

LET US HELP PROTECT YOUR TECHNOLOGY COMPANY FROM PROFESSIONAL, MEDIA AND CYBER RISK.

Threats to cybersecurity are real. Provide your tech companies with coverage that offers peace of mind and helps reduce risk and loss. A total insurance solution including [FailSafe®](#) and our [cyber services portfolio](#) can help pay your client's expenses in cases of data privacy wrongful acts.

To demonstrate the need for these coverages, here are some claim scenarios that show the types of claim and indemnity expenses that companies can incur.

TECHNOLOGY PROFESSIONAL, MEDIA AND CYBER RISK COVERAGE

SCENARIO 1

Type of claim Professional Liability

Cause of action Negligence/failure to perform

Type of insured Software company

Facts A software company sells and installs a computerized fare system for a transportation authority. It also has the responsibility to regularly maintain and support the system.

Situation: An overnight software upgrade results in erratic behavior of the fare system, including failure of the fare system equipment to operate. This failure results in fare system outages throughout the majority of stations that comprise the authority's network.

Challenge: As a result of the system failure, many stations allow passengers transportation without proof of paying the fare. The transit authority services thousands of passengers each day, and the event causes harm to the transit authority's reputation. The transit authority sues the software company for negligence in the performance of services, specifying damages that include:

- Lost revenues
- Extra expenses associated with the need to pay for additional staff to manage the crisis, including overtime pay to personnel
- Lost revenues associated with reputational damages caused by the event

Resolution Claim expenses: \$25,000+ Indemnity: Settled for \$300,000

TECHNOLOGY PROFESSIONAL, MEDIA AND CYBER RISK COVERAGE

SCENARIO 2

Type of claim Professional Liability

Cause of action Negligence/failure to perform

Type of insured Software developer

Facts A software company manufactures and distributes workforce management software that allows third parties to track employee hours, overtime, vacation time and compiles information for payroll processing. The software company enters into an agreement to provide the software to a customer, including implementation, installation, customization, training and support services

Situation: Six months after installation, the customer isn't happy with the performance of the software program, specifically alleging a functionality failure. The customer agrees to allow the software company a six-week period to cure the default.

Challenge: After this time period elapses without a satisfactory resolution, the customer terminates the contract due to negligence and failure of the product to perform as intended. Damage allegations were in excess of \$700,000.

Resolution Claim expenses: \$50,000+ Indemnity: Settled for \$250,000

SCENARIO 3

Type of claim Intellectual property infringement*

Cause of action Copy infringement of software code

Type of insured Software developer

Facts A software development company builds and services enterprise infrastructure software tools used by other equipment manufacturers, as well as network and software companies.

Situation: A competitor alleges that the software company's products infringe upon the copyright of the competitor's own products.

Challenge: The specific allegation is for copyright infringement of software code, and the alleged damages were in excess of \$100 million.

Resolution Claim expenses alone: in excess of \$5 million

*Only if GIGA with intellectual property coverage endorsement or FailSafe TERA®



TECHNOLOGY PROFESSIONAL, MEDIA AND CYBER RISK COVERAGE

SCENARIO 4

Type of claim Security breach/unauthorized access

Cause of action Failure to prevent disclosure of personally identifiable information

Type of insured Website developer

Facts **Situation:** While conducting maintenance on a customer website, a website development and maintenance company disables security elements to apply customer-requested modifications to the website. Upon completion of these modifications, the website is put back in service but the security elements are left disabled, and the secure sections of the website are accessible to the public.

Challenge: Three months later, the error is discovered and the customer alleges damages that include:

- Lost customers due to adverse publicity related to the failure to protect sensitive information contained in the secure section of the website
- Costs to notify affected parties of the possibility that their personal information was exposed to unauthorized individuals
- Credit monitoring expenses for individuals impacted by the possible disclosure of personal information
- Regulatory proceeding expenses, etc.

Resolution Claim expenses: \$85,000 Indemnity: \$80,000

TECHNOLOGY PROFESSIONAL, MEDIA AND CYBER RISK COVERAGE

SCENARIO 5

Type of claim Professional Liability

Cause of action Negligence

Type of insured Telecommunications equipment manufacturer

Facts Company Z is a telecommunications equipment manufacturer that designs and distributes connectivity hardware that's used to enhance communications within a wireless, local loop telephone system.

Situation: After the installation of more than 10,000 of these units for a large telecommunications customer, an installation problem that causes the units to fail is traced back to Company Z's schematics.

Challenge: As a result, the customer seeks financial damages from Company Z.

Resolution Claim expenses: \$5,000 Indemnity: \$225,000

DISCOVER OUR FULL RANGE OF PRODUCTS AND SERVICES

at TheHartford.com/technology today.

And get additional information on professional, media and cyber risk solutions and how they can benefit your clients:

[Coverage Analyzer](#) | [Cyber Services Portfolio](#) | [Cyber Center](#)



**THE
HARTFORD**

Business Insurance
Employee Benefits
Auto
Home

This document outlines in general terms the coverages that may be afforded under a policy from The Hartford. All policies must be examined carefully to determine suitability for your needs and to identify any exclusions, limitations or any other terms and conditions that may specifically affect coverage. In the event of a conflict, the terms and conditions of the policy prevail. All coverages described in this document may be offered by one or more of the property and casualty insurance company subsidiaries of The Hartford Financial Services Group, Inc. Coverage may not be available in all states or to all businesses. Possession of these materials by a licensed insurance producer does not mean that such producer is an authorized agent of The Hartford. To ascertain such information, please contact your state Department of Insurance or The Hartford at 1-888-203-3823. All information and representations herein are as of May 2020.

In Texas and California, the insurance is underwritten by Hartford Accident and Indemnity Company, Hartford Fire Insurance Company, Hartford Casualty Insurance Company, Hartford Lloyd's Insurance Company, Hartford Insurance Company of the Midwest, Navigators Insurance Company, Navigators Specialty Insurance Company, Maxum Casualty Insurance Company, Maxum Indemnity Company, Trumbull Insurance Company, Twin City Fire Insurance Company, Hartford Underwriters Insurance Company, Property and Casualty Insurance Company of Hartford and Sentinel Insurance Company, Ltd.

The Hartford® is The Hartford Financial Services Group, Inc. and its subsidiaries, including Hartford Fire Insurance Company. Its headquarters is in Hartford, CT.

20-GS-315666 © May 2020 The Hartford