

TOP-UP COVER FOR CREDIT INSURANCE IN ISRAEL

Addendum no. 19 to Policy _____ (hereinafter: the "Insurance Policy")
Issued on the date of _____ to _____ (hereinafter: the "Insured")

Introduction

Commencing in 2009, the State of Israel decided, through the Accountant General in the Ministry of Finance, to assist Israeli exporters with short-term foreign trade risks insurance by making Top-Up Cover available to them in addition to the basic cover provided by the Company to its Insured customers, in their capacity as vendors granting credit to their customers.

The State of Israel designated the program exclusively to exporters. With the aim of also assisting vendors in the domestic market and not only exporters, ICIC has succeeded in enlisting the world's leading reinsurers to join the program, and the latter are willing to undertake credit risks under identical terms and conditions to those undertaken by the Israeli government.

This Addendum forms an integral part of the Insurance Policy.

1. The Insured's entitlement to participate in the framework of the Top-Up Cover supplement

- 1.1 The Insured has a valid policy with the Company.
- 1.2 The Insured and the Company have signed this Addendum.
- 1.3 The Insured has paid a premium with regard to the credit quotas in which respect it has received Top-Up Cover.

2. Buyers in which respect the Insured may request supplemental Top-Up Cover

Buyers in which respect the Insured may request supplemental Top-Up Cover are required to fulfill all of the following conditions:

- 2.1 The Insured has a valid insurance quota with the Company with respect to the buyer (hereinafter: "**Basic Cover**").
- 2.2 The number of credit days granted to the buyer does not exceed 365 days.
- 2.3 The buyer does not have a current payment spread arrangement in place on the date of submission of the application for Top-Up Cover.

3. Exclusion of buyers

This Addendum shall not apply to the following types of insurance:

- 3.1 Guarantees of any and all kinds.
- 3.2 Production insurance and advance payment insurance.
- 3.3 Credit quotas at the Insured's discretion (S.D.L.).

4. Amount of the Top-Up Cover

- 4.1 The Insured may request that the Top-Up Cover be activated for all or some buyers which are covered by the Basic Cover, at the Insured's discretion, should it find that with respect to such buyers the Company's Basic Cover is insufficient and the Insured wishes to increase it.
- 4.2 The Insured may request that the Basic Cover be increased by means of the Top-Up Cover at the rates set forth below in relation to the amount of the Basic Cover in effect, provided in respect of the buyer:
 - 4.2.1 Activation of a 10% supplement in relation to the Basic Cover; or
 - 4.2.2 Activation of a 20% supplement in relation to the Basic Cover; or
 - 4.2.3 Activation of a 30% supplement in relation to the Basic Cover; or
 - 4.2.4 Activation of a 40% supplement in relation to the Basic Cover; or
 - 4.2.5 Activation of a 50% supplement in relation to the Basic Cover.

Notwithstanding the foregoing, it is understood that in regard to exposure in the domestic market, the maximum amount of the Top-Up Cover is NIS 1 million, unless the Company has informed the Insured of a change in the said limit in writing.

- 4.3 It is understood that for the purpose of determining the amount of the Top-Up Cover, the Basic Cover is expressed in the Insured's valid credit quota excluding any and all supplements, if the Insured has such quota.
- 4.4 The amount of the Top-Up Cover will be increased or decreased **on the same date** whereon there is a change in the Basic Cover, *pro rata* to the Basic Cover.
- 4.5 The Top-Up Cover will be cancelled **on the same date** whereon the Company cancels the Basic Cover, in accordance with the provisions of the Policy.
- 4.6 The Insured may purchase Top-Up Cover for a buyer once per calendar quarter.
- 4.7 The supplement in relation to the Basic Cover may not be increased or reduced during the quarter, but in a different quarter.
- 4.8 The Company reserves judgment to approve or reject the Insured's application for Top-Up Cover and is not required to give grounds for its decision.

5. Terms and conditions of the Top-Up Cover

The terms and conditions of the Top-Up Cover, including the coverage rate and credit days, shall be identical to those of the Basic Cover as set forth in the credit quota.

6. Activation of the Top-Up Cover

- 6.1 The Insured shall submit its application for Top-Up Cover in a particular calendar quarter, by the 10th of the first month in the calendar quarter.
- 6.2 As part of the application, the Insured shall send the Company a list of buyers for which it is interested in buying Top-Up Cover. This list shall be emailed by the Insured to the address

DomesticTopUP@icic.co.il in an Excel file, in a fixed format in accordance with the information in the attached annex.

- 6.3 If approved by the Company, the Top-Up Cover quota received by the Company by the 10th of the first month in the quarter shall be effective from the beginning of that calendar quarter.
- 6.4 In exceptional cases the Insured may submit an application after the 10th of the first month of the calendar quarter, but in such case, the Top-Up Cover – if approved by the Company – shall be effective commencing on the date of the application.
- 6.5 On the basis of the list of buyers for which Top-Up Cover was requested, the Company will produce a list of approved buyers. This list shall be emailed to the Insured, bearing a digital signature. The Insured shall be provided with Top-Up Cover in that quarter only in respect of the buyers named in the said list.
- 6.6 It is understood that the Top-Up Cover for each buyer in the framework of this Addendum shall be in force for shipments during the calendar quarter only, and that if the Insured wishes to continue to maintain the Top-Up Cover for such buyer, the Insured must include the buyer in its application for Top-Up Cover in the following quarter.

7. Top-Up Cover premium

- 7.1 For the Top-Up Cover made available to the Insured by the reinsurers, the Insured shall be billed an insurance premium of 0.15%, through the Company.
- 7.2 The premium will be collected each quarter and will be calculated as the multiple of the amount of the Top-Up Cover and the rate of the monthly premium set forth above, multiplied by three in respect of billing for three months.
- 7.3 The Insured will be billed for a premium in respect of a full quarter also for Top-Up Cover which began mid-quarter, and also for Top-Up Cover which was cancelled or discontinued, in whole or in part, during the quarter. Where the Basic Cover has risen during the quarter, the Insured will not be billed an additional premium for the Top-Up Cover. For the avoidance of doubt, where the Basic Cover has decreased during the quarter, the Insured shall not be entitled to a corresponding reduction in the premium.
- 7.4 Insurance fees for Top-Up Cover as provided above are not part of the insurance premiums for Basic Cover for the purpose of any clause in the Insurance Policy, including its annexes, which refers to the insurance fees, including the calculation of minimum insurance fees.
- 7.5 Payment shall be made by no later than 14 days after the date of production of the account sent by the Company and/or on the payment date according to the bank's automated clearing system. It is emphasized that such payment is a condition for Top-Up Cover and for entitlement in accordance therewith.
- 7.6 The Company may set off any sum owed by the Insured in respect of the Top-Up Cover supplement from any sum owed to the Insured by the Company with respect to the Insurance Policy or the Addendum to the Insurance Policy.
- 7.7 Where the Insured owes premiums in respect of the Top-Up Cover and/or Basic Cover, the Company may attribute any and all payments owed to it at its exclusive decision.
- 7.8 For the avoidance of doubt, it is understood that the premiums and regular registration fees payable to the Company for the Basic Cover shall be on the full amount of the sale,

including sales in excess of the amount of the credit quota in accordance with the provisions of the Policy and its annexes.

8. Accounting charges

- 8.1 Billing in respect of the Top-Up Cover shall be issued in a separate debit note titled "Top-Up Cover Charge".
- 8.2 The "Top-Up Cover Charge" note will be sent to the Insured together with the regular debit note if it contains rows for entering Top-Up Cover.
- 8.3 The charge will be quoted in US Dollars and will be paid in US Dollars or NIS according to the representative exchange rate of the Dollar on the payment date.

9. Use of the Top-Up Cover for financing purposes

The Insured may make use of the Top-Up Cover (including the insurance settlement paid pursuant thereto) for financing purposes, similar to the Basic Cover.

10. Maximum liability limit for Top-Up Cover

- 10.1 The insurance settlement paid to the Insured under the Top-Up Cover shall not be deemed to be an insurance settlement for the purpose of the Insured's maximum liability limit under the Policy.

11. Claims and collection

- 11.1 On the occurrence of damage covered by the Top-Up Cover Addendum, one insurance claim should be submitted to the Company for both types of insurance coverage as set forth in the Policy. It should be noted on the claim form that the Insured has supplemental Top-Up Cover, and a copy of the Top-Up Cover Addendum attached.
- 11.2 The Insured shall immediately inform the Company in writing of any commercial dispute proceeding under way in the courts and/or in arbitration between the Insured and a buyer in the framework of the Top-Up Cover, which relates to an insured debt.
- 11.3 In the case of an insurance claim by the Insured, use shall be made of the Top-Up Cover only if the Basic Cover does not fully cover the total gross amount of the debt according to the covered invoices.
- 11.4 Revocation of the Insured's entitlement to the receipt of an insurance settlement in respect of Basic Cover automatically revokes the Insured's entitlement to the receipt of a settlement in respect of the Top-Up Cover.
- 11.5 The Company and the Insured shall handle the collection of the debt which is covered in the framework of the Top-Up Cover in the same manner in which they handle the collection of debts which are covered by the Basic Cover.
- 11.6 Insurance settlements in respect of the Top-Up Cover as provided above are not part of the insurance settlements in respect of the Basic Cover for the purpose of any clause in the Insurance Policy, including its annexes, which refers to insurance settlements.

12. Transfer of information to the reinsurers

By signing this Addendum, the Insured gives its consent to the Company for the transfer of any and all information and/or data by the Company to the reinsurers, including the particulars of the buyer in which respect the exposure was created, which is required by the reinsurers in regard to the buyers which the Insured requested be included in the Addendum. By signing this Addendum, the Insured warrants that it does not have, and nor shall it have, any arguments against the Company to the extent that the reinsurers shall make lawful use of the information.

13. Entry of the Top-Up Cover into force

- 13.1 The Addendum to the Policy shall be effective from the date it is signed by the Insured and shall apply to shipments made commencing on that date, on condition that the premiums are paid as required.
- 13.2 It is emphasized and understood that Top-Up Cover in which respect the Insured fails to remit the required premium in a timely manner shall not come into force.
- 13.3 Under no circumstances shall Top-Up Cover come into force retroactively with respect to prior months preceding the month of joining the plan, or to shipments that precede the date on which Top-Up Cover for the buyer was applied for, or to shipments that precede the month of the application, all as set forth in this Addendum.
- 13.4 The Top-Up Cover is provided to the Insured for a period of a calendar quarter.

14. Termination of the Top-Up Cover Addendum to the Insurance Policy

- 14.1 **Upon termination of the Insurance Policy**
If the Insurance Policy is terminated, whether by the Insured or by the Company, the Addendum to the Insurance Policy shall automatically expire, subject to the same terms and conditions and provisions which shall apply to the Insurance Policy.
- 14.2 **Upon non-payment of the premium for the supplementary insurance coverage, in whole or in part**
The Company may terminate the Addendum to the Insurance Policy in the case of partial or full non-payment of the insurance premiums for the Top-Up Cover by the Insured, on the dates prescribed for payment thereof. In such case, the Addendum shall expire on the date whereon notice is given to the Insured.
- 14.3 **Upon termination of the Addendum by the Insured**
The Insured may terminate the Addendum to the Insurance Policy by sending a letter to the Company with confirmation of delivery. The Addendum shall expire upon receipt of the said notice. Termination of the Addendum does not lead to the termination of the Insured's Insurance Policy.
- 14.4 **Continued handling in the case of termination of the Addendum to the Insurance Policy**
Top-Up Cover which is in force on the date whereon the Addendum to the Policy expired or was cancelled shall continue to be addressed in accordance with the provisions of this Agreement until the last claim and all collections in the case have been closed.

15. No direct relationship between the Insured and the reinsurers

15.1 It is hereby understood that this Addendum does not create any third party right, including the creation of any right or opponency of the Insured or a party acting on its behalf toward the reinsurers.

16. All other provisions of the Policy shall remain in force.

17. Definitions

17.1 **"Application for the purchase of Top-Up Cover"** – a request by the Insured to be insured with Top-Up Cover.

17.2 **"Top-Up Cover"** – the amount of the additional credit quota in excess of the Basic Cover amount which the Company has approved for the Insured with respect to a certain buyer, at a rate of 10%, 20%, 30%, 40% or 50%.

17.3 **"Basic credit quota" / "Basic Cover"** – the credit quota in effect in accordance with the Company's Insurance Policy issued to the Insured.

17.4 **"Calendar quarter"** – a 3-month insurance period in the framework of the Top-Up Cover, commencing on January 1, April 1, July 1 and October 1 each year.

17.5 **"Exchange rate of the US Dollar"** – the latest representative exchange rate of the Dollar which is known on the date of a payment under this Addendum.

The meaning of the terms contained in this Agreement which were not defined shall be the meaning given to them in the Policy, if given. In the absence of such definition – in their meaning in the Insurance Contract Law, 1981, if given.

Date: _____

The Insured

Date: _____

ICIC – The Israel Credit Insurance Company Ltd.