



# MicroTek – Technology Errors & Omissions Preferred Package

## Claim Examples

- ▶ **Errors & Omissions:** Website Developer, LLC is hired to design a fully functional interactive website for a communication company. After 6 months, the developer fails to deliver the website as promised in their contract and the company must hire another developer to finish the website. The communication company sues and claims damages of \$3,000,000 which includes the increased cost to complete the website, lost profits because of the delay in the delivery and the market value of the website.

Website Developer, LLC argues that the only damages sustained by the plaintiff were limited to the fees paid for the work on the website which was approximately \$650,000.

Discovery shows that our insured did, in fact, fail to deliver a fully functional website and they sustained damages because of his negligence. The jury renders a verdict for the communications company in the amount over \$1,000,000.

- ▶ **Personal Injury:** Internet Presence Corp. is contracted by the state government to develop and implement a website for all of the state parks. During the creation process they take their own photographs to use, which includes people throughout the park system enjoying the parks and the various practices they have to offer. In addition, Internet Presence casually interviews the employees of the parks, and posts biographies of each person they spoke to.

People in the pictures taken become upset at seeing their images and the images of their children being used without their consent and file suit for invasion of privacy.

Employees were also not pleased with the final portrayal of their role in the park system, and file suit for libel and defamation

- ▶ **Intellectual Property:** Jane Smith has been programming for Custom Developer, Inc., a large IT firm for 5 years designing enterprise management systems. Due to a decrease in orders, the software company must cut expenses and went through a wave of layoffs, which included Jane.

Jane Smith decides to start her own business that will specialize in enterprise management systems, since this is where her expertise lies. She develops a new packaged software product that provides enterprise management for small businesses.

Custom Developer, Inc. feels that the software code used in her new software is their copyrighted code and files suit against Jane for copyright infringement.

- ▶ **Bodily Injury Arising out of Professional Services:** Network Installers, LLC is setting up a network for their client. One of their employees is hooking up a cable in the client's cafeteria. The employee's phone rings and he walks outside to answer.

When the employee returns, one of the client's employees has tripped over the cable and has injured their shoulder. Surgery follows and the employee is out of work for 8 months. The employee sues Network Installers for negligence and seeks damages for bodily injury and lost wages.



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- ▶ **Failure to Prevent Unauthorized Access:** IT Consultant Corp. analyzes the hardware and software for their mercantile client. They recommend several upgrades to their servers, software and firewalls. As part of the proposal, they include on-going 24/7 support. IT Consultant purchases, installs and customizes the new hardware and software  
  
Six months later, there is a breach when a hacker breaks through the security firewalls and steals the personal information of thousands of customers of the client. It comes to light that IT Consultant Corp. did not install the latest patch to fix vulnerabilities in the firewall. The mercantile client loses business and accrues damages from notification and requirements to pay for credit monitoring. The mercantile client files suit against the IT consultant for failure to prevent the unauthorized access.
- ▶ **Data Breach Expense:** A large IT staffing company, has several hundred independent contractors it places throughout the year in multiple states. The staffing company holds all of its contractors' information needed for the 1099 tax forms including name, address and social security number. One night, an experienced hacker group was able to get through the Intrusion Detection System, among other safeguards the staffing company had in place, and stole all the records located on the staffing firm's network. The staffing firm became aware of the hack in the morning and had to notify all of their independent contractors of the breach. This incurred costs for postage, overtime paid to the clerical employees that processed the notices, as well as credit monitoring costs for each independent contractor. After proper notification was done in each state, the staffing company had to take on a full time customer service representative to answer calls from the contractors and clients that had heard, even though the clients were not affected. Costs were also incurred from the marketing campaign they launched to try and win back business they had lost as a result of the breach.
- ▶ **Regulatory Defense:** Speedy Networkers, a local network support company, was outsourced by many local businesses. Speedy Networkers employee's all had laptops provided to them, which they used daily, usually at a customer location. The information contained on the laptops consisted of customer's email addresses and passwords, as well as credit card numbers so that they could charge the client's as needed. One day Ed, an employee of Speedy Networkers had his car broken into. Although the data on his laptop was encrypted, Ed had his password taped to the laptop. Ed was embarrassed and did not report the theft. Instead, he purchased a new laptop and continued to work - he simply obtained the information from his clients again. Two months later, Ed finally confessed to his employer. It was also discovered that the client's were experiencing outrageous charges on their accounts. Ed was fired, Speedy Networkers notified their customers, but ultimately, the Attorney General fined Speedy Networkers for not notifying their customer's of the breach in the time frame allotted by the state. They experienced large costs associated with hiring an attorney and filing an appeal.
- ▶ **Unintentional introduction of Malicious Code:** Computer Consultant, Inc. provides all the Information Technology services needs for the local pizza shop in town. The contract includes services for security vulnerability testing. After the project is complete the pizza shop's computer system is attacked by a virus and all files on the hard drive are lost including accounting records and customer information.  
  
The pizza shop files suit against Computer Consultant, Inc. for the cost to recover their data and loss of business income from not being able to send fliers to their customers due to the loss of information.