ASHRA The Israel Export Insurance Corp. Ltd.

Insurance Policy for a Credit Line

Insured: _____

Policy No.

_____

Issued on

_____

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1. Preamble

This policy was issued by ASHRA The Israel Export Insurance Corp. Ltd. at the request of the Insured to insure the Credit Line Agreement and the Individual Loan Agreements financing Export Contracts, and after all the necessary approvals for the issue thereof were obtained by the Company.

Whereas the Insured signed a Credit Line Agreement with the Borrower for the financing of Export Contracts to be signed between various Exporters and various Buyers in the Borrower's country and/or between various Exporters and the Borrower as Buyer.

And
Whereas the Financing is to be advanced to the Borrower by means of Disbursements made under Individual Loan Agreements within the framework of the Credit Line Agreement, and shall be repaid together with the Contractual Interest in accordance with the Credit Terms specified in the Individual Loan Agreement and/or the Credit Line Agreement.

And
Whereas the Insured submitted to the Company the Application for Credit Line Insurance, and requested the Company to insure it against the Amounts of Loss which it might sustain as a result of Non-Payment under the Credit Line Agreement.

And
Whereas the Company agrees to accept the Application for Credit Line Insurance, and to issue to the Insured an Insurance Policy for a Credit Line.

And
Whereas the Insured shall submit to the Company, from time to time, applications for the insurance of Individual Loan Agreements within the framework of the policy, and the Company is entitled to approve or refuse to approve the insurance of Individual Loan Agreements within the framework of the policy, and to notify such approval or refusal to the Insured.

And
Whereas the details of the insurance related to the policy in respect to any Individual Loan Agreement that the Company agreed to insure shall be set forth in the Specific Insurance Certificate.

Therefore, in consideration of the Premium to be paid in respect to any Individual Loan Agreement, and subject to the conditions and exclusions set forth hereunder, the Company agrees to insure the Insured against Non-Payment.

2. Definitions

In this Policy, the following terms shall have the meaning ascribed to them hereunder:

- A term used in the singular shall also include the plural.
- A term used in the masculine shall also include the feminine.

Agent – The entity appointed by the Insured as its agent in respect of actions towards the Borrower, and whose name is set forth in the Application for Credit Line Insurance.

Amount of Loss – The amount of Contractual Interest and/or the amount of principal and Contractual Interest, or any part thereof, not paid by the Borrower and/or the Guarantor on the Payment Due Date and until the expiry of the Waiting Period, multiplied by the Cover Percentage.

Application for Credit Line Insurance - The application submitted to the Company by the Insured for the issue of this policy in respect to the insurance of the Credit Line Agreement, in the text which is attached to this policy, marked A, and constitutes an integral part thereof.

Application for Specific Insurance – The application submitted to the Company from time to time by the Insured for the approval of an Individual Loan Agreement, in the text which is attached to this policy, marked C, and constitutes an integral part thereof.

Borrower - The Borrower under the Credit Line Agreement, whose name and address are set forth in the Credit-Line-Insurance Certificate.

Business Day or Business Days - A day on which the Currency of the Transaction is traded, provided that it is also a day on which the Insured and the Company are open for business.

Buyer - A corporation, or an entity acting on behalf of the Sovereign, set forth as buyer in the Specific-Insurance Certificate, and whose details appear therein.

Cancellation of Cover - The notice by the Company of the cancellation of cover for further Disbursements under the Individual Loan Agreement and/or the Credit Line Agreement.

Contractual Interest – The interest that the Borrower is obliged to pay, under the Credit Line Agreement, and/or the Individual Loan Agreement on the Payment Due Date, at the rate which is set forth in the Specific-Insurance Certificate.

Country of Borrower and/or Guarantor - The country in which the Borrower and/or the Guarantor are situated and/or registered, whose details are set forth in the Credit-Line-Insurance Certificate and/or the Specific-Insurance Certificate.

Cover Percentage - The percentage of the Financing covered by the Company as detailed in the Specific-Insurance Certificate.

Credit Line Agreement – A loan agreement and/or credit line agreement whose details are set forth in the Credit-Line-Insurance Certificate, a copy thereof is attached to this policy, marked E, and constitutes an integral part thereof.

Credit-Line-Insurance Certificate – This policy together with the certificate which the Company will issue to the Insured, after it has received the Application for Credit Line Insurance, in the text which is attached to this policy, marked B, and constitutes an integral part thereof.

Credit Line Maximum Limit of Liability – The lower of the amount detailed in the Credit-Line-Insurance Certificate together with the Contractual Interest thereon multiplied by the Cover Percentage plus the Interest During the Waiting Period, or the aggregate of each of the Maximum Limit of Liability.

Credit Terms – The repayment period of the Financing, as detailed in the Specific-Insurance Certificate.

Currency of the Transaction – US dollar or Euro or any other currency which was approved in writing in advance by the Company and is detailed in the Specific-Insurance Certificate.

Default - any of the events specified in the Credit Line Agreement as an Event of Default.

Default Interest - The interest that applies to the Borrower under the Credit Line Agreement, and/or the Individual Loan Agreement, in case of Default, including in case of Non-Payment.

Delivery Documents – Bill of Lading or Airway Bill in case of delivery of goods, and/or an invoice approved by the Buyer in case of services, and/or any other document approved in writing in advance by the Company and listed in the Individual Loan Agreement.

Disbursement or Disbursements – Amounts advanced, during the Disbursement Period, as Financing to the Borrower, and transferred to the Exporter, against presentation of the Disbursement Documents, as payment under the Export Contract, and/or amounts so advanced, as Financing to the Borrower, and paid to the Company as payment of the Premium.

Disbursement Documents – The documents, required for making a Disbursement under the Credit Line Agreement, and/or the Individual Loan Agreement, which the Exporter has to present to the Insured and/or to the Agent, and/or to the Representative, and/or the documents that the Insured and/or the Agent have to receive from the Borrower.

Disbursement Period – The period during which the Insured is allowed to make Disbursements under the Individual Loan Agreement, and/or the Credit Line Agreement, as detailed in the Specific-Insurance Certificate.

Down Payment - The amount received or to be received by the Exporter as a down payment from the Buyer under the Export Contract, at the rate set forth in the Specific-Insurance Certificate.

Export Contract - A contract for the sale of goods and/or services, signed or to be signed between the Exporter and the Buyer, the details of which are set forth in the Specific-Insurance Certificate.

Exporter – An entity whose name is detailed as the exporter in the Specific-Insurance Certificate.

Financed Premium – The amount, or the rate, of the Premium, which shall form part of the Financing under the Individual Loan Agreement, as detailed in the Specific-Insurance Certificate.

Financing – The amounts of principal disbursed as a loan to the Borrower under the Credit Line Agreement, and/or the Individual Loan Agreements by way of Disbursements during the Disbursement Period, together with the Contractual Interest thereon.

Guarantor – The entity whose name is stipulated as guarantor for the obligations of the Borrower under the Credit Line Agreement and/or the guarantee, as detailed in the Credit-Line-Insurance Certificate. In the event that there is no guarantor to the Credit Line agreement, the Credit-Line-Insurance Certificate shall state that there is none.

Individual Loan Agreement – The individual loan agreement made or to be made between the Insured and the Borrower, in accordance with the terms of the Credit Line Agreement, whose details are set forth in the Specific-Insurance Certificate, and a copy thereof is attached to the Application for Specific Insurance and constitutes an integral part thereof.

Insured and/or Insureds - The bank and/or banks, whose name/s is/are detailed as the insured/s in the Credit-Line-Insurance Certificate and/or in the Specific-Insurance Certificate.

Interest During the Waiting Period – The lower of the amount based on LIBOR or the Contractual Interest, as detailed in the Specific-Insurance Certificate, in respect of the relevant Non-Payment, for the period from the Payment Due Date until the expiry of the Waiting Period, multiplied by the Cover Percentage. The calculation of the Interest During the Waiting Period shall be made according to the method of calculation of interest in the Credit Line Agreement.

LIBOR - The LIBOR rate or the EURIBOR rate as defined in the Credit Line Agreement.

Maximum Limit of Liability – The lower of the amount detailed in the Specific-Insurance Certificate together with the Contractual Interest thereon, or the amount of the Disbursements under an Individual Loan Agreement together with the Contractual Interest thereon, multiplied by the Cover Percentage, plus the Interest During the Waiting Period.

Non-Payment - Partial or full non-payment of principal and/or Contractual Interest, under the Individual Loan Agreement, and/or the Credit Line Agreement on their Payment Due Date.

Payment Due Date – The date and/or dates stipulated in the Individual Loan Agreement for the payment of the Contractual Interest and/or for the payment of the principal and the Contractual Interest.

Premium - The amount of the insurance premium, plus the registration fee that constitutes an integral part of the Premium, at the rate or the amount detailed in the Specific-Insurance Certificate.

Recovery – Any amount paid by the Borrower and/or the Guarantor and/or any third party in connection with an Individual Loan Agreement, after payment of a claim, other than by the Exporter in respect of the Residual.

Representative – The entity appointed by the Insured as its representative in respect of actions towards the Company, whose name is set out in the Application for Credit Line Insurance.

Residual – The amount, and/or the rate, of the Individual Loan Agreement, not insured by the Company, as detailed in the Specific-Insurance Certificate.

Specific-Insurance Certificate – The certificate to be issued by the Company for the insurance of an Individual Loan Agreement within the framework of the Credit Line Agreement and this policy, in the text which is attached to this policy, marked D, and constitutes an integral part thereof.

Sovereign – The State of the Borrower and/or the Guarantor if acting through the Ministry of Finance, or the entity the Company defines as sovereign in the Credit-Line-Insurance Certificate and/or the Specific-Insurance Certificate, if such has been defined.

The Company – ASHRA The Israel Export Insurance Corp. Ltd.

Waiting Period – A six-month period, beginning on the Payment Due Date.

3. The Engagement

3.1 The preamble, the headings and the schedules to this policy constitute an integral part thereof.

3.2 All the terms used in this policy shall have the meaning ascribed to them in the foregoing Definitions clause.

3.3 The policy is issued on the basis of the Application for Credit Line Insurance, approved by the Company in the Credit-Line-Insurance Certificate.

3.4 The Insured is entitled to submit to the Company, from time to time, an Application for Specific Insurance, and the Company is entitled to approve insurance for such an Application or to refuse to approve it. Should the Company decide to approve the Application, it shall issue to the Insured a Specific-Insurance Certificate.

3.5 Subject to the issue of the Specific-Insurance Certificate and the payment of the Premium as provided thereof on the date set out therefor, and provided the Insured fulfills all the provisions of the policy, and subject to the exclusions detailed herein, the Company insures the Insured against the Amount of Loss, in case of Non-Payment, sustained by the Insured as a result of making Disbursements, but not exceeding the Maximum Limit of Liability in respect to one Individual Loan Agreement, or the Credit Line Maximum Limit of Liability in respect to all the Individual Loan Agreements.

3.6 Should the policy be issued to more than one Insured, the Insureds shall be jointly and severally liable towards the Company for the fulfillment of the provisions of the policy, with the exception of matters for which the Credit Line Agreement stipulates that each of the Insureds has an independent right against the Borrower, in which cases the Insureds shall be liable severally towards the Company.

3.7 Should the policy be issued to more than one Insured, the share of each Insured, in the Financing, in the Amount of Loss, in the Residual and in the Recovery, shall be as provided in the Specific-Insurance Certificate. In the absence of such provision, the share of the Insureds shall be similar to their share in the Financing.

3.8 Should the Insured appoint a Representative and/or an Agent, the actions and/or omissions of the Representative and/or the Agent shall bind the Insured, as if such were the actions of the Insured, unless the Insured notified the Company in writing that notwithstanding such appointment, from the date of the said notice certain actions would be carried out solely by the Insured.

3.9 The cover under this policy shall not apply to the Down Payment.

3.10 The cover under this policy shall not apply to the Default Interest.

4. The Premium

4.1 The Insured and/or the Exporter and/or the Borrower are liable for the payment of the Premium as provided in the Specific-Insurance Certificate, and in the absence of such provision, jointly and severally.

4.2 The amount of the Premium, or its percentage of any Disbursement, shall be as detailed in the Specific-Insurance Certificate.

4.3 The date for payment of the Premium shall be as detailed in the Specific-Insurance Certificate. The payment thereof to the account of the Company, on the said date, shall constitute a condition precedent for making Disbursement or Disbursements, unless the Premium is financed.

4.4 In the event that the Company received the Premium directly from the Borrower and/or from the Exporter, the Company shall notify the Insured in writing accordingly.

5. Premium Financing

5.1 The Premium in respect to any Individual Loan Agreement can be financed, as detailed in the Application for Specific Insurance, with the Company's consent, if such consent was given in the Specific-Insurance Certificate.

5.2 Should the Company approve the financing of the Premium, the Insured shall grant a loan, as part of the Disbursements, for the Financed Premium, in the amount or at the rate detailed in the Specific- Insurance Certificate.

5.3 The Maximum Limit of Liability shall be increased by the full amount of the Financed Premium.

5.4 The Insured shall credit the account of the Company with the Financed Premium.

6. Entry into Force

6.1 Entry into force of the policy - This policy shall enter into force if all the conditions precedent specified in the Credit Line Agreement for the coming into force thereof were fulfilled to the satisfaction of the Insured and the Company, provided the Insured and the Company act as follows: upon the fulfillment of the conditions precedent, the Insured or the Representative shall confirm to the Company the fulfillment thereof, and shall submit them to the Company for its approval. After examining the conditions precedent and the fulfillment thereof to the satisfaction of the Company, the Company shall inform in writing the Insured and/or the Representative about their fulfillment, and about the entry into force of the policy.

6.2 Entry into force of the Specific-Insurance Certificate – Specific-Insurance Certificate shall enter into force if all the conditions precedent specified in the Individual Loan Agreement for the coming into force thereof were fulfilled to the satisfaction of the Insured and the Company, provided the Insured and the Company act as follows: upon the fulfillment of the conditions precedent, the Insured or the Representative shall confirm to the Company the fulfillment thereof, and shall submit them to the Company for its approval. After examining the conditions precedent and the fulfillment thereof to the satisfaction of the Company, the Company shall inform in writing the Insured and/or the Representative about their fulfillment, and about the entry into force of the Specific-Insurance Certificate.

7. Disbursements

Making Disbursements under the Individual Loan Agreement is conditional upon the fulfillment of all that is detailed hereunder:

7.1 The Exporter and/or the Borrower present to the Insured and/or the Representative and/or the Agent all of the Disbursement Documents.

7.2 The Insured shall advance Disbursement in the amount specified in the Disbursement Documents, during the Disbursement Period. For the avoidance of doubt, the proportionate amount of the Down Payment shall be deducted from these amounts except to Disbursement related to the Financed Premium, if such amount was not deducted in the Disbursement Documents by the Exporter.

7.3 No Default has occurred, about which the Insured knew or should have reasonably known.

7.4 The Insured and/or the Representative and/or the Agent did not receive a notice about the termination or the cancellation of the Export Contract prior to making the Disbursement

7.5 The Premium was paid when due.

7.6 The Insured and/or the Representative and/or the Agent received from the Exporter a declaration stating that the Exporter received from the Buyer or from the Borrower the Down Payment, or the proportionate portion thereof related to the relevant Disbursement.

7.7 The Insured shall credit the Disbursements to the Exporter's bank account in Israel except for the Financed Premium which shall be paid directly to the Company.

8. The Insured Event

Subject to the fulfillment of the provisions of this policy, the Insured Event shall be Non-Payment by the Borrower, and/or the Guarantor if a guarantee was given for the obligations of the Borrower, provided that the Non-Payment continues until the end of the Waiting Period. After the first Insured Event, any additional Non-Payment shall be deemed as an Insured Event and will be paid on the Payment Due Date.

9. Exclusions

The Company shall not be liable under this policy in the following events:

9.1 The Insured made a Disbursement other than as provided by the Individual Loan Agreement and/or the Credit Line Agreement and/or the policy.

9.2 The Amounts of Loss result from Disbursements made subsequent to the date of the Cancellation of Cover.

9.3 The Insured modified the terms of the Individual Loan Agreement and/or the Credit Line Agreement without the Company's prior written approval.

10. Cancellation of Cover

10.1 The Company shall be entitled to notify the Insured and the Representative in writing, at any time, about the Cancellation of Cover for any Individual Loan Agreement separately, or for all the Individual Loan Agreements within the framework of the Credit Line Agreement insured under this policy.

10.2 Should the Company give a notice about the Cancellation of Cover, this policy shall not apply to Disbursements made from one Business Day following the date on which the notice was received by the Insured.

10.3 The notice about the Cancellation of Cover shall not apply to Disbursements in respect of goods or services, whose Delivery Documents bear a date that is prior to the notice for Cancellation of Cover, provided these Documents were presented prior to the expiry of the Disbursement Period, even if the rest of the Disbursement Documents were received subsequent to the aforesaid notice.

11. The Obligation of the Insured or the Representative to Submit Reports

The Insured or the Representative hereby undertakes:

11.1 To notify the Company, within 10 Days from the Payment Due Date, of the repayment and/or non-repayment of the Financing, or any part thereof, and to indicate in such notice the reasons for the non-repayment insofar as they are known to it.

11.2 To notify the Company, within 10 calendar days from the date of making each Disbursement, about the making thereof and the transfer thereof to the Exporter, and to forward to the Company on the aforesaid date the repayment schedule for such Disbursement.

11.3 To notify the Company, within 10 calendar days from the transfer of the Premium, in the event that the transfer was made through the Insured, about the transfer thereof to the account of the Company, indicating the amount and date of transfer.

11.4 To send to the Company, within 10 calendar days from the expiry of the Disbursement Period, a consolidated repayment schedule for all the Disbursements under an Individual Loan Agreement.

11.5 To furnish the Company with any information regarding Default under the Credit Line Agreement, and/or an Individual Loan Agreement, about which the Insured or the Representative knew or should have reasonably known.

12. Actions to Minimize Loss before the Insured Event

12.1 If Default has occurred and the Insured Event has not yet taken place, the Insured undertakes to take steps, coordinated in advance with the Company, to avoid the Insured Event and/or to minimize the Amount of Loss, including the collection of the Borrower's debt, and for such purpose to carry out all its obligations imposed by law. For the avoidance of doubt, the Insured shall not be required by virtue of its undertaking as aforesaid, and without derogating from the foregoing, to grant new credit to the Borrower, including within the framework of international arrangements.

12.2 The costs related to the steps taken before the occurrence of the Insured Event shall be approved in advance by the Company. The Company and the Insured shall share the costs pro rata, the Company bearing the costs multiplied by the Cover Percentage and the Insured, the costs multiplied by the Residual.

12.3 After Default, the Insured shall submit to the Company any document and/or information delivered to it in connection with the Individual Loan Agreement and/or the Credit Line Agreement.

12.4 The Insured shall not be entitled to accelerate the outstanding balance of the Financing not paid under any Individual Loan Agreement, and/or the Credit Line Agreement, unless with the Company's prior written approval.

13. Demand and Notice for Claim Payment

13.1 As long as the Company did not pay an Amount of Loss, the Insured shall submit to the Company a written demand for claim payment. The demand shall be submitted not before the lapse of 100 calendar days from the Payment Due Date.

13.2 Should the Company pay an Amount of Loss, the Insured shall submit to the Company a notice for claim payment with regard to any additional Insured Event,

13.3 Should the Insured delay sending the demand for claim payment until later than 150 calendar days from the Payment Due Date, or in sending the notice for claim payment until later than 30 calendar days prior to the Payment Due Date, the claim payment shall be delayed by the same number of calendar days for which the Insured so delayed.

13.4 The demand and the notice for claim payment shall include the following details:

13.4.1 Reference to the policy.
13.4.2 Reference to the Individual Loan Agreement.
13.4.3 Amount for which the demand or the notice is submitted, divided into principal and interest.
13.4.4 Amounts paid up to the date of Non-Payment, divided into principal and interest.
13.4.5 Outstanding balance of the Financing and the dates for payment thereof, divided into principal and interest.
13.4.6 Additional information known to the Insured, regarding the demand or notice for claim payment.

13.5 The Insured shall attach to the demand for claim payment the Disbursement Documents as required by the Company.

13.6 Should the Company give its approval for immediate payment (acceleration), and the Insured submitted to the Company a demand for claim payment, the Insured shall be exempt from submitting a notice for claim payment in any future event of Non-Payment.

14. Payment of the First Claim

14.1 For the purpose of the first claim payment, the Insured shall submit a demand for claim payment.

14.2 Should the Company receive a demand for claim payment, the Company shall pay the Amount of Loss, together with Interest During the Waiting Period, to the Insured, or to the beneficiary, subject to the conditions of this policy, in the Currency of the Transaction, not later than the first Business Day following the expiry of the Waiting Period, on the account designated by the Insured.

14.3 Should the Borrower and/or the Guarantor pay in full the Amount of Loss together with the Residual subsequent to the Payment Due Date, but prior to the expiry of the Waiting Period, the Waiting Period shall apply in respect of the next Non-Payment, and, for the purpose of payment of the Amount of Loss, the Insured shall be obliged to submit a new demand for claim payment.

15. Claim Payment Subsequent to the First Claim

15.1 If the first Insured Event has occurred, and the Company has paid the Insured any Amount of Loss, this claim payment shall constitute a recognition of any future Insured Event under the Individual Loan Agreement, if such an event takes place, and an irrevocable undertaking by the Company to pay to the Insured the Amounts of Loss for any future Insured Event on the Payment Due Dates, even if the outstanding balance of the Financing was accelerated for immediate payment.

15.2 For the purpose of payment of any claim subsequent to the first claim, the Insured shall submit to the Company a notice for claim payment.

15.3 Should the Company receive a notice for claim payment, the Company shall pay the Amount of Loss on the Payment Due Date.

15.4 The total Amounts of Loss for each Individual Loan Agreement shall not exceed the Maximum Limit of Liability. For the avoidance of doubt, any payment by the Exporter in respect of the Residual, or in respect of the Default Interest, or in respect of any other amount for which the Company is not liable under this policy, shall not reduce the Amount of Loss.

16. Steps Following the Occurrence of an Insured Event

16.1 Following the occurrence of an Insured Event, and after the Company paid the Amount of Loss, the Insured undertakes to act as the representative of the Company and take, at the Company's written request, any step, that the Company may require from time to time, in order to recover the Amount of Loss, including the submission of legal claims if so required.

16.2 The Insured shall assign to the Company, at all times upon the Company's demand, all its rights against the Borrower and/or the Guarantor under the Individual Loan Agreement and/or the Credit Line Agreement. Should the Insured assign its rights as aforesaid, the Insured shall be exempt from its obligations to act as the Company's representative.

16.3 Should the Company pay all the Amounts of Loss, the Insured shall assign to the Company all its rights towards the Borrower and/or the Guarantor under the Individual Loan Agreement.

16.4 The Company shall serve as the trustee for the Insured with regard to the collection of the Residual.

16.5 Costs related to the steps taken following the occurrence of the Insured Event shall be approved by the Company in advance. The Company and the Insured shall share the costs pro-rata, the Company bearing the costs multiplied by the Cover Percentage and the Insured, the costs multiplied by the Residual.

16.6 The Insured hereby empowers the Company to act within the framework of any debt-rescheduling arrangements and the recovery thereof, including "Paris Club" arrangements, and to consent, on its behalf, including with respect to the Residual, to any arrangement and agreement, as aforesaid, as the Company, at its sole discretion, shall deem fit. For the avoidance of doubt, "Paris Club" arrangements, as aforesaid, shall not prejudice and/or derogate from the Company's obligations under this policy and subject to the provisions herein. The Company alone shall bear all "Paris Club" costs. The Insured shall not be required to grant new credit to the Borrower within the debt rescheduling as aforesaid and the recovery thereof.

16.7 The Company is entitled to decide at all times on the cessation of legal proceedings and other proceedings that it has taken and/or the Insured has taken at its request in respect to the recovery of the Financing under the Individual Loan Agreement and/or the Credit Line Agreement. Should the Company decide to cease the legal proceedings, and the Borrower and/or the Guarantor are not the Sovereign, the Company shall notify the Insured about such cessation.

The Company shall assign to the Insured, upon its written request, the right for the recovery of the Residual, provided all the following conditions are fulfilled:

16.7.1 The Insured shall release the Company from any liability for the legal proceeding and/or the continuation thereof.

16.7.2 The assignment shall not result in the Company incurring any liability in excess of that which it has assumed under the policy.

16.7.3 The Insured shall bear all the expenses related to the continuation of the legal proceedings.

16.7.4 Should the Insured recover amounts in excess of the Residual and the Default Interest under the Individual Loan Agreement or the Credit Line Agreement in respect of the Residual, and the commissions due to the Insured, the Insured shall transfer to the Company any such excess over the Residual and the aforesaid Default Interest and commissions, after deduction of the recovery costs thereof.

The Company shall submit to the Insured all the documents and information in its possession, relevant to the claim.

16.8 Without derogating from the provisions of this policy, the Company shall be prepared to release the Insured from its obligations as the Company's representative for the purpose of Recovery, based on the following cumulative conditions, as examined by the Company on a case by case basis, and at the written request of the Insured:

16.8.1 The Borrower and/or the Guarantor are the Sovereign when the legal action for Recovery starts.

16.8.2 The Insured has a permanent representative office in the Country of the Borrower and/or the Guarantor when the legal action for Recovery starts.

16.8.3 The Insured believes in good faith that a legal action against the Borrower and/or the Guarantor, if brought by it, would jeopardize the Insured's representative office or its representatives in the Country of the Borrower and/or the Guarantor.

Notwithstanding the foregoing, the Company retains the right not to release the Insured from acting as the Company's representative for the purpose of Recovery, if there are material circumstances that differ from the foregoing conditions, which in the opinion of the Company necessitate such action.

17. Allocation of Collections and Recoveries

17.1 As long as the Borrower and/or the Guarantor make the payments in full on the Payment Due Dates, the payments received from the Borrower and/or the Guarantor shall be allocated in the order provided in the Credit Line Agreement. Should the Borrower and/or the Guarantor fail to pay an amount on the Payment Due Date under the Individual Loan Agreement, any amount paid subsequently, and not allocated to an Individual Loan Agreement, shall be allocated to the same Individual Loan Agreement in the following order: costs incurred for the minimization of loss or for the Recovery, principal, Contractual Interest, and then the Default Interest and the Insured's commissions, even though the Individual Loan Agreement and/or the Credit Line Agreement provide otherwise.

17.2 In the event that Default has occurred under several Individual Loan Agreements, and the Borrower did not pay an amount on the Payment Due Date, any amount paid by the Borrower, which is not allocated to a specific Individual Loan Agreement, shall be first allocated pro-rata according to the outstanding balance of the Individual Loan Agreements, and then according to the following order: costs incurred for the minimization of loss or for the Recovery, principal, Contractual Interest, and then the Default Interest and

the Insured's commissions, even though the Individual Loan Agreement and/or the Credit Line Agreement provide otherwise.

17.3 In the event that an Insured Event has occurred, and the Company paid the Amount of Loss, and the Recovery received was allocated to an Individual Loan Agreement, the Company and the Insured shall share the Recovery, the Company receiving the Recovery multiplied by the Cover Percentage, and the Insured, the Recovery multiplied by the Residual. The Recovery shall be allocated first to the costs incurred for the recovery thereof, and then to the Amounts of Loss and the Residual, all up to the Amounts of Loss paid by the Company in respect of same Individual Loan Agreement.

17.4 In the event that an Insured Event has occurred, and the Company paid the Amount of Loss, and the Recovery received was not allocated to an Individual Loan Agreement, the Company and the Insured shall allocate the Recovery pro-rata to all the Individual Loan Agreements, according to the outstanding balance of the individual loans. Subsequent to the aforesaid allocation, the Company shall receive, in respect of any Individual Loan Agreement, the Recovery multiplied by the Cover Percentage, and the Insured, the Recovery multiplied by the Residual. The Recovery shall be allocated first to the costs incurred for the recovery thereof, and then to the Amounts of Loss and the Residual, all up to the Amounts of Loss paid by the Company in respect of same Individual Loan Agreements. The above allocation shall continue until the Company received the amounts of Loss it has paid.

17.5 In the event that the Recovery received exceeds the Amount of Loss together with the Residual and the costs incurred for the recovery thereof, the excess Recovery shall be allocated in the following manner:

17.5.1 Prior to the Company's payment of the total Amounts of Loss, the excess Recovery shall be allocated to future Insured Events, and shall reduce the indebtedness of the Borrower under the Individual Loan Agreement, and/or under all the Individual Loan Agreements if a notice about the Cancellation of Cover was given therefor.

17.5.2 In the event that the Company paid the total Amounts of Loss, the Company and the Insured shall share pro-rata the excess Recovery received, until the Company received from such excess an amount equal to the LIBOR calculated on the Amounts of Loss paid by the Company from the date of payment of the Amounts of Loss until the date of receipt of the excess Recovery. The balance of the excess Recovery shall be remitted to the Insured.

18. Non-fulfillment of any Condition

Non-fulfillment by the Insured of any condition or any obligation under this policy shall not be deemed to be a waiver or consent on the part of the Company to such non-fulfillment, unless the Company shall have expressly so confirmed in writing.

19. The Beneficiary

19.1 The Insured is the beneficiary. The Insured shall be entitled, subject to the conditions provided in the Individual Loan Agreement, and/or in the Credit Line Agreement to designate, with the Company's prior written consent, a beneficiary or beneficiaries under the policy, including the designation of an irrevocable beneficiary or beneficiaries. For the avoidance of doubt, the beneficiary shall not be a company or a legal entity registered in a country that does not maintain diplomatic relations with Israel at the time of its designation as beneficiary.

19.2 With the exception of the designation of a beneficiary as aforesaid, the Insured shall be entitled to assign its rights under this policy to another or to others only with the Company's prior written consent.

20. Governing Law

This policy shall be governed by Israeli Law, including the Insurance Contract Law, 5741-1981; however, wherever the provisions of the policy are at variance with the law, and such variance is permitted – the provisions of the policy shall prevail.

21. Jurisdiction

The courts in Tel-Aviv - Jaffa shall be competent to hear any disputes that arise between the parties in connection with this policy.

22. Addresses and Notices

22.1 The address of the Company for the purpose of this policy is 65 Menahem Begin Road, Tel-Aviv 61201 (fax no. 03-5631708), or any other address notified to the Insured by the Company.
The address of the Insured for the purpose of this policy is as specified in the Credit-Line-Insurance Certificate, and/or the Specific-Insurance Certificate or any other address notified to the Company by the Insured.

22.2 Any demand and notice for claim payment, and the Cancellation of Cover, shall be sent by registered mail and by fax to the addresses of the Company and the Insured as aforesaid. The demand or notice delivered as aforesaid shall be deemed to be given to the addressee and received by it 3 Business Days after being sent, unless it is proven that it was actually received earlier or later.

22.3 All other notices under this policy shall be sent by fax to the addresses of the Company and the Insured as aforesaid, and such notice shall be deemed to be given to the addressee and received by it one Business Day after being sent.

In Witness Whereof,

_____

ASHRA The Israel Export
Insurance Corp. Ltd.

.

Schedule A – Application for Credit Line Insurance

Date: _____

To:
ASHRA The Israel Export Insurance Corp. Ltd.
65 Menachem Begin Road
Tel-Aviv 61201

Dear Sir,

Re: Application for an Insurance Policy for a Credit Line

A. We read the sample of your Insurance Policy for a Credit Line, and we agree to its contents. You are requested to issue such policy to us, in order to insure the Credit Line Agreement, attached herewith as Schedule E, whose main details are set forth hereunder:

The Credit Line Agreement:

1. Name of Insured or Insureds: _____ Address: _____ Tel.: _____ fax: _____ Name of Contact: _____ (*if there are more than one Insured, please indicate the portion of each Insured in the Financing, the insurance, the Residual and the Recovery).

2. Representative _____ (* please indicate "none" if none exists).

3. Name of Borrower: _____ Address: _____

4. Country of Borrower: _____

5. Name of Guarantor: _____(* please indicate "none" if there is no Guarantor) Address: _____

6. Country of Guarantor: _____

7. Agent: _____ (*please indicate "none" if none exists)

8. The Credit Line Agreement was signed on: _____ (* please indicate "not signed", if not yet signed).
9. Amount of the Credit Line: _____

10. Currency of the Transaction: _____

11. Down Payment: ____% _____(amount and percentage) to be paid by means of: _____

12. Disbursement Period: _____

13. Credit Terms: ____ _____ installments starting from _____

14. Contractual Interest: _____

15. Special Conditions: _____

Premium Financing (*cross out if irrelevant):

16. Financing of the Premium: The Credit Line Agreement includes the possibility to finance the Premium. We shall be entitled to request, under all or any Individual Loan Agreement, to finance the Premium in respect of same Individual Loan Agreement, and the financing thereof, as aforesaid, shall be subject to your approval in the Specific- Insurance Certificate.

B. We did not insure, transfer or pledge any portion of any amount due to us under the Credit Line Agreement related to this Application, or any right or benefit we have acquired by it, and we did not receive any guarantee or security in connection with the Credit Line Agreement, with the exception of the possibility to receive indemnity and/or security from Exporters in respect of amounts due to us under the Individual Loan Agreements, which are not insured by the Company. The realization of the aforesaid security and/or indemnity does not modify the conditions of the Credit Line Agreement, and shall not jeopardize the right for subrogation that the Company has, as the insurer, towards the Borrower.

C. Subject to the provisions of the policy, we undertake that if the Company notifies us about the cessation of Disbursements under any or all Individual Loan Agreements, we shall not make Disbursements that are not insured by the Company, unless we receive the Company's prior written consent.

D. All the terms that appear in this Application shall have the meaning ascribed to them in the Application or the policy.

E. We are not aware of any Default by the Borrower and/or the Guarantor.

F. All the approvals required in the bank for signing the Credit Line Agreement and receipt of the policy have been obtained.

Respectfully yours,

The Insured

Schedule B – Credit-Line-insurance Certificate

Insurance Policy for a Credit Line no. _____ dated _____

To: _____
_____
_____
_____

Dear Sir,

Re: Credit-Line Insurance Certificate no. _____ dated _____

All the terms in the Credit-Line-Insurance Certificate shall have the meaning ascribed to them in the policy.

Based on your Application dated _____, we are willing to issue in your favor an Insurance Policy for a Credit Line Agreement, whose details are specified hereunder:

The Credit Line Agreement:

1. Name of Insured or Insureds: _____ Address: _____ Tel.: _____ fax: _____ Name of Contact: _____ (*if there are more than one Insured, please indicate the portion of each Insured in the Financing, the insurance, the Residual and the Recovery).

2. Representative _____ (* please indicate "none" if none exists).

3. Name of Borrower: _____ Address: _____

4. Country of Borrower: _____

5. Name of Guarantor: _____(* please indicate "none" if none exists) Address: _____

6. Country of Guarantor: _____

7. Agent: _____ (*please indicate "none" if none exists).

8. The Credit Line Agreement was signed on: _____ (* please indicate "not signed", if not yet signed).

9. Amount of the Credit Line Agreement: _____

10. Currency of the Transaction: _____

11. Down Payment: ____% _____ (amount and percentage) to be paid by means of: _____

12. Disbursement Period: _____

13. Credit Terms: ____ _____ installments starting from _____

14. Contractual Interest: _____

15. The Credit Line Agreement includes the possibility to finance the Premium. The Company shall consider approving the financing of the Premium at the time of issuing the Specific-Insurance Certificate.

Details of the Insurance:

16. The Credit Line Maximum Limit of Liability (if exists): _____ together with the Contractual Interest thereon, multiplied by the Cover Percentage, plus the Interest During the Waiting Period. In the event that the Credit Line Agreement did not stipulate a specific amount, the amount herein shall be equal to the Credit Line Maximum Limit of Liability.

17. Special Conditions: _____

18. All conditions were fulfilled and all approvals required were received for the issue of the Insurance Policy for a Credit Line. The Company is in compliance with all the provisions of the Government Guarantee issued to it, and the same is in force. In addition, the regulations concerning proper banking conduct issued by the Supervisor of Banks: Regulation no. 311 – Minimum Capital Ratio, and regulation no. 313 – Limitations with respect to single borrowers – "Loveh Boded", were complied with.

Respectfully yours,

ASHRA The Israel Export
Insurance Corp. Ltd.

Schedule C – Application for Specific Insurance

Date:_____

To:
ASHRA The Israel Export Insurance Corp. Ltd..
65 Menachem Begin Road
Tel-Aviv 61201

Dear Sir,

Re: Application for Specific Insurance of an Individual Loan Agreement no. _____ within the framework of the Insurance Policy for a Credit Line no. ___ dated ____

A. You are requested to insure the Individual Loan Agreement, whose details are set forth hereunder, in accordance with the conditions of the above policy, and within the framework of the Credit Line Agreement.

The Individual Loan Agreement:

1. Name of Insured or Insureds: _____ Address: _____ Tel.: _____ fax: _____ Name of Contact: _____ (*if there are more than one Insured, please indicate the portion of each Insured in the Financing, the insurance, the Residual and the Recovery).

2. Representative _____ (* please indicate "none" if none exists).

3. Name of Borrower: _____ Address: _____

4. Country of Borrower: _____

5. Name of Guarantor: _____(* please indicate "none" if none exists) Address: _____

6. Country of Guarantor: _____

7. Agent: _____ (*please indicate "none" if none exists)

8. The Individual Loan Agreement was signed on: _____ (* please indicate "not signed", if not yet signed).

9. Amount of the Individual Loan Agreement: _____

10. Currency of the Transaction: _____

11. Down Payment: ____% _____(amount and percentage) to be paid by means of: _____

12. Disbursement Period: _____

13. Credit Terms: ____ _____ installments starting from _____

14. Contractual Interest: _____

15. Special Conditions: _____

16. Copy of the Individual Loan Agreement is attached to this Application, marked C/1, and constitutes an integral part hereof.

Premium Financing (*cross out if irrelevant):

17. Financing of the Premium: We request to finance the Premium as part of the Individual Loan Agreement. The amount of the Individual Loan Agreement includes the Financed Premium.

The Export Contract:

18. The Export Contract was signed on: _____ for the amount of: _____

19. Name of Exporter: _____ Address: _____

20. Name of Buyer: _____

21. Country of Buyer: _____

B. To date _____ Individual Loan Agreements for the total amount of _____ were approved for insurance within the framework of the Credit Line Agreement.

C. The balance of the Financing (principal only) under the Credit Line is _____

D. We did not insure, transfer or pledge any portion of any amount due to us under the Individual Loan Agreement related to this Application, or any right or benefit we have acquired by it, and we did not receive any guarantee or security in connection with the Individual Loan Agreement, with the exception of the indemnity and/or security received from the Exporter in respect of amounts due to us under the Individual Loan Agreement, which are not insured by the Company. The realization of the aforesaid security and/or the indemnity does not modify the conditions of the Individual Loan Agreement, and shall not jeopardize the right for subrogation that the Company has, as the insurer, towards the Borrower.

E. Subject to the provisions of the policy, we undertake that if the Company notifies us about the cessation of Disbursements under the Individual Loan Agreement we shall not make Disbursements that are not insured by the Company, unless we receive the Company's prior written consent.

F. All the terms that appear in this Application shall have the meaning ascribed to them in the Application for Specific Insurance or the Application for Credit Line Insurance or the policy.

G. We are not aware of any Default by the Borrower and/or the Guarantor.

H. All the approvals required in the bank for signing the Individual Loan Agreement and receipt of the Specific-Insurance Certificate have been obtained.

Respectfully yours,

_____

The Insured

Schedule D – Specific-Insurance Certificate

To: _____
_____
_____

Dear Sir,

Re: Specific-Insurance Certificate no. _____ dated _____ within the framework of the Insurance Policy for a Credit Line no. ___ dated ____ and related to an Individual Loan Agreement no. _____ for the amount of _____

All the terms in the Specific-Insurance Certificate shall have the meaning ascribed to them in the policy.

Based on your Application for Specific Insurance dated _____, we are willing to issue in your favor a Specific-Insurance Certificate, and insure the Individual Loan Agreement, whose details are specified hereunder, within the framework of the Credit Line Agreement, which the Insurance Policy for a Credit Line applies thereto:

The Individual Loan Agreement:

1. Name of Insured or Insureds: _____ Address: _____ Tel.: _____ fax: _____ Name of Contact: _____ (*if there are more than one Insured, please indicate the portion of each Insured in the Financing, the insurance, the Residual and the Recovery).

2. Representative _____ (* please indicate "none" if none exists).

3. Name of Borrower: _____ Address: _____

4. Country of Borrower: _____

5. Name of Guarantor: _____(* please indicate "none" if none exists) Address: _____

6. Country of Guarantor: _____

7. Agent: _____ (*please indicate "none" if none exists).

8. The Individual Loan Agreement was signed on: _____ (* please indicate "not signed", if not yet signed).

9. Amount of the Individual Loan Agreement: _____

10. Currency of the Transaction: _____

11. Down Payment: ____% _____ (amount and percentage) to be paid by means of: _____

12. Disbursement Period: _____

13. Credit Terms: ____ _____ installments starting from _____

14. Contractual Interest: _____

15. The Export Contract was signed on: _____ for the amount of: _____

16. Name of the Exporter: _____ Address: _____

17. Name of Buyer: _____

18. Country of Buyer: _____

Details of the Insurance:

19. Maximum Limit of Liability: The lower of_____ together with the Contractual Interest thereon, or the amount of the Disbursements together with the Contractual Interest thereon, multiplied by the Cover Percentage, plus the Interest During the Waiting Period.

20. Cover Percentage: _____

21. Residual: _____

22. Special Conditions: _____

23. Interest During the Waiting Period: _____

24. All conditions were fulfilled and all approvals required were received for the issue of the Specific-Insurance Certificate. The Company is in compliance with all the provisions of the Government Guarantee issued to it, and the same is in force. In addition, the regulations concerning proper banking conduct

issued by the Supervisor of Banks: Regulation no. 311 – Minimum Capital Ratio, and regulation no. 313 – Limitations with respect to single borrowers – "Loveh Boded", were complied with.

<u>Premium</u> (*cross out the irrelevant)

25. *The Premium (no financing of the Premium): _____ (the amount of the Premium includes insurance premium and registration fee at the rate of _____% of the insurance premium).

    i. Shall be paid by: _____

    ii. Date of payment of the Premium: _____

    iii. The Premium shall not be financed within the Individual Loan Agreement

26. *The Premium (with financing of the Premium): we approve the financing of the Premium. The amount of the Individual Loan Agreement includes the Financed Premium.

    i. Amount of the Premium: _____ (the amount of the Premium includes insurance premium and registration fee at the rate of ___% of the insurance premium)

    ii. We approve financing of the Premium at the rate of ___% of each Disbursement as a condition precedent for the making thereof, or in the amount of _____, which shall be paid in advance on the date specified in the Individual Loan Agreement.

    iii. The balance of the Premium, in the amount of _____ out of the Premium, shall be paid to the Company in cash on _____

Respectfully yours,

_____

ASHRA The Israel
Export Insurance Corp. Ltd.

Schedule E - Copy of the Credit Line Agreement

The Credit Line Agreement shall be attached to this policy.