

Errors & Omissions Claim Scenarios



Let's face it. Sometimes, despite your best efforts, your customer tells you that your product or your work failed to meet expectations, or that you breached the contract. When this happens, even your best customers may choose to make a claim against you, or file a lawsuit alleging lost profits or business disruption costing millions of dollars.

But "It Will Never Happen to Me." Right?

Even the best, most conscientious companies face claims and lawsuits. And we should know. Here are some of our customers' stories. These real claims come from all types of technology companies: information technology companies, electronics manufacturers, medical technology companies and telecommunications firms. The amounts shown are what Travelers paid on behalf of our policyholders in connection with the claims. In some cases, the total claim costs were higher.

Insuring Innovation Begins Here.

Our market-leading Technology E&O coverage protects against damages that you must pay because of an error, omission or negligent act involving your products or your work.

Call Travelers Canada First for Market-Leading E&O Protection for Technology Companies

Travelers Canada has insured its Technology policyholders against the risks of errors and omissions in the conduct of their businesses. Our market-leading Technology E&O coverage protects against damages that you must pay because of an error, omission or negligent act involving your products or your work. And it provides “enterprise-wide” E&O protection against liability for nearly all your company’s commercial activities – not just a narrow category of your technology operations. With our Technology E&O coverage, you can rest assured that your insurance is in place even as you continue to innovate your product and service offerings.

You Can Expect Us to Measure Up When the Unexpected Strikes

With years of litigation and claims experience, our dedicated staff of Technology Claims attorneys and specialists are skilled in protecting your interests. In addition, we have assembled a network of outside defence counsel and expert witnesses to help you respond quickly and effectively to the highly complex problems presented by Technology E&O claims and lawsuits. This unparalleled team of lawyers and professionals will work on your behalf to help resolve your E&O claims.

Claim Description	Defence Costs	Indemnity Costs	Total Costs
<i>Claims examples are from U.S. – based actions and are for illustration purposes only.</i>			
Software designer: Our policyholder developed risk modeling software. A client purchased the software and relied on it to make financial decisions. Following the client’s financial collapse and bankruptcy, it sued our policyholder for providing inadequate software that it relied on in making decisions that led to its collapse.	\$1,084,390	\$3,810,000	\$4,894,390
Software application developer and systems implementer: Our policyholder developed information technology software to manage an enterprise labour force and integrate with a client’s HR and payroll systems. Our policyholder fell behind in delivering the work, resulting in missed milestones and nonfunctioning project modules. Our policyholder contended that the client repeatedly changed the size and scope of the project. Ultimately, the client fired our policyholder and filed a lawsuit, seeking to recover the costs of hiring a new consultant and lost profits due to the disruption.	\$554,872	\$2,200,000	\$2,754,872

Claim Description	Defence Costs	Indemnity Costs	Total Costs
Medical diagnostic equipment manufacturer: Our policyholder manufactured computerized diagnostic and testing equipment. Our policyholder’s customer alleged that our policyholder delivered improper pre-production prototype instruments. In addition, the customer alleged that the instruments did not meet the customer’s specifications.	\$0 No lawsuit filed or defence counsel retained	\$250,000	\$250,000
Software systems implementer: Our policyholder, a software systems integrator, contracted to install an integrated inventory control, purchasing and financial system for a client. When the client later engaged another contractor to add a human resources module to the system, the entire system failed because of incompatible software coding completed by our policyholder’s subcontractor. The client sued our policyholder, seeking to recover the costs of repairing the systems and lost profits due to the disruption.	\$222,074	\$550,000	\$772,074
Website and e-business platform developer: Our policyholder developed websites and e-business platforms. After our policyholder was hired to develop a client’s website, the client alleged that our policyholder failed to meet the required project milestones, misrepresented its capabilities and supplied personnel not capable of carrying out the project. In its defence, our policyholder contended that the client failed to identify what specific work it wanted done and repeatedly altered the project specifications. Jury trial resulted in a verdict of \$608,402 plus pre-judgment interest and attorney’s fees. Following verdict, the case was appealed and then settled for \$456,302, including uninsured amounts.	\$1,706,586	\$217,960	\$2,162,888 (Including uninsured amounts)

Continues

Claim Description	Defence Costs	Indemnity Costs	Total Costs
<p>Web design and integration services: Our policyholder was hired to create an e-commerce website for trading and selling valuable collectibles. The client later alleged that our policyholder failed to deliver a working website and negligently recommended that the client purchase Web-enabling software from another company that then abandoned the project and the software.</p>	\$558,928	\$180,000	\$735,928
<p>Communications technology engineering and design: Our policyholder designed a radio unit that was integrated into a wireless local loop telephone system. Contractors installed a capacitor backward as a result of an error in our policyholder's schematics. Failures began to occur at a certain temperature. Between 12,000 and 14,000 units had been installed at the time the problem was discovered. Our policyholder's client asserted a claim seeking to recover various costs resulting from the failures.</p>	\$4,620	\$225,000	\$229,620

For more information about our Technology E&O Liability protection, contact your broker or visit www.travelerscanada.ca

For additional protection, consider Travelers' Network and Information Security Liability and Communications and Media Liability coverage.

St. Paul Fire and Marine Insurance Company

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