insurer. In such case the Insured or Insured Person(s) will execute all documents required and will do everything necessary to secure and preserve such right including the execution of such documents necessary to enable the Insurer effectively to bring suit.



- R. *RECOVERIES*: In the event of any payment under this policy, all recoveries, less the actual cost to the Insurer of recovery, will be distributed firstly to the Insurer for all amounts paid by the Insurer under this policy and any remainder will be paid to the Insured.
- S. *SEVERABILITY, CONSTRUCTION, AND CONFORMANCE TO STATUTE*:
1. If any provision contained in this policy is, for any reason, held to be invalid, illegal, or unenforceable in any respect, it is hereby deemed to be severed and to have no effect on any other valid, legal and enforceable provisions of this policy.
 2. If any provision contained in this policy is, for any reason, held to be invalid, illegal or unenforceable, it will be construed by limiting it so as to be valid, legal, and enforceable to the extent compatible with applicable law.
 3. Any provisions of this policy which are in conflict with the statutes or regulations of the state or country wherein this policy is issued are hereby amended to conform to such statutes or regulations.
- T. *CHANGES*: Notice to any representative of the Insurer or knowledge possessed by any representative or by any person will not effect a waiver or a change in any part of the policy or stop the Insurer from asserting any right under the terms of this policy, nor will the terms of this policy be waived or changed, unless agreed to in writing by the Insurer.
- U. *NOTICES*: Except as indicated to the contrary herein, all notices, applications, demands and requests provided for in this policy will be in writing and will be given to or made upon either party at its address shown in the declarations.
- V. *TITLES OF PARAGRAPHS*: Titles of paragraphs are inserted solely for convenience of reference and will not be deemed to limit, expand or otherwise effect the provisions to which they relate.
- W. *RIGHTS AGAINST THIRD PARTIES*: nothing in this Policy is intended to confer a directly enforceable benefit on any party other than the Insured.

IN WITNESS WHEREOF, the Insurer has caused this policy to be signed by its authorized representative, but it will not be valid and will have no legal effect unless countersigned on the declarations by a duly authorised agent of the Insurer.



Additional Clarifications 6/2016

As required by Israeli regulation, AIG Israel Insurance Company Ltd. ("*The insurer*") made certain clarifications to the policy, as detailed in this endorsement.

We would like to refer your kind attention, that this endorsement will be considered as part of the policy. In case of contradiction between a condition of the policy and the relevant condition herein, the one in this endorsement will prevail.

1. ***Policy period*** means the period of time from the inception date of the policy to the expiry date specified in Schedule, **unless the policy is cancelled** (in which event the *Policy Period* will end on the effective date of the cancellation).
2. The *insured* shall provide a full and honest answer to any question asked by the *insurer* concerning a material matter. **In case of breach of the disclosure duties by the *insured*, as specified above, the *insurer* shall be entitled to the reliefs and remedies set forth in sections 7-8 of the Insurance Contract law 5741-1981 ("*the Insurance Contract law*").**

3. How to Give Notice and Report a Claim

- i) Notice of a claim and of any other required notice shall be given in writing to Commercial Lines Claims, AIG Israel Insurance Company Ltd., 25 Hasivim St. Kiryat Matalon P.O.B 535, Petach Tikva 4910001 Israel.
- ii) The *insured* shall give written notice to the *insurer* of any claim made against an *insured* as soon as practicable.

In case of breach of the duty to timely notify the *insurer* by the *insured* of any claim in accordance with Section 22 of the Insurance Contract law, the remedies available to the *insurer* shall in accordance with the provisions of Sections 24-25 of the Insurance Contract law.

4. In order to prove the right for insurance benefits, the *insured* will provide the *insurer* the original relevant documents, unless the *insured* cannot provide the original, cause the *insured* is ought to provide those documents to another recipient or from any other reason.

In case that the insurance benefits are paid as an expenses refund of the *insurer*, if the *insured* does not have the original documents, the *insured* might provide the *insurer* a copy of the documents, with an explanation on the recipient of the original documents and the reason that the *insured* cannot provide the original documents to the *insurer*.

5. In the event of a covered Claim under the policy, the *insurer* shall be entitled, in accordance with its discretion, to take over and manage on behalf of the *insured* the defence against the Claim.

However, the *insurer* will act in coordination and cooperation with the *insured* and take reasonable measures not to prejudice the *insured's* reputation or cause him any loss.

The *Insurer* shall pay the reasonable Defence Costs as approved in advance by the *insurer*, incurred in defending any covered Claim. In case such approval has not been obtained in advance, the *insurer* will be liable only for reasonable Defence Costs.

The *insured* shall (1) provide all reasonable assistance and cooperation with the *insurer* in the defence of any Claim and in the execution of any indemnification and contribution rights; (2) use due diligence and assist in all matters and required actions to prevent or mitigate any Loss under this policy; (3) give such information and assistance to the *insurer* as the *insurer* may reasonably require to enable it to investigate any Loss or determine the *insurer's* liability under this policy.

The *insurer* may, at any time, make settlement or pay insurance benefits to Third Party, provided that the *insured* has been notified in writing 30 days in advance and does not object during this period.



In case the *insured* refuses to a reasonable settlement proposed by the *insurer* to settle the Claim, the *insurer* shall be entitled to notify the *insured* that its liability shall be limited to the settlement amount in which the Claim could have been settled, plus Defence Costs incurred up to the date in which such settlement could have been concluded. The *insured* will be liable to pay the applicable Retention also in such cases.

6. **An *insured* may not admit or assume any liability, enter into any settlement agreement or consent to any judgment without the prior written consent of the *insurer*.** Only those settlements and judgments consented to by the *insurer*, and judgments resulting from Claims defended in accordance with this policy, shall be recoverable as Loss under this policy. The *insurer's* consent shall not be unreasonably withheld. It is agreed that the *insurer* will act to exercise its rights with consideration to the *insured's* business operations and in a manner which will not prejudice the *insured's* right to be indemnified by a Third Party in respect of amounts which were not paid by the *insurer*.

7. Premium Payments and Other Fees (Relevant Only to US Dollar Insurance Policies)

- i. Unless otherwise agreed between the parties, the insurance Premium and other fees due from the *insured* to the *insurer* in connection with the policy will be fully paid within 28 days following commencement of the Policy Period, either in US Dollars, or in NIS calculated according to the representative NIS-US dollar exchange rate at the Bank of Israel on the payment date.
- ii. In case the Premium has not been paid within the aforementioned 28 days, or at other times explicitly agreed upon, any amount in arrears shall bear interest as stipulated in section 4(a) of the Adjudication of Interest and Linkage Law, 1961.

8. Linkage to US Dollars (Relevant Only to US Dollar Insurance Policies)

The Limit of Liability of the Policy, which is specified in US dollars, shall be calculated in accordance with the representative NIS-US dollar exchange rate at the Bank of Israel on the date of actual payment of the Claim. The Retention specified in US dollars shall also be calculated in accordance with the representative NIS-US dollar exchange rate at the Bank of Israel on the date of actual payment of the Claim.

9. Disputes

If the Policy provides an arbitration mechanism then it will be subject to the following choice of the *insured*: any dispute regarding any aspect of this Policy or any matter relating to cover thereunder which cannot be resolved by agreement within 30 days, may be referred to binding arbitration by the *insured*, upon giving seven (7) days' notice to the *insurer*, in the Israeli Arbitration Institute, whose rules shall be deemed incorporated by reference to this Section 10 - Disputes.

10. Sexual harassment - a claim for sexual harassment, including defence costs, shall not be covered:

- i. in respect of the allegedly harassing *insured*, in any of the following cases: the claim for sexual harassment was settled, or it was established through a judgment, or any other final adjudication adverse to the *insured*, or any admission by an *insured* that the *insured* in fact committed sexual harassment;

or -

- ii. in case the *insured* failed to take all the measures stipulated in the Law of Prevention of Sexual Harassment – 1998;

provided that the cause of action stipulated in the claim does not arise under or derive from infringement of any specific Labour Law, or any stipulation in a collective agreement which the *insured* is subject to.

11. Cancellation -

- i. **By *insured*:** This policy may be cancelled by the *insured* at any time only by mailing written prior notice to *insurer*. In such case, the *insurer* shall be entitled to the Premium paid for the period before the cancellation became effective, calculated as follows:



10% of the Premium applicable for the Policy Period, plus 10% for each month or part thereof during which the policy was in force.

- ii. **By insurer:** This policy may be cancelled by the *insurer* delivering to the *insured* by mail, at the address of the *insured* set forth in the Schedule, written notice stating when, not less than thirty (30) days thereafter, the cancellation shall be effective. Proof of mailing or delivery of such notice shall be sufficient proof of notice and this policy shall be deemed cancelled as to all *insureds* at the date and hour specified in such notice. In case of cancellation of the policy by the *insurer* before the expiry of the Policy Period, and the reason for the cancellation is not due to the violation of the policy terms by the *insured* or an attempt to defraud the *insurer* by the *insured*, the *insurer* will return the *insured* the amount which the *insurer* would have charged from a similar *insured* in respect of the same type of insurance on the cancellation date, pro-rata to the remaining period up to the end of the Policy Period.
- iii. Any amount not paid by the *insurer* within 28 days will incur interest as stipulated in the section 4(a) of the Adjudication of Interest and Linkage Law, 1961 until the day of actual payment. The reimbursement of the Premium by the *insurer* shall not be a condition to the validity of the cancellation. However, such payment will be made as soon as applicable.
- iv. In case of cancellation due to non-payment of premium, if the *insured* did not pay the premium within 15 days following the *insurer's* written demand, the *insurer* may notify the *insured* in writing that the policy be cancelled after 21 additional days, unless payment is made within such period



APPENDIX I - Notification Procedures & Consultants

WHAT TO DO IN A CRISIS

CRISIS CENTRE HOTLINE

In the event of an incident that may be covered under the terms of the policy, contact the **CRISIS CENTRE HOTLINE**. You will then be contacted by an independent specialist crisis management consultant company.

The crisis management consultants are available globally, 24 hours a day, 7 days a week on a priority basis to advise, assist and respond to emergency situations involving AIG Crisis Management policy holders world-wide.

Notification to the CRISIS CENTRE HOTLINE is independent of, and does not supersede, policy requirements of notice to the Company.

The 24-hour crisis response contact number for the **CRISIS CENTRE HOTLINE** is:-

00-1-817-826-7000

Please have the insurance policy number when calling. Callers will speak directly to or receive an immediate call back from an experienced consultant.

CRISIS MANAGEMENT CONSULTANTS

No prior written consent will be required from AIG Israel Insurance Co. Ltd. for the use of the following Crisis Management consultants:

- **NYA International Limited**