The Insurance and Reinsurance Law Review

Second Edition

Editor
Peter Rogan

Law Business Research

The Insurance and Reinsurance Law Review

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Peter Rogan

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EDITOR'S PREFACE

It is hard to overstate the importance of insurance in personal and commercial life. It is the key means by which individuals and businesses are able to reduce the financial impact of a risk occurring. Reinsurance is equally significant; it protects insurers against very large claims and helps to obtain an international spread of risk. Insurance and reinsurance play an important role in the world economy. It is an increasingly global industry, with the emerging markets of Brazil, Russia, India and China developing apace.

Given the expanding reach of the industry, there is a need for a source of reference that analyses recent developments in the key jurisdictions on a comparative basis. This volume, to which leading insurance and reinsurance practitioners around the world have made valuable contributions, seeks to fulfil that need. I would like to thank all of the contributors for their work in compiling this volume.

Looking back on 2013, we are fortunate that the year did not bring natural catastrophes on the scale of the previous two years. However, we should not forget the tragedy of Typhoon Haiyan, which claimed more than 7,000 lives in the Philippines. Flooding caused extensive damage across all continents, with the June flooding in central and Eastern Europe ranking as the second-most expensive freshwater flood event ever. In the same month, rain-induced flooding hit Alberta, Canada, causing insured losses of nearly US$2 billion, the highest ever recorded in the country for any disaster (all statistics from Swiss Re's Sigma database). There were also heavy rains and floods in Australia, India, China, Indonesia, southern Africa and Argentina and 2014 has seen extensive flooding in the UK.

Events such as these test not only insurers and reinsurers but also the rigour of the law. Insurance and reinsurance disputes provide a never-ending array of complex legal issues and new points for the courts and arbitral tribunals to consider. I hope that you find this second edition of *The Insurance and Reinsurance Law Review* of use in seeking to understand them and I would like once again to thank all the contributors.

Peter Rogan
Ince & Co
London
April 2014

Chapter 17

ISRAEL

Harry Orad and Rena Egulsky[1]

I INTRODUCTION

The Israeli insurance market is an ever-expanding and evolving environment. Accordingly, the legislature, the regulator, the courts and practitioners are constantly presented with new issues and conflicts. Over the past three decades, since the new Insurance Contract Law, these contributors to the development of the Israeli insurance law have together developed a modern, consumer-protective approach to insurance law and practice, striving to reach the correct balance between risk management and protection of consumer rights.

II REGULATION

i The insurance regulator

The insurance market in Israel is regulated by the Commissioner of the Capital Market, Insurance and Savings, appointed by the Minister of Finance.

Two bodies advise the Commissioner: a four-member advisory committee and the Advisory Council, which has 15 members, of whom no more than six may be government employees.

ii Licensing

Writing insurance in Israel requires a licence. Foreign insurance companies cannot write insurance business in Israel, but Israeli citizens may buy insurance abroad. Reinsurance, however, does not require a licence and foreign insurers are therefore free to do so.

The Commissioner is authorised to license a foreign company if the latter is registered in Israel and subject to regulation in the country of origin.

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1 Harry Orad and Rena Egulsky are partners at Gross Orad Schlimoff & Co.

In a unique act, the Israeli government enacted a regulation in December 1951 exempting Lloyd's Underwriters from the stipulations of the Law of Controlling Insurance Service. The practical effect of this is that Lloyd's Underwriters are permitted to write business directly in Israel.

iii Compulsory insurance

Israeli law imposes compulsory insurance requirements on professionals or individuals in several areas, including the following.

a The capital market – insurance requirements are imposed on investment advisers and distributors; investment portfolio managers, mutual fund managers and trustees; provident funds and their managing companies; and underwriting companies. This compulsory insurance ensures protection of clients against negligent acts and omissions and infidelity of employees.

b Bodily injury coverage – Israeli law imposes compulsory insurance requirements for the coverage of bodily injury in clinical trials on human subjects (insurance requirements are imposed on the clinical trial sponsor).

c Motor accidents – the Israeli motor accident law provides compensation for all victims of motor accident on a no-fault basis. Compulsory insurance by all vehicle owners provides the source of compensation. Where such insurance was not placed, the injured party will receive compensation from a joint fund which receives a share from all premiums paid to insurers in the market. The joint fund will then have subrogation rights against the party who failed to take out insurance as required by law.

In addition, sport events organised by registered sports authorities and organisations are subject to compulsory accident insurance.

Schoolchildren are covered by compulsory personal injury insurance.

III INSURANCE AND REINSURANCE LAW

i Sources of law

The Israeli legal system is fundamentally a common law regime, without jury. However, throughout the years, civil law statutes have been enacted that adopt principles from various jurisdictions on the Continent and elsewhere. The Insurance Contract Law was passed in 1981, adopting principles of consumer protection. In conjunction with this the Control of Financial Services (Insurance) Law was passed, which provides regulatory provisions for the market. The law applies to all types of insurance other than reinsurance, marine, aviation and insurance of diamonds or valuable metals.

ii Making the contract

The Insurance Contract Law does not specify a unique format for execution of the insurance contract. However, the law does specify particular rules aimed at reinforcing consumer rights and imposing limitations on insurers remedies and power. These rules aim to moderate the typical imbalance of power between insurer and insured.

iii Duty of disclosure

The Insurance Contract Law imposes a defined duty on the insured to answer the insurer's questions in full and truthfully, when presented in writing in respect of a material matter. A material matter is defined by Law as one which could affect a reasonable insurer's willingness to assume the risk in general or to assume it under the terms specified by the policy.

The Law further stipulates that fraudulent concealment of a matter which the insured was aware of its being a material matter is regarded as an untruthful and incomplete answer. Israeli courts have interpreted this in conjunction with the questions posed by the insurer on the proposal form: a subject not mentioned in a proposal form has been deemed as immaterial and therefore, there can be no positive duty of disclosure regarding such a subject and no sanction for non-disclosure.

iv Interpreting the contract

The Supreme Court (Israel's highest instance) clarified rules of interpretation of insurance policies in CA 4688/02 *Cohen v. Migdal Insurance Company et al*. In the *Cohen* decision, the Supreme Court explained that there are three stages in interpreting a policy, as follows.

a The first stage is based on the subjective intention of the parties to the specific policy. In order to ascertain such subjective intention the court will look at external circumstances such as communications exchanged between the parties.

b Second, if the subjective intention of the parties cannot be ascertained, then the court will seek the objective intention of the parties, namely, the intention of reasonable and honest parties with respect to the policy in question. Such objective intention can be ascertained, for example, from common practice among other insurers in the relevant type of insurance.

c Third, only if the court cannot ascertain the subjective or objective intention of the parties will the court interpret ambiguities in the policy against the drafter and in favour of the assured.

In the *Cohen* case, the Supreme Court held that the objective intention of the parties could be ascertained by reference to customary policies in the relevant class of business and interpreted the policy in favour of the insurer and not the insured.

v Warranties and conditions precedent

The Insurance Contract Law provides no basis for the doctrines of warranties and conditions precedent as implemented in common law countries. The Israeli law has adopted a proportionate remedy principle regarding both breach of contract terms and breach of duty of disclosure. The significance of this principle is that other than in cases of fraud, there is no automatic exemption of the insurer from liability.

Where the insurer alleges breach, the court will consider its extent and effect and is authorised to reduce liability proportionately according to the ratio of the actual premium and the higher premium that would have been charged had the insured disclosed the material matter or had insurer known that the policy condition would not have been adhered to.

The insurer bears the burden of proof that full disclosure or non-adherence to the condition would have had an effect on underwriting.

Furthermore, the Insurance Contract Law negates remedies where the breach by the insured of the duty of disclosure or the policy condition had no actual effect on the risk.

vi Intermediaries and the role of the broker

The licensing of insurance brokers is regulated under the Control of Financial Services (Insurance) Law, 1981. Insurance brokerage in Israel requires a licence, which the Capital Market, Insurance and Savings Department in the Finance Ministry will grant only after the completion of an internship and compliance with appropriate examinations. The licensing is in three areas of expertise, general insurance brokerage, marine insurance brokerage and pension insurance brokerage

The licence may be granted to an individual or to a corporation.

The activities of insurance agents are regulated under the Insurance Contracts Law, 1981. An insurance agent is defined as 'one who engages in insurance brokering between assureds and insurers'. The insurance agent is defined as a liaison between the insurer and the insured.

The insurance agent is considered an agent of the insurer with regard to the negotiations leading up to the formulating of the insurance contract, unless appointed in writing by the insured as an agent of the insured.

As the agent of the insurer, any fact brought to the insurance agent's knowledge regarding a material matter will be considered as known by the insurer for the purpose of insured's duty of disclosure.

Payment of premium to the agent is also considered as payment to the insurer.

The agent is considered the insurer's agent for the purpose of receiveing notice of the identity of the insured and the beneficiary, unless the insurer informed the insured and the beneficiary in writing that notification must be sent to a different recipient.

The presumption that the insurance agent is the agent of the insurer serves as an obstacle that insurers must surmount in order to be allowed to rely on policy terms.

In CA 2626/01 *Clal Insurance Company Ltd v. Mussa Ally* the court ruled that the insured was not deemed as receiving a copy of the policy terms as the document had been sent to the agent and not to the policyholder.

The fact that the agent in that case was a close relative of the policyholder did not suffice to overcome this obstacle. Furthermore, the insured had signed the section in the proposal form appointing the agent as his own agent. However, the court ruled that in the absence of clear cut evidence that the assured fully understood the meaning of this waiver, the legal presumption prevails and the agent remains the agent of the insurer.

As a result, the court did not allow the insurer to rely on conditions stipulated in the policy which subjected cover to the insured taking measures to alleviate the risk. The court ruled that as the policy had not reached the hands of the policyholder, the insurer had not fulfilled the duty to ensure that the policyholder was fully aware of these conditions and the consequences of non-compliance.

vii Claims

Notification

The Insurance Contract Law provides that the insured must notify the insurer of the insured event immediately after becoming aware of its occurrence. However, as with the approach to breach of policy terms or the duty of disclosure, the law does not sanction late notification with automatic dismissal of the claim.

The burden of proof in this respect is on the insurer who must prove substantive damage as a result of the failure to notify on time. In order to meet this burden, it is not sufficient to show a theoretical possibility that damage may be sustained by the insurer.

In any case the claim will not be dismissed but reduced proportionately with regard to the extent of the damage caused by the delay.

Furthermore, as with the majority of the provisions of the Law, the above are reinforced as the Law mandates that these provisions cannot be modified by agreement unless such modification is in favour of the insured.

The practical effect of these provisions is that, as a rule, insurers cannot rely on a 'late notification' argument unless their rights were significantly prejudiced as a result of such late notification.

These provisions have been subject of discussion in numerous Israeli court cases wherein the courts have consistently ruled that an insurer who wishes to benefit from the remedy provisions must show that its rights were actually prejudiced by the insured's non-compliance with the duty to notify.

The burden of proof borne by the insurer is not a light one. The insurer must prove actual damage as a result of breach of the notification duty. Statements to this effect were made in several cases including CA 215/91 *Hassneh Insurance Co v. Asulin*, where the burden imposed on the insurers to prove actual damage was emphasised.

In Appeal 1438/02 *Wile v. Phoenix Insurance Co*, the court again ruled that it is not sufficient for the insurer to merely prove the breach of the notification duty, rather, actual damage as a result of such breach must be shown to have occurred.

An extreme case was dealt with in the CF 7/88 *International Bank v. Prudential Insurance Co*. The bank advised insurers of the court claim against it only after it had already lost the case in court! Prudential refused to indemnify the bank, dismissing the claim based on the argument of late notification. The bank filed suit and the court ruled in favour of the bank holding that Prudential had not proved any damage as a result of the late notification. The court stated that the bank had defended the claim against it in a comprehensive and highly professional manner. Furthermore, the court ruled that the insurers had breached their duty to act in good faith by raising such 'technical arguments'.

Good faith and claims

Section 27 of the Law provides that the insurance benefits will be paid within 30 days from the day on which the insurer is in possession of the information and documents required for the ascertainment of his liability. However, insurance benefits not disputed *bona fide* will be paid within 30 days from the day on which a claim is submitted to the insurer, and they may be claimed separately from the remainder of the benefits.

Insurer's duty to issue a coverage position letter

Coverage position letters have been the basis of limitations on insurers' practical rights and scope of defence in Israeli courts, where the coverage position letter did not meet the regulator's requirements. These requirements have been adopted by Israeli courts as legally binding in the framework of the insured–insurer relationship.

The first directive on the subject issued on 9 December 1998 required the insurer to specify all grounds for denial of coverage sanctioning failure to do so by precluding the insurer from raising any 'new' argument in future litigation. The Commissioner cited the insured's right to receive all details in order to be able to seek advice regarding possible legal relief on the basis of the insurer's position as the rationale for this sanction.

Later a variation on the original directive was issued, clarifying that arguments based on events subsequent to the coverage position letter or based on grounds that could not have reasonably been known to the insurer when issuing the coverage position letter, would be allowed to be introduced at a later stage.

The Israeli courts afforded the directives the power to limit the scope of insurers' rights to evoke defence arguments beyond those cited in the coverage position letter:

a the insurer is obliged to effectively investigate the circumstances of the loss/claim in order to form its coverage position as soon as possible after receipt of the claim;

b the coverage position must be provided to the insured in writing;

c where coverage is declined, (whether wholly or partially), all grounds for this position must be detailed therein;

d the insurer is precluded from basing any argument on circumstances, conditions or exclusions which were not mentioned in the coverage position letter; and

e the insurer will be able to broaden its defence only in rare cases where the circumstances material to its updated coverage position were not known and could not reasonably have been known. Such cases would certainly include intentional behaviour aimed at concealing material facts from the insurer.

viii Reinstatement

Reinstatement clauses are common in property insurance and provide coverage beyond the scope of the Insurance Contract Law. Reinstatement, being 'new for old' is an additional cover and is subject to a time limit that may cause friction with the insurer. This type of cover was analysed in the precedential ruling in the case of *Phoenix Insurance Co Ltd et al v. The Deborah Hotel et al*.

The meaning of a reinstatement clause in the policy is that in consideration of a higher premium, the insured reinstates the damaged assets, according to a new value, that is, by today's price, without reduction for wear and tear and the like. The option to choose reinstatement instead of compensation for the damage is in the hands of the insured, not the insurer.

Both conditions are found in the reinstatement clause of the policy in question, namely, the limited time to complete the reinstatement and the insurer's liabilities for payment of expenses after the reinstatement is actually carried out, and are a fundamental part of reinstatement value insurance accepted in the insurance industry.

Precisely because of the restrictions in the clause, both in relation to the completion of reinstatement and payment only after the insured himself covered his

expenses, accepted behaviour and good faith requires the insurer not create obstacles for the insured to exercise her rights under the policy. The matter in question of this ruling created a vicious cycle whereby it was not possible to begin the reinstatement procedure before the insurer approved its scope and details. The parties turned to arbitration to settle this argument, however, this process was not activated due to the position of the insurer, that it could be activated only after the reinstatement period. It was ruled that the insurer's position was inconsistent with the spirit of the policy and not the conventional way the insurers should fulfil their obligations. Therefore, the Supreme Court ruled that under these circumstances there was no justification for denying the insured's request to extend the period of reinstatement.

The condition that reinstatement costs are due (beyond compensation for the actual damage) only after the insured covers his or her expenses independently and only after the reinstatement is complete, is a basic condition for the implementation of reinstatement insurance.

The time limit will not apply where the insurer was found to have unlawfully denied insurance benefits and by this prevented the insured from reinstating the damaged property. In CA 7298/10 *Hadar Insurance Co Ltd v.Ehad Ha'am Food and Investments Ltd* the insurer claimed that the insured failed to reinstate the equipment in the allotted period and therefore was not entitled to reinstatement values. The Supreme Court rejected the insurer's argument ruling that by detaining the insurance benefits for the actual damage, the insurer prevented the insured from reinstating the equipment and therefore could not evoke the time limit condition against the insured.

ix Dispute resolution clauses

It is not widely accepted to insert dispute resolution clauses in standard policies as this is considered an infringement of the insured's rights to take matters up with the courts.

IV DISPUTE RESOLUTION

i Jurisdiction, choice of law and arbitration clauses

As a rule, insurance contracts other than those concerning reinsurance, marine, aviation, diamonds and precious metals are subject to Israeli law. Jurisdiction is local and the competent court is determined by the amount claimed – up to 2.5 million new Israeli shekels with the lower court and above this amount with the District Court, as first instances.

ii Right of appeal

There is an automatic right of appeal against judgments of the court of first instance to the appeal court (from the magistrates court to district court and from the district court to the Supreme Court) within 45 days. As a rule, the appeal court will not intervene on points of fact unless a severe and obvious error is clearly evident.

Leave to appeal is required to allow access to a second appellate instance and to appeal interim decisions. As a rule, the appellate court will only allow such appeals in exceptional cases. With regard to appellate judgments, the petitioner must show severe

injustice or that the issue is one of importance to the public. The petition for leave to appeal must be filed within 30 days of handing down of the subject decision.

Most district courts will now complete hearing of an appeal within three years. At the Supreme Court, however, a case may take much longer.

The courts distinguish between lawyers' fees and costs and are authorised to award either or both to the winning party. Lawyers' fees are usually awarded as a percentage of the judgment.

iii Arbitration

Arbitration is very similar to a court process – evidence is brought and discovery and testimony can be compelled by the arbitrator by using the court's mechanism. Rules of evidence do not apply where parties have not agreed otherwise.

The essential difference between the two concerns the options for appeal, amendment or annulment of a judgement, which are rare and very difficult to obtain compared with a court judgment.

There is in essence no route to appeal against an arbitral judgment except where the parties initially agreed to allow an appeal, this being limited to 'a fundamental error in application of the law which causes significant miscarriage of justice'.

A motion for the annulment of a judgment will be allowed only in cases where the arbitration suffers from a serious procedural flaw as listed in the Law of Arbitration, which includes: deviation from authority given by the arbitration agreement; where a party was not allowed a fair opportunity to present arguments or evidence; where the arbitrator failed to rule on any issue subject of the arbitration; judgment was not reasoned or was not given according to the law where it was agreed that it should be; the judgment was issued after the time limit foreseen for the arbitration expired; the judgement contradicts public policy; and in circumstances that would enable annulment of a court judgment (extremely rare).

It should also be noted that arbitration is significantly more expensive than mediation. The type of arbitrators who deal with such cases, as those suggested by the court, will demand significant fees by the hour and the process, although held over a relatively short period, will still be extremely time consuming.

iv Alternative dispute resolution

Mediation is the most common form of alternative dispute resolution and a recent amendment to the Civil Procedure Rules mandates referral of all litigants to hold a meeting with a mediator to discuss holding mediation. This is a general rule and not particular only to insurance cases. This is a precondition for continuing to trial but the court is not authorised to penalise parties for not agreeing to mediation or for not making an offer to settle.

A positive incentive for early settlement is afforded by rules regarding payment and refund of court charges. Court charges are levied on monetary claims at the rate of 2.5 per cent of the claim. Half of the court charges are paid on filing the claim and the second half is paid only if the case goes to trial. Furthermore, the first half of the court charges will be refunded automatically to parties that settle before three pretrial

hearings have been held and the court is authorised to refund the entire charges paid if a resolution is reached, at any stage, by mediation or arbitration.

Mediation will normally be conducted by a lawyer with experience in the field or a relevant expert and will take much less time as meetings are held with the parties and the lawyers, with no need for testimony or any discussion of formalities such as admissibility of evidence or discovery issues. It is also possible to have confidential discussions with the mediator, *ex parte*, which are effective in sounding out an objective party's point of view without the risk of unnecessarily revealing evidence to the counterparty.

V YEAR IN REVIEW

i The proportionate remedy principle in action

On 15 September 2013 the Supreme Court of Israel handed down a significant judgment on the matter of breach of conditions of the policy in appeal CA 3260/10 *Lloyd's Underwriters v. Slutzki*.

The policy under discussion was a household policy that subjected coverage for the jewellery to a condition of it being placed in a safe of a particular quality in the home. The insured installed a safe that met the terms of the policy but failed to place the jewellery in the safe. While on holiday, burglars broke in to the home and the jewellery was stolen. The safe itself was not found and its contents remained untouched. Insurers denied the claim on the basis of breach of the policy condition.

The Supreme Court determined that there are two categories of legal relations which apply in this case: the Contract Laws and, more significantly, the Insurance Contract Law, 1981.

The Supreme Court ruled that despite the breach of the policy terms and despite the fact that had the jewellery been deposited in the safe it would certainly not have been stolen, the insured was entitled to full insurance benefits. The court found that in this case insurers had failed to adduce sufficient evidence that they would have charged a higher premium had they been aware that the jewellery would not be deposited in the safe. Likewise, no evidence was adduced to the effect that no reasonable insurer would have accepted the risk even for higher premium.

The Supreme Court comments that the provisions of the Law regarding remedies for breach of conditions to alleviate the risk demonstrate that this is a consumer protective law as mentioned in the comments of the 1975 Bill of the Insurance Law: 'Strengthening the insured can be seen in certain provisions of the Bill which modify the position common in English law of everything or nothing.'

The Supreme Court states that the position taken by the insurers that placing the jewellery in the safe is a 'condition precedent' to cover is not acceptable under Israeli law. The concept that certain requirements from the insured are 'preconditions' in effect defeats the purpose of legislative arrangements, set out in Sections 18 and 21 of the Law. The object of such arrangements is to prevent automatic negation of insurance benefits from the insureds who did not comply with some of the policy requirements regarding alleviation of the risk. Such automatic negation *prima facie* is furthermore not compatible with the wording of the Law.

The Supreme Court furthermore states that in effect, it is faced with a choice between two different methods in insurance laws: the proportionate remedy method – adopted by Continental Law and the 'warranties' method which originates in Anglo-American Law. It is the proportioned remedy method that was adopted by the Insurance Contract Law and this method is fundamentally distinct from the 'warranties' approach pursuant to which breach of important policy provisions may totally avoid compensation for the insured.

In sum, the Insurance Contract Law must be interpreted in light of the proportionate remedy principle. The policy requirement that the jewellery be deposited in the safe should not be deemed as a 'condition precedent' that voids the policy.

The Supreme Court noted that the burden of proof that the insurer must raise was not heavy but nonetheless in this case no attempt at all had been made to meet the requirements of the law to entitle the insurer to the proportionate remedy.

Therefore the court ruled that insurers must indemnify the insured in full for the loss.

ii Insurer's responsibility for consequential loss following rejection of the claim and delay of payment

In CC 270-00 *Sky Club Ltd v. Peltours Insurance Agencies & Aryeh Insurance Company*, the Haifa District Court imposed damages on the insurer for consequential loss caused by the rejection of the insured's claim.

Until the decision handed down in the *Sky Club* case, the prevailing view manifested in many court decisions was that consequential damages are punitive in nature. Therefore such damages were imposed very rarely when proven that the insurer's rejection of the claim was so groundless as to be considered made in bad faith.

The *Sky Club* case is innovative and particularly significant insofar as the court imposed consequential damages on the insurer despite the fact that the rejection of the claim was not found to have been made in bad faith.

Sky Club was a company that owned one aircraft used solely for recreation purposes. The case dealt with a crash that occurred shortly after take-off. The aircraft's insurer (Aryeh Insurance Co) rejected the third-party claims and hull claim contending violations of the policy conditions. Sky Club filed a court claim against Aryeh and against the insurance agent.

Following lengthy litigation, a settlement was reached regarding the hull loss.

The settlement allowed Sky Club to continue pursuit of its claim for the consequential losses it sustained. Sky Club alleged that the seven years' delay in discharging the hull claim effectively caused the collapse of Sky Club's business.

The court ruled that the insurer must take into account the practical ramifications, including lengthy litigation and possible severe loss of earnings, when rejecting a claim and that this rule applied even if the rejection was made in good faith.

The circumstances of the consequential loss in this case were indeed extreme. A small business entirely lost its sole source of business. Furthermore, there was no doubt that had the insurance benefits been paid on time, the consequential loss would have been entirely averted.

Later, the same issue was raised in the Supreme Court in the case of *Hadar Insurance Company v. Ehad Ha-Am et al*. The Supreme Court in effect confirms that breach of an insurance contract, as with any other contract breach, exposes the perpetrator (the insurer) to the obligation of compensating for loss proven to have actually been caused by the breach (non-payment or delay of benefits), regardless of good faith.

VI OUTLOOK AND CONCLUSIONS

The Israeli insurance market is a young and ever-evolving market, raising new opportunities and challenges on both commercial and legal spheres.

Although the Insurance Contract Law and recent directives of the Commissioner are aimed at protecting consumers, the effect of developments is to strengthen stability and foreseeability of the outcome of any risk. This in turn assists decision-makers in the insurance market and insurers, in particular in risk management.

Israel is open to new ideas from without and within and the insurance market is no exception to this trend. The Insurance Contract Law and the supplementary regulations attest to the versatile character of the Israeli legal system, which aims to adopt the most effective and beneficial aspects of different legal systems.

Appendix 1

ABOUT THE AUTHORS

HARRY ORAD

Gross Orad Schlimoff & Co

Harry began his legal career in 1976 as a commercial lawyer specialising in corporate and property law. He also served as a municipal court justice. In 1983 he joined the highly acclaimed National Fraud Unit of the Israeli Police, rising to the rank of chief superintendent, where he investigated complex financial institution frauds and white-collar crimes. Since 1986 Harry has specialised in insurance and reinsurance law. Harry drafted some of the first D&O policies in Israel and later redrafted such policies to comply with the new legal provisions. He has lectured on corporate governance issues in Israel and abroad. Between 1988 and 1989 Harry worked in London as a consultant to one of the major insurance law firms. Harry's expertise in insurance law includes directors and officers' liability, banking insurance (bankers blanket bonds), financial institutions, crime insurance, credit insurance, product liability, pollution and contamination.

Harry has acted for underwriters and insurers worldwide on complex financial insurance matters.

RENA (SACKSTEIN) EGULSKY

Gross Orad Schlimoff & Co

Rena, born and raised in London, holds an LLB from the Hebrew University in Jerusalem and has been a member of the Israel Bar since 1995. Rena specialises in torts and insurance law and has extensive experience as a litigator and a mediator in these fields.

During the course of her career Rena has represented numerous insurers and individuals in complex insurance litigation cases. She has focused her practice on litigation, arbitration and mediation of a variety of contentious matters with an emphasis on liability insurance disputes including professional malpractice, product liability, disability, life insurance and other personal injury cases.

Prior to joining the firm as a partner in 2008, Rena's practice focused on representing policyholders in insurance claims.

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