

FINE ART COLLECTOR'S INSURANCE

INTRODUCTION

This policy attests that in exchange for payment of the insurance premiums listed in the schedule included herein (hereinafter "the schedule") by the Insured whose name appears in the schedule to

Harel Insurance Company Ltd.
(hereinafter "the Insurer")

Whereas the Insured named in this Policy has made a written proposal and declaration containing particulars and statements which it is hereby agreed are to be the basis of this contract and are deemed to be incorporated herein, and has paid or agreed to pay the specified premium, the Insurer, agrees with the said Insured to insure against all risks of physical loss of or damage to the property described in the Schedule while at the locations named in the Schedule occurring during the period of insurance, subject to the following terms, conditions and exclusions.

EXCLUSIONS

This Insurance does not cover:

1. Loss or damage caused by or resulting from:
 - 1.1 Natural ageing, gradual deterioration, inherent defect, rust or oxidization, moth or vermin, warping or shrinkage;
 - 1.2 Repairing, restoring, retouching or any similar process;
 - 1.3 Aridity, humidity, exposure to light or extremes of temperature unless such loss or damage is caused by storm, frost or fire, excluding loss or damage that would be recoverable under an ordinary fire insurance policy.
 - 1.4 Breakage of articles of a brittle or fragile nature unless such breakage is caused by burglars, thieves or fire.
 - 1.5 Breakage of picture glass, but includes damage done by broken glass to the property insured.
2. Loss from or damage in or on unattended vehicles, unless in the custody of a competent professional carrier.
3. Electrical or mechanical fault or breakdown.
4. The amount of the deductible stated in the Schedule for each and every loss.
5. Loss or damage or liability 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.
6. Loss or damage caused by or resulting from confiscation, nationalization, requisition, or destruction of or damage to property by or under the order of any government or public or local authority.
7. 7.1 Loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising there from or any consequential loss

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- 7.2 Any legal liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from
 - 7.2.1 Ionizing radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel
 - 7.2.2 The radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof
 - 7.2.3 Nuclear reaction, nuclear radiation or radioactive contamination
- 8. Any loss or damage occasioned by or through or in consequence, directly or indirectly of acts of terrorism committed by a person or persons acting on behalf of or in connection with any organization.
For the purpose of this Condition, "terrorism" means the use of violence for the purpose of putting the public or any section of the public in fear.
In any action, suit or other proceeding, where the company alleges that by reason of the provisions of this Condition any loss or damage is not covered by this insurance, the burden of proving that such loss or damage is covered shall be upon the Insured.
- 9. Any loss or damage for which the Insured is entitled to compensation under the Property Tax and Compensation Fund Law 1961 and the Insured was not denied of said right due to incompliance with any provision of the said law.

BASIS OF VALUATION

- 10. The basis of valuation for settlement will be:
 - 10.1 For items individually listed, the value agreed by the Insurer and shown in the Schedule. **The Insurer will not be liable for more than the agreed value**
 - 10.2 For items not individually listed,, the market value immediately prior to the loss.
 - 10.3 **Pairs and Sets -** In event of loss or damage to any item or items having a special or increased value by virtue of forming part of a pair or set, **this insurance shall not take account of any such special or increased value, but shall only pay a proportionate part of the insured value of such pair or set.**
Nevertheless in no event will the Insurer be liable for more than the applicable limits of liability set out in the Schedule.
- 11. In the event of partial loss of or damage to any item insured the amount payable will be the cost and expense of restoration plus any resulting depreciation but not exceeding the full value of that item, valued as in the schedule.
- 12. Following payment of the full amount insured for any item, pair or set, the Insurer will become the full owners and reserve the right to take possession of the item, pair or set.

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CONDITIONS

Anything to be done or complied with by the Insured shall be a condition precedent to the Insurer's liability.

13. Due Diligence

The Insured must take all reasonable care and measures to protect the insured property and to maintain it in a good and proper condition.

14. Transits

The Insured must ensure that the insured property is packed, for transit by competent professional packers, utilizing procedures and materials necessary to protect the covered property.

15. Acquisitions

The aggregate sum insured may be increased by up to 10% to cover new acquisitions provided that the Insurer is notified within 60 days and an additional premium is paid. This allowance will be reinstated following each notification to the Insurer.

16. Protections maintenance clause

The Insured must ensure that all physical protections notified to the Insurer are engaged whenever the named location(s) are left unattended.

The Insured must ensure that all fire alarm and security systems notified to the Insurer activated whenever the named location(s) are left unattended. All systems must be regularly serviced under contract with the installing alarm company and/or a reputable company at least.

17. Notice and proof of loss

It is a condition precedent to the Insurer's liability that in the event of loss or damage that may give rise to a claim under this Insurance policy, notice must be given to the Insurer immediately and to the police if a crime is suspected.

In the event of loss or damage to the Insured property the Insured must give the Insurer such relevant information and evidence as may reasonably be required and co-operate fully in the investigation or adjustment of any claim. If required by the Insurer the Insured must submit to examination under oath by any person designated by the insurer.

18. Subrogation

If the Insurer becomes liable for any payment under this Insurance in respect of a loss, the Insurer shall be subrogated, to the extent of the payment, to all the rights and remedies of the Insured against any party in respect of the loss and shall be entitled at their own expense to sue in the name of the Insured. The Insured shall give the Insurer all such assistance in his power as the Insurer may require to secure their rights and remedies and, at the insurer's request, shall execute all documents necessary to enable the Insurer to effectively bring suit in the name of the Insurer. The Insured shall be entitled to all recoveries from any third party up to the amount of their outlay including their own costs and expenses.

19. Recovered Property

The Insured will have the right to purchase from the Insurer any property recovered for which the full sum insured has been paid in settlement of a claim at the lesser of:

19.1 The amount of the settled claim plus interest from the date of settlement at a relevant prevailing bank base rate plus loss adjustment and recovery expenses;

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19.2 At the fair market value at the time of recovery.

The Insurer will notify the Insured by post at his last known address of the right to purchase property recovered and the Insured will have 60 days from the date of notice to exercise the right to repurchase.

20. Misrepresentation and Fraud

If the Insurer has concealed or misrepresented any material fact or circumstance relating to this Insurance or makes any claim knowing it to be fraudulent, with fraudulent intent, this Insurance shall become void and all claims hereunder shall be forfeited.

21. Cancellation

This insurance may be terminated at any time at the option of the insurer by 30 days notice given to the Insured; in the event of such termination a ratable proportion of the premium shall be returnable on demand. In the event of this Insurance being terminated at any time by the request of the Insured, the insurer shall retain premium on the customary short period scale for the time during which the Policy was in force.

Notwithstanding, should any loss and/or claim have been paid or be outstanding under this Policy at the time notice of cancellation may be given by either party, the Insurer shall not be bound to make any return of premium for the unexpired portion of this Insurance.

Notice will be deemed to have been given if sent by post properly addressed – the address of the Insured for Notices will be the last address that the Insured gave to the Insurer.

22. Excess

Each and every loss or damage covered under this Policy shall be subject to an excess to be borne by the Insured in the amount stated in the Schedule.

23. Governing law and jurisdiction

This Insurance is governed by the laws of the State of Israel and Israeli law and the Israeli Courts shall have jurisdiction in any dispute arising hereunder.

24. Prescription Period

In no case whatsoever shall the Insurer be liable for any loss or damage after the expiration of three years from the occurrence of the loss or damage.

25. Notification

Every notice and other communication to the Insurer, must be written or printed and all notices, demands or communications required to be given or made to or by the address hereunder.

26. Underinsurance

If, at the time of the insurance occurrence, the insurance sum was less than the value of the insured property, the Insurer's liability will be reduced by a relative rate, as per the ratio between the insurance sum and the value of the property at the time of the insurance occurrence. Each item listed in the policy is subject to this term separately.

27. Right to Offset

The Insurer is entitled to offset any sum owed by the Insured to the Insurer against insurance compensation owed to the Insured following an insurance occurrence, whether said debt relates to this policy or to any other. In case of total loss of covered insured property as per this policy, the Insurer is entitled to offset the balance of insurance premiums owed, even if the payment date for said premiums remains outstanding.

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28. Sum Linkage

Sums stated in this policy are linked to the rate of change in the Consumer Price Index, as published by the Central Bureau of Statistics or any other index in its stead (hereinafter: "the Index") as follows:

28.1 Regarding insurance sums:

Insurance sums will change according to the difference between the last index published prior to the insurance commencement date or the insurance sum update date, the later of the two, and the last Index published prior to the insurance event occurrence.

28.2 Regarding deductible sums:

The deductible sum listed in the Schedule will change according to the difference between the last Index published prior to the insurance commencement date and the last Index published prior to the insurance event occurrence.

28.3 Regarding insurance premiums and other fees:

28.3.1 Insurance premiums and all other sums owed to the Insurer from the Insured in relation to the policy will be paid to the Insurer as per regulations.

28.3.2 If any sum owed by the Insured to the Insurer is not paid when due, the arrears sum will bear linkage differences according to the difference between the last index published prior to the scheduled payment date and the last index published prior to the date of actual payment.

28.4 Regarding insurance compensation:

28.4.1 Index linkage differentials will be added to the insurance compensation according to the difference between the last Index published prior to the insurance event occurrence and the last Index published prior to the date of actual payment, plus interest at an annual rate of 4% at the conclusion of 30 days from the claim submittal date through the date of actual payment. If the insurance compensation, or a portion thereof, was calculated according to its value on a date subsequent to the insurance event occurrence, linkage differentials will be added thereto, or to the portion thereof, as the case may be, from that date forward only.

28.4.2 Interest at the rate paid by the Bank of Israel to banking corporations for entrusted funds deposited for a period of three months in that same currency will be added to insurance compensation quoted in foreign currency beginning 30 days after the claim submittal date and will be restored as per the definition in the Foreign Currency Control Permit of 1978; If the Bank of Israel paid rates other than those stated during the period beginning after said 30 days through the date of actual payment, the interest to be paid will be calculated such that the rate paid by the Bank of Israel will apply to each three month period, on the first day of said period.

28.5 Regarding foreign currency:

If this policy was formulated in foreign currency, each payment will be made accordingly in that same currency or in NIS as per the representative rate of exchange for that currency on the date of payment.

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29. Double Insurance

If property has been insured against a single risk by more than one Insurer for an overlapping period, the Insured must notify the insurers of such in writing immediately upon the double insurance being affected or upon learning thereof.

30. Disclosure and Changes in Substantive Matter

30.1 This policy was issued based on the written responses submitted by the Insured to the Insurer regarding all questions posed in the proposal that served as the basis for this policy or in any other manner requested and based upon the Insurer's assumption that the Insured disclosed all facts substantive to assessing the Insured's risks, and that the Insured implemented all damage prevention measures as set forth by the Insurer in order to alleviate the insured risks as per this policy.

If the Insured failed to submit full or honest responses or failed to disclose a substantive matter to the Insured or did not implement the measures as set forth by the Insurer to alleviate the insured risks as per this policy, the Insurer shall be entitled to cancel the policy or reduce the extent of its liability as per the provisions of the law.

30.2 The Insured shall notify the Insurer in writing of any substantive change occurring during the insurance period as soon as he becomes aware thereof. If the Insured fails to notify the Insurer of such a change, the Insurer shall be entitled to cancel the policy or reduce the extent of its liability as per the provisions of the law.

30.3 A substantive fact is a fact regarding which a question was posed in the insurance proposal or in any other written manner and also, without diminishing from the generality of the aforementioned, any facts relating to any one of the following:

30.3.1 Description of the insured property, its maintenance condition and its location.

30.3.2 The identity of the insured property's owners and/or possessors.

30.3.3 Description of the insured property's use.

30.3.4 Security measures at the Insured's premises.

30.3.5 Damage caused to the Insured's property within the previous 5 years as a result of the risks included in this policy.

31. Extending the Insurance

Any extension of the insurance period as per the policy requires written consent by the Insurer, granted specifically for that purpose.

32. Payment of the insurance fees and other fees

32.1 Unless otherwise agreed upon between the parties, the insurance fees and other fees due by the Insured to the Insurer in regard to the policy shall be paid in full, in NIS within 28 days of the inception date of the insurance period.

32.2 In the event that the premium is not paid within the aforementioned 28 days, but rather on other dates which were expressly agreed upon, each payment shall bear differentials from the inception date of the insurance until the date of actual payment. The differentials shall be the linkage differences between the known Index on the date of the inception of the insurance and the known Index on the date of actual payment, plus credit fees.

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- 32.3 In the event that the premium is not paid on the agreed date(s), the sum in arrears shall also bear interest with regard to the arrears period, according to the rate which was determined in the Interest and Linkage Adjudication Law 5721-1961, paragraph 1 'Linkage and Interest Differentials'.
- 32.4 In the event that any sum whatsoever which is in arrears as aforementioned, is not paid within 15 days of the insurer having demanded in writing that the insured pay same, the insurer shall be entitled to notify the insured in writing that if the sum in arrears is not settled prior thereto, the insurance will be canceled after a further 21 days period has elapsed. Where a beneficiary has been irrevocably determined who is not the insured, the insurer shall be entitled to cancel the insurance if it informed the beneficiary of the aforementioned arrears in writing and the beneficiary failed to settle the sum in arrears within 15 days of receipt of the aforementioned notice.
- 32.5 Nothing in the cancellation of the insurance according to this paragraph shall derogate from the Insured's duty to settle the sum in arrears, relating to the period until the aforementioned cancellation, as well as the Insurer's expenses.

33. Advances and Undisputed Compensation

- 33.1 Upon damage to property insured under this policy and as a result of one of the risks insured therein, the Insured will be entitled to receive an advance or a monetary commitment from the Insurer, thus allowing him to receive service to repair the damage, on account of the funds due thereto from the Insurer as per the terms of this policy.
- 33.2 Such an advance will be deducted from the final indemnity sum paid to the Insured. The deduction will be calculated with the advance sum linked to the Consumer Price Index from the date the advance was paid until the date of final payment.
- 33.3 Undisputed insurance compensation will be paid within 30 days of the date on which the written claim for insurance compensation was submitted to the Insurer and such compensation may be claimed separately from other compensation

34. Beneficiary Other than the Insured

- 34.1 The Insured under this policy is not entitled to determine a beneficiary other than himself, unless written approval for such is received in advance from the Insurer. The same is true if the Insured's determination of a beneficiary other than himself is irrevocable.
- 34.2 If a beneficiary other than the Insured is determined as per the policy and the compensation due to said beneficiary is agreed upon by the Insured and the Insurer, this determination will bind the beneficiary as well.