

Pollution Legal Liability Select Policy 6/2016

NOTICES

THIS IS A CLAIMS MADE AND REPORTED POLICY. THIS POLICY HAS CERTAIN PROVISIONS AND REQUIREMENTS UNIQUE TO IT AND MAY BE DIFFERENT FROM OTHER POLICIES THE INSURED MAY HAVE PURCHASED. DEFINED TERMS, OTHER THAN HEADINGS, APPEAR IN BOLD FACE TYPE.

THE DESCRIPTIONS IN ANY HEADINGS OR SUB-HEADINGS OF THIS POLICY ARE INSERTED SOLELY FOR CONVENIENCE AND DO NOT CONSTITUTE ANY PART OF THE TERMS OR CONDITIONS HEREOF.

The policy is effective only when the accompanying Schedule is signed off by an authorised representative of AIG Israel Insurance Company Ltd..

This Policy Schedule and Application and any Endorsements attached hereto or marked thereon shall be considered one document and any word or expression to which a specific meaning has been attached in any of them shall bear such meaning throughout. This Policy and any Schedule or Memorandum attached hereto or marked thereon supersedes any previous statement, promise or representation by the parties relating to the agreement or to its subject matter.

I. INSURING AGREEMENTS

In consideration of the payment of the premium, in reliance upon the statements in the Schedule and the Application annexed hereto, and pursuant to all of the terms of this Policy, the Insurer agrees with the **Named Insured** as set out below:

1. COVERAGES

NOTE: For the coverages indicated in item 7 of the Schedule, the **Pollution Conditions** must commence on or after the **Retroactive Date** indicated in item 7 of the Schedule.

THE FOLLOWING COVERAGES ARE IN EFFECT ONLY IF SPECIFICALLY IDENTIFIED IN THE SCHEDULE:

COVERAGE A - ON-SITE CLEAN-UP OF PRE-EXISTING CONDITIONS

The Insurer agrees to pay **Loss** on behalf of the **Insured** that the **Insured** is legally obligated to pay as a result of **Claims** first made against the **Insured** and reported to the Insurer, in writing, during the **Policy Period**, or during the **Extended Reporting Period** if applicable, for **Clean-Up Costs** in, on or under the **Insured Property** resulting from **Pollution Conditions** in, on or under the **Insured Property** which commenced prior to the **Continuity Date**.

COVERAGE B - ON-SITE CLEAN-UP OF NEW CONDITIONS

The Insurer agrees to pay **Loss** on behalf of the **Insured** that the **Insured** is legally obligated to pay as a result of **Claims** first made against the **Insured** and reported to the Insurer, in writing, during the **Policy Period**, or during

the **Extended Reporting Period** if applicable, for **Clean-Up Costs** in, on or under the **Insured Property** resulting from **Pollution Conditions** in, on or under the **Insured Property** which commenced on or after the **Continuity Date**.

COVERAGE C - THIRD PARTY CLAIMS FOR ON-SITE BODILY INJURY AND PROPERTY DAMAGE

The Insurer agrees to pay **Loss** on behalf of the **Insured** that the **Insured** becomes legally obligated to pay as a result of **Claims** first made against the **Insured** and reported to the Insurer in writing during the **Policy Period**, or during the **Extended Reporting Period** if applicable, for **Bodily Injury**, or **Property Damage** of third-parties caused by **Pollution Conditions** in, on or under the **Insured Property**, provided that such **Bodily Injury** or **Property Damage** takes place while the person injured or property damaged is on the **Insured Property**.

COVERAGE D - THIRD PARTY CLAIMS FOR OFF-SITE CLEAN-UP RESULTING FROM PRE-EXISTING CONDITIONS

The Insurer agrees to pay **Loss** on behalf of the **Insured** that the **Insured** becomes legally obligated to pay as a result of **Claims** first made against the **Insured** and reported to the Insurer in writing during the **Policy Period**, or during the **Extended Reporting Period** if applicable, for **Clean-Up Costs** beyond the boundaries of the **Insured Property** resulting from **Pollution Conditions** which commenced prior to the **Continuity Date** and migrated from the **Insured Property** whether before, on or after the **Continuity Date**.

COVERAGE E - THIRD PARTY CLAIMS FOR OFF-SITE CLEAN-UP RESULTING FROM NEW CONDITIONS

The Insurer agrees to pay **Loss** on behalf of the **Insured** that the **Insured** becomes legally obligated to pay as a result of **Claims** first made against the **Insured** and reported to the Insurer in writing during the **Policy Period**, or during the **Extended Reporting Period** if applicable, for **Clean-Up Costs** beyond the boundaries of the **Insured Property** resulting from **Pollution Conditions** which commenced on or after the **Continuity Date** and migrated from the **Insured Property**.

COVERAGE F - THIRD PARTY CLAIMS FOR OFF-SITE BODILY INJURY AND PROPERTY DAMAGE

The Insurer agrees to pay **Loss** on behalf of the **Insured** that the **Insured** becomes legally obligated to pay as a result of **Claims** first made against the **Insured** and reported to the Insurer in writing during the **Policy Period**, or during the **Extended Reporting Period** if applicable, for **Bodily Injury** or **Property Damage** beyond the boundaries of the **Insured Property** that result from **Pollution Conditions** in, on or under the **Insured Property** which have migrated beyond the boundaries of the **Insured Property**.

COVERAGE G - THIRD-PARTY CLAIMS FOR ON-SITE CLEAN-UP COSTS - WASTE DISPOSAL SITES

The Insurer agrees to pay **Loss** on behalf of the **Insured** that the **Insured** becomes legally obligated to pay as a result of **Claims** first made against the **Insured** and reported to the Insurer in writing during the **Policy Period**, or during **Extended Reporting Period** if applicable, for **Clean-Up Costs** on or under a **Waste Disposal Site** resulting from **Pollution Conditions** lawfully deposited in, on or under such **Waste Disposal Site** .

COVERAGE H - THIRD PARTY CLAIMS FOR OFF-SITE BODILY INJURY, PROPERTY DAMAGE OR CLEAN-UP COSTS - WASTE DISPOSAL SITES

The Insurer agrees to pay **Loss** on behalf of the **Insured** that the **Insured** becomes legally obligated to pay as a result of **Claims** first made against the **Insured** and reported to the Insurer in writing during the **Policy Period**, or during the **Extended Reporting Period** if applicable, for **Bodily Injury**, **Property Damage** of third parties or **Clean-Up Costs** beyond the boundaries of a **Waste Disposal Site** resulting from **Pollution Conditions** in, on or under such **Waste Disposal Site**, which have migrated beyond the boundaries of such **Waste Disposal Site**.

COVERAGE I - POLLUTION CONDITIONS RESULTING FROM TRANSPORTED CARGO

The Insurer agrees to pay **Loss** on behalf of the **Insured** that the **Insured** becomes legally obligated to pay as a result of **Claims** first made against the **Insured** and reported to the Insurer in writing during the **Policy Period**, or during the **Extended Reporting Period** if applicable, for **Bodily Injury, Property Damage** or **Clean-Up Costs** resulting from **Pollution Conditions** from **Transported Cargo**.

COVERAGE J - BUSINESS INTERRUPTION COVERAGE - PROFIT LOSS OR RENTAL VALUE AND EXTRA EXPENSE

The Insurer agrees to pay the **Insured's Profit Loss** or loss of **Rental Value**, and **Extra Expense** to the extent it reduces **Profit Loss** or loss of **Rental Value** otherwise payable under this coverage section, resulting from an **Interruption** caused directly by **Pollution Conditions** in on or under the **Insured Property**. If the **Interruption** is caused partly by such **Pollution Conditions** in, on or under the **Insured Property** and any other cause, the Insurer shall pay only for that part of the **Insured's Profit Loss** or **Rental Value** and **Extra Expense** resulting from such **Interruption** caused solely and directly by such **Pollution Conditions** in, on or under the **Insured Property**.

- (a) Such **Pollution Conditions** must:
1. (a) commence prior to the **Continuity Date**, if the **Named Insured** has purchased Coverage A, under this Policy, or
 - (b) commence on or after the **Continuity Date**, if the **Named Insured** has purchased Coverage B under this Policy; and
 2. be first discovered by the **Insured** during the **Policy Period**. Discovery of **Pollution Conditions** happens when a **Responsible Insured** becomes aware of **Pollution Conditions**.
- (b) An **Interruption** must be reported to the Insurer, no later than thirty (30) days after its commencement. The **Insured** shall, as soon as practicable, resume normal operation of the business and dispense with **Extra Expense**.
- (c) If the **Insured** could reduce the **Profit Loss** or loss of **Rental Value**, or **Extra Expense** resulting from the necessary interruption of business:
1. by complete or partial resumption of operations; or
 2. by making use of other property at the **Insured Property**, or elsewhere.

such reductions shall be taken into account in calculating **Profit Loss** or loss of **Rental Value** or **Extra Expense**.

The **Insured** shall use all due diligence and do all things reasonably practicable to minimise, avoid or diminish any interruption of, or interference with, its business operations and shall use all due diligence and do all things reasonably practicable to ensure that its business operations recommence either in whole or in part at the first available opportunity.

In determining **Profit Loss** or loss of **Rental Value**, the Report/Worksheet annexed to this Policy and made a part of it shall be utilised.

2. LEGAL EXPENSE AND DEFENCE

The Insurer shall have the right but not the duty to defend any **Claims** covered under Coverages A through I provided the **Named Insured** has purchased such Coverage or Coverages. The Insurer's right to defend or

continue defending any such **Claim**, and to pay any **Loss**, shall cease once the applicable limit of liability, as described in Section V. (Limits of Coverage; and the **Insured's** Deductible) has been exhausted. Defence costs, charges and expenses are included in **Loss** and reduce the applicable limit of liability, as described in Section V., and are included within the Deductible amount shown in Item 4 of the Schedule. Notwithstanding the above, and solely in respect of **Claims** made against the **Insured** within the jurisdiction of the courts of Israel and that are covered under Coverages A through I (provided the **Named Insured** has purchased such Coverage(s)), it is agreed, pursuant to Section 66 of the Insurance Contract Law, that in the event that **Loss** exceeds the Policy Aggregate limit of liability, this Policy shall cover reasonable defence costs exceeding the Policy Aggregate limit of liability.

In the event the **Insured** selects independent counsel to defend the **Insured** at the Insurer's expense, the legal fees and all other litigation expenses the Insurer must pay to that counsel are limited to the rates the Insurer would actually pay to counsel that the Insurer retains in the ordinary course of business in the defence of similar **Claims** in the community where the **Claim** arose or is being defended. The legal fees and all other litigation expenses the Insurer pays to independent counsel shall be included as **Loss** and reduce the available Limit of Liability.

Additionally, the Insurer may exercise the right to require that such counsel have certain minimum qualifications with respect to their competency, including experience in defending **Claims** similar to the one pending against the **Insured**, and to require such counsel to have errors and omissions insurance coverage. As respects any such counsel, the **Insured** agrees that counsel will timely respond to the Insurer's request for information regarding the **Claim**.

If the **Insured** refuses to consent to any settlement within the limits of liability of this Policy recommended by the Insurer and acceptable to the claimant, the Insurer's obligation to defend the **Insured** shall then cease and the **Insured** shall thereafter negotiate or defend such **Claim** independently of the Insurer and the Insurer's liability shall not exceed the amount, less the Deductible or any outstanding Deductible balance, for which the **Claim** could have been settled if such recommendation was consented to.

II. NOTICE REQUIREMENTS AND CLAIM PROVISIONS

The **Insured** shall provide the Insurer with notice of **Pollution Conditions**, **Claims** or an **Interruption** as follows:

A. NOTICE OF POLLUTION CONDITIONS AND CLAIMS

1. In the event of **Pollution Conditions** or a **Claim** under Coverage A through I, or **Interruptions** under Coverage J, the **Insured** shall give written notice to:

AIG Israel Insurance Company Ltd., via email:

AIGIsrClaims@aig.com

Attention: Claims Manager

or other address(es) as substituted by the Insurer in writing.

2. The **Insured** shall give notice of **Pollution Conditions** as soon as practicable and such notice shall include, at a minimum, information sufficient to identify the **Named Insured**, the **Insured Property**, the names of persons with knowledge of the **Pollution Conditions** and all known and/or reasonably obtainable information regarding the time, place, cause, nature of and other circumstances of the **Pollution Conditions**. Written notice shall be made on a notice of loss form supplied by the Insurer.

3. The **Insured** shall give notice of **Claims** as soon as practicable, but in any event during the **Policy Period** or **Extended Reporting Period**, if applicable. The **Insured** shall furnish information at the request of the Insurer. When a **Claim** has been made, the **Insured** shall forward the following to the Insurer as soon as practicable:
 - (a) All reasonably obtainable information with respect to the time, place and circumstances thereof, and the names and addresses of the claimant(s) and available witnesses.
 - (b) All written communications, demands, claim forms, writs, summonses, notices, forms of process, remediation notices, remediation statements, remediation declarations or similar, instructions, notices, orders, documents or other papers filed in any court of law or similar, or by any governmental or statutory agency or body.
 - (c) Other information in the possession of the **Insured** or its hired experts which the Insurer reasonably deems necessary.

III. RIGHTS OF THE INSURER AND DUTIES OF THE INSURED IN THE EVENT OF POLLUTION CONDITIONS

- A. The **Named Insured** shall subject to the provisions of Section II of this Policy have the duty to clean up **Pollution Conditions** to the extent required of it by **Environmental Laws**, by retaining competent professional(s) or contractor(s) mutually acceptable to the Insurer and the **Named Insured**. The **Named Insured** shall notify the Insurer of all actions and measures taken pursuant to this paragraph.
- B. The Insurer's Rights
 1. The Insurer shall have the right but not the duty to clean up or mitigate **Pollution Conditions** to the extent required by **Environmental Laws** upon receiving notice as provided in Section II of this Policy.
 2. The Insurer shall have the right but not the duty to review and approve all aspects of any works undertaken under Paragraph A of this Section III.
 3. Allocation of Sums Expended: Any sums expended by the Insurer under Paragraph B(1) of this Section III will be deemed incurred or expended by the **Insured** and shall be applied against the limits of coverage under this Policy.

IV. EXCLUSIONS

1. EXCLUSIONS - APPLICABLE TO ALL COVERAGES

This Policy does not apply to **Clean-Up Costs, Claims, Loss, Profit Loss, Extra Expense**, or loss of **Rental Value**:

A. CRIMINAL FINES AND PENALTIES:

due to any criminal fines or penalties.

B. CONTRACTUAL LIABILITY:

arising from liability of others assumed by the **Insured** under any contract or agreement, unless the liability of the **Insured** would have attached in the absence of such contract or agreement or the contract or agreement is an **Insured Contract**.

C. TRANSPORTATION:

except with respect to Coverage I, arising out of **Pollution Conditions** that result from the maintenance, use, operation, loading or unloading of any **Conveyance** beyond the boundaries of the **Insured Property**.

D. IDENTIFIED UNDERGROUND STORAGE TANKS

arising from **Pollution Conditions** resulting from an **Underground Storage Tank** whose existence is known by a **Responsible Insured** as of the **Inception Date** and which is located on the **Insured Property** unless such **Underground Storage Tank** is scheduled on the Policy by endorsement. Provided, however, that this exclusion does not apply to an **Underground Storage Tank** that was removed prior to the **Inception Date**.

E. NONCOMPLIANCE:

arising from **Pollution Conditions** based upon or attributable to any **Responsible Insured's** intentional, wilful or deliberate non-compliance with any national or local statutes, statutory instruments, by-laws, regulations, guidance or standards having the force of law or notice, order, or instruction of any governmental or statutory agency or body.

F. INTERNAL EXPENSES:

for costs, charges or expenses incurred by the **Insured** for goods supplied or services performed by the **Insured**, or its parent, subsidiary or affiliate, except if in the opinion of the Insurer such costs, charges or expenses have been incurred in response to an emergency or pursuant to **Environmental Laws** that require immediate remediation of **Pollution Conditions**, or unless such costs, charges or expenses are incurred with the prior written approval of the Insurer in its sole discretion.

G. INSURED vs. INSURED:

by any **Insured** against any other person or entity who is also an **Insured** under this Policy. This exclusion does not apply to **Claims** initiated by third parties or **Claims** that arise out of an indemnification given by one **Named Insured** to another **Named Insured** in an **Insured Contract**.

H. ASBESTOS AND LEAD:

solely with respect to Coverages A, B, C, D, E, F, G and J arising from asbestos or any asbestos-containing materials or lead-based paint installed or applied in, on or to any building or other structure. This exclusion does not apply to **Clean-Up Costs** for the remediation of soil and groundwater.

I. EMPLOYER LIABILITY:

arising from **Bodily Injury** to an employee or former employee of the **Insured** or its parent, subsidiary or affiliate arising out of and in the course of employment by the **Insured** or its parent, subsidiary or affiliate. This exclusion applies whether the **Insured** is liable as an employer or in any other capacity and to any obligation to share damages with or repay third parties who must pay damages arising from such **Bodily Injury**.

J. PRIOR KNOWLEDGE:

arising from **Pollution Conditions** existing prior to the inception date of this Policy and not disclosed in the Application for this Policy, if any **Responsible Insured** knew or reasonably

could have expected that such **Pollution Conditions** could give rise to **Clean-Up Costs, Loss,** interruption of the **Insured's** business, or a **Claim** under this Policy.

K. MATERIAL CHANGE IN USE:

arising from a change in operations at an **Insured Property** during the policy period that materially increases a risk covered under this Policy. For purposes of determining whether a change in operations materially increases the risk, any change of operations that results in more stringent remediation standards than those imposed on the **Insured Property** at the inception date will be considered material.

L. MICROBIAL MATTER

arising from **Bodily Injury** or **Property Damage** alleged to be caused by **Microbial Matter**.

M. TERRORISM

arising directly or indirectly as a result of or in connection with **Terrorism**, including but not limited to, any contemporaneous or ensuing **Loss** caused by fire, looting or theft.

N. WAR

arising directly or indirectly as a result of or in connection with war, whether declared or not, or any act or condition incident to war. War includes civil war, insurrection, act of foreign enemy, civil commotion, factional civil commotion, military or usurped power, rebellion or revolution.

2. COVERAGE I EXCLUSIONS

The following exclusions apply to Coverage I alone.

This Policy does not apply to **Clean-up Costs, Claims** or **Loss**:

A. PROPERTY DAMAGE TO CONVEYANCES:

arising from **Property Damage** to any **Conveyance** used during the **Transportation** of **Cargo**. This exclusion does not apply to **Claims** made by third-party carriers of the **Insured** for such **Property Damage** arising from the **Insured's** negligence.

B. POLLUTION CONDITIONS PRIOR OR SUBSEQUENT TO TRANSPORTATION OF CARGO:

arising from a **Pollution Condition**:

1. that commences prior to the **Transportation** of **Cargo**; or
2. that commences after **Cargo** reaches its final destination, or while the **Cargo** is in storage off-loaded from the **Conveyance** that was transporting it;

C. THIRD-PARTY CARRIER CLAIMS:

made by, or arising from, a third-party carrier, its agents or employees, for **Bodily Injury, Property Damage** or **Clean-Up Costs**, whether or not the **Bodily Injury, Property Damage**

or **Clean-Up Costs** were directly incurred by such third-party carrier. This exclusion does not apply to **Claims** made by third party carriers arising from the **Insured's** negligence.

V. LIMITS OF COVERAGE; DEDUCTIBLE

The following limits of liability shall apply irrespective of the number of **Claims**, claimants, **Pollution Conditions** or **Insureds** under this Policy:

A. Policy Aggregate Limit

The Insurer's total liability for all **Clean-Up Costs** and **Loss**, under Coverages A to I, inclusive and all **Profit Loss**, loss of **Rental Value** and **Extra Expense** under Coverage J, shall not exceed the "Policy Aggregate" stated in Item 4 of the Schedule.

B. Each Incident Limit - Coverages A to I inclusive

1. Subject to Paragraph V.A. above, the most the Insurer will pay for all **Cleanup Costs** and **Loss** under each Coverage in Coverages A to I inclusive arising from the same, related or continuous **Pollution Conditions** is the "Policy Each Incident" limit of coverage stated in Item 4 of the Schedule.
2. If a **Claim** for **Bodily Injury**, **Property Damage**, or **Clean-Up Costs** is first made against the **Insured** and reported to the Insurer during the **Policy Period**, all **Claims** for **Bodily Injury**, **Property Damage** or **Clean-Up Costs**, arising from the same, continuous or related **Pollution Conditions** that are first made against the **Insured** and reported under a subsequent Pollution Legal Liability Policy issued by the Insurer or its affiliate providing substantially the same coverage as this Policy, shall be deemed to have been first made and reported during this **Policy Period**. Coverage under this Policy for such **Claims** shall not apply, however, unless at the time such **Claims** are first made and reported, the **Insured** has maintained with the Insurer, parent, subsidiary or its affiliate Pollution Legal Liability coverage substantially the same as this coverage on a continuous, uninterrupted basis since the first such **Claim** was made against the **Insured** and reported to the Insurer.

C. Defence Costs

Notwithstanding Sub-Section A and B above, and solely in respect of **Claims** made against the **Insured** within the jurisdiction of the courts of Israel, which are covered under Coverages A through I (provided the **Named Insured** has purchased such Coverage or Coverages), it is agreed, pursuant to Section 66 of the Insurance Contract Law, that in the event that **Loss** exceeds the Policy Aggregate limit of liability or the "Policy Each Incident" limit, as the case may be, this Policy shall cover reasonable defence costs exceeding the Policy Aggregate Limit of Liability or the "Policy Each Incident" limit, respectively.

D. Maximum Business Interruption Coverage Limits

Subject to Paragraph V.A. above, the maximum amount for which the Insurer is liable for all **Profit Loss** or loss of **Rental Value**, and **Extra Expense** under Coverage J is 80% of the lesser of:

1. the **Profit Loss** and **Extra Expense**, or loss of **Rental Value** and **Extra Expense**, whichever is applicable, incurred during the number of days of necessary interruption of business operations and caused solely and directly by Pollution Conditions in, on or under the **Insured Property** stated in Item 5 of the Schedule, and
2. the amount stated in Item 3 of the Schedule.

It is a condition precedent under Coverage J that the remaining 20% of such amount shall remain payable by the **Insured** at its own risk and shall remain uninsured.

E. **Multiple Coverages**

Subject to Paragraph V.A. above, if the same, related or continuous **Pollution Conditions** result in coverage under more than one Coverage under Coverages A to J inclusive, the "Policy Each Incident," "Policy Aggregate," and "Maximum Business Interruption Coverage" limit of coverage among such coverage sections shall apply to the **Clean-Up Costs, Loss, Profit Loss and Extra Expense**, or loss of **Rental Value** and **Extra Expense**, whichever is applicable, resulting from such **Pollution Conditions**.

F. **Deductible**

(1) **Coverages A to I Inclusive**

Subject to Paragraphs V.A. to V.E. above, this Policy is to pay covered **Clean-Up Costs**, or **Loss**, as the case may be, in excess of the Deductible amount stated in Item 4 of the Schedule, up to but not exceeding the "Policy Each Incident" limit of coverage. The Deductible amount applies to all **Clean-Up Costs** or **Loss** arising from the same, related or continuous **Pollution Conditions**. A separate Deductible applies under Coverage J.

The **Insured** shall promptly reimburse the Insurer for advancing any element of **Clean-Up Costs** or **Loss** falling within the Deductible.

(2) **Coverage J**

Subject to Paragraphs V.A. to V.E. above, this Policy is to pay the **Profit Loss** or loss of **Rental Value**, and **Extra Expense** under Coverage J in excess of the **Profit Loss** or loss of **Rental Value**, and **Extra Expense** sustained during the first seven (7) days of an **Interruption** during the **Period of Restoration**. The Deductible amount applies to all **Profit Loss**, or loss of **Rental Value**, and **Extra Expense** arising from the same, related or continuous **Pollution Conditions**.

VI. **DEFINITIONS**

- A. **Automobile** means a land motor vehicle, trailer or semi-trailer licensed for travel on public roads, including any machinery or apparatus attached thereto.
- B. **Bodily Injury** means physical injury, or sickness, disease, mental anguish or emotional distress when accompanied by physical injury, sustained by any person, other than an **Insured** including death resulting therefrom.
- C. **Cargo** means goods, products or wastes transported for delivery by a carrier properly licensed to transport such goods, products or wastes.
- D. **Claim** means a written demand, notice or other written communication received by the **Insured** seeking a remedy and/or alleging liability or responsibility on the part of the **Insured** for **Loss** under Coverages A to I inclusive.
- E. **Clean-Up Costs** means reasonable and necessary costs, charges or expenses, including legal or associated expenses incurred with the Insurer's written consent, which consent shall not be unreasonably withheld or delayed including those incurred in the investigation, removal, remediation including associated monitoring, or disposal of soil, surface water, groundwater or other contamination:

1. to the extent required by **Environmental Laws**, or specifically mandated by order of any governmental or statutory body or agency or court acting under the authority of **Environmental Law(s)**; or
2. that have been actually incurred by any governmental or statutory body or agency, or by third parties.

Clean-Up Costs also include **Restoration Costs**.

- F. **Continuity Date** means the date stated in Item 8 of the Schedule.
- G. **Conveyance** means any owned, leased or rented **Automobile**, aircraft, watercraft or rolling stock.
- H. **Environmental Laws** means any national or local statutes, statutory instruments, by-laws, regulations, guidance or standards having the force of law, or any notice, order or instruction of any governmental or statutory body or agency or court concerning health and safety or environmental matters that are applicable to **Pollution Conditions**.
- I. **Extended Reporting Period** means either the automatic additional period of time or the optional additional period of time, whichever is applicable, in which to report **Claims** following termination of coverage, as described in Section VIII. of this Policy.
- J. **Extra Expense** means necessary expenses the **Insured** incurs during the **Period of Restoration**:
1. That would not have been incurred but for a necessary **Interruption** of the **Insured's** business operations caused solely and directly by **Pollution Conditions** covered by this Policy; and
 2. That avoid or minimise an **Interruption**
- but only to the extent such expenses reduce **Profit Loss** or loss of **Rental Value**, whichever is applicable, otherwise covered under this Policy.
- Any salvage value of any property or any other equipment obtained for temporary use during the **Period of Restoration**, and which remains after the resumption of normal operations, shall reduce any **Loss** under **Extra Expense** coverage.
- K. **Identified Underground Storage Tank** means an **Underground Storage Tank** that was known by any **Insured** prior to the **Inception Date**.
- L. **Inception Date** means the first date set forth in Item 2 of the Schedule.
- M. **Insured** means the **Named Insured**, and any past or present director, officer, partner or employee thereof, including a temporary employee, while acting within the scope of his or her duties as such.
- N. **Insured Contract** means a contract or agreement submitted to and approved by the Insurer, and listed on an endorsement to this Policy.
- O. **Insured Property** means each of the locations identified in Item 5 of the Schedule.
- P. **Interruption** means the necessary suspension of the **Insured's** business operations at an **Insured Property** during the **Period of Restoration**.
- Q. **Loss** means, under the applicable Coverages:

1. monetary awards, judgments or settlements of damages and where allowable by law, punitive, exemplary or aggregated damages for **Bodily Injury** or **Property Damage**;
 2. costs, charges and expenses incurred in the defence, investigation or adjustment of **Claims** for such damages or for **Clean Up Costs**;
 3. **Clean Up Costs**, or
 4. costs, charges and expenses paid to any claimant under paragraphs (1) - (3) inclusive above.
- R. **Microbial Matter** means fungi or bacterial matter which reproduces through the release of spores or the splitting of cells, including but not limited to, mold, mildew and viruses, whether or not such **Microbial Matter** is living.
- S. **Named Insured** means the person or entity named in Item 1 of the Schedule acting on behalf of all other **Insureds**, if any, for the payment or return of any premium, payment of any deductible, receipt and acceptance of any endorsement issued to form a part of this Policy, giving and receiving notice of cancellation or nonrenewal, and the exercise of the rights provided in the **Extended Reporting Period** clause.
- T. **Ordinary Payroll Expense** means the entire payroll expense for all employees of the **Insured**, except Senior Managerial Officers, Executives and employees under contract.
- U. **Period of Restoration** means the length of time as would be required with the exercise of due diligence and dispatch to restore the **Insured Property** or any part thereof to a condition that allows the resumption of normal business operations, or any part thereof, commencing with the date operations are necessarily interrupted by **Pollution Conditions** in, on or under the **Insured Property** and not limited by the date of expiration of the **Policy Period**. For the avoidance of doubt the **Period of Restoration** does not include any time caused by factors other than the relevant **Pollution Conditions** including, but not limited to, the interference by employees or other persons with the restoration of the **Insured property**, or with the resumption or continuation of operations; or any time caused by the delay in any action to be taken by a governmental or statutory agency or body necessary to allow the resumption of the **Insured's** normal business operations.
- V. **Policy Period** means the period set forth in Item 2 of the Schedule, or any shorter period arising as a result of:
1. cancellation of this Policy; or
 2. with respect to particular **Insured Property** or **Waste Disposal Site** designated in the Schedule, the deletion of such location(s) from this Policy by the Insurer at the **Named Insured's** written request, but solely with respect to that **Insured Property**.
- W. **Pollution Conditions** means the discharge, dispersal, release or escape of any solid, liquid, gaseous or thermal irritant, pollutant or contaminant, including, but not limited to, smoke, vapours, soot, fumes, acids, alkalis, toxic chemicals, medical waste and waste materials in or on land, or any structure on land, the atmosphere or any watercourse or body of water, including groundwater, provided such conditions are not naturally present in the environment in the amounts or concentrations discovered. **Pollution Conditions** shall not include **Microbial Matter**.
- X. **Profit Loss** means the:
1. Net Income (net profit or loss before income taxes) the **Insured** would have earned or incurred had there been no **Interruption** of business operations; and

2. Continuing normal operating expenses incurred, including **Ordinary Payroll Expense**.

Y. **Property Damage** means:

1. Physical injury to or destruction of tangible property of parties other than the **Insured**, including the resulting loss of use and diminution in value thereof; and
2. Loss of use, but not diminution in value, of tangible property of parties other than the **Insured** that has not been physically injured or destroyed.

Property Damage does not include **Clean-Up Costs**.

Z. **Rental Value** means the:

1. Total anticipated rental net income from tenant occupancy of the **Insured Property** as furnished and equipped by the **Insured**;
2. Amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be the **Insured's** obligations; and
3. Fair rental value of any portion of the described premises which is occupied by the **Insured**;

during the **Period of Restoration**, less any rental income the **Insured** could earn by complete or partial rental of the **Insured Property**, or any reduction in loss by making use of other property on the **Insured Property** or elsewhere.

AA. **Responsible Insured** means the manager or supervisor of the **Named Insured** responsible for environmental affairs, control or compliance, or any manager of the **Insured Property**, officer, director or partner of the **Named Insured**.

BB. **Restoration Costs** means reasonable and necessary costs incurred by the **Insured** with the Insurer's written consent, which consent shall not be unreasonably withheld or delayed, to repair, replace or restore real or personal property to substantially the same condition it was in prior to being damaged during work performed in the course of incurring **Clean-Up Costs**. However, such **Restoration Costs** shall not exceed the net present value of such property prior to incurring **Clean-Up Costs**. **Restoration Costs** do not include costs associated with improvements or betterments.

CC. **Terrorism** means the use or threatened use of force or violence against person or property, or commission of an act dangerous to human life or property, or commission of an act that interferes with or disrupts an electronic or communication system, undertaken by any person or group, whether or not acting on behalf of or in connection with any organization, government, power, authority or military force, when the effect is to intimidate, coerce or harm a government, the civilian population or any segment thereof, or to disrupt any segment of the economy.

DD. **Transportation** means the movement of **Cargo** by a **Conveyance** from the place where it is accepted by a properly licensed carrier until it is moved:

1. to the place where the carrier finally delivers it; or
2. in the case of **Waste**, to a waste disposal facility to which the carrier delivers it.

Transportation includes the carrier's loading or unloading of **Cargo** onto or from a **Conveyance**.

EE. **Transported Cargo** means **Cargo** after it is moved from the place where it is accepted by the carrier for movement into or onto a conveyance, until the **Cargo** is moved from the **Conveyance** to

its final destination. **Transported Cargo** also includes **Cargo** during the loading or unloading onto or from a **Conveyance**, provided that the loading or unloading is performed by or on behalf of the **Named Insured**.

- FF. **Underground Storage Tank** means any tank, including associated underground piping connected to the tank, that has at least ten (10) percent of its volume below ground.
- GG. **Waste** means wastes generated by the **Named Insured** including any property in which the wastes are contained (other than a conveyance), and including materials to be recycled, reconditioned or reclaimed.
- HH. **Waste Disposal Sites** means a site that is not owned or operated by the **Named Insured**, and that is identified in a **Waste Disposal Sites** Schedule attached to and made a part of this Policy by endorsement.

VII. CONDITIONS

- A. **Assignment** – This policy may not be assigned without the prior written consent of the Insurer. Assignment of interest under this Policy shall not bind until its consent is endorsed hereon. Neither consent or resulting endorsement shall be unreasonably withheld.
- B. **Subrogation** - In the event of any payment under this Policy, the Insurer shall be subrogated to all the **Insured's** rights of recovery therefor against any person or organization, to the extent of the payment made by the Insurer under this Policy, and the **Insured** shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights including without limitation, assignment of the **Insured's** rights against any person or organization who caused **Pollution Conditions** on account of which the Insurer made any payment under this Policy. The **Insured** shall do nothing to prejudice the Insurer's rights under this paragraph subsequent to **Loss**. Any recovery as a result of subrogation proceedings arising out of the payment of **Loss** covered under this Policy shall accrue first to the **Insured** to the extent of any payments in excess of the limit of coverage; then to the Insurer to the extent of its payment under the Policy; and then to the **Insured** to the extent of its Deductible. Expenses incurred in such subrogation proceedings shall be apportioned among the interested parties in the recovery in the proportion that each interested party's share in the recovery bears to the total recovery.
- C. **Co-operation** - The **Insured** shall co-operate with the Insurer and offer all reasonable assistance in the investigation and defence of **Claims** under the applicable Coverages purchased. The Insurer may require that the **Insured** submit to examination under oath, and attend hearings, and trials. In the course of investigation or defence, the Insurer may require written statements or the **Insured's** attendance at meetings with the Insurer. The **Insured** must assist the Insurer in effecting settlement, securing and providing evidence and obtaining the attendance of witnesses.
- D. **Changes** - The terms of this Policy shall not be waived or changed in any way, except by endorsement issued to and forming part of this Policy.
- E. **Sole Agent** - The **Named Insured** first listed in Item 1 of the Schedule shall act on behalf of all other **Insureds**, if any, for the payment or return of premium, receipt and acceptance of any endorsement issued and forming a part of this Policy, giving and receiving notice of cancellation or nonrenewal, and the exercise of the rights provided in the **Extended Reporting Period** clause.
- F. **Assumed Payments** - No **Insured** shall enter into any settlement, or make any payment or assume any obligation unless in response to an emergency or pursuant to **Environmental Laws** that require immediate remediation of **Pollution Conditions**, without the Insurer's consent which shall not be unreasonably withheld, except at the **Insured's** own cost.

G. **Cancellation** - This Policy may be cancelled by the **Named Insured** by serving on the Insurer written notice stating when thereafter the cancellation shall be effective. This Policy may be cancelled by the Insurer only for the reasons stated below:

1. Material misrepresentation by the **Insured** or their agent at any time;
2. The **Insured's** failure to comply with the material terms, conditions or contractual obligations under this Policy, including failure to promptly pay any Deductible when due;
3. Failure to pay any premium when due;

The Insurer's right to cancel the Policy or the actual cancellation by the Insurer of the Policy shall not derogate from any other right or relief which is available to the Insurer pursuant to law in any of the above specified circumstances.

This Policy may be cancelled by the Insurer by serving on the **Named Insured** at the address shown in the Policy written notice stating when not less than sixty (60) days thereafter such cancellation shall be effective. Notwithstanding the above, in case of cancellation due to non payment of premium, in which case if the **Named Insured** does not pay the outstanding premium within 15 days following receipt of the Insurer's written notice, the Insurer may notify the **Named Insured** in writing that the Policy will be cancelled after 21 additional days, unless payment is made within such period.

Service of such written notices shall take place by registered mail and such notice shall be deemed to have been received on the date of recorded receipt of the registered mail.

The effective date and hour of cancellation stated in the notice shall become the end of the **Policy Period**. In case of cancellation, earned premium shall be computed pro rata. Premium adjustment may be either at the time cancellation is effected or when cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.

H. **Other Insurance** - Where other insurance may be available for the **Clean-Up Costs** or **Loss** covered under this Policy, the **Insured** shall promptly upon request of the Insurer provide the Insurer with copies of all such policies upon notification.

I. **Right of Access and Inspection** – To the extent that the **Insured** has such rights, any of the Insurer's authorized representatives shall on reasonable notice but at any time have the right and opportunity but not the obligation when the Insurer so desires to interview the **Insured** and to inspect at any reasonable time, during the **Policy Period** or thereafter, the **Insured Property** and all improvements, structures, products, ways, works, machinery and appliances thereon; but neither the Insurer nor its representatives shall assume any responsibility or duty to the **Insured** or to any other party, person or entity, by reason of such right or inspection. Neither the Insurer's right to make inspections, sample and monitor, nor the actual undertaking thereof nor any report thereon shall constitute an undertaking on behalf of the **Insured** or others, to determine or warrant that property or operations are safe, or conform to acceptable engineering practices or are in compliance with any, national or local statutes, statutory instruments, by-laws, regulations, guidance or standards having the force of law or any notice, order or instruction of any governmental agency or body. The **Insured** agrees at their own cost to provide appropriate personnel and any other resources to assist the Insurer's representatives during any inspection.

J. **Information** - To the extent that the **Insured** has such rights, the **Insured** agrees on reasonable notice but at any time and at their own cost to provide to the Insurer any and all information developed or discovered by the **Insured** concerning **Pollution Conditions** covered under this Policy, whether or not deemed by the **Insured** to be relevant and to provide the Insurer free access to interview any **Insured** and to review any documents of the **Insured**.

K. **Representations** - The **Named Insured** agrees that the statements in the Schedule, the Application and the Report/Worksheet are their agreements and representations, that this Policy is issued in

reliance upon the truth of such representation and that this Policy embodies all agreements existing between the **Insured** and the Insurer or any of its agents and supersedes any previous statement, promise of representation relating to this insurance.

- L. **Choice of Law and Forum** - Any interpretation of this Policy relating to its construction, validity or operation shall be made in accordance with the Laws of the State of Israel and in accordance with the English text that appears in the Policy. Any disputes arising hereunder shall be brought in the Courts of Israel.
- M. **Financial Assurance** - Coverage I of this Policy shall not constitute evidence of financial responsibility of any **Insured** under any applicable laws, including any national or local statutes, statutory instruments, by-laws, regulations, guidance or standards having the force of law, or any notice, order of instruction of any governmental agency or body.
- N. **Acknowledgment of Shared Limits** – By acceptance of this Policy, the **Named Insureds** understand, agree and acknowledge that the Policy contains a Policy Aggregate Limit that is applicable to, and will be shared by, all **Named Insureds** and all other **Insureds** who are or may become insured hereunder. In view of the operation and nature of this shared Policy Aggregate Limit, the **Named Insureds** and all other **Insureds** understand and agree that prior to filing a **Claim** under the Policy, the Policy Aggregate Limit may be exhausted or reduced by prior payments for other **Claims** under the Policy.
- O. **Separation of Insureds** - It is hereby agreed that except with respect to the Limit of Liability, Section IV. G. (Insured vs. Insured exclusion), and any rights and duties specifically assigned to the first **Named Insured**, this insurance applies: (1) As if each **Named Insured** were the only **Named Insured**; and (2) Separately to each **Named Insured** against whom a **Claim** is made. Misrepresentation, concealment, breach of a term or condition, or violation of any duty under this Policy by one **Named Insured** shall not prejudice the interest of coverage for another **Named Insured** under this Policy. Provided, however, that this Condition shall not apply to any **Named Insured** who is a parent, subsidiary or affiliate of the first **Named Insured**.

VIII AUTOMATIC AND OPTIONAL EXTENDED REPORTING PERIODS FOR CLAIMS ARISING UNDER COVERAGES A TO I INCLUSIVE

The **Named Insured** shall be entitled to an Automatic **Extended Reporting Period**, and (subject to certain exceptions as described in paragraph B of this Section) be entitled to purchase an Optional **Extended Reporting Period** Endorsement for Coverages A to I inclusive, upon termination of coverage as defined in Paragraph B (3) of this Section. Neither the Automatic nor the Optional **Extended Reporting Period** shall reinstate or increase any of the limits of liability under this Policy.

A. The Automatic Extended Reporting Period

Provided that the **Named Insured** has not purchased any other insurance to replace this Policy, and which applies to a **Claim** otherwise covered hereunder, the **Named Insured** shall have the right to the following; a period of sixty (60) days following the effective date of such termination of coverage in which to provide written notice to the Insurer of **Claims** arising from **Pollution Conditions** that commenced before the end of the **Policy Period** and first made and reported within the automatic **Extended Reporting Period**.

A **Claim** first made and reported within the Automatic **Extended Reporting Period** will be deemed to have been made on the last day of the Policy Period provided that the **Claim** arises from **Pollution Conditions** that commenced before the end of the **Policy Period** and is otherwise covered by this Policy. No part of the Automatic **Extended Reporting Period** shall apply if the Optional **Extended Reporting Period** is purchased.

B. Optional Extended Reporting Period

The **Named Insured** shall be entitled to purchase an **Optional Extended Reporting Period** upon termination of coverage as defined herein (except in the event of non payment of premium), on the following terms:

1. The Insurer shall issue an Endorsement providing an **Optional Extended Reporting Period** of up to forty (40) months from termination of coverage hereunder for all **Insured Properties** and **Waste Disposal Sites**, if applicable, or any specific **Insured Property** or **Waste Disposal Sites**, provided that the **Named Insured**:
 - (a) makes a written request for such Endorsement which the Insurer receives within thirty (30) days after termination of coverage as defined herein; and
 - (b) pays the additional premium when due. If that additional premium is paid when due, the **Extended Reporting Period** may not be cancelled, provided that all other terms and conditions of the Policy are met.
2. A **Claim** first made and reported within the **Optional Extended Reporting Period**, if purchased in accordance with the provisions contained in Paragraph (2) below, will be deemed to have been made on the last day of the **Policy Period**, provided that the **Claim** arises from **Pollution Conditions** that commenced before the end of the **Policy Period** and is otherwise covered by this Policy.
3. Termination of coverage occurs at the time of cancellation or non renewal of this Policy by the **Named Insured** or by the Insurer, or at the time of the Insurer's deletion of a location which previously was an **Insured Property** or **Waste Disposal Site**.
4. The **Optional Extended Reporting Period** is available to the **Named Insured** for no more than 200% of the full Policy premium stated in the Schedule.

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