

Combined Professional Liability and Product Liability Policy For Technology Companies

This Policy is a contract

Between

Clal Insurance Company Ltd. (hereinafter: "**The Insurer**")

And

The Insured whose name is stated in the Schedule (hereinafter: "**The Insured**")

The Insurer agrees, in consideration of the premium stated in the Schedule and/or the Specification hereto (hereinafter "**the Schedule**"), to indemnify **the Insured** as specified in the **Insuring Clause** hereinafter, all subject to the **limit of liability**, exclusions and conditions of the Policy.

This Policy was issued by **the Insurer** according to an insurance proposal and/or any other document or information submitted to **the Insurer** which forms a basis and integral part of this Policy.

Clarification: The headings appearing in this policy are used only to ease referral and should not be regarded as influencing in any way the written contents of the paragraphs or clauses.

SEPTEMBER 2021 EDITION

This policy is worded in the masculine however applies equally in the feminine

Table of Contents

1. Insuring Clause.....	Page 3
2. Limit of Liability and Self Insured Retention	Page 4
3. Exclusions	Page 5
4. Definitions.....	Page 8
5. Extensions.....	Page 12
6. General Conditions.....	Page 15

1. Insuring Clause

The Insurer will pay on behalf of **the Insured** all sums which **the Insured** is legally liable to pay as compensation in respect of any **Claim** first made against **the Insured** and notified to **the Insurer**, during the period of insurance stated in **the Schedule** within the territorial limits stated in **the Schedule**, subject to the **Limit of Liability**, arising out of any of the following:

1.1. Any negligent act and/or error or omission by or on behalf of **the Insured**, occurring on or after the Retroactive Date specified in **the Schedule**, including but not limited to, the following:

- 1.1.1. In the performance of or failure to perform **Electronic Data Processing** for others; or
- 1.1.2. In the performance of or failure to perform **Other Computer Services**; or
- 1.1.3. In the performance or resulting in the failure of **the Insured's Software Products** to perform the function or serve the purpose intended after installation, testing and final acceptance by the user ;or
- 1.1.4. In the performance or In respect of the failure of **the Insured's Electronic Products** to perform the function or serve the purpose intended, after the development process. Development process will be considered finalized once **the Insured** performed Quality Assurance process which has shown that the **electronic product** operates satisfactorily and the **electronic product** was delivered to the client.

and

1.2. **Bodily Injury** and/or **Property Damage** caused by **the Insured's Product** on or after the Retroactive Date specified in **the Schedule**, arising out of an **Occurrence**.

2. Limit of Liability and Self Insured Retention

The Insurer's liability pursuant to the **Insuring Clause** shall not exceed the **Limit of Liability** stated in the **Schedule** in respect of each **Claim** in excess of the **Self Insured Retention** stated in the **Schedule, regardless of the number of:**

- 2.1. Insureds or
- 2.2. Claims brought or
- 2.3. Claimants

The **Limit of Liability** will also be the aggregate **limit of liability** for all **Claims** under the policy during the Policy Period.

Notwithstanding the above, it is agreed that in the event of a loss including **Defence Costs**, exceeding the total aggregate **limit of liability** for loss, then in addition this policy shall cover reasonable **Defence Costs** above the **limit of liability**.

With regard to **Claims** filed outside the State of Israel, the reasonable **Defence Costs** will be in addition to the **Limit of Liability**. However such reasonableness shall be considered according to the expenses customary in Israel and according to criteria of Israeli Law.

If **the Insurer** pays any part or all of the **Self Insured Retention** to settle any **Claim** or suit, when notified, **the Insured** agrees to promptly reimburse **the Insurer** for such **Self Insured Retention** paid.

All **Claims** arising out of the same negligent act or error or omission with regard to **Insuring Clause 1.1** or the same originating cause and/or event with regard to **Insuring Clause 1.2** shall constitute one single **Claim**.

Only one **Self Insured Retention** and one **limit of liability** will be applicable in respect of such single **Claim**.

3. Exclusions

This policy does not cover any **Claim or Defence Costs** arising out of any of the following:

3.1. Performance Delay

A default by or on behalf of **the Insured** with respect to the delay in performance or non-completion of any contract or agreement.

However, this exclusion does not apply to delay in performance due to negligent act or, error or omission by **the Insured**.

3.2. Cost Guarantees

Cost guarantees; or estimates of probable costs or cost estimates being exceeded or fines for late delivery resulting solely from **the Insured's** failure to meet deadlines.

3.3. Assumed Liability

Any liability assumed by **the Insured** under any contract or agreement (including any express or implied warranty or guarantee), but this exclusion does not apply to liability that **the Insured** would have in the absence of such a contract or agreement.

3.4. Intentional Acts or Intentional Omissions

Any intentional, fraudulent, dishonest, malicious, criminal or deliberate illegal act committed Intentionally by **the Insured** or his employees, whether acting alone or in collusion with others.

This exclusion will only apply to any such person having acted with criminal or malicious intent and not to any other **Insured**.

3.5. Gross Negligence

Gross negligence of **the Insured**, who acted with recklessness or indifferent state of mind, which caused or significantly contributed to the **Claim**.

Gross Negligence shall mean: a severe deviation from a standard of behavior of a reasonable **insured**.

3.6. Product Recall

Costs, expenses and damages in respect of the repair, reconditioning, replacement, making good or recall by **the Insured** of **the Insured's Products** or of any inadequate or defective workmanship performed by or on behalf of **the Insured**.

3.7. Electric Power Supply Change

Any change in electric power supply, including power interruption or surge, brownout (i.e. the reduction in power supply due to drop in voltage) or blackout (i.e. the total interruption of electric power supply) by public utilities.

3.8. Wear and Tear

Wear and tear; or gradual deterioration, unless directly resulting from an insured event.

3.9. Security Breach

Arising out of the defect in the **Insured's Software Products or the Insured's Electronics Products** due to intentional and malicious introduction of a virus by **the Insured**.

3.10. War, Terrorism

War, Terrorism , Nuclear and Government Action as defined in the Definitions Section.

3.11. Circumstances prior to the Retroactive Date

In respect of Professional Liability under **Insuring Clause 1.1**, any negligent act error or omission which commenced prior to the Retroactive Date shown in **the Schedule**;

In respect of Product Liability under **Insuring Clause 1.2**- any **Bodily Injury** or **Property Damage** which occurred prior to the Retroactive Date shown in **the Schedule**.

3.12. Pollution

Damage, loss or injury arising out of the discharge, dispersal, release or escape of smoke, vapours, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or **pollutants** into or upon land, the atmosphere or any watercourse or body of water, unless sudden, accidental and unexpected (from **the Insured's** standpoint).

3.13. Punitive damages et al

Fines, penalties, punitive, monetary levies or exemplary damages.

3.14. Intellectual Property

Actual or alleged infringement of patent, copyright, trademark, servicemark, design right, registered design right; passing off; theft or misuse of confidential information or other intellectual property, computer systems or programmes of others;

3.15. Personal Injury or Advertising Injury

Personal Injury or Advertising Injury.

3.16. Directors, Officers or Employees

The managerial or supervisory liability of any director, officer or employee of the insured entities.

3.17. Insolvency or Bankruptcy

Solely due to insolvency or bankruptcy of **the Insured**.

3.18. Claims arising from **the Insured's economic activities, e.g. money, credit, insurance, real estate business, transaction, cash management or consulting services in connection with these activities.**

3.19. Software related to Aircraft

Any software which with **the Insured's** knowledge is intended for incorporation into the structure, machinery or controls of any aircraft.

3.20. Loss of Financial Instruments

Loss of Property, money, financial instruments entrusted to **the Insured**. This exclusion however, shall not apply to loss of documents, which is subject to a sub-limit as specified in **the schedule**.

3.21. Asbestos

Loss or losses directly or indirectly arising out of, resulting from or in consequence of, or in any way involving asbestos, or any material containing asbestos in whatever form or quantity, provided that the loss or losses are caused or contributed to by the hazardous properties of asbestos.

3.22. Fees Claimed Back

For any fees claimed back by a customer of **the Insured**.

4. **Definitions**

4.1. **Advertising Injury**

Injury arising solely out of one or more of the following offences committed in the course of advertising **the Insured's** goods, products or services oral or written publication of material which slanders or libels a person or organisation or disparages a person's or organisation's goods, products or services oral or written publication of material which violates a person's right of privacy;

4.2. **Bodily Injury**

Bodily injury, death, sickness, disease, physical or psychic or mental loss or deficiency sustained by any person.

4.3. **Claim(s)**

- 4.3.1. Any suit or proceeding brought by any person against an **Insured** for monetary damages or other relief, including non-pecuniary relief;
- 4.3.2. Any written demand from any person or organisation that it is the intention of the person or organisation to hold an **Insured** responsible for any act or omission falling within any of the **Insuring Clauses**;

A **Claim** is deemed to have been made at the moment of receipt by **the Insured**. In case **the Insured** provide **the Insurer** with written notice of any specific event or circumstances that may reasonably give rise to a covered **Claim** against **the Insured** with full particulars of such event or circumstances then any subsequent **Claim** resulting from and/or in connection with such notice shall be deemed to have been made during the period of insurance.

For sake of good order, **the Insured's** handling of customer service and/or complaints in the normal scope of business, including replacement of products and/or providing solution to client's satisfactory shall not be deemed **Claim** nor admission of liability.

4.4. **Defence Costs**

Reasonable and necessary fees, costs and expenses incurred with the written consent of **the Insurer** which shall not be unreasonably withheld or unduly delayed resulting solely from the investigation, adjustment, defence and appeal of any **Claim** but shall not include the salary of any **Insured**.

4.5. **Electronic Data Processing**

Activities related or usual to the processing of data or records of others

4.6. Government Action

Order of civil authority except acts of destruction at the time of and for the purpose of preventing the spread of fire damage provided that such fire damage did not originate from any cause excluded in this coverage;

- 4.6.1. seizure or destruction of property under quarantine or customs regulations;
- 4.6.2. confiscation of property by order of any government or public authority;
- 4.6.3. contraband
 - 4.6.3.1. illegal or prohibited traffic;
 - 4.6.3.2. goods or merchandise whose importation or possession is forbidden.

4.7. Insured:

The Named Insured and/or additional Insureds specified in **the schedule** (herein: **The Named Insured**), any executive officer, director, stockholder, trustee or member of the board of governors and any employee (including any employee employed under a special contract and/or service agreement and/or compensated by invoice or fees or otherwise) or volunteer worker of **the Named Insured** but only while acting within the scope of their duties as such;

Any joint ventures in which **the Named Insured** is engaged, and where by virtue of its share holdings in the joint venture or by any contract **the Named Insured** has the controlling interest; Any other joint venture that **the Insured** takes part in (however the coverage shall only apply to **the Insured's** portion of the risk); Any **Subsidiary of the Named Insured**:

Any customer or principle for whom **the Insured**, as defined above, is carrying out any work, and against whom a **Claim** is brought, arising from an **Occurrence** for which **the Insured**, as defined above, is responsible arising in connection with the carrying out of such work; Provided that such persons or entity shall observe, fulfil and be subject to the terms, conditions and limits of this Policy and that the conduct and control of all **Claims** be vested in **the Insurer**.

Additional Insured:

Any party or entity which **the Insured** undertook in writing prior to **the insured** event to include as an additional **Insured**, provided that coverage for such Additional **Insured** shall only apply to any act or omission committed by **the Insured** or **Occurrence** for which **the Insured** is liable.

4.8. Insured's Electronic Product(s)

Analysis, design or development of an electronic or electrical or other component, system or program including software, firmware or hardware which **the Insured** or anyone on his behalf or others trading under **the Insured's** name or working in a partnership or conjunction with **the Insured**, manufactured, assembled, designed provided, sold, handled, maintained, integrated, supplied, installed, serviced, repaired, treated, or distributed.

4.9. Insured's Software Product(s)

Customized or non-customised computer software or algorithm which **the Insured** or anyone on his behalf or others trading under **the Insured's** name or working for **the Insured** designed, created, manufactured, sold, licensed, handled or distributed provided it is available and was sold or supplied.

The definition will also include technology consulting in connection with the **Insured's Software Products**.

4.10. Insured's product(s)

Anything designed, sold, manufactured, supplied, repaired, installed, erected, altered, cleaned or treated by **the Insured**

4.11. Nuclear

- 4.11.1. Ionising radiations or contaminations by radioactivity from any nuclear fuel or from any **nuclear** waste from the combustion of **nuclear** fuel;
- 4.11.2. The radioactive, toxic, explosive or other hazardous properties of any explosive **nuclear** assembly or **nuclear** component thereof.
- 4.11.3. **Nuclear** weapons material; or

The hazardous properties of **nuclear** material if such liability arises out of the furnishing by **the Insured** of services, material, part or equipment in connection with planning, construction, maintenance, operation or use of any **Nuclear Facility**;

Nuclear Facility means:

- 4.11.4. Any **nuclear** reactor; or
- 4.11.5. Any equipment or device designed or used for:
 - 4.11.5.1. separating the isotopes of uranium or plutonium, or
 - 4.11.5.2. processing or utilising fuel, or
 - 4.11.5.3. handling, processing or packaging waste; or
- 4.11.6. Any equipment or devices used for the processing, fabricating or alloying of special **nuclear** material if at any time the total amount of such material in the custody of **the Insured** at such premises where such equipment or device is located, consists of or contains more than 25 grams of plutonium or uranium 233 or combination thereof or more than 250 grams of uranium 235; or
- 4.11.7. Any structure, basin, excavation, premises or place prepared for the storage or disposal of **nuclear** waste; or
- 4.11.8. The site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

4.12. Occurrences(s) means

An event, including continuous or repeated exposure to substantially the same harmful conditions, which results in **Bodily Injury** or **Property damage**.

4.13. **Other Computer Services** meaning

Computer hardware maintenance for others or any other services or activity in conducting the scope of business as stated in **the schedule**.

4.14. **Personal injury**, other than **Bodily Injury**, arising out of one or more of the Following offences committed in the course of **the Insured's** business, other than its advertising activities:

- 4.14.1. False arrest, detention or imprisonment;
- 4.14.2. Malicious prosecution;
- 4.14.3. wrongful entry into, or eviction of a person from a room, dwelling or premises which the person occupies;
- 4.14.4. Oral or written publication of material which slanders or libels a person or organisation, disparages a person's or organisation's goods, products or services.
- 4.14.5. Breach of autonomy of will;

4.15. **Pollutants**

Any solid, liquid gaseous or thermal irritant or contaminant including smoke, fumes, acids, alkalis, chemicals, waste, materials to be disposed of, recycled, reconditioned or reclaimed.

4.16. **Property damage**

Physical injury to or destruction of tangible property including loss of use thereof at any time resulting therefrom.

4.17. **Self Insured Retention**

The sum stated in **the Schedule**, which **the Insured** shall bear due to a **Claim**, including **Defence Costs** covered under this Policy.

The **Self Insured Retention** will also apply on external expenses borne by **the Insurer** in handling a **Claim** and/or demand for compensation and/or notice of an event that might lead to a **Claim**, even if no compensation was paid on their account.

4.18. **Subsidiary**

Companies in which **the Insured**, either directly or indirectly, through one or more of its subsidiaries

- 4.18.1. is entitled to nominate 50% or more of its directors; or
- 4.18.2. controls 50% or more of the voting power; or
- 4.18.3. holds 50% or more of the share capital;

4.19. War and Terrorism

Loss directly or indirectly occasioned by war, invasion, act of foreign enemy, hostilities (whether war be declared or not), sabotage and terrorism acts, civil war, rebellion, revolution, or insurrection by military or popular or usurped power, military regime or plunder, looting, robbery connected therewith, confiscation or destruction by any government or public authority.

For the purpose of this exclusion - "**Terrorism**" shall mean - the use of violence for political purposes, as well as the use of violence for the purpose of putting the public or any part thereof in fear by any person or persons acting on behalf of or in connection with any organization hostile to the country.

In respect of "**Terrorism**" as defined above, in the Israeli territory &/or its held territories only an explicit confirmation of the Israeli Police or of the Ministry of Defense or from the manager of Property tax and Compensation fund, as defined by the property tax and compensation fund Law 1961 with all its amendments, confirming that the loss was caused directly by an act of terror, will serve as cause for repudiation of a **Claim** for terrorism losses.

5. Extensions

It is hereby noted and agreed, that the insurance according to this Policy is hereby extended to indemnify **the Insured** according to the following extensions, subject to all Policy conditions and exclusions, and up to the sub-limit of liability stated hereunder in any extension, and if not stated – up to the **Limit of Liability** stated in **the Schedule**, and in any case after exhaustion of the **Self Insured Retention** stated in **the Schedule**.

For the avoidance of doubt, the indemnification according to all extensions detailed hereunder is subject to the **Limit of Liability** and not in excess of it.

In respect of any extension, **the Insurer** shall pay **Defence Costs** even in excess of the **Limit of Liability** of the Policy, or in excess of the sub-limits of liability, if stated in respect of a specific extension.

5.1. Personal Injury or Advertising Injury

Notwithstanding the definition of "**Bodily Injury**" or "**Property Damage**" and exclusion no.3.15, it is stated that the insurance according to this Policy is extended to cover **the Insured's** liability in respect of **Personal Injury or Advertising Injury** caused to any third party during and as a result of **the Insured's** activity.

The Insurer's total sub-limit of liability in respect of this extension shall not exceed the sum specified in **the Schedule** in respect of this extension with regard to a single **Claim** and in the total aggregate for the period of insurance.

This extension shall not apply to any liability in respect of intellectual property and sexual harassment.

5.2. Intellectual Property

Notwithstanding exclusion no. 3.14, it is stated that the insurance according to this Policy is extended to cover **the Insured's** liability in respect of actual or alleged infringement of trademark, servicemark, design right, registered design right; passing off; theft or misuse of confidential information or other intellectual property, computer systems or programmes of others; However, this Extension shall not cover infringement of patent, copyright and misappropriation of trade secrets.

The Insurer's total sub-limit of liability in respect of this extension shall not exceed the sum specified in **the Schedule** in respect of this extension with regard to a single **Claim** and in the total aggregate for the period of insurance.

5.3. Breach of Authority

This Policy is extended to cover **the Insured** in respect of liability arising from deviation in good faith from authority granted to **the Insured** to represent another party, in the course of the business of **the Insured**.

5.4. Cross Liability

Where **the Insured's** name includes more than one person or legal entity, the cover under this Policy shall apply to each of **the Insureds** separately, as if this Policy was issued in his name only, being separate and independent from the existence of other **Insureds**.

It is hereby clarified that, in any case, **the Insurer's** liability to indemnify all **the Insureds** together, shall not exceed the Limit of Liability stated in **the Schedule**.

This extension does not apply to contractors, sub-contractors and any entities which are affiliated to **the Insured** (including but not limited to its subsidiaries, parent companies, associated companies and any other company) even if they were added to **the Insured's** name.

5.5. Extended Reporting Period

If, for any reason other than non-payment of premium, **the Insurer** cancels or refuses to renew this insurance, **the Insured** may:

- a) By giving written notice to **the Insurer** on or before the effective date of the cancellation or no later than 10 days after the effective date of non-renewal; and
- b) Upon payment of an additional premium of **75%** of the annual premium, such premium to be non-refundable and paid to **the Insurer** within 30 days of the non-renewal

Secure an extended reporting period of **180** days following the effective date of such cancellation or non-renewal, during which **the Insured** may report **Claims** first made against **the Insured** during such period. Such **Claims** shall be deemed to have been made and reported during the period of insurance, but only if the act or omission or Occurrence giving rise to the **Claim** occurred:

- a. During the Period of Insurance or after the Retroactive Date; and
- b. Prior to the effective date of cancellation or non-renewal.

No Extended Reporting Period shall apply if **the Insured** has purchased another similar policy to cover its liability.

All other provisions of this insurance, including those relating to the **Limit of Liability** are unchanged by this provision.

5.6. **Loss of Documents**

The Policy is extended to cover **the Named Insured's** liability for loss of Documents and other information means entrusted to him.

This extension will indemnify **the Insured** against any legal liability in consequence of such Documents being destroyed, damaged, lost or mislaid, as well as any cost and expenses for replacing or restoring such Documents.

For the purpose of this extension the expression "Documents" shall mean deeds, wills, affidavits, passports, agreements, maps, plans, records, books, letters, certificates, forms, computer programs or information stored, written or punched into card or tape or magnetic discs or taped or any other data media, and documents of any nature whatsoever, whether written, printed or reproduced by any other method (**other than bearer bonds, coupons, bank notes, currency notes and negotiable instruments**).

5.7. **Libel & Slander**

The Policy is extended to cover **the Named Insured's** liability for **Claims** against him resulting from unintentional slander and/or libel and/or unintentional calumny and\ or any form of unintentional defamation, which occurred during **the Named Insured's** usual course of business.

5.8. **Dishonesty of Employees**

The policy is extended to cover **the Insured** in respect of a **Claim** arising out of any dishonest, fraudulent, criminal or malicious act or omission of any employee of **the Named Insured**.

The Policy will not indemnify any employee who was involved in any way in such act or omission or anyone who knew of or condoned any dishonest, fraudulent, criminal or malicious act or omission. **The cover will not apply to any liability hereunder for any loss sustained in consequence of any dishonest, fraudulent, criminal or malicious act or omission committed by such employee after the date of discovery by the Named Insured.**

6. **General Conditions**

This Policy, **the Schedule** and any other document attached thereto shall be read as one contract and any word or expression to which a specific meaning has been attached in any part of this Policy or of **the Schedule**, shall bear such specific meaning wherever it may appear.

6.1. **Payment of Premium and Other Sums**

- 6.1.1. **Cash payment** – If not otherwise agreed between **the Insurer** and **the Insured**, the premium and other sums due from **the Insured** to **the Insurer** in respect of this Policy, shall be paid entirely in NIS within 28 days from the inception date of the period of insurance.
- 6.1.2. **Payment in installments** – If **the Insurer** and **the Insured** agreed on payment in installments, the premium plus credit fees shall be paid according to the specified in **the Schedule**. Credit fees shall be calculated based on the annual interest specified in **the Schedule** and shall be paid in installments during the period of insurance in monthly, equal and consecutive installments, the number of which shall not exceed the number of insurance months, provided that the last installment shall be paid not later than 21 days before the end of the period of insurance.
- 6.1.3. The premium and credit fees shall be linked to the Consumers Index Price, as published by the Central Statistics Institute.
- 6.1.4. If a change shall be made in the number or dates of the installments, the credit fees shall be updated accordingly and a credit/debit shall be made immediately following payment of the full amount of premium.
- 6.1.5. Where any amount overdue, as aforesaid, was not paid within 15 days after **the Insurer** requested **the Insured** in writing to pay the same, **the Insurer** may notify **the Insured** in writing, that the insurance will be canceled within additional 21 days, unless the overdue amount is paid before then.
- 6.1.6. If the premium were not paid on their due date, the overdue sum shall bear linkage differentials according to the Interest and linkage Ruling law – 1961, and also linked interest according to the rate stated in paragraph 1 of the said law relating to the definition of "differences in interest and linkage".
- 6.1.7. The cancelling of the Policy pursuant to this provision does not derogate from **the Insured's** obligation to pay the sum in arrears relating to the period until the cancellation and **the Insurer's** costs of collection of the sum overdue.

6.2. **Linkage**

The sums specified hereunder shall be adjusted to the changes in the Consumer Index Price published by the Central Statistics Institute.

6.2.1. Linkage of the Limit of Liability

The **Limit of Liability** in the Policy in NIS shall be adjusted according to the change in the index, between the index which was published before the inception date of this insurance, and the index that shall be published immediately prior to the **Claim** ("the **Index**"). If during the period of insurance the **Limit of Liability** shall be increased according to **the Insured's** request, each increase shall be an additional amount which the above Index conditions shall apply.

6.2.2. Linkage of the Self Insured Retention

The **Self Insured Retention** in respect of any **Claim** payable under the Policy, shall be adjusted in accordance with the differences between the Index published before the inception date of this insurance and the Index that shall be published immediately prior to the payment of the **Self Insured Retention** by the Insured.

6.3. **Extension of the Period of Insurance**

Any extension of the period of insurance of this Policy requires a written agreement of **the Insurer** which will be given expressly for this purpose.

6.4. **Cancellation of the Insurance**

6.4.1. Without derogating from the **Insurer's** rights under the law or under any other provision in this Policy, **the Insurer** may cancel the insurance at any time before the expiry of the insurance at **the Insurer's** discretion, provided that notice to this effect shall be sent to **the Insured** by registered letter, at least 60 days before the date of cancellation. In such case, **the Insured** shall be entitled to a return of the premium paid by him to **the Insurer** for the period following to the cancellation of the insurance.

6.4.2. The **Insured** may cancel the insurance at any time before expiry of the insurance, at his discretion, provided that a notice to this effect shall be sent to **the Insurer** by registered mail, at least 21 days before the cancellation of the insurance.

Notwithstanding the above, in case **the Insured** demands that **the Insurer** signed any insurance certificates or lien clauses which include an obligation by **the Insurer** to cancel the insurance only after the provision of prior notification to the certificate's receiver, the Policy will be canceled, subject to the provision of such notification, only after the expiry of the period stated as the cancellation date within the certificate or lien clause.

Where cancellation is due to **the Insured's** request, **the Insurer** shall return to **the Insured** the premium that were paid for the period following the effective date of the cancellation, after deducting the following sums: for the period of up to 7 days of the Policy being in force, including if it did not enter into force – 5% of the annual premium and for the period after 7 days during which the Policy was in force – 5% of the annual premium plus 0.3% of the annual premium for each day of insurance, starting from the eighth day.

- 6.4.3. Where **the Insurer** cancels the insurance before the agreed expiry date, and the cause of cancellation is not that **the Insured** has breached the contract or tried to defraud **the Insurer**, **the Insurer** shall pay to **the Insured** the amount which he would have requested from a similar **Insured** for the same kind of insurance at the date of cancellation, in proportion to the period which remained until the agreed expiry date.

6.5. Breach of Duty of Disclosure and/or Aggravation of the Risk

Without derogating from the aforesaid in Condition no. 4, **the Insurer** is entitled to cancel the Policy according to the provisions of the law and/or any other remedy in accordance with articles 6 – 8 of the Insurance Contract Law-1981, referring to the duty of disclosure, and/or articles 17–19 of the Insurance Contract Law-1981, referring to aggrevation of the risk, and/or to any other lawful provision that will replace them or be added to them, pursuant to the provisions of the law.

6.6. Notice of the Insured Event and Ascertaining Liability

- 6.6.1. **The Insured** shall notify **the Insurer** of any **Claim**, within a reasonable period of time, upon becoming aware of it.

- 6.6.2. Any **Claim** for payment of insurance benefits under the Policy shall be submitted in writing to **the Insurer**.

- 6.6.3. **The Insured** shall deliver to **the Insurer**, within a reasonable period of time after being requested to do so, the information and documents required for ascertaining the liability and its extent, and if these are not in his possession he shall assist **the Insurer**, so far as possible, to obtain them.

- 6.6.4. If **the Insured's** obligation to provide notification as aforesaid within a reasonable period of time, pursuant to article 22 of the Insurance Contract Law-1981, and/or to deliver to **the Insurer**, within a reasonable period of time upon being requested to do so, the information and documents required for ascertaining the liability, and if these are not in his possession, to assist **the Insurer**, so far as possible, to obtain them, pursuant to article 23(b) of the Insurance Contract Law-1981, then **the Insurer** shall be entitled to remedies afforded by articles 24-25 of the Insurance Contract Law-1981, according to the provisions of this law, in a manner which may deprive the insurance benefits or reduce them and/or in accordance with any other lawful provision that will replace them or be added to them.

6.7. Notice of Criminal Proceedings, Administrative Proceedings or Other Investigation

The Insured shall notify **the Insurer**, within a reasonable period of time, of an indictment submitted against him or of Criminal Proceedings or Administrative Proceedings or any other investigation taking place or about to take place against him in connection of a **Claim**, which may give raise to a **Claim** under this Policy.

For the avoidance of any doubt, this condition shall not extend coverage under the Policy to such proceedings.

6.8. Knowledge of the Insured and/or Named Insured and/or management

Wherever this Policy refers to the knowledge of **the Insured** and/or **Named Insured** and/or management, such knowledge is deemed to occur when the relevant information has been brought to the knowledge of the **Insured**'s CEO, CFO or the person responsible for insurance.

6.9. Delivery of Documents from the Insured to the Insurer

The Insured shall deliver to **the Insurer**, immediately upon receipt, any letter, summons, writ, notice of hearing, or any proceedings whatsoever, in connection with any **Claim**.

6.10. Self Insured Retention

In respect each and every **Claim**, the **Self Insured Retention** shall be deducted, as the first sum out of the insurance benefits and/or any amount in respect of which **the Insurer** is liable.

In addition, the **Self Insured Retention** shall be deducted from any **Defence Costs** and also in respect of external expenses paid due to submission of a **Claim**, even if insurance benefits or compensation were not paid.

6.11. The Right to Set-Off

The Insurer is entitled to set-off against the insurance benefits due to **the Insured** pursuant to the Policy, any amount due from **the Insured** to **the Insurer**, whether his debt relates to this Policy or to another.

In the event of exhaustion of the **Limit of Liability** under this Policy, **the Insurer** is entitled to set-off the balance of the premium due to **the Insurer** under this Policy, even if the payment is not yet due.

6.12. Handling of Claims

- 6.12.1. Where **the Insurer** has acknowledged liability under the Policy, it shall be entitled, and upon demand of the third party shall be obliged to, pay to the third party the insurance benefits due to **the Insured** by **the Insurer**, provided that a written notification is given to **the Insured** 30 days in advance, and **the Insured** did not object to it during this period. However, any argument that **the Insurer** can argue towards **the Insured** will apply to the third party.
- 6.12.2. If **the Insured** has unreasonably refused to accept **the Insurer's** offer to settle the third party's **Claim**, **the Insurer's** liability shall be limited to the sum which **the Insurer** would have paid but of the refusal of **the Insured**, plus Defences Costs up to the date when the third party's **Claim** could have been settled according to **the Insurer's** offer.
- 6.12.3. Where **the Insurer** has acknowledged liability under the Policy, it shall be entitled, together with **the Insured**, to take over on behalf of **the Insured** the defence and settlement of any **Claim**.
- 6.12.4. The parties are obliged to cooperate in the handling of the defence, and **the Insured** is obliged to provide **the Insurer** with all the information and documents in his possession and to provide it any assistance, as may be required from him, regarding the matters mentioned herein.

The **Insurer** shall do its best to act in coordination with **the Insured** whilst making an effort to maintain **the Insured's** legitimate interests including his good name.

6.13. Prohibition of Admission, Settlement or Undertaking to Compensate

No admission, offer, promise, undertaking or compensation shall be made or given by **the Insured** in connection with any liability covered under this Policy, without the prior and written consent of **the Insurer**.

The provisions of this clause do not apply to the reporting of any accident to the Police or to any other authorized authority according to the law, at their request, and giving testimony in a criminal trial.

6.14. Named Insured

Only **the Named Insured** (as defined within the definition of Insured) shall represent all **the Insureds** under this Policy, and only he shall be entitled to request any changes or additions during the period of insurance and his signature on a proposal form, on requests for changes in the Policy, and/or on any document issued by **the Insurer** (specifically including cancellation notice), are sufficient in order to obligate all other **Insureds**.

Insurance benefits which are not paid directly to third parties shall be paid to **the Named Insured** or according to his written instruction to **the Insurer**.

Also, any notifications sent by **the Insurer** only to **the Named Insured**, shall be considered as if it was sent to any of **the Insureds**.

6.15. Subrogation

- 6.15.1. Where **the Insured** also has, by reason of a **Claim**, a right of compensation or indemnity against a third party, other than by a contract of insurance, such right passes to **the Insurer** when and to the extent that it has paid insurance benefits.
- 6.15.2. **The Insurer** shall not exercise a right which has passed to him under this clause in such manner which will prejudice the right of **the Insured** to collect from the third party compensation or indemnity in excess of the benefits he has received from **the Insurer**.
- 6.15.3. Where **the Insured** has received from the third party compensation or indemnity due to **the Insurer** under this clause, he shall transfer it to **the Insurer**.
If the Insured has made a compromise or waiver, or done any other act, prejudicial to the right which passed to **the Insurer**, he shall compensate **the Insurer** to the extent of **the Insurer's** loss.
- 6.15.4. **The Insurer** waives his right of subrogation which may arise against any of **the Insured's** employees, the board of directors, the shareholders of **the Insured** as well as their families and against any person and legal entity, (except for suppliers and sub-contractors), against whom **the Insured** has waived his right of **Claim** in writing prior to **the Insured** event. However, the above shall not apply in respect of any person that caused **the Insured** event maliciously.

6.16. Law and Jurisdiction

This policy is subject to the Israeli Law, and the competent court of law in Israel shall have exclusive jurisdiction in respect of any dispute arising from or relating to the Policy.

6.17. Notices

- 6.17.1. Notice by **the Insurer** to **the Insured** in connection with this Policy - shall be given to his last address known to **the Insurer**.
- 6.17.2. Notice by **the Insured** to **the Insurer** - shall be given to **the Insurer** at the address of **the Insurer**'s office, mentioned in the heading of the Policy or to any other address in Israel which **the Insurer** has indicated to **the Insured** in writing from time to time.

6.18. Adjustment

If any part of the Premium is calculated on estimates, **the Insured** shall, within one month from the expiry of each Period of Insurance, furnish such details as **the Insurer** may require and the Premium for such period shall be adjusted subject to any Minimum Premium.

6.19. Appointment of Law Firm

It is understood and agreed that the appointment of law firm, which will represent **the Insured**, in a **Claim**, will be mutually agreed upon, between **the Insured** and **the Insurer**. In case of conflict of interests between one **Insured** and other **Insured** a different attorney will be appointment for that **Insured** which will be mutually agreed upon between **Insurer** and **the Insured**.

In the event that **the Insurer** and **the Insured** will not agree upon the identity of the appointed lawyer, a Bar Council (to be mutually agreed upon by **the Insured** and **the Insurer**) shall appoint a lawyer to represent **the Insured**.