

CargoGuard 6/2016

POLICY NUMBER:

POLICY HOLDER:

Preamble

In consideration of the Policyholder named herein paying to AIG Israel Insurance Company Ltd.(hereinafter called the Insurer or the Insurers) the premium as stated in the Schedule and in reliance upon the statements made to the Insurer by proposal and its attachments and the material incorporated therein the Insurer agrees to provide insurance in the terms of this Policy.

Important Note

This policy shall be governed by and construed in accordance with the laws of England.

CargoGuard

AIG Israel Insurance Company Ltd .
25 Hasivim st.
Petach Tikva, Israel

SCHEDULE ATTACHING TO AND FORMING PART OF AIG Israel Insurance Company Ltd. CARGOGUARD POLICY NO: *****

The Assured

**** and/or Subsidiary Companies

Period of Insurance

Cover attaching with effect from**** , and being open for the full amount to accept all transits and/or voyages and/or other risks as per the policy wording hereunder.

Renewal each**** thereafter.

Subject Matter Insured

The interests insured under this policy are****

Premium

Minimum and deposit premium: Not Applicable
Declarations prior to shipment.

Insurance Premium Tax:

Rates

As agreed but all rates inclusive of the current London Scale for War and Strikes.

POLICY SCHEDULE

Shipped or to be Shipped Per

Approved vessels (subject to the current Institute Classification Clause as attached hereto) and/or airfreight and/or Assured's own vehicles as agreed herein and/or independent carriers and/or parcel post and/or connecting conveyances thereto or held covered at rates and conditions to be agreed.

Voyages

Ports and/or Places anywhere in the World to Ports and/or Places anywhere in the World and/or vice versa. But excluding shipments or sendings from or to or originating from or destined to Cambodia, Cuba, Vietnam, North Korea, Libya, Former Yugoslavia and Former U.S.S.R. or from/to any other US Prohibited countries or from/to any UN Sanctioned countries and those countries which have restrictive legislation on contracts of sale/placing of insurance.

Including the risks of loading and unloading.

Transshipment where not customary held covered at rates, terms and conditions to be agreed.

Basis of Valuation

1. Imports Purchased Upon F.O.B., C.&F. or Similar Terms of Purchase and Goods Sold C.I.F.

Invoice Cost plus all freight, packing and handling expenses, plus insurance costs, plus 10%, plus Duty if applicable, or as agreed prior to attachment of the risk.

2. Inland Sendings Including Export Shipments Sent Upon Ex-Works, F.O.B., C.&F. or Similar Terms of Sale and Including Interests That May Attach Hereunder as Defined by the Sellers Interest Clause Contained Herein.

Gross Invoice price to customers or as may be agreed prior to attachment of risk.

Limits

USD **** Per any one vessel and/or road conveyance and/or rail conveyance and/or aircraft and/or conveyance and/or location in the normal course of transit

USD ***** Per any one parcel post package.

The limits above represent the maximum liability the Insurer will accept automatically without prior agreement.

Clauses, Endorsements, Special Conditions and Warranties

(The attached clauses and endorsements form part of this Policy, and may be found at the back of this Policy document)

INSTITUTE CLAUSES APPLYING TO SENDINGS BY:

1. **SEA AND/OR ROAD AND/OR RAIL**

Institute Cargo Clauses (A)	CL.252 01/01/82
Institute Cargo Clauses (B)	CL.253 01/01/82
Institute Cargo Clauses (C)	CL.254 01/01/82
Institute War Clauses (Cargo)	CL.255 01/01/82
Institute Strikes Clauses (Cargo)	CL.256 01/01/82
Institute Classification Clause	CL.354 01/01/01

2. **AIR**

Institute Cargo Clauses (Air)	CL.259 01/01/82
Institute War Clauses (Air Cargo)	CL.258 01/01/82
Institute Strikes Clauses (Air Cargo)	CL.260 01/01/82

3. **POST**

Institute War Clauses (by Post)	CL.257 01/01/82
Institute War Clauses (Cargo)	CL.255 01/01/82
Institute Strikes Clauses (Cargo)	CL.256 01/01/82

4. **CLAUSES APPLICABLE TO ALL THE ABOVE**

Institute Radioactive Contamination, Chemical, Biological, Bio-Chemical and Electromagnetic Weapons Exclusion Clause	CL.370 10/11/2003
Institute Cyber Attack Exclusion Clause	CL.380 10/11/2003
Termination of Transit Clause (Terrorism)	JC98/019 01/05/98
Institute Replacement Clause	CL.161

The Clauses referred to in the above, are those which are current at the inception of the Policy. From time to time revisions and/or amendments to these clauses may occur. Insurers will give notice of such revisions and/or amendments, as provided for in the Cancellation Clause, and any revision or amendments shall apply to all risks which attach to the Policy on or after the date of expiry of the notice.

Insuring Agreement

Premium

We hereby agree, in consideration of the payment to us or on behalf of the premium specified in the schedule, to insure against loss, or damage, liability or expense in the manner herein provided.

Insurance Premium Tax

Insurers will calculate the tax liability of the Assured who agrees to pay all amounts due to Insurers. Late notification by Insurers of tax due as a result of de-minimus rules being exceeded or any other reason will not reduce or negate the liability of the Assured to pay the tax.

Bound to Declare

It is a condition of this contract that the Assured is bound to declare hereunder each and every shipment or sending or risk without exception falling within the terms of this contract whether arrived or not, the Insurers being bound to accept same up to but not exceeding the limits specified herein.

Held Covered

Note: It is necessary for the Assured when they become aware of an event which is "held covered" under this insurance to give prompt notice to the Insurer and the right to such cover is dependent upon compliance with this obligation.

In the event of loss or damage that may result in a claim, immediate notice must be given to the Insurer.

Subrogation Clause

Any claimant under this Policy shall at the request and at the expense of the Insurer do and concur in doing and permit to be done all such acts and things as may be necessary or reasonably required by the Insurer for the purpose of enforcing any rights and remedy, or of obtaining relief or indemnity from other parties to which the Insurer shall be or would become entitled or subrogated upon their paying for or making good any loss, destruction, damage or liability under this Policy, whether such acts and things shall be done or become necessary or required before or after their indemnification by the Insurer.

Definitions

The following definitions apply through out this Policy document

1. The Assured:

The company(ies) whose name appears below, and/or the person who has the benefit of the insurance coverage provided under the Policy, and those companies who will receive the benefit of insurance cover by the assignment of a Certificate of Insurance, or by the Terms of Sale dictated this.

2. The Insurer

Your Insurance Policy is underwritten by AIG Israel Insurance Company Ltd., a member of the AIG Group of Companies, backed by one of the highest credit agency ratings.

3. Shipped or to be shipped:

Your goods are insured for the methods of transportation listed in the Policy.

4. Basis of Valuation:

So as everyone may clearly understand, we have defined the method of establishing the value of the goods, and the basis upon which any claim will be settled.

5. Period of Insurance:

The period of insurance during which Insurers will provide cover for your goods in transit, on the terms and conditions laid out in the Policy.

6. Subject Matter Insured

The description of the goods insured under this Policy. This description should reflect as closely as possible within reason the new, used, reconditioned, refurbished, or second hand goods or merchandise you manufacture, sell or purchase.

7. Excess

To avoid and minimise your losses, and to reduce any volume of small claims, you agree to accept the deductions of an agreed sum from each and every claim that may occur.

8. Conveyance

This is the method of transporting your goods, Conveyances as listed in the “Shipped or to be shipped” section.

9. Voyage

A list of geographical territories and/or countries to which the Insurers,

- (a) agree to insure your goods in transit to or from,
- (b) places where Insurers cannot insure your goods to or from, or places where local legislation forbids the Insured from making insurance arrangements.

If any time you are uncertain or unsure as to whether the Policy provides cover for a specific destination please contact your Broker or AIG Israel Insurance Company Ltd. direct.

10. Location:

Any one place, building or area in which your goods are held for any reason.

11. Limits:

These are the Insurers maximum value that we shall pay, calculated in accordance with the Basis of Valuation.

Limits are shown for

- (a) each conveyance,
- (b) each location

12. Warranty:

A warranty is an undertaking, a promise by you that,

- (a) you will complete or undertake a task,
- (b) you will avoid or not undertake a task.

13. Conditions Precedent to Insurers Liability to settle any claims.

- (a) You as the Insured shall act at all times as though you were a prudent uninsured, to avoid and minimise all losses at all times.
- (b) Take reasonable measures to prevent damage or losses.
- (c) When you or your employees load vehicles, ensure that the loads are properly and correctly stowed and secured.
- (d) Maintain all your own vehicles or those within your custody and/or care and/or control as far as reasonably practicable in good order in accordance with the current law, and that such vehicles are suitable for the purpose for which they are being used.
- (e) Engineers' tools, and spares, together with Sales Representatives Samples when temporarily stored on or off your own vehicles you will ensure that all means of entry and access are securely closed and locked.

Special Conditions

1. Accumulation Clause

Should there be an accumulation of interest beyond the limits expressed in this section by reason of any interruption of the transit and/or an occurrence beyond the control of the Assured and/or by reason of any casualty and/or at a transshipping point and/or on a connecting vessel or conveyance it is agreed that such excess interest is covered hereunder subject to the Insurer's liability being limited to a maximum of twice the conveyance limit contained herein, and is not applicable to any storage limits provided.

2. Airfreight Replacement Charges Clause

In the event of loss of or damage to the goods the Insurers shall accept the cost of air freighting the damaged parts to manufacturers for repair and return, or the air freighting of replacement parts from manufacturers and/or suppliers to destination, notwithstanding that the goods lost or damaged were not originally dispatched by air freight. Provided always that in no case shall the liability of the Underwriters for such costs exceed \$10,000 each & every loss.

3. Attachment & Termination of Risk Clause

The insurance hereunder attaches from the time the Subject Matter Insured becomes at the Assured's risk or the Assured assumes interest and continues whilst the Subject Matter Insured is in transit and/or in store and/or elsewhere until final delivery to final destination as required. Including in Customs as required, and transshipment, craft & barge risks, whether customary or otherwise.

Further including the risks of loading prior to dispatch and unloading after arrival at Assured's premises and/or place of final delivery or destination.

4. Brands Clause

The Assured shall have full rights to possession of all goods bearing embossed or indented brands or labels or other permanent markings identifying the Assured as the manufacturer thereof, or exclusive and/or secret formula (formulae) that may be involved in any loss hereunder, and shall retain control of all such goods.

On shipments covered under this Policy, Insurers are to pay a total loss on any and all goods damaged by perils insured against which the Assured elects to either destroy or return to their factory, or recondition. Insurers being entitled to such salvage as may be obtained.

The Assured shall consult with the appointed surveyors/Insurers claims department to judge whether the goods involved in any loss hereunder are suitable for marketing and no goods deemed by the Assured to be unfit for marketing shall be sold or otherwise disposed of except by the Assured or with the Assured's consent, but the Assured shall allow Insurers any salvage obtained on any sale or other disposition of such goods.

5. Buyers Interest Clause

The goods as described in this section are insured against the risks specified in the Policy, but this insurance covers Buyers Interest only.

Claims in respect of loss or damage to the goods shall be payable hereunder only if and to the extent that the Seller and/or his Insurer fails to pay for such loss or damage.

The Insurer to be subrogated to the Assured's rights against the Seller or any other parties interested in the shipment.

Any assignment of this Policy or of any interest or claim hereunder shall discharge the Insurer from all liability whatsoever. This insurance shall not pay any claims resulting from the Seller and/or his Insurer being unable to reimburse the Buyer by reason of currency exchange controls.

Warranted the existence of this insurance shall not be divulged to the Seller of any other party(ies) interested in the shipment.

Warranted this insurance not to be deemed double insurance.

Warranted the Assured to take all reasonable steps to hasten delivery.

Warranted Insurer is advised immediately after the Assured becomes aware of any event that may result in a claim under this Policy.

6. Cancellation Clause

All risks (as described herein), except the risks of War and Strikes as defined in the relevant Institute War and Strikes Clauses as attached, are subject to 30 days notice of cancellation by either party.

The inclusion of cover against War Risks may be cancelled by either party giving 7 days notice.

The inclusion of cover against relevant Institute Strikes may be cancelled by either party giving 7 days (48 hours in respect of sending to or from the U.S.A.) notice.

Such cancellation shall become effective on the expiry of the relevant (see above) number of days or hours from midnight G.M.T. of the day on which notice of cancellation is issued by or to the Insurer, but shall not apply to any cover against the said risks which shall have attached before the cancellation becomes effective.

7. Cargo ISM Clause (JC98/019)

Applicable to shipments on board Ro-Ro Passenger ferries.

Applicable with effect from 1st July 1998 to shipments on board:

- (i) passenger vessels transporting more than 12 passengers
and
- (ii) oil tankers, chemical tankers, gas carriers, bulk carriers and cargo high speed craft of 500 Gt. or more.

Applicable with effect from 1st July 2002 to shipments on board all other cargo ships and mobile offshore drilling units of 500 Gt. or more.

In no case shall this insurance cover loss, damage or expense where the subject matter insured is carried by a vessel that is not ISM Code certified or whose owners or operators do not hold an ISM Code Document of Compliance when, at the time of loading of the subject matter insured on board the vessel, the Assured were aware, or in the ordinary course of business should have been aware either:

- (i) that such vessel was not certified in accordance with the ISM Code
or
- (ii) that a current Document of Compliance was not held by her owners or operators as required under the SOLAS Convention 1974 as amended.

This exclusion shall not apply where this insurance has been assigned to the party claiming hereunder who has bought or agreed to buy the subject matter insured in good faith under a binding contract.

**8. Cargo ISM Forwarding Charges Clause
(For use only with JCC Cargo ISM Clause JC98/019)**

In consideration of an additional premium to be agreed, this insurance is extended to reimburse the Assured, up to the limit of the sum insured for the voyage, for any extra charges properly and reasonably incurred in unloading, storing and forwarding the subject matter to the destination to which it is insured hereunder following release of cargo from a vessel arrested or detained at or diverted to any other port or place (other than the intended port of destination) where the voyage is terminated due to either:

- (i) such vessel not being certified in accordance with the ISM Code
or
- (ii) a current Document of Compliance not being held by her owners or operators as required under the SOLAS Convention 1974 as amended.

This clause, which does not apply to General Average or Salvage or Salvage Charges, is subject to all other terms conditions and conditions in the Policy and to JCC Cargo ISM Endorsement JC 98/019.

9. Claused Bill of Lading Clause

This Policy of insurance shall not be prejudiced solely by the reason of the marking of the Bill of Lading with a clause indicating items insufficiently packed.

10. Concealed Damage Clause

It is agreed that any loss or damage discovered on opening cases and/or packages and/or bales (even after risk has ceased hereunder) shall be deemed to have occurred during the transit insured hereunder (and irrespective of attachment of the Assured's interest) and shall be paid for accordingly unless proof conclusive to the contrary be established, it being understood that any cases and/or packages showing visible signs of damage must be opened immediately.

This agreement shall, however, only apply where such loss or damage is discovered within 30 days of arrival of the goods at the consignee's or other final warehouse.

11. Cutting Clause

In the event that any goods are damaged by a peril insured against as provided for herein, but the goods may still be fit for the original purpose intended and/or for resale, by way of cutting to a shorter length, Insurers shall only be liable for the damage part cut off and shall receive full benefit for any salvage value on the cut off portion

12. Declaration Clause

Declarations to be made to the Insurer on an annual basis within 60 days of the end of the year of account.

13. Duty Clause

Increase value by reason of payment of Duty and/or Levy is covered subject to the same conditions as are, or would be, applicable to the insurance on cargo hereunder and to pay on the same basis as such insurance cover, but excluding:

- (i) Total Loss, or Total Loss of part arising prior to Duty and/or Levy becoming payable and resulting in non-payment of Duty and/or Levy
- (ii) liability for General Average Contributions and Salvage Charges unless the occurrence giving rise to the General Average occurs after Duty and/or Levy becomes payable.

Also including the Assured's liability for the payment of duty, following loss of or damage to the Insured Interest recoverable hereunder, to the Authority of any country through which the interest may pass prior to coming within the jurisdiction of the country of destination.

14. Errors and Omissions Clause

Insurers agree, that providing the Assured has not intentionally and/or inadvertently omitted and/or incorrectly valued and/or incorrectly described the goods insured, providing the said description falls within the definition provided herein, and/or vessel and/or voyage on any declaration supplied, providing that the Assured shall give prompt notice as soon as practicable on discovery of any such error or omission.

15. Extension in Voyage Clause

Indemnity will be provided in respect of declarations received for changes or extensions or variations to the voyage, once the goods have left your premises or that of your supplier in the case of goods purchased, after the commencement of the original intended journey.

Insurers reserve the right to charge additional premiums.

Such extensions to the voyage are provided subject to the revisions in the journey remaining within the scope of cover provided herein.

16. Fumigation Clause

In the event of loss of or damage to the property insured caused by fumigation, the Insurer agrees to indemnify the Assured for such loss or damage, and the Assured hereby agrees to subrogate to the Insurer to any recourse they may have for recovery of such loss or damage from others, but this clause does not extend to cover loss or damage caused by customary fumigation applied prior to or at inception of risk.

17. General Average

For the purpose of claims for General Average Contribution and Salvage Charges recoverable hereunder the property insured shall be deemed to be insured for its full contributory value.

18. Goods Purchased by the Assured Upon "C.I.F." Terms

Where goods are purchased "C.I.F." and the Supplier fails to effect insurance or effects an insurance which is subsequently rendered inoperative or which is more restrictive than the protection afforded hereunder, such goods shall be covered hereunder on the normal cover conditions.

In such cases the Underwriter will be subrogated to all rights and remedies of the Assured against the Supplier and/or the Supplier's Insurers and/or other parties and in no case shall this insurance contribute in double insurance.

19. Goods Purchased by the Assured Upon “F.O.B.” or “C.&F.” Terms or Similar Terms

It is hereby understood and agreed, that the goods are at the Insurer’s risk and that their liability to the Assured commences from the time the goods leave the Supplier’s Factory, Warehouse, Store or Mill, as if the Contract of Sale was “ex-suppliers premises” notwithstanding that goods and/or interest may have been purchased on a “F.O.B.” or “C.&F.” or similar terms, the Insurer being subrogated to the Assured’s rights of recourse against the supplier.

20. Increased Value Upon Arrival Clause

On Increased Value of Cargo as described herein (whether such cargo is insured herein or otherwise) by reason of liability for and/or payment of freight and/or duty and/or any charges on arrival at the place where these or any of them become due.

This Policy covers all risks and embodies all the liberties clauses and conditions of the insurance on the cargo referred to above and is to be for the duration of such insurance on such cargo.

This Policy is to pay the same proportion of the amount of insurance hereunder as the sum paid on the cargo insurance referred to above bears to the amount of such cargo insurance except that until the liability to pay freight and/or duty and/or charges arising this Policy only covers particular and/or general average loss (other than liability for general average expenditure) of the cargo referred to above.

Should the liability to pay freight and/or duty/ or charges be extinguished or diminished, then this insurance in the proportion of such extinction or diminution shall be deemed reduced.

21. Insolvency of Shipowners

Clause 4.6. of I.C.C. (A) and of I.C.C. (C) is amended to read as follows:-

In no case shall this insurance cover loss, damage or expense arising from insolvency or financial default of the owners, managers, charterers or operators of the vessel where the Assured is unable to show that, prior to the loading of the subject matter insured on board the vessel, all reasonable practicable and prudent measures were taken by the Assured, their servants and agents, to establish the financial reliability of the party in default.

22. Labels Clause

Warranted that in the event of a claim resulting in damage to labels or wrappers only, the Insurer’s liability shall be limited to an amount sufficient to pay the cost of new labels and wrappers and the cost of repacking the goods, but in no event shall the Insurer be liable for more than the insured value of the damaged merchandise.

23. Letter of Credit Clause

Where the Assured is obliged to arrange insurance in accordance with any instructions contained in a Letter of Credit such cover is granted hereunder, provided it does not exceed the existing provisions of this contract wording or held covered at a premium to be agreed.

Notwithstanding the above and irrespective of the Letter of Credit requirements the interest of the Assured named herein shall always be protected hereunder against all the risks covered by this contract wording.

24. No Survey Clause

No survey required on claims under \$2,000 or equivalent in any other currency.

In the event of loss or damage which may result in a claim under this section amounting to the above amount or over, or equivalent (as at the date of loss) in any other currency, immediate notice should be given to the AIG claims representative at the port or place where the loss or damage is discovered in order that he may examine the goods and issue a survey report.

25. On-Deck Shipments

On-Deck shipments (unless in containers, intermodal, over the road or similar type) subject to an on-deck Bill of Lading are subject to the Institute Cargo Clauses (C) CL. 254 1/1/82.

26. Packers Premises Extension

The Insurer will indemnify the Assured for loss and/or damage to goods temporarily removed to the premises of packers, for the purpose of packing, consolidation, loading and/or stowing of containers or trailers, but limited to a period not exceeding 30 days after the date of arrival on site.

27. Packing Clause

In the event of a claim being made for loss or damage which is alleged to be caused by insufficiency or unsuitability of packing or preparation of the property insured, the Insurer hereby agrees that it will not use such alleged insufficiency or unsuitability as a defence against the claim in any case where the packing or preparation was carried out by a party other than the named Assured and the insufficiency or unsuitability arose entirely without the named Assured's privity or knowledge. For the purpose of this clause "packing" shall be deemed to include stowage in a container and/or other similar inter-modal methods of unit load.

The Assured agrees to assist the Insurer in all respects to pursue rights of recovery against Sellers and/or other responsible third parties.

The above agreement is not to interfere with rights of subrogation against packers and/or their Insurers.

28. Pair & Sets Clause

Where any insured item consists of articles in a pair or set, this Policy is not to pay more than the value of any particular part or parts which may be lost without reference to any special value which such article(s) may have as part of such pair or set nor more than a proportionate part of such pair or set.

29. Repaired or Refurbished Goods

In the event that the Assured is responsible for insuring third party property for the inward journey to their premises for repair and/or refurbishment, Insurers will indemnify the Assured for loss damage or destruction or damage sustained.

The Assured shall give prompt notice of their requirement of indemnity and Insurers may at their option impose any additional premium for the same

30. Rejected or Returned Shipments Clause

In the event of shipments insured under this section being rejected or returned for any reason, such shipments are covered continuously hereunder, including whilst in warehouse or elsewhere until finally disposed of by the Assured.

Reports of such detentions and/or returned shipments to be made to the Insurer at destination, or origin as soon as known to the Assured.

Rates for such risks to cover storage rates for the period at original destination, or elsewhere, plus transit rate as per cover for return journey.

In those cases where returned goods were not insured under this section for the outward voyage or where cover under this section has not been continuous, then it is agreed that shipments are held covered subject to the Institute Cargo Clauses (B) including heavy weather damage and loss overboard, and Institute War and Strikes Clauses at rates to be agreed.

However, at the Assured's option goods may be insured hereunder at full cover conditions for the return voyages at 150 % of Marine rates plus scale War, Strikes, Riots and Civil Commotions risks rate.

31. Repacking Clause

It is understood and agreed that should outer packing be damaged from any peril insured against which renders interest unfit for on-shipment or distribution, irrespective of final destination shown herein the Insurer shall pay the cost of reasonable repacking expenses, provided such damage occurred during the currency of this insurance.

32. Seals Intact Clause (operative in respect of F.C.L. or F.T.L. consignments only)

The Insurer agrees to indemnify the Assured, for shortages from full container or full trailer consignments only, being the difference between the documentary confirmed load and stow count, and the out turn report. Indemnity will only be provided, where documentary proof is available of the original seal or replacement seal(s) being secure and intact at the time of arrival at final destination.

Original or any replacement seal(s) numbers shall without fail be noted upon all transit documentation, and the same checked before commencement of unloading operations.

33. Second hand Replacement Clause:

In the event of a claim for loss or damage to any part of the insured interest in consequence of a peril covered by the Policy the amount recoverable hereunder shall not exceed such proportion of the cost of replacement of the parts lost or damaged as the insured value bears to the value of a new machine plus additional charges for forwarding and refitting the new parts if incurred provided always that in no case shall the liability of Underwriters exceed the insured value of the complete machine.

34. Sellers' Interest

In respect of those exports sold on F.O.B., C.&F. or similar terms and where the Assured are not obliged or instructed to arrange insurance hereunder, but excluding F.O.B. or C.&F. Sales made through confirming houses and the like and where full payment is received before shipment, the following shall apply.

1. This insurance is to cover the interest of the Assured as seller of goods in respect of those consignments sold on "free on board" and "cost and freight" terms despatched on or after the commencement date appearing in the Policy.
2. This insurance commences from the attachment of the Assured's interest in the goods but unless otherwise specifically agreed not prior to the time the goods are set in motion in the Assured's and/or Sub Contractor's Premises, Storage Depots and/or Warehouses for the commencement of transit and terminates when the goods are delivered into the carrying vessel at the port of place of loading. Including all Loading and Unloaded Risks. During this transit this insurance is subject to the standard Marine Policy Form incorporating cover against perils as per contract wording and Institute Strikes Clauses.
3. Thereafter cover reattaches retrospective to the commencement of the transit if one or more of the following contingencies occur:
 - (i) the buyer fails or refuses to accept the shipping documents
 - (ii) the buyer fails or refuses to accept the goods where such failure or refusal arises:
 - (a) from or in connection with any error or omission on the part of the Assured with respect to the contract of sales
 - (b) from the failure or inability of the buyer to obtain authority to import the goods where it is necessary under the regulations of the buyer's country in force at the date of sale contract to obtain due authority to import the goods and/or to pay for them as contracted and invoiced.
 - (iii) the Assured exercises a lien on the goods, or interrupts their transit, or suspends the sale contract whilst the goods are in transit, when this is reasonable to safeguard his Interests.
4. The Assured must use all reasonable and usual care, skill and aforethought and take all practical measures, including measures which may be required by the Insurers to prevent or minimise loss, and to enforce the contract of sale.
5. All rights and benefits against the buyer and/or the buyers' insurers, and/or carrier(s) and/or persons are to be subrogated to the Insurer.
6. The Assured must advise the Insurer immediately of the occurrence of any of the contingencies in Clause 3 above.

7. Delay and/or Deviation are held covered at an additional premium to be agreed. This overrides any term, condition or clause to the contrary in the Policy or in the Institute Clauses incorporated herein by reference.
8. This insurance and any money payable under it is not assignable without the consent in writing of the Underwriter.
9. The existence of this Insurance is not to be disclosed to the buyer.
10. In circumstances where the Buyer's Insurers have settled a claim but where the buyer is unable to effect payment of the Assured's invoice in full or in part, due to foreign exchange regulations, Insurers hereunder agree to advance the unpaid amount to the Assured, provided the Assured subsequently takes all reasonable steps to recover the unpaid amount from the Buyer, in order to reimburse Insurers.

35. Shortage From Containers, Trailers and/or Vehicles Clause

In respect of shipments in containers, curtain sided trailers or full vehicle loads, provided documentary evidence is produced to substantiate the quantity loaded into such containers, trailer or vehicle, the fact that the container's, trailer's or vehicle's seal is intact at unloading point shall not invalidate claims for theft, pilferage, shortage and non-delivery.

36. Trade Marked Cartons

It is understood and agreed that this section is to cover damage to trade marked cartons, but claims payable hereunder shall be limited to an amount sufficient to pay the cost of new cartons, including forwarding charges of the new cartons and charges of repacking.

37. Testing & Sorting Clause

To include the additional costs of Testing and Sorting following and incurred as a result of a peril insured against but not exceeding US\$***_ unless such costs are reasonably incurred in order to minimise and/or avert a loss for a greater amount which would be covered by the Policy.

Warranties

Own Vehicle Warranties

- (a) All points of entry and/or access to vehicles, the property of the Assured and/or those within their care and/or custody and/or control are securely locked and closed, and the ignition keys removed from the vehicle whenever left loaded and unoccupied (so far as ferry and/ or local fire regulations permit).
- (b) All protective devices, including alarms and immobilisers, are to be in working order and put into operation whenever a vehicle is left loaded and unoccupied.
- (c) Goods to be placed in the boot of the vehicle or covered over in estates/hatchbacks.
- (d) In respect of theft from loaded and unattended vehicles the property of the Assured or for which they are responsible, and/or within their care, custody or control, cover shall cease either:
 - (i) upon completion of the drivers or employees working day,
or
 - (ii) between the hours of 9.00 p.m. and 6.00 a.m. or upon the collection by the driver or other authorised employee whichever shall first occur,
or
 - (iii) between the hours specified above, the vehicle is garaged and/or parked within a securely locked building of substantial construction,
or
 - (iv) parked within a secure and locked compound surrounded by a fully enclosing palisade or similar fencing to a height of not less than 2 metres or 6 feet.
- (e) If during the ordinary course of transit between the hours of 9.00 p.m. and 6.00 a.m. vehicle(s) containing the goods and merchandise insured herein are parked or garaged other than in compliance with the Warranty in this Policy extends to include such goods and merchandise and the Assured shall be deemed to be his own Insurer for 20% of all losses arising from theft of or from vehicle(s).

In addition to the above it is also agreed that ALL protective appliances that are fitted and ALL locking devices shall be properly and adequately maintained and will not be withdrawn without prior notification and agreement of the Insurer.

All protective appliances shall be put into effect upon the vehicle being left locked and unattended any time throughout the day.

- (f) Whilst in buildings, the goods shall be contained within a locked and secure room and/or storage space whilst not in use.
- (g) Excluding theft unless following forcible and violent entry into the vehicle(s).

Exclusions

1. Excluding Rust, Oxidation and/or Discolouration to unprotected goods howsoever caused.
2. Excluding Electrical and/or Electronic and/or Mechanical Derangement and/or Breakdown unless caused by a peril insured against.
3. Excluding mysterious disappearance and/or stock taking losses of any nature from exhibition stands or locations, when such exhibition stands have been left unoccupied at any time during published opening hours.
4. Excluding theft from own vehicles unless involving forcible and/or violent entry.
5. Excluding theft from all demonstration locations unless involving forcible and/or violent entry and/or exit.
6. Excluding theft attributed to collusion of employees.

Excess

Unless stated otherwise here in, all claims for loss or damage to goods in transit or distribution within Israel shall be subject to the Assured bearing the first USD1,000 of each and every loss.

Certificates

Permission is granted to the Cover holder to issue Claims Payable Abroad - Claims Payable Israel Certificates of Insurance, subject to the following:

"The Institute Clauses referred to herein are those current at the inception of this Open Cover but should such Clauses be revised during the period of this Open Cover, and providing that Insurers shall have given at least 30 days notice thereof, then the revised Institute Clauses shall apply to risks attaching subsequent to the date of expiry of the said notice".

Claims Procedure

The Assured or his representative must:

1. In no circumstances give a clean receipt where goods are in a doubtful condition except under written protest.
2. Apply immediately for survey in the docks by carriers' representative if any loss or damage is apparent at the docks.
3. Report claims immediately to the nearest branch or agency of the Insurer with supporting documents.
4. Give notice to carriers' representative within three days of delivery if loss or damage was not apparent at the time of delivery.
5. Claim on carrier, Port Authority or any negligent party for damage or omissions.
6. Send all correspondence with carriers or other negligent parties when submitting a claim to the Insurer.

Address of Israel Marine Claims Office:

Address of Israel Marine Claims Office:

AIG Israel Insurance Company Ltd .

25 Hasivim st. Kiryat Matalon

Petach Tikva, Israel, 4900

AIGIsraelClaims@aig.com

Attention: Claims manager

Access to our Overseas Claims Directory may be made on www.aigmarine.com

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 above duty of the insured to timely notify the insurer 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.

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, less the applicable Retention.

6. **An *insured* may not admit or assume any liability, enter into any settlement agreement, consent to any judgment, or incur any Defence Costs without the prior written consent of the *insurer*.** Only those settlements, judgments and Defence Costs 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