STATE OF ISRAEL

MINISTRY OF FINANCE – CAPITAL MARKET, INSURANCE AND SAVINGS DIVISION

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General conditions for consideration of requests for an insurer's license, a permit for control of an insurer or for owning means of control of an insurer

Contents

General

1. Insurer's license

The Supervision of Insurance Services, 1981 (herein: **the Supervision Law**) defines an insurer as a person who has received an insurer's license in accordance with Section 15 of the Supervision Law (herein – **license or insurer's license**).
Section 15 through 17 of the Supervision law lays down, *inter alia*, the information which is to be submitted to the Insurance Commissioner within the framework of a request for an insurer's license and the matters which are to be taken into consideration is dealing with such a request.

2. Permit for control of an insurer or permit to hold means of control of an insurer

Section 32 of the Supervision Law states that the control of more than five percent of a particular types of means of control of a corporation is conditional upon receiving a permit from the Commissioner (herein – **Permit to hold means of control**). The same section also states that the control of an insurer corporation is conditional upon receiving a permit from the Commissioner (herein – **control permit**). A control permit and a permit to hold means of control needs to be granted to each person individually, and cannot be transferred. Where a control permit or permit to hold means of control is requested by a number of entities, information will be required regarding each of the entities. The permits are subject to the provisions and conditions stipulated by the Insurance Commissioner, which detail the permits given to each of the said entities, and the legal provisions obtaining.

3. Examination of requests for an insurer license or request for a permit to hold means of control and a permit to control an insurer

An examination of the identities of the holders of means of control of an insurer and the setting of the conditions required for holding the means of control of an insurer represent fundamental conditions in the advancement and realization of the purposes of the Supervision Law.
In considering the granting of a license, a permit to hold the means of control and control of an insurer, the Insurance Commissioner takes into consideration a wide variety of factors, including ensuring the stability of the insurer, the financial means and business background of the entities requesting the license or the permits, competition in the insurance sector and the level of service in the sector, prevention of suspicion of conflict of interest, ensuring proper management of the insurer and additional considerations for the good of the policy holders and the advancement of the insurance sector.
So as to ensure proper consideration of requests for insurer licenses and permits for control and the holding of means of control of an insurer, the applicants are required to submit to the Insurance Commissioner information, based on which the Commissioner brings into consideration all of the factors and aspects relating to the matter.

Accordingly, this document sets out the information required by the Insurance Commissioner for the purpose of consideration of an application.

As a condition for consideration of an application, the applicant shall be required to submit to the Insurance Commissioner all of the information stated in this document. It is emphasized that the Commissioner is permitted to demand additional information from each of the applicants as in his opinion and under the circumstances may be necessary.

In addition, this document also details the various criteria used in considering the application for an insurer license and permits for control and the ownership of means of control, the characteristics required of recipients of the permits and the main conditions detailed in the insurer license and in the permits.

The items detailed in this document are not such as to exhaust all the conditions required from applicants for permits for ownership of control of an insurer and all the conditions contained in the permits. The Insurance Commissioner shall consider the conditions to be included in the permits for ownership of means of control and control permits, with respect to each of the requests. When applying his discretion, the Commissioner is permitted to take into account special characteristics regarding the insurer, the applicants for receipt of means of control or control, and to change accordingly the conditions forming the basis of the license or control permit.

Definitions

4. In this document the terms detailed below shall have the meanings recorded next to them:

   a. **"Person"** – including a corporate entity

   b. "**Means of control"** **-** As defined in the Supervision Law

   c. **"Controlling interest"** – The holding whether directly or indirectly of 50.01% or more of each of the means of control of the relevant corporate entity. Under special circumstances, the Commissioner is permitted to set a lower percentage of means of control as representing the controlling interest of an insurer.

   d. **"Control" or "Purchase" –** as defined in the Supervision Law, including as a beneficiary or by means of power of attorney.

   e. **"Holding Company" -** A corporation whose main business is the holding of means of control in other corporations, and which is not directly involved the other businesses in any significant manner. The types of assets and investments of the corporation shall be such as to result in a loss which is no greater than the level of the investment itself. In addition, at least 70% of the total balance sheet of the corporation shall be in the form of capital.

   f. **"Transparent Company"** – A company held by the ultimate holder, directly or indirectly, by 100% of all types of means of control over the company and which does not deal in any other business except for holding means of control in the Insurer. The company will be financed by the holder's self-capital. The company may invest the dividends received from the bank in assets that do not create obligations beyond its own investment.

   g. **"Institutional Entity"** – A company whose business is to manage investment portfolios, including portfolios which include joint capital investment funds (trust funds) or savings funds.

   h. **"Applicant"** – A person requesting an insurer license or requesting a permit for ownership of means of control or a control permit, as applicable.

   i. **"Insurer" or "Insurers"** –
      (1) For the purposes of a request for an insurer license – as defined in Section 1 of the Supervision Law.
      (2) For the purposes of an application for a permit for ownership of the means of control or a control permit – as defined in Section 31A of the Supervision Law

   j. **"Ultimate owner" or "ultimate owners"** – Any person who is the first (top) owner or controller of the means of control of an insurer, director or indirectly, or a corporation approved by the Commissioner and owner or controller.

k. **"Free and clear"** – Free and clear of any mortgage, charge, expropriation, debt or third party right, for this purpose a third party right shall also include an instrument of authorization, appointment of trustee, giving of irreversible instructions and limitations of rights to use rights pertaining to shares.

l. **"Control"** – As defined in Section 1 of the Supervision Law.

m. **"Chain of control" or "chain of control of an insurer"** – regarding each of the ultimate owners of an insurer – the ownership of controlling interest in corporations controlled by him and controlling directly or indirectly the controlling interest of an insurer.

n. **“Realistic Corporation”-** A corporation other than a transparent corporation, holding company or institutional entity.

Basic conditions required for an insurer license

5. Minimum equity required of an insurer
   a. The minimum capital of an insurer shall be set in accordance with the Insurance Businesses Supervision Regulations (Minimum Capital Required of an Insurer), 1998 (herein: **- the capital regulations).** The Insurance Commissioner is permitted to require a special addition of capital from an insurer.
   b. The applicants shall present the Insurance Commissioner with proof of the existence of the minimum required capital amount.

6. Business plan

   The applicants shall submit a business plan describing the planned business activity of the insured for a period of at least three years. The plan needs to satisfactorily prove that the insurer will be able to maintain its financial strength at all times, and will fulfill all its obligations. The required business plan (as detailed in Appendix B), shall include *inter alia* the following information and data:
   a. Insurance lines in respect of which the applicant is requesting a license.
   b. Details of insurance plans (including types of risks the company proposes insuring), the proposed insurance conditions, the actuarial assumptions for setting the insurance premiums and their payment conditions.
   c. Basic principles regarding the insurer's policy with respect to reinsurance.
   d. Estimate of establishment costs and the financial means to be used for this purpose.
   e. Planned business development.
   f. Outsourcing – Where outsourcing is contemplated, the applicant shall submit the agreements setting out significant relationships of the new insurer with other companies, within the framework of which significant operations are to be transferred to other companies.

7. Suitability of directors, officers, actuaries and auditors

   The applicants shall submit to the Insurance Commissioner the candidates for the position of directors of the insurer (including external directors), the senior officers expected to work for the insurer, the actuaries expected to work for the insurer and the certified public accountants (external auditors) who are expected to audit the insurer's financial statements. Consideration of their suitability for the aforementioned positions shall be based *inter alia* on the following criteria:
   a. Professional competence – the applicants shall be required to prove their professional qualifications, including theoretical and practical knowledge of insurance, and also management experience. The requirement shall vary according to the area for which the candidate is responsible.
   b. Personal and business honesty and integrity.

   In order to enable the Commissioner to check whether the aforementioned conditions and any additional ones have been fulfilled, the applicant shall be required to submit Appendixes F and G to the Commissioner.

Basic conditions for a permit for ownership of means of control of an insurer and a control permit

8. Existence of a stable controlling interest

A condition for granting a control permit is the existence of a stable controlling interest of the insurer. Therefore, the following provisions shall apply to the controlling interest:

a. The owner of ultimate control of an insurer is required to maintain the controlling interest of the insurer and of all companies in the chain of control of the insurer free and clear at all times.

b. The ultimate controller shall not transfer the chain of control to another insurer, unless the Commissioner has given prior written approval, and in accordance with the conditions set by him.

c. If the applicant is not an individual entity owning the controlling interest of the insurer, the controlling interest shall be owned by a group, which will be required to draw up an agreement between its components, which will set out *inter alia* the nature of the collaboration between them, voting at General Meetings, the appointment of the insurer's directors and the mechanism for settling disputes. The conditions and limitations applying to an individual requesting ownership of the controlling interest of an insurer shall apply collectively and separately to the components of the group.

d. A permit holder is required to hold the controlling interest in the insurer for at least 5 years. Following this period the permit holder may sell the means of control, but only if the transfer is of all the controlling interest or the transfer is of a portion of the controlling interest to an entity that constantly cooperated with the rest of the group's components and a lawful permit was obtained.

9. Mode of ownership of means of control

a. The ultimate owner of means of control of an insurer shall hold them by means of a holding company or a transparent company.

b. An Israeli institutional company as well as a foreign institutional company affiliated with the bank directly or indirectly, an Insurer or Israeli institutional entity will not be approved to hold a controlling interest in the Insurer. Another institutional entity will not hold more than 25% of the means of control constituting the Insurer's controlling interest.

c. The total rate of holdings in a realistic company of controlling interests constituting the controlling interest will not exceed 25% of the controlling interest constituting the controlling interest. A 40% holding is possible in instances whereby the controlling interest in the Insurer is split between a large number of companies that are not exposed to joint risk factors, and the holdings of each company does not exceed 10% of the controlling interest constituting the controlling interest.

The holdings in a single realistic company of controlling interests constituting the controlling interest will not exceed 15%. If referring to especially strong companies, holdings in a single realistic company at a rate not to exceed 25% may be approved.

d. A foreign bank or foreign insurer, subject to the supervision of a state wherein the level of supervision over the banks/insurance companies and the level of activity is high, and this being a first class company of companies operating in its field worldwide, and whereby the controllers thereof (if any) are suitable controllers, may hold a controlling interest in the Insurer whereupon the financial strength test will focus on the holding company itself.

e. An insurance company may hold means of control in an insurer, provided that the minimum self-capital requirement of the insurance company in respect to the holdings in the insurer is increased according to the provisions determined in the capital regulations.

Conditions required for an ultimate owner

10. The control permit and the permit to hold means of control shall be granted to an ultimate owner, and as such the fulfillment by the ultimate owner of a number of conditions required by the Commissioner shall be taken into consideration. Accordingly an ultimate owner shall be required to present the following information:

11. Financial strength

The financial strength of an ultimate owner (applying to purchase control of an insurer) is to be examined of the basis of a number of parameters. The main parameter is the relationship between the net capital (assets less liabilities) of the ultimate holder and the value of the means of control of the insurer being purchased.

The value of the assets shall be made according to a fair value calculation and subject to the commissioner’s discretion, in accordance with the type of asset being evaluated and the method of evaluation. .

An individual ultimate owner and a controlling group shall be required to show a net free and clear capital in the following amounts:

a. Total capital of the group applying for a control permit shall be not less than the sum of the two following items:
   (a) 100% of the value of the means of control representing the controlling interest;
   (b) 100% of the capital required of an insurer. The total capital of a group shall be defined the total value of the capital of the owners of controlling interest.

b. The value of the capital of each of the controlling entities in the insurer shall be not less than 150% of his share of the means of control representing the controlling interest.

c. Each controlling entity shall be required to provide proof that he has "additional capital" (over and above the capital required under sections a. and b.) equal to 100% of the value of the additional means of control he is purchasing (and which does not represent the controlling interest – "the additional holdings").

12. The qualities, characteristics or qualifications regarding an ultimate owner

The applicants shall have the following qualities, characteristics or qualifications:

a. Personal and business honesty and integrity
b. Professional experience and knowledge, which are measured *inter alia* by the applicant's achievements in managing his own businesses.

13. With regard to the additional holdings by an ultimate owner – considerations regarding the level of competitiveness in the capital market and in the insurance sector and the structure of the market shall be take in into account, all with a view to creating a

developed and competitive market ensuring the good of the policy holders and the public at large.

When considering the suitability of the ultimate owner, additional entities in which or with which he is involved will be taken into consideration, including companies owned or held by him, directly or indirectly, and if required by the Commissioner, the applicant will provide the required information regarding the additional entity.

14. The aspects regarding applications as detailed above shall be examined in accordance with documents attached by the ultimate owner to his application to receive a control permit, as described in the attached appendixes, and in accordance with the Commissioner's requirements.

Conditions to be included in the permit for controlling an insurer

15. As detailed above, the control permits shall carry conditions that will ensure the good of the policy holder and supervision of the stability of insurers and other conditions aimed at ensuring *inter alia* the level of competition in the insurance sector, prevention of suspicion of conflict of interests, ensuring the proper management of the insurer and the purposes of the Supervision Law.

    Therefore the control permit shall include *inter alia*, conditions and limitations in the following areas:

    a. The existence of a stable permanent controlling interest in the insurer.
    b. Prohibition of granting a lien of any type of means of control included in the chain of control of the insurer or giving any other third party rights with respect to the means of control included in the chain of control. It is emphasized that an option to receive the means of control, assignation of the right of use of means of control, receipt of income or the right to receive income from the insured – also represent means of control for this purpose.
    c. Maintenance of the framework of the controlling group and laying down of conditions or limitations on the sale or transfer of means of control to another party.
    d. The senior officers if the insured shall be those qualified to fulfill these positions, under the provisions of the law. Senior officers shall be appointed after notice being given to the Commissioner as to the appointment prior to its taking place, and only if the Commissioner does not express any opposition to the suggested appointment prior to its coming into force.
    e. The means of control constituting the Insurer's controlling interest will be deposited in escrow with a trustee, whereby the terms of the deposit are – that the controlling interests cannot be transferred unless with the commissioner's approval. The trustee's identity and terms of the trust require the commissioner's advanced written approval.

f. A permit holder holding additional shares in the bank, beyond the controlling interest, may sell the surplus holdings provided that between the last purchase transaction and the sale of the surplus controlling interest and vice versa at least six months have elapsed.

16. The receipt of a control permit shall be conditional upon the signature of all the proposed owners of means of control on an instrument of undertaking to contribute to the capital of the insurer, in accordance with the format attached to the control permit.

17. The Commissioner is permitted to adjust the provisions and additional conditions of the control permit with respect to each of the insurers, with regard to each holder of means of control and with regard to each of the components of a control group, all in respect of the special characteristics of each of them, at his discretion, and for the purpose of ensuring the objectives upon which the granting of the permit is based.

Submission of a request for an insurer's license, a permit for control of an insurer or for owning means of control of an insurer

The extent of the examination and the level of detail of information required to be submitted by an applicant are dependent upon the identity of the applicant, and the nature of the insurer. The examination is based on the information provided by the applicant and on other sources of information brought to the attention of the Commissioner.

Appendixes A through G detail the information that the applicant is required to provide to the Commissioner as a condition for consideration of his application. It is specifically pointed out that each of the ultimate owners is required to provide the Commissioner with the information in full as detailed in the Appendixes. This requirement also applies when a person wishes to own means of control by way of the joining a number of entities who have come together for the purpose, or by means of a number of entities who are not so connected. In such a case, each of the ultimate owners of each of the entities comprising the group or each of the companies wishing to own means of control in the insurer, shall submit the documents required in the following Appendixes.

The provision in full of the information required by the Commissioner shall be a prior condition for consideration of requests for an insurer's license, or for owning means of control of an insurer or a permit for control of an insurer.

The request for a license or a permit shall be drawn up in Hebrew. Where documents are attached to the request are in another language, an accurate translation into Hebrew will be attached to the request.

The following are details of the data required to be submitted by an applicant to the offices of the Commissioner, in accordance with the type of application:

a. **Request for and insurer license –**
   1) An applicant for an insurer license shall submit a document describing the control structure of the insurer (Appendix A).
   2) The data required in Appendix B (Business Plan) shall be attached, and also in Appendixes C, D, G (where the applicant is an individual) of Appendix E (where the applicant is a corporation).

b. **Request for Permit to Own Means of Control -**
   1) The applicant shall submit a document describing the control structure of the insurer as at the date of submission of the application and a document describing the requested control structure (Appendix A).
   2) The data required in Appendixes C,D and G (where the applicant is an individual) or Appendix E (where the applicant is a corporation).

c. **Request for Permit to Control an Insurer -**
   1) The applicant shall submit a document describing the control structure of the insurer as at the date of submission of the application and a document describing the requested control structure (Appendix A).

2) The data required in Appendixes C, D and G (where the applicant is an individual) or Appendix E (where the applicant is a corporation).

Clarification notes

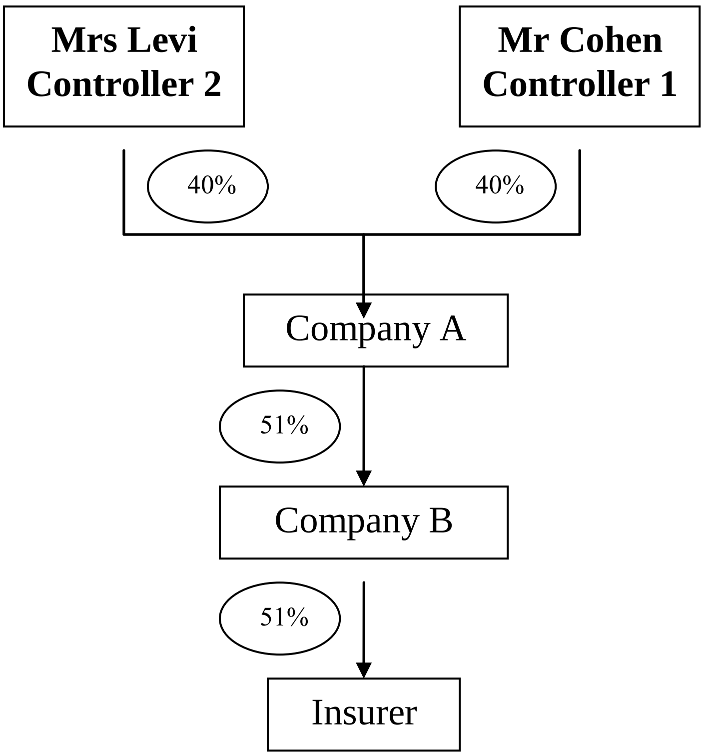
a. A person included in the control structure, including ultimate owners, could be required to submit the information in Appendixes C, D and G, as applicable. The decision as to whether to require the said data in this section shall be made in accordance with the percentage ownership of means of control of the insurer or if they control the insurer. Where it is decided to require submission of the said data, their submission shall be a prior condition for granting a control permit or an insurer license.

b. The Commissioner shall be permitted to demand additional data or documents.

c. A declaration made before an attorney, confirming the information contained in the application and its Appendixes, will be attached to the application.

APPENDIX A – CONTROL STRUCTURE OF INSURER

The applicant shall submit a chart describing the control structure of the insurer as at the date of submission of the application (should there be such), and a document describing (in words and by diagram) the requested control structure. The diagram shall include the details of the holdings up to the level of ultimate owners in accordance with the example below.
For this purpose, "ultimate owners" – holding more than 5% of the means of control of the insurer, and also a person holding less than 5% of the means of control in the insurer, but who is able to direct the activities of the insurer (control of the insurer).



Appendix B – Business plan and general details

The following are details of the subjects which require attention in the business plan:

1. The insurance sectors in respect of which the insurer license is requested.

2. Details of insurance plans and proposed insurance conditions and a copy of each insurance plan and the policy which the insurer intends marketing.

3. Details of proposed policy tariffs and other payments to be collected from policy holders.

4. Details of actuarial assumptions used by the company actuary in setting tariffs.

5. Examples of policies, applications forms and other forms the applicant will be using, including the annual policy-holder statement, insurance subscription and purchase forms and forms for repayment of surrender monies.

6. Details of proposed reinsurance arrangements.

7. A certified copy of valid incorporation documents of the insurer.

8. Organizational structure of the insurer.

9. Strategic plan of the insurer and forecast business plan for at least the first three years, together with a sensitivity analysis.

10. Details of establishment costs and financial resources put aside for them.

11. Working procedures of the insurer and its Board of Directors (including board committees).

12. Details of the computer system used by the insurer and its adjustment to the requirements of the law and the relevant administrative instructions (including the policy-holder database, the bookkeeping system, saving of data and production of reports).

13. Marketing plan for the insurance plans.

14. Copy of contracts with insurance agents distributing the insurance products.

15. Contracts and agreements for outsourcing.

Appendix C – Information required from an individual (ultimate owner)

1. Personal details

a. First name and family name.
b. Previous name.
c. Identity card number or other identity document accepted in country of origin, if he is not a resident of Israel.
d. Full address.
e. Citizenship (if more than one, all of them must be reported).
f. Passport number (if more than one passport, the number of all the passports and the countries issuing them).
g. Date and place of birth.
h. Education (name of institutions and their location and also academic/professional degrees).
i. Current occupation.
j. Previous occupations
k. Details of relatives (past and present spouses and children).

2. Declaration of capital

Details of main assets and liabilities of the applicant and his relatives, at fair values, in Israel and abroad – and stating applicant's net capital in accordance with Appendix D. (The declaration of capital should be accompanied by supporting documents such the last audited financial statements of main assets, an evaluators assessment and other support for fair value estimates and also balance confirmations).

3. Certification by tax authorities

Certification by the tax authorities in Israel and abroad of the applicant's income for tax purposes for the last 5 years.

4. Details of applicant's economic connections with the insurer

An applicant for a control permit is required to provide details of all economic connections (if such exist) between himself and the insurer in which he wishes to hold means of control, including details of obligations of the insurer or the group to which the insurer belongs in which he intends gaining control, including guarantees of obligations of third parties towards the insurer, and also details of all services given or which are to be given to the insurer by the applicant.

5. Details of companies

a. Details of companies (in Israel and abroad) in which the applicant or his relatives (as defined in Section 1 of the Supervision Law), owning directly or indirectly 5% or more of any kind of means of control, of if they own less than 5% of the said means of control, but the applicant or his relatives are able to direct the management of the corporation or the applicant is a partner in a group of investors in which he has such ability (herein – associated companies). The following details should be recorded regarding any associated company:

1) Name
2) Address
3) Business sector
4) Percentage holdings by the applicant of each means of control in the associated company.
5) Names of persons or groups of investors who collaborate on a permanent basis, holding more than 50% of means of control of associated corporations or in which they have the ability to direct the activities of the associated corporations.

b. The financial statements of associated corporations, relating to the three years preceding the submission of the application, the most up-to-date of the statements being one of the following:

1) The statement relating to a period not preceding the date of submission of the application by more than 6 months.
2) The statement relating to a period preceding the date of submission of the application by no more than 12 months, to which will be attached a declaration by managers and the certified public accountant certifying that the state of the corporation has not significantly changed for the worse since the period of the last statement.

6. Business activities of the applicants during the past ten years

A description of the applicant's business activities during the last ten years in Israel and abroad, including businesses and sectors in which he is no longer active. Also should be notes are the names of the corporations in which the applicant was a partner or was involved in their management and also the names of the partners in these businesses.

7. The applicant's business connections

A list of corporations, entities or individuals, which have ongoing business connections with the applicant or his relatives.

8. Details on the management of one or more of the following activities, or a declaration that the applicant is not involved in the management of any of them:

a. Insurance businesses.
b. Provident fund management.
c. Pension fund management.
d. Receipt of deposits from others.
e. Giving of guarantees to others, as a business.
f. Giving credit to others (with the exception of suppliers' credit, owners' credit and employee loans).
g. Management of securities portfolios on behalf of others.
h. Securities consultancy.

i. Underwriting.
j. Other capital market activities.

9. Detailed statement on any event occurring to the applicant or one of his relatives prior to submission of the application, or declaration that no such event occurred:

a. An indictment entered against him, agreement to pay a substantial fine (usually tax authorities), or investigation relating to a suspected offence (with the exception of disciplinary offences and traffic offenses), by the police or other governmental agency.
b. He himself was or is involved in bankruptcy proceedings, re-organization of debts or other arrangement with creditors.
c. Was or is the holder of controlling shares, director or senior employee of a corporation in business difficulties, leading to re-organization of debts, or any manner of arrangements with creditors, commencement of voluntary or involuntary liquidation proceedings, or receivership proceedings.
d. Found guilty in judicial or quasi-judicial proceedings, as a result of which he was suspended from his business activities or was removed (temporarily or permanently) from a body of which he was a member (including the Bar Association and the Certified Public Accountants Council).

10. Detailed report of the following events occurring prior to the submission of an application by corporations listed in Section 5 above, or a declaration that none of the following events occurred in the said corporations

a. The corporation was or is in voluntary liquidation proceedings or for any other reason or in receivership.
b. The corporation is or was in business difficulties, leading to re-organization of its debts or other arrangements with creditors.

11. Recommendations by two managers of banks where the applicant manages a significant part of his business activities over a long period of time.

Recommendation, from persons who have had long-term business connections (at least three years) with the applicant, and also a list of people who would be prepared to give recommendations.

12. Certificate of integrity

13. Total requested investment in the insured and the means of financing.

14. The application shall be accompanied by all agreements between ultimate owners and companies in the chain of control of the insurer regarding control of the insurer.

15. Certification by a certified accountant pursuant to sections 2 and 3 above.

16. **Signature on declaration of release of confidentiality –** The application shall be accompanied by a declaration with respect to the consent of the applicant to release of any right of confidentiality of information held by the Israel Police, or police or other governmental agencies in Israel or abroad, including Interpol, regulatory agencies in Israel and abroad (including the Banking Commissioner and Insurance Commissioner) and the tax authorities. In addition, the applicant shall declare that the aforementioned entities will be permitted to give any information in their possession relating to him, and that he relinquishes any rights to confidentiality that he may have regarding his business activities in Israel and abroad with banking corporations, insurance corporations and other institutional entities, as may be required for the purposes of checking and granting the application, and agrees that the aforementioned may give the Insurance Commissioner the information they have.

17. **The application shall be accompanied by all financing agreements relating to the financing of the purchase of control of the insurer, insofar as the transaction is financed all or in part by outside capital.**

18. **The application shall be accompanied by full details of charges or foreclosures actually existing or which can be expected to occur in the future by the date of receipt of the permit. If necessary the applicant, at the demand of the Commissioner, shall provide additional documents regarding the aforementioned charges, including financing agreements and charging agreements relating to means of control on the chain of control.**

Appendix D – Balance sheet of applicant (individual) to own control of an Insurer

Balance sheet * of the Applicant as of date________
(Measurement units)

Assets	Note	Amount
Cash and liquid assets (including bank deposits)	1	
Tradable securities (including options)	2	
Non-tradable securities (including options)	3	
Investments in partnerships	4	
Real Estate	5	
Others Assets	6	
Liabilities		
Short-term bank credit	7	
Other current liabilities	8	
Long-term bank credit	9	
Other liabilities	10	
Capital		

*** Balance sheet will be submitted duly audited by a certified public accountant**

General remarks

1. The detail in the balance sheet shall be subject to the significance rule: details are required in respect of any balance sheet item (or sub-item) representing 5% or more of the total balance sheet, and these items shall be accompanied by documents from external entities, wherever possible.
2. Explanations shall be required regarding pending liabilities and special agreements.
3. Disclosure is required regarding "fair value" of assets and liabilities.
4. Notes 2 and 3 shall include the names of the securities (corporations), the quantity held of each of them (percentage holding), and value.
5. Note 4 shall include a list detailing the names of the partnerships, percentage holdings in each partnership and the value of each holding.
6. Note 5 shall include a detailed list identifying the real estate holdings, their designation, date of purchase and value.
7. Note 7 shall include a list showing short-term credit from banks.
8. Note 9 shall include a list showing the long-term credit from banks, by bank, by currency/linkage basis and by periods remaining until repayment.

Appendix E – Information required from a corporation

(To be submitted for each of the corporations in the chain of control)

1. **An up to date copy of registration by the Registrar of Companies – information on all details of the company.**

2. **Capital structure and names of managers**
   Details of types of shares and rights pertaining to them (voting rights at general meetings, rights of appointment of directors, rights to profits) and names of shareholders up to ultimate owners. Names of senior office holders, directors and external directors.

3. **List of corporations, in Israel and abroad in which the applicant corporation has an interest and a list of the corporations in Israel and abroad controlled by the holder of a controlling interest in the applicant corporation.**
   For the purposes of this Section "Interest" – direct or indirect holding of 5% of means of control.

   Regarding all of the aforementioned corporations, the following details are required:
   - Name
   - Address
   - Sector/field of activity
   - Percentage holdings of each means of control.

4. **Obligations, including guarantees of obligations of third parties for which the applicant corporation is liable, the corporations detailed in Section 3 and the corporations forming the chain of control of the corporation in which the applicant corporation is interested in holding means of control.**

5. **Information regarding the business situation of the applicant corporation.**

6. **Financial statements audited by a certified public accountant, relating to the three years preceding the submission of the application, the most up to date of them being one of the following:**

   a) The statement relating to a period not preceding the date of submission of the application by more than 6 months.
   b) The statement relating to a period preceding the date of submission of the application by no more than 12 months, to which will be attached declaration by managers and the certified public accountant certifying that the state of the corporation has not significantly changed for the worse since the signing of the last statement.

   If the aforementioned statements do not contain the details outlined below, a separate list is to be provided of the liabilities of the applicant corporation, including guarantees of the liabilities of third parties, to banks and insurance corporations in Israel and abroad.

7. **Details on the management of one or more of the following activities, or a declaration that the applicant corporation is not involved in the any of them**:

- Insurance businesses
- Management of provident funds
- Pension fund management
- Receipt of deposits from others
- Business of providing others with guarantees
- Giving credit to others (excluding suppliers' credit, owners credit and employee loans)
- Management of forward and futures transactions, issuing of options or management of similar transactions for others.
- Management of securities portfolios on behalf of others.
- Securities consulting
- Underwriting
- Other capital market activity

8. **Detailed report of the following events occurring prior to the submission of an application by corporations listed in Section 3 above, or a declaration that none of the following events occurred in the said corporations**
   a. The corporation was or is in voluntary or involuntary liquidation proceedings or in receivership.
   b. The corporation is or was in business difficulties, leading to re-organization of debts or other arrangements with creditors.

9. **A detailed statement on any event of the following occurring to the interest holders in the applicant corporation, the Chairman of the Board of Directors or a manger, or a declaration that no such event occurred to any of the aforementioned:**
   a. An indictment entered against him, agreement to pay a substantial fine (usually tax authorizites), or investigation relating to a suspected offence (with the exception of disciplinary offences and traffic offenses), by the police or other governmental agency.
   b. Was or is in bankruptcy proceedings, re-organization of debts or other arrangement with creditors.
   c. Was or is the holder of controlling shares, director or senior employee of a corporation in business difficulties, leading to re-organization of debts, or any manner of arrangements with creditors, commencement of voluntary liquidation proceedings or in any other manner, or receivership proceedings.
   d. Found guilty in judicial or quasi-judicial proceedings, as a result of which he was suspended from his business activities or was removed (temporarily or permanently) from a body of which he was a member (including the Bar Association and the Certified Public Accountants Council).

10. **The names of the main banking corporations (in Israel and abroad) with the assistance of which the applicant corporation operates and letters of recommendation from two of the said institutions.**

11. **Total requested investment in the insured and the means of financing.** The application shall be accompanied by the financing agreements for the financing of the purchase of means of control of the insurer, insofar as such agreements exist.

12. **Signature on declaration of release of confidentiality –** The application shall be accompanied by a declaration with respect to the consent of the applicant to release of any right of confidentiality of information held by the Israel Police, or police or other government agencies in Israel or abroad, including Interpol, regulatory agencies in Israel and abroad (including the Banking Commissioner and Insurance Commissioner) and the tax authorities. In addition, the applicant shall declare that the aforementioned entities will be permitted to give any information in their possession relating to him, and that he relinquishes any rights to confidentiality that he may have regarding his business activities in Israel and abroad with banking corporations, insurance corporations and other institutional entities, as may be required for the purposes of checking and granting the application, and agrees that the aforementioned may give the Insurance Commissioner the information they have.

13. The application shall be accompanied by any agreement between the shareholders of the corporation, setting out, *inter alia*, the mode of collaboration between them, voting in general meetings, mode of appointment of directors in the insurer and the mechanism for settling disputes.

Appendix F – Details of directors and officers

The candidates shall attach their curriculum vitae, signed by them, containing all the following details

1. **Personal details**
    - First name and family name.
    - Previous name.
    - Identity card number or other identity document accepted in country of origin, if he is not a resident of Israel.
    - Full address.
    - Citizenship (if more than one, state all of them).
    - Passport number (if more than one passport, state the identifying numbers of all the passports and the countries issuing them).
    - Date and place of birth.

2. **Education and professional qualifications**
    - Education (names and location of institutions and also academic degrees and/or professional qualifications
    - Membership of professional organizations

3. Professional experience – Full details of professional career (including the names of all previous employers).

4. **Details of the position for which he is a candidate** including the powers pertaining and areas of responsibility.

5. **Personal and business connections** – details of connections the candidate has with the holders of controlling interest in the insurer or with other corporations under their control.

Appendix G - Personal questionnaire regarding previous convictions

Personal details

First name and family name: ____
Father's name: ____
Identity number: ____
Address (street, number, town): ____

Declaration regarding previous convictions

a. Have you ever been convicted of a criminal offense by a court of law or military court (with the exception of traffic violations carrying only a fine and deleted offenses) For this purpose - a conviction is one in respect of the which the deletion period has not passed in accordance with Section 20 of the Criminal Records and Rehabilitation of Offenders Law, 1981 (herein: the Law).
Yes/No, if yes – detail: ____

b. Are you currently the subject of criminal proceedings? Are you under investigation by the police or other investigatory agency, under caution and the investigation has not ended? (For your information, according to Sections 11a and 21 of the Law, information regarding closed files within the meaning of the Law will not be taken into account, unless the information is known by having been publicized or the has been given by the person involved himself).
Yes/ No, if yes – detail ____

c. Have you ever been found guilty in a disciplinary proceeding?
Yes/ No, if yes – detail ____

d. Are you currently the subject of disciplinary proceedings?
Yes/ No, if yes – detail ____

Instrument of relinquishment of confidentiality and consent to release of information and removal of confidentiality

I, ____________________________ identity number ______________________
do hereby give my prior consent to the giving of information from:

1. Criminal records and also any other information held by the Israel Police
2. Other police entities abroad, including Interpol
3. The Israel Securities Authority
4. The Israel Restrictive Practices Authority
5. The Unified Tax Authority in Israel
6. The Commissioner of the Banks in Israel
7. Any other governmental or regulatory agency worldwide

and on condition that the information shall be used for the purpose of checking an application made by me to the Insurance Commissioner, and I hereby forego receipt of prior information as to the giving of the aforementioned information, including pursuant to the provisions of Sections 5(a)6 and 12(c) of the Law.

Signature____________________
Date ____________________