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Cyber Insurance
Privacy Law Developments in Israel – Amendment 13

As part of the evolving development in technology, privacy and data information legislation, on August 5, 2024, the Israeli Parliament (Knesset) approved a comprehensive amendment to the Protection of Privacy Law, 1981 (the Amendment). This Amendment, which will come into effect in August 2025, marks a significant update to the Privacy Protection Law.

Key Highlights of the Amendment

Enhanced Enforcement Capabilities

The Amendment includes a series of comprehensive changes to Israel's outdated privacy law. The Amendment applies to any organization in Israel that processes personal information.

The Amendment significantly enhances the Privacy Protection Authority's enforcement capabilities under the Law. It empowers the Privacy Protection Authority to appoint investigators and inspectors with broad statautory powers, including access to computer materials, data collection and the ability to conduct both administrative and criminal investigations. Notably, the Amendment introduces a gradual imposition of monetary levies, which can be substantial, potentially reaching hundreds of thousands of Israeli Shekels. The level of these payments will be determined based on two key components: the number of individuals affected by the data breach and the sensitivity of the compromised information.

Additionally, the Amendment enables the imposition of exemplary damages for certain violations of the Law without proof of damage.

Under the Amendment, the Head of the Privacy Protection Authority was authorized to issue administrative warnings and cessation orders in cases of unlawful data processing or privacy violations as defined under the Law.

The Amendment grants the Privacy Protection Authority with broad investigative authority. This includes the power to compel identification and information disclosure, access database locations and seek Court orders when necessary.

Another significant change involves an extension of the limitation period while the previous two-year limitation for civil claims is removed, defaulting to the standard seven-year period for most cases.

Updated Definitions and Scope

There were also several amendments to some relevant definitions under the Law, which were made for the purpose of providing full protection under the Law to a broader definition of data, as detailed hereunder.

The definition of "Database" was amended to a collection of data held by digital means, except for collection of usage for personal non-business purposes. The use of the term "digital" is intended to include a wide variety of technological tools on which information is held today.

The definition of "Database Holder" has been updated to refer to an external entity processing data for the database owner. The term "Database Owner" will be replaced with "Data Controller" in database contexts, echoing the GDPR's "Controller" terminology.

The definition of "Personal Information" has been expanded to meet the definition under the GDPR and includes data relating to an identified or identifiable person. An "Identifiable Person" is one who can be reasonably identified, directly or indirectly, through identifiers such as name, identity number, biometric identifier, location data, online identifier, or data concerning physical, health, economic, social or cultural status. This has immediate influence on the duty to receive informed consent to collect digital indicators.

The most significant change is the introduction of "Highly Sensitive Information" to replace "Sensitive Information." This aligns with the GDPR's Special Categories of Data. The expanded definition includes, inter alia, medical data, political inclination, location information, biometric data etc.

Revised Reporting and Compliance Duties

The Amendment significantly reduces the current formal database registration obligations. This is expected to alleviate the registration burden for many businesses, which will generally no longer need to register databases. The Amendment holds that there is a duty to register databases so long as: (i) the database includes more than 10,000 data subjects and is collected for the purpose of transferring it to others for a fee or business or (ii) where the data Controller is a public body. The Amendment further introduces a reporting duty for databases (and not registration duty), when the database contains "Highly Sensitive Information" on more than 100,000 data subjects.

The Amendment introduces mandatory Data Protection Officer (DPO) appointment for specific sectors. This requirement extends to organizations whose core operations involve extensive processing of highly sensitive information, such as financial institutions, healthcare providers and credit agencies.

Additionally, entities engaged in systematic monitoring of individuals' behavior or location, like telecommunications companies, must appoint a DPO. Notably, even private companies that manage databases for public entities, such as cloud storage providers, must comply with DPO appointment requirement. This broad scope ensures comprehensive privacy oversight across critical data-handling sectors.Comment.

We expect that the upcoming year will be crucial for organizations to prepare for the implementation of the Amendment.

The GOS cyber team, with its extensive experience in handling cyber incidents and data protection matters, will continue to monitor the impact of these amendments and provide guidance on navigating these new requirements on cyber incidents in Israel and communications with the Privacy Protection Authority.

For additional information on cyber related matters, please do not hesitate to contact our cyber team at: cyber@goslaw.co.il

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