Contractors/Erection
All Risk Insurance Policy

for the

Superstructure, signaling and communications of
Akko – Carmiel, Haifa – Bet Shean and
Herzeliya – Kfar Saba Railroad Lines\(^1\)

\(^1\) Addendum no.8, 25.10.13
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RFP for CAR/EAR POLICY
Superstructure for Railroad Lines Project
By Netivei Israel

POLICY FORM:

Combined CAR/EAR insurance policy based on BIT 2012 and according to the wording attached hereinafter.

NAME OF INSURED:

a. The Principal ("Main Insured")

Netivei Israel – National Transport Infrastructure Co. Ltd.

b. Contractors:

The Main Contractor (TBA) and/or Contractors and/or Sub-contractors and/or all parties engaged in the performance of the Insured Works.

c. Additional Insureds:

The State of Israel - Ministry of transportation and/or Israel Railways Ltd and/or any person or entity which the Insured may have an interest and/or obligation to insure and/or which the Insured has undertaken to include as an additional Insured under the policy and/or the project managers and the supervisors and any person or entity participating in the project management and consultants and suppliers for their activity and supervisory activities related to the project

d. Directors, officers, partners and employees of each of the above and all those acting on behalf of any of the above in connection with the execution of the project.

Including all such parties, in connection with the project, whether named hereunder or not, or whether appointed prior to inception of this Policy or subsequently, each for their respective rights and interests.

All and any of the above shall be defined hereinafter as "The Insured".

It is noted and agreed that:

• The Main Insured is considered as the Contracting Party and the Main Insured and will have the exclusive authority to negotiate wording amendments, claims, and policy coverage. The Main Insured will be responsible for the payment of the premium and payments in respect of property losses will be paid directly to the Main Insured, or according to its written instructions.
According to the Contractor's request and subject to the Main Insured's approval, name of insured shall be extended to include financial parties accompanying the project.

**PRINCIPAL’S ADDRESS:** 3 Ariel Sharon st. Or Yeuda Israel

**INTEREST:**

Superstructure of the following 3 Railways Lines known as:

1. Akko – Carmiel Line (AC)
2. Haifa – Bet Shean Line (HB)
3. Herzeliya – Kfar Saba Line (HK)

(the "Rail Lines")

**THE PROJECT'S WORKS:**

All works in connection to the execution of Akko - Carmiel, Haifa - Bet Shean and Herzeliya-Kfar Saba Rail Lines including inter alia,. the financing, prefabrication, design, engineering, procurement, construction, erection, Hot Testing and Commissioning and maintenance of any works relating to the construction of railway superstructure, wireless communication, fixed communication, signaling, security, electrification, telecommunication and systems integration, testing and commissioning, safety assurance, quality management and all ancillary or related works required for this purpose, as defined by the contract between the Main Insured and the Main Contractor and all other works as detailed in the information supplies to date (including plans, drawings and disc) and in Messrs Robert Marcus Loss Adjustors Ltd. Underwriting information report dated June 11, 2013 attached therewith.

Upon Main Insured's request, the Project's works will be extended to include the interior work performed by subcontractors at the train stations of the Rail Lines, including but not limited to the installation and/or preparation of elevators, escalators, ticketing devices and any other work/machinery devices required for and/or in connection to the operation of the train stations.

The coverage under this extension will be on DIC/DIL term to any specific policy issued by any of the contractors participating in those interior works, subject to "Drop Down" clause.

The above works will be defined here and after as "the works" or "the Project".
PERIOD OF INSURANCE:

The whole period of the Project is estimated as 48 months commencing on November 1st 2013 and ending on October 30th 2017, both inclusive, local standard time at the Project Site, (including up to 120 days Hot Testing and Commissioning), plus 24 months Maintenance Period thereafter.

Upon Main insured's request policy shall be extended up to 6 months with no additional premium. Further period(s) as the Main insured may require will be granted and shall be subject to additional premium not to exceed pro rata calculation.

UNDERWRITING INFORMATION

1. Robert Marcus Loss Adjustors Ltd. Underwriting information report no. 1/2131013 dated June 11, 2013 Maps:
   a. Project Name: Roads no. 20,531 and Ha'sharon and the Shore Railroads
      Drawing title: Railroads – General Drawings
      Noted TDM-RR-DPX-000BL_HR-PD-1090-02
   b. Project Name: Akko – Karmiel Railroad Map
      Noted TDM-RR-DPX-AKKO_KAR-PD-1000-02
   c. Project Name: The Valley Railroad Map
      Part: Kefar Baruch – Beit Shean
      noted GDL-RR-N01-0LnHF_KB-DD-0102-01
   d. Project Name: The Valley Railroad Map
      Part: Hifa - Kefar Baruch
      noted GDL-RR-N01-0LnHF_KB-DD-0101-01

2. Additional Information, drawings and maps in the DISK named:
   Netivei Israel
   Railway Lines Infrastructure
DESCRIPTION OF COVER

SECTION 1 - PROPERTY DAMAGE

PART A – All Risk Coverage for the Works (Sub Section A’1)

All works, whether permanent or temporary in connection with the Insured Works including inter-alia all materials and all other property, equipment of whatsoever natural to be incorporated in the Insured Works or other property of the Insured or for which the Insured is responsible, whilst at the work Site and/or anywhere in Israel and the Occupied Territories, including whilst in transit and storage.

Sums Insured:

<table>
<thead>
<tr>
<th>Sum insured (Estimated) under the Main Contractor's Tender (to be advised):</th>
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<tr>
<td>Sum insured in respect of Works performed by appointed subcontractors under DIC/DIL terms</td>
<td></td>
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</table>

Total Sum Insured

PART B – Additional Sum Insured on First Loss Basis for substructure (Sub Section A’2)

Additional Sum Insured on First Loss Basis in respect of property damaged to the substructure on which the superstructure works are going to be commence, and as more defined in the attached Policy wording.

Scope of Coverage: All Risk coverage as per Sub - Section A’2 (page 25) to the policy

Limit of Liability: NIS 100,000,000 any one occurrence and in the aggregate
**Part C - Extensions on First loss Basis:**

It is noted and agreed that the following extensions refer to loss or damage covered by Part A and/or Part B of this section.

<table>
<thead>
<tr>
<th>Sub limits to Section 1:</th>
<th>Limit for any one occurrence</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Light construction, equipment, tools and accessories, work site offices &amp; contents thereof</td>
<td>NIS 5,000,000</td>
</tr>
<tr>
<td>(b) Inland Transit</td>
<td>NIS 10,000,000 any one conveyance</td>
</tr>
<tr>
<td>(c) Property outside Work site including at the contractors sites</td>
<td>NIS 20,000,000 any one location</td>
</tr>
<tr>
<td>(d) Off-Site Fabrication</td>
<td>NIS 10,000,000 in respect of each and every Loss</td>
</tr>
<tr>
<td>(e) Property Worked upon and/or Surrounding property</td>
<td>NIS 100,000,000</td>
</tr>
<tr>
<td>For the avoidance of any doubt is shall be noted and agreed that the infrastructure works carried out by contractors on which the superstructure works and all other works covered under this policy are going to be conducted shall be considered as &quot;Property worked upon&quot; and shall be covered under this section on First Loss Basis.</td>
<td></td>
</tr>
<tr>
<td>(f) Professional Fees</td>
<td>20% of each and every loss maximum NIS 20,000,000 each and every loss</td>
</tr>
<tr>
<td>(g) Debris Removal</td>
<td>20% of each and every loss maximum NIS 40,000,000 each and every loss</td>
</tr>
<tr>
<td>(h) Direct Damage due to faulty design, faulty materials or faulty workmanship (LEG3)</td>
<td>NIS 50,000,000 each and every loss</td>
</tr>
<tr>
<td>(i) Indirect Damage due to faulty design, faulty materials or faulty workmanship</td>
<td>in the full amount of the project</td>
</tr>
<tr>
<td>(j) Burglary/Theft</td>
<td>NIS 10,000,000 any one occurrence and</td>
</tr>
<tr>
<td></td>
<td>Description</td>
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<td>------------------------------------------------------------------------------------------------</td>
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<tr>
<td>(k)</td>
<td>Extra Expenses, costs and expenses in respect of over time rates and wages, express deliveries, airfreights, hire of additional labour or plant and equipment</td>
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<tr>
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<td>Public and Local Authorities’ demands - additional costs and expenses as may be incurred in order to comply with the stipulations of buildings or other regulations or byelaws of any public authorities or similar regulations</td>
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<td>(r)</td>
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SECTION 2 - THIRD PARTY LIABILITY

To indemnify the Insured for legal liability arising out of death of/or bodily or mental injury (including disease) to persons (other than employees engaged in the construction and/or erection of the Insured Works for which cover has been granted under section 3 hereon) and/or loss of/or damage to property arising out of or in connection with the execution of the Insured works and as shall be detailed in the wording of the full policy.

Limit of Liability:

NIS 80,000,000 any one occurrence and in the aggregate

Special extensions:

1. Subrogation claims by the National Israeli Institute
   Subject to Paragraph 1 of Chapter "Extensions to Section B"

2. Vibration, removal or weakening of support
   Subject to Munich Re Endorsement 120, Vibration, removal or weakening of support; being part of the policy wording of Paragraph 2 of Chapter "Extensions to Section B", the policy is extended to cover liability due to loss or damage to any property belonging of a third party as a result of vibrations, removal or weakening of supports during the performance of the Insured Works up to 20% of the limit of liability of this chapter.

3. Bodily injury arising from the use of mechanical engineering equipment
   Liability for bodily injury arising from the use of mechanical engineering equipment being motor propelled motor vehicles in respect of which there is no legal liability to insure, subject to Paragraph 3 of Chapter "Extensions to Section B".

4. Indirect losses due to physical loss or damage to underground pipes, installations or cables
   Liability for indirect losses due to physical loss or damage to underground pipes, installations or cables up to NIS 10,000,000 any one occurrence and in the aggregate.
5. **Exclusion of loss of or damage to crops, forests and cultures**

Munich Re Endorsement 103, *Exclusion of loss of or damage to crops, forests and cultures*, is added as Paragraph 4 of Chapter "Extensions to Section B", and shall be read as follows:

It is agreed and understood that subject to the terms, exclusions, provisions and conditions contained in the Policy or endorsed thereon, the Insurers shall not indemnify the Insured for loss, damage or liability directly or indirectly caused to crops, forests and/or any cultures during the execution of the contract works. **This exclusion shall not apply in respect of damages up to sum of NIS 5,000,000 any one occurrence.**

6. **Social Events and Ceremonies**

For the avoidance of doubt it is hereby declared and agreed that the coverage under Sections 2 (Third Party) & 3 (Employers Liability) are extended to include coverage for the Insured's liability in connection to the arrangement, organize and perform of any social events in the insured projects sites, including ceremonies.

**SECTION 3 – EMPLOYERS LIABILITY**

To indemnify the Insured for legal liability arising out of death of/or bodily or mental injury to employees of the Insured arising out of/or in connection with the execution of the Insured Works as shall be detailed in the wording of the full policy.

**Limit of Liability:**

NIS 40,000,000 any one occurrence and in the aggregate for the period of insurance.
ALL SECTIONS Sub Limits:

- **Loss Minimization**: NIS 10,000,000 any one loss
- **Claims Preparation Costs**: NIS 4,000,000 in respect of each and every loss

PREMIUM PAYMENT:
Premium shall be paid by the Main Insured.
Wording and terms of payment will be implemented upon tender results.

POLICY RATE:
The premium for this Policy has been calculated on the basis of a deposit premium calculated on estimated Project value provided by the Insured and shall be adjusted in accordance with paragraph 1 in the GENERAL CONDITIONS (TO ALL SECTIONS OF THE POLICY) section (Page 61 of the policy).

TERRITORIAL LIMITS:
The territory of the State of Israel and the areas held by the State of Israel.
For the purposes of this policy, Israeli towns and settlements and IDF bases and/or posts within the Palestinian Autonomy shall be considered as held territories.

JURISDICTION:
- This Policy shall apply to any Claim made against any Insured anywhere in the world excluding USA & Canada and shall be determined as per the relevant law.
- Any claim and/or demand and/or circumstances and/or any dispute or legal process between the Insured and the Insurer regarding this policy, its construction, validity or operation and its interpretation, shall take place in Israel and shall be subject to the Israeli Law.
DEDUCTIBLES:

The Contractor shall be responsible for the following first amounts in respect of each and every occurrence of loss or damage. In the event of loss or damage occurring whereby more than one deductible applies, the total deductibles for any one occurrence shall not exceed in all the highest deductible applying.

For the avoidance of any doubt, it is noted and agreed that the deductibles will be bear and paid by the Contractor.

It is agreed that any loss or damage arising during any one period of 72 consecutive hours and caused by storm, tempest, flood, inundation, subsidence, collapse, tsunami or earthquake shall be deemed to be a single occurrence and therefore to constitute one occurrence when applying the deductible provision.

For the purpose of the forgoing, the commencement of such 72 hour period shall be decided at the discretion of the Main Insured. However there shall be no overlapping in any two or more such 72 hour periods in the event of damage occurring over a more extended period of time.

SECTION 1 - PROPERTY DAMAGE

The Contractor shall bear the amounts noted hereunder in respect of any one occurrence:

A. Damage due to Earthquake per line (A,B,C) – 10% of the insured works at risk in respect of the specific line in which the damage was caused upon the date of occurrence, minimum NIS 100,000 maximum NIS 5,000,000.
B. Damage due to Storm, tempest and flood – 5% of the loss minimum NIS 100,000 maximum NIS 500,000.
C. Direct damage due to faulty design, faulty materials or faulty workmanship - 20% of the loss, minimum NIS 100,000 maximum NIS 1,000,000.
D. Indirect damage due to faulty design, faulty materials or faulty workmanship - 10% of the loss, minimum NIS 100,000 maximum NIS 800,000.
E. Damage during and due to testing and commissioning NIS 500,000
F. Damage due to any other cause – NIS 100,000

SECTION 2 - THIRD PARTY LIABILITY

A. Vibrations, removal or weakening of supports – NIS 400,000
B. Underground facilities (direct and indirect loss) – NIS 250,000
C. Subrogation claims by the National Israeli Institute – NIS 100,000
D. Any other property damage - NIS 100,000

SECTION 3 – EMPLOYERS LIABILITY

NIS 20,000 any one occurrence, and in respect of occupational disease NIS 20,000 any one plaintiff.
Endorsements to the policy

Endorsements A - Multiple Insureds’ Clause

1. It is noted and agreed that, if the Insured described in the Risk Details comprises more than one insured party each operating as a separate and distinct entity then, (save as described in this Multiple Insureds’ Clause), cover hereunder shall apply in the same manner, and to the same extent, as if individual Contracts of Insurance had been issued to each such insured party, provided that the total liability of the Insurers to all of the insured parties collectively shall not exceed the Sums Insured and Limits of Indemnity, including any Sub Limits.

2. It is further understood and agreed that any payment or payments by Insurers to any one or more such insured parties shall reduce, to the extent of that payment, Insurers’ liability to all such parties arising from any one event giving rise to a claim under this Contract of Insurance and (if applicable) in the aggregate.

3. It is further understood that the insured parties will at all times preserve the various contractual rights and agreements entered into by the insured parties and the contractual remedies of such parties in the event of loss or damage.

4. It is further understood and agreed that Insurers shall be entitled to avoid liability to or, (as may be appropriate) claim damages, from any of the insured parties in circumstances of fraud, material misrepresentation, material non-disclosure or breach of any warranty or condition of this Contract of Insurance each referred to in this Memorandum as a Vitiating Act.

5. It is however agreed that (save as described in this Multiple Insureds’ Clause) a Vitiating Act committed by one insured party shall not prejudice the right to indemnity of any other insured party, who has an insurable interest and who has not committed a Vitiating Act.

6. Insurers hereby agree to waive all rights of subrogation which they may have or acquire against any insured party, except where the rights of subrogation or recourse are required in consequence of or otherwise following a Vitiating Act, in which circumstances Insurers may enforce such rights, notwithstanding the continuing or former status of the vitiating party as insured.
Endorsements B - NETWORK STATIONS
Without derogating from any of the policy's conditions, it shall be noted and agreed that the coverage under this policy is extended to include loss and/damage to property stored and/or property in open located in the Network stations organized by the insured which will be spread near or along the route of the Projects, and in respect of liabilities in connection to the activities in that stations.

Endorsements c
DEFENISION OF "OCCURRENCE" and/or "INSURED EVENT"
Damage and/or occurrence and/or insured event shall be defined as:

an event or series of insured events arising from one origin or from any one original cause.

Endorsements D
PRIMARY INSURANCE AND COVERAGE UNDER DIFFERENCE IN CONDITIONS AND DIFFERENCE IN LIMITS TERM
It is expressly understood and agreed that this Policy provides primary cover for the Insured and in the event of loss, damage or liability covered by this Policy which is also covered either in whole or part under any other policy of insurance effected by or on behalf of any of the parties comprising the Insured, the Insurer will indemnify the Insured as if such other policy of insurance were not in force and the Insurer waives his rights of recourse if any against the insurers of such other policy of insurance.

Notwithstanding the aforementioned, in respect of the Works performed by appointed subcontractors, and which are insured under an underlying policy(ies) issued by the contractors and/or on their behalf, the coverage under this policy shall be as follows:

As respect such covered property and/or liabilities, this Policy covers:

1) the difference in definitions, perils, conditions or coverage between any underlying / primary policy and this Policy.

2) the difference between the Limit(s) of Liability stated in any underlying / primary policy provided that:

   a) the coverage is provided under this underlying/primary Policy

   b) the Limit(s) of Liability has been exhausted under the underlying/ primary policy; and
c) the deductible(s) applicable to such claim for loss or damage in the underlying / primary policy has been applied

Any coverage provided by the underlying policy that is not provided in this policy does not extend to this policy.

This coverage under this Endorsement to this Policy is subject to all Terms, Conditions, Limit(s) of Liability and Exclusions herein, and will indemnify the Insured to the extent of any recoverable Loss to which the Insured would have been entitled to receive indemnity under the underlying issued policy, in the event of that policy failing to respond.

Endorsements E – PROJECT SURVEYORS AND LOSS ADJUSTERS

It is noted and agreed that Robert Marcus Loss Adjusters Ltd, shall be nominated by insurers as the agreed surveyors and loss adjustors in connection to any need relating to this policy (“the Surveyors and Loss Adjustors”).

Endorsements F

Munich Re End no. 001 - Cover for loss or damage due to strike, riot and civil commotion (SRCC)

It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the Policy or endorsed thereon, and subject to the Insured having paid the agreed extra premium, this Policy shall be extended to cover loss or damage due to strike, riot and civil commotion which for the purpose of this Endorsement shall mean (subject always to the special conditions hereinafter contained) loss of or damage to the property insured directly caused by

1. the act of any person taking part together with others in any disturbance of the public peace (whether in connection with a strike or lockout or not) not being an occurrence mentioned in item 2 of the special conditions hereof,

2. the action of any lawfully constituted authority in suppressing or attempting to suppress any such disturbance or in minimizing the consequences of any such disturbance,

3. the wilful act of any striker or locked-out worker performed in furtherance of a strike or in resistance to a lockout,

4. the action of any lawfully constituted authority in preventing or attempting to prevent any such act or in minimizing the consequences of any such act,
Provided that it is hereby further expressly agreed and declared that

1. all the terms, exclusions, provisions and conditions of the Policy shall apply in all respects to the insurance granted by this extension save in so far as the same are expressly varied by the following special conditions, and any reference to loss or damage in the wording of the Policy shall be deemed to include the perils hereby insured against,

2. the following special conditions shall apply only to the insurance granted by this extension, and the wording of the Policy shall apply in all respects to the insurance granted by the Policy as if this Endorsement had not been made thereon.

**Special conditions**

1. This insurance shall not cover

   a) loss or damage resulting from total or partial cessation of work or the retarding, interruption or cessation of any process or operation,

   b) loss or damage occasioned by permanent or temporary dispossession resulting from confiscation, commandeering or requisition by any lawfully constituted authority,

   c) loss or damage occasioned by permanent or temporary dispossession of any building resulting from the unlawful occupation by any person of such building,

   d) consequential loss or liability of any kind or description, any payments over and above the indemnity for the material damage as provided herein,

   provided nevertheless that the Insurers are not relieved under b) or c) above of any liability to the Insured in respect of physical damage to the property insured occurring before dispossesstion or during temporary dispossesstion.

2. This insurance shall not cover any loss or damage occasioned by or through or in consequence, directly or indirectly, of any of the following occurrences, namely

   a) war, invasion, act of foreign enemy, hostilities or warlike operations (whether war be declared or not), civil war,

   b) mutiny, civil commotion assuming the proportion of or amounting to a popular rising, military rising, insurrection, rebellion, revolution, military or usurped power,
c) any act of any person acting on behalf of or in connection with any organization with activities directed toward the overthrow by force of the government de jure or de facto or to the influencing of it by terrorism or violence.

In any action, suit or other proceeding, where the Insurers allege that by reason of the provisions of this condition any loss or damage is not covered by this insurance, the burden of proving that such loss or damage is covered shall be upon the Insured.

3. This insurance may at any time be terminated by the Insurers on notice to that effect being given by registered post at the Insured's last known address, in which case the Insurers shall be liable to repay a rateable proportion of the premium for the unexpired term from the date of termination.

4. The limit of indemnity any one occurrence as stated below shall be understood to limit the indemnity for all loss or damage covered by this Endorsement during a consecutive period of 168 hours.

The aggregate liability of the Insurers during the period of cover of this Policy shall be limited by twice the limit of indemnity any one occurrence.

**Endorsement G - PROPERTY DIRECTLY AFFECTED (FAULTY PART)**

It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the Policy or endorsed thereon and subject to the Insured having paid the agreed premium, the insurance shall be extended to cover

- unforeseen and sudden physical loss or damage to items due to defective material and/or bad workmanship and/or faulty design occurring during the period of cover before the maintenance period, if any.

The Insurers will not indemnify the Insured for

- costs for alterations, additions and/or improvements consequent upon such loss or damage
- costs which any manufacturer or supplier, whether or not named as a Insured under this Policy has agreed to make good under a guarantee or warranty, whether expressed or implied.

The Insured shall at his own expense immediately establish the cause of the loss or damage and if, as a result of such investigation, it is found that other parts are suspected of having the same defect, immediately effect the necessary modifications
and/or improvements to prevent the recurrence of loss or damage of the same nature.

The amount indemnifiable under this Endorsement and the Deductible for this Endorsement are as defined in the schedule of the policy. y his Endorsement

The additional Premium dues for the coverage afforded b is nil

Limit of Liability under this endorsement is: NIS 50,000,000 each and every loss and in the aggregate.

**Endorsement H –Munich Re Endorsement 206**

**SPECIAL CONDITIONS CONCERNING FIRE FIGHTING FACILITIES**

It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the Policy or endorsed thereon, the Insurers shall only indemnify the Insured for loss or damage resulting directly or indirectly from fire and/or explosion if the following requirements are fulfilled:

1. Adequate fire – fighting equipment and extinguishing agents of sufficient capacity must be available at the site and ready for immediate use.

2. A sufficient number of workmen must be fully trained in the use of such equipment and must be available for immediate intervention at all times.

3. If storage of material for construction or erection of the contract works is necessary, storage must subdivided into storage units not exceeding the equivalent value of **NIS 10,000,000** per storage unit.

   The individual storage units must either be at least 50m apart or separated by fire-proof walls.

   All inflammable materials (such as shuttering material not fitted for concreting, litter, etc) and especially all inflammable liquids and gases must be stored at a sufficiently large distance from property under construction or erection and any hot works.

4. Welding, soldering or the use of an open flame in the vicinity of combustible material is only permitted if at least one workman suitable equipped with extinguishers and well trained in fire fighting is present

5. At the beginning of testing all fire fighting designed for the operation of the plant must be installed and serviceable.
This wording is based on BIT 2012 English version.

All changes, alterations, deletion and endorsements appear or contained hereinafter are shown as follows:

- Deletions are marked in a middle cutter line [example]
- Endorsements are marked in red and are underlined [example]

This Policy witnesses that in consideration of the Insured's obligation to pay the premium stated in the Schedule and/or in the Specification included herein (hereinafter: "The Schedule") to the insurance company whose name is stated in the Schedule (hereinafter: "The Insurer");

The Insurer shall indemnify the Insured under the terms of the Policy in respect of Loss or Damage caused to the Insured's project and/or works described in the Schedule (hereinafter: "The Project") or to any part thereof and/or in respect of the Insured's liability caused due to the insured event (as defined in each of the Policy sections), within the period of insurance stated in the Policy and according to the definitions of the Policy or within a further period for which the Insured has paid or agreed to pay the premium and provided that the amount payable by the Insurer shall not exceed the amount stated in the Schedule or any other amount or amounts replacing it by an addition in this Policy or endorsement thereto signed by the Insurer or on his behalf.

This Policy was issued by the Insurer on the basis of an insurance proposal and/or any other substituting document submitted to the Insurer and forming an integral part of this Policy.

The Schedule and any endorsements attached to it shall be deemed to be incorporated in and form part of this Policy and the expression “this Policy” wherever used in this contract shall be read as including the Schedule and the endorsements. Any word or expression shall bear such meaning wherever it may appear, unless otherwise expressly noted.
PERIOD OF INSURANCE

A. Inception of Insurance under Section A

The date of commencement of the insurance of the Project included in the Insurance under this Section shall be the date stated in the Schedule or immediately unloading of any property at the Site of work (hereinafter: "The Site") and/or upon the issuance of the commencement order by the Main Insured, all as defined in the Schedule. according to whichever date is the earlier.

B. Inception of the Insurance under Section B, C

The date of inception of the period of insurance for the purpose of this section shall be the date stated in the Schedule

C. Extended Expiry of the Insurance under Sections A, B, C

The Insurance shall expire immediately in respect of the parts of the Project on their being handed over to the principal of the Project – Main Insured or to the Israel Railways Ltd as may be determined by the Main Insured, or the use of them begins (whichever is the earlier) - The same applies where the whole project is handed over or the use of it begins or the work on it is completed. The insurance shall expire on the earliest date of any of these events even if these events precede the date stated in the Schedule as the date of expiry of the period of Insurance.

Notwithstanding the foregoing, and since each of the Rail Lines (A,B,C) shall be handed over separately one from the other, it is hereby declared and agreed that in the event of an item of Insured Works being taken over or into use prior to completion of the entire works relating to the relevant line, the coverage shall remain in full force and effect hereunder until completion and hand over of the entire Rail Line, provided that it does not extend beyond expiry of the Period of Insurance shown in the Schedule.

Insurance period includes Hot Testing and Commissioning period of 180 days for equipment and systems that are part of the project.

In no event shall the Insurer's liability extend in respect of events occurring after the date stated in the Schedule as the date of expiry of the insurance except as provided in the maintenance period clause as follows.
D. Maintenance Period

If a maintenance period is stated in the Schedule, then subject to all the conditions, exclusions and provisions of the policy, this insurance shall be extended for a maintenance period of 24 months as of the completion of each Rail Line.

1. Loss or damage to the projects’ works or liability in respect of bodily injury or property damage to third party or bodily injury to an employee arising from the performance of maintenance works carried out in compliance with the obligations under the provisions relating to the maintenance of the project.

2. Loss or damage to the projects’ works or liability in respect of bodily injury or property damage to third party which occurred during the maintenance period as a result of an insured event under section A of the policy that occurred in the period of insurance.

3. Loss or damage to the projects’ works which occurred during the period of insurance and which was discovered in the maintenance period.

The Maintenance period for the Insured Works shall commence whenever the entire Insured Works relating to each Rail Line (A,B,C) is handed over or taken into use, and shall relate separately to each of the above line.

The hand over or taken into use of one Rail Line shall not affect the coverage in respect of any of the other lines.

For the voidance of any doubt, and without derogating from any of the policy's terms, repairs, renewals or rectification of any part of the projects works in accordance with the terms and conditions of the Maintenance Period shall not affect the period and or the terms of the coverage during and in connection to the Maintenance Period as specified in the policy, and the coverage shall remain till the end of this period and as per the original terms and conditions of it.
GENERAL EXCLUSIONS

The Insurer shall not indemnify the Insured in respect of loss, damage or liability caused by, arising from or aggravated, directly or indirectly, as a result of any of the following:

A. War, invasion, act of foreign enemy, hostilities, acts of sabotage and terrorism, civil war, rebellion, revolution, mutiny, unlawful seizure of power, confiscation or destruction by government or public authority.

For the purpose of this exclusion "Terrorism" shall mean the use of violence for political purposes including the use of violence with a purpose to terrify the public or any part thereof by a person or persons acting on behalf of or in connection with any hostile organization.

For the purpose of "Terrorism" as defined above, in the territory of Israel and it's held territories only an express certificate of the Israeli police or of the Ministry of Defence or of the manager of the Property Tax and Compensation fund as defined by the law of property Tax, and compensation fund 1961 with all its amendments or a judgment of an authorized court in Israel, certifying that the loss has been caused directly by a terrorism act, shall serve as cause for repudiation of a claim for terrorism losses.

B. Nuclear fission, nuclear radiation or radio-active contamination, any nuclear material.

C. Continuous Cessation of work for periods exceeding 90 180 days.

Nevertheless, coverage will continue beyond this period, subject to prior notice to the insurer by the Main Insured, and the existence of reasonable protective measures required by the nominated assessor as per Endorsement E to this policy.

D. An insured event occurring outside the State of Israel and the adjacent territories the areas held by the State of Israel.

For the purposes of this paragraph, Israeli towns and settlements and IDF bases and/or posts within the Palestinian Autonomy shall be considered as held territories.

E. In respect of liability sections B and C Any actual or alleged liability whatsoever for any claim or claims in respect of loss or losses directly or indirectly arising out of, resulting from or in consequence of, or in any way involving asbestos, or any material containing asbestos in whatever form or quantity, provided that the loss or losses are caused or contributed to by the hazardous properties of asbestos.

F. Any work done by “Pal-Kal” method and or done to repair projects which were built by “Pal-Kal” method, unless otherwise specified in the specifications of the policy.
GENERAL EXTENSION TO SECTION B AND C DEFENSE IN CRIMINAL PROCEEDINGS:

The policy is extended to indemnify the insured in respect of criminal proceeding costs as follows.

The insurer at his own expense will provide the insured and/or any of the insureds employees a lawyer to handle the defence in criminal proceedings, administrated against any of them following a covered insured event, occurring in the policy’s insurance period.

The insurer will also on his own expense provide the insured and/or any of his employees a lawyer to handle any appeal proceedings and to represent them until the highest appellate level in respect of any decision and/or judgment imposed on them in the criminal proceedings and will also bear the expenses of the appeal.

A precedent condition to provide a lawyer for the appeal as mentioned above will be a statement of opinion from the lawyer of the instance on which an appeal is wanted, Stating that there are good reasonable chances for the appeal to succeed.

If the insured does not want the wishes to nominate a different lawyer then the one provided by the insurer he may choose a lawyer of his own, in such a case, the insurer will indemnify the insured for the fees and defence cost paid by him, all these subject to the insurer’s limit of liability.

The insurer will pay the fees and the defense costs and/or appeal costs at the end of the criminal proceedings or the appeal as the case will be.

Definitions for this extension

Criminal proceedings:

Proceedings where criminal investigation initiated or expected to be initiated, including cause of death investigation and/or there is a lodging of an indictment by the state of Israel or on its behalf and/or any other investigation procedures of any kind undertaken by a competent authority in connection with a work accident, filed against the insured or any of his employees following an insured event covered or can be covered under this policy.

Defense costs (including an appeal):

Fees, duties documents, stamps fees, protocols, copying fees, witnesses and experts fees as decided by the court or according to the “criminal procedure”, needed for criminal procedures defense including verdict appeal, but excluding any fine compensation or penalties given under court decision.
Fees:

Lawyer’s fees for criminal proceedings handling as stipulated under the regulation of the bar association (the minimum tariff) or the minimum tariff of lawyers’ fees.

Exclusions to this extension:

The insurer shall not be obliged to provide a lawyer for defense or bear any payments if:

1. The procedure or investigation and/or indictment are in respect of an occurrence which is specifically excluded in the policy.

2. The procedure or investigation and/or indictment are in respect of an occurrence which the insured or any of his employees took part (whether by action or omission) with intention to cause the insured event.

3. The procedure or investigation and/or indictment are in respect of contractors and/or subcontractors of the insured.

The insider’s maximum limit of liability for this extension shall not be more than $50,000 NIS 2,000,000 for any one occurrence and $100,000 NIS 8,000,000 for all occurrences during the period of Insurance.
SECTION A - PROPERTY INSURANCE

SUB - SECTION A'1
Property All Risk coverage for the Insured's project and/or works ("The Project")

The Insurer shall indemnify the Insured in respect of the replacement, repair or reconstruction, re-erection of the Project or any part thereof due to an insured event caused during the period of insurance stated in the Schedule not exceeding the amounts stated therein and up to the amounts stated therein.

The Insured Event

Physical, sudden and unforeseen loss or damage at the site of work to the Project or any part thereof, from any cause whatsoever which is not specifically excluded by the Exclusions of this Policy.

SUB - SECTION A'2
Additional Sum Insured on First Loss Basis for Property damage to substructure

The Insurer shall indemnify the Insured in respect of replacement, repair or reconstruction, re-erection of the substructures currently being handed over/accepted by the Main insured which were carried out by contractors, and above which the superstructure works are going to be performed, as stated in the INTRODUCTION Chapter at Robert Marcus Loss Adjustors Ltd. underwriting information report no. 1/2131013, due to an insured event caused during the period of insurance stated in the Schedule.

All the above being or becoming property of the Insured and/or held by it in trust and/or for which the insured have an insurable interest and/or may otherwise be interested in case of loss or damage covered under this policy.

It is emphasize that without derogating from any of the policy's terms and conditions, the coverage under this section is for All risks of direct physical loss or damage to the property Insured, inasmuch as not excluded hereunder, including (and not limited) to earthquake, natural hazards and other loss or damages not connected or derive from the project.

The coverage under this sub section is on First Loss Basis, and is not subject to "under insurance"

The LIMIT OF LIABILITY of the coverage under this sub-section is: NIS 100,000,000 any one occurrence and in the aggregate.
EXTENSIONS OF THE COVER

A) Expenses incurred by the insured for salvage and prevention acts

In case of an accidental event, which is not excluded under the policy, happening on the site area or in its near vicinity, which might form an actual and immediate threat to the project works, the insurer shall bear the reasonable vital and necessary expenses incurred by the insured resulting from acts of salvage and prevention, even if the project works are not damaged at all.

B) Extensions on First Loss Damage

If separate amounts of insurance are mentioned in the Schedule for the extensions specified and defined hereunder and subject to an additional premium, the insurer shall indemnify the Insured in respect of his expenses up to the amounts stated in the Schedule (which are on a first loss basis and are not subject to the "under insurance" clause) for these extensions and this in excess of the basic general sums insured stated in the schedule:

1. Expenses for removal of debris.

Costs and expenses incurred by the Insured in:

i. removal and disposal of debris detritus and material foreign to the insured operations;

ii. dismantling and/or demolishing of any part of the Insured Property including temporary storage of dismantled or demolished property;

iii. shoring up propping and/or protecting Insured Property whether Damaged or not;

iv. the cost of Repairing or clearing drains sewers service mains and the like and/or dewatering;

v. the provision and maintenance of lights, audible warnings, barriers, hoardings and the like;

vi. regaining access to original working conditions;

The maximum liability of the Insurers for debris removal shall not exceed 20% of each and every loss maximum NIS 40,000,000 each and every loss.
2. **Property Worked Upon and Adjacent Property**

Damage to property being worked upon and adjacent property, as defined hereunder, solely due to the performance of the project works (*for the avoidance of doubt, natural perils and earthquake are not covered*)

Notwithstanding the abovementioned, it is noted and agreed that loss or damage due to Natural Perils and earthquake, are covered under Sub Section A’2 of the policy ("Additional Sum Insured on First Loss Basis for substructure):

a. Loss or damage to property worked upon belonging to one of the Insured's individuals and is not a part of the Project insured under this Policy.

b. Loss or damage to adjacent property belonging to one of the Insured's individuals and which is located on the site of the Project and is not a part of the project insured under this Policy and is not used for the execution of the project works.

The maximum liability of the Insurers for property being worked upon and adjacent property shall not exceed NIS 100,000,000 in respect of any one Loss.

For the avoidance of any doubt is shall be noted and agreed that the substructure works carried out by contractors on which the superstructure works and all other works covered under this policy are going to be conducted shall be considered as "Property worked upon" and shall be covered under this section on First Loss Basis.

3. **Professional Fees**

Expenses in respect of planning, survey, control and supervision by architects, engineers and other experts required for the purpose of reinstatement of the damage and/or loss.

Architects, surveyors, legal, consulting engineers and other fees incurred by the Insured in connection to the reinstatement of the loss. The maximum liability of the Insurers for professional fees shall not exceed 20% of each and every loss maximum NIS 20,000,000 each and every loss.

4. **Loss Minimization Clause**

It is noted and agreed that in the event of actual or imminent loss or damage to Insured Property the Insurer will indemnify the Insured for
an amount not exceeding USD1,000,000 in respect of any one Occurrence for all reasonable costs and expenses incurred which are necessary to prevent, minimize or reduce loss or damage to the Insured Property.

5. **Public and Local Authorities**

Expenses which are incurred by the insured due to the occurrence of an insured event, as a consequence of essential alterations and additions which are demanded by the competent authorities and/or additional costs and expenses in the Repair of the Insured Property as may be incurred by reason of the necessity to comply with the stipulations of building or other regulations or bye-laws of any public authority or similar regulations prevailing in the State of Israel provided that these were not demanded prior to the occurrence of the loss or damage, and provided that the total expenses for the aforementioned alterations and additions shall not exceed NIS 20,000,000 each and every loss and NIS 40,000,000 in the aggregate.

6. **Inland Transit:**

Subject otherwise to the terms, exclusions and conditions contained herein or endorsed hereon this Policy extends to indemnify the Insured for Damage to Insured Property procured from within the Territorial Limit’s whilst in transit (other than such property covered by an ocean marine cargo policy whilst by sea or air) by any means of conveyance and however loaded, and whilst on any inland waterway, including loading and unloading.

The maximum liability of the Insurers in respect of inland transit shall not exceed NIS 10,000,000 in respect of each and every conveyance.

7. **Property outside work site**

Subject otherwise to the terms, exclusions and conditions contained herein or endorsed hereon this Policy extended to cover loss or damage to property insured (except property being manufactured, processed or stored at the manufacturer’s, distributors’ or supplier’s premises) in off-site storage within the territorial limits as stated in the policy, including, but without limitation, to property stored and/or property in open located in the Network stations organized by the insured which will be spread near or along the route of works projects.

The maximum liability of the Insurers in respect of this extension shall not exceed NIS 20,000,000 any one location.
8. **Off-site Fabrication and Storage:**

Subject otherwise to the terms, exclusions and conditions contained herein or endorsed hereon this Policy extends to indemnify the Insured for Damage to Insured Property while such property is:

A. **In temporary storage anywhere within the Territorial Limit’s prior to or delivery to the Project Site(s).**

B. **Whilst temporarily removed from the project site(s), and thereafter in the course of transit to the project site.**

C. **while being moved to and/or worked upon and/or fabricated and/or pre-fabricated at suppliers and/or contractor's and/or subcontractor’s sites**

The coverage under this section shall be extended to include property located and/or stored including in open and/or prepared and/or handled in any way in the Network stations organized by the insured which will be spread near or along the route of works projects

The maximum liability of the Insurers in respect of off-site storage shall not exceed NIS 10,000,000 any one location.

9. **Extra Expenses and Airfreight:**

Costs and expenses incurred by the Insured directly in consequence of Damage indemnifiable by this Policy in respect of overtime, weekend and shift working, bonus payments, plant hire charges, necessary expenses to guard the insured property after the insured event (which requires special guarding of the property damaged or which remained, and which except for the damage would have not been required), supervisory charges, express delivery (including air freight), customs dues and the like, incurred in expediting such repair, replacement of rectification, including such costs incurred to expedite the completion of such construction, erection, installation of property connected to the property physically lost of damaged, if the completion of such connected property was delayed due to the loss or damage.

The maximum liability of the Insurers for expediting expenses shall not exceed 20% (per cent) of the damage but maximum of NIS 25,000,000 each and every loss and NIS 50,000,000 in the aggregate.

10. **Plants / Drawings / Documentation / Data:**

Costs and expenses reasonably incurred to rewrite or redraw plans, documents and records (including computer records and programs) necessary for the Project in consequence of Damage indemnifiable by this Policy.
The maximum liability of the Insurers in respect of plans and documents shall not exceed NIS 4,000,000 each and every loss and in the aggregate.

11. **Additional Import and Customs Duties:**

Customs and excise duties, import taxes, freight, insurance and similar charges incurred by the Insured in respect of the procurement of goods, materials and services for the reinstatement, replacement, Repair, restoration or re-commissioning as the result of Damage indemnifiable by this Policy.

The maximum liability of the Insurers in respect of additional import and customs duties shall not exceed USD 5,000,000 in respect of any one Loss.

12. **Temporary Repairs:**

Additional costs and expenses incurred to carry out temporary Repairs to Insured Property in order to enable the works to continue.

The maximum liability of the Insurers in respect of temporary repairs shall not exceed NIS 20,000,000 in respect of any one Loss.

13. **Repeat Tests:**

In case of Damage recoverable under this Policy and in consequence thereof it is necessary to repeat any test or trial, the Insurers shall also pay the expenses of such repeated test or trial.

The maximum liability of the Insurers in respect of repeat tests shall not exceed NIS 4,000,000 in respect of each and every loss.
c) Additional Extensions

1. **Fire Brigade Charges:**

   Fire brigade charges and any extinguishing expenses incurred by the Insured together with the cost of fire extinguishing materials consumed and the subsequent safe disposal thereof.

2. **Pollutant Clean-up, Removal and Decontamination:**

   Costs and expenses necessary to extract and/or clean up and/or neutralise and/or remove pollutants from the Insured Property, water, land, land improvements at or adjacent to the works site if the contamination is a consequence of indemnifiable Damage. Such expenses are to be reported to the Insurers within twelve months from the date of the Damage. Additionally, if there is in force, at the time of the Damage, any law or ordinance regulating contamination, including but not limited to the presence of pollutant(s), then this Policy also covers, as a consequence of the enforcement of such law or ordinance, the increased cost of decontamination and/or removal of such contamination in a manner to satisfy such law or ordinance.

3. **Light construction, equipment, tools and accessories, work site offices & contents thereof**

   If separate amounts of insurance are mentioned in the Schedule for the above specified extensions and subject to an additional premium, this chapter is extended to cover loss or damage to *light construction, equipment, tools and accessories*, temporary auxiliary constructions and their contents and/or to offices and their contents, to molds and to scaffoldings, installation and light equipment which are used for the execution of the Project (expressly excluding cranes, heavy equipment and motor vehicles and equipment that its value per one item exceeds $7,500/10,000).

   The maximum liability of the Insurers in respect of this extension shall not exceed NIS 5,000,000 in respect of each and every loss.

4. **Marine 50 / 50 Sharing:**

   Upon unloading at the Project Site, unpacked materials are to be inspected by the Insured for possible Damage sustained during transit. In the case of containerized or packed goods which are to be left in the container or packing, the container or packing is to be visually inspected for signs of possible Damage to the goods. If any sign of Damage is visible, the goods themselves are to be unpacked and inspected. Any Damage discovered is to be immediately reported to the relevant marine cargo insurers.
Where the container or packing of the goods shows no sign of Damage to the goods having been sustained during transit to the Project Site, any Damage to the goods that becomes apparent upon their unpacking will be assigned to the marine cargo Policy or this Policy depending on whether it can be established whether Damage was caused before or after arrival of the goods at the Project Site. Where it is not possible to establish whether the Damage was caused before or after arrival of the goods at the Project Site, it is agreed that settlement will be made 50 / 50 by the relevant marine cargo Insurers and the Insured(s).

Should settlement as described within this Memorandum be made by Insurers it is understood that the Deductibles stated within the Schedule shall be reduced proportionally to the contribution made by Insurers hereon under this Policy.

5. **72 Hour Clause:**

It is agreed that all Damage to the Insured Property occurring during any one period of seventy-two consecutive hours during the Period of Insurance directly caused by storm, tempest, flood or earth movement shall be deemed to have been caused by a single Occurrence and therefore constitute one Loss for the purposes of this Policy.

The Insured shall select the time from which any such period shall commence but no two such selected periods shall overlap. Whichever period of seventy-two consecutive hours is used for the purposes of this Memorandum shall also be used for the purposes of any Deductible provisions applicable to this Policy.

6. **Cost Escalation:**

If at any time during the Period of Insurance the value of the Insured Property exceeds the Sum Insured at inception then the Sum Insured shall be automatically increased to a figure not exceeding in all 120 percent of the Sum Insured at inception subject to payment of the appropriate additional premium.

7. **Automatic Reinstatement of Sum Insured:**

In the event of loss or damage this insurance shall not be reduced by any sum paid by the Insurers following such loss or damage insured hereunder, and shall continue for the full amount during the Period of Insurance.

In consideration of the foregoing the Insured shall, at the request of Insurers, pay an additional premium calculated at pro-rata of the rate
shown in the Schedule upon the amount of such loss or damage and the additional premium shall be paid by the Insured when any loss or damage hereunder has been settled. Such additional premium shall only be payable where loss or damage exceeds USD 10,000,000 each and every occurrence net of the applicable deductible.

8. **Passive War Risks:**

   General Exclusion 1 of this Policy shall not apply in the event of Damage resulting from or caused by undetected weapons of war left below the surface of any ground or water following a conflict which has ceased prior to commencement of the Period of Insurance hereon.

9. **Preliminary Works:**

   Subject otherwise to the terms, exclusions and conditions contained herein or endorsed hereon this Policy extends to include Damage to Insured Property comprising early or preliminary works carried out at any Project Sites prior to commencement of the Period of Insurance hereon.

10. **Removal to Gain Access**

   The indemnity granted hereunder includes the costs of demolition, dismantling, removal or destruction and thereafter the costs or reinstalling and/or replacing any part of the Property Insured which is free of defect and which has of necessity had to be demolished or destroyed in order to gain access to that part of the Works which has been damaged but not in respect of any costs associated directly or indirectly with the rectification of any defective condition.

   Provided always that indemnifiable physical damage shall have occurred to the Property Insured to be reinstated.

11. **Other Interests:**

   Where any Insured is required by agreement with other parties to cause the interest of such other parties in any of the Insured Property to be protected in accordance with the said agreement such interest shall be deemed by the Insurers automatically to exist in accordance with the terms and Conditions hereon.
12. Warranty concerning sections

It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the Policy or endorsed hereon, the Insurers shall only indemnify the Insured for physical loss or damage caused to or by embankments, cuttings and benchings, ditches, canals or road works (other than bridges) if these embankments, cuttings and benchings, ditches, canals or road works (other than bridges) are constructed in sections not exceeding in total the length stated below, irrespective of the state of completion of the Insured Property, and the indemnification for any one Occurrence shall be limited to the cost of repair of such sections.

Maximum length of section: 4,000 metres per face and 8,000 metres in the aggregate for the winter season only (winter season shall be as from November 1st till February 28th).
DEFINITION OF THE INSURANCE AMOUNTS

Item 1 – Project’s Value

The amount of insurance should be equivalent to the cost of the completed project at its value at the time of effecting the insurance including changes applicable to its value in the course of the period of insurance due to any cause whatsoever, excluding changes in the index. The Main Insured is obliged to adjust this amount of insurance in the course of the period of insurance by a notice in writing to the Insurer.

Item 2 - Value of materials supplied by the Principal

The amount of insurance should be equivalent to the full cost of the materials or items and equipment supplied by the Principal at the time of their supply for the purpose of performance of the insured’s project and their value is not included in Item 1 above. The Main Insured is obliged to adjust this amount of insurance as mentioned in Item 1 above.

Item 3 - Light construction equipment

The amount of insurance should be equivalent to the actual monetary value of light auxiliary construction installation and light construction equipment located on the project’s site of work at any time in the course of the period of insurance, unless specifically insured on a first loss basis.

Item 4 – A Temporary Structures on the Site

The amount of insurance should be equivalent to the actual monetary value of the ancillary structures and stores, offices and the like, located at the project’s site of work at any time in the course of the period of insurance, unless specifically insured on a first loss basis.

Item 5 - Application of the Insurance amounts

It is hereby clarified that the amounts shown opposite the property items in the Schedule are only maximum amounts of insurance and that the amount of indemnity under this Policy is not agreed and the Main Insured has to prove the amount, extent and rate of his loss.
EXCLUSIONS TO SECTION A

The Insurer shall not be liable for:

1. Consequential loss of any kind whatsoever including fines, penalties, losses caused by delay, by lack of performance and by loss of contract.

2. Expenses for repairs or replacement resulting from faulty design, faulty materials or faulty work, however, this exclusion shall be limited to the repair or replacement of the faulty items themselves and shall not apply to loss or damage to items properly performed, where such loss or damage results from an accident arising from faulty design, faulty materials or faulty work.

3. Direct loss or damage by wear, tear, rust, corrosion, depreciation resulting from lack of use or from normal atmospheric conditions.

4. Mechanical or electrical breakdown damage, unless occurring during running in testing and commissioning period stated in the schedule for equipment and systems forming an integral part of the project, and included in the sums insured.

5. Loss or damage to banknotes, coins, promissory notes, bills of exchange, drafts, stamps, documents, proofs of debt, securities or cheques.

6. Theft or burglary of any kind, unless the Insured has provided that a watchman or watchmen employed by him for wages and/or employed for wages by the Principal for the sole purpose of watching, shall watch the site of work and in any case shall watch all the project works, equipment and materials insured under this policy, constantly and permanently present

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all costs rendered necessary by defects of material, workmanship, design, plan or specification, and should damage occur to any portion of the Property Insured containing any of the said defects, the cost of replacement or rectification which is hereby excluded is that cost incurred to improve the original material workmanship, design, plan or specifications.

For the purpose of this policy, and not merely this Exclusion, it is understood and agreed that any portion of the Insured Property shall not be regarded as damaged solely by virtue of the existence of any defect of material, workmanship, design, plan or specification.

This exclusion shall not apply in respect of the property covered under sub - section A'2 (Additional Sum Insured on First Loss Basis for Property damage to substructures) of this Section A of the policy.
when no construction work is carried out on the site.

Where the Insured and/or the Principal of the work has employed a watching—security services company this shall be considered as a compliance with the said watching condition and provided that he has not waived the right of recovery against the watching company. The watching company shall not be considered a contractor insured under the Policy.

7. **Unexplained** Shortage discovered during stock taking or counting, which can not be accounted for a special occurrence.
SPECIAL CONDITIONS TO SECTION A

A. Change of Amount of Insurance and Manner of Performance

The Main Insured shall notify the Insurer in writing and as soon as possible of any fact increasing the amounts of insurance and/or of changes in the extent and manner of the performance of the project.

B. Under-insurance

If at the time of any occurrence of a loss or damage it is ascertained that the amounts of insurance according to the various items of Section A are less than 98\% of the amounts at which the property should have been insured, the Insurer's liability shall be reduced at a proportionate rate in relation between the amounts of insurance and 98\% of the value of the property according to the definition of the Policy, notwithstanding the above it is hereby agreed that if after a loss it will be as certain that there is under insurance, The sum insured shall be increased while reinstating the sum insured to stand at the full value of the contract as of the date of loss and until the end of insurance period, and additional premium on a pro rata basis shall be paid for that period.

C. Calculation of the Indemnity

1. Where the loss or damage to the property and the insured project works is repairable and/or replaceable and/or can be reinstated, the Insurer shall pay all the expenses necessary to restore the property and the Project works to their state as new immediately before the occurrence of the loss.

The Insurer shall not pay for changes, additions and improvements made during the performance of repairs which are insured under the Policy, unless necessary for the performance of the repairs. The Insured shall bear at his expense the cost of any temporary repairs unless they constitute a part of the repair defined above.

2. Where the Main Insured has notified the Insurer that it has no intention of reinstating the loss or damage to the property and Project works, the Insurer shall pay the actual monetary value of the property and works immediately before the occurrence of the loss or damage.

3. In the event of a damage to the property insured under Clauses B5;C of the extensions of cover (light equipment and ancillary structures etc.) the Insurer shall pay its actual monetary value (i.e. new replacement value less wear and tear) immediately before the occurrence of the loss or damage.

4. The value of salvage shall be deducted from the indemnity payable by the Insurer.
5. In addition to the aforesaid the Insurer shall pay special expenses for: urgent dispatch (including dispatch abroad and from abroad), overtime and work on Saturday and holidays in an amount not exceeding 20% of the loss or damage as per the relevant extensions noted in Chapter "EXTENSIONS OF THE COVER" to Section A of the policy.

D. Deductible

The amount of deductible stated in the Schedule, according to the insured event, to be borne by the Insured in any claim, shall be deducted from the insurance benefits compensations.

E. Advance payment

In the event of a damage to the property insured under this Policy, resulting from any of the risks insured hereunder, the Insured will be entitled to receive from the Insurer and advance payment or monetary obligation to enable him to obtain service to repair the damage on account of the funds due from the Insurer under the terms of this Policy. Such advance payment shall be deducted from the final amount of indemnity payable to the Insured. The calculation of the deduction shall be made by linkage of the advance payment to the building input (costs) index from the date of the advance payment until the date of the final payment.

F. Indisputable Insurance Benefits Compensation

Insurance benefits compensation which are not in dispute bona fide shall be paid within 30 days from the date on which a claim in writing for the payment of insurance benefits compensation was delivered to the Insurer and the same can be claimed separately from the rest of the benefits.

G. Mortgage

(This Clause is in force only if expressly mentioned in the Schedule).

1. Any payment, if payable under the section, shall be paid to the banks/institutions mentioned in the Schedule, as their interest may appear and/or according to the amounts stated in the Schedule, subject to all terms and conditions of the Policy.

2. Notwithstanding anything stated in the Policy and/or in any endorsement thereof concerning cancellation of the insurance due to non-payment of premium or part thereof or concerning the right of the Insurer to cancel the Policy under the terms thereof, the cancellation of the insurance shall be effective only as of the day and hour stated in the notice to be given to the banks/ institutions who are beneficiaries in the Policy, at least 30 days before the day of cancellation.
3. The insured's obligation to pay the insurance premiums shall be a prerequisite to the Insurer's obligation of payment in respect of claims and any mortgage and/or other debt, and the Insurer reserves the right to set-off the Insured's debts against any amount payable in respect of an insured loss or damage.

H. The Right to set-off

The Insurer is entitled to set-off against the insurance benefits compensation due to the Insured after as consequence of an the occurrence of the insured event, any sum due from the Insured to the Insurer, whether his debt applies to this Policy or otherwise. In the event.

In case of a total loss to the Insured property, covered under this Policy, the Insurer may set-off the balance of the premium due to him under this policy, notwithstanding that the payment is not yet due.

I. Clarification in respect of insurance compensations under Section 1

As the Main insured is a non-profit organization (a governmental company), and since, according to this Policy's terms, Insured compensation shall be paid to the Main Insured only, it shall be noted and agreed that VAT will be added to any insurance compensation payment made by the insured or on its behalf.
SECTION B - THIRD PARTY LIABILITY

The Insurer shall indemnify the Insured up to the limits of liability stated in the Schedule in respect of the amounts which the Insured shall be liable to pay as compensation by law due to the insured event occurring within the period of insurance stated in the Schedule and as defined in the Policy resulting from the performance of the works insured under Section A of this Policy at the site of work, in its close proximity, or anywhere within the territory of the State of Israel and its held territories directly connected with the Project.

**Expenses**

The Insurer will also indemnify the insured for reasonable legal expenses that the Insured incurs due to his liability and this in excess of the limit of liability in the policy. Such legal expenses shall include, but not limited, to all legal costs, fees and other expenses:

- Incurred in the defense, investigation, negotiation and settle and in the name of insured and/or on its behalf of any claim or suit against the insured, even if such claim or suit is groundless, false of fraudulent.
- Incidental to the appeal arising from an judgment against the insured.
- In connection with any other court actions or legal proceeding including coroner’s inquest and/or fatal accident enquiry, arising out of alleged breach of statutory duty or other similar legal or judicial enquiries or proceedings out of an occurrence or incident indemnifiable hereunder.

**DEFINITIONS**

**The Insured Event:** An unforeseen occurrence causing:

1. Bodily injury, death, sickness, bodily harm or deficiency.
2. Loss or damage to third party property.

1. Bodily injury, death, sickness, bodily harm or deficiency and/or any other injury suffered by any person or persons (hereinafter: "Bodily injury")
2. Loss of or damage to or destruction of property, including loss of use thereof and caused by occurrence, and/or Interference to property or the enjoyment of use thereof by obstruction, stoppage of traffic,
trespass, loss of amenities, nuisance, infringement of light or air, easement or quasi easement, interruption, denial of access, loss of trade or other deprivations, each being an incident.
(Hereinafter: "Property damage")

Arising out of, incidental and/or occurring in connection with The Project and/or the performance of the insured works including during The Maintenance Period as stated in the policy schedule, and all connected herewith, by any cause whatever not excluded hereinafter.

**Damage:**

The insured event or series of insured events arising from one origin or from any one original cause.

**Limits of liability:**

The amount stated in the Schedule as the limits of liability of a loss under Section B.

**Cross Liability:**

If the name of the Insured specified in the Schedule includes more than one person or legal entity, the cover under this Section shall apply to each of the insured individuals, as above, separately as if this Policy subject to its conditions and exclusions has been issued in his name only as separate and independent of the existence of the other insured. A partnership including several persons shall be regarded as one legal entity. The Insurer's total liability of indemnification in respect of all the Insured individuals together shall not exceed the limits of liability.

It is expressly agreed that the right of the Main Insured to indemnity under this Section shall be precedent to the right of any other Insured hereunder and by payment of the Limit of Indemnity, the Insurer will be relieved of any further liability in respect thereof.

**Law:** The laws of the State of Israel
EXCLUSIONS TO SECTION B

The Insurer shall not be liable for:

1. Loss or damage caused to an item of the property insured or insurable under Section A of the Policy even if the insured is not entitled to indemnity notwithstanding that the item has been insured under Section A—because of the amount of indemnity being within the amount of the deductible or because of any other restriction.

2. The liability of the Insured as an employer in respect of his employees. Bodily Injury sustained by any person arising out of and in the course of his employment by the Insured under an employment or apprenticeship contract between that person and the Insured.

3. Any damage caused by out of the ownership, chartering of pilotage by the insured of any power-driven waterborne vessels or aircraft.

4. Bodily injury or property damage as follows:
   a. liability in respect of bodily injury due to the use of vehicle, which by law it is compulsory to insure.
   b. liability in respect of third party property damage caused by a vehicle owned by the insured outside of the project site and its immediate vicinity.
   c. liability in respect of third party property damage caused on the project site and its immediate vicinity by a vehicle owned by the insured up to the limit for vehicle the insured is entitled to be indemnified under his third party property damage motor vehicle policy or up to limit of liability covered under a common third party property damage motor vehicle policy used by the insurer effective on the day of the occurrence of the insured event, the higher of the two, but the total limit of liability for third party property damage caused by any vehicle by the insured shall not exceed us$ 300,000 NIS 20,000,000.

5. Liability in respect of bodily injury arising out of the use of mechanical heavy equipment defined under motor act A as a motor vehicle and it is not compulsory to insure.

6. Liability or responsibility undertaken by the insured under contract, unless such liability or responsibility is incumbent upon the insured in the absence of such contract.

7. Subrogation claim of the national insurance institute in respect of contractors' and subcontractors' employees working on the project site and were injured in the course of and because of their work.
In the event of loss or damage to underground pipes, installation and cables, the Insurer shall indemnify the Insured provided that before the beginning of the works the Insured has checked with the competent authorities as to the exact location, underground of the site of work area, of pipes, cables and any other installation whatsoever and the onus of proof shall rest upon the Insured that he has performed such checking. In any case the amount of indemnity shall be limited solely to the repair expenses of the above property and no cover shall be granted and no insurance benefits shall be paid in respect of any consequential loss.

8. Air pollution or water pollution or soil pollution outside the insured's premises but excluding pollution as a result of an accidental, sudden and unexpected occurrence.

9. Liability in respect of loss or damage to third party, property (including land) due to vibration or by removal or wearing of support.

10. National Insurance Institute claims in respect of employees whom the Insured is obliged to make contributions to the National Insurance Institute for and has not done so.
EXTENSIONS TO SECTION B

Included within the general limits of liability for this section

Which can be purchased for additional premium and subject to special conditions.

1. Subrogation claims of the national insurance institute.

This cover is provided in consideration of an additional premium. If stated in the schedule that this cover is valid and subject to all the policy’s conditions and exclusions as far as not changed hereunder the policy is extended to indemnify the insured in respect of subrogation claims of the national insurance institute. Exclusion 7 is deleted accordingly up to the limit specified in the schedule.

2. Vibrations cover and Weakening of support

This cover is provided in consideration of an additional premium. If stated in the schedule that this cover is valid and subject to all the policy’s conditions and exclusions as far as not changed hereunder the policy is extended to indemnify the insured in respect of loss or damage to third party property and without derogating from the generality of the above including land due to vibrations, removal or weakening of support during the performance of the works insured. The insurers liability in respect of this extension shall not be more than 20% of the limits of liability under this section B or $1,000,000 the lower of the two.

a. on condition that:

1. prior to commencement of any works adjunct to property, land or buildings as aforesaid an engineering report stating the condition of any such endangered property land or buildings and the preventive measures to be taken shall be prepared for the insured at his own expense and delivered to the insurer.

2. Immediately upon discovery of loss or damage caused by or claimed to be caused by vibrations or removal or weakening of support, the insured will stop the work and take immediately all reasonably measures needed to minimize the loss or damage.

3. The insured may restart the work after receiving from the loss adjuster appointed by the insurer within reasonable time after receiving notice of the loss or damage, provided that the insured acted on his own expense and as reasonable recommendations of the adjuster in respect of additional measures to prevent further losses.

The keeping of these conditions by the insured constitute pre-
conditions to the validity of this extension.

The insurer shall not be liable for:

1. Damage to buildings or houses or land which prior to beginning of the works were demolishing works or were announced as dangerous building by the authorities.

2. Superficial damage which neither impairs the stability of the property land or buildings nor endangers their users.

3. Damage occurring prior to the commencement of the works or damage which is not connected in any way with the works whether occurring during the prior of the work or not.

The coverage under this section shall be replaced with the Munich Re Endorsement 120 - Vibration, removal or weakening of support as follows:

It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the Policy or endorsed thereon and subject to the Insured having paid the agreed extra premium, Section 2 of this insurance shall be extended to cover liability consequent upon loss or damage caused by vibration or by the removal or weakening of support.

Provided always that

- the Insurers indemnify the Insured in respect of liability for loss or damage to any property or land or building only if such loss or damage results in the total or partial collapse.

  Notwithstanding the aforementioned, loss or damage caused by vibration or by the removal or weakening of support up to sum of NIS 5,000,000 shall be covered also in case where the damage does not cause total or partial collapse and/or potential safety hazard to third parties

- the Insurers indemnify the Insured in respect of liability for loss or damage to any property or land or building only if prior to the commencement of construction its condition is sound and the necessary loss prevention measures have been taken,

- if required, the Insured, before commencement of construction and at his own expense, prepares a report on the condition of any endangered property or land or building.
The Insurers shall not indemnify the Insured in respect of liability for:

- loss or damage which is foreseeable having regard to the nature of the construction work or the manner of its execution,
- superficial damage which neither impairs the stability of the property, land or buildings nor endangers their users,
- the costs of loss prevention or minimization measures which become necessary during the period of insurance.

Limit of indemnity (any one occurrence):
20% of the limits of liability under this section B of the policy

3. If specified in the schedule and in consideration of additional premium and subject to all terms and exclusions of the policy as far as not changed hereunder, **Damage due to the use of motor vehicle**

A. this section of the policy is extended to cover bodily injury caused from the use of heavy equipment that is a motor vehicle as defined by the law and which it is not compulsory to insure.

B. Without derogating of any of the policy's terms and conditions, this section is extended to cover the insured's liability for damage by mechanically propelled vehicles to the surface of roads, bridges, tunnels or viaducts or to any beneath caused by the weight of vibration of such vehicles or their loads, or to adjacent buildings or other property caused by vibration from such vehicles.

The insurer shall not be liable under this extension:

i. For damage to any such vehicle, or
ii. To the extent that the insured is entitled to full indemnity under any other insurance.

C. For the avoidance of doubt, it is noted and agreed that Property damage and/or bodily injury caused by mechanically propelled vehicles and/or by equipment moving on the rails and/or locomotives engaged in the project, including but not limited to the phase in which the lines are being placed on the infrastructure and/or the testing and commissioning phase, are covered by this chapter. Notwithstanding the above, bodily injury caused by motor vehicle or locomotives regarding which bodily injury is compulsory to insure shall not be covered under this section.

4. **Exclusion of loss of or damage to crops, forests and cultures**
(Based on Munich Re Endorsement 103)

It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the Policy or endorsed thereon, the Insurers shall not indemnify the Insured for loss, damage or liability directly
or indirectly caused to crops, forests and/or any cultures during the execution of the contract works. This exclusion shall not apply in respect of damages up to sum of NIS 5,000,000 any one occurrence.

5. Social Events and Ceremonies

For the avoidance of doubt it is hereby declared and agreed that the coverage under this chapter is extended to include coverage for the Insured’s liability in connection to the arrangement, organize and perform of any social events in the insured projects sites, including ceremonies.

6. Loss or damage to underground pipes, installation and cables

In the event of loss or damage to underground pipes, installation and cables, the Insurer shall indemnify the Insured provided that before the beginning of the works the Insured has checked with the competent authorities as to the exact location, underground of the site of work area, of pipes, cables and any other installation whatsoever and the onus of proof shall rest upon the Insured that he has performed such checking. In any case the amount of indemnity shall be limited solely to the repair expenses of the above property and no cover shall be granted and no insurance benefits compensation shall be paid in respect of any consequential loss higher NIS 10,000,000 any one occurrence.

Exclusion no.8 shall be deleted accordingly.

8. Additional Third Parties

Without derogating from any of the policy’s terms and conditions, and for the avoidance of any doubt, it is expressly agreed that any person not included in the Insured’s payroll shall be regarded as a third party in respect of this Policy.

Without derogating from the generalities aforementioned, this includes occasional, random and volunteer workers.
SPECIAL CONDITIONS TO SECTION B

1. Claims handling

A. If the Insurer has accepted liability in accordance with the policy, it is entitled and at the demand of the third party to which it is liable - to make the indemnity payments to the third party which the Insurer is liable to pay the Insured, provided that written notification of the same is submitted to the Insured 30 days in advance and provided that the Insured does not raise any objection during this period. However any allegation that the Insurer may raise vis-à-vis the Insured will also apply vis-à-vis the third party.

If the Insured unreasonably rejects the Insurer’s offer to pay the indemnity payments to the third party, the Insurer will not pay an amount which exceeds the amount which it would have paid were it not for the refusal of the Insured.

B. If the Insurer has accepted liability in accordance with the policy and subject to the directives of clause A above, the Insurer shall be permitted at its discretion to take over and conduct in the name of the Insured the defense of any claim or the settlement of any claim as well as to sue and obtain indemnity, compensation, contribution and damages in the name of the Insured. The Insurer shall without prejudice to the interest of the Insured, have absolute full discretion in connection with the conduct of all proceedings or in connection with the settlement of any claim and the Insured is obliged to provided the Insurer with all of the information in his possession and to provide any assistance required of him in connection with the matters stated in this clause. Similarly, it is agreed that the Insurer shall not disrupt the execution of the Project or the insured's business or impinge upon the insured's reputation, and shall make best efforts to cooperate with the Insured in order to avoid harming his reputation or causing him loss.

C. If the total amount of the claim exceeds the limit of liability of the Insurer, the Insurer and the Insured shall act in mutual co-operation and, without prejudicing the generality of the aforementioned, the Insured shall be entitled to actively participate in the conduct of the defense.
2. **Deductible**

The amount that the Insured [Contractor](#) will bear out of the indemnity amount and expenses payable by the Insurer due to an insured event covered in accordance with this policy – in respect of each insured event separately.

Similarly, the deductible amount will apply in respect of external expenses incurred by the Insurer during the course of dealing with the claim and/or demand for compensation and/or notification of any event which is liable to result in a claim, even if no compensation is paid in respect thereof.

3. **Notice of Proceedings**

The Main Insured shall notify the Insurer as soon as possible of a police or other investigation, cause of death investigation or any other indictment initiated or to be initiated if he becomes aware thereof in connection with any insured event which may result in a claim under this Policy.

The Main Insured’s awareness of the matters creating the liability to notify the insurer of the circumstances as specified above shall be considered from the moment when the manager of this project nominated by the Main or the person in charge by the Main Insured on this specific insurance becomes aware thereof.

4. **Transfer of documents from the Insured to the Insurer**

The Insured shall transfer to the Insurer, immediately upon receipt, any letter, summons, writ, order and any proceedings in connection with a claim of indemnity due to occurrence of the insured event.

5. **Forbiddance of Admission**

No admission, offer, promise, obligation or indemnity shall be made or given by or on behalf of the Insured without the prior written consent of the Insurer. The provisions of this clause shall not apply to reporting the facts of the accident to the Police or to any legal competent authority at their request or to giving evidence to the Police or in a criminal trial.

6. **The Right to set-off**

The Insurer is entitled to set-off against the insurance benefits due to the Insured on the occurrence of the insured event, any amount due from the Insured to the Insurer, whether his debt relates to this Policy or to another.

In the event of exhaustion of the Insured Limits under this policy, the Insurer
is entitled to set off the balance of the premium due to him, under to this policy, also when the payment is not yet due.

7. **Scope of Territorial Limits**

   If the Territorial Limits stated in the Schedule are stated to be a certain country or countries, the indemnity under this Policy shall nevertheless apply in respect of business visits, inspections, training or other activities which do not involve manual work elsewhere in the World excluding USA and Canada.

8. **Jurisdiction**

   The insurer will indemnify the insured in accordance with any judgment, award, payment or settlement made anywhere in the world except within countries that operate under the laws of the United States of America or Canada.

9. **Prior Right of indemnity**

   It is expressly agreed that the right of the Main Insured to indemnity under this Section shall be precedent to the right of any other Insured hereunder and by payment of the Limit of Indemnity, the Insurer will be relieved of any further liability in respect thereof.
SECTION C- EMPLOYERS LIABILITY

Insurer undertakes to indemnify the insured against all sums which the insured shall become legally liable to pay as damages in consequence of the insured event caused during the period of insurance stated in the schedule subject to all conditions and exclusions contained in the policy and/or added to it with the parties' agreement.

Limits of Liability:

The liability of the insurer shall not exceed:

a) The sum stated in the schedule as a limit for one insured event.

b) The sum stated in the schedule as a limit of liability for all the indemnities in respect all the insured events which occurred during the period of insurance.

Expenses:

The Insurer will also indemnify the Insured for reasonable legal expenses that the Insured incurs due to his liability and this in excess of the limit of liability in the policy. Such legal expenses shall include, but not limited, to all legal costs, fees and other expenses:

i. Incurred in the defense, investigation, negotiation and settle and in the name of insured and/or on its behalf of any claim or suit against the insured, even if such claim or suit is groundless, false of fraudulent.

ii. Incidental to the appeal arising from ant judgment against the insured.

iii. In connection with any other court actions or legal proceeding including coroner's inquest and/or fatal accident enquiry, arising out of alleged breach of statutory duty or other similar legal or judicial enquiries or proceedings out of an occurrence or incident indemnifiable hereunder.
Deductible:

The amount that the Insured Contractor will bear out of the indemnity amount and expenses payable by the Insurer due to an insured event covered in accordance with this policy in respect of each insured event separately, however in respect of "occupational illness"—the deductible will apply in respect of each injured party separately.

Similarly, the deductible amount will apply in respect of external expenses incurred by the Insurer during the course of dealing with the claim and/or demand for compensation and/or notification of any event which is liable to result in a claim and in even if no compensation is paid in respect thereof.

Definitions to Section C

For the purpose of this Chapter -

**Law:**
1. Civil Wrongs Ordinance Tort Law (New Version);

**Insured event:** Bodily, spiritual, emotional or mental injury or death, resulting from an accident or illness to one or more of the insured's employees, described in the schedule, and who is in the insured's employment - whether for wages or not - which occurred in the course of or arising out of his/her/their work in the insured's business.

**The Policy:** Including the Schedule, the Insured's proposal and any addendum or endorsement to the policy as attached thereto.
EXCLUSIONS OF THE INSURER'S LIABILITY

The insurer shall not be liable under this policy to:

A. Any liability of the insured under an agreement which would not have attached in the absence of such agreement.

B. (1) Any sum claimed from the insured by the National Insurance Institute. This exclusion shall not apply to such claims if their cause arises from an omission omitted by the insured bona fide and relying on a legal opinion submitted to them on exemption from payment of national insurance dues in respect of those employees.

(2) Any sum due from the National Insurance Institute in respect of the claim or payable by the Institute but has not been paid due to non-compliance with any of the provisions of the National Insurance Law or its regulations or because the claim has not been submitted to it at all. But this shall not apply if the omission to comply with the law provisions or to submit the claim are done by the insured bona fide and relying on a legal opinion submitted to him on exemption from payment of national insurance dues in respect those employees or on submission of the claim.

(3) Any sum for which the insured will be obliged due to an insured event under this policy, to indemnify an employee for whom the insured has no duty to pay national insurance dues or which the National Insurance Institute will not recognize the event as a work accident. In such cases the insurer shall indemnify the insured in respect of such claims only for an amount in excess of which would have been paid by the National Insurance Institute under the National Insurance Law (Combined Version) - 1968

C. Liability in respect of which there is a statutory obligation to arrange insurance for motor vehicles and/or any liability which is actually insured under compulsory insurance, including entities and institutions which are exempt from arranging insurance in accordance with the Motor Vehicle Ordinance Any liability which is compulsory to insure under the motor vehicles act.

D. Any liability caused by and or connected to silicosis.

E. Bodily, spiritual or mental injury or death resulting from illness which happened not in the course of and out of the work in the insured's business.
EXTENSIONS TO CHAPTER C

A. The policy extends to cover the insured's liability to His employees while staying temporarily outside the borders of Israel, subject to Israeli law and jurisdiction as per paragraph E to Chapter "SPECIAL CONDITION APPLICABLE TO SECTION III", exclusion D of the general exclusions is amended accordingly.

B. (1) The policy covers also employees employed by the insured under special contracts whose salaries are paid by others and/or whose salaries are not paid by the insured, expressly provided that if the National Insurance is not obliged to pay compensation for these employees, than, from any compensation payable to these employees by the insured, under the provisions of the policy, a sum equal to the compensation payable by the National Insurance (or its capitalization) if the injured person was entitled to such compensation, will be deducted.

(2) The sum of the salaries paid to the above mentioned employees by anybody shall be included in the annual salaries declaration submitted by the insured to the insurer for the purpose of insurance under this policy.

C. This policy applies at any time during which the employee is in the employment of the insured, including- but not limited to - work interruption, whilst on the way to work and back and from one place of work to another as well as during any other act of the employee done for the purpose of the performance of work or in connection therewith, so long as he acts within the framework of his duties and needs as the insured's employee, including sport and social activities.

D. This Policy is extended to cover the personal liability of the Insured's employees, representatives, directors and offices, project managers and/or anyone acting on its behalf in respect of an event which occurred in the course of and arising out of their work in the insured business.

E. The cover under this policy applies also to the insured liability which might arise from holding of weapons by himself or by his employees. Provided that anybody holding a weapon with the insured's approval has at the time of the event engagement a valid license for carrying weapons.

F. This policy extends to cover the insured's liability against contractors,
sub-contractors and their employees where the insured is considered as their employer, provided that no other employers’ liability insurance exists which has been effected by the insured or on his behalf. For the purpose of this extension the definition of the insured event is changed and will cover only event occurring not in the course of and out of the work in the insured business.

G. For the sake of avoidance of doubt it is hereby clarified that this section covers employees of from the held territories who are employed by an Israeli employer or by a foreign employer who is not a domiciled in the held territories and this in accordance with the Damages Ordinance Tort Law and Defective Products Act. That stated in exclusion B will apply fully in respect of such employees.

In the event that an Israeli court determines that due to the circumstances of the an insured event the Israeli law will not apply, then this section is extended to cover the liability of the Insured vis-à-vis such employees and this solely in accordance with the law applicable in the held territories.

If notwithstanding the above, a Israeli court of Law, shall implement the Israeli law on employees from the held territories working in the held territories and no fees in their respect was paid to the National Insurance Institute, than the cover in respect of those employees shall be subject to deductible of NIS 20,000 any one event, any one injured.

H. The policy extends to cover the Insured's liability towards major shareholders working as employed managers by the company and being on the payroll list of the insured and for which the insured pays national insurance, this extension shall not apply where the insured event occurred because of the sole negligence of the injured person.

I. This policy extends to indemnify any person or legal entity (judicial person) whom the insured has undertaken in writing, before the occurrence of the insured event, to include as an additional insured in the employers' liability insurance affected by him. where such person or legal entity is considered as employer of the insured's employees or it is determined that he bears vicarious liability in the matter of the insured's liability against his employees.

J. Exclusion B shall not apply to the insured's liability towards employees which cannot be insured with the national insurance institute, and/or on which the national insurance law does not apply Contrary to the above, in respect of adjacent (held) territory’s employees extension G shall apply.
K. For the avoidance of doubt it is hereby declared and agreed that the coverage under this chapter is extended to include coverage for the Insured's liability in connection to the arrangement, organize and perform of any social events in the insured projects sites, including ceremonies.
SPECIAL CONDITION APPLICABLE TO SECTION III

1. Claims handling

A. If the Insurer has accepted liability in accordance with the policy, it is entitled and at the demand of the third party to which it is liable - to make the indemnity payments to the third party which the Insurer is liable to pay the Insured, provided that written notification of the same is submitted to the Insured 30 days in advance and provided that the Insured does not raise any objection during this period. However any allegation that the Insurer may raise vis-à-vis the Insured will also apply vis-à-vis the third party.

If the Insured unreasonably rejects the Insurer’s offer to pay the indemnity payments to the third party, the Insurer will not pay an amount which exceeds the amount which it would have paid were it not for the refusal of the Insured.

B. If the Insurer has accepted liability in accordance with the policy and subject to the directives of clause A above, the Insurer shall be permitted at its discretion to take over and conduct in the name of the Insured the defence of any claim or the settlement of any claim as well as to sue and obtain indemnity, compensation, contribution and damages in the name of the Insured. The Insurer shall without prejudice to the interest of the insured, have absolute full discretion in connection with the conduct of all proceedings or in connection with the settlement of any claim and the Insured is obliged to provided the Insurer with all of the information in his possession and to provide any assistance required of him in connection with the matters stated in this clause. Similarly, it is agreed that the Insurer shall not disrupt the execution of the Project or insured’s business or impinge upon the insured’s reputation, and shall make best efforts to cooperate with the Insured in order to avoid harming his reputation or causing him loss.

C. If the total amount of the claim exceeds the limit of liability of the Insurer, the Insurer and the Insured shall act in mutual co-operation and, without prejudicing the generality of the aforementioned, the Insured shall be entitled to actively participate in the conduct of the defense.

D. The Right to set-off

The Insurer is entitled to set-off against the insurance benefits due to the Insured on the occurrence of the insured event, any amount due from the Insured to the Insurer, whether his debt relates to this
Policy or to another.

In the event of exhaustion of the Insured Limits under this policy, the Insurer is entitled to set off the balance of the premium due to him, under this policy, also when the payment is not yet due.

D. Prior Right of indemnity

It is expressly agreed that the right of the Main Insured to indemnity under this Section shall be precedent to the right of any other Insured hereunder and by payment of the Limit of Indemnity, the Insurer will be relieved of any further liability in respect thereof.

E. Jurisdiction

The insurer will indemnify the insured in accordance with any judgment, award, payment or settlement made anywhere in the world except within countries that operate under the laws of the United States of America or Canada.
1. **Payment of premium and other fees - Deleted**

A. If not otherwise agreed between the parties, the premium and all other sums due from the Insured to the Insurer shall be paid within 28 days of the inception of the period of insurance.

B. If any amount due from the Insured to the Insurer is not paid within 28 days, rather at other periods agreed upon, the entire amount increments from the inception date of the insurance up to the actual payment date. The increments will be indexation increments between the known index on the inception date of the insurance and the known index on the actual payment date plus credit fees.

C. If the premium is not paid in the agreed period(s), the amount in arrears shall bear interest for the period of arrears at the rate determined in the Interest and Indexation Ruling Law – 1961, Section 4A "Interest Rate".

D. If any amount in arrears is not paid, as aforementioned, within 15 days after the Insurer has requested the Insured to make payment, the Insurer is entitled to notify the Insured in writing that the insurance will be cancelled following a further 21 days if the amount in arrears is not settled beforehand and if a beneficiary other than the Insured has been determined irrevocably, the Insurer is entitled to cancel the insurance if it notifies the beneficiary in writing of the said arrears and the beneficiary does not settle the amount in arrears within 15 days of the date on which the said notification is submitted.

E. Nothing contained in the aforementioned clauses derogates from the obligation of the Insured to settle the amount in arrears, to the period up until the said cancellation as well as the Insurer’s expenses.
2. **Currency conversion** - Deleted

**Section A**

Whereas the currency of the policy is stated in foreign currency, it is noted and agreed as follows:

1. On the occurrence of loss or damage covered by this policy, the indemnity payments due in the currency of the policy shall be calculated by converting the amounts incurred in the policy currency in accordance with the rate/s applying on the actual payment date by the Insured.

2. Indemnity payments due shall be made in the policy currency. If at the time of the payment of indemnity payments there are restrictions in force which prevent the aforementioned payment, the indemnity payments shall be made in NIS in accordance with the rate on the actual payment date by the Insurer.

3. The rate for the purpose of this policy means the representative rate of the policy currency published by the Bank of Israel.

**Sections B and C**

On the occurrence of a loss covered in accordance with these sections, the indemnity payments due to the Insured will be calculated in US Dollars in accordance with the US Dollar exchange rate at the Bank of Israel on the actual payment date to the Insured or the third party. The deductible amount will also be calculated in accordance with the US Dollar exchange rate at the Bank of Israel on the aforementioned date.

The above Paragraphs 1&2 shall be replaced and read as follows:

1. **ADJUSTMENT OF PREMIUM**

The premium for this Policy has been calculated on the basis of a deposit premium calculated on estimated Project value provided by the Insured. Within 90 days of expiry of this Policy the Insured shall provide such information as Insurers require to enable the Insurer to adjust and calculate the final premium which shall be subject to the policy Rate, as stated in the Policy's Schedule.

Should the provisional premium differ from the final premium due, then a final accounting shall be effected and as case may be, the Insured shall pay the additional premium or the Insurer may rebate the Main Insured for the difference.
If, however, any loss or damage has occurred giving rise to a claim under this Policy, such return shall be made in respect only of so much of said difference as is not due to such loss or damage.

3. **Duty of caution, protection and operation of the insured site**

   A. The Insured shall take, at his expense, reasonable measures for the prevention of loss, damage or liability.

   B. Cranes and transportation means the use of which requires a license by law, shall be operated only by an authorized valid licensed operator only.

4. **Inspection by the Insurer’s representatives**

   The Insurer's representatives and officials shall be entitled to visit and inspect the insured property at any reasonable time and the Insured shall deliver to them all the details and information required for the appraisal of the risk or for the investigation or examination of any event likely to be covered under the Policy.

5. **Disclosure and change of a material fact**

   A. The Policy has been issued on the basis of information submitted by the Insured to the Insurer. Where the Insured has not given full and true answer to the questions asked by the Insurer, the Insurer is entitled to reduce the extent of his liability as per provisions of the law.

   B. The Insured shall disclose in writing, during the period of insurance, any material change whenever he becomes aware of it. Where the Insured has not disclosed to the Insurer such material change, the Insurer is entitled to reduce the extent of his liability as per provisions of the law.

   C. A material fact is a fact defined as such in respect of which a question was put in the insurance proposal or in any other documents submitted by the Insured to the Insurer, including a question relating to:

      1. The manner of performing the works.

      2. The measures of the site protection.

      3. The safety means undertaken at the Site.

   A. This Policy has been issued in accordance with underwriting information given by the Insured to the Insurer, which forms the basis of this Insurance.

   i. The Insured shall, during the period of insurance, disclose to the
Insurer any material change in respect of this underwriting information as soon as practicable of learning thereof

ii. Without derogating from the generality of the above, the Insured undertakes to inform the Insurer as soon as practicable of any intended cessation of the performance of the Insured Works exceeding 3 consecutive months.

iii. Upon receipt of notification of any material change the continuance of this policy shall be subject to terms and conditions to be agreed by the Insurer.

𤱻B. Where the insured is a corporation, knowledge of the insured shall be considered for the purpose of this clause and for any other matter in this policy, after it became to known to one of the managers of the corporation or to the person responsible for insurance in the corporation.

5A. Errors and Omissions

Any unintentional error or omission made by the Insured shall not void or impair the insurance hereunder provided the Insured reports such error or omission as soon as reasonably possible after discovery and pays appropriate premium thereon, if required under this policy.

5B. Licensing

It is agreed that the Insured’s entitlement to receive indemnity according to this Policy shall not be adversely affected due to absence of appropriate licensing by the duly constituted authorities.

6. Notice of the occurrence of the insured event

The Insured shall notify the Insurer on the happening of an insured event immediately upon becoming aware thereof.

Upon the Insured becoming aware of an occurrence which may give rise to a claim under this Policy, the Insured undertakes:

a. To notify the Insurer thereof immediately as soon as possible after having become aware thereof.

b. To take all reasonable steps required to minimize the extent of the loss or damage.

c. To forward to the Insurer any letter, writ, summons or process and to notify the Insurer of any inquiry in connection with any occurrence which may be the basis of any liability claim insured under this Policy.
d. To preserve the damaged property where possible and make it available for inspection by a representative or surveyor of the Insurer.

e. To furnish the Insurer, as soon as practicable after having been requested to do so, such information and documents required for ascertaining the Insurer’s liability and if they are not in his possession the Insured shall assist the Insurer to the best of his ability in obtaining them.

f. Inform the police authorities in the case of loss or damage due to theft or burglary.

Upon notification having been given to the Insurer under this condition, the Insured may carry out repairs or replacement of any minor damage; in all other cases a representative of the Insurer shall have the opportunity of inspecting the loss or damage before any repair or alterations are effected. Nothing herein shall prevent the Insured from taking such steps as are absolutely necessary for the security and continuance of the Insured Works.

The Insured shall not be entitled to abandon any property, whether taken possession of by the Insurer or not.

Claim Notification Address and Telephone Contact Number -
Name of Contact Person: __________________
Telephone: ______________________
Fax no: ______________________
E-mail: ______________________

6A. Proof of Loss

In the event of loss hereunder it shall be necessary for the Insured within twenty-one (21) days following demand thereof by the Insurer, to render a signed notice of loss to the Insurer or its appointed representative stating the place, time and cause of the loss, damage, or expense; the interest of the Insured and all others in the damaged or destroyed property; the value of the property involved in the loss and the amount of loss, damage or expense.

7. Submission of a claim to the Insurer

Any claim for payment of insurance benefits under the Policy shall be submitted in writing and attached thereto shall be detailed bills of repair and/or acquisition required to determine the extent of the damage. To remove doubt, it is hereby clarified that a request for payment of insurance benefits shall be considered as a claim submitted to the Insurer only if and after all the above information and documents have been submitted to the Insurer.
7A. Minor Repairs

Upon notification of a claim being given to Insurers, the Insured may carry out the repairs or replacement of any minor damage, but in all other cases, a representative of the Insurers shall have the opportunity of inspecting the damage before any alterations are effected. If an inspection by a representative of the Insurers does not take place within a period of seventy-two (72) hours from the date of the notification of the claim, the Insured is entitled to proceed with the repairs or replacement. Nothing herein shall prevent the Insured from taking such steps as are necessary for the execution of repairs.

7B. Payment of Undisputed Amounts

Undisputed insurance benefits shall be paid by the Insurer without delay and may be claimed separately from the remainder of the insurance benefits.

8. Ascertainment and determination of the Insurer's liability

A. The Insured or the beneficiary, as the case may be, shall deliver within a reasonable time, after he was requested to do so, the required information and documents for the ascertainment of the liability and if they are not in his possession, he shall assist the Insurer as best as he can to obtain them.

B. The Insurer shall be entitled to reduce the extent his liability under the provisions of the law in respect of a damage which the Insured could have prevented or reduced upon the happening of the insured event or thereafter by taking reasonable measures or measures which the Insurer instructed him to take.

9. Fraudulent claim

Where the Insured has given the Insurer false facts or has concealed facts regarding the Insured event or regarding the Insurer’s liability and done that with intent - the Insurer shall be exempt from his liability towards this specific insured only.

10. Notices to the Insured

Notice by the Insured or by the beneficiary to the Insurers shall be given to the Insurer in writing to its head office address indicated at the heading of the Policy, or to any other address in Israel which the Insurer has notified in writing (if any) to the Insured and to the beneficiary from time to time.

Any notice to the insured shall be given in writing by the insurer to the Main insured’s last known address.
11. **Insurance with other companies**

**PRIMARY INSURANCE AND COVERAGE UNDER DIFFERENCE IN CONDITIONS AND DIFFERENCE IN LIMITS TERMS**

Where the Project is insured against the risks covered under this Policy with more than one Insurer for concurrent periods, the Insured shall give notice thereof to the Insurer in writing immediately after the double insurance is made or after he becomes aware thereof.

It is expressly understood and agreed that this Policy provides primary cover for the Insured and in the event of loss, damage or liability covered by this Policy which is also covered either in whole or part under any other policy of insurance effected by or on behalf of any of the parties comprising the Insured, the Insurer will indemnify the Insured as if such other policy of insurance were not in force and the Insurer waives his rights of recourse if any against the insurers of such other policy of insurance.

Notwithstanding the aforementioned, in respect of the Works performed by appointed subcontractors, and which are insured under an underlying policy(ies) issued by the contractors and/or on their behalf shall be covered under DIC/DIL terms as per Endorsements D ("PRIMARY INSURANCE AND COVERAGE UNDER DIFFERENCE IN CONDITIONS AND DIFFERENCE IN LIMITS TERMS").

12. **Reinstatement of the sum insured and limits of liability**

In the event of loss or damage to the property insured under section any of the policy’s sections becoming payable under the Policy’s conditions, the sum of insurance shall be reinstated as from the date of loss, unless otherwise notified by the Insured. The Insured undertakes to pay to the Insurer at his first request the additional premium due for the period from the date of the reinstatement of the sum insured, as follows:

A. in respect of loss or damage covered under section A of the policy, the reinstatement shall be subject to paragraph c)7 "Automatic Reinstatement of Sum Insured" in chapter EXTENSIONS OF THE COVER being part of Section A of this policy.

B. In respect of Liabilities covered by Section B (Third Party Liability) and Section C (Employers Liability), it is noted and agreed that in the event of a claim under any of these sections of the policy, the limit of liability in respect of each and every section and/or extensions of it shall be reinstated for the amount required to restore the limit of liability to the amount stated in the schedule.

In consideration of the foregoing the Insured shall, at the request of Insurers, pay an additional premium calculated at pro-rata of the rate (or the flat premium) shown in the Schedule upon the amount of such
loss or damage and the additional premium shall be paid by the Insured when any loss or damage hereunder has been settled. Such additional premium shall only be payable where loss or damage exceeds USD 10,000,000 each and every occurrence net of the applicable deductible.

13. Deductible

In the event of loss and/or damage under sections A and B of the policy deductible shall be taken into account only once in respect of all occurrences arising from one event at the site of work, the higher of them. The deductibles for section C will apply separately.

14. The word "immediately" wherever it appears in the Policy is replaced by the words "as soon as possible".

15. Waiver of subrogation

a. If the Insured has, by reason of an insured event, also a right of compensation or indemnity against a third party, otherwise than by a contract of insurance, such right passes to the Insurer when and to the extent that he has paid indemnity payments to the insured or to the beneficiary.

b. The Insurer is not permitted to exercise a right which has been transferred to him under this section in such manner which would impair the right of the Insured to collect compensation or indemnify from the third party in excess of the benefits he has received from the Insurer.

c. Where the Insured has received compensation or indemnity from the third party which is due to the Insurer under this clause, he shall transfer it to the Insurer. If the insured has made a compromise, relinquished or performed any other act prejudicial to the right that was transferred to the Insurer, he shall compensate him thereof.

d. The Insurer waives his right of subrogation which may arise against any of the Main Insured, the Insured’s employees, managers, the board of directors, the shareholders of the Insured as well as their families and against any person and legal entity against whom the Insured has waived his right of claim or has undertaken in writing to indemnify them before the loss. This waiver shall not apply in the event of commission of a crime.

e. The Insurer waives his right to recovery against the Principal and against consultants, architects and engineers connected with
the Project works excepting in respect of their professional liability as well as in case of perpetration of a criminal offence.

15A. Loss Minimization Clause

It is noted and agreed that in the event of actual or imminent loss or damage to Insured Property the Insurer will indemnify the Insured for an amount not exceeding NIS 10,000,000 in respect of any one Occurrence for all reasonable costs and expenses incurred which are necessary to prevent, minimize or reduce loss or damage to the Insured Property and/or loss or damage to third parties and employees. Provided always that the Insurer has given their consent to these costs.

15B. Claims Preparation Costs

This Policy is extended to include reasonable costs and expenses incurred by the Insured in producing and certifying any particulars or details or documents or other such proof of information or evidence as may be required by the Insured, as well as professional consultancy fees required to handle and manage the insurance claim, in connection to any loss and/or damage and/or liability under this policy, provided that the limit liability of the Insurers under this extension shall not exceed NIS 4,000,000 in respect of each and every loss. The coverage under this extension shall not apply in respect of legal fees.

16. Cancellation of the insurance

The Insurer shall not be entitled to cancel the insurance under the Policy, except as stated in Clause 1 of the General Conditions (to all Sections of the Policy) and in the event of a fraudulent claim of insurance benefits compensations as specified in Clause 8 of the above General Conditions, but only toward the specific insured who acted fraudulently.

17. Prescription

The prescription period of a claim for insurance benefits compensations shall be 3 years from occurrence of the Insured event however no claim for insurance benefits compensations under Section 2 & 3 shall be prescribed unless the claim of the third party or the employee (as they may be) shall have been prescribed.

18. Main Insured/ The Principal in the Policy

If the insured name includes more than one insured and Main Insured is determined, he will negotiate on behalf of all other insureds to request any changes or additions during the insurance period and his signature on any document is sufficient (specifically including cancellation notice). Insurance compensation which are not paid directly to third parties shall be paid to the main insured or according to his advice, also any messages by the Insurer shall
be sent only to the main insured and it will be considered as it was sent to any of the Insured's individuals.

**18A. Non Application of Average**

It is expressly understood and agreed that this Policy is not subject to an average clause and therefore underinsurance and over-insurance are not applicable subjected to the compliance of the “Premium Adjustment” as per condition 1 in this chapter.

**19. Application of law**

The Insurance Contract Law - 1981 shall be applicable to this Policy, subject to its conditions and provisions, unless otherwise provided in the Insured’s favor in this Policy and insofar as the matter is not prohibited by law.

**20. Extension of the Insurance**

Any extension of the period of insurance under this Policy requires the agreement in writing by the Insurer to be given expressly for this purpose.

**21. Main exclusions of the Insurers Liability or the extent of cover under this policy have been highlighted. Nothing of the above mentioned will derogate from all other terms and conditions of the policy**

**22. All terms in this policy shall be defined according to their definition in the policy's wording, unless the context indicates otherwise.**