



Credit Insurance policy

For sales in the Domestic
(Israel) and Export Markets.

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CREDIT INSURANCE POLICY FOR SALE OF GOODS AND SERVICES IN THE DOMESTIC MARKET (ISRAEL) AND EXPORT MARKET

Introduction

This Policy is a contract

Between

Clal Credit Insurance Company Ltd. (hereinafter: The **"Company"**)

and

The Insured, whose name is stated in the Schedule (hereinafter: The **"Insured"**)

according to which the Company agrees, in consideration of payment of the insurance premium stated in the Schedule and/or the Specification hereto (hereinafter the **"Schedule"**) by the Insured and to the compliance with all of this Policy terms and conditions (the **"Policy"**) by the Insured, to indemnify the Insured in respect of an Insured Event as defined in the Policy, subject to the amount of the Covered Loss and up to the Maximum Liability as set forth hereinafter, all subject to the Exclusions and Conditions of the Policy.

The Policy was issued by the Company according to a proposal form and/or any other document or information submitted to the Company by the insured, forming basis and integral part of this Policy.

Clarification: The headlines appearing in the Policy are used only to ease referral and should not be regarded as influencing in any way the written contents of the paragraphs or clauses.

Definitions:

For the purpose of the Policy, the following terms shall have the meanings set forth below:

“Insolvency” – means one of the followings:

In case the Customer is not a legal corporation

- 1.1 The Customer was declared by a competent court as bankrupt and/or a receiver was appointed for its property by a competent court and was not cancelled within thirty (30) days from the date of his appointment.
- 1.2 The Customer has reached a settlement recognized under the laws of the Customer 's country with all of his creditors.

In case the Customer is a legal corporation

- 1.3 Involuntary liquidation order was issued against the Customer and/or Suspension order of proceedings was issued against the Customer and was not cancelled within thirty (30) days from its issuance's date and/or a legally valid decision, by a competent court was issued to voluntarily liquidation due to insolvency of the Customer.
- 1.4 An arrangement which bides all of the Customer 's creditors was approved by a competent court.
2. **“Protracted Non-Payment”** – the Customer , after receiving the goods or services, as the case may be, fails to pay its debt to the Insured, in whole or in part, at the end of the period stated in section 37.2 below.
3. **“Maximum Liability”** – the maximum amount which the Company is obligated to pay as insurance benefits during the insurance period, as set forth in the Schedule.
4. **“Schedule”** – a page attached to the Policy representing an integral part thereof,

containing the insurance details that may be changed from time to time, which include, among others: policy number, Insured name, Insured occupation, insurance period, special conditions, insurance premiums, premium payment date, Deductible, cumulative Deductible and Maximum Liability.

5. **“Covered Loss”** - the Customer 's debt to the Insured for the sale of goods or provision of services, whether in the domestic or for export market, as specified in the invoice issued by the Insured according to its occupation as specified in the Schedule, which was not paid due to Insolvency or Protracted non-payment and that does not exceed the credit limit that was in effect regarding the Customer, at the time of the sale of goods or provision of services, for which the Insured submits its claim, while the Covered Loss will be determined according to the chronological sale dates (where the receivables shall be attributed to the earliest sales and the balance of the debt regarding which the Policy coverage shall apply will be the debt relating to the latest sales), after deduction of the amounts specified below:
 - 5.1 **Any amount, which was paid by the Customer, whether or not in connection with the Invoice, also after the occurrence of the insurance event and any expense which the Insured saved due to the non-payment of the invoice.**
 - 5.2 **Any amount the Customer was entitled to consider as a payment to the Insured, such as: credit, set-off or counterclaim, whether or not the Customer realized this right.**
 - 5.3 **Any amount that constitutes as interest due to arrears, fine or damages.**
 - 5.4 **Any amount collected and/or received by the Insured from any source, also after the occurrence of the insurance event, including from sale of goods or any materials and/or the realization of any security and/or amounts or credits to which the Insured is entitled to attribute, wholly or partly, to the said invoice, whether or not he realize this right and any amount that will be added to the cost of the goods or services due to the non-payment of the**

debt on time, such as arrears interest, fines and indexation.

- 5.5 **The deduction of the amounts set forth in sections 5.1 and 5.3 above is subject to section 41 below.**
6. **“Sales Statement”** – details of all sales of goods and/or provision of services by the Insured to Customer/s, the consideration thereof and any other information requested by the Company.
7. **“Deductible”** - the percentage from the Covered Loss specified in the Schedule, which the Insured shall bear at its own expense, for any insurance event, to be deducted from the Covered Loss amount as set forth in section 38.2 below, for the purpose of calculating the insurance benefits to which the Insured is entitled according to the Policy.
8. **“Cumulative Deductible”** - the sum specified in the Schedule which the Insured shall bear at its own expense, for one or more insurance events during the Insurance Period, to be deducted from the Covered Loss amount as provided in section 38.2 below, for the purpose of calculating the insurance benefits to which the Insured is entitled according to the Policy in addition to the Deductible.
9. **“Consideration”** – the amount to which the Insured is entitled according to its agreement with the Customer, for the sale of goods or provision of services as specified in the Invoice.
10. **“Invoice”** – Invoice or bill issued by the Insured to the Customer containing, inter alia, the consideration and its payment due date.
11. **“Customer/s”** – the Insured’s customer located in Israel and/ that his domicile is in one of the countries specified in the table attached to the Policy (the **“countries appendix”**) and that the Company has approved regarding this customer a credit limit as well as any guarantor who guarantees the payment of the Consideration by the Customer. **Such definition shall not include the following:**

- a. **Any Customer which is a related company of the Insured as defined in section 22.2 below.**
- b. **Any Customer specified in the Schedule;**
- c. **Any governmental agency or local authority in Israel.**

- 12. **“Insured”** – The entity whose name is specified in the Schedule.
- 13. **“Due date”** – the agreed due date of the Customer’s debt, as specified in the Invoice, or a postponed due date agreed between the Insured and the Customer as set forth in section 32 below.
- 14. **“Date of sale or Date of shipment of goods for export”** - the completion term of loading the goods as defined below, on a ship or an aircraft, intended to transport them abroad and in a land transportation, from the moment the goods cross the borders of Israel.
- 15. **“Date of sale or date of shipment of Goods in the domestic market”** – the date on which Goods were received by the Customer.
- 16. **“Service date”** – the date on which service was received by the Customer, and in the event of continuous service – the date on which the Invoice was received by the Customer for the rendered service – or 30 days from the date the service was received by the Customer, whichever is earlier.
- 17. **“Goods”/“service”** - goods sold by the Insured to the Customer or service or services rendered by the Insured to the Customer .
- 18. **“Political risks”** – one of the following situations:
 - 18.1 General moratorium (delay of debts payment) declared by the government of the Customer’s country or of a third country through which the Consideration payment to the Insured should be done (hereinafter for this section: **“Importing Country”**).

- 18.2 Cancellation of an import license or prohibition of import by the importing country, preventing the execution of the agreement between the Insured and the Customer, fully or partially, including the Consideration's payment of the agreement or the Invoice, provided that such prevention does not derive from the omission of the Customer or the Insured.
- 18.3 Any action or other decision of the importing country which is not under the control of the Insured and the Customer, which prevents the execution of the sale of Goods or the provision of Services, fully or partly.
- 18.4 Political event, economic difficulty or a legislative act (law, ordinance, order, or regulation with legal validity) (hereinafter: "the Enactment") in the importing country, which prevent or delay the transfer of the Consideration in respect of the sale of Goods or the provision of Service, which was deposited in a bank, under circumstances which are beyond the control of the Insured and the Customer; provided that the Customer deposited irrevocably in a bank, an amount in the currency of the f the Customer's country for transferring to the Insured, equivalent to the agreed amount according to the agreement between them, and under the conditions approved by the Company, unless the Customer is legally precluded by the laws of the Customer's country in force, from making such a deposit.
- 18.5 Failure to pay the consideration by a public Customer which is A: a government or any governmental office or any local authority in the importing country, or an entity which is subject to the supervision of the government, governmental office or any local authority, which cannot be in a status of "insolvency" as defined above, in accordance with the laws of the importing country.
- The occurrence of an insurance event in respect of political risk for the purpose of this section shall be six months after the occurrence of the political risk or six months from the Payment date, whichever is the later.
19. **"Exchange rate"** – the known representative rate of the foreign currency as published by the Bank of Israel at the relevant date.

20. "Insurance period" - twelve calendar months commencing on the date the Policy came into effect, as set forth in the Schedule, or any following twelve calendar months, subject to changes by the Company from time to time, for which notice in this regard shall be sent to the Insured 30 days prior to such changes.

Occurrence of an Insurance Event

21. An Insurance Event is an event which caused the Insured damage resulting from Customer non-payment of the Consideration for the goods and services provided to the Customer as part of the Insured's occupation, whether in the domestic or export market, during the Insurance period, up to the Covered Loss subject to the Maximum Liability for the following reasons:
- 21.1 Insolvency or Protracted Non-Payment.
- 21.2 Political risks only in countries specified in the Countries Appendix.

Exclusions:

22. **The Policy shall exclude the following:**

22.1 **Commercial dispute:**

An event in which the Customer claims that he is exempted from payment of all or part of the Consideration for the sale of Goods or the Service, or is entitled to delay its payment, in whole or in part, due to delay and/or early payment and/or offset right and/or claim and/or a counterclaim or that he is exempted from fulfilling its obligations according to an agreement with the Insured for any reason whatsoever. The aforesaid shall not apply should a final and conclusive ruling is issued by a competent court, according to which the Customer 's arguments were rejected or until it becomes evident? clear, according to a procedure approved by the Company, that the Customer's arguments should be rejected, all according to the earlier case.

Notwithstanding the above, should the Company agree to pay to the Insured the insurance benefits and then after, within a collection process against the Customer, a competent court, or the chief execution officer or arbitrator, accepted the Customer's arguments, in whole or in part, by a judgment or ruling or arbitral ruling, the Insured shall be obligated to return to the Company the insurance benefits received according to the judgment, ruling or arbitral ruling.

22.2 Sale of Goods/provision of Services to related companies and/or sale of Goods/provision of Services by an agent and/or distributor and/or by related companies

"Related companies": subsidiaries and/or affiliates and/or a company in which the Insured holds 50% or more of the means of control, directly or indirectly through a company in which it holds 50% or more of the means of control, and/or a company through which the Customer holds in the Insured, directly or indirectly, 50% or more of the means of control.

"Means of control": each of the following: holding of 50% or more of the face value of the outstanding shares; the right to appoint, at least, half of the directors or the general manager (CEO); the right to vote in the company's general meeting or in a parallel entity of another corporation.

22.3 Sales under terms of consignment, where the goods' ownership is not transferred from the Insured to the Customer, including the transfer of ownership by paying the Consideration to the Insured by the Customer.

22.4 Sale of goods or provision of services under an agreement that one or more of the following are not determined: quantity of goods/services; description of goods/services; terms of payment and their due dates; the currency of payment; country to which the shipments were sent (in sale of Goods or Services for export only); the country from which the payment is made.

- 22.5 Sale of Goods or provision of Services by the Customer for a period exceeding 365 days.
- 22.6 Any debts resulting from sales made prior to the commencement of the Policy.
- 22.7 Any debts resulting from a change of the interest rate.
- 22.8 Sale of Goods or provision of Services given to a Customer regarding which a credit limit, submitted by the Insured, was refused by the Company and/or a Customer already having an overdue payment and or a Customer which the Insured failed to report the Company about according to section 36 of the Policy hereinafter.
- 22.9 Advances that were not paid and should have been paid by the Customer to the Insured prior to shipping the goods or the provision of services relevant to the Covered Loss.
- 22.10 Sale of goods or provision of services for which a factoring Company had purchased, in any which way, in whole or in part, the debt.
- 22.11 Non-payment events by the Customer resulting from the violation of the laws of the importing country by the Customer relating to the import of goods or provision of services or to the payment of the Customer 's debt to the Insured.
- 22.12 Loss arising from risks normally covered by commercial insurers, or that on the date of delivery of goods or the provision of services it would have been feasible, according to the Company, to insure them and/or loss arising from risks which have caused physical damage to the goods at the time of their transportation by sea or air. Physical damage in this regard - including the seizure of the goods, confiscation and/or the prevention of any possibility to obtain possession of such goods during its transportation by sea or air.
- 22.13 Any loss which was not recognized as a debt in the framework of the recognition

of the Customer's debts by an officer appointed by a competent court.

- 22.14 Any debt, loss or damage caused directly or indirectly resulting in whole or in part from one or more of the following:
- 22.14.1 War between any of the following countries (including before or after the outbreak of the war): the United States of America, France, Great Britain and Northern Ireland, China and the Russian Federation.
 - 22.14.2 Radiation emitted by radioactive material or radioactive contamination of any nuclear fuel or any nuclear waste or from burning of nuclear fuel;
 - 22.14.3 Radioactive, toxic, explosive features, or dangerous or other polluting features of any nuclear facility, nuclear reactor or other nuclear complex or any of their nuclear component;
 - 22.14.4 Any weapons using atomic fission or nuclear atomic consolidation or similar reaction or radioactive force or material.

Obligation to offer an insurance coverage:

- 23 Obligation to offer an insurance coverage – the Insured commits to offer to the Company insurance coverage for all of the export of goods/services and/or the sale of goods and the provision of services in the domestic market as the case may be, of its Customer's, as part of the Insured's occupation described in the Schedule during the insurance period.

Without derogating from any other condition or exclusion of the policy, the provisions of this section constitute a primary condition for the indemnification of the Insured by the Company under the conditions of the policy.

24. Sale of goods or provision of service in the domestic or export markets for which the Insured does not need to offer for insurance coverage-
- 24.1. Sales according to which the full consideration is paid no later than the date of sale of the goods or the provision of service. The aforementioned shall not apply in case a Credit Limit was cancelled by the Company and there is a pending debt and/or if the Customer does not meet the stipulated payment terms and/or

in case the Insured is aware of a deterioration in the financial situation of the Customer or in its ability to repay its debts, in these cases the Insured will need the Company's approval in advance and in writing prior to the aforementioned sales.

- 24.2 Sale of goods or provision of service in exchange for irrevocable documentary credit or irrevocable guarantee from a bank in one of the countries listed in the countries appendix or in Israel.
- 24.3 Other sales described in the Schedule or in any other document between the Company and the Insured.

Credit Limit:

- 25. **Application to set a credit limit** - the credit limit sum per Customer will be determined by the Company at its discretion, according to an application submitted by the Insured. The credit limit will be subjected to the conditions set forth in section 26.2 hereinafter. The application will be submitted by the Insured in a form to be furnished by the Company for this purpose or in any other form the Company may decide upon and will be completed by it. The Company shall have the sole discretion to change, at any time, the Credit Limit, to reduce, to increase, to cancel or to stipulate upon. The Company will charge the Insured periodically for expenses involved in determining the credit limit, at the rate stipulated in the Schedule.
- 26. **Credit limit** – Should the Company agree to cover the sale of goods or providing services to a specific Customer, the Company will approve for the said Customer a credit limit and **until its approval the coverage under the policy will not come into effect**. For the purposes of the policy credit limit means:
 - 26.1 The maximum sum of debt that will be covered under the policy.
 - 26.2 The payment terms for the goods/services, collaterals/ securities the Insured should obtain to secure the payment of the consideration, as well as any other condition the Company will determine in respect of the said Customer .

27. **Priority of Credit Limit terms - in the event of a conflict between the provisions and/or the conditions determined by the Company in the Credit Limit and the provisions of the policy, the provisions/conditions of the Credit Limit will prevail and these will apply to the Insured regarding the Covered Loss.**
28. **Deviation from credit limit or its terms:**
- 28.1 **The Company's liability under the policy shall not exceed the amount set forth in the Credit Limit net of the amounts as detailed and required by the policy.**
- 28.2 **In the event of deviation from the amount specified in the Credit Limit in accordance with section 26.1 above, when the Insured did not report that to the Company and/or failed to pay insurance premiums for excess amounts and/or for deviation from the conditions set by the Company in section 26.2 above, the Company shall not have any liability under the policy.**
29. **Credit limit date of entry into force –**
- 29.1 the date of entry into force of the Credit Limit approval or its modification shall be the date indicated in the approved Credit Limit, provided that from the date of the request to determine the Credit Limit until the approval of the Credit Limit by the Company there were no arrears regarding payments of the Customer to the Insured, subject to the Schedule in this regard, and no extension was granted for the payment of any debt of the Customer to the Insured.
- 29.2 Sale of goods or provision of services to a Customer executed after a notice regarding a reduction of a Credit Limit, shall be covered under the policy as long as the outstanding debt to the Customer does not exceed the sum stated in the reduced Credit Limit

Stipulation of insurance coverage:

30. **The Company may notify the Insured in writing that the validity of the policy regarding the sale of goods or provision of services under an agreement between the Insured and the Customer will be subject to certain special conditions. The Company may also amend, stipulate conditions or cancel the Credit Limit, including the list of countries listed in the countries appendix and the related Deductible rates. The Company will send the Insured prior written notice for any stipulation and/or such change, which will take effect on the date stated in the notice applicable for the sale of goods and provision of services, whether for export or the domestic market, to be carried out from that date. If the Company selects to exercise such right, the Insured will deliver to the Company, at its request, any information and other details that will be required of him in this regard, including, but not limited to, immediate notice in writing specifying the total outstanding credit by the Customer for which the change applies.**
31. **Sales Statement:**
- 31.1 The Insured shall forward the Company on the date specified in the Schedule, a Sales Statement, in a form to be furnished to it by the Company or any other way which the Company shall instruct upon. The Sales Statement will be forwarded in respect of all of the Insured's Customers, including Customers for whom a Credit Limit has not yet been determined even if the amount of the sale of goods or services exceeds the Credit Limit granted.
- 31.2 **Failure to forward a sales statement and/or a complete sales statement and or at the required due date will be considered a material breach of the policy without derogating from the rights of the Company according to the policy and the law.**
- 31.3 **For the avoidance of doubt, it is clarified that the insurance premium payment for the sale of goods or provision of services that the Company has not yet approved and/or refused to approve a Credit Limit for, does**

not constitute a consent on the part of the Company to insure those sales of goods or provision of services. In the event it was decided not to grant insurance coverage, insurance premiums will be returned to the Insured that paid such premiums, as aforesaid.

Due date extension

32. The Insured may extend the due date specified in the invoice, if it is requested to do so by the Customer, prior to the due date specified in the invoice provided that no material change has occurred regarding the solvency of the Customer and that the extension will be a non-recurring event in the insurance period and it will not exceed the maximum extension period specified in the Schedule. The aforesaid will not apply if the Insured has received prior written consent from the Company to grant the Customer a longer deferment period. **It is stipulated that in any event the cumulative payment period after extensions will not exceed the period specified in Exclusion 22.5 above.**

Without derogating from the conditions and exclusions of the policy, extending the due date by the Insured in contrast to this section will absolve the Company from indemnification and its obligation for the said Customer, in accordance with the policy.

33. The Insured will not extend the credit period for the Customer after the due date and/or if it is aware that the Customer is in financial difficulties.
34. The due date of the Customer 's debt to the Insured, effective from a period declared as debt relief period or for which a general extension was granted by law or order, will be considered for the purpose of the policy as if applies 30 days after the expiration of the debt relief period or said general extension, as above.

Notices to the Company

35. The Insured will deliver a written report to the Company regarding a debt of a Customer to the Insured, which was not paid in the due date, no later than the date specified in the Schedule.
36. In case the Insured is aware that a Customer is in financial difficulties or is in the state of insolvency and in any other case in which the Insured becomes aware of an event which may cause a loss, he will immediately notify the Company in writing, including but not limited to the following cases:
- 36.1 Any request of a Customer to change the terms of the agreement between the Insured and the Customer that was received by the Insured after the sale of goods or provision of the service, any information regarding an anticipated breach of the agreement by the Customer, its violation or deviation from the normal course of business.
- 36.2 Checks that were withdrawn by the Customer were presented for payment and did not clear for any reason, within three working days of the checks not clearing.

Occurrence of an insurance event and insurance benefits

37. The Company shall pay the Insured the insurance benefits subject to the payment of insurance premiums and in accordance to the policy terms and conditions, **after the occurrence of an insurance event, a submission of a claim by the Insured and after the Company had received all of the documents and facts needed in order to establish its liability.**

For the purposes of the policy – the occurrence date of the insurance event is:

- 37.1 In the event of Insolvency 30 days after the due date of each invoice separately subjected to the receipt of an approval by an officer appointed by a competent court for the submission of proof of debt by the Insured in the full sum of the debt and on time according to the laws of the Customer's country.

37.2 In the event of Protracted non-payment, after the elapse of 120 days from the due date of each invoice separately.

38. **Insurance benefits calculation:**

38.1 Calculation of insurance benefits in favor of the Insured relating to an insurance event concerning the sale of goods or provision of services in the export market will be made according to the currency of the sale or the provision of service ("the sales currency") or in NIS according to the exchange rate of the sale currency on the payment date of the insurance benefits ("the payment date"). Calculation of insurance benefits in favor of the Insured in due to an insurance event concerning sale of goods or provision of services in the domestic market will be in NIS and will bear Index differences to CPI, as defined below, effective from the index known on the due date of the debt until the known index on the payment date of insurance benefits.

CPI – Consumer Price Index published by the Central Bureau of Statistics or in the absence of such publication the CPI published by a substitute official entity.

It is hereby clarified that for the purpose of calculating the Covered Loss in cases where the sale currency is different from the Credit Limit currency and the Credit Limit currency is in US Dollar, the Customer's debt for the sale of goods or provision of services, whether for the domestic market or exports, after deducting the amounts specified in sections 5 and 41 of the policy, will be converted to US dollar, according to the BOI Exchange rate at the time sale or provision of service.

In the event that the Customer's debt after deducting the above amounts and after its conversion will be higher than the Credit Limit amount, the Covered Loss amount will be as follows: ("the updated loss") in the export market – the Credit Limit amount after its conversion according to the known BOI Exchange rate on the payment date. In the domestic market - the Credit Limit amount after its conversion to NIS according to the known BOI Exchange rate on the date of sale. The aforesaid is subject to section 38.2 above.

38.2 The insurance benefits will be calculated as follows: from the Covered Loss amount or the updated loss the cumulative Deductible or its balance will be deducted and from the result, the Deductible will be subtracted.

General conditions

39 **measures to mitigate the damage** - the Insured undertakes to take all measures necessary and/or needed and/or that the Company will require from time to time in order to collect the Customer's debt or from any other person or entity from whom the debt can be collected, in whole or in part, including submitting claims, if requested by the Company and sign any document required for this purpose ("the collections procedures"). In the event that the Company had paid insurance benefits to the Insured, the Insured will assign to the Company its right to collect any amounts awarded to it in these claims .Upon the Company's demand the insured will give the Company its lawful right to represent it before any entity in regards to the managing of the collection procedure on its behalf. The Insured shall not manage directly or indirectly the collection procedure unless it had received the Company's written prior approval. The Company shall bear the expenses related to the collection procedures for the Covered Loss.

For the avoidance of doubt, the Insured will bear the expenses related to the collection procedures for the Customer's debt which exceeds the Covered Loss.

Notwithstanding the foregoing, the Company will be entitled to manage the collection procedures itself, at any time and even before the materialization of an insurance event, by giving notice to the Insured in writing in this regard, should circumstances that could lead to the materialization of an insurance event arise, all at its sole discretion. **The management of the collection procedures by the Company shall not be deemed as the Company's recognition of the Customer 's debt as a Covered Loss or that it is liable to indemnify the Insured under the policy.**

40. **Subrogation rights and the cooperation of the Insured** – upon payment of insurance benefits under the policy, the Insured shall assign the Company all of its rights regarding the Customer and any other person or entity without derogating from the generality of the foregoing, any collaterals and guarantees of any type that the Insured obtained from the Customer and subject to the registration of any such right according to law, if demanded by the Company. The Insured undertakes to provide the Company, at its request, with documents, agreements and or contracts with the Customer guarantees or collaterals relating to the goods or service of the invoice, transfer and assign to the Company all of its rights in all the above, sign a power of attorney to any person appointed by the Company to handle the subrogation claim by the Company and submit any other document required for the purpose of exercising the rights of the Company, as aforesaid.
41. **Attribution of Collection of sums from the Customer or others and its allocation prior to the payment of insurance benefits** - any amount that will be collected from the Customer or any other person or entity, prior the payment of insurance benefits, shall be credited and be paid first against any of the Company's expenses regarding the collection of the Customer's debt in excess of the Covered Loss amount, and the balance, if any, will be credited and be paid to the Insured on account of the Customer's debt balance that exceeds the Covered Loss and the balance, if any, will be paid to the Insured on account of the covered loss. For the purpose of financial allocation as stated in this section, **debts for which the Customer has raised an argument in regards to a commercial dispute shall not be taken into account as stated in exclusion 22.1 above and/or a debt which was not approved as one as stated in exclusion 22.11 above.**
42. **Attribution of Collection of sums from the Customer or others and its allocation after the payment of insurance benefits (subrogation)**- any amount that will be collected from the Customer or any other person or entity, after the payment of insurance benefits, will be credited and paid first for the reimbursement of expenses plus index differences according to law that were incurred by the Company as a result of the insurance event. The balance, if any, will be distributed between the Company and the Insured according to the ratio

between the insurance benefits that were paid by the Company to the Insured and the total unpaid Customer's debt to the Insured such that the Company's share will be the insurance benefits amount the Company has paid the Insured in relation to the total Customer's debt to the Insured (including the uncovered portion) as of the insurance benefits payment date.

43. All amounts collected according to section 42 of the policy, in regards to an insured loss from which Cumulative Deductible was deducted, shall be attributed in favor of the Cumulative Deductible for that specific underwriting year until the full sum of the Cumulative Deductible has been restored.
44. All amounts that will be collected from the Customer or any other person or entity in a currency other than the sale currency shall be converted according to the BOI exchange rate of the currency of the amount collected compared to the rate of the sale currency on the actual date of receiving the amount.
45. It is clarified that for purposes of the policy, any amount that will be collected by the Insured after the elapse of the due date, from the Customer or from any third party in respect of the Covered Loss will be credited according to the chronological order of the Customer's debts constituting the Covered Loss, starting with the earliest debt of the Customer regardless of the payment allocation method by the Customer or any third party.
46. The Insured warrants and represents that any amount to be collected and due to the Company will be transferred to the Company within 7 days of the date of its receipt, and until it is transferred the amount will be considered as the sole property of the Company, held in trust for its benefit by the Insured.
47. **Assignment of rights** – the Insured shall not assign any of its rights under the policy without obtaining the prior written consent of the Company to the assignment and to the assignment wording. **Any assignment made by the Insured without the written consent of the Company as stated above will be invalid.**

48. **Means to mitigate the risk** – the Insured will act cautiously as a prudent business person in granting credit to a Customer and in handling collection of amounts due from the Customer and any other third party.
49. **Examination of books** – the Insured will allow the Company to examine, from time to time, by a representative of the Company, at its expense, the Insured's books or demand at the Company's discretion, a CPA confirmation regarding the sale of goods or provision of services of the Insured.
50. **Negotiations, settlements and waivers-** the Insured shall refrain from conducting negotiations with the Customer or anyone acting on its behalf and/or making any waiver and/or offer any settlement offer regarding the Covered Loss, unless it had received the Company's prior written consent. The Company has exclusive discretion in all that concerns arrangements relating to the payment of loss covered, as mentioned above. **The Company shall not be liable for any loss resulting from a debt for which the Insured had agreed to an arrangement, waiver or settlement, without the prior written consent of the Company.**
51. **Insurance proposal and applications for credit limit** – under the explicit agreement between the Company and the Insured, the insurance proposal of the Insured and the application to set the Credit Limits (the applications) represent a material basis for issuing the policy and in accepting the policy the Insured confirms that to the best of his knowledge, the information he provided in the insurance proposal and the applications were true and accurate as of the delivery date, and as of the date the Company has agreed to issue the policy to the Insured or on the date of setting the Credit Limit, as the case may be. The aforesaid will apply to the Insured also with respect to applications for setting Credit Limits for Customers after issuing the policy.
52. **Payment of Insurance premiums-** the Insured commits to pay the insurance premium and any other amounts payable to the Company as specified in the Company's demand to the Insured in writing. Insurance premiums will be based on the Insured's statements as mentioned in section 31 above and in accordance

with the provisions of the Schedule. Premiums and fees in respect of sales turnover/ limits will be charged at the end of the month in which the payment request was sent to the Insured as stated in this section, and will bear Index differences from the month of sale in accordance with section 31 above.

If any amount due from the Insured to the Company is not paid on time, said amount will bear Index differences depending on the change in the index known at the time said amount should have been paid to the CPI known on the actual payment date, and interest at a rate prescribed by law. This section does not derogate from the right of the Company to cancel the policy for non-payment of premiums in accordance with the provisions of the law. If the Insured fails to pay any other amount, in addition to the above, indebted to the Company in accordance with the conditions of the policy, this amount will bear Index differences and interest as mentioned above, respectively.

53. **Fraudulent claim for insurance benefits** - if the Insured submits a claim to the Company, knowing it is deceitful in any aspect, the Company's liability under the policy will expire immediately. In this case the Insured will return to the Company, at its request, any amount the Company paid the Insured for this claim.
54. **Disclosure of facts** – in the event that any facts are discovered to be incorrect and/or are not reported to the Company and/or are not reported in full (including but not limited to facts disclosed by the Insured in the questionnaire sent to it prior to entering into the Insurance Policy with the Company) or in case reports in accordance to section 35 and 36 to the policy were not forwarded to the Company, the provisions of section 7 and 8 to the Insurance Law shall apply, without derogating from any other remedy to which the Company is legally entitled to.
55. **Offset** -The Company shall be entitled to withhold all payments received as insurance premiums and/or that it is obligated to pay the Insured and/or anyone on its behalf as insurance benefits and/or subrogation, as an agreed compensation, and/or offset these amounts against the Insured's debts of any type to it (as an

Insured or as a Customer according to the circumstances) and without derogating from any remedy available to the Company by law. This section will also be used as an offset notice to the Insured under the law.

56. **Notices** – all notices sent by the Company to the Insured or by the Insured to the Company shall be considered to have been received 72 hours from the time they were sent by registered mail, unless it is proved that the notice was received earlier. Notices and/or letters which will be sent by facsimile or electronic mail will be deemed to have been made in writing and received by the other party one day after they were sent, provided that the sender will have confirmation of delivery to the recipient with details of the sending date.

Notice of the Company to the Insured will be provided according to the last address known to the Company. Notice of the Insured to the Company, will be provided in writing according to the address specified in the Schedule.

57. **Renewal, change and cancellation of insurance** - at the end of the insurance period specified in the Schedule, the policy will be automatically renewed for an additional insurance period under the same conditions, unless either party will give the other party, 30 days before the renewal date, a written notice of its desire not to renew the policy or change the conditions at the time of renewal. Either party may cancel the Insurance Policy at any time by written notice delivered to the other party 30 days in advance which will take effect on the date specified in the notice. In case the Insured had reached a state of Insolvency, the Company shall have the right to cancel the Policy by way of a written notice which will take effect 15 days from the day a cancellation notice was sent to the Insured. **Any debt of the Customer to the Insured, created after the date specified in the notice, will not be covered under the policy.**

58. **Compliance with conditions** - failure to comply with a condition or undertaking of the policy by the Insured cannot be considered as a waiver or consent of the Company to the said non-compliance, unless expressly approved by the Company in writing. Strict compliance with the full terms of the policy and the insurance

proposal constitute a preliminary term to the Company's liability under the policy.

59. **The date of entry into force of changes** - in any case in which the Company will use its right to inform the Insured about change/cancellation/ stipulation / etc. (the "change") of the policy and/or of its conditions and/or the scope of its application, the change will take effect on the date specified in the notice, which will be following the date of the notice.
60. **Headlines** – the headlines in the policy intend to assist in reference only and shall not be used for interpretation.
61. The policy is subject to the provisions of the Insurance Contract Law, 1981, however, wherever the provisions of the policy deviate from the law and such stipulation is permitted such provisions will apply.
62. Jurisdiction/Applicable law – the courts in Israel shall have the exclusive jurisdiction to adjudicate all disputes which arise in regards to the policy and the provisions of the Israeli law shall be the only laws that apply.

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