

Challenges and Solutions in Cyber and FL claims in Israel- regulations & insurance aspects

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Israel – Cyber Nation

- 🏢 Global cyber and hi-tech leader
- 🏢 50% of the world's cybersecurity Unicorns are Israeli
- 🏢 500 cybersecurity companies operating in Israel, annually exporting \$6.5B in products
- 🏢 High rate of IPOs on Wall Street. Latest is Sentinal One with expected value of \$8.1B
- 🏢 2021 expected to be a record year for Israeli cyber startups conducting huge funding rounds, some entering the unicorn club before they are even a year old
- 🏢 Steady annual increase in investment and Exit rates

Israel ranked as the number one country targeted by hackers

December 29, 2020

Israel ranked as the number one country targeted by hackers and cybercriminals

A recent [report](#) published by the US data protection company F5 labs revealed Israel to be the most targeted country by hackers and cybercriminals. In 2020 Israel made it into the Top-5 list and to number one with 180,000 identified hacking attempts.

Status of Cyber Insurance Market



Until 2020 –low penetration rate- 13%



2020 – a turning point:



Major cyber attacks – some connected to hostile countries



Major event



Tightening regulation

2021 Status - Cyber Insurance Market



Local market capacity



Reduced capacity



Ransom cover



Premium increases

Trends



Attacks on supply chain vendors



Difficulty to assess risk aggregation

Unique Characteristics



Terror Exclusions



The National Cyber Directorate

FL - D&O Class Actions

- Past 5 years – about 40 CAs filed p.a.
- 2019- decrease to 26
- 2020 (Covid-19)- 44



Derivative Actions

- 2010-2017 - average of 20 p.a.
- 2018-2019 - increase trend
- Breach of oversight duty - Caremark or mere negligence

Market Changing Claims

- Derivative Actions against Banks' D&Os – assistance to US clients' tax evasion following DOJ investigation
- Derivative Actions against Banks' D&Os – credit extensions to Tycoons

Mitigation Steps & Solutions

- Steps to change/determine applicable law
- Tighten underwriting process & policy wordings
- Tough market drives alternative solutions (Captive?)

Any Questions?

