

SHOMERA
INSURANCE COMPANY LTD.



ISRAELI FAMILY

SHOMERA INSURANCE COMPANY LTD.

JEWELLERS BLOCK INSURANCE - POLICY OF INSURANCE

In accordance with your instructions we have effected jewellers block insurance for your account subject to the conditions of Lloyd's Jewellers' Block Form O(E) attached.

Notice of Claim in the event of any occurrence likely to result in a claim under this insurance, immediate notice should be given to Shomera Insurance Co. Ltd., 23 Hasivim Street, Petach-Tikva, 49517.

The Insured should examine this Policy carefully and in the event of any correction being required immediate advice should be given to Shomera Insurance Co. Ltd.

Premium as per debit note attached.

In witness whereof this Policy has been signed at _____
this _____ day of _____
Shomera Insurance Company Ltd.

(signed) _____
authorised signatory

**JEWELLERS' BLOCK INSURANCE
FORM O(E) AMENDED**

WHEREAS the assured named in the schedule herein (hereinafter called the "Insured") has made to SHOMERA INSURANCE COMPANY LTD. (hereinafter called the Insurer or the COMPANY) a written proposal and declaration, together with particulars and statements contained therein, it is hereby agreed that the said proposal and declaration forms the basis of the contract and is to be considered as incorporated herein.

NOW THIS POLICY WITNESSES that, if at any time during the said period of property insured or any part thereof shall be lost or damaged by any peril insured against as set forth herein the Insurers will, to the extent and in the manner hereinafter provided, indemnify the Insured in respect of such loss or damage not exceeding the respective sum or sums insured as specified herein.

1. THE PROPERTY INSURED AND THE PERILS INSURED AGAINST

1.1 Definition of Insured Property

The insurance applies to the following property:

Jewellery, diamonds, precious and semi-precious stones of any sort or kind whatsoever, platinum, gold, silver, gold or silver plate or ornaments pearls and/or other merchandise and materials usual to the conduct of the Insured's business, whether the same be the property of the Insured or entrusted to him or them on sale or return or on approbation or for work to be done thereon or for safe custody or for any other purpose whatsoever.

Any other interests incidental to the Insured's business. Cash and bank notes for the proceeds of goods sold are also covered herein.

1.2 Situation of Property Insured

While the same is in or upon any premises listed in the attached Schedule or endorsements thereto or while being carried or in transit as specified in the said schedule.

1.3 The Perils Insured - Property

AGAINST LOSS OR DAMAGE TO THE PROPERTY INSURED OR ANY PART THEREOF FROM ANY CAUSE WHATSOEVER, during the period of insurance in the attached Schedule (subject to the terms, conditions and limitations of this certificate). **IT IS HEREBY NOTED AND AGREED** without diminishing the force of the words "against loss or damage arising from any cause whatsoever" contained in this certificate, that this insurance covers loss or damage of the property insured by theft or dishonesty committed by an officer, clerk or servant of banks (provided such banks are not acting as Brokers of Customers of the Insured) whilst such property insured is in the custody of such banks for the account of the Insured.

2. GENERAL DEFINITIONS

2.1 Territorial limits shall mean the territorial limits of the State of Israel and the adjacent territories.

2.2 Diamond Exchange Complex shall mean the building known as Shimshon Building/Diamond Exchange Building, the building known as Maccabee Building and the direct passageway through the bridge connecting Maccabee Building and the Diamond Exchange Building, the building known as Noam Building/Diamond Center and the direct passageway between them through the bridge connecting them. The building known as Yahalom Building and the direct passageway through the bridge connecting Yahalom Building and Shimshon Building.

2.3 Entrustments shall refer to property insured handed over by the Insured to any other third party or to the Insured by any third party in the usual course of the Insured's business.

2.4 Premises are one or more locations from which the Insured's business is conducted subject to the limitations per location appearing in the Schedule.

2.5 Outdoor carrying refers to property carried in the ordinary course of the Insured's business, outside of the Insureds' premises by the Insured, his employees or others with the knowledge of the Insured, and subject to condition 7.5 herein.

3. SENDINGS

This Policy includes sendings within Israel only subject to the limit expressed under the outdoor carrying item, but not sendings by taxi and/or bus services, and does not cover postal sendings to or from places outside Israel whilst such sendings are in the custody of Postal Authorities in Israel, except for any excess beyond the amount which would have been payable under any other Certificate, Certificates, policy or policies had this insurance not been in force. The limit of any one sending is the same as the carrying limit stated in the Schedule of this certificate, however postal sendings shall not exceed \$ 10,000.- any one sending.

4. GOODS IN CUSTOMS

This policy includes cover for goods in the custody of Customs Authorities for a few days irrespective of the terms of sale until handed over to the Insured or to the purchaser by the Customs Authorities or otherwise, subject to the limit expressed under the outdoor carrying item.

5. EXCLUSIONS

This policy does not cover:

5.1 Loss or damage by theft or dishonesty or deception committed by any servant or travellers or messenger in the employment of the Insured (except when conveying property insured to the Post) or by any customer or dealer or agent or broker or broker's customer or customer's dealer in respect of property insured entrusted to them by the Insured, his or their servants or agents, unless such loss or damage arises when such property is deposited for safe custody by the Insured, his or their servants or agents with such dealer or broker or customer or broker's customer, or customer's dealer.

5.2 Damages to property insured which may be sustained whilst the same is being actually worked upon and directly resulting therefrom.

5.3 Loss or damage (including loss or damage by fire or theft) directly or indirectly resulting from typhoon, hurricane or cyclone, volcanic eruption, earthquake, subterranean fire or other convulsion of nature. (This exclusion applies only to risks on lands).

5.4 Property missing at regular stocktaking in respect of which no claim has been previously notified, unless the loss be proved by the Insured to be due to a peril covered by this Policy.

5.5 Loss of or damage to property insured whilst the same being worn or used by the Insured, any Principal, Director or Partner of the Insured, members of their families, relatives or friends or whilst in their custody for this purpose.

5.6 Loss of or damage to property insured whilst at any Public Exhibition promoted or financially assisted by any Public Authority or by any Trade Association.

5.7 Loss of or damage to property insured hereunder while in or upon any vehicle, unless at the time the loss or damage occurs such vehicle, is attended by either the Insured or a person in the employment of the Insured or whose duty is to attend the vehicle on behalf of the Insured, provided that the Insured or such a person is inside or upon the vehicle.

5.8 Loss or damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power, martial law, strikes, riots, civil commotions or confiscation or nationalisation or requisition or destruction of or damages to property by or under the order of any government or public or local authority.

5.9 (a) Loss or destruction or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss.

(b) Any legal liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from

(i) ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel.

(ii) the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.

5.10 Loss or earning, loss by delay, loss of market, or consequential or indirect loss or damage of any kind or description whatsoever.

5.11 Loss of or damage to goods entrusted to the Assured by private clients and/or customers solely for safe custody.

5.12 Loss of or damage to property occurring through the operation of a peril against which, at the date of the happening of such loss or damage, the Assured has effected separate insurance irrespective of whether or not such other insurance is liable to or does meet such loss.

5.13 Loss, destruction or damage directly occasioned by pressure waves caused by aircraft and other aerial devices travelling at sonic or supersonic speeds.

5.14 Loss or damage to Computer Systems' Records.

6. WARRANTIES

6.1 It is warranted that Insurers will not be liable for any loss or damage to the property insured if such loss or damage is the direct result of or has been contributed to or aggravated by the Insured's failure to implement any safety precautions and/or recommendations contained in the Survey Report issued by an approved surveyor or contained in Insurers' instructions within one month of the receipt of such report or instructions or within any longer period which may be agreed to in writing by INSURERS.

6.2 It is further warranted that such protections and/or safeguards as may be referred to in the written proposal and declaration or in the survey report, as being in force shall not be withdrawn or varied to the detriment of the interest of the Insurers without their consent.

6.3 It is a condition of Insurers' liability under this Policy that all keys and duplicate keys capable of operating the alarms (if any) and all keys and duplicate keys of safes and strong rooms are removed from the premises after the regular working hours or whenever the said premises are unattended.

6.4 It is a condition precedent to the liability of Insurers that, in the event of any occurrence likely to result in a claim, immediate notice must be given to the office of Shomera Insurance Co. Ltd. at the address specified on the front page of this Policy.

6.5 It is warranted that the property insured as defined will be locked outside working hours and at all other times when the premises are unattended in the safes stipulated in the Schedule, unless otherwise stated in the Schedule.

7. CONDITIONS

7.1 It is understood and agreed that the Insured shall keep proper Stock and Account Books in which all sales and purchases and other transactions are recorded, and that such Books shall be available for inspection by the Insurers or their representatives in case of a claim being made under this Policy.

7.2 The Insured shall in case of loss or damage and as a condition precedent to any right of indemnification in respect thereof, give to Insurers such information and evidence as to the property lost or damaged and the circumstances of the loss or damage as Insurers may reasonably require and as may be in the Insured's power to provide.

7.3 If the Insured shall make any claim knowing the same to be false or fraudulent, as regards amount or otherwise, this Policy shall become void and all claims hereunder shall be forfeited.

7.4 In case of any loss or damage of any kind whatsoever, it shall be lawful for the Insured, his or their servants or assigns to sue, labour and travel in and about the defence safeguard and recovery of the aforesaid subject matter of this insurance or any part thereof without prejudice to this insurance or waiver of the Insured's or Insurers' rights.

7.5 It is a condition precedent to cover under the outdoor carrying item that whenever the Sum Insured exceeds U.S.\$ 150,000.- the following limitation apply:

- (a) For carrying limits greater than U.S.\$ 150,000.- upto U.S.\$ 250,000.- the person carrying the property must be accompanied by at least one escort.
- (b) For carrying limits greater than U.S.\$ 250,000.- to U.S.\$ 400,000.- the person carrying the property must be accompanied by at least two escorts.
- (c) For carrying limits greater than U.S.\$ 400,000.- the person carrying the property must be accompanied by an armed security guard, or police, or be in an armoured car. These limitations do not apply to sendings by professional security carriers, or to carrying within a building.

7.6 This policy may be cancelled at any time at the request of the insured in writing to Shomera Insurance Company Ltd. and the premium hereon shall be adjusted on the basis of Insurers receiving or retaining the customary short term premium.

This Policy may also be cancelled by or on behalf of Insurers by thirty days notice given in writing to the Insured at his last known address, and the premium hereon shall be adjusted on the basis of Insurers receiving or retaining pro rata premium.

7.7 All salvage recoveries and payments recovered or received subsequent to a loss settlement under this Policy or prior to such settlement without Insurers' knowledge by the Insured, shall be applied as if recovered or received prior to the said settlement and will be reduced from Insurers' liability.

In the event that the insured loss has already been paid by Insurers, the Insured will repay Insurers within 14 (fourteen) days from the date of each such recovery.

8. CLAUSES

8.1 Reinstatement Clause:

Upon discovery of any loss under this Policy, a further premium, based on the amount that such loss bears to the total amount of this Policy, and at a premium to be agreed by Insurers for the unexpired period of this Policy shall be payable by the Insured and even although the further premium may not meanwhile have been actually paid, this Policy shall be treated as reinstated so as to continue as a Policy in the amount stated in the Schedule.

8.2 Arbitration Clause

If any difference arises as to the amount of any loss or damage, such difference shall independently of all other questions be referred to the decision of an Arbitrator to be appointed in writing by the parties in difference or, if they cannot agree upon a single Arbitrator, to the decision of two distinguished persons as Arbitrators, of whom one shall be appointed in writing by each of the parties within two calendar months after having been required to do so in writing by the other party. In case either party shall refuse or fail to appoint an Arbitrator within two calendar months after receipt of notice in writing requiring an appointment, the other party shall be at liberty to appoint a sole Arbitrator and in case of disagreement between the Arbitrators, the difference shall be referred to the decision of an Umpire who shall be appointed by them in writing before entering on the reference and who shall sit with the Arbitrators and preside at their meetings. The death of any party shall not revoke or affect the authority of powers of the Arbitrator, Arbitrators or Umpire respectively; and in the event of the death of the Arbitrator or Umpire another shall in each case be appointed in his stead by the party or Arbitrator (as the case may be) by whom the Arbitrator so dying was appointed. The cost of the reference and the award shall be in the discretion of the Arbitrator, Arbitrators or Umpire making the award and it is hereby expressly stipulated and declared that it shall be a condition precedent to any right of action of suit upon this Policy that the award of such Arbitrator, Arbitrators or Umpire of the amount of the loss or damage is disputed be first obtained.

9. RIOT, STRIKE AND MALICIOUS DAMAGE EXTENSION

This Policy is subject to Riots, Strikes and Malicious Damage Extension Clause No. 1 Overseas (NMA 1425) as follows:

This Policy is hereby extended to cover RIOT AND STRIKE DAMAGE and MALICIOUS DAMAGE as hereinafter defined to the property specified therein. For the purpose of this extension:

1. "Riot and Strike Damage" shall mean loss or damage to the property insured directly caused by:
 - (a) Any act committed in the course of a disturbance of the public peace by any person taking part together with others in such disturbance: or
 - (b) Any willful act of any striker or locked-out worker done in furtherance of a strike or in resistance to a lock-out whether or not such act is committed in the course of a public peace: or
 - (c) Any act of any lawfully constituted Authority for the purpose of suppressing or minimising the consequences of any existing disturbance of the public peace, or for the purpose of preventing any such act as is referred to in (b) above or minimising the consequences thereof:

But in the case of loss or damage caused by any such act as referred to in (b) above, shall not (unless such act is committed in the course of a disturbance of the public peace) include any loss or damage arising out of or in the course of burglary, housebreaking, theft or larceny or caused by any person taking part therein.

2. "Malicious Damage" shall mean loss or damage to the property insured directly caused by any malicious act of any person whether or not such act is committed in the course of a disturbance of the public peace but shall not include any loss or damage by fire, howsoever such fire may have been caused or any loss or damage arising out of or in course of burglary, housebreaking, theft or larceny or caused by any person taking part therein.

EXCLUSIONS to this extension:

Notwithstanding anything to the contrary herein contained this extension does NOT cover:

- (a) Loss or damage resulting from total, or partial cessation or interruption or retarding of work or any commercial or industrial process of operation.
- (b) Loss (whether temporary or permanent) of the insured property or any part thereof by reason of confiscation, requisition, detention or legal or illegal occupation of such property or of any premises, vehicle or thing containing the same.
- (c) Loss of earnings, loss by delay, loss of market or consequential or indirect loss or damage of any kind or description whatsoever.
- (d) Loss or damage or the disturbance of the public peace, strike, lock-out, act of lawfully constituted Authority or malicious act in the course of or arising out of which such loss or damage arises, constitutes or is part of or occurs or is committed whether directly or indirectly by reason of, or in connection with war, invasion, act of foreign enemy, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion, assuming the proportions of or amounting to a popular rising,

military or usurped power, or any activity of any organisation the objects of which are to include the overthrowing or influencing of any de jure or de facto Government by terrorism or by any violent means.

(e) Loss or damage directly or indirectly caused by or contributed to by or arising from ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel.

CONDITIONS specified to this extension

1. In any claim and in any action, suit or other proceeding to enforce a claim, for loss or damage under this extension, the burden of proving that the loss or damage does not fall within Exclusion (d) above set out shall be upon the Insured.
2. This extension does not cover any loss or damage which at the time of happening of such loss or damage is insured by or would but for the existence of this extension, be insured by any other existing Certificate, Certificates, policy or policies except in respect of any excess beyond the amount which would have been payable under such other Certificate, Certificates, policy or policies had this extension not been effected.
3. Any item of this Policy which is already subject to any condition and conditions of average for fire or other hazards insured by this Policy shall be subject to the same condition or conditions of average for the purpose of this extension.
4. The Insured shall, at the request and expense of the Insurers take all steps that may be necessary to protect the interest of Insurers.
5. There shall be no cancelling of this extension and no return of premium shall be paid in respect thereof for short interest.

11. FIXTURES AND FITTINGS EXTENSION (if specified in the attached Schedule)

Trade and office furniture, fixtures, fittings, machinery plant, safes, alarm systems, tenants decorations and improvements and all other contents of the property of the Insured (except for property as defined hereabove) against loss or damage by fire, lightning, explosion, air craft or other aerial devices or articles dropped therefrom, burglary, theft or any attempt thereat, storm, tempest, flood, bursting or overflowing or leakage of water pipes or apparatus, or impact by any road vehicle, horse or cattle not belonging to or under control of the Insured or any member of the Insured's household or the Insured's employees (subject to the terms, conditions and limitations of the Policy).

The fixtures and fittings insured by this item are covered only whilst in the Insureds' premises specified above and the cover excludes the first \$ 50.- of each and every loss in respect of storm, tempest, flood or bursting or overflowing or leakage of water pipes or apparatus.

Definitions which apply to this Extension only

The words “water pipes and apparatus” as used herein means water pipes, water mains, water tanks or water apparatus excluding:

- (a) Automatic sprinkler installation and drenchers; and
- (b) Boilers other than domestic boilers.

“Premises” refer to the premises at which the Insured’s business is conducted and/or landlords fixtures and fittings thereof, the Insureds’ own, or for which the Insured is legally responsible as tenant, against damage done by burglars and/or thieves or persons attempting to commit burglary or theft (subject to the terms, conditions and limitations of this Policy).

SEPARATE CONTRACT - ALL RISKS

In accordance with the requirements of Section 19 of the Prescription Law 1958, it is hereby declared and agreed in respect of this Policy that:

- (a) Insurers shall in no case or manner be responsible under the Policy for loss or damage whatsoever after expiry of 12 months from date of occurrence of the loss or damage, unless the claim regarding such loss or damage forms the subject matter of a claim pending before a competent court or arbitrator.
- (b) Where a claim is rejected by Insurers and no claim was brought before competent court within 6 months from date of such rejection (or in case of arbitration under conditions of this Policy - within 6 months from date of issue of the Award by the Arbitrator or Arbitrators or Umpire) any benefit under this Policy shall be forfeited.

All terms of this Policy insofar as they are not explicitly contradicted by this Endorsement shall remain in force.