

TechGuard

AIG Israel Limited

Schedule

	Policy Number:	TECHGUARD	
	Form:	TECHGUARD	
Item 1.	Policyholder		
	Address	Address	
Item 2.	Policy Period	From:	Inception date
		To:	Expiry date
		00:01 Israel Standard Time (Both Days inclusive).	
Item 3.	Coverage Summary		
	Insurance Cover	Limit of Liability USD\$	Retention / Deductible USD\$
	Section 1	Any one <i>Claim</i> and in the	Any one <i>Claim</i> :
	Professional Liability	Aggregate:	
	Section 2		
	Technology Products	Any one <i>Claim</i> and in the	Any One <i>Claim</i> :
	Liability	Aggregate:	
	Section 3		
	Hardware	USD\$500,000 aggregate for all	Any one <i>Claim</i> or <i>Suit</i> :
	Manufacturers' Errors &	<i>Claims</i> and/or <i>Suits</i>	
	Omissions Cover		
	The above <i>Limits of Liability</i> apply for the <i>Policy Period</i> .		
Item 4.	Business	The provision of <i>Technology Services</i> and <i>Technology Products</i> by the <i>Insured</i> .	
Item 5.	Retroactive Date		
	Section 1- Professional Liability Cover		
	Section 2 – Technology Products Liability		
	Section 3 – Hardware Manufacturers Errors and Omissions		

Item 6. **Premium** USD\$:
Insurance Premium Tax
Total:

Date Proposal and (a) Proposal:
Declaration Signed by (b) Declaration:
Policyholder:

DATE:

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In consideration of the *Policyholder* named in the Policy Schedule hereto having paid or agreed to pay the *Premium* stated in the Policy Schedule, the *Insurer*, as herein defined, hereby agrees to provide insurance in accordance with the terms of this Policy.

The term "Policy" includes any information provided to the *Insurer* which forms the basis of this contract between the *Insurer* and the *Policyholder* together with any schedules, terms and conditions, any endorsements and any Sections which form and are read together as one contract. Any word or expression to which a specific meaning has been attached in any part or Section of this Policy bears that meaning wherever it appears unless stated to the contrary.

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Sections 1 - 3 Insurance Coverages

Section 1. Professional Liability Cover - Insuring Clauses

All cover under this Section 1 is afforded solely with respect to *Claims* for a *Wrongful Act* first made against an *Insured* during the *Policy Period* and reported to the *Insurer* as required by this Policy. The *Insurer* is under no obligation to pay any *Loss*, unless the *Wrongful Act* first takes place on or after the *Retroactive Date*.

1.1 Civil Liability

The *Insurer* will indemnify any *Insured* for *Damages* resulting from any *Claim* for any civil liability of the *Insured* committed solely in the performance of *Technology Services*.

1.2 Contractual Liability

The *Insurer* will indemnify any *Insured* for *Damages* resulting from any *Claim* for any contractual liability or obligation arising where the *Insured* has given a guarantee or warranty:

- (i) that they will use reasonable care and skill in the performance of *Technology Services*;
- (ii) that any *Technology Services* or *Technology Products* will not infringe upon a *Third Party's* intellectual property rights; or
- (iii) that any *Technology Services* or *Technology Products* will substantially conform to all material written specifications.

1.3 Technology Products

The *Insurer* will indemnify any *Insured* for *Damages* resulting from any *Claim* for any *Technology Product Failure*.

1.4 Internet Liability

The *Insurer* will indemnify any *Insured* for *Damages* resulting from any *Claim* arising from *Internet Liability*.

1.5 Privacy Breach

The *Insurer* will indemnify any *Insured* for *Damages* resulting from any *Claim* for any *Privacy Breach*.

1.6 Intellectual Property

The *Insurer* will indemnify any *Insured* for *Damages* resulting from any *Claim* for any *Infringement* by an *Insured* committed solely in the performance of *Technology Services* or that arises from *Technology Products*.

1.7 Defamation

The *Insurer* will indemnify any *Insured* for *Damages* resulting from any *Claim* for libel or slander committed by an *Insured* solely in the performance of *Technology Services* or that arises from *Technology Products*.

1.8 Fraud/Dishonesty

The *Insurer* will indemnify any *Insured*, who is not the actual perpetrator, for *Damages* resulting from any *Claim* for *Fraud/Dishonesty* of any *Employee* up to the date of discovery by the *Insured* of reasonable cause of suspicion of *Fraud/Dishonesty* committed solely in the performance of *Technology Services* or that arises from *Technology Products*.

Section 2. Technology Products Liability Cover - Insuring Clause

2.1 Technology Products Liability

The *Insurer* will indemnify any *Insured* for *Damages* resulting from any *Claim* first made against an *Insured* during the *Policy Period* and reported to the *Insurer* as required by this Policy, for:

- (i) *Bodily Injury* (except to *Employees*); and / or
- (ii) *Property Damage*;

arising from an *Occurrence* which takes place on or after the *Retroactive Date*, in connection with the *Business*.

Section 3. Hardware Manufacturers' Errors & Omissions – Insuring Clause

3.1 Manufacturers' Errors and Omissions

The *Insurer* will pay those sums that the *Insured* becomes legally obligated to pay as *Damages* because of a *Claim* or *Suit* for *Financial Loss* both first made against the *Insured* and notified to the *Insurer* during the *Policy Period* and arising out of any negligent act, error or omission committed by the *Insured* on or after the *Retroactive Date* and within the coverage territory in connection with *Technology Products* provided in the normal course of the *Insured's* operations.

Section 4. Extensions

A. Extensions applicable to Sections 1 - 3

4.1 Defence Costs

Solely in respect of *Claims* made against the *Insured* within the jurisdiction of the courts of Israel, it is agreed, pursuant to Section 66 of the Insurance Contract Insured Law - 1981, that in the event of a *Loss* exceeding the relevant *Limit of Liability* stated in the Schedule for each *Claim*, this Policy shall cover reasonable *Defence Costs* exceeding such limit.

4.2 Court Attendance

For any person described in (i) and (ii) below who attends court as a witness at the request of the *Insurer* in connection with a *Claim* notified under and covered by this Policy, *Defence Costs* will include the following rates per day for each day on which attendance in court has been required:

- (i) for any principal, partner or director of the *Insured*: USD\$500; and
- (ii) for any *Employee*: US\$250.

4.3 Criminal proceedings

The *Insurer* will indemnify the *Insured* for *Criminal Defence Costs* provided that such costs are incurred in respect of a regulatory, administrative or criminal proceeding that is directly related to a *Claim* otherwise covered by this policy.

This Extension 4.3 is subject to a Sublimit of Liability of USD\$250,000.

4.4 New Subsidiaries

The definition of "*Subsidiary*" is extended to include any entity that the *Policyholder* acquires or forms after the inception date of this policy provided that such entity:

- (i) has total gross revenues that are less than 15% of the total gross revenue of the *Policyholder* for the last financial year before the date of acquisition;
- (ii) does not have any revenue from any *Business* carried out in the United States of America or Canada; and
- (iii) undertakes the same *Business* as the *Policyholder* already notified to the *Insurer* and was accepted for cover under this Policy.

If a newly acquired or formed entity fails to meet any one of the above conditions (i), (ii) or (iii) such entity shall be included as an additional *Insured* under this Policy, but only upon the condition that within 30 days of the acquisition or formation, the *Insurer* shall be provided with full particulars of that acquired or new entity as well as any additional *Premium* and/or amendment to the Policy that has been agreed by the *Policyholder*.

Cover under this Extension only applies to:

- (a) any *Wrongful Act* or negligent act, error or omission committed; or
- (b) any *Occurrence* which takes place;

after the date of acquisition or formation of the new *Subsidiary*.

4.5 Extended Reporting Period

If the *Insurer* cancels or does not renew this policy, other than for non-payment of *Premium* or any other breach of the terms of this policy by an *Insured*, the *Policyholder* has the right to a period of:

- (i) 30 days with no payment of an additional premium; or
- (ii) 6 months upon payment of an additional premium of 50% of the annual premium;
- (iii) 12 months upon payment of an additional premium of 100% of the annual premium;

following the date of cancellation or expiry in which to give notice of any covered *Claim* or *Suit* first made against the *Insured* for any *Wrongful Act*, *Occurrence* or negligent act, error or omission committed or taking place prior to the end of the *Policy Period* and after the *Retroactive Date* specified in the Schedule and otherwise covered under this policy. Such extended reporting period does not apply if this policy or its cover has been replaced and is part of and not in addition to the *Policy Period*.

B. Extensions applicable to Section 1 only

4.6 Computer Records

The *Insurer* will indemnify the *Insured* in regards to a *Third Party's Computer Records*:

- (i) for which an *Insured* is legally responsible; and
- (ii) which, during the *Policy Period*, have been destroyed, damaged, lost, distorted, erased or mislaid,

solely in the performance of *Technology Services*. *Damages* also includes costs and expenses reasonably incurred by the *Insured* in replacing or restoring such *Computer Records*, provided that:

- (i) such *Loss* or damage is sustained while the *Computer Records* are either: (1) in transit; or (2) in the custody of the *Insured* or of any person to whom the *Insured* has entrusted the *Computer Records* in the normal course of their *Technology Services*;
- (ii) the lost or mislaid *Computer Records* have been the subject of a diligent search by or on behalf of the *Insured*;
- (iii) the amount of any *Claim* for such costs and expenses shall be supported by evidence of expenditure that shall be subject to approval by a competent person to be nominated by the *Insurer* with the consent of the *Insured*; and
- (iv) the *Insurer* is not liable for any *Claim* arising out of wear, tear and/or gradual deterioration, moth and vermin.

This Extension will be subject to a sub-limit of liability of USD 100,000 in the annual aggregate. A *Retention* of USD 1,000 each and every *Claim* applies to this Extension.

C. Extensions applicable to Section 2 only

4.7 Vendors' Coverage

It is agreed that the definition of *Insured* under this Policy is amended to include any person or organization (herein referred to as "Vendor"), but only with respect to the distribution or sale in the regular course of the Vendor's business of the *Policyholder's* products subject to the following additional provisions:

The Extension does not apply to:

- (i) any express warranty unauthorized by the *Policyholder*;
- (ii) *Bodily Injury* or *Property Damage* arising out of:
 - (a) any physical or chemical change in the form of the product made intentionally by the Vendor;
 - (b) repacking, unless unpacked solely for the purpose of inspection, demonstration, testing or the substitution of parts under instruction from the manufacturer and then repacked in the original container;
 - (c) demonstration, installation, servicing or repair operations, except such operations performed at the Vendor's premises in connection with the sale of the product; or

- (d) products which after distribution or sale by the *Policyholder* have been labelled or relabelled or used as a container, part or ingredient of any other thing or substance by or for the Vendor.

This Extension does not apply to any person or organization, as *Insured*, from whom the *Policyholder* has acquired such products or any ingredient, part or container, entering into, accompanying or containing such products.

D. Extensions applicable to Section 3 only

4.8 Defence Costs and Expenses

All costs and expenses described below will erode the *Limit of Liability* applicable to the Hardware Manufacturers' Errors and Omissions Coverage.

The *Insurer* will pay, with respect to any *Claim* the *Insurer* investigates or settles, or any *Suit* against an *Insured* the *Insurer* defends:

- (i) All expenses the *Insurer* incurs
- (ii) The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. The *Insurer* does not have to furnish these bonds;
- (iii) All reasonable expenses incurred by the *Insured* at the *Insurer's* request to assist the *Insurer* in the investigation or defense of the *Claim* or *Suit*, including actual loss of earnings up to USD\$250 a day because of time off from work;
- (iv) All costs taxed against the *Insured* in the *Suit*;
- (v) Prejudgment interest awarded against the *Insured* on that part of the judgment the *Insurer* pays. If the *Insurer* makes an offer to pay the applicable *Limit of Liability*, the *Insurer* will not pay any prejudgment interest based on that period of time after the offer;
- (vi) All interest on the full amount of any judgment that accrues after entry of the judgment and before the *Insurer* has paid, offered to pay, or deposited in court the part of the judgment that is within the applicable *Limit of Liability*.

Section 5. Definitions

Bodily Injury means death, disease, illness, physical and mental injury, mental anguish or nervous shock.

Business means the provision of *Technology Services* and *Technology Products* by the *Insured* as specified in Item 4 of the Schedule.

Claim means any:

- (a) written demand;
- (b) civil or administrative proceedings; and
- (c) with respect to Section 2 – Technology Products Liability and Section 3 – Hardware Manufacturers' Errors and Omissions Coverage only: criminal proceedings, impending prosecution, inquest or fatal accident inquiry,

in which *Damages* are sought as a result of a *Wrongful Act* or an *Occurrence* covered by this Policy.

Computer Records means any *Data* stored within any:

- (i) computer, *Data* processing equipment, or any of their respective components; or
- (ii) computer software;

but does not include any currency, negotiable instruments or records thereof.

Computer Virus means any program or code that (i) is designed to cause loss or damage to a computer system or any part and/or (ii) which prevents or impairs a computer system or any part from performing and/or functioning accurately and properly.

Criminal Defence Costs means reasonable fees, costs and expenses incurred by or on behalf of any *Insured* in the criminal defence, investigation, adjustment, settlement or appeal of any regulatory, administrative or criminal proceedings against any *Insured* that seeks legal remedy, compliance or other sanction.

Damages means any amount that an *Insured* shall be legally liable to pay to a *Third Party* in respect of judgments or arbitral awards (including costs and expenses) rendered against an *Insured*, or for settlements negotiated by the *Insurer* with the consent of the *Policyholder*.

Data means electronically stored digital or digitised information or media.

Defence Costs means reasonable fees, costs and expenses incurred by or on behalf of the *Insured* in the investigation, defence, adjustment, settlement or appeal of:

- (i) any *Claim*; or
- (ii) any *Occurrence* which may reasonably be expected to give rise to a *Claim*.

Defence Costs do not include any internal or overhead expenses of any *Insured* or the cost of any *Insured's* time.

Employee means any natural person:

- (i) who is or has been expressly engaged as an employee under a contract of employment or apprenticeship with the *Policyholder* or any *Subsidiary*;
- (ii) any principal, partner or director; or
- (iii) *Independent Contractor*.

With respect to the *Fraud/Dishonesty* cover under Section 1 - Professional Liability only, *Employee* does not include the persons referred to in (ii) and (iii) above.

Financial Loss means a pecuniary loss or expense sustained by a *Third Party* that is economic in nature and not consequent upon *Bodily Injury* or *Property Damage*.

Fraud/Dishonesty means fraudulent or dishonest conduct of an *Employee*:

- (i) not condoned, expressly or implicitly by; and
- (ii) that results in liability of,

the *Policyholder* or any *Subsidiary*.

Independent Contractor means any:

- (i) temporary contract labour;
- (ii) self-employed persons; or
- (iii) labour-only sub-contractors,

while working for the *Insured* in connection with the *Business*. *Independent Contractor* also includes an *Employee* or a person described above, whose services or labour is hired out, lent or otherwise to a *Third Party* on a temporary or permanent basis and any persons undertaking work experience.

Infringement means an unintentional infringement of any intellectual property right of any *Third Party*, other than patents and *Trade Secrets*.

Insured means:

- (i) the *Policyholder* or any *Subsidiary* (including any predecessor business);
- (ii) any past, present or future natural person who is a principal, partner or director of the *Policyholder* or any *Subsidiary*;
- (iii) any *Employee*; and
- (iv) any *Independent Contractor*,

but only when providing *Technology Products* or *Technology Services* in the foregoing capacities.

Insured also includes any estate or legal representative of any *Insured* described in (ii) and (iii) of this definition in respect of *Loss* arising from a liability of such *Insured* for a *Wrongful Act* committed or for an *Occurrence* when providing *Technology Services* or *Technology Products*.

Insured Contract means a contract or agreement submitted to and approved by the *Insurer*, and listed on an endorsement to this Policy.

Insurer means AIG Israel Ltd.

Internet Liability means any actual or alleged *Wrongful Act*, *Privacy Breach*, *Infringement*, libel or slander arising from:

- (i) the operation of an internet, intranet or extranet site;
- (ii) the transmission of electronic mail or documents by electronic means; the unintentional transmission of a *Computer Virus*.

Legal Panel means the firms of solicitors appointed from time to time by the *Insurer* to provide representation for its *Insureds* pursuant to this Policy, which is available from the *Insurer* upon request.

Limit of Liability means the amounts specified as such in the Schedule with respect to each Section of cover.

Loss means *Damages* and *Defence Costs*.

Loss does not include and this Policy does not cover any:

- (i) taxes;
- (ii) non-compensatory damages, including punitive, multiple, exemplary or liquidated damages;
- (iii) fines or penalties;
- (iv) the costs and expenses of complying with any order for, grant of or agreement to provide injunctive or other non-monetary relief;
- (v) compensation, benefits or overheads of, or charges or expenses incurred by any *Insured*; or
- (vi) any matters which may be deemed uninsurable under the law governing this Policy or the jurisdiction in which a *Claim* is brought.

Motor Vehicle means any mechanically propelled vehicle, trailer or agricultural implement which belongs to the *Insured* or for which the *Insured* is legally responsible, but not including steam-driven vehicles.

Occurrence means an accident, incident, circumstance or event which is neither expected nor intended by the *Insured*.

Policy Period means the period of time specified in the Schedule unless the Policy is cancelled, in which event the *Policy Period* will end on the effective date of the cancellation.

Policyholder means the entity or natural person specified as such in the Schedule.

Pollutants means any solid, liquid, biological, radiological, gaseous or thermal irritant or contaminant whether occurring naturally or otherwise, including asbestos, smoke, vapour, soot, fibres, mould, spores, fungus, germs, fumes, acids, alkalis, nuclear or radioactive material of any sort, chemicals or waste. "Waste" includes material to be recycled, reconditioned or reclaimed.

Premium means the amount specified as such in the Schedule and any premium adjustment reflected in an endorsement to this Policy.

Privacy Breach means any actual or alleged breach of any statutory or other right of privacy of any *Third Party* by any *Insured*.

Property Damage means damage to or loss of or destruction of tangible property or loss of use thereof.

Retention means the amount specified as such in the Schedule.

Retroactive Date means the date specified as such in the Schedule.

Senior Executive(s) means the Chairman, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer or partner (if the *Insured* is a partnership) of the *Insured*. It is further extended to cover any other senior directors, officers, trustees or senior engineers of the *Insured* whose departure, kidnapping, wrongful detention, death or illness directly results in *Adverse Publicity* for the *Insured*.

Subsidiary means entities in which the *Policyholder*, either directly or indirectly through one or more of its entities:

- (i) controls the composition of the board of directors;
- (ii) controls half or more of the voting power; or
- (iii) holds half or more of the issued share capital or equity.

For any *Subsidiary* or any *Insured* thereof, cover under this Policy only applies to *Wrongful Acts* committed or *Occurrences* which take place while such entity is a *Subsidiary* of the *Policyholder*.

Suit means a civil proceeding in which *Financial Loss* is alleged. *Suit* includes an arbitration proceeding in which such *Damages* are claimed and to which the *Insured* must submit or does submit with the *Insurer's* consent or any other alternative dispute resolution proceeding in which such *Damages* are claimed and to which the *Insured* submits with the *Insurer's* consent.

Technology Product

- (i) With respect to Section 1 - Professional Liability and Section 2 - Technology Products Liability only, means any computer hardware or firmware sold, supplied, designed, leased or licensed to others, manufactured, repaired, serviced, installed, inspected, adjusted, erected, altered, tested, handled, cleaned or treated by or on behalf of the *Insured* in the normal course of the *Business*;
- (ii) With respect to Section 2 - Technology Products Liability only, Technology Products also means all associated containers, labels, instructions and packaging material after such products have ceased to be in the *Insured's* custody or control;
- (iii) With respect to Section 3 – Hardware Manufacturers' Errors and Omissions Coverage only, means any computer hardware designed or manufactured by the *Insured*.

Technology Product Failure means any actual or alleged negligent breach of duty, act, error, misstatement, misleading statement or omission in connection with any *Technology Product*.

Technology Services means any:

- (i) software services;
- (ii) *Data* services; or
- (iii) services that facilitate access to or the use of *Data* or software via the Internet, of the *Policyholder* or any *Subsidiary*.

Terrorism means the unlawful use of violence against persons or property to further political objectives, and which is intended to intimidate or coerce a government, individuals or persons to modify their behavior or policies, or for the purpose of putting the public or any part thereof in fear, perpetrated by any person or persons acting on behalf of or in connection with any hostile organization.

- (i) Further, in respect of *Claims* brought within the State of Israel, *Terrorism* as defined above, must carry with it, an explicit confirmation from the Israeli Police or of the Ministry of Defense or from the Manager of the Property Tax and Compensation Fund, as defined by the Property Tax and Compensation Fund Law 1961 with all its amendments, or any equivalent thereof, that the damage was caused directly by an act of Terror; and
- (ii) in respect of *Claims* brought outside the borders of the State of Israel, *Terrorism* as defined above, means an act which is verified by the United States Department of State, or by any other equivalent Governmental Authority responsible for such declarations, as an act of *Terrorism*.

Third Party means any entity or natural person except (i) any *Insured*; or (ii) any other entity or natural person having a financial interest or executive role in the operation of the *Policyholder* or any *Subsidiary*.

Trade Secret means information that derives independent economic value, actual or potential, from not being generally known and not being readily ascertainable through proper means by other persons who can obtain economic advantage from its disclosure or use.

USA/Canada means:

- (i) the United States of America and Canada;
- (ii) any state, territory or protectorate incorporated in, or administered by, the United States of America or Canada; and
- (iii) any country or territory subject to the laws of the United States of America or Canada.

Wrongful Act means any act giving rise to civil liability, *Privacy Breach*, *Technology Product Failure*, *Infringement*, libel, slander, *Internet Liability* or *Fraud/Dishonesty*.

Section 6. Exclusions

A. Exclusions applicable to Section 1 - Professional Liability Cover, Section 2 – Products Liability Cover and Section 3 – Manufacturers’ Errors and Omissions Cover

This Policy does not cover *Loss* in connection with any *Claim* or *Occurrence*:

6.1 Asbestos

arising out of, based upon or attributable to any *Loss*, *Claim*, demand or proceedings arising out of or related in any way to asbestos or materials containing asbestos.

6.2 Contractual Obligation /Liability

In respect of Section 1 only - arising out of, based upon or attributable to any contractual liability or other obligation assumed, that goes beyond the duty to use such skill and care as is ordinarily applied to the *Technology Services* provided. This Exclusion does not apply to Section 1.2 Contractual Liabilities.

In respect of Sections 2 and 3 only - arising out of, based on or attributable to any contractual liability assumed or accepted by the *Insured* except to the extent that such liability would have attached in the absence of such contract

6.3 Damage and Defects to *Technology Products*, Recall and Repair

arising out of, based upon or attributable to:

- (i) with respect to Section 1 - Professional Liability Cover only; any design defect or manufacturing defect in any *Technology Product*;
- (ii) with respect to Section 2 - Products Liability and Section 3 – Manufacturers' Errors and Omissions Cover only:
 - (a) loss or damage to the known or suspected defective part of any *Technology Product*;
 - (b) the costs of recalling, replacing, repairing or removing the *Technology Products* as a result of any known or suspected defect or deficiency therein; and
 - (c) the cost of rectifying defective work to *Technology Products*.

6.4 Intentional Acts

arising out of, based upon or attributable to any intentional act that would reasonably be expected to give rise to a *Claim* against an *Insured*; provided, however that this Exclusion does not apply to Section 1.8 - Fraud/Dishonesty.

6.5 Nuclear and Radioactive Contamination

arising out of, based upon or attributable to:

- (i) any ionizing radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel; or
- (ii) the radioactive, toxic, explosive or hazardous properties of any nuclear assembly or nuclear component thereof.

6.6 Patent/Trade Secret

arising out of, based upon or attributable to the breach of licences concerning, *Infringement* of or misappropriation of patents or *Trade Secrets*.

6.7 Pollution

arising out of, based upon or attributable to:

- (i) the actual, alleged or threatened presence, discharge, dispersal, release, migration or escape of *Pollutants*; or
- (ii) any direction, request or effort to:
 - (a) test for, monitor, clean up, remove, contain, treat, detoxify or neutralise *Pollutants*; or
 - (b) respond to or assess the effects of *Pollutants*.

6.8 Prior *Claims/Occurrences* and Circumstances

Claims made prior to or pending at the inception of this Policy; or

Claims or *Occurrences* arising out of, based upon or attributable to any circumstance that, as of the inception of this Policy, may reasonably have been expected by any *Insured* to give rise to a *Claim*.

6.9 USA/Canada

made or pending within; or

taking place in; or

to enforce a judgment obtained in,

USA/Canada.

6.10 War/Terrorism

arising out of, based upon or attributable to any war (declared or otherwise), *Terrorism*, warlike, military, terrorist or guerrilla activity, sabotage, force of arms, hostilities (declared or undeclared), rebellion, revolution, civil disorder, insurrection, usurped power, confiscation, nationalisation or destruction of or damage to property by or under the order of, any governmental, public or local authority or any other political or terrorist organisation.

B. Exclusions applicable to Section 1 - Professional Liability Cover only.

This Policy does not cover *Loss* in connection with any *Claim* for a *Wrongful Act* :

6.11 Antitrust

arising out of, based upon or attributable to any actual or alleged antitrust violation, restraint of trade or unfair competition.

6.12 Bodily Injury/Property Damage

arising out of, based upon or attributable to *Bodily Injury* or *Property Damage* unless arising from an actual or alleged failure to achieve the legally required standard of care, diligence and expertise in performing *Technology Services*.

6.13 Infrastructure

arising out of, based upon or attributable to:

mechanical failure;

electrical failure, including any electrical power interruption, surge, brown out or black out; or

telecommunications or satellite systems failure,

unless such failure arises solely in the performance of *Technology Services*.

6.14 Insolvency

arising out of, based upon or attributable to the insolvency, administrative management or receivership of the *Insured*.

6.15 Joint Ventures

arising out of, based upon or attributable to work carried out by the *Insured* for and in the name of any association or joint venture of which an *Insured* forms part.

6.16 Misdeeds

arising out of, based upon or attributable to any act which a judge, jury or other official tribunal or panel finds, or which an *Insured* admits, to be a criminal, dishonest or fraudulent act and in such event, the *Insurer* shall be reimbursed for all *Loss* paid in connection with such *Claim*. However, this Exclusion does not apply to Section 1.8 *Fraud/Dishonesty*.

6.17 Trade Debts

arising out of, based upon or attributable to any:

trading debt incurred by an *Insured*; or

guarantee given by an *Insured* for a debt.

C. Exclusions applicable to Section 2 –Product Liability Cover and Section 3 – Hardware Manufacturers’ Errors and Omissions Cover only.

This Policy does not cover *Loss* in connection with any *Claim* or *Occurrence*:

6.18 Aircraft/ Watercraft

arising out of, based upon or attributable to ownership, possession, or use by the *Insured* of any aircraft, aerial device for travel through air or space, water-going vessel or craft hovercraft or hydrofoil.

6.19 Motor Liability

arising out of, based upon or attributable to the ownership, possession or use under the control of the *Insured* of any *Motor Vehicle*.

6.20 Professional Liability

arising out of professional advice, design, service or specification provided for a fee and not connected with the supply or intended supply of the *Technology Products* other than:

Claims for *Bodily Injury* or *Property Damage*; and

the failure by an *Employee* employed to provide medical advice, first aid or other medical assistance on the *Insured's* premises.

6.21 Property Damage

arising out of, based upon or attributable to *Property Damage* in respect of property belonging to the *Insured* or in the *Insured's* care, custody or control.

6.22 Bodily Injury to Employees

arising out of, based upon or attributable to *Bodily Injury* to an *Employee*.

6.23 Professional Liability Bodily Injury and Property Damage

arising out of, based upon or attributable to *Bodily Injury* or *Property Damage* arising from an actual or alleged failure to achieve the legally required standard of care, diligence and expertise in performing *Technology Services*.

D. Exclusions Applicable to Section 3 – Hardware Manufacturers' Errors and Omissions only

This Policy does not apply to *Financial Loss*:

6.24 incurred by or caused by any *Senior Executives* or directors of the *Insured* whilst acting within the scope of their duties in such capacity.

6.25 arising out of any facts or circumstances of which the *Insured* was aware before the *Retroactive Date*.

6.26 in respect of any *Claim* or *Suit* made prior to or existing at the inception of the *Policy Period*.

6.27 which are more specifically covered in any other section of the Policy.

6.28 arising out of any negligent act, error or omission which occurred prior to the *Retroactive Date*.

6.29 In respect of:

- (i) any *Claim* or *Suit*; or
- (ii) facts or circumstances that might give rise to a *Claim* or *Suit*,

which have been notified or which could/ should have been notified under any prior policy.

6.30 arising from or in connection with advice, design, consultancy, specification, formulae, supervision or other professional service given or undertaken by the *Insured* for a fee.

6.31 with respect to *Technology Products* that are still in the *Policyholder's* physical possession.

6.32 arising directly or indirectly out of any delay in delivery or failure to deliver *Technology Products* nor does this Policy apply to the failure of the *Insured* to provide support for *Technology Products* or the cessation of the provision of support of *Technology Products*.

6.33 incurred (directly or indirectly) as a result of any *Infringement* or violation of any intellectual property law or right, patent and/or copyright.

6.34 expected or intended from the standpoint of the *Insured*.

Section 7. Conditions

A. Claims

7.1 Claims Notification

The *Insured* shall give written notice to the *Insurer*:

- (i) of any *Claim*, *Suit* or *Occurrence* as soon as practicable within the *Policy Period*; and
- (ii) of any impending prosecution, inquest or fatal accident inquiry arising out of an *Occurrence* immediately.

All notifications must be as follows:

Claims Department

25 Hasivim St. POB 535

Petach Tikva

Israel 49100

E-Mail: AIGIL.CommercialClaims@aig.com

If posted, the date of posting shall constitute the date that notice was given, and proof of posting shall be sufficient proof of notice.

7.2 Related Claims

If notice of a *Claim* is given to the *Insurer* pursuant to the terms and conditions of this Policy, then any subsequent *Claim*:

arising out of, based upon or attributable to the facts alleged in that previously notified *Claim*;

or

alleging any *Wrongful Act* which is the same as, related to or connected with any *Wrongful Act* alleged in that previously notified *Claim*,

shall be considered made against the *Insured* at the same time as the previously notified *Claim* was made, and reported to the *Insurer* at the same time as the previously notified *Claim* was first reported.

Any *Claim* or *Occurrence* arising out of, based upon or attributable to:

the same originating cause or *Wrongful Act*;

a single *Wrongful Act*; or

the same or similar originating causes or *Wrongful Acts* or *Occurrences* involving a number of matters or transactions,

shall be considered a single *Claim* or *Occurrence* for the purposes of this Policy.

7.3 Circumstances/Occurrences

With respect to Section 1 - Professional Liability Cover only, during the *Policy Period*, an *Insured* may become aware of circumstances which may reasonably be expected to give rise to a *Claim* for a *Wrongful Act*. In such event, an *Insured* shall during the *Policy Period* report the circumstances in writing to the *Insurer*. If in doing so, the *Insured* provides: (i) the reasons for anticipating the *Claim* for a *Wrongful Act*, and (ii) full particulars as to dates, acts and persons involved, then any *Claim* for a *Wrongful Act* which is subsequently made against an *Insured* and reported in writing to the *Insurer* alleging, arising out of, based upon or attributable to such circumstances, or alleging any *Wrongful Act* which is the same as or related to any *Wrongful Act* alleged or described in the previously notified circumstances, shall be considered first made against the *Insured* and reported to the *Insurer* at the time the facts or circumstances were first reported, if accepted by the *Insurer*.

With respect to Section 2 – Technology Products Liability Cover only, during the *Policy Period*, an *Insured* may become aware of an *Occurrence* which may reasonably be expected to give rise to a *Claim*. In such event, an *Insured* shall during the *Policy Period* report the *Occurrence* in writing to the *Insurer*. If in doing so, the *Insured* provides: (i) the reasons for anticipating the *Claim*, and (ii) full particulars as to dates, acts and persons involved, then any *Claim* which is subsequently made against an *Insured* and reported in writing to the *Insurer* alleging, arising out of, based upon or attributable to such *Occurrence*, shall be considered first made against the *Insured* and reported to the *Insurer* at the time the *Occurrence* was first reported, if accepted by the *Insurer*.

With respect to Section 3 – Hardware Manufacturer's E&O Cover only, during the *Policy Period*, an *Insured* may become aware of circumstances which may reasonably be expected to give rise to a *Claim* for a negligent act, error or omission. In such event, an *Insured* shall during the *Policy Period*

report the circumstances in writing to the *Insurer*. If in doing so, the *Insured* provides: (i) the reasons for anticipating the *Claim* for a negligent act, error or omission, and (ii) full particulars as to dates, acts and persons involved, then any *Claim* for a negligent act, error or omission which is subsequently made against an *Insured* and reported in writing to the *Insurer* alleging, arising out of, based upon or attributable to such circumstances, or alleging any negligent act, error or omission which is the same as or related to any negligent act, error or omission alleged or described in the previously notified circumstances, shall be considered first made against the *Insured* and reported to the *Insurer* at the time the facts or circumstances were first reported, if accepted by the *Insurer*.

7.4 Defence/Settlement

The *Insurer* does not assume any duty to defend, and the *Insured* shall defend and contest any *Claim* made against them unless the *Insurer*, in its sole and absolute discretion, elects in writing to take over and conduct the defence and settlement of any *Claim*. If the *Insurer* does not so elect, it shall be entitled, but not required, to participate fully in such defence and the negotiation of any settlement that involves or appears reasonably likely to involve the *Insurer*. In the event that the *Insurer* decides that representation by a solicitor is necessary then the *Insured* shall select one of the *Legal Panel* counsel to provide such legal representation.

The *Insurer* has the right at any time after notification of a *Claim* to make a payment to the *Insured* of the unpaid balance of the *Limit of Liability*, and upon making such payment, all obligations of the *Insurer* to the *Insured* under this Policy, including, if any, those relating to defence, shall cease. Where the *Insurer* pays all or part of any *Retention* to ensure payment of a *Claim*, the *Insured* will promptly reimburse the *Insurer* for such amount.

7.5 Insurer's Consent

No *Insured* shall admit or assume any liability, enter into any settlement agreement, consent to any judgment, or incur any *Defence Costs* without the prior written consent of the *Insurer*. Only those settlements, judgments and *Defence Costs* consented to by the *Insurer*, and judgments resulting from *Claims* defended in accordance with this Policy, shall be recoverable as *Loss* under this Policy. The *Insurer's* consent shall not be unreasonably withheld, provided that the *Insurer* shall be entitled to exercise all of its rights under the Policy.

7.6 Insured's Consent

The *Insurer* may make any settlement of any *Claim* it deems expedient with respect to any *Insured*, subject to such *Insured's* written consent. If any *Insured* withholds consent to such settlement, the *Insurer's* liability for all *Loss* on account of such *Claim* shall not exceed the amount for which the *Insurer* could have settled such *Claim*, plus *Defence Costs* incurred as of the date such settlement was proposed in writing by the *Insurer*, less coinsurance (if any) and the applicable *Retention*.

7.7 Cooperation

The *Insured* will at their own cost:

- (i) render all reasonable assistance to the *Insurer* and co-operate in the defence of any *Claim* and the assertion of indemnification, subrogation and contribution rights;
- (ii) use due diligence and do and concur in doing all things reasonably practicable to avoid or diminish any *Loss* under this Policy and maintain property in good repair;
- (iii) give such information and assistance to the *Insurer* as the *Insurer* may reasonably require to enable it to investigate any *Loss* or determine the *Insurer's* liability under this Policy.

7.8 Allocation

In the event that any *Claim* involves both covered matters and matters not covered under this Policy, a fair and proper allocation of any cost of defence, *Damages*, judgments and/or settlements shall be made between each *Insured* and the *Insurer* taking into account the relative legal and financial exposures attributable to covered matters and matters not covered under this Policy.

7.9 Fraudulent Claims

If any *Insured* shall give any notice or *Claim* cover for any *Loss* under this Policy knowing such notice or *Claim* to be false or fraudulent as regards amounts or otherwise, such *Loss* shall be excluded from cover under the Policy.

7.10 Prevention of Financial Loss

The *Insured* must take all reasonable precautions to prevent *Financial Loss*.

B. Purchase and Administration

7.11 Policy Purchase

In granting cover to the *Insured*, the *Insurer* has relied upon the material statements and particulars in the proposal together with its attachments and other information supplied. These statements, attachments and information are the basis of cover and are considered incorporated and constituting part of this Policy. Prior to and during the *Policy Period* the *Policyholder* must ensure that the *Insurer* is made aware of all material information in relation to the risks covered under this Policy. In the event of the *Insurer* being entitled to cancel this Policy from inception or from the time of any variation in cover, the *Insurer* may in its discretion maintain this Policy in full force but exclude the consequences of and any *Claim* relating to any matter which ought to have been disclosed before inception or before any variation in cover.

7.12 Administration

The *Policyholder* shall act on behalf of each and every *Insured* with respect to:

- (i) negotiating the terms and conditions of and binding cover;
- (ii) the exercise of all rights of *Insureds* under this Policy;
- (iii) all notices;
- (iv) *Premiums*;
- (v) endorsements to this Policy;
- (vi) the appointment of a member of the *Legal Panel* to defend a *Claim*;
- (vii) dispute resolution; and
- (viii) the receipt of all amounts payable to an *Insured* by the *Insurer* under this Policy.

C. Limit and Retention

7.13 Limit of Liability

The total amount payable by the *Insurer* under this Policy with respect to the cover provided under each Section of this Policy shall not exceed the *Limit of Liability* specified in the Schedule with respect to the cover provided under that Section. Sub-limits of liability and Extensions are part of the *Limit of Liability* and are not payable in addition to the *Limit of Liability* unless otherwise expressly stated in

this Policy. The *Limit of Liability* is the total sum payable by the *Insurer* in respect of any one *Claim, Occurrence* (as the case may be). Any sum paid by the *Insurer* under this Policy shall erode the *Limit of Liability*. In no circumstances shall the liability of the *Insurer* exceed the *Limit of Liability* specified in the Schedule for any one *Claim, Occurrence* (as the case may be).

For Sections 1-3 of cover, *Defence Costs* are not payable in addition to the *Limit of Liability* specified in the Schedule. Notwithstanding, and solely in respect of *Claims* made against the *Insured* within the jurisdiction of the courts of Israel, and which are covered under Sections 1, 2 or 3, it is agreed, pursuant to Section 66 of the Insurance Contract Law, that in the event that *Loss* exceeds the applicable aggregate *Limit of Liability* or the applicable per *Claim* or *Suit Limit of Liability*, as the case may be, this Policy shall cover reasonable *Defence Costs* exceeding the applicable aggregate *Limit of Liability* or the applicable per *Claim* or *Suit Limit of Liability*, respectively. In the event that the amount paid by or on behalf of any *Insured* to dispose of a *Claim* exceeds the *Limit of Liability* for the relevant Section of cover, then this Policy shall only cover the same proportion of *Defence Costs* as this Policy's *Limit of Liability* bears to the total amount paid to dispose of the *Claim* (exclusive of *Defence Costs*). The inclusion of more than one *Insured* under this Policy does not operate to increase the total amount payable by the *Insurer* under this Policy and the maximum payable for all *Insureds* under this Policy is the *Limit of Liability* for the relevant Section of cover.

7.14 Retention

The *Insurer* shall only pay for the amount of any *Loss* which is in excess of the *Retention*. For the avoidance of doubt, the *Retention* also applies to *Defence Costs* and applies to all Extensions unless specifically stated. The *Retention* is to be borne by the *Insured* and shall remain uninsured. A single *Retention* applies to *Loss* arising from all *Claims* alleging the same *Wrongful Act* or *Occurrence*. The *Insurer* may, in its sole and absolute discretion, advance all or part of the *Retention*, and, in that event, such amounts shall be reimbursed to the *Insurer* by the *Insureds* forthwith.

D. General Provisions

7.15 Alteration of Risk

The *Policyholder* shall notify the *Insurer* in writing within thirty (30) days of any material changes to the *Business*. The *Insurer* reserves the right to cancel the Policy within thirty (30) days of such notification or to accept coverage and establish a separate rate and premium for any such change in description of *Business*.

7.16 Assignment

This Policy and any rights under or in respect of it cannot be assigned without the prior written consent of the *Insurer*.

7.17 Cancellation

- (i) The *Policyholder* may cancel this policy by mailing or delivering the *Insurer* advance written notice of cancellation.
- (ii) (1) In the event of non-payment of *Premium*, and the outstanding *Premium* remains unpaid within fifteen (15) days after a written notice shall be mailed or delivered by the *Insurer* to the *Policyholder*, the *Insurer* may cancel the policy by giving written notice stating the effective date of cancellation, which shall be not less than twenty-one (21) days after such notice was received by the *Policyholder*;

(2) if the *Insurer* cancel for any other reason, it may cancel this policy by mailing or delivering to the *Policyholder* written notice of cancellation at least 30 days before the effective date of cancellation.

- (iii) The *Insurer* will mail or deliver the notice to the *Policyholder* last mailing address known to the *Insurer*.
- (iv) Notice of cancellation will state the effective date of cancellation. The *Policy Period* will end on that date.
- (v) If this policy is canceled, the *Insurer* will send the *Policyholder* any *Premium* refund due, which will be calculated pro rata.. If the *Policyholder* cancels and the *Premium* is indicated as a minimum premium, no refund will be made. The cancellation will be effective even if the *Insurer* has not made or offered a refund.
- (vi) If notice is mailed, proof of mailing will be sufficient proof of notice.

7.18 Insolvency

The *Insured* must give notice to the *Insurer* of its insolvency, receivership or bankruptcy as soon as practicable. Insolvency, receivership or bankruptcy of any *Insured* shall not relieve the *Insurer* of any of its obligations hereunder.

7.19 Plurals, Headings and Titles

The descriptions in the headings and titles of this Policy are solely for reference and convenience and do not lend any meaning to this contract. Words and expressions in the singular include the plural and vice versa. In this Policy, words in italic typeface have special meaning and are defined. Words that are not specifically defined in this Policy have the meaning normally attributed to them.

7.20 Sanctions

The *Insurer* has no liability to make any payment and no other liability or other obligation under any provision or Extension of this Policy in respect of:

- (i) any risk located in a territory the laws or regulations of which prohibit the *Insurer* from providing, or which make it illegal for the *Insurer* to provide, insurance under this Policy; and
- (ii) any *Insured* or any beneficiary under the Policy who or which is a citizen or instrumentality of the government of any country against which any laws or regulations governing this Policy or the *Insurer*, its parent company or its ultimate controlling entity have established an embargo or other form of economic sanction which prohibit the *Insurer* from providing, or which make it illegal for the *Insurer* to provide, insurance coverage for, transacting *Business* with or otherwise offering economic benefits to the *Insured* or any other beneficiary under the Policy.

No benefit or payment will be made under this Policy to any *Insured* or beneficiary who is declared unable to receive an economic benefit under the laws or regulations governing this Policy or the *Insurer*, its parent company or its ultimate controlling entity. Further, the *Insurer* shall have no liability with respect to any legal proceedings brought to enforce a judgment made in any of the territories or countries referred to in (i) and (ii) above.

7.21 Scope, Jurisdiction and Governing Law

All disputes or differences concerning the construction or interpretation of the provisions of this Policy, whether arising before or after termination of this Policy, shall be submitted to the courts of Israel. Where legally permissible and subject to the U.S.A./Canada Exclusion, this Policy applies to any *Claim* made against any *Insured* anywhere in the world. Any interpretation of this Policy relating to its

construction, validity or operation shall be made in accordance with the laws of Israel and in accordance with the English text as it appears in this Policy.

7.22 Subrogation and Right of Recovery

If any payment is made under this Policy in respect of a *Claim*, the *Insurer* shall be subrogated to all rights of recovery of the *Insured* to the extent of the amount paid by the *Insurer*. The *Insurer* shall be entitled to pursue and enforce such rights in the name of the *Insured*, who shall provide the *Insurer* with all reasonable assistance and co-operation in doing so, including the execution of any necessary instruments and papers. The *Insured* shall do nothing to prejudice these rights. Any amount recovered in excess of the *Insurer's* total payment shall be restored to the *Insured* less the cost to the *Insurer* of such recovery. The *Insurer* agrees not to exercise any such rights of recovery against any *Employee* unless the *Claim* is brought about or contributed to by the dishonest, fraudulent, intentional criminal or malicious act or omission of the *Employee*. In its sole discretion, the *Insurer* may, in writing, waive any of its rights set forth in this Subrogation Clause.

7.23 Audit and Survey (Not applicable to Section 1 - Professional Liability Cover)

The *Insured* shall permit the *Insurer* to survey the *Insured's* property at any time during the *Policy Period*. The *Insured* shall allow the *Insurer* access to their premises and other places of business and provide all reasonable cooperation and assistance as the *Insurer* may require. A failure by the *Insured* to allow the *Insurer* to survey or to assist the *Insurer* will mean that the *Insurer* can refuse to pay all relevant *Claims*.

In the event that:

- (i) adverse finding(s) by the surveyor is/are not reasonably capable of being remedied by the *Insured*; or
- (ii) the *Insured* fails to carry out the remedial actions to the satisfaction of the *Insurers* within the time period specified in the survey report,

the *Insurer* shall have the right to cancel this Policy in accordance with the Cancellation provisions.

The *Insurer* may examine and audit the *Insured's* books and records at any time during the *Policy Period* and for three years after the termination of this Policy with respect to the subject matter of the Policy. A failure by the *Insured* to allow the *Insurer* to examine and audit the *Insured's* books and records will mean that the *Insurer* may refuse to pay all relevant *Claims*.