CORPORATE GUARD - DIRECTORS & OFFICERS LIABILITY 1.04

In consideration of the payment of the premium, the Insurer agrees as follows:

1 | Insurance Cover

A	**DIRECTORS AND OFFICERS LIABILITY**	The Insurer shall pay the *Loss* of each *Insured* resulting from any *Claim* **first made against the Insured during the *Policy Period* and notified to the *Insurer* during the *Policy Period* for any *Wrongful* Act committed after the *Retroactive Date* in the *Insured's* capacity as a Director, Officer of the *Company* except for and to the extent that the *Company* has indemnified the *Insured*.**
B	**CORPORATE REIMBURSEMENT**	The *Insurer* shall pay the *Loss* of the *Company* resulting from any *Claim* **first made against the *Insured* during the *Policy Period* and notified to the *Insurer* during the *Policy Period* for any *Wrongful Act* committed after the *Retroactive Date* in the *Insured's* capacity as a Director, Officer of the *Company* but only when and to the extent that the *Company* is permitted or required by Law, to indemnify the *Insured* for the *Loss*.** Subject to the terms and conditions of this Policy, the *Insurer* shall advance *Defence Costs* resulting from any *Claim* before its final resolution.

2 | Definitions

2.1	**Associated Company**		Any *Company* of which the *Policyholder* owns on or before the inception of the *Policy Period* more than 20 per cent but less than 50 per cent of the issued and outstanding voting shares either directly or indirectly through one or more of its subsidiaries.
2.2	**Claim**	i	Any suit or proceeding brought by any person or organisation against an *Insured* for monetary damages or other relief, including non-pecuniary relief;
		ii	Any written demand from any person or organisation that it is the intention of the person or organisation to hold an *Insured* responsible for the results of any Specified *Wrongful Act*;
		iii	Any criminal prosecution brought against an *Insured*;
		iv	Any administrative or regulatory proceeding or official investigation regarding any Specified *Wrongful Act* of an *Insured*: Any *Claim* or *Claims* arising out of, based upon or attributable to a *Single Wrongful Act* shall be considered to be a Single *Claim* for the purposes of this Policy.
2.3	**Company**		The *Policyholder* specified in Item 1 of the Schedule and any *Subsidiary*, division, sector, region, product group or other internal *Company* structure or segment detailed in an organisation chart or similar document and which has been granted this status by the *Policyholder* or any *Subsidiary* before the date of the *Wrongful Act*.
2.4	**Continuity date(s)**		The date(s) Specified in Item 6 of the Schedule. The pending and prior litigation *Continuity date* shall be the date from which the *Policyholder* has maintained uninterrupted cover with the *Insurer*, or with any other *Insurer* if the initial proposal form submitted to such *Insurer* is provided to and accepted by the *Insurer* at the inception of this Policy, or such other date(s) as agreed with the *Insurer*.
2.5	**Defence Costs**		Reasonable and necessary fees, costs and expenses incurred (including premiums for any appeal bond, attachment bond or similar bond, but without obligation to apply for or furnish any bond) resulting solely from the investigation, adjustment, defence and appeal of any *Claim* but shall not include the salary of any *Insured*. For the purpose of this definition, reasonable – as is customary in Israel.
2.6	**Director or Officer**		Any natural person duly appointed or elected as a Director, general manager, managing Director, deputy general manager, or vice general manager of the *Company*, and any other manager who is directly subject to the authority of the general manager, and any other natural person who fulfills a function mentioned above, even if his title differs therefrom.
2.7	**Discovery Period**		The period of time specified in Extension 4.4, immediately following the termination of this policy during which written notice may be given to the *Insurer* of any *Claim* first made against the Insured during such period of time for any *Wrongful Act* occurring prior to the end of the *Policy Period* and otherwise covered by this policy.

2.8	**Employment practice Claim**	Any *Claim* or series of related *Claims* relating to a past present or prospective employee of the *Company* and arising out of any actual or alleged unfair or wrongful dismissal, discharge or termination, either actual or constructive, of employment, employment-related misrepresentation, wrongful failure to employ or promote, wrongful deprivation of career opportunities, wrongful discipline: failure to furnish accurate job references; failure to grant tenure or negligent employee evaluation; or sexual or workplace or racial or disability harassment of any kind (including the alleged creation of a harassing workplace environment); or unlawful discrimination, whether direct, indirect, intentional or unintentional, or failure to provide adequate employee policies and procedures, provided that the cause of action stipulated in the *Claim* does not arise under or derive from infringement of any specific Labour Law, or any stipulation in a group agreement which the *Company* is subject to. **An *Employment Practice Claim* shall not include a *Claim* due to sexual harassment of any kind, or payment to an *Insured* for costs incurred by him or payments made by him to an employee, as part of a *Claim* filed by any of the employees in accordance with the Law of Prevention of Sexual Harassment – 1998, unless the *insured* undertook all the necessary actions an employer must undertake according to the said law.**
2.9	**Full annual premium**	The annual premium level in effect immediately prior to the end of the *Policy Period*.
2.10	**Insured**	Any natural person who was, is or shall become a *Director or Officer* of the *Company*. Cover will automatically apply to any natural person who becomes a *Director or Officer* after the inception date of this policy.
2.11	**Insurer**	The Israel Phoenix Insurance Company Ltd.
2.12	**Loss**	Damages, judgements, settlements and *Defence Costs*; however, *Loss* shall not include civil or criminal fines or penalties imposed by law, non-compensatory damages including punitive or exemplary damages (other than damages awarded for libel and slander), taxes, any amount for which the *Insured* is not legally liable or matters which may be considered uninsurable under the law pursuant to which this policy shall be construed. Damages, judgements, settlements and *Defence Costs* incurred in more than one *Claim* against the *Insured* but resulting from a *Single Wrongful Act* shall constitute a single *Loss*.
2.13	**No Liability:**	i A final judgment of *No Liability* obtained prior to trial in favour of all *Insureds* by reason of a motion to dismiss or a motion for summary judgment after the exhaustion of all appeals; or ii A final judgment of *No Liability* obtained after trial in favour of all *Insureds*, after the exhaustion of all appeals. In no event shall the term *No Liability* apply to a *Claim* made against an Inusred for which a settlement has occurred.
2.14	**Not-for-profit-entity**	An entity registered as a Not for Profit Company according to Section 345A of the Companies Law. 1999, or any similar entity organised under the laws of any other jurisdiction, or a trade association which for the purposes of this Policy shall mean a body of persons, whether incorporated or not, which is formed for the purpose of furthering the trade interests of its members, or of persons represented by its members.
2.15	**Outside Entity**	Any *Associated Company*, any Not-for-Profit entity or any other corporation, partnership, joint venture or other organisation which has been listed by endorsement to this policy.
2.16	**Policyholder**	The organisation Specified in Item 1 of the Schedule.
2.17	**Policy Period**	The period of time from the inception date to the expiry date Specified in Item 2 of the Schedule.
2.18	**Pollutants**	Include (but are not limited to) any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapour, soot, fumes, acids, alkalis, chemicals and waste. Waste includes (but is not limited to) material to be recycled, reconditioned or reclaimed.
2.19	**Retroactive Date**	The date(s) Specified in the Schedule.
2.20	**Single Wrongful Act**	A *Wrongful Act* or any related, continuous or repeated *Wrongful Acts*, whether committed by the *Insured* individually or by more than one *Insured* and whether directed to or affecting one or more than one person or legal entity.

2.21	**Subsidiary**	Companies in which the *Policyholder*, either directly or indirectly through one or more of its Subsidiaries; i Controls the composition of the board of Directors; or ii Controls 50% or more of the voting power; or iii Holds 50% or more of the issued share capital. Cover for any *Claim* against any of the Directors, Officers of any *Subsidiary* shall apply only for *Wrongful Act*(s) committed while such *Company* is a *Subsidiary* of the *Policyholder*. However, upon written request by the *Policyholder*, the *Insurer* shall consider, after assessment and evaluation of the increased exposure, granting cover for *Wrongful Act*(s) committed prior to the acquisition of the *Subsidiary* by the *Policyholder*.
2.22	**Transaction**	Any one of the following events: i The *Policyholder* consolidates with or merges into or sells all or substantially all of its assets to any other person or entity of group or persons and/or entities acting in concert; or ii Any person or entity, whether individually or together with any other person or persons, entity or entities acquires an amount of the outstanding shares representing more than 50 per cent of the voting power for the election of Directors of the *Policyholder*, or acquires the voting rights for such an amount of the shares. iii A nomination of a Trustee, Receiver, Liquidator to the Company or any nomination of a Special Manager which is authorized to act for the Companies dissolution, or the issuance of an Order for Cessation of proceedings against the Company.
2.23	**Wrongful Act**	Any actual or alleged breach of duty, breach of trust, neglect, error, misstatement, misleading statement, omission, breach of warranty of authority or other act by the *Insured* in their respective capacities as a *Director or Officer* of the *Company* or as a *Director or Officer* of any *Outside Entity*, or any matter Claimed against them solely because of their status as a *Director or Officer* of the *Company*.

3 | Exclusions

The *Insurer* shall not be liable to make any payment for *Loss* in connection with any *Claims* made against the *Insured*:

3.1	**arising out of, based upon attributable to:** **i the gaining in fact of any personal profit or advantage to which the *Insured* was not legally entitled;** **ii profits in fact made from the purchase or sale by the *Insured* of securities of the *Company* within the meaning of Section 16(b) of the Securities Exchange Act 1934 (USA) and any amendments thereto or similar provisions of any state statutory law;** **iii the committing in fact of any dishonest or fraudulent act.** **For the purpose of determining the applicability of these exclusions, the *Wrongful Act* of any *Insured* shall not be imputed to any other *Insured*. These exclusions shall only apply if it is established through a judgment or any other final adjudication adverse to the *Insured*, or any admission by an *Insured* that the relevant conduct did in fact occur;**
3.2	**arising out of based upon or attributable to the facts alleged or to the same or related *Wrongful Act*(s) alleged or contained in any *Claim* which has been reported or in any circumstances of which notice has been given under any policy of which this policy is a renewal or replacement or which it may succeed in time;**
3.3	**arising out of based upon or attributable to any pending or prior litigation as of the pending and prior litigation *Continuity date* Specified in Item 6 (i) of the Schedule, or alleging or deriving from the same or essentially the same facts as alleged in the pending or prior litigation;**
3.4	**which are brought by or on behalf of any *Insured* or the *Company*; provided, however, that this exclusion shall not apply to:** **i any *Employment practice Claim* brought by any *Insured*;** **ii any *Claim* brought or maintained by an *Insured* for contribution or indemnity, if the *Claim* directly results from another *Claim* otherwise covered under this policy;**

iii any shareholder derivative action brought or maintained on behalf of the *Company* without the solicitation, assistance or participation of any Insured or the *Company*;

iv any *Claim* brought or maintained by a liquidator, receiver or administrative receiver either directly or derivatively on behalf of the *Company* without the solicitation, assistance or participation of any *Insured* or the *Company*;

v any Claim brought or maintained by any former Director, Officer of the *Company*.

3.5 arising out of, based upon or attributable to or in any way involving, directly or indirectly, the actual, alleged or threatened discharge, dispersal, release or escape of *Pollutants*; or any direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralise *Pollutants*, nuclear material or nuclear waste.

Provided, however, that this exclusion shall not apply to any *Claim* made against the *Insured* by any shareholder of the *Company* either directly or derivatively, alleging damage to the *Company* or its shareholders, unless on or before the Pollution *Continuity date* Specified in Item 6 (ii) of the Schedule, the *Company*, the *Insured* or any employee of the *Company* with managerial responsibilities over environmental affairs, control or compliance, knew or could have reasonably foreseen that there existed any situation, circumstance or *Wrongful Act* which could have given rise to a *Claim* against the *Company*, or the *Insured*.

3.6 In a capacity as trustee or fiduciary under law (statutory or non-statutory including common) or administrator of any pension, profit sharing or employee benefits program, including but not limited to an actual or alleged violation of the responsibilities, obligations or duties imposed by the Employee Retirement Income *Security* Act of 1974 (USA) or the Pensions Act 1995 (UK) and any amendments thereto or any similar provisions of the law, common or statutory, of any state, territory, jurisdiction, or political subdivision thereof;

3.7 arising out of, based upon or attributable to any act or omission in the *Insured's* capacity as a *Director or Officer* of any entity other than the *Company*, or by reason of the *Insured's* status as a Director, Officer of the other entity, other than as provided in Extension 4.3;

3.8 For bodily injury, sickness, disease, death or emotional distress of any person, or damage to or destruction of any tangible property, including *Loss* of use thereof; provided, however, that any *Claim* for emotional distress shall not be excluded with respect to an *Employment practice Claim*.

3.9 Directly or indirectly occasioned by, happening through or in consequence of war (whether war be declared or not),, act of foreign enemy, hostilities or war-like operations, civil war, mutiny, lock-out, military uprising, insurrection, rebellion, revolution, military or usurped power, martial law or loot, sack, or pillage in connection therewith, confiscation or nationalization or requisition or destruction of or damage to property by or under the order of any government or public or local authority or any act or condition incident to any of the above.

Furthermore this policy shall not apply to any loss or damage directly or indirectly occasioned by, happening through or in consequence of any act of any person or persons acting on behalf of or in connection with any organization the objects of which are to include the overthrowing or influencing of any de jury or de facto Government by terrorism or any violent means.

3.10 Which is brought by or on behalf of whether directly or derivatively any individual or entity that owns or controls (whether beneficially, directly or indirectly) the percentage Specified in the Schedule or more, of the issued and outstanding voting share capital of the company.

3.11 any actual or alleged liability whatsoever for any claim or claims in respect of loss or losses directly or indirectly arising out of, or in any way involving asbestos, or any materials containing asbestos in whatever form or quantity.

4 | Extensions

Subject to all of the terms and conditions of this Policy, cover is extended as follows:

4.1 Representation at Investigations and Examinations

This policy shall provide cover for any reasonable and necessary fees, costs and expenses incurred with the prior written consent of the *Insurer* resulting from any legally required attendance by any Director, Officer of the *Company* at any official investigation, examination, inquiry or other similar proceeding in relation to the affairs of the *Company*.

If the Director, Officer of the *Company* believes that as a result of such official investigation, examination, inquiry or other similar proceeding, circumstances exist which may reasonably be expected to give rise to a *Claim*, notice must be given to the *Insurer* of the circumstances and the reasons for anticipating a *Claim*, with full particulars as to dates and persons involved in accordance with General provision 5.5.

4.2 New Subsidiaries

Cover under this policy is extended to any ***Subsidiary*** which the ***Policyholder*** acquires or creates after the inception date of this policy provided that the ***Subsidiary***:

i has total gross assets which are less than the amount Specified in Item 7 of the Schedule either in the United Stated of America or Canada;

and

ii does not have a listing of any of its securities on any stock exchange.

and

iii is not registered in US/Canada

If a newly acquired or created *Subsidiary* fails to meet conditions (i), (ii) and (iii) above the *Policyholder* may request an extension of this policy for such Subsidiary provided that the *Policyholder* shall give the *Insurer* sufficient details to permit the *Insurer* to assess and evaluate the *Insurer's* potential increase in exposure. The *Insurer* shall be entitled to amend the policy terms and conditions, during the *Policy Period*, including by the charging of a reasonable additional premium.

Unless otherwise agreed, cover as is afforded to the Directors, Officers of any *Subsidiary* by virtue of this extension shall only apply for *Wrongful Act*(s) committed while such *Company* is or was a *Subsidiary* of the *Policyholder*.

4.3 Outside Directorships

Cover includes *Loss* arising from any *Claim* made against any *Insured* who was, is or may become, at the specific request of the *Company*, a *Director or Officer* of any *Outside Entity* for any *Wrongful Act* in the *Insured's* capacity as a *Director or Officer* of the *Outside Entity*.

This cover shall be specifically excess of any insurance in force in respect of the *Outside Entity* as well as any indemnification provided by the *Outside Entity*. If the other insurance is provided by the *Insurer* or any member *Company* of The Israel Phoenix Insurance Company Ltd.(or would be provided except for the application of the retention amount or the exhaustion of the Limit of Liability), then the total aggregate Limit of Liability for all *Loss* covered by virtue of this extension shall be reduced by the Limit of Liability specified in the Schedule of the other Israel Phoenix Insurance Company Ltd. insurance provided to the *Outside Entity*.

The cover provided by this clause shall not apply in connection with any *Claim* made against any Insured by the *Outside Entity*, any of its Directors or Officers or any shareholder of the *Outside Entity* holding more than 20 per cent of the issued and outstanding voting share capital of the *Outside Entity*.

4.4 Discovery Period

If the insurer refuses to offer any terms or conditions to renew this policy, then the policyholder shall have the right to purchase a discovery period of ____ days following the effective date of non-renewal:

i provided the policyholder cannot renew or replace this policy with or cannot purchase, effect or otherwise acquire, any other policy affording directors and officers liability or similar liability cover; and

ii upon payment of an additional premium of ___%

The *Insured* shall be entitled to a 30 day *Discovery Period* at no additional premium if this policy is not renewed by the Insurer. If the *Policyholder* elects to purchase a *Discovery Period*, this 30-day *Discovery Period* shall be part of and not in addition to the purchased *Discovery Period*.

To purchase the discovery period, the policyholder must request its purchase in writing within 30 days of the termination date of the policy and must tender the additional premium within 60 days of the termination date. The additional premium is not refundable and the discovery period is not cancelable.

If a transaction takes place, then the policyholder shall not have the right to purchase a discovery period as set out above. However, the policyholder shall have the right within 60 days of the end of the policy period to request an offer from the insurer of a discovery period for up to 72 months. The insurer shall (have the right but not the duty to) offer a discovery period with terms, conditions and premium as the insurer may decide."

No discovery period of any length is available in the event of this policy being cancelled due to the non payment of premium.

4.5 Heirs, Estates and Legal Representatives

If an *Insured* dies, becomes incompetent, insolvent or bankrupt, this policy shall cover *Loss* arising from any *Claim* made against the estate, heirs, or legal representatives of the *Insured* for any *Wrongful Act* of such *Insured*.

4.6 Joint Property Liability

This policy shall cover *Loss* arising from any *Claim* made against the Lawful Spouse (whether that status is derived by reason of the statutory law, common law or otherwise of any applicable jurisdiction in the world) of an *Insured* for any *Claim* arising out of his or her status as the spouse of an *Insured* including any *Claim* that seeks damages recoverable from marital community property or property jointly held by the *Insured* and the spouse; provided, however, that this extension shall not afford cover for any *Claim* for any *Wrongful Act* of the spouse and that this policy shall apply only to *Wrongful Act*(s) of an *Insured*.

5 | General Provisions

5.1 Representation

In granting cover to any one *Insured*, the Insurer has relied upon the material statements and particulars in the proposal together with its attachments and other information supplied. These statements, attachments and information are the basis of cover and shall be considered incorporated and constituting part of this Policy.

5.2 Changes in Risk During Policy Period

i. If during the *Policy Period* a *Transaction* takes place, then the cover provided under this policy is amended to apply only to *Wrongful Act*(s) committed prior to the effective date of the *Transaction*.

ii. If during the *Policy Period*, the *Company* decides to make an initial offering of its Securities in any jurisdiction, whether its securities are already traded or not, by any means, public or private, then as soon as the information is publicly available, the *Company* shall provide the *Insurer* with any prospectus or offering statement for the *Insurer's* evaluation and assessment of the increased exposure of the Insured and the *Insurer* shall be entitled to amend the terms and conditions of this policy and/or charge a reasonable additional premium reflecting the increase in exposure.

At the *Policyholder's* request, prior to the public announcement of such Securities offering, the *Insurer* shall evaluate and assess the increased exposure and advise of all necessary amendments to the terms and conditions of this policy and additional premium. In this event and at the request of the *Policyholder*, the Insurer will enter into a confidentiality agreement with the *Policyholder* relating to any information provided regarding the proposed Securities offering.

5.3 Limit of Liability

The Limit of Liability Specified in Item 3 of the Schedule is the total aggregate Limit of the *Insurer's* Liability for all *Loss,* arising out of all *Claims* made against all *Insureds* under all insurance covers under this Policy combined. The Limit of Liability for the *Discovery Period* shall be part of and not in addition to the total aggregate Limit of Liability for the *Policy Period*. *Loss* arising from any *Claim* which is made subsequent to the *Policy Period* or *Discovery Period* which pursuant to General provision 5.5 is considered made during the *Policy Period* or *Discovery Period* shall also be subject to the same total aggregate Limit of Liability. *Defence Costs* are not payable by the *Insurer* in addition to the total aggregate Limit of Liability. *Defence Costs* are part of *Loss* and are subject to the total aggregate Limit of Liability for *Loss*.

Notwithstanding the above, and solely in respect of a Claim filed against an Insured within jurisdiction of the courts of Israel, it is agreed that in the event of a *Loss*, including Defense Costs, this policy shall cover reasonable Defense Costs, exceeding the total aggregate Limit of Liability for Loss. It being expressly agreed that this amount represents " reasonable legal costs" for the purpose of article 66 of the Insurance Contact Law, 5741-1981.

5.4 Retention

The *Insurer* shall only be liable for the amount of *Loss* arising from a *Claim* which is in excess of the retention amount specified in Item 4 of the Schedule with regard to all *Loss* under all insurance covers under this policy for which the *Company* has indemnified or is permitted or required to indemnify the *Insured*. The retention amount is to be borne by the *Company* and shall remain uninsured. A single retention amount shall apply to *Loss* arising from all *Claims* alleging a *Single Wrongful Act*.

Provided, however, that no retention shall apply and the *Insurer* shall thereupon reimburse any *Defence Costs* paid by the *Company*, in the event of:

i a determination of *No Liability* of all *Insureds*, or

ii a dismissal or a stipulation to dismiss the *Claim* without prejudice and without the payment of any consideration by any *Insured*.

Provided, however, that in the case of (ii) above, such reimbursement shall occur 90 days after the date of dismissal or stipulation as long as the *Claim* is not re-brought (or any other *Claim* which is subject to the same Single retention by virtue of this General provision 5.4 is not brought) within that time, and further subject to an undertaking by the *Company* in a form acceptable to the *Insurer* that such reimbursement shall be paid back by the *Company* to the *Insurer* in the event the *Claim* (or any other *Claim* which is subject to the same single retention by virtue of this General provision 5.4) is brought after such 90 day period.

5.5 How to Give Notice and Report a Claim

i Notice of a *Claim* or of circumstances which may result in a *Claim* shall be given in writing to the Phoenix Claims Department, The Phoenix Insurance Company Ltd. 53 Hashalom Rd. Givataim, or by e-mail - Financeclaims@fnx.co.il If posted the date of posting shall constitute the date that notice was given, and proof of posting shall be sufficient proof of notice.

ii The *Company* or the *Insured* shall, as a condition precedent to the obligations of the Insurer under this policy, give written notice to the *Insurer* of any *Claim* made against an *Insured* as soon as practicable and either:

a any time during the *Policy Period* or during the *Discovery Period*;

or

b within 30 days after the end of the *Policy Period* or the *Discovery Period*, as long as such *Claim*(s) is reported no later than 30 days after the date such *Claim* was first made against an *Insured*.

iii If, during the *Policy Period* or during the *Discovery Period* written notice of a *Claim* against an *Insured* has been given to the *Insurer* pursuant to the terms and conditions of this policy, then any *Claim* arising out of, based upon or attributable to the facts alleged in the *Claim* previously notified to the *Insurer* or alleging a *Single Wrongful Act* alleged which is the same as or related to any *Wrongful Act* alleged in the previously notified *Claim*, shall be considered made against the Insured and reported to the *Insurer* at the time the first notice was given.

iv If during the *Policy Period* or during the *Discovery Period*, the *Company* or the *Insured* shall become aware of any circumstances which may reasonably be expected to give rise to a *Claim* being made against an *Insured* and shall give written notice to the *Insurer* of the circumstances and the reasons for anticipating a *Claim,* with full particulars as to dates and persons involved, then any *Claim* which is subsequently made against an *Insured* and reported to the *Insurer* arising out of, based upon or attributable to the circumstances or alleging any *Wrongful Act* which is the same as or related to any *Wrongful Act* alleged or contained in those circumstances, shall be considered made against the *Insured* and reported to the *Insurer* at the time the notice of the circumstances was first given.

5.6 Advancement of Costs

The *Insurer* shall advance to the Insured or the *Company Defence Costs* under all insurance covers under this Policy before the final disposition of the *Claim*.

The advance payments by the *Insurer* shall be repaid to the *Insurer* by the *Company* or the *Insured*, severally according to their respective interest, in the event and to the extent that the *Company* or the *Insured* shall not be entitled to payment of the *Loss* under the terms and conditions of this policy.

In the event and to the extent that the *Company* is permitted or required to indemnify the *Insured* but for whatever reason fails to do so, the *Insurer* will advance all *Defence Costs* to the *Insured* on behalf of the *Company*. In this case, however, the retention amount specified in Item 4 of the Schedule shall be repaid by the *Company* to the *Insurer*, unless the *Company* is insolvent.

5.7 How Defence Will Be Conducted

The *Insured* shall have the right and duty to defend and contest any *Claim*. The *Insurer* shall have the right to effectively associate with the *Insured* and the *Company* in the defence and settlement of any *Claim* that appears reasonably likely to involve the *Insurer*, including but not limited to effectively associating in the negotiation of any settlement.

The *Insured* shall not admit or assume any Liability, enter into any settlement agreement, stipulate to any judgment or incur any *Defence Costs* without the prior written consent of the *Insurer* as a condition precedent to the *Insurer's* Liability for *Loss* arising out of the *Claim*.

Only those settlements, stipulated judgements and *Defence Costs* which have been consented to by the *Insurer* shall be recoverable as *Loss* under the terms of this policy. The *Insurer's* consent shall not be unreasonably withheld, provided that the *Insurer* shall be entitled to effectively associate in the Defence and the negotiation of any settlement of any *Claim* in order to reach a decision as to reasonableness.

The *Company* and the *Insured* shall give the *Insurer* full co-operation and all information as it may reasonably require as a condition precedent to the *Insurer's* Liability for *Loss* arising out of the *Claim*. In the event that a dispute arises between the *Insurer* and the *Insured* regarding whether or not to contest any legal proceedings, neither the *Insured* nor the *Company* shall be required to contest any legal proceedings unless a Queen's Counsel or equivalent (to be mutually agreed by the *Policyholder* and the *Insurer*) shall advise that the proceedings should be contested. The cost of the Queen's Counsel shall be borne by the *Insurer*.

5.8 Allocation

i The *Insurer* has no obligation under this Policy for *Defence Costs* incurred by the *Company*, or any judgements rendered against or settlements by the *Company*, or any obligation to pay *Loss* arising out of any legal liability that the *Company* has to the third party Claimant. Accordingly, with respect to:

a *Defence Costs* jointly incurred by;

b any joint settlement made by; and/or

c any adjudicated judgment of joint and several liability rendered against

The *Company* and any *Insured*, the *Company* and the *Insured* and the *Insurer* agree to use their best efforts to determine a fair and proper allocation of the amounts as between the *Company* and the *Insured* and the *Insurer,* taking into account the relative legal and financial exposures of and the relative benefits obtained by the *Insured* and the *Company*.

ii In the event that any *Claim* involves both covered matters and matters not covered under this policy, a fair and proper allocation of any *Defence Costs*, judgements and/or settlements shall be made between the *Company*, the *Insured* and the *Insurer* taking into account the relative legal and financial exposures attributable to covered matters and matters not covered under this policy.

iii In the event that a determination as to the amount of *Defence Costs* to be advanced to the *Insured*, under this policy cannot be agreed to, then the *Insurer* shall advance *Defence Costs* which the *Insurer* states to be fair and proper until a different amount shall be agreed upon or determined pursuant to the provisions of this policy and applicable law.

5.9 Cancellation Clause

This policy may be cancelled by the *Policyholder* at any time only by mailing written prior notice to the *Insurer* or by surrender of this policy to the *Insurer* or to its authorised agent. This policy may also be cancelled by or on behalf of the *Insurer* by delivering to the *Policyholder*, or by mailing to the *Policyholder*, by registered, certified, or other first class mail, at the *Policyholder's* address as shown in Item 1 of the Schedule, written notice stating when, not less than sixty (60) days thereafter, the cancellation shall be effective. The mailing of such notice as aforesaid shall be sufficient proof of notice. The *Policy Period* terminates at the date and hour specified in such notice, or at the date and time of surrender.

If this policy shall be cancelled by *Policyholder*, the *Insurer* shall retain the customary short rate proportion of the premium hereon.

If this policy shall be canceled by the Insurer, the *Insurer* shall retain the pro rata proportion of the premium hereon.

Payment or tender of any unearned premium by the *Insurer* shall not be a condition precedent to the effectiveness of cancellation but such payment shall be made as soon as practicable.

5.10 Subrogation

In the event of any payment under this policy, the *Insurer* shall be subrogated to the extent of such payment to all of the *Company's* and the *Insured's* rights of recovery in respect of the payment, and the *Company* and the *Insured* shall execute all papers required and shall do everything that may be necessary to secure any rights including the execution of any documents necessary to enable the *Insurer* effectively to bring suit in the name of the *Company* and/or the *Insured*.

5.11	**Other Insurance**	a Where any liability coved under this policy is insured by more than one Insurer for overlapping periods, the *Insured* and/or the *company* will notify the fact to the Insurer, immediately after the double insurance is effected or after he becomes aware of it in accordance with the instructions of Section 59 of the Insurance Contract Law - 1981. b If the *Insured* and/or the *Company* received indemnidication from another policy which insures the same liability covered under this policy, the amount indemnified will be reducted from the amount which the *Insured* and or the *Company* are entitled to under this policy.
5.12	**Notice and Authority**	It is agreed that the *Policyholder* shall act on behalf of its Subsidiaries and all *Insureds* with respect to the giving and receiving of notice under this policy, including the giving of notice of *Claim*, the payment of premiums that may become due under this policy, the receipt and acceptance of any endorsements issued to form a part of this policy and the exercising or declining to exercise any right to a *Discovery Period*.
5.13	**Assignment**	This policy and any rights hereunder cannot be assigned without written consent of the *Insurer*.
5.14	**Jurisdiction and Governing Law**	Any interpretation of this policy relating to its construction, validity or operation shall be made in accordance with the laws of the State of Israel. The parties agree to submit to the exclusive jurisdiction of the courts in the State of Israel (Tel Aviv or Jerusalem).
5.15	**Plurals and Titles**	The titles of these paragraphs are for convenience only and do not lend any meaning to this contract. In this policy words in italic letters have special meaning and are defined.