

Cyber Security and Privacy

**Harel Insurance Company Ltd
Hereinafter: Harel or Insurer**

Harel Insurance Company Ltd.

1 Basis

This policy is based on the following:

1. The provisions contained in the policy including any endorsements;
2. The Insurance Contract Law 5741-1981. ;
3. Any and all written declarations made by the policyholder requesting an offer and/or in relevant documents associated with the conclusion and/or renewal of the policy.

2 Insurance Cover

Subject to paragraph 5 "SCOP OF COVER" this Policy covers the following:

2.1 Security and Privacy liability

Harel will pay on behalf of the **insured** all **defense costs** and **damages** which the **insured** becomes legally obligated to pay on account of any **claim** first made against the **insured** and reported to Harel during the policy period or any extended reporting period, if applicable, for a **wrongful act**, provided such **wrongful act** first occurs on or after the applicable retroactive date and before the end of the policy period.

In the event that the retroactive date is not specified in the policy, Retroactive date is the date that specified in the Schedule as the date of commencement of the insuranceHarel will reimburse the **insured** for all **defense costs** the **insured** incurs in responding to any **regulatory proceeding** first made against the **insured** and reported to Harel during the policy period or any extended reporting period, if applicable, for a **privacy wrongful act** or **security wrongful act** concerning a **privacy event**, provided such **privacy wrongful act** or **privacy event** or **security wrongful act** first occurs on or after the applicable retroactive date and before the end of the policy period.

2.2 Privacy breach costs

Harel will reimburse the **Company** for the **privacy breach costs** the **Company** incurs that directly result from a **privacy event**, provided such **privacy event** first occurs and is reported to Harel during the policy period or extended reporting period.

2.3 Digital data reconstitution costs

Harel will reimburse the **Company** for any **digital data reconstitution costs** the **Company** incurs due to the corruption or destruction of **digital data** caused by a **security event**, provided such **security event** first occurs during the policy period.

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2.4 Business income loss and Dependent business income loss

Harel will pay the **Company** any **business income loss** and **dependent business income loss** and **extra expenses** the **Company** sustains during the **period of restoration** due to an **interruption of service**, provided such **interruption of service** first occurs during the policy period.

2.5 Cyber extortion threat and Reward payments

Harel will reimburse the **Company** for any **extortion expenses** and **extortion payments** actually paid by the **Company** that directly result from a **cyber extortion threat**, provided the **Company** first receives such **cyber extortion threat** during the policy period and provided it is insurable under the applicable jurisdiction.

Harel will reimburse the **Company** for any reward the **Company** pays to any person or entity, other than an external auditor of the **Company** or an **insured person** who is an internal auditor of the **Company** or who supervises or manages an external auditor of the **Company**, for information leading to the arrest and conviction of any person who is making or has made any **cyber extortion threat**, provided the **Company** first receives such **cyber extortion threat** during the policy period and we consent in offering such reward prior to it being offered.

3 Cover Extensions

3.1 Mitigation costs

Harel will pay the **Company** any **extra expenses** the **Company** sustains during the **period of restoration** due to an **interruption of service**, provided such **interruption of service** first occurs during the policy period.

3.2 Emergency costs

If the insurer's written consent cannot reasonably be obtained in a timely manner by the **insured** before **privacy breach costs**, **digital data reconstitution costs**, **defense costs** or **extra expenses** are incurred with respect to **damages** and **defense costs** or **claim**, Harel shall then have the discretion to give retroactive approval for such **privacy breach costs**, **digital data reconstitution costs**, **defense** or **extra expenses** with respect to such **damages** and **defense costs** or **claim**, up to, in the aggregate for all **insureds**, a sub-limit of 10% of the Limit of Liability.

4 Exclusions

Harel will not pay any **damages** or **defense costs** for **claims**, **expenses** or **payments** resulting from or in connection with or reward or any other amount claimed under any Insuring Clauses of this policy:

4.1 based upon, arising out of or attributable to:

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4.1.1 any dishonest, fraudulent, criminal, or malicious wrongful act committed by an insured

4.1.2 any intentional or knowing violation of law committed by an insured; or

4.1.3 any gaining of any profit, remuneration, or financial or non-financial advantage by an insured to which the insured was not legally entitled.

This exclusion only applies if 4.1.1, 4.1.2, or 4.1.3 are legally established and derivable from a judgment or acknowledged in writing by an insured or Company. Harel provisionally pays any other amount claimed up to such establishment or acknowledgement.

It is clarified that in the event Harel has paid the expenses as mentioned above and thereafter it will be determined as per 4.1.1, 4.1.2 and 4.1.3 the Insured shall refund immediately to Harel all the above mentioned payments. Furthermore the Insured shall provide Harel with a commitment letter including suitable guarantees for the refund of the said payment.

4.2 based upon, arising out of or attributable to any actual or alleged bodily injury, mental anguish, emotional distress, pain and suffering, shock, humiliation, sickness, disease or death of any person or property damage.

However this exclusion does not apply to mental anguish, emotional distress, pain and suffering, or shock resulting from a **privacy event**.

4.3 by or on behalf of, or at the behest or for the benefit of any **insured**.

However this exclusion shall not apply to any **claim** brought by any **insured person** in his or her capacity:

4.3.1 as a customer or client of the **Company**; or

4.3.2 as an employee of the **Company** for a **privacy event** relating to the unauthorized disclosure of such employee's **personal information**.

Provided this exclusion does not apply to any **digital data reconstitution costs**.

4.4 based upon, arising out of or attributable to any contractual liability or obligation or any breach of any contract, including any liability of others assumed by any insured, unless such liability would have attached to the **insured** even in the absence of such contract.

4.5 based upon, arising out of or attributable to any actual or alleged:

4.5.1 breach of any warranty, guarantee, or promise of fitness or suitability, whether express, implied, constructive, oral or written; or

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- 4.5.2 inaccurate, inadequate, or incomplete description of the price of the Company's goods, products or services; or
- 4.5.3 failure of any goods, products or services to conform with an advertised quality or performance.
- 4.6 based upon, arising out of or attributable to:
 - 4.6.1 incomplete disclosure of the insured's fees; or
 - 4.6.2 any guarantee, representation or promise the insured makes relating to contract price, costs, cost savings, return on investment or profitability, including the insured's failure to meet cost guarantees, representations, or contract price.
- 4.7 based upon, arising out of or attributable to any actual or alleged theft, infringement, dilution, violation or misappropriation of any patent, display or publication of any trade secret, unless the inadvertent disclosure of that trade secret constitutes a privacy event or a security event.
- 4.8 based upon, arising out of or attributable to any mechanical or electrical failure, interruption or outage, however caused, including any electrical power interruption or surge, brownout, blackout, short circuit, over voltage, or power fluctuation or outage to gas, water, telephone, cable, satellite, telecommunications, the internet or any component thereof including hardware or software or any other infrastructure.
- 4.9 based upon, arising out of or attributable to:
 - 4.9.1 the actual or alleged inaccurate or misleading description of the price or quality or fitness or purpose of the insured's products, including software; or
 - 4.9.2 the rendering of or failure to render professional services.
- 4.10 based upon, arising out of or attributable to seizure, confiscation, expropriation, nationalization, or destruction of a computer system by order of any governmental authority.
- 4.11 based upon, arising out of or attributable to:
 - 4.11.1 the illegal, unauthorized or wrongful collection of personal information, including the collection of personal information using cookies or malicious code; or
 - 4.11.2 the failure to provide adequate notice that such personal information is being collected.
- 4.12 based upon, arising out of or attributable to the ordinary wear and tear or gradual deterioration of any computer system or digital data.

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- 4.13 based upon, arising out of or attributable to any unsolicited electronic dissemination of faxes, emails, or other communications to multiple actual or prospective customers by the insured or any other third party, or any federal, state or foreign anti-spam statute or federal, state or foreign statute, law, ordinance or regulation that prohibits or limits the sending, transmitting, communication or distribution of material or information in any foreign jurisdiction.
- 4.14 any claim brought against a Director or Officer of the Company, in their capacity as such.
- 4.15 based upon, arising out of or attributable to any actual or alleged wrongful refusal to hire, wrongful dismissal, discharge or termination of employment, violation of employment-related practices or policies, wrongful demotion, evaluation, reassignment or discipline, retaliation, discrimination, malicious prosecution or employment-related defamation, harassment, humiliation, invasion of privacy, defamation or infliction of emotional distress.
- However this exclusion shall not apply to any **claim** by an employee of a **Company** for a **privacy event** relating to the unauthorized disclosure of such employee's **personal information**.
- 4.16 based upon, arising out of or attributable to any actual or alleged violation of the Anty Trust Law 1988 or any other similar law or regulation of any other jurisdiction.
- 4.17 based upon, arising out of or attributable to war including undeclared or civil war, terrorism, warlike action by a military force including action in hindering or defending against an actual or expected attack by any government, sovereign or other authority using military personnel or other agents, or insurrection, rebellion, revolution, riot, usurped power, or action taken by governmental authority or any other political or terrorist organization in hindering or defending against any of these.

For the purpose of this exclusion, an act of terror shall mean: an act which includes however, is not limited to the use of force, violence, use of atomic, chemical or biological weapons or use of weapons of mass destruction; destruction, disruption or undermining of any communications and information system or infra-structure or anything included therein, as well as sabotage or use of any other means which intentionally or unintentionally cause damage of any type whatsoever, or any threat to initiate any of the activities appearing above, which are perpetrated for political needs, including use of one of the activities appearing above, whose objective is to intimidate the public or any part thereof by a person, group or groups - whether they are acting on their own or on behalf of or in connection with an organization which is hostile to the state (or connected thereto).

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- 4.18 based upon, arising out of or attributable to fire, smoke, explosion, lightning, wind, flood, earthquake, volcanic eruption, tidal wave, landslide, hail, act of God or any other physical event, however caused.
- 4.19 based upon, arising out of or attributable to the fraudulent use by any person or any entity of any data on or in any credit, debit, charge access, convenience, customer identification or other card, including but not limited to, the card number.
- 4.20 Trading losses, trading liabilities or change in value of accounts, any loss, transfer or theft of monies, securities or tangible property of others in the care, custody or control of the Company.
- 4.21 The monetary value of transactions or electronic funds transfers which is lost, diminished, or damaged during transfer from, into or between accounts.
- 4.22 based upon, arising out of or attributable to the exploitation of electronic or interactive sexual or pornographic services.
- 4.23 based upon, arising out of or attributable to any failure in the Network Security of the Company known by the insured before any privacy event or security event.

5 Scope of Cover

5.1 Limits of Liability and Coverage

- 5.1.1 The maximum liability of Harel for all payments under all Insuring Clauses purchased under this policy is the amount shown in the schedule as the Maximum Policy Aggregate Limit of Liability. Reasonable Defence Costs shall be in addition,.
- 5.1.2 Indemnity payments include **privacy breach costs, digital data reconstitution costs, damages, defense costs, business income loss, dependent business income loss, extortion expenses, extortion payments, extra expenses, emergency costs** and other expenses listed in the policy and are limited by the Limit of Liability and/or the sublimits.
- 5.1.3 The sublimits of the Limit of Liability quoted in the schedule and/or policy may be used only once for each **insured** risk.

5.2 Deductible and Single Claim

- 5.2.1 Harel will only pay **damages** and **defense costs** in excess of the applicable deductible for each **claim**, up to the applicable Limit of Liability. Harel may, however, elect to pay all or any part of the deductible to effect a settlement of any matter covered hereunder and, upon notice of such action by Harel, the **insured** must promptly

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reimburse Harel for the deductible paid by Harel.

5.2.2 Harel will only pay **privacy breach costs** and **digital data reconstitution costs** in excess of the applicable deductible for each **privacy event**, up to the applicable Limit of Liability.

5.2.3 Harel will pay **business income loss, dependent business income loss** and **extra expenses** resulting from any one **security event** in excess of the applicable deductible up to the applicable Limit of Liability. The applicable deductible is the greater of:

5.2.3.1 the deductible mentioned in the schedule; or

5.2.3.2 the **waiting hours retention**.

The **business income loss, dependent business income loss** and **extra expenses** applicable to the deductible shall be computed as of the start of the **interruption of service**.

5.2.4 Harel will pay extortion expenses and extortion payments resulting from any one cyber extortion threat in excess of the applicable deductible up to the applicable Limit of Liability. Harel will pay reward payments resulting from any one cyber extortion threat up to the Limit of Liability for reward payments, which is subject to the Limit of Liability. No deductible applies to reward payments.

In order to avoid any doubt, the deductible sum shall apply to external expenses which were incurred by the Insurer in the course of handling the claim and/or demand for compensation and/or notice in respect of any occurrence which could lead to a claim – this, even if compensation was not paid in respect thereof.

As regards to insurance cover 2.1 it is to be emphasized that the Insured's deductible in respect of an Insured event constitutes the first layer in the policy and is included in the policy limits of liability and is not in addition thereto.

6 Temporal Scope

6.1 Policy period

The contract is concluded for the duration of the policy period stated in in the Schedule.

6.2 Claims Made and Discovery of privacy and security events

6.2.1 Claims Made

In respect of insurance cover 2.1 (Security and Privacy Liability) coverage is provided for **claims** first made and reported during the policy period or during the extended reporting period, if applicable (claims made principle).

6.2.2 Discovery of privacy and security events:

In respect of insurance cover 2.2, 2.3, 2.4 (Security and Privacy Liability) coverage is provided for a **privacy event** or a **security event** which was discovered and notified during the policy period or during the extended discovery period, if applicable and which occur as from the retroactive date specified in the Schedule.

6.2.3 If the insurance coverage of this policy is extended during the policy period (including increase of the Limit of Liability, the sub-limit or an additional limit), the time of the extension of insurance coverage will be deemed to be the new retroactive date with regard to that extension.

6.2.4 No insurance coverage is provided for:

6.2.4.1 any fact, circumstance, or situation which has been the subject of any written notice given under any insurance policy or any policy of which this policy is a direct or indirect renewal or replacement, or any policy expiring prior to the inception date of this policy; or which has been reported in a proposal form, Warranty Statement or in another declaration.

6.2.4.2 any act, error or omission or **wrongful act** or fact, circumstance or situation occurring prior to:

(i) the inception date of this policy;

(ii) the inception date of the first policy in an uninterrupted series of privacy and security liability insurance policies continuously issued by Harel to the **Company** of which this policy is a renewal, whichever inception date is earlier; or

(iii) the retroactive date, if on or before such earlier inception date or retroactive date (if applicable) any **insured** knew or could have reasonably foreseen that such act, error or omission, or **wrongful act**, fact, circumstance or situation would give rise to a **claim, privacy event, security event** or a **cyber extortion threat**; or

6.2.4.3 any written demand, suit or proceeding pending, or order, decree or judgment entered, against any **insured** on or prior to the effective date of this policy or the effective date of any policy issued by Harel of which this policy is a continuous renewal, replacement, or is alleging or derived from the same or substantially the same **wrongful act, interrelated wrongful acts, interrelated security events**, fact, circumstance or situation underlying or alleged therein.

6.3 Interrelated wrongful acts and interrelated security events

All **interrelated security events** shall be deemed one **security event** and shall be deemed to first occur at the time the earliest **security event** of the **interrelated security events** first occurs. In the event any one **security event** triggers more than one Insuring Clause, the highest applicable deductible shall apply to such **security event** and the amount payable by Harel with respect to such **security event** shall be limited to the amount of the Limit of Liability of that Insuring Clause corresponding to the highest deductible.

All **claims** arising out of the same **wrongful act** and all **interrelated wrongful acts** shall be deemed one **claim**, and such **claim** shall be deemed to be first made on the date the earliest of such **claims** is first made, regardless of whether such date is before or during the **policy period**. All such **claims** arising out of the same **wrongful act** and all **interrelated wrongful acts** shall be subject to a single deductible, the applicable each **claim** Limit of Liability and the Maximum Policy Aggregate Limit of Liability.

6.4 Extended (discovery) reporting period

In the event of a non-renewal or cancellation of this policy except in respect of fraudulent and/or non payment of the premium. The policyholder shall have the right to extend the insurance coverage according to the applicable section of the schedule, but only for

- **claims** first made against any **insured**; or

- **privacy events** or **security events** occurred and discovered

and reported to Harel in writing within such period, provided that the **wrongful act** was committed or the **privacy event** or **security event** occurred after the applicable retroactive date and before a takeover as mentioned in Clause 7.1.2, if applicable, or the termination of the policy period.

7 Change in Risks

7.1 Policyholder's Obligations to Notify Changes in Risks

The policyholder is obliged to notify substantial changes in risk particularly to the following events during the policy period:

7.1.1 formation or acquisition of an entity pursuant to 7.2.

7.1.2 commencement of liquidation proceedings, bankruptcy proceedings or debt moratorium of the policyholder or a fusion or takeover of the policyholder pursuant to 7.3.

7.2 New Subsidiaries

7.2.1 Acquisition or Formation of Subsidiary

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- 7.2.1.1 If, during the policy period, the policyholder acquires or forms any **subsidiary**, then the coverage of this policy shall automatically apply to such organization and its **insured persons** from the date of such acquisition or formation, unless such organization has:
- (i) assets or revenues representing more than 15% of the **Company's** assets or revenues respectively; or
 - (ii) sustained losses or had **claims** of a type covered by this policy within the 3 year period immediately preceding the acquisition of such organization which have resulted in total payments made on behalf of the organization exceeding US\$ 1,000,000 or the local currency equivalent thereof.
- 7.2.1.2 If the policyholder acquires an organization as described in 7.2.1.1 (i) or (ii) above, coverage for such organization shall be conditional upon:
- (i) the policyholder notifying Harel in writing within 90 days of the acquisition or formation of such organization;
 - (ii) Harel receiving information which Harel deems necessary;
 - (iii) Harel's reservation of right to modify the terms and conditions of the policy in respect of such new **subsidiary**, including charging an additional premium
 - (iv) Harel's agreement in writing to provide such coverage.
- 7.2.1.3 Coverage under this policy for any **subsidiary** formed or acquired during the policy period and its **insured persons** will apply only to **wrongful acts, privacy events** or **regulatory proceedings** occurring after the policyholder's acquisition or formation of such **subsidiary**.

7.3 Liquidation Merger and Acquisitions of the policyholder

If during the policy period any of the following events occur:

- 7.3.1 the acquisition by any person or entity or affiliated group of persons or entities of 50% or more of the policyholder's issued and outstanding voting securities representing the present right to vote for the election of the policyholder's directors;
- 7.3.2 the acquisition, divestiture or sale of more than 50% of the **Company's** assets or liabilities (as reflected in the policyholder's most recent consolidated financial statement) by or to any person or entity or affiliated group of persons or entities;
- 7.3.3 the appointment of a receiver, conservator, trustee, liquidator, rehabilitator or any similar official for or with respect to the policyholder; or

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7.3.4 the policyholder's merger with or consolidation into any other entity such that the policyholder is not the surviving entity;

(such events referred to herein as a 'Takeover') then such coverage as existed under this policy before such Takeover will continue in full force and effect for any **wrongful act, privacy events or regulatory proceedings** occurring before such Takeover, but coverage will cease with respect to any **wrongful act** occurring after such Takeover.

The occurrence of a Takeover will not affect the **insured's** right to purchase an extended reporting period unless all premium due for the remainder of the policy period has not been fully paid within 30 days of the effective date of such event, in which case the **insured** will have no right to purchase the extended reporting period.

For the avoidance of any doubt the above "Takeover" shall constitute an increase in the risk and the Insured must immediately notify Harel.

8 Claims Handling

8.1 Claims Notification

8.1.1 Claims Notification

If an **insured** (officer or director, a Risk Manager, a CSO or a General Counsel of the policyholder becomes aware of a **claim**, the **claim** should be notified to Harel in writing immediately but no later than 60 days after the expiration of the policy period or within the extended reporting period (if applicable).

8.1.2 Notice of Circumstances

If, during the policy period, the **insured** (officer or director, a Risk Manager, a CSO (Chief Security Officer) or a General Counsel) becomes aware of any specific **wrongful act** which may reasonably give rise to a future **claim** covered under this policy and gives written notice to Harel during the policy period of:

8.1.2.1 the identity of the potential claimants;

8.1.2.2 a description of the anticipated **wrongful act** allegations;

8.1.2.3 the identity of the **insured's** allegedly involved;

8.1.2.4 the circumstances by which the **insured's** first became aware of the **wrongful act**;

8.1.2.5 the consequences which have resulted or may result; and

8.1.2.6 the nature of the potential damages;

then any **claim** which arises out of such **wrongful act** shall be deemed to have been first made at the time such written notice was first received by Harel.

8.1.3 Notice of a privacy event and Insured's Duties

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- 8.1.3.1 The **insured** must give Harel written notice of any **privacy event** during the policy period immediately after it occurs. Any notice to Harel of a **privacy event** shall be states a notice under 8.1.1 or 8.1.2 above.
- 8.1.3.2 In the event of a **privacy event** or any claim for coverage under any other endorsement to this policy, the **insured** must:
- (i) take all reasonable steps to protect **computer systems, personal information**, or confidential corporate information from further loss or damage;
 - (ii) cooperate with Harel in our investigation; and
 - (iii) allow Harel to question the **insured's** regarding the **insured's** books, records, and any other matters relating to such claim for coverage.
- 8.1.4 Notice of a security event or Cyber Extortion Threat
- 8.1.4.1 Following a **security event**, the **Company** must provide Harel with prompt written notice immediately as practicable of such **security event**, but in no event later than 60 days after the expiration of the policy period or within the extended reporting period (if applicable).
The **Company** agrees to take all reasonable steps and measures to limit or mitigate **business income loss** and **dependent business income loss**.
Within 6 months after the occurrence of any such **security event**, the **insured** must furnish Harel with a written proof of the **Company's** claimed loss, with full particulars.
- 8.1.4.2 No legal proceedings for the recovery of any amount may be brought prior to the expiration of 30 days after the **insured's** original proof of loss is submitted to Harel or more than 36 months after the occurrence of the **security event** in question.
- 8.1.4.3 Following a **cyber extortion threat**, the **Company** must provide Harel with prompt written notice immediately of such **cyber extortion threat**.
- 8.1.5 Without derogating from the above (article 8.1.1-8.1.4):
- 8.1.5.1 all the information and documents as demanded by the insurer shall be provided to it by the insured or its personal or legal representatives or by the beneficiaries and at their expense.
If the information and documents are not in their possession, they shall assist the insurer, to the best of their ability to obtain same.

8.1.5.2 In addition to the aforementioned, immediately upon receipt thereof the insured shall deliver to the insurer any letter, summons, notice of hearing, order and any process whatsoever in connection with a claim for compensation emanating from the occurrence of the insured event.

8.1.5.3 The insured shall inform the insurer as soon as possible of a police or other investigation, which has been initiated or which is about to be initiated, if same are known to it in connection with any insured event, which may give rise to filing a claim according to this policy.

8.2 Handling of a claim

8.2.1 In the event that a **claim** is made against an **insured**, the **insured** shall defend himself by all means at his disposal.

8.2.2 Immediately upon receipt of a notice from the insured in respect of the insured event, the insurer shall do whatsoever necessary to clarify its liability.

8.2.3 The insurance benefits shall be paid within 30 days of the insurer being in possession of the information and documents necessary to clarify its liability.

8.2.4 If the insurer recognizes its liability according to the policy, it shall be entitled, at its discretion to take over and conduct the defense against any claim, in the name of the insured, or settlement of any claim and to claim and receive indemnification, compensation, participation and damage fees in the name of the insured.

8.2.5 The insurer shall have absolute discretion regarding the conduct of any proceedings or the arrangement or settlement of any claim, subject to the provision of paragraph 68 of the Insurance Contract Law, as follows:

“In liability insurance the insurer shall be entitled - and at the demand of the third party, it shall be obliged to pay the insurance benefits to the third party which the insurer owes to the insured provided that 30 days advance written notice to this effect is given to the insured and the insured failed to object in the course of this period; however, an allegation which the insurer can raise against the insured shall also stand in its favor vis-à-vis the third party.”

8.2.6 The insured shall provide the insurer with all the information which is in its possession and extend to the insurer any assistance demanded of it in connection with the matters which are discussed in this condition.

8.2.7 In coordination with the insured, the insurer may at any reasonable time, enter all the sites belonging to the insured, where the insured event occurred for the purpose of conducting an investigation or inspection by its clerks, representatives or those who are empowered

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to do so and same may remain there and hold same and their contents, for a reasonable period and for any objective associated with this occurrence. The insured shall provide and perform all the easements required for this purpose on behalf of the insurer.

It is agreed that the insurer shall do whatsoever it can to act in coordination with the insured in order not to adversely affect its good name or to cause it any damage whatsoever.

8.2.8 Without derogating from article 9.9 "NO ADMISSION", The **insured** shall neither admit nor assume nor settle liability claims in whole or in part, nor incur costs without Harel's prior written consent. The **insured** is obliged to support Harel in the investigation of the facts and not to do or omit anything to prejudice the rights of Harel. A culpable breach of these duties shall release Harel from its obligation to indemnify to the extent of the consequences attributable to such breach. The culpable breach of an **insured** shall not be imputed to any other **insured**.

8.2.9 If Harel wishes to settle with the claimant whereas the **insured** is opposed to such settlement, Harel's total aggregate payments under this policy shall be limited to the amount by which the **claim** could have been settled by compromise including Defence Costs.

8.2.10 Harel will be entitled to any payments awarded to the **insured** in the legal proceeding up to the amount of the indemnities paid by Harel.

8.2.11 The **insured** may elect and retain a lawyer of its choice, subject to the prior written approval of Harel and subject to standard fees as customary in Israel.

8.2.12 Should it subsequently emerge that a claim is partly or entirely uncovered under this contract, the insured will reimburse Harel for the respective uncovered part of the advanced costs.

8.3 Cooperation

8.3.1 The insured shall deliver to the insurer, within a reasonable time of receiving a demand to do so, the information and documents required for clarifying the liability and if same are not in its possession, he shall assist the insurer to obtain same insofar as possible.

8.3.2 If a duty according to duty of care, no admission and notice in regard to the occurrence of an insured event above and according to this paragraph is not complied with timeously, which would have enabled the insurer to reduce its liability, it shall not be obliged to pay insurance benefits, except if it would have been obliged to do so had the duty been complied with.

8.3.3 This provision shall not apply in each of the following:

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- 8.3.3.1 The duty was not complied with or was complied with belatedly for justifiable reasons.
- 8.3.3.2 The non-compliance or delay in compliance fulfillment neither prevented the insurer from clarifying its liability nor did it hinder the clarification.
- 8.3.4 If the insured deliberately does something which could prevent the insurer from clarifying its liability or hindering it, the insurer shall not be obliged to pay insurance benefits, unless it would have been obliged to do so had such act not been committed.
- 8.3.5 In the event that the insured provides the insurer with false facts or conceals facts from the insurer in respect of the insured event or in respect of the insurer's liability and same is committed with fraudulent intent, the insurer shall be exempt of its liability.
- 8.3.6 If the insured event is deliberately caused by the insured, the insurer shall be exempt of its liability.
- 8.3.7 The insurer shall not be obliged to pay insurance benefits for damage which the insured could have prevented or minimized upon the occurrence of the insured event or thereafter by taking reasonable measures or the measures which the insurer instructed it to take.
- 8.4 **Claims Legitimation against Harel**
The **insured** is solely eligible for payments under this policy. Harel is authorized to make indemnity payments directly to the injured party.
- 8.5 **Subrogation - Recovery against third parties**
- 8.5.1 If, due to an insured event, the insured also has the right of compensation or indemnification towards a third party, not by virtue of an insurance contract, such right shall pass to the insurer once it pays insurance benefits to the insured and/or after indemnifying it (as the case may be) and to the extent of the benefits or indemnification paid.
- 8.5.2 The insurer shall not be entitled to make use of a right which has passed to it according to this paragraph, in a manner which adversely affects the insured's right to collect compensation or indemnification from the third party in excess of the benefits received from the insurer.
- 8.5.3 In the event that the insured receives compensation or indemnification from the third party, which was due to the insurer **according to this paragraph, he shall be obliged to transfer same to the insurer. In the event that the insured compromises, waives, or acts in any other manner which adversely affects the right which has passed to the insurer, he shall compensate the insurer in respect thereof.**

8.5.4 If the cession does not occur by law, the **insured** shall cede the recovery rights to Harel. The **insured** shall be liable for any act or omission that may prejudice these rights of recovery. All rights to payments under this policy shall be forfeited to the extent that third parties are relieved of liability without Harel's written consent

9 General Conditions

9.1 Prescription

A claim for Insurance benefits due to an Insured event covered by this policy shall not prescribe for as long as the third party's claim against the insured has not prescribed.

The prescription period for a claim for insurance benefits is three years from the date of the occurrence of the insured event.

9.2 Territorial Scope

This policy applies to **wrongful acts** occurring, claims made, **privacy events** and **security events** occurring, and any other **damages** and **defense costs**, cost, expense or damage claimed under any Insuring Clause, purchased under this policy anywhere in the world, to the extent permitted by the local applicable law subject to Israeli Law and Jurisdiction in respect of Policy terms interpretation. In any event of a contradiction between the provisions of the policy and cogent provisions in the legislative arrangement, the provisions of the legislative arrangement shall apply.

9.3 Other Insurance

In the event that the insured is entitled to indemnification / compensation in respect of an insured event according to another insurance, the other insurance shall constitute the deductible for the purpose of this policy and the insured shall only be entitled to indemnification according to this policy in the excess sum/s, above and beyond the other insurance, less the deductible specified in the policy.

9.4 Application of Insurance Contract Law

This policy is subject to constitutional arrangements provisions including the provisions of the Insurance Contract Law 5741-1981 unless otherwise agreed between the Insured and Insurer.

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9.5 Insured's duty and Valuation

9.5.1 Maintenance of insured property

The **Company** agrees that any protection provided for the safety of any insured property shall be maintained in good order during the policy period and shall be in use at all relevant times, and such protection shall not be withdrawn or altered to the detriment of our interests without our consent.

9.5.2 Valuation of **digital data reconstitution costs**

9.5.2.1 If the **Company** cannot restore **digital data** but can recollect such **digital data**, then **digital data reconstitution costs** shall be limited to the actual cost the **Company** incurs to recollect such **digital data**.

9.5.2.2 If the **Company** cannot restore or recollect **digital data**, then **digital data reconstitution costs** shall be limited to the actual cost the **Company** incurs to reach this determination.

9.5.3 Business income loss and Dependent business income loss

Business income loss and **dependent business income loss** will be calculated on an hourly basis based on the actual **business income loss** and **dependent business income loss** the **Company** sustains during the time period in which the **Company's computer system** is affected by the **interruption of service**. In determining the amount of net profit or loss and expenses covered under Insuring Clause 2.4, we will give due consideration to the net profit or loss of the **Company** before the **interruption of service** occurred and the probable net profit or loss of the **Company** if no **interruption of service** had occurred. However, such net profit or loss calculations shall not include, and this cover shall not cover, net income that would likely have been earned as a result of an increase in the volume of the **Company's** business due to favorable business conditions caused by the impact of any event similar to a **security event** suffered by other businesses. The **Company** will provide Harel with access to all relevant sources of information, including, but not limited to:

9.5.3.1 the **Company's** financial records, tax returns, accounting procedures;

9.5.3.2 bills, invoices and other vouchers; and

9.5.3.3 deeds, liens and contracts.

9.6 Measures for mitigating or preventing the insurer's risk

1. Insofar as the policy details measures to mitigate or prevent the insurer's risk, (hereinafter the '**measures**'), such measures constitute a material part in the policy underwriting process.

2. Noncompliance with the measures, including failure to operate same on the specified dates and specifically immediately prior to the occurrence of the insured event could lead to a significant reduction or absolute rejection of the insurance benefits in accordance with the provisions of paragraphs 18, 19 and 21 of the Insurance Contract Law.

In order to prevent an absence of insurance cover or significant reduction of the insurance benefits on the occurrence of the insured event, please ensure compliance with the measures in full.

9.7 Duty of care

The insured shall initiate all reasonable precautionary measures and comply with all legislated duties intended to prevent any loss, damage or impairment which are covered according to this policy and to protect its employees, any third party and the insured property, and to guarantee the well-being of its employees and any third party which may be adversely affected by the risk which is covered according to the policy.

If the insured learns of, or is informed of the existence of a tangible risk to a worker or to a third party, which has caused or could cause him damage, the insured shall immediately discontinue the continued activity associated with this risk.

9.8 Address for provision of notices

Notices to the insured and beneficiary

A notice by the insurer to the insured or beneficiary insofar as same relates to the policy, shall be sent to their last address known to the insurer.

Notices to the insurer

A notice by the insured or beneficiary to the insurer shall be delivered to the insurer's head office address ", to Harel Insurance **Company** Ltd, 3 Abba Hillel Street, Ramat Gan" or at any other address in Israel of which the insurer provides written notice to the insured and beneficiary from time to time (if at all).

9.9 No admission

No admission, proposal, promise, undertaking or compensation in advance whatsoever shall be made or given by or on behalf of the insured, without receiving the insurer's prior written consent. The provisions of this clause do not apply to reporting the facts of the accident to the police or to any other authorized authority according to any law, at their demand, and to the provision of evidence in a criminal trial.

9.10 Payment of the insurance fees and other fees

- a. The insurance fees and other fees due by the insured to the insurer in connection with the policy, shall be paid within 28 days of the inception date of the insurance, or on the dates which were agreed upon in writing between the insured and the insurer.
- b. If insurance fees or any other payment which the insured owes to the insurer is/are not **paid within 28 days**, it will be possible to pay same on other dates which shall expressly be agreed upon, as follows:
 - (1) In respect of a policy specified in shekels – the sum in arrears shall bear linkage differentials in respect of the arrears period from the inception date of the insurance, to be paid to the insurer upon settlement of each part of the insurance fees. The linkage differentials shall be calculated according to the changes between the known index on the inception date of the period of insurance and the known index on the date of actual payment.
 - (2) In respect of a policy specified in United States Dollars - according to the representative rate on the date of payment of each part of the insurance fees.
- c. In the event of the insurance fees not being paid on the agreed dates, the sum in arrears shall also bear interest as defined in the Interest and Linkage Adjudication Law 5721 - 1961 (hereinafter the 'arrears interest') from the date of commencement of the arrears until the full redemption date of the sum in arrears.
- d. **If any sum in arrears whatsoever as aforementioned, is not paid within 15 days of the insurer having made written demand that the insured pay same, the insurer shall be entitled to notify the insured in writing that if the sum in arrears is not settled prior thereto, the insurance will be canceled after a further 21 days have elapsed. Where a beneficiary has been irrevocably determined who is not the insured, the insurer shall be entitled to cancel the insurance if it informed the beneficiary of the aforementioned arrears in writing and the beneficiary failed to settle the sum in arrears within 15 days of receipt of the aforementioned notice.**
- e. **Nothing in the cancellation of the insurance according to this paragraph shall derogate from the insured's duty to settle the sum in arrears, relating to the period until the aforementioned cancellation.**

- f. **If an insured event occurs which exhausts the limits of liability according to this policy, then the insurer shall be entitled to set-off the balance of the insurance fees due to it against the insurance benefits due to the insured (if any), even if their payment dates have not fallen due.**

9.11 Currency conversion and indemnification calculation

Calculation of the indemnification due to the insured or the beneficiary (in the event that the beneficiary is specified in the schedule) or to a third party (as the case may be) shall be effected as follows:

- a. If the sums insured or limits of liability are specified in new Israeli shekels, the calculation shall be effected:
 - (1) In respect thereof, according to the changes which shall apply to the index, between the known index published immediately before the date of inception of the insurance period and the known index which was published immediately prior to the occurrence of the insured event, and as the case may be for the purpose of adjusting of the insurance fees (if there is an insurance fee adjustment condition in this insurance) up to the date immediately prior to the end of the insurance period specified in the schedule.
 - (2) In respect of insurance benefits – according to the changes occurring in the index, between the known index published immediately prior to the occurrence of the insured event and the known index immediately prior to same actually being paid to the insured.
 - (3) In respect of deductible sum/s, according to the changes occurring in the index, between the known index published immediately prior to the date of inception of the insurance period and the known index published immediately prior to the date of deducting the deductible sum from the insurance benefits, or the date of their actual payment or redemption (as the case may be).
- b. If the sums insured or limits of liability and deductibles are denominated in United States Dollars, same shall be calculated – including the insurance benefits due to the insured or a beneficiary or a third party (as the case may be) – in United States Dollar according to the representative rate of the United States Dollar at the bank of Israel, as from the date of calculating or actual payment (as the case may be) and including to the insured, beneficiary and third party.

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- c. In the event that the policy specifies a sum insured, limit of liability sum or deductible sum whatsoever in a currency which is different from the currency appearing in the schedule, such sum shall be calculated according to the exchange rate of that currency, into the currency appearing in the schedule on the date of the occurrence of the insured event.

Index

"Index" for the purpose of this policy shall be the Consumer Price Index published from time to time by the Central Bureau of Statistics, unless another index is expressly noted therein

Right of Off-set

On the occurrence of an insured event, the insurer shall be entitled to off-set from the insurance benefits which are due to the insured, any sum which the insured owes to the insurer, whether the insured's debt relates to this policy or to another policy.

10 Definitions

The terms printed in **bold** in this policy, its schedule and its endorsements, whether in the singular or in the plural are defined as follows:

10.1 **Business income loss** means the:

10.1.1 net profit before income taxes that the **Company** is prevented from earning due to an **interruption in service**; and

10.1.2 operation expenses incurred by the **Company** but solely to the extent that such operation expenses must continue during the **period of restoration** and would not have been incurred had there been no **interruption in service**.

10.1.3 **Business income loss** does not include any:

- (i) Contractual penalties;
- (ii) costs or expenses incurred to update, restore, replace or improve a **computer system** to a level beyond that which existed just before the **interruption of service**;
- (iii) expense incurred to identify or remediate software program errors or vulnerabilities;
- (iv) legal costs or expenses;
- (v) loss arising out of liability to any third party;
- (vi) other consequential loss or damage; or
- (vii) **extra expenses**.

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10.2 **Claim** means:

- 10.2.1 a written demand against the **insured** for monetary damages or non-monetary or injunctive relief;
- 10.2.2 a civil proceeding against the **insured** for monetary damages or non-monetary or injunctive relief, commenced by the service upon the **insured** of a complaint or similar pleading, including any appeal thereof; or

10.3 **Company** means, the policyholder and its **subsidiaries**.

10.4 **Company's computer system** means:

a **computer system**:

- 10.4.1 the **Company** leases, owns or operates on its own behalf; or
- 10.4.2 that a **service provider**, pursuant to written contract, operates to provide services to the **Company**, as outlined in definition of **service provider**.

10.5 **Computer system** means:

computer hardware and **software**, and the **electronic data** stored thereon, as well as associated input and output devices, data storage devices, networking equipment, components, firmware and electronic backup facilities, including systems accessible through the internet, intranets, extranets or virtual private networks.

10.6 **Cyber extortion threat** means:

a threat or connected series of threats made by someone other than the **Company's** directors, officers or employees and without the knowledge of any of the CEO (Chief executive officer), CFO (Chief financial officer), General Counsel or Risk Manager to

- 10.6.1 introduce **malicious code** into the **Company's computer system**;
- 10.6.2 interrupt the **Company's computer system** through a **denial of service attack**; or
- 10.6.3 disseminate, divulge, or improperly utilize any **personal information** (a) or any other corporate information in the care, custody or control of any **insured** that is specifically identified as confidential and protected under a nondisclosure agreement or similar contract (b), taken as a result of the **unauthorized use** of or the **unauthorized access** to the **Company's computer system**.

Cyber extortion threat committed by an employee without the knowledge of any of the CEO, CFO, General Counsel or risk manager, or any other **insured person** in a functionally equivalent position remains covered.

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10.7 Damages means:

10.7.1 any amount, including judgments and settlements, pre and post judgment interest, the **insured** is legally obligated to pay as the result of a **claim** against the **insured**.

10.7.2 **Damages** do not include:

- (i) **Defense costs**;
- (ii) the loss, offset or return of fees, commissions, royalties, bonuses or profits by the **insured** or the cost to re-perform any services;
- (iii) the cost to comply with any injunctive or other non-monetary relief;
- (iv) the cost to design, upgrade, maintain, or improve a **computer system**, including correcting any deficiencies or problems;
- (v) principal, interest or other moneys paid or due as the result of any loan, lease or extension of credit;
- (vi) taxes, fines, sanctions, penalties, contractual penalties or punitive, exemplary, multiple damages ; or
- (vii) **privacy breach costs**.

10.8 Defense costs means:

the reasonable and necessary external legal advisor fees, costs, charges and expenses incurred by or on behalf of the **insured** in the defense of a **claim**. **Defense costs** do not include salaries, wages, overhead or benefit expenses associated with the **Company's** directors, officers or employees or any amount paid by Harel or any other insurer pursuant to any policy or policies of insurance, other than this policy, under which there is a duty to defend. Such defense costs shall be paid beyond the limits of liability specified in the Schedule.

10.9 Denial of service attack means:

a malicious attack which is designed to slow or completely interrupt access to a targeted **computer system** or website by third parties to gain access to that **computer system** or website.

Denial of service attack committed by an employee or by third parties with the knowledge of any of the CEO, CFO, General Counsel or Risk Manager, or any other insured person in a functionally equivalent position are excluded.

10.10 Dependent business income loss means:

the **business income loss** sustained by the **Company** as a direct result of an **interruption of service** caused directly by a **security event** to the **service provider's computer system**, but only if such **security event** would have been covered under this policy if such **service provider** had been the **Company**, applying the same terms and conditions herein.

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10.11 Digital data means:

electronic data, software, audio files, and image files stored on the **Company's computer system**, and the capacity of such **computer system**. **Digital data** do not include accounts, bills, evidences of debts, money, valuable papers, records, abstracts, deeds, manuscripts or other documents, except if they have been converted to **electronic data**, and then only in that form.

10.12 Digital data reconstitution costs means:

the reasonable and necessary expenses the **Company** incurs with Harel's consent to replace, restore or recollect **digital data** from written records or partially or fully matching **electronic data** due to their corruption or destruction from a **security event**, including any disaster recovery or computer forensic investigation efforts, subject to Clause 9.5.2.

Digital data reconstitution costs do not include in particular:

- (i) any expense incurred to update, replace, restore, or otherwise improve **digital data** to a level beyond that which existed prior to the **damages and defense expenses** event;
- (ii) any expense incurred to identify or remediate software program errors or vulnerabilities, or costs to update, replace, upgrade, restore, maintain or improve any **computer system**;
- (iii) any expense incurred to research and develop **digital data**, including trade secrets;
- (iv) the economic or market value of **digital data**, including trade secrets;
- (v) any other consequential loss or damage.

10.13 Electronic data means:

information that exists in electronic form, including **personal information**.

Electronic data does not include **software**.

10.14 Extortion payments means:

monies paid to a third party whom the **Company** reasonably believes to be responsible for **cyber extortion threat**, provided that:

10.14.1 Harel's prior consent is obtained prior to making such **extortion payments**;

10.14.2 such **extortion payments** are made to terminate the **cyber extortion threat**; and

10.14.3 such **extortion payments** do not exceed the amount of **business income loss** Harel reasonably believes would have been incurred had such **extortion payments** not been made.

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10.15 **Extortion expenses** means:

the reasonable and necessary expenses incurred by the **Company**, with Harel's prior consent, that are directly attributable to a **cyber extortion threat**.

10.16 **Extra expenses** means:

the reasonable and necessary expenses incurred by the **Company** during the **period of restoration** to minimize, avoid or reduce an **interruption in service**, provided that such expenses are over and above the **Company's** normal operating and payroll expenses and do not exceed the amount of loss that otherwise would have been payable as **business income loss** or **dependent business income loss**.

Extra expenses does not include in particular:

- (i) any costs or expenses to correct any deficiencies or problems with any **computer system** or to identify or remediate **software** errors or vulnerabilities;
- (ii) any costs or expenses to update, restore, replace or improve any **computer system** to a level beyond that which existed just before the **interruption of service**;
- (iii) any contractual penalties; or
- (iv) **digital data reconstitution costs, extortion expenses** or **extortion payments**.

10.17 **Insured** means:

the **Company** and the **insured persons**.

10.18 **Insured person** means:

any natural person who has been, now is, or shall be:

10.18.1 a director, officer, or employee of the **Company** acting in such capacity or the functional equivalent of a director, officer or employee acting in such capacity;

10.18.2 an independent contractor of the **Company**, other than a director, officer or employee of a **service provider**, but solely with respect to a **wrongful act** committed within the scope of such person's duties on behalf of the **Company** performed pursuant to a written contract with the **Company**; or

10.18.3 a spouse or domestic partner (under any applicable law) of any person identified in 10.18.1 above, but solely if a **claim** made against such person identified in 10.18.1 is also made against such spouse or domestic partner due to:

10.18.3.1 such spouse's or domestic partner's status as a spouse or domestic partner of the **insured person**; or

10.18.3.2 such spouse's or domestic partner's ownership interest in property that the claimant seeks as recovery for alleged **wrongful acts** of the **insured person**, provided the **insured person** shall not include a lawful spouse or domestic partner with respect to a **claim** against that spouse or domestic partner for his or her own **wrongful acts**.

Insured person shall also include the estates, heirs, legal representatives or assigns of any person identified above who is deceased, incompetent, insolvent or bankrupt.

10.19 **Interrelated security events** means:

all **security events** which are based upon, arising from or in consequence of the same or related facts, circumstance or events or series of related facts, circumstances or events.

10.20 **Interrelated wrongful acts** means:

all **wrongful acts** that are based upon, arising from or in consequence of the same or related facts, circumstance or events or a series of the same or related facts, circumstances or events.

10.21 **Interruption of service** means:

the actual and measurable interruption, suspension, failure, degradation or delay in the performance of the **Company's computer system**, if directly caused by a **security event**.

10.22 **Malicious Code** means:

Unauthorized, corrupting, or harmful **software** designed to damage a **computer system**, including but not limited to computer viruses, trojan horses, keystroke loggers, cookies, spyware, adware, worms, and logic bombs.

10.23 **Network security** means:

the use of hardware, **software**, firmware and written security policies and procedures by **insureds**, or by others on behalf of the **Company**, to protect against **unauthorized access** to or the **unauthorized use** of the **Company's computer system** including the use of the **Company's computer system** in a **denial of service attack**.

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10.24 **Personal information means:**

any data pertaining to natural persons according to any applicable **privacy regulation** including but not limited to an individual's name, tax file number, medicare number, medical or healthcare data or other protected health information, driver's license number or account number, credit card number, debit card number, access code or password that would permit access to that individual's financial account or any other non-public personal information as defined in **privacy regulations**. **Personal information** does not include information or data lawfully available to the general public for any reason, including information or data (available) from foreign or local government.

10.25 **Period of restoration means:**

the period from the date and time that a **computer system** first suffered **an interruption of service** to the date and time such **computer system** was restored, or could have been restored with reasonable speed, to substantially the level of operation that had existed prior to such **interruption of service**; provided, however, that **in no event shall such period exceed 30 days**.

10.26 **Privacy breach costs means:**

incurred with Harel's consent, the reasonable and necessary fees, costs, charges and expenses incurred by the **Company** within 12 months of the **insured** first having knowledge of a **privacy event** for the purposes of retaining an accountant, legal advisor, public relations consultant or other third party to:

10.26.1 conduct a computer forensic analysis to investigate the **Company's computer system** to determine the cause and extent of such **privacy event**;

10.26.2 determine indemnification obligations under any written contract with respect to a **wrongful act** by a **service provider** in connection with such **privacy event**;

10.26.3 determine if the **Company** is obligated to notify affected individuals or applicable regulatory agencies of such **privacy event**;

10.26.4 effect compliance with any **privacy regulation** under the applicable **privacy regulation** most favorable to the **Company's** affected individuals;

10.26.5 notify the **Company's** affected individuals or applicable regulatory agencies of such **privacy event** and establish new account numbers for the **Company's** affected individuals;

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10.26.6 plan and manage a public relations campaign to counter or minimize any actual or anticipated adverse effects of negative publicity from such **privacy event** or to protect or restore the **Company's** business reputation in response to negative publicity following such **privacy event**; or

10.26.7 procure credit monitoring services for the **Company's** affected individuals in responding to such **privacy event**.

Privacy breach costs does not include in particular:

- (i) regular or overtime wages, salaries or fees of the **Company's** directors, officers or employees;
- (ii) the cost to comply with any injunctive or other non-monetary relief;
- (iii) principal, interest or other moneys paid or due as the result of any loan, lease or extension of credit; or
- (iv) taxes, fines, sanctions or penalties.

10.27 **Privacy event** means:

10.27.1 an unauthorized disclosure or loss of:

10.27.1.1 **personal information** in the care, custody or control of any **insured** or **service provider**; or

10.27.1.2 corporate information in the care, custody or control of any **insured** or **service provider** that is specifically identified as confidential and protected under a nondisclosure agreement or similar contract; or

10.27.1.3 a violation of any **privacy regulation**.

10.28 **Privacy regulation** means:

any legislation or regulation including any amendments thereto, concerning the processing of **personal information** relating to an identified or identifiable natural person.

10.29 **Privacy wrongful act** means:

any actual or alleged act, error, omission, neglect or breach of duty by an **insured**, someone for whom the **Company** is legally responsible, or a **service provider**, that results in a **privacy event**.

10.30 **Professional services** means:

those acts or services requiring specialized knowledge, skill or professional judgment, which the **insured** renders to others pursuant to a written agreement and for a fee or other consideration.

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10.31 **Property damage** means:

physical damage to tangible property, including all resulting loss of use of that property, or loss of use of tangible property that has not been physically injured. **Property damage** does not mean physical injury to, loss or destruction of **electronic data**.

10.32 **Regulatory proceeding** means:

10.32.1 a formal investigation of an **insured** by an administrative or regulatory agency or similar governmental body concerning a **privacy event**; or

10.32.2 an administrative adjudicative proceeding against an **insured** by an administrative or regulatory agency or similar governmental body for a **privacy wrongful act** or **security wrongful act**, including an appeal thereof, commenced by the **insured's** receipt of a subpoena, investigative demand, complaint or similar document. **Excluding Criminal Procedures expenses in case the Insured has been convicted.**

10.33 **Security event** means:

any **unauthorized access** to, **unauthorized use** of, introduction of **malicious code** into, or **denial of service attack** upon, the **Company's computer system**, that results in:

10.33.1 an **interruption of service**; or

10.33.2 the alteration, corruption or destruction of **digital data** or other corporate information in the care, custody or control of any **insured** that is specifically identified as confidential and protected under a nondisclosure agreement or similar contract.

10.34 **Security wrongful act** means:

any actual or alleged act, error, omission, neglect, or breach of duty by an **insured**, someone for whom the **Company** is legally responsible, or a **service provider**, which causes a breach of the **Network Security** of the **Company** that results in:

10.34.1 the theft, alteration, or destruction of **electronic data** on the **Company's computer system**;

10.34.2 the **unauthorized access** to or **unauthorized use** of the **Company's computer system**;

10.34.3 the denial of an authorized user's access to the **Company's computer system**, unless such denial of access is caused by a mechanical or electrical failure outside the control of the **insured**;

10.34.4 the participation by the **Company's computer system** in a **denial of service attack** directed against a third party's **computer system**;
or

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10.34.5 the transmission of **malicious code** from the **Company's computer system** to a third party's **computer system**.

10.35 Service Provider means:

a business the **Company** does not own, operate, or control, but that the **Company** hires for a fee pursuant to a written contract to perform services related to the conduct of the **Company's** business, including but not limited to:

10.35.1 maintaining, managing, or controlling **computer systems**;

10.35.2 hosting or facilitating the **Company's** internet website; or

10.35.3 providing other information technology services to the **Company**.

10.36 Software means:

operations and applications, codes and programs by which **electronic data** is electronically collected, transmitted, processed, stored or received. **Software** does not include **electronic data**.

10.37 Subsidiary means:

any entity in which the policyholder - directly or indirectly - at or before the inception of the policy period according to the respective section of the schedule:

10.37.1 appoints or appointed a majority of the board of directors (or equivalent in any other country); or

10.37.2 has or had, pursuant to a written agreement, a controlling influence over the management board;

10.37.3 holds or held more than 50% of the voting rights:

and shall in any event include any **Company** or legal entity whose financial accounts are required to be consolidated with those of the policyholder pursuant to Israel Law or other applicable jurisdiction and applicable Accounting Standards.

10.38 Unauthorized access means:

the gaining of access to a **computer system** by an unauthorized person or persons, or by an authorized person or persons in an unauthorized manner.

10.39 Unauthorized use means:

the use of a **computer system** by an unauthorized person or persons or by an authorized person or persons in an unauthorized manner.

10.40 Waiting hours retention means:

the amount shown in the schedule of **business income loss, dependent income loss** and **extra expenses** incurred by an **insured** during the Waiting Period.

10.41 Wrongful act

means a **security wrongful act** or a **privacy wrongful act**.

11 ENDORSEMENTS

Additional Cover Enhancements

Notwithstanding anything contained, it is hereby understood and agreed that:

11.1 Intentional acts / innocent insureds

If specifically mentioned in the Schedule Exclusion 4.1 shall not apply in respect of any **insured** who did not commit, participate in, actively condone, or fail to report any intentional, dishonest, fraudulent or criminal act committed by the **insured**.

However the **wrongful act** of or knowledge possessed by the Chief Executive Officer (CEO), Chief Financial Officer (CFO), General Counsel or risk manager of the **Company**, or any **insured person** in a functionally equivalent position, are deemed to be committed by or known to the **Company**.

This cover extension shall not apply in respect of **digital data reconstitution costs**.

11.2 Regulatory Fines and Penalties

If specifically mentioned in the Schedule Insuring Clause 2.1, 2nd paragraph (Security and Privacy Liability) is deleted in full and replaced as follows:

Harel will reimburse the **insured** for all **damages** and **defense costs** the **insured** incurs in responding to any **regulatory proceeding** first made against the **insured** and reported to Harel during the policy period or any extended reporting period, if applicable, for a **privacy wrongful act** or **security wrongful act** concerning a **privacy event**, provided such **privacy wrongful act** or **privacy event** or **security wrongful act** first occurs on or after the applicable retroactive date and before the end of the policy period.

Definition 10.2 (**claim**), last paragraph is deleted in full and replaced as follows:

Solely with respect to **damages** and **defense costs** reimbursement coverage afforded under the second paragraph of Insuring Clause 2.1, **claim** includes a **regulatory proceeding**.

Definition 10.7 (**damages**) is deleted in full and replaced as follows:

damages means any amount, including judgments and settlements, pre and post judgment interest, the **insured** is legally obligated to pay as the result of a **claim** against the **insured**. **Damages** include punitive, exemplary, or multiple damages to the extent such **damages**, fines or

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penalties are insurable under the internal laws of any applicable jurisdiction most favorable to the **insured**, including without limitation the jurisdiction in which the **Company**, the **insured persons**, Harel, this policy or such **claim** is located.

Damages do not include:

- (i) **Defense expenses**;
- (ii) the loss, offset or return of fees, commissions, royalties, bonuses or profits by the insured or the cost to re-perform any services;
- (iii) the cost to comply with any injunctive or other non-monetary relief;
- (iv) the cost to design, upgrade, maintain, or improve a computer system, including correcting any deficiencies or problems;
- (v) principal, interest or other moneys paid or due as the result of any loan, lease or extension of credit;
- (vi) taxes, fines, sanctions, or penalties unless such fines or penalties are imposed pursuant to privacy regulations or result from a regulatory proceeding AND are insurable under the internal laws of any applicable jurisdiction most favorable to the **insured**, including without limitation the jurisdiction in which the **Company**, the **insured persons**, Harel, this policy or such **claim** is located ; or
- (vii) **privacy breach costs**.

Insurance coverage will be granted up to a sub-limit of 10% of the Limit of Liability

11.3 Intellectual property rights

If specifically mentioned in the Schedule Exclusion 4.7 shall not apply to the extent any **claim** alleges an inadvertent disclosure of a trade secret that constitutes a **privacy event** or a **security event**.

11.4 Mechanical, electrical failure, interruption or outage

If specifically mentioned in the Schedule Exclusion 4.8 shall not apply in respect of

- a) any **damages** or **defense costs** or **privacy breach costs** that arise as a result of any failure, interruption, or outage of telephone, cable or telecommunications under the **insured's** direct control which is the result of an **insured's wrongful act** or a **denial of service attack** directed against the **Company's computer systems**.
- b) any **digital data reconstitution costs** that arise as a result of any failure, interruption, or outage of telephone, cable or telecommunications under the **Company's** direct control.

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11.5 Illegal collection of personal information

If specifically mentioned in the Schedule Exclusion 4.11 shall not apply if the collection of **personal information** is by an **insured person** acting without the knowledge or approval of the **Company's** directors or officers, or of any other **insured person** serving in a functionally equivalent position.

11.6 Unrequested spreading of electronic information

Exclusion 4.13 shall not apply if the unsolicited electronic dissemination of faxes, emails, or other communications relate directly to a **privacy event** or a **security event**.

In all other respects the policy remains unaltered.
