

Issued by **B.S.S.CH. - The Israel Credit Insurance Company Ltd**

Of 2, Shenkar St., Tel Aviv 68010 Israel (hereinafter referred to as “**the Company**”)

At the request of xxxxxxxxxxxxxx (hereinafter referred to as “**the Insured**”)

Whose address for the purposes of this policy is xxxxxxxxxxxxxx

WHEREAS the Company is a duly registered company in Israel and engages in insuring foreign trade risks;

AND WHEREAS the Insured has signed an acceptance of the Company’s proposal and has agreed to the terms and conditions thereof and the said terms and conditions shall apply additionally to the terms and conditions set forth herein;

AND WHEREAS the Company wishes to insure the Insured pursuant to the terms and conditions hereof;

The Company accordingly agrees to insure the Insured subject to the performance of the terms and conditions set forth herein.

1. **Definitions**

For the purposes of this policy, the following expressions shall bear the meanings appearing alongside them.

1.1 **The loss or the loss amount**

The gross amount of the goods and services supplied to the purchaser as stated in the Insured’s invoice, in respect whereof consideration has not been received, save for:

1.1.1 Any amount that the purchaser paid and/or the Insured received on account of the consideration for the goods and/or the services and/or any amount the Insured recovered from any other source on account of the consideration, including amounts deriving from the proceeds of any goods and/or materials which the Insured recovered from the purchaser and/or the guarantors and/or any other third party and/or from realising any security and/or any amount which the Insured and/or the purchaser was entitled to apply fully or partially on account of the consideration for the goods and/or the services, irrespective of whether they/it exercised such rights;

1.1.2 Any expenses that the Insured saved in consequence of the non-performance of the sale agreement and/or the service provision agreement, including non-payment of agents' commissions;

1.1.3 Interest which the purchaser owes the Insured for credit it received in respect of the period after the agreed payment date;

1.1.4 Any amount in dispute in respect whereof the purchaser alleges that it is released from the payment thereof in consequence of a commercial dispute within the definition thereof in clause 1.6 below, and subject to the provisions of the last part of clause 4.2 below.

1.2 **Export**

For the purposes of this policy, goods shall be deemed exported and an export shall be deemed effected from the time of completing loading the goods on a vessel or aircraft designated to carry them abroad, and land carriage - from the time the goods have crossed the borders of Israel, and in respect of services - from the time of the provision of the service to the purchaser's satisfaction, **provided that an invoice was issued to the purchaser.**

1.3 **The insurance period**

The insurance period pursuant to this policy is as specified **in appendix "A" - policy special terms and conditions appendix, as shall be modified from time to time (hereinafter referred to as "appendix 'A')**, which constitutes an integral part hereof.

1.4 **Export agreement**

Any agreement for the sale of goods and/or provision of services overseas made between the Insured and the overseas purchaser of the goods and/or recipient of the service, and in respect whereof all the following have been fulfilled:

1.4.1 That goods sold are goods owned by the Insured that were exported from Israel after the agreement had been made and in respect of services - the provision whereof was effected after the agreement had been made;

1.4.2 The non-payment of the consideration for the goods and/or of the consideration for the services pursuant to the agreement is a loss of the Insured;

1.4.3 Unless otherwise provided in **appendix "A"** to this policy and/or in the credit limit, an export agreement for the purposes of this policy shall not include the following agreements:

1.4.4.1 An export agreement pursuant where to the full consideration for the goods sold and/or for the service provided is payable in cash prior to effecting the export;

1.4.4.2 An export agreement pursuant where to the goods are sold and/or the service is directly or indirectly provided between a parent company and subsidiaries and/or between affiliated companies and/or between related companies;

1.4.4.3 An export agreement pursuant where to the goods are sold via an agent and/or upon consignment terms and conditions, whether effected directly or indirectly.

1.5 Covered agreement

A covered agreement is an export agreement within the definition thereof in clause 1.4 above, in respect whereof all the following have been fulfilled:

1.5.1 An export agreement which the Company has determined a credit limit, as defined in clause 1.8 below, in respect of the purchaser pursuant to such agreement;

1.5.2 An export agreement the terms and conditions whereof, including the payment terms provided therein, the securities, including the guarantees, accord with the terms and conditions of the credit limit and the policy and the appendices and addenda hereto;

1.5.3 An export agreement in respect whereof a consignments declaration, as provided in clause 12 of the policy, has been given in respect of all the export consignments and the services effected by virtue thereof;

1.5.4 An export agreement in respect whereof insurance premiums were paid as provided in clause 13 of the policy in respect of the export consignments the subject of the agreement and in respect of all the services that were provided by virtue thereof;

1.5.5 Unless the Company has otherwise agreed in advance in writing, an export agreement shall not be deemed a covered agreement for the purposes of this policy, unless one of the following has been fulfilled in respect thereof;

1.5.5.1 The export of goods and/or the provision of services pursuant to an export agreement that does not prescribe the consideration and/or description of the sold goods and/or quantity thereof and/or the description of the services, as the case may be, and/or the payment terms and time and/or the payment currency and/or the export country and/or the country of effecting the payment;

1.5.5.2 Export by virtue of agreement pursuant where to the goods were exported and/or the services provided to a country which is not the purchaser's country and/or the payment for the goods and/or for the services will be effected from a country which is not the purchaser's country.

1.6 **Commercial dispute**

Any factual and/or legal dispute between the purchaser and the Insured relating to the payment of the consideration for the goods and/or for the service to the Insured, including assertions of exemption, lien, assertions relating to the quality of the goods, the quality of the service, the date of the arrival of the goods, the time of the provision of the service, payment, set-off, a claim or counter-claim or any dispute and/or complaint and/or demand whatsoever relating to the relationship between the Insured and the purchaser.

1.7 **Public purchaser**

A public purchaser shall be the purchaser pursuant to the export agreement or the guarantor to the export agreement that is one or more of the following:

A central or regional government or government ministry or any department thereof, a regional or local government authority or any department thereof or any state entity, including a government company, government trade organisation or an entity over which a government or local authority has control and any event specified in clause 3.1.1 of the policy that cannot apply to a purchaser and/or guarantor as aforesaid pursuant to the laws of the country to which it is subject.

1.8 **Credit Limit**

The maximum debt amount in US dollars in respect of a specific purchaser who is covered pursuant to the policy, translated into the sale currency as at the date of approving the credit limit, the payment terms and the securities required by the Company in order to cover such purchaser and any other condition that shall be determined by the Company in the credit limit from time to time.

1.9 **Agreed payment date**

The original payment date of the consignment and/or the service or the postponed payment date (in the exporter's discretion) as provided **in appendix "A" and in clause 11 below**, or the postponed payment date as approved by the Company at the request of the Insured, and the later of them in any event.

1.10 **Purchaser**

Whenever the expression "purchaser" appears in this policy it shall mean "the overseas purchaser of the goods or the overseas customer of the service, as the case may be".

1.11 **Excess**

First aggregate loss that the Insured bears, after calculating the payable part of the loss.

2. **The Contract**

In consideration for the insurance premiums specified **in appendix “A”**, which shall be paid by the Insured pursuant to the provisions hereof, and subject to the performance of all the terms and conditions of the policy by the Insured, the Company shall pay the Insured the rates specified **in appendix “A”** for a loss in respect whereof the insurance event occurred and which was occasioned to the Insured in connection with exporting goods from Israel and/or providing services overseas during the insurance period and pursuant to a covered export agreement.

3. **Causes Of The Loss**

3.1 **Its commercial risks**

3.1.1 **The purchaser’s insolvency**, which shall take place on the occurrence of one of the following events:

3.1.1.1 The purchaser is declared bankrupt by a competent court;

3.1.1.2 The purchaser reaches a recognised arrangement with all his creditors in accordance with the laws of its country;

3.1.1.3 A receiver is appointed for the purchaser by a competent court;

3.1.1.4 A situation identical in its nature to one of the above events;

Or in the event that the purchaser is a legal body corporate;

3.1.1.5 An order is made by a court for the purchaser’s winding up and/or a legally valid resolution is passed for its voluntary winding up, provided that such resolution is not made for the purposes of reorganisation or a merger;

3.1.1.6 An arrangement is made by the court that binds all the purchaser’s creditors;

3.1.1.7 A situation identical in its nature to one of the above events.

3.1.2 **Protracted non-payment by the purchaser to the Insured.**

3.2 **Political risks**

Non-payment by the purchaser deriving from one of the political risks enumerated below:

3.2.1 A statutory enactment, order or any binding declaration on the part of the authorities of the purchaser's country with regard to a general postponement of payment of debts for a defined or undefined period (moratorium), remission of debts or payments arrangement made by the government of the purchaser's country;

3.2.2 A step or decision of the government of the purchaser's country pursuant where to the purchaser shall not be liable for payment of the consideration for the merchandise and/or the services;

3.2.3 The revocation of an import licence or prohibition of the import by the government of the purchaser's country that fully or partially prevent implementation of the export agreement, including payment of the consideration of the agreement, provided that such does not derive from a default of the purchaser or the Insured;

3.2.4 The seizure, confiscation or nationalisation of the goods or preventing them being transferred to their destination pursuant to the sale agreement by the government of the purchaser's country that fully or partially prevent performance of the export agreement, including the payment of the consideration thereof, provided that such does not derive from an omission of the purchaser or the Insured;

3.2.5 The nationalisation of the purchaser, seizure or confiscation of the purchaser's assets or another action against its business by the government of its country that fully or partially prevent implementation of the export agreement, including payment of the consideration of the agreement, provided that such does not derive from the purchaser's omissions;

3.2.6 Non-transfer of the consideration for the merchandise and/or the services that was deposited with a bank or an entity empowered to accept deposits as aforesaid in the purchaser's country, provided that:

3.2.6.1 The purchaser irrevocably deposited, for the purposes of transfer to the Insured, an amount in the currency of the purchaser's country equal to the amount in foreign currency for which it was liable pursuant to the export agreement and which amount remains deposited, as aforesaid;

3.2.6.2 The Insured and the purchaser took all the actions required according to the prevailing law in the purchaser's country to transfer the consideration for the merchandise and/or the services to the Insured;

3.2.6.3 The provisions of clause 3.2.6.1 above with regard to the deposit shall not apply in the event of the operation of a law, ordinance, order or regulation of legal validity in the purchaser's country that prevent the said deposit being made;

3.2.7 Inability to legally purchase foreign currency for the purpose of paying the consideration for the merchandise and/or the services and the transfer thereof to Israel;

however, the Company shall not be liable for this cause of action if, according to the applicable law in the purchaser's country or in accordance with the prevailing method of purchasing foreign currency in the purchaser's country, it is possible to deposit the consideration in local currency with a bank for the purposes of a transfer as provided in clause 3.2.6 above and such was not done;

3.2.8 Severance or restriction of diplomatic relations or commercial relations between the Government of Israel and the government of the purchaser's country that fully or partially prevent implementation of the export agreement;

3.2.9 A war, civil war, hostile actions, uprising, conspiracy, revolution or riots or similar events in the purchaser's country that fully or partially prevent performance of the export agreement;

3.2.10 Non-payment of the consideration for the merchandise and/or the services for any reason by a public purchaser, as defined in clause 1.7 above.

3.3 The provisions of clauses 3.1 and 3.2 above shall not apply in the following events:

3.3.1 where the Company stipulated the granting of the insurance cover and/or the credit limit with the furnishing of a guarantor(s) and/or receiving a bill or other security to secure payment of the consideration, the risks enumerated in clauses 3.1 and 3.2 above shall not be deemed as applying and/or the loss shall not be deemed a loss that has become ascertained for so long as all the following are not fulfilled: (a) the Company has received a legal opinion from the Insured to its satisfaction that the guarantee and/or the security is valid according to the law that applies in respect thereof; (b) the Insured has filed a due claim in court against the guarantor and/or the guarantors and/or the giver of the security; (c) the rights deriving from the claim were assigned to the Company in accordance with its demand;

3.3.2 in any event where, pursuant to a statutory enactment of the purchaser's country, which was valid on the date of implementing the export, the purchaser is under a duty to obtain a licence to export the goods and/or to pay the consideration therefor, as had been agreed, the Company shall not be liable for any loss deriving from the purchaser's refraining from or inability to obtain a valid licence as aforesaid;

3.3.3 the Company shall not be liable for any loss deriving from a breach of the export agreement by the Insured and/or its agent and/or another entity under its

control and/or howsoever deriving from an act or omission of the Insured's agent and/or the bank through which the consideration should have been paid and/or their inability to pay their debt;

3.3.4 the Company shall not be liable for a loss pursuant hereto if the Insured did not receive in Israel that part of the consideration, which, pursuant to the export agreement, was required to be paid prior to effecting the export and the Company shall also not be liable for a loss if the purchaser did not comply with the payment of the consideration pursuant to the export agreement on the original payment date, prior to the Company approving the credit limit;

3.3.5 the Company shall not be liable for any one of the risks set forth in clauses 3.1 and 3.2 above and the sub-clauses thereof in the event of a commercial dispute, subject to the provisions of the last part of clause 4.2 below;

3.3.6 The Company shall not be liable for a loss deriving from physical damage occasioned to the goods at the time of the carriage thereof;

“physical damage” for the purposes of this sub-clause includes damage deriving from the goods being seized and/or confiscated and/or any possible obstacle in obtaining possession thereof at the time of carriage thereof;

3.3.7 The Company shall not be liable for a loss that was not recognised as a debt within the context of the recognition of the purchaser's debts by a receiver and/or liquidator and/or trustee and/or court, as the case may be;

3.3.8 The Company shall not be liable for any loss directly or indirectly deriving from one or more of the causes set forth below:

3.3.8.1 War (including a war that broke out prior or subsequent to hostile actions) between two or more of the five large world powers; the five large world powers for such purpose are: China, France, Great Britain, including Northern Ireland, Russia and the United States of America;

3.3.8.2 Ionic radiation deriving from radioactive contamination and/or a radioactive gas leak and/or from nuclear fuel and/or radioactive waste and/or nuclear fuel conflagration;

3.3.8.3 Radioactive radiation or radioactive poisoning, explosions, contamination or other risks caused from nuclear facilities, nuclear reactors and/or nuclear particles and/or other nuclear components;

3.3.8.4 All weaponry capable of sending or firing automatic weapons or nuclear fission and/or nuclear attack and/or fusion or other reaction of a radioactive force or object,

4. Occurrence Of The Insurance Event

4.1 For the purposes of this policy, the insurance event occurs at the time **the loss becomes ascertained as provided in appendix “A”, and provided that in an event in which the purchaser is insolvent, as defined in clause 3.1.1 above, the receiver and/or liquidator and/or trustee and/or court, as the case may be, confirms that the proof of debt in respect of the loss amount was submitted to him/it on due date according to the law of the purchaser’s country.**

4.2 **In an event in which the purchaser asserts that it is exempt from paying the consideration for the merchandise and/or the consideration for the services, in whole or part, in consequence of a business dispute, as defined in clause 1.6 above, the loss shall not be deemed a loss that has become ascertained until after a final judgment has been made by a competent court or an arbitrator agreed upon by the parties that rejects the purchaser’s assertion, or that the Company decides in its sole discretion, in cases in which it is proved to its satisfaction that the purchaser’s financial position has deteriorated and it is insolvent, not deem the event a commercial dispute.**

4.3 **The Company may, upon prior written notice to the Insured, modify the times when the loss becomes ascertained as set forth in this clause 4 and appendix “A”. The times set forth in the notice shall apply to an export that is effected from the time the notice is given. A notice pursuant to this clause is in accordance with the meaning thereof in clause 31 below.**

5. The Payable Part Of The Loss

5.1 **Where the export is effected to one of the countries enumerated in appendix “B” to the policy, as shall be modified from time to time (hereinafter referred to as “appendix “B”), which constitutes an integral part hereof, the part of the loss amount which the Company undertakes to pay the Insured pursuant hereto shall be as set forth in appendix “A”.**

5.2 **The Company may modify the insurance cover rates and also the list of countries set forth in appendix “B” by giving prior written notice to the Insured.**

If the Company modifies the cover rates, the modification shall apply to the considerations of the consignments and services which shall be exported on the date determined by the Company in the notice and provided that a modification as aforesaid shall not apply prior to the date the notice is received by the Insured, as provided in clause 31 below.

6. The Loss Payment Currency

The loss amount pursuant to the terms and conditions hereof shall be paid by the Company in new shekels. The payment amount shall be calculated according to the known

representative rate of the new shekel to the known representative rate of the currency in which export was affected as published by the Bank of Israel on the date the payment instructions were given to the bank.

7. The Company's Maximum Liability

The Company's total liability pursuant hereto shall not exceed the maximum liability amount for the insurance period as set forth in appendix "A".

The total insurance benefits that shall be paid by the Company shall not, in any event, exceed the maximum liability amount even if the total of the product of the credit limit amounts that were approved for the Insured and the relevant cover percentage exceed the maximum liability amount.

For the purposes of calculating the total insurance benefits that shall be paid as provided above in this clause, amounts that shall be set off from the insurance benefits pursuant to clause 18 below shall be taken into account and payments by way of an excess shall not be taken into account.

8. Legal Costs

8.1 The Company shall indemnify the Insured in respect of **reasonable legal costs** incurred by the Insured to recover the considerations for the covered export pursuant hereto, **before the loss became ascertained and provided that the Insured acted in coordination with and according to the instructions of the Company.**

8.2 The Company shall indemnify the Insured, in its discretion, in respect of **reasonable legal costs** incurred by the Insured to recover the loss covered pursuant hereto, **after the loss became ascertained and provided that the Insured acted in coordination with and according to the instructions of the Company.**

9. The Cover Duty

9.1 **Unless the Company otherwise approves in advance and in writing, the Insured undertakes to offer the Company to cover all its export consignments and also the services provided by it pursuant to export agreements, and such being by submitting an application to the Company to determine a credit limit as set forth in clause 10 below in respect of the purchaser.**

The provisions of this clause are material provisions for the purposes hereof and the Company shall not be liable for any debt deriving from or connected with an export assignment and/or provision of a service not offered to be covered by the Insured and/or for which a credit limit is not given by the Company, and such being without prejudice to any other right given to the Company pursuant hereto and at law.

9.2 Notwithstanding the provisions of clause 9.1 above, the Insured shall not be under a duty to make an offer to cover the consignments and/or services enumerated below;

9.2.1 Consignments that are sold or services that are provided against irrevocable documentary credit;

9.2.2 A factoring company or a financing company unreservedly and unconditionally guarantees or purchases the debt deriving from consigning the goods and/or providing the service.

10. **Credit Limits**

10.1 The application for a credit limit shall be submitted to the Company in the manner set forth in **appendix “C”**. The Insured shall complete all the application particulars. The Company has sole discretion to determine the credit limit in respect of each purchaser pursuant to the export agreement.

10.2 **Unless the Company otherwise determines in writing, the insurance period relating to a credit limit shall be as specified in the exporter’s original invoice or specified in the credit limit as approved by the Company, whichever is the shorter.**

10.3 **The Company has sole discretion at any time to modify, amend, reduce, increase, cancel or stipulate the credit limit.**

If the Company modifies, cancels, amends or stipulates the credit limit, the Company shall give written notice thereof to the Insured. A modification as aforesaid shall come into force after the notice is given to the Insured.

If the Insured sends consignments or provides services in excess of the credit limit as determined by the Company, the Company’s liability shall not exceed the amount specified in the credit limit.

10.4 **In the event of non-compliance with any of the terms and conditions specified in the credit limit, as given by the Company, the Company shall be exempt from its liability pursuant hereto.**

11. **Settlement Arrangement And Postponing The Payment Date**

The Company shall not be liable for a loss deriving from any debt in respect whereof the Insured agreed to a settlement arrangement with the purchaser or to postponement of the agreed payment date, unless it received the Company’s prior written consent.

Without derogating from the a foregoing, the Insured shall, in its sole discretion, be entitled to postpone a payment date for a specific purchaser by a number of days from the

original payment date (as specified in **appendix “A”**) without obtaining the Company’s prior written consent (hereinafter referred to as “the extended credit period”), provided that the total credit period (i.e. the original credit period together with the extended credit period) given to a purchaser by the Insured shall not exceed 180 days.

12. **Reports By The Insured**

12.1 The Insured shall, in accordance with the times set forth in **appendix “A”**, give the Company a declaration in respect of all of the following:

12.1.1 A declaration of the total export consignments of goods exported by it and the services provided by it pursuant to insured export agreements (hereinafter referred to as “consignments declaration”), and the report shall be made in the consignments declarations form annexed hereto as an integral part hereof and marked **appendix “D”**).

12.1.2 **For the avoidance of doubt, it is hereby expressed that the duty to give a consignments declaration and to pay insurance premiums applies in respect of each export consignment and each service provided pursuant to an export agreement even if a credit limit has not yet been approved in respect of the purchaser of the goods and even if the amount of the export consignment and/or the services that were provided exceed the amount of the credit limit that was approved.**

The provisions of this clause shall not apply to an export consignment or a service provided to a purchaser in respect whereof the Company gave notice to the Insured that it refused to approve a credit limit.

12.1.3 The Insured shall, at the time of the arrears report as defined below, report to the Company immediately as to any amount that the purchaser owes it (hereinafter referred to as “**the amount in arrears**”) in respect whereof the number of days as specified in **appendix “A”** elapsed from the agreed payment date thereof and which was not paid to such date (hereinafter referred to as “**the arrears report date**”), and such being in accordance with the arrears report form annexed hereto as an integral part hereof and marked **appendix “E”** (hereinafter referred to as “**arrears report**”).

The foregoing provisions of this clause do not derogate from the Insured’s duty to minimise the loss as provided in clause 15 below.

12.1.4 The Insured shall give notice to the Company of arrears that were paid by the purchaser immediately upon the payment thereof.

12.1.5 **Failure to report arrears shall be deemed a declaration that there are no unpaid debts. A failure to report arrears as aforesaid shall entitle the Company, in its sole discretion, to all the remedies available to it at law.**

13. Insurance Premiums And Other Payments

13.1 The rate of the insurance premiums

13.1.1 The Insured shall be liable to pay insurance premiums and registration fees in respect of consideration for the export consignments and the services provided to covered purchasers and also to pay insurance premiums in respect of the consignments that exceed the determined credit limit in respect of a specific purchaser and all subject to the provisions of clause 12.1.2 above. The rate of the insurance premiums and registration fees and the date of payment thereof shall be determined by the Company at the time of issuing the policy or at the time of the renewal hereof and shall be set forth in **appendix “A”**.

13.1.2 The insurance premiums and the registration fees for the insurance period shall not be less than the amounts specified in **appendix “A”** and defined as minimum insurance premiums (hereinafter referred to as “**minimum insurance premiums**”).

13.2 Accounting

At the end of each insurance period the Company shall make an accounting with the Insured and the differential between the insurance premiums and the registration fees that the Insured paid the Company during the course of the insurance period and the insurance premiums and the registration fees that should have been paid by the Insured pursuant to the consignments declaration in the sale currency, having been converted into US dollars.

The conversion shall be effected according to the last representative rate of the dollar as published by the Bank of Israel on the last business day of the consignment month.

The insurance period is as specified in **appendix “A”** and it shall apply to all the consignments sent in the said period.

13.3 If it is found in the accounting that the insurance premiums and the registration fees that were paid by the Insured were under-paid, the Insured shall pay the Company the shortfall within 30 days of its demand. If it is found in the accounting that the insurance premiums and the registration fees were over-paid, the balance shall be credited to the Insured or refunded to the Insured at the Insured’s election as shall be sent in writing to the Company within 30 days from the day it is found that the Insured has a balance as aforesaid.

13.4 Information costs

The Insured shall be debited with the payment of information costs in the amounts specified in **appendix “A”**. At the end of each insurance period the Company shall make an accounting with the Insured. The debit and the accounting shall be at the same times and in the same manner as the insurance premiums are payable.

13.5 If the insurance policy is cancelled by the Insured during the insurance period, the Company shall, at the end of the quarter in the course whereof the policy was cancelled and/or discontinued, make a final accounting, as provided in clause 13.2 above, for the period from the date of the commencement of the policy until the cancellation date. The insurance premiums and the registration fees for such period shall not be less than minimum insurance premiums as defined **in appendix “A”**.

13.6 **Modifying the insurance premiums**

The Company may, at any time and in its sole discretion, modify the rate of the insurance premiums and the registration fees by giving written notice to the Insured. In such event, the modification shall apply to export consignments and services affected at a date later than the date of the modification notice.

14. **The Insured’s Other Obligations**

14.1 Against the Company’s payment of the loss and/or at any other time, and upon the Company’s first demand, the Insured undertakes to act as follows:

14.1.1 To transfer and/or assign to the Company all its rights pursuant to any agreement in respect whereof the loss payment was effected, including its right to recover any monies and/or its right to compensation for breach of agreement. Furthermore, the Insured empowers the Company to act on its behalf in connection with all the matters set forth in this sub-clause;

14.1.2 To deliver, transfer and/or assign to the Company all the goods and/or documents and/or its rights in the goods and/or the documents, including negotiable documents, guarantees or any other securities in respect whereof the loss payment was effected;

Furthermore, the Insured empowers the Company to act in connection with all the matters set forth in this clause, subject to the provisions of this policy and every law;

14.1.3 To update the Company and take all the measures required with the object of recovering the loss amount from the purchaser, from any guarantor or from any other person from whom it is possible to recover the debt, and/or to act to enforce any security whatsoever, including instituting legal claims.

14.2 The Company reserves the right to demand from the Insured any document and/or approval it requires to clarify its liability pursuant to this policy, including opening up its accounts and accounting reports to it.

Failure to comply with the above provisions of this clause and all the sub-clauses hereof shall be deemed a fundamental breach of this policy entitling the Company, in its sole discretion, to all the remedies available to it at law.

15. **Minimising The Loss**

The Insured hereby undertakes:

15.1 To give written notice to the Company of the occurrence of any event that may occasion a loss, including a change in the purchaser's financial position, immediately upon the Insured becoming aware of the event;

15.2 To take all the measures and proceedings required to minimise and reduce the loss in coordination with the Company and with its prior written approval and/or in accordance with its instructions, whether prior or subsequent to the loss becoming ascertained, and including to take all the measures required to minimise the loss against the purchaser and/or the guarantor and/or to act to enforce any security, including by instituting legal claims, and all subject to the Insurance Contract Law, 5741-1998 and the provisions of every law;

15.3 The Insured gives the Company an irrevocable and unconditional power of attorney to act in its discretion within the context of any debts arrangements and payment thereof, including Paris Club arrangements, and such being with the object to reduce the loss and to recover the debts covered by the Company.

The Paris Club arrangements as aforesaid shall not impair the Company's duties pursuant to this policy.

16. **Recovery Attribution**

16.1 All the amounts payable by the purchaser and/or the guarantor and/or any other entity for and/or on behalf of the purchaser to the Insured and/or to anyone on its behalf (including interest until the agreed payment date), **before the Company has a right of subrogation at law**, irrespective of whether they relate to an agreement covered pursuant hereto or otherwise, shall be attributed to the debt balance according to the chronological order of the agreed payment dates. If the Insured complies with the premium payment duty in respect of all the consignments it sent, whether covered or otherwise, the covered loss shall be the last to which the payments as provided above in this clause shall be attributed.

16.2 In calculating the debt balance for the purposes of the recovery attribution pursuant to this clause, debts in respect whereof the purchaser and/or the guarantor raised exemption assertions as provided in clause 1.6 hereof shall not be taken into account.

16.3 The payments received pursuant to this clause shall be converted according to the representative rate between the currency in which they were received and the rate of the sale currency on the date of receipt thereof.

17. **Apportioning The Subrogation Monies**

17.1 Any amount that shall be recovered by the Insured or the Company in respect of a loss **after the insurance benefits have been paid by the Company**, whether from the purchaser or from any other source, shall be apportioned between the Company and the Insured in accordance with the ratio between the amount that was paid by the Company in respect of such loss, prior to deducting the excess and/or effecting set-offs between debts of any description whatsoever, and the loss amount as defined in clause 1.1 hereof, and after deducting therefrom the legal costs that were incurred pursuant to clause 8 above and were refunded to the party that bore them.

The Insured undertakes to pay the Company any amount that it shall recover as aforesaid immediately upon receipt thereof.

In any event, the Company shall not receive from the subrogation amount more than the amount it actually paid to the Insured.

17.2 For the purposes of this clause, any amount that shall be recovered by the Insured and/or by anyone on its behalf shall first and foremost be attributed to the covered loss pursuant to the provisions hereof and thereafter shall be attributed to interest for the period after the payment of the claim.

17.3 If the subrogation monies are received in a currency other than the sale currency, the receipt shall be converted as provided in clause 16.3 above.

18. **Set-Off**

The Company is entitled to set off from any amount it is liable to pay the Insured pursuant hereto any debt the Insured owes the Company, whether deriving from this policy and/or from other agreements and/or from other obligations between the Insured and the Company and/or from any other cause of action.

19. **The Beneficiary Pursuant To The Policy**

The beneficiary pursuant to this policy is **the Insured alone**.

20. **Assignment Of Rights In The Export Considerations**

If the Insured assigns or charges the consideration for the goods and/or the services and/or another right and/or any benefit to which it is entitled pursuant to the export agreement, with the Company's prior written consent, the Company shall not be liable pursuant hereto, unless the following cumulative terms and conditions have been fulfilled:

20.1 The third party in whose favour the assignment and/or the charge was made (hereinafter referred to as “the third party”) has undertaken in writing to the Company to act to reduce the covered loss in accordance with and pursuant to the Company’s instructions and also to assign to the Company, upon its demand, its rights as set forth in clause 14 above;

20.2 The third party has undertaken in writing to the Company that upon payment of insurance benefits by the Company it shall not have any complaint and/or demand and/or claim whatsoever in respect of any amount that shall be recovered in respect of a loss, save for the claim for its part of the subrogation amount as provided in clause 17.1 above and that if it receives a subrogation, it shall immediately remit the Company’s part of the subrogation amount as provided in clause 17.1 above.

20.3 Any amount that shall be recovered by the third party and/or by anyone on its behalf shall be attributed as set forth in clauses 16 and 17 above.

21. Claims

21.1 The Insured shall submit a claim for insurance benefits in the Company’s customary manner and forms and as shall be determined by the Company from time to time.

21.2 If the Insured acts with a fraudulent intent, the provisions of sections 7 and 8 of the Insurance Contract Law, 5741-1981 shall apply.

21.3 If the Insured complies with the provisions hereof, the payment date of the insurance benefits shall be as set forth in the Insurance Contract Law, 5741-1981, but not before the loss has become ascertained as provided in clause 4 above.

22. Non-Performance Of A Condition Of The Policy

Non-performance of a condition or an obligation in this policy by the Insured shall not be capable of being deemed a waiver or consent by the Company to a non-performance as aforesaid, unless the Company approved such expressly and in advance and in writing; non-performance of a condition as aforesaid shall entitle the Company to any relief available to it at law.

23. Disclosing Facts

Without prejudice to any statutory provision, it is hereby warranted that this policy is given upon the condition that the Insured has disclosed and shall disclose without delay all the facts that affect assessment of the risks insured by the Company. In the event that any fact is discovered to be incorrect and/or not reported to the Company, the provisions of section 7 of the Insurance Contract Law, 5741-1981 shall apply and without derogating from any other relief available to the Company at law.

24. **Unlawfully Delivering The Export Documents To The Purchaser**

Notwithstanding the provisions of this policy, unless otherwise agreed in writing by the Company, the Company shall cease being liable in respect of any agreement or part thereof if, notwithstanding conditions thereof that determine payment terms and presentation of documents in a specific manner, the export documents and/or goods reached the purchaser other than in the manner prescribed in the agreement and/or without receiving the full consideration therefor in accordance with the export agreement.

25. **Removing The Cover**

The Company shall at all times be entitled to give written notice to the Insured that from a specific date, which that shall be specified in the notice and that shall be later than the delivery thereof, the validity of this policy shall expire in respect of a specific country and/or any purchaser or in respect of a specific export consignment and/or in respect of the provision of a specific service, provided that the said notice was sent to the Insured. The Company shall not bear any liability pursuant hereto for consignments and services effected by the Insured after a notice as aforesaid has been given.

A notice for the purpose of this clause is in accordance with the meaning thereof in clause 31 below.

26. **Material Matter**

In this policy a “**material matter**”, within the meaning thereof in the Insurance Contract Law, 5741-1981, in respect whereof there is a duty to give notice to the Company, is:

26.1 Non-receipt of considerations by the Insured for any reason whatsoever;

26.2 Any request by the purchaser to modify the terms and conditions of the export agreement which the Insured received after effecting the export;

26.3 Any breach of the export agreement;

26.4 Any information in respect of an anticipated breach of the export agreement by the purchaser, or a deviation from the implementation thereof in one or more of the following matters:

The consideration or the description of the goods being sold and/or the quantity thereof and/or a description of the service, as the case may be, and/or the payment conditions and date thereof and/or the payment currency and/or the export country and/or the country of effecting the payment;

26.5 Any information about a change in the purchaser's legal and financial position and payment ability;

26.6 Any information about a change in the political, statutory or economic position of the purchaser's country or another country that affect any of the risks set forth herein.

The Insured is under duty to give notice to the Company of any "material matter" as aforesaid immediately upon its becoming aware thereof.

27. **Termination Of The Contractual Relationship**

27.1 Each party may terminate the contractual relationship pursuant hereto at any time upon prior notice of 30 days to be given in writing by the giver of the notice to the other party.

27.2 If a termination notice as set forth in clause 27.1 is received, an accounting between the parties shall be made immediately upon receipt thereof.

28. **Applicability Of The Law**

The provisions of the Contract of Insurance Law, 5741-1981, shall apply to this policy *mutatis mutandis*; however, in any event in which the provisions of the policy stipulate the Law and the stipulation is permitted, the provisions hereof shall apply.

29. **Jurisdiction**

The courts of Tel Aviv-Jaffa shall have sole jurisdiction to hear all disputes that may arise between the parties in connection with this policy and the interpretation or implementation hereof, and the parties confer exclusive local jurisdiction upon the said courts.

30. **Observing Laws**

A condition for the Company's liability pursuant to this policy is that the Insured and the purchaser shall comply with all the laws and provisions of law (including administrative provisions) in Israel and in the purchaser's country in all matters relating to the agreements and the operations deriving therefrom and that are covered pursuant hereto.

31. **Notices**

All the notices pursuant to this policy shall be in writing and shall be deemed as reached the other party's knowledge at the end of 72 hours from the time of despatch thereof by registered post to the addresses recorded at the commencement hereof.

Notices sent by facsimile shall be deemed as having been made in writing and reached the other party's knowledge on the first business day after the date of transmitting the notice, provided that confirmation of transmission thereof by facsimile has been received.

Date:

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Insurance Company Ltd