



Appendices Related to Migdal Insurance Company Ltd.

Upper Galilee

Migdal Insurance Company Ltd.

Certification

I, Yonel Cohen, certify that:

1. I have reviewed Migdal Insurance Company Ltd.'s (hereinafter: "**the Insurance Company**") Annual Report for 2012 (hereinafter: "**the Report**").
2. Based on my knowledge, the Report does not contain any untrue statement of a material fact or omits any material fact necessary so that the statements, given the circumstances under which such statements were made, are not misleading with respect to the covered period.
3. Based on my knowledge, the Financial Statements and other financial information included in the report, fairly reflect in all material respects, the financial condition, results of operations, changes in equity and cash flows of the Insurance Company for the dates and period covered by the Report.
4. I and others in the Insurance Company who make such statement are responsible for establishing and maintaining controls and procedures regarding the disclosure¹ and internal control over the Insurance Company's financial reporting¹, and have:
 - (a) Set forth these controls and procedures, or lead to their establishment under our supervision, designed to ensure that material information relevant to the Insurance Company, including its consolidated subsidiaries, is brought to our attention by others in the Insurance Company and in those entities, particularly during the preparation of the report.
 - (b) Set forth an internal control over the financial reporting, or supervised the setting of an internal control over the financial reporting, aimed at providing a reasonable amount of certainty as to the reliability of the financial reporting and to the fact that the Financial Statements are prepared pursuant to IFRS and the provisions of the Commissioner of Insurance.
 - (c) Evaluated the effectiveness of the controls and procedures as regards the Insurance Company's disclosure, and presented our conclusions regarding the effectiveness of the disclosure controls and procedures, as of the end of the period covered in the Report based on our evaluation; and
 - (d) Disclosed in the Report any change in the Insurance Company's internal control over financial reporting which occurred in 4Q12, which affected materially, or are reasonably likely to materially affect, the Insurance Company's internal control over financial reporting; and
5. I and others in the Insurance Company who make such statement disclosed to the Insurance Company's auditing CPA, BoD and Balance Committee, based on our most recent evaluation regarding the internal control over financial reporting:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the ability of an Insurance Company to record, process, summarize and report financial information; and
 - (b) Any fraud, whether material or not material, that involves management or other employees with a significant position in the Insurance Company's internal control over financial reporting.

The above does not derogate from my liability or the liability of any other person, as per any law.

March 19, 2013

Yonel Cohen, CEO

¹ As defined in the provisions of the Institutional Organs Circular regarding Internal Control over Financial Reporting - Statements, Reports and Disclosures.

Migdal Insurance Company Ltd.
Certification

I, Eran Czerninski, certify that:

1. I have reviewed Migdal Insurance Company Ltd.'s (hereinafter: "**the Insurance Company**") Annual Report for 2012 (hereinafter: "**the Report**").
2. Based on my knowledge, the Report does not contain any untrue statement of a material fact or omits any material fact necessary so that the statements, given the circumstances under which such statements were made, are not misleading with respect to the covered period.
3. Based on my knowledge, the Financial Statements and other financial information included in the report, fairly reflect in all material respects, the financial condition, results of operations, changes in equity and cash flows of the Insurance Company for the dates and period covered by the Report.
4. I and others in the Insurance Company who make such statement are responsible for establishing and maintaining controls and procedures regarding the disclosure¹ and internal control over the Insurance Company's financial reporting¹, and have:
 - (a) Set forth these controls and procedures, or lead to their establishment under our supervision, designed to ensure that material information relevant to the Insurance Company, including its consolidated subsidiaries, is brought to our attention by others in the Insurance Company and in those entities, particularly during the preparation of the report.
 - (b) Set forth an internal control over the financial reporting, or supervised the setting of an internal control over the financial reporting, aimed at providing a reasonable amount of certainty as to the reliability of the financial reporting and to the fact that the Financial Statements are prepared pursuant to IFRS and the provisions of the Commissioner of Insurance.
 - (c) Evaluated the effectiveness of the controls and procedures as regards the Insurance Company's disclosure, and presented our conclusions regarding the effectiveness of the disclosure controls and procedures, as of the end of the period covered in the Report based on our evaluation; and
 - (d) Disclosed in the Report any change in the Insurance Company's internal control over financial reporting which occurred in 4Q12, which affected materially, or are reasonably likely to materially affect, the Insurance Company's internal control over financial reporting; and
5. I and others in the Insurance Company who make such statement disclosed to the Insurance Company's auditing CPA, BoD and Balance Committee, based on our most recent evaluation regarding the internal control over financial reporting:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the ability of an Insurance Company to record, process, summarize and report financial information; and
 - (b) Any fraud, whether material or not material, that involves management or other employees with a significant position in the Insurance Company's internal control over financial reporting.

The above does not derogate from my liability or the liability of any other person, as per any law.

March 19, 2013

Eran Czerninski, Head of the Finances and Actuarial
Discipline

¹ As defined in the provisions of the Institutional Organs Circular regarding Internal Control over Financial Reporting - Statements, Reports and Disclosures.

Migdal Insurance Company Ltd.

BoD and Management Report regarding the internal control over the financial reporting

Management, under the BoD supervision of Migdal Insurance Company Ltd. (hereinafter: "the insurance company") is responsible for the setting and establishment of a proper internal control over the financial reporting. The insurance company's internal control system was planned in order to provide a reasonable amount of certainty to the insurance company's BoD and management as to the accurate preparation and presentation of the Financial Statements published pursuant to the IFRS and the provisions of the Commissioner of Insurance. Regardless of their planning level, all internal control systems have built-in limits. Therefore, even if it was decided that these systems are effective, they can only provide a reasonable level of certainty only in reference to the preparation and presentation of a financial report.

Management, under the BoD supervision, conducts a comprehensive system of controls aimed at making sure that transactions are performed pursuant to management authorizations, assets are hedged, and the accounting records are reliable. In addition, management, under the BoD supervision, takes measures in order to make sure that the information and communication channels are effective and monitor execution, including the execution of internal control procedures.

The insurance company's management, under the BoD supervision, evaluated the effectiveness of insurance company's internal control over the financial reporting as of December 31st, 2012.

, based on the criteria set forth in the committee Sponsoring Organizations of the Treadway Commission (COSO) internal control model. Based on this evaluation, management believes that as of December 31st, 2012, the insurance company's internal control over the financial reporting is effective.

CoB	Aharon Fogel	(Signature) _____
CEO	Yonel Cohen	(Signature) _____
Head of the Finances and Actuarial Discipline	Eran Czerninski	(Signature) _____

Report approval date: March 19, 2013

Migdal Insurance Company Ltd.

March 19, 2013

Declaration of the Life Insurance Actuary**Part A – Actuary's identity**

I was requested by Migdal Insurance Company Ltd. (henceforth, "the insurer") to assess the reserves specified in part B below in life assurance lines of business (henceforth, "the reserves") for the insurer's Financial Statements dated December 31st, 2012, as specified below.

I am an employee of the insurer and serve as its chief actuary since December 1st, 2006.

I am not an interested party, nor a relative of an interested party of the insurer.

Part B – Scope of actuarial opinion**1. Scope of actuarial opinion**

- a. For the purpose of calculating the insurer's reserves, I relied on data supplied to me by the insurer. My requests for receiving data and information were answered in a satisfactory manner for the sake of assessing reserves for the Financial Statements. I examined the reasonability and adequacy of the data, and compared it to other data of the year the statement refers to, and to that of previous years.
- b. When needed, I also relied for my assessment upon data received from other reliable sources. I checked the appropriateness of this data and its relevance.
- c. The actuarial assumptions that I used in my work, including the methods for assessing the reserves cited below, were determined by me, to the best of my professional judgment, and in compliance with the provisions, instructions and rules provided in section 1 of part C below.
- d. In order to calculate the retention, I asked the insurer's competent reinsurance entities for information regarding the insurer's reinsurance arrangements, the insurer's ability to collect claims, and any problems with the payment policies of the reinsurers. Based on the information I received, I examined the consequences and effects of reinsurance arrangements on the reserves.
- e. In my assessment, I also took into consideration the following:
The provision calculated for coinsurance administered by domestic Israeli insurance companies, is the proportional part of the provision calculated by the life assurance actuary of the leading company, including the life assurance portfolio of Hassneh Israeli Insurance Company, which was jointly acquired by the insurer and Clal Insurance Company, in respect of the policies administered by Clal Insurance Company.

2. Data attached to the paragraph "Scope of actuarial opinion"

- a. In the appendix attached herewith, there are details of the amounts of provisions, in NIS thousands, both in gross and retained amounts, as follows:
 - 1) Reserve for unpaid losses (claims incurred but not fully paid, whether approved or not, except claims paid as annuities, such as LTC, occupational disability and family income benefits), including reserve for unpaid losses (incurred but unpaid claims) and the reserve for incurred but not yet reported losses (IBNR).
 - 2) Reserve stemming from insurance contract conditions relating to life assurance alone, including:
 - a) Reserve for accrual plans;
 - b) Reserve required when part of the premium collected in the contract's early years is designated for granting future cover, such as provision in respect of fixed premium, insurability and continuation options;

- 3) The part of reserve in respect of claims in payment, including claims paid as annuities, such as LTC, occupational disability and family income benefits.
 - 4) Supplemental provision stemming from reserve due diligence: following such tests at the policy level as per the product categories used in Forms 12A and 12B, it was determined that there is no need for any further reserve.
 - 5) Other – additional provisions in accordance with the Commissioner’s instructions, such as: supplemental reserves for annuity policies as per the Commissioner’s circular 2013-1-2.
- b. The effect of the changes detailed herewith on the provisions, in NIS thousands, both in gross and retained amounts -
- 1) For policies that became effective after the end of period of the last annual Financial Statement – adjustment to the provisions stemming from the differences between the assumptions of the premium basis and the assumptions of the reserve basis – there was no need for such adjustment.
 - 2) For policies that became effective before the end of period of the last annual Financial Statement – the amount of adjustment to the provisions, stemming from changes in the assumptions, methods or the level of premium to be collected, and from other amendments: in 2012 the annuity take-up rates as well as the future revenues rate stemming from management fees or the financial spread from investments held against insurance reserve or premium payments (K value) were updated for the calculation of supplementary annuity reserve (SAR).

Part C – Opinion

I hereby declare and confirm that for Life Insurance:

1. I assessed the insurer’s reserves detailed in Part B in accordance with the provisions, instructions and rules detailed below, all as valid on the date of the Financial Statements:
 - a. The provisions of the Financial Services Supervision Law (Insurance) – 1981, and regulations thereof;
 - b. The provisions and instructions given by the Commissioner of Insurance;
 - c. Generally accepted actuarial principles.
2. Having examined the data mentioned in part B, I have reached the conclusion that the data are reasonable and satisfactory, and that I can rely on them in my assessment.
3. The assumptions and methods for the assessment of reserves were determined by me, according to my best professional judgment, and in compliance with the provisions, instructions and rules specified above.
4. To the best of my knowledge and assessment, the reserves set forth in Part B constitute an appropriate reserve for covering the insurer’s liabilities in respect of its obligations stemming from life assurance contracts, as valid on the date of the Financial Statements.

Part D - Comments and clarifications

1. Details about the types of reserves are included in Note 18 to the Financial Statements.
2. No material changes occurred in the actuarial assumptions and methods compared with last year’s actuarial assessment, including the capitalization interest, except for the change in the assumptions for the calculation of SAR, as detailed in paragraph 2b2 above.

March 19, 2013	Appointed actuary - life assurance	Leybush Ulmann	_____
Date	Position	Actuary's name	Signature

Enclosed herewith:

Form 12a: Outstanding claims and reserves - gross
 Form 12b: Outstanding claims and reserves - retention

Form 12A: Outstanding claims, reserves and reserve for extraordinary risks - gross

Company name: Migdal Insurance Company Ltd.

As at: 31.12.2012

(In NIS thousands)

		Total	Savings and death risk (classic, traditional)		Pure savings or savings component in policies (Adif, Track)		Pure death risk or death risk comp. in policies		PHI	LTC		Other coverage 1)	
			Guaranteed yield	Participating	Guaranteed yield	Participating	Individual	Collective		Individual	Collective		
			1A	1B	2A	2B	3A	3B		4	5A		5B
1	Outstanding claims	1,195,197	353,276	55,985	195,600	212,751	79,655	30,915	212,942	14,348	1,893	37,832	
2	Reserve (total of rows 2a1 - 6)	83,418,864	5,806,340	1,393,348	17,518,994	55,815,341	31,617	9,428	1,701,802	1,096,383	19,713	25,898	
1x2	Policies with a savings element (including riders) by date of policy issue:	Policies issued up to 1990	19,392,047	4,482,164	10,603	14,449,712	258,307	3,356	0	185,296	0	0	2,609
2x2		Policies issued 1991-2003	42,503,622	0	1,288,768	66,610	40,882,649	3,052	0	255,545	0	0	6,998
3x2		Policies issued from 2004	14,238,475	0	2,979	367,780	13,831,321	833	0	34,619	0	0	943
4x2		Total (2a1 - 2a3)	76,134,144	4,482,164	1,302,350	14,884,102	54,972,277	7,241	0	475,460	0	0	10,550
ב2	Policies without a savings component	1,131,122	0	0	0	0	24,376	9,428	46,242	1,033,075	2,653	15,348	
3	Part of reserve for claims in payment	4,445,268	1,155,808	88,760	1,214,808	725,424	0	0	1,180,100	63,308	17,060	0	
4	Profit participation	0	0	0	0	0	0	0	0	0	0	0	
5	Supplement due to reserve due diligence	0	0	0	0	0	0	0	0	0	0	0	
6	Other	1,708,330	168,368	2,238	1,420,084	117,640	0	0	0	0	0	0	
7	Reserve for extraordinary risks	0	0	0	0	0	0	0	0	0	0	0	
(1	1) Other coverages, including: disability, accident duplicity etc.												
א8	Impact of adjusting provisions in respect of new businesses	0	0	0	0	0	0	0	0	0	0	0	
1ב8	Impact of adjusting provisions in respect of current businesses	Changes in assumptions	276,262	100,366	1,009	576,363	-401,476	0	0	0	0	0	
2ב8		Changes in methods	0	0	0	0	0	0	0	0	0	0	
3ב8		Changes in premium	0	0	0	0	0	0	0	0	0	0	
4ב8		Other changes	0	0	0	0	0	0	0	0	0	0	

Form 12b: Outstanding claims, reserves and reserve for extraordinary risks - in retention

Company name: Migdal Insurance Company Ltd.

As at: 31.12.2012

(In NIS thousands)

		Total	Savings and death risk (classic, traditional)		Pure savings or savings component in policies (Adif, Track)		Pure death risk or death risk comp. in policies		PHI	LTC		Other coverage 1)	
			Guaranteed yield	Participating	Guaranteed yield	Participating	Individual	Collective		Individual	Collective		
			1A	1B	2A	2B	3A	3B		4	5A		5B
1	Outstanding claims	1,187,687	352,733	55,985	195,600	212,751	78,267	29,850	210,325	12,623	1,893	37,660	
2	Reserve (total of rows 2a1 - 6)	83,329,629	5,797,010	1,393,348	17,449,214	55,812,702	31,617	9,428	1,698,452	1,092,247	19,713	25,898	
2a1	Policies with a savings element (including riders) by date of policy issue:	Policies issued up to 1990	19,318,647	4,472,833	10,603	14,390,003	255,949	3,356	0	183,294	0	0	2,609
2a2		Policies issued 1991-2003	42,502,527	0	1,288,768	66,610	40,882,649	3,052	0	254,450	0	0	6,998
2a3		Policies issued from 2004	14,238,434	0	2,979	367,780	13,831,321	833	0	34,578	0	0	943
2a4		Total (2a1 - 2a3)	76,059,608	4,472,833	1,302,350	14,824,393	54,969,919	7,241	0	472,322	0	0	10,550
2b	Policies without a savings component	1,130,910	0	0	0	0	24,376	9,428	46,030	1,033,075	2,653	15,348	
3	Part of reserve for claims in payment	4,436,916	1,155,809	88,760	1,210,865	725,150	0	0	1,180,100	59,172	17,060	0	
4	Profit participation	0	0	0	0	0	0	0	0	0	0	0	
5	Supplement due to reserve due diligence	0	0	0	0	0	0	0	0	0	0	0	
6	Other	1,702,195	168,368	2,238	1,413,956	117,633	0	0	0	0	0	0	
7	Reserve for extraordinary risks	0	0	0	0	0	0	0	0	0	0	0	

(1) 1) Other coverages, including: disability, accident duplicity etc.

8a	Impact of adjusting provisions in respect of new businesses	0	0	0	0	0	0	0	0	0	0	0
8b1	Impact of adjusting provisions in respect of current businesses	Changes in assumptions	265,912	100,366	0	1,009	566,293	-401,756	0	0	0	0
8b2		Changes in methods	0	0	0	0	0	0	0	0	0	0
8b3		Changes in premium	0	0	0	0	0	0	0	0	0	0
8b4		Other changes	0	0	0	0	0	0	0	0	0	0

Migdal Insurance Company Ltd.

March 19, 2013

Actuary statement in general insurance lines of business**Part A - Actuary identity**

I was asked by Migdal Insurance Company Ltd. to assess the reserves specified in Part B below in general insurance lines of business, for the Financial Statements of Migdal Insurance Company Ltd. (hereinafter "Migdal" or "the insurer") dated December 31st, 2012 as specified below.

I am the head of the actuary department - general insurance division at Migdal Insurance Company as of August 1st, 2003.

I am not an interested party and work as a salaried employee with the insurer.

Part B – Scope of actuarial opinion**1. Scope of actuarial opinion**

1. For the purpose of calculating the insurer's reserves, I relied on data supplied to me by the insurer. My requests for receiving data and information were answered in a satisfactory manner for the sake of assessing reserves for the Financial Statements. I examined the reasonability and adequacy of data, and compared said data to the data of the year the statement refers to, and previous years.
2. In my assessment, I did not rely upon data received from other sources, except for the retention insurance settlements data ("pool").
3. The actuarial assumptions that I used in my work, including the methods for assessing the reserves set forth in Section 2 below were determined by me, to the best of my professional judgment, and in compliance with the provisions, instructions and rules specified in Section 1 of Part C below.
4. For the purpose of calculating retention I asked the competent reinsurance entities in Migdal Group for information regarding the insurer's reinsurance arrangements, the capability to collect claims, and problems with the payment policy of reinsures. Based on the information I received, I examined the consequences and effects of reinsurance arrangements on the reserves.
5. In my opinion, I also took into consideration the following issues:
 - a. The reserve calculated in respect of retention insurance settlements (hereinafter "the pool"), was performed based on the calculation performed by the "pool" actuary.
 - b. The reserve calculated for other coinsurance, where the Company is not a leading insurer, was done by me while referring to information received from the leading company.
 - c. Migdal serves as a reinsurer in multi-national businesses which do not materially affect retention, therefore there was no need for calculating incoming reinsurance.
 - d. We did not take into consideration the lack of correlation between the various lines for the reduction of the overall reserve in respect of outstanding claims for all of the lines of business included in my estimate.

2. Data enclosed to the actuarial opinion scope

		As of December 31 st , 2012	
		NIS thousand	
		Gross	Retention
2 a 1) a)	<u>Outstanding claims</u> Statistical lines of business:		
	Compulsory Motorcar Bodily Injury (CMBI)*	1,234,383	1,188,349
	Employers' liability*	241,040	217,601
	Third party*	507,698	326,390
	Professional liability*	361,717	300,076
	Product liability*	91,377	61,452
	Property motorcar	83,698	83,612
	Homeowners	32,501	12,184
	Total statistical lines of business	2,552,414	2,189,664
	Non-statistical lines of business	There is no reporting duty	There is no reporting duty
2 a 1) b)	Total statistical & non-statistical lines of business	2,552,414	2,189,664
2 a 2)	Indirect expenses	76,384	76,384
2 a 3)	Premium deficiency:		
	CMBI	No declaration required	
	Property motorcar	6,461	6,461
	Homeowners comprehensive	No declaration required	
	Total insurance liabilities in respect of insurance contracts included in general insurance sector, calculated by actuarial estimate	2,635,259	2,272,509

Notes:

1. The actuarial provisions in Note 17 a2, which I estimated at NIS 2,662,298 thousand, gross, include the above said provisions of NIS 2,635,259 thousand, as well as reserve for outstanding claims in respect of personal accidents line as set forth in the health declaration at NIS 27,039 thousand. In retention, the provision for personal accidents is NIS 23,482 thousand.
2. For lines excluded from the actuarial estimate, see Part D Section 7 below.
3. In liability lines assessed based on underwriting: outstanding claims and provision for premium deficiency.

Part C – The opinion

I hereby declare and confirm that in the following lines: CMBI, employers' liability, third party, professional liability, product liability, property motorcar and homeowners' comprehensive insurance:

1. I assessed the insurer's reserves detailed in Part B in accordance with the provisions, instructions and rules detailed below, and valid on the date of the Financial Statements:
 - a. The provisions of the Insurance Businesses Supervision Law – 1981, and regulations thereof;
 - b. The provisions and instructions given by the Commissioner of Insurance;
 - c. Generally accepted actuarial rules.
2. Having examined the data mentioned in Part B, I have reached the conclusion that the data are reasonable and satisfactory, and that I can rely on them in my assessment.
3. I determined the assumptions and methods for the assessment of reserves according to the best of my professional judgment, and in compliance with the provisions, instructions and rules specified above.
4. The reserves set forth in Part B, Section 2 a 1) b) in respect of the statistical lines of business constitute, to the best of my knowledge and assessment, an appropriate reserve for covering the insurer's liabilities in respect of the above said outstanding claims, in each separately detailed statistic line of business, as valid on the date of the Financial Statements.
5. The reserve set forth in Part B, Section 2 a 2) constitutes, to the best of my knowledge and assessment, an appropriate reserve for covering the insurer's liabilities in respect of indirect expenses for claims settlement for all lines of business practiced by the Company in general insurance, as valid on the date of the Financial Statements.
6. The reserves set forth in Part B, Section 2 a 3) constitute, to the best of my knowledge and assessment, an appropriate reserve for covering the insurer's liabilities in respect of premium deficiency at retention level (should such premium exist) in the detailed lines, as valid on the date of the Financial Statements

Part D - Comments and clarifications

1. For the reserves in the CMBI, employers liability, third party, professional liability and product liability lines, I used the services of the actuary Dr. Stewart Coutts from International Actuarial Consultants.
2. The calculations do not include a spread for possible escalation or improvement in the future. In lines of business where there is great variance (professional liability and product liability) there is a provision for high uncertainty which is calculated as Standard Deviation.
3. In CMBI, employers' liability, third party and property motorcar lines the calculations are based on actual claim payments. In homeowners, professional liability and product liability lines, the calculations are based on claims' aggregate cost (actual claim payments plus individual assessments). There may be new phenomena which are not actually reflected in these data. Should it turn out that the actual experience is different than the aggregate experience, there may be need for additional reserves in the future.
4. Further to above Sections 2 and 3, no reduction was made to the reserves due to the future capitalization of cash flow, in real terms.

5. Actuarial estimate is based on statistical estimates that include an element of uncertainty. The statistical estimate is based on various assumptions, which will not necessarily come true. The assumptions in the actuarial forecast affect the reserve final result. Therefore, the actual claims cost may be higher or lower than the statistical estimate. Assumptions set in the past may change according to new information received in the future, due to, inter alia, Court rulings and precedents which cannot be forecasted ahead of time (such as the Lost Years issue), changes in social and environmental factors. In such cases, outstanding claims will change according to the actual change of assumptions and results, and the differences created in the reported year will be included in the general insurance business report.
6. In the personal accidents line of business I perform an actuarial calculation of the outstanding claims. This reserve appears in the health statement.
7. In accordance with the instructions of the Commissioner of Insurance, the Company considered an option of calculating actuarial reserves in the following lines as well: commercial comprehensive insurance, engineering insurance, contractors insurance, marine insurance, aviation insurance and goods in transit insurance. Due to the lack of statistical significance, an actuarial model was not applied in these lines of business.

March 19, 2013

Date

**Appointed actuary - general
insurance**

Position

**Anat Cohen
Toledano**

Actuary's name

Signature

Migdal Insurance Company Ltd.

March 19, 2013

Actuary statement in health insurance lines of business

Part A - Actuary identity

I was requested by **Migdal Insurance Company Ltd.** to assess the reserves specified in part B below in health insurance lines of business, for Migdal Insurance Company Ltd., the insurer's Financial Statements (henceforth, "the reserves") dated December 31st, 2012, as specified below.

I am the appointed actuary of health insurance at Migdal Insurance Company Ltd. I was appointed on September 1st, 2008.

I am not an interested party or relative of an interested party of the insurer

Part B – Scope of actuarial opinion

1. Scope of actuarial opinion

- a. For the purpose of calculating the insurer's reserves, I relied on data supplied to me by the insurer. My requests for receiving data and information were answered in a satisfactory manner for the sake of assessing reserves for the Financial Statements. I examined the reasonability and adequacy of data, and compared it to the data of the year the statement refers to, and to previous years.
- b. In my assessment, I also relied upon data received from other reliable sources. I examined the extent of data compatibility and relevance.
- c. The actuarial assumptions that I used in my work, including the methods for the aforementioned assessment of reserves were determined by me to the best of my professional judgment, and in compliance with the provisions, instructions and rules specified in section 1 of part C below.
- d. For the purpose of calculating retention I requested from the competent reinsurance entities in the insurer information regarding the insurer's reinsurance arrangements, the collectibility of claims, and problems with the payment policy of reinsurers. Based on the information I received, I examined the consequences and effects of reinsurance arrangements on the reserves.
- e. Migdal has no incoming businesses and/or coinsurances regarding this report.

2. Data attached to the actuary opinion scope paragraph

a. Amounts of reserves:

1. Reserves for pending claims and direct expenses associated with them:

In NIS thousand	Gross pending claims (including IBNR)		Pending claims in retention (including IBNR)	
	Individual insurance	Collective insurance	Individual insurance	Collective insurance
Health businesses reported in health sector (including travel insurance)	43,561	7,352	34,465	7,352
Personal accidents*	14,549	11,225	12,967	9,250

2. Reserves for indirect expenses:

In NIS thousand	Reserve for indirect expenses - gross		Reserve for indirect expenses - retention	
	Individual insurance	Collective insurance	Individual insurance	Collective insurance
Health businesses reported in health sector (including travel insurance)	764	755	764	755
Personal accidents*	817	448	817	448

3. Reserves stemming for the terms of the insurance contract:

In NIS thousand	Reserve stemming for the terms of the insurance contract - gross		Reserve stemming for the terms of the insurance contract - retention	
	Individual insurance	Collective insurance	Individual insurance	Collective insurance
Health businesses reported in health sector (including travel insurance)	430,966	0	430,965	0
Personal accidents*	0	0	0	0

* See comment 4 in Part D

As to personal accidents line – see Ms. Anat Cohen-Toledano's statement.

b. Impact of changes on provisions:

1. The amount of provisions' adjustment, stemming from the differences between the premium basis assumptions and the assumptions of reserves basis for policies that became effective after the end of the last annual FS period:
 - a. In health insurance businesses, the adjustment amount is not material.
 - b. In life insurance businesses excluding LTC, the adjustment amount is zero since there were no material changes in the methods or assumptions for businesses reported in these businesses.
2. For policies that became effective before the end of period of the last annual Financial Statement, the amount of adjustment to the provisions, stemming from changes in the assumptions, methods or the level of premium to be collected, and from other amendments for businesses reporting within health insurance businesses and life assurance businesses excluding LTC, is not material.

Part C – The opinion

I hereby declare and confirm that in the following sub-lines of health insurance: medical expenses, dread diseases, dental insurance, travel insurance, personal accidents and other:

1. I assessed the insurer's reserves detailed in Part B in accordance with the provisions, instructions and rules detailed below, and valid on the date of the Financial Statements:
 - c. The provisions of the Insurance Business Supervision Law – 1981, and regulations thereof;
 - d. The provisions and instructions given by the Commissioner of Insurance;
 - e. Generally accepted actuarial rules.

2. Having examined the data mentioned in Part B, I have reached the conclusion that the data are reasonable and satisfactory, and that I can rely on them in my assessment.
3. I determined the assumptions and methods for the assessment of reserves according to the best of my professional judgment, and in compliance with the provisions, instructions and rules specified above.
4. The reserves set forth in Part B constitute, to the best of my knowledge and assessment, an appropriate reserve for covering the insurer's liabilities in respect of health insurance contracts that belong to the sub-lines of health insurance detailed above, as valid on the date of the Financial Statements.

Part D - Comments and clarifications

1. The reserve in the sub-line of dread diseases is set as a percentage of the annual premium in-force and not as per expected claims, as was done in previous years.
2. In the sub-line of medical expenses, reserves stemming from the terms of the contract are as per an actuarial model.
3. "Other" line – Healthy Investment: this is a plan covering medical expenses (surgery and other). Unlike other plans, if insureds have no claims for 15 years, they are reimbursed.
4. Outstanding claims in the lines of personal accident were set by the general insurance appointed actuary, Ms. Anat Cohen Toledano.
5. There were no material changes in the actuarial assumptions and methods compared with the previous annual actuarial assessment, including capitalization interest.

March 19, 2013

**Appointed actuary -
health insurance**

Jonathan Brody

Date

Position

Actuary name

Signature