

Errors & Omissions for Financial Institutions

I | Preamble

Whereas the person or persons, firm or company, named in the Schedule hereto (hereinafter called the "the Schedule") have made to the Insurer a Written Proposal (hereinafter called the "Proposal") bearing the date stated in the Schedule and containing the particulars and statements which it is hereby agreed are the basis of this contract and are considered as incorporated herein and have paid the premium stated in the Schedule.

II | The Insuring Clause

1 The Insurer shall indemnify the Insured against any legal liability arising from claims made against the Insured or its employees during the Period of Insurance as stated in the Schedule for or as a result of:

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| a | Breach of professional duty, negligent act, error or omission. |
| b | Loss of documents and for costs and expenses incurred in replacing or restoring such documents. The amount of any claim for costs and expenses incurred in replacing or restoring any documents shall be a reasonable amount supported by bills and accounts. |
| c | Dishonest or fraudulent act or omission by any employee or former employee of the Insured. The Insurers shall not indemnify any Insured person committing, making or condoning any dishonest or fraudulent act or omission. |

2	Costs and Expenses	The Policy covers also reasonable Defense Costs, even in so far as such costs are in excess of the Limit of Liability, as defined in Section 66 of the Insurance Contract Law, 1981.
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III | Definitions

1	Business	All professional activities of the Insured as stated in the Schedule or signed proposal form attached thereto.
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2	Claim	<p>a Any written notification by a third party containing a demand for indemnity or an intention to hold the insured responsible for any loss or damage.</p> <p>b Any written notification submitted by the Insured to the Insurer of any circumstances of which the Insured shall become aware which might reasonably be expected to give rise to a Claim against the Insured, with full particulars as to dates and persons involved. Such notice having been given as required any subsequent Claim shall be deemed to have been made during the period of insurance.</p> <p>A claim is deemed to have been made at the moment of receipt by the Insurer, provided that the circumstances, which cause, attribute to, or give rise to the claim, took place during the period of insurance or after the retroactive date stated in the schedule of the policy.</p> <p>Several or a series of Claims which are mutually connected either arising out of each other, or out of one source, or being the result of or arising out of, the same identical cause shall be regarded as one and the same Claim.</p>
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3	Deductible	<p>The sum, which the Insured shall pay out of any indemnity or expenses, received in connection with a claim under this policy.</p> <p>All claims arising out of one Claim shall be considered as one and the same Claim in respect to the Deductible.</p>
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4	Documents	Deeds, wills, agreements, maps, plans, records, books, letters, certificates, computer systems records, securities, guaranties, forms and documents of whatsoever nature whether written, printed, or reproduced by any other method (other than bearer bonds, coupons, bank notes and negotiable instruments).
5	Defense Costs	Reasonable and necessary fees, costs and expenses incurred with the prior written consent of the insurers to be not unreasonably withheld (including premiums for any appeal bond, attachment bond or similar bond, but without obligation to apply for or furnish any bond) resulting solely from the investigation, adjustment, defence and appeal of any Claim but shall not include the salary of any Insured.
6	Dishonest, Fraudulent or Malicious Acts or Omissions	<p>Dishonest or fraudulent or malicious acts or omissions on the part of an Employee, who is not a partner (whether salaried or non salaried) of the Insured which were committed or omitted, as the case may be,</p> <ul style="list-style-type: none"> a with the intention of making an improper financial gain for themselves or their accomplices; or b in the awareness that such acts or omissions would actually or potentially cause a financial loss to a third party for which loss the Insured could (should such acts or omissions subsequently be discovered, and result in a third party claim) incur a legal liability to said third party; or c with the intent to cause any third party to sustain a loss. <p>If a series of third party claims shall result from any single Dishonest, Fraudulent or Malicious Act or Omission or malicious acts (or related series of Dishonest, Fraudulent or Malicious Acts or Omissions) then, irrespective of the total number of claims, all such third party claims shall be considered to be a single claim for the purposes of the application of the Limits of Indemnity and the deductible.</p>
7	"Employee" or "Employees"	<ul style="list-style-type: none"> a the Insured's officers and other full and part-time staff compensated by salary or wages and whom the Insured has the right to govern and direct in the performance of their duties (including a Director of the Insured who is employed as a salaried officer or employee) while acting in the course of their employment by the Insured at or from the Premises of the Insured. b a Director of the Insured (other than one who is employed as a salaried officer or employee) but only while performing acts coming within the scope of the usual duties of an employee by resolution of the Board of Directors of the Insured . c a person provided by an employment agency to perform employee duties for the Insured under the Insured's supervision, at or from any of the Premises of the Insured, excluding, however, any person employed as or to perform the duties of a data processor, programmer, software contractor or person performing similar duties.
8	Insured	<ul style="list-style-type: none"> a The person or persons or partnership, firm or company named in the Schedule; or b Partner, director in the past, present or who may at any time during the policy period become as such. c The estate or such personal representatives, trustee or assignee in the bankruptcy or death of such person.

IV | Exclusions

The Insurer shall not indemnify the Insured or anyone acting in his name or on his behalf or for whom the Insured may be responsible, in respect of any loss arising out of any Claim or Claims:

1	<p>Resulting from any circumstance or occurrence which is either</p> <ul style="list-style-type: none"> i known to the Insured at the inception of this policy and likely to give rise to a claim under this Policy. ii which has been notified under any other insurance effective prior to the inception of this Policy.
2	In respect of which the Insured is entitled to indemnity under any other policy effected by the Insured, however, this exclusion does not apply if the Insured is not actually indemnified by such other insurance.
3	In respect of any dishonest, fraudulent, criminal or malicious act or omission of the Insured's subcontractor or agent of the Insured. This exclusion shall not apply in case that the court will determine that the subcontractor or agents are deemed to be the insured's employees. This exclusion shall also not apply for the vicarious liability of the insured.
4	In respect of death, bodily injury, emotional distress or damage to property unless arising from a negligent act, error or omission to perform a professional duty.
5	<p>Caused by or contributed to by or arising from:</p> <ul style="list-style-type: none"> i ionizing radiation or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel; ii the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.
6	For any fines, penalties, punitive or exemplary damages.
7	For any fees claimed back by a customer of the Insured.
8	In respect of any damages caused by or contributed to by or arising from loss of value due to fluctuations in the capital markets or the stock exchange.
9	In respect of liability arising from guaranty or promise or forecast expressed or implied, in respect of performance of investment.
10	Brought on behalf of the Insured shareholder/s or a parent, subsidiary, affiliate or controlled company of the Insured.
11	<p>Brought on behalf of third party emanating from any actual or attempted:</p> <ul style="list-style-type: none"> i Merger, purchase or acquisition of another business by the Insured or ii Purchase or sale transaction in the shares of the Insured or a parent, subsidiary, affiliate or controlled company of the Insured.
12	Arising out of or relating directly or indirectly from the insolvency or bankruptcy of the insured.

13	<p>For loss or damage arising out of or relating directly or indirectly from war (whether war be declared or not), invasion, acts of foreign enemies, acts of terrorism, hostilities (war like), civil war, rebellion, revolution, insurrection, civil commotion or a popular uprising, military or usurped power or confiscation or nationalization or requisition or destruction of or damage to property by or under the order of any government or public or local authority.</p>
14	<p>Brought in any court of the United States of America or Canada.</p>
15	<p>Based on, arising out of, relating to or involving, directly or indirectly any form of investment into any of the securities and/or investments promoted by Madoff Bernard L. and/or Madoff Investment Securities and/or any affiliated entity and/or any related entities subsequently involved as a result of the ongoing SEC investigation and/or any investigation conducted by any other equivalent authority under any other jurisdiction.</p>
16	<p>MONEY LAUNDERING EXCLUSION</p>
a	<p>Any legal liability arising directly or indirectly as a result of or in connection with any act or acts (or alleged act or acts) of Money Laundering or any act or acts (or alleged act or acts) which are in breach of and/or constitute an offence or offences under any money laundering legislation (or any provisions and/or rules or regulations made by any Regulatory Body or Authority thereunder).</p> <p>The BURDEN OF PROVING that any claim does not fall within this Money Laundering Exclusion shall be upon the Assured.</p>
b	<p>“Money Laundering” means:</p>
i	<p>the concealment, or disguise, or conversion, or transfer, or removal of Criminal Property (including concealing or disguising its nature, source, location, disposition, movement or ownership or any rights relating thereto); or</p>
ii	<p>the entering into or becoming in any way concerned in an arrangement which is known or suspected to facilitate (by whatever means) the acquisition, retention, use or control of Criminal Property by or on behalf of another person; or</p>
iii	<p>the acquisition, use or possession of Criminal Property; or</p>
iv	<p>any act which constitutes an attempt, conspiracy or incitement to commit any act or acts mentioned in the foregoing paragraphs (i), (ii) or (iii); or</p>
v	<p>any act which constitutes aiding, abetting, counselling or procuring the commission of any act or acts mentioned in the foregoing paragraphs (i), (ii) or (iii).</p>
	<p>“Criminal Property” means property which constitutes a benefit obtained from or as a result of or in connection with criminal conduct or represents such a benefit (in whole or part and whether directly or indirectly) which the Assured (or any person or entity acting on their behalf) knows or suspects or reasonably should have known or suspected that it constitutes or represents such a benefit.</p>
	<p>“Criminal Conduct” means conduct which constitutes (or would constitute) an offence in any part of the world.</p>

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Arising out of the intentional failure of the Insured to comply with the provisions of any statute including any regulations made thereunder, or with any laws, regulations or requirements laid down by any regulatory or supervisory body or agency, whether governmental or otherwise.

18

For liability under any contract or agreement except to the extent such liability would have attached to the Insured in the absence of such contract or agreement. This exclusion shall not apply to any unintentional breach of any contract or agreement in connection with the services described in the schedule.

V | Extensions

1

Notice of a Claim

If during the period of this policy as stated in the schedule the Insured shall give the Insurer notice in writing of any claim made against him or of any circumstances which may subsequently give rise to a claim including the reasons for anticipating a Claim, with full particulars as to dates and persons involved, then any such Claim or Claims arising out of notified circumstances, as specified above, shall be deemed for the purpose of this policy as having been made during the period of this policy.

2

Discovery Period

In case this policy will not be renewed, this policy shall cover Claims first made, during a period of 12 months following the termination date of this Policy resulting from an event committed after the retroactive date stated in the Schedule (if any) and prior to the termination date of this policy.

The additional premium for the ERP is 100% of the full annual premium. The premium to be paid within 30 days of the termination date of this policy.

The additional premium is not refundable and the extended reporting period is not cancellable. This condition shall not be deemed to extend the Limit of Liability of this policy. In order to invoke this Discovery Period the client must notify the Insurer in writing within 30 days of expiry of the policy; failure to do so shall render the offer void.

VI | Conditions

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Applicability of Law

The interpretation of this policy is subject to the law of the state of Israel expressly including the **Insurance Contract Law, 1981**, as applicable, and any dispute between the Insured and the Insurer is subject to the exclusive jurisdiction of the courts of Israel.

2

Limit of Liability

The liability of the Insurer in respect of all claims during the Period of Insurance shall not exceed the limit of Indemnity stated in the Schedule. Insurer shall only be made liable for that part of any claim that exceeds the deductible stated in the Schedule.

The limit of liability covered under the policy in respect of coverage for mutual funds, provident funds and pension funds shall be allocated in accordance with article 4 (b) to Mutual Investment In Trust (own capital, insurance for manager of a fund and trustee and the precedent conditions for directors and members of the investment committee) 1995 regulations, as follows: 30% of the limit of liability shall be allocated to Infidelity of employee as per clause II 1.(c) to the policy and 70% of the Limit of liability shall be allocated to the professional indemnity cover as per clauses II 1.(a) – (b) to the policy.

3	Deposit as Substitute to Insurance	This Policy shall not take precedence over any deposit or security of the insured allowed as substitute to an insurance cover under Israeli law. Such security or deposit and the policy shall contribute to the cover proportionately according to the level of deposit/security and the limit of liability of the policy.
4	Cancellation	<p>The Insured may cancel this Policy at any time by providing a written notice, not less than 30 days in advance. If this Policy is cancelled by the Insured - the premium due will be based on the Insurer's short rate Tariff: for an insurance period of up to seven days prior to cancellation, or if the Insurance Period has not commenced - 5% of the annual premium; for any period exceeding the seven days in which the policy was in force - 5% of the annual premium and an addition premium of 0.3% per day for any day the policy was in force starting from the 8th day.</p> <p>The Insurer may cancel this policy by providing a written notice not less than 45 days before cancellation to the Insured at its last known address. In the event of the Insurer cancelling this Policy, the Insurer shall retain the pro-rated proportion of the premium hereon.</p>
5	Claims Handling	<p>a No admission, offer, promise, payment or indemnity shall be made or given by the Insured without the written consent of the Insurer who shall be entitled to take over and conduct in the name of the Insured for its own benefit any Claim and shall have discretion in the conduct of any proceedings and in the settlement of any claim, in accordance with the instructions of Section 68 of the Insurance Contract Law - 1981. While handling a claim, the Insurer will do its best to act in cooperation and in coordination with the Insured in order not to damage the reputation and the legitimate interests of the Insured.</p> <p>b Should the settlement of a liability claim required by the Insurer fail due to the unreasonable opposition of the Insured, the Insurer shall not bear the additional expenditure for damages, interest and costs arising after the date of such objection. Notwithstanding the above, up to the date of the suggested settlement by the Insurer, the Insurer shall cover reasonable defence costs of the Insured in accordance with Section 66 of the Insurance Contract Law.</p> <p>c The Insured shall give the Insurer such information, co-operation and assistance as the Insurer may reasonably require and shall not disclose to anyone the existence of this policy without the Insurer's consent in writing.</p> <p>d The Insurer may at any time pay to the Insured, in connection with any Claim or series of Claims under this policy, the Limit of Liability (less any sums already paid), and upon such payment the Insurer shall not have any further liability in respect of such Claims, except for any costs and expenses incurred prior to such payment.</p>
6	Subrogation	If any payment is made under this policy in respect of a Claim, the Insurer shall be subrogated to all the Insured's rights of recovery. The Insurer agrees to waive all rights of subrogation against the Insured or any employee of the Insured or anyone acting on the Insured's behalf or for whom the Insured may be responsible unless the Claim has been brought about or contributed to by the dishonest, fraudulent, criminal or malicious act or omission.
7	Material Change	Should there be any material change in the circumstances or nature of the risks, which are the basis of this policy, the Insured shall give immediate notice to the Insurer upon becoming aware of such change.

8	Notices	Any notice to the Insured or to the Insurer shall be given in writing to the last Known address.
9	Regulatory Licensing Requirement	It is a condition of this insurance that the Insured maintains the current relevant license without restriction from the host regulator for the activities described in the proposal form or information presented to and accepted by the Insurers.

