

FailSafe Claims Scenarios

Understanding the importance of coverage for technology businesses

FailSafe® MEGA

You are the owner of a small computer software business. Your business installs and often customizes accounting software for national retailers.

One April morning one of your customers calls. It seems that his auditor has discovered that a large number of journal entries that were input correctly have been misclassified due to an error in your software.

Ouch! But, you're not deterred. You put a plan together and within 48 hours you've repaired the software code. Unfortunately, your customer has incurred significant fees due to the misclassifications. Fees for the auditor to review all the affected transactions and make corrections totaled \$100,000. And, earnings in the customer's prior quarterly financial statement had to be restated, so accounting and legal fees totaled \$75,000.

And now your customer sues you for all of those fees. And wins.

This is not the time to ask your agent, "Am I covered?"

With The Hartford's FailSafe Professional Liability for Technology Companies, including E&O coverage, an error like the one depicted above would be covered. And you'd be consulting for another day.

That is, if you included the FailSafe coverage as part of your comprehensive business insurance program.*

FailSafe® GIGA

You're the president of a software company that designs custom software for use by large companies to monitor traffic on their websites. Your software provides mission critical demographic data on visitors to their sites.

Based on information developed from your software, one of your clients finds that assumptions they made about the age of their key market segments are incorrect. They are aiming at a group that is too old.

So, they hire a media company to revamp their Web site. Jazz it up. Make it younger, more edgy. All based on the information from your software. The cost; \$450,000. But then — disaster. Someone checks the data, and then examines the software programming. They discover an error has caused the age group data to be stated incorrectly.

It will cost \$300,000 to have the media company redesign the site to make it more compatible with the correct audience. Plus, your client has lost significant traffic since the Web site's redesign. They sue you — and they win.



This is not the time to ask your agent,
“Am I covered?”

With The Hartford’s **FailSafe** Professional Liability for Technology Companies, including E&O coverage, an error like the one depicted above would be covered. Which means your company would be around to write new software tomorrow.

That is, if you included the **FailSafe** coverage as part of your comprehensive business insurance program.*

FailSafe® TERA

It starts with a difference of opinion.

It escalates to a lawsuit. It is resolved by a legal opinion. Imagine you are the CEO, CFO or the business manager of a very successful technology company that designs Web sites. Your company has more than 100 people and \$40 million in sales.

You’ve been hired by CheapoMart to create a web site where they could sell their products at great low prices. You create an ultra slick looking site and install a customizable order management software package.

A month after launch, the company finds that the software is assessing a tax on all orders. Except CheapoMart isn’t authorized to collect such a tax. CheapoMart’s accountants decide the money must be refunded to the hundred thousand people who made purchases.

The cost: \$200,000. They sue you for the cost to process and mail the refunds. But it gets worse. CheapoMart is then sued by one of their big competitors — CyberStore.com — alleging that the look and feel of CheapoMart’s new website is too similar to their own, infringing on several of their copyrights and trademarks. CheapoMart decides to fight and names your company as third party.

You lose. Twice. To the tune of ... \$350,000.

This is not the time to ask your agent,
“Are we covered?”

With The Hartford’s **FailSafe** Professional Liability for Technology Companies, including E&O coverage, an error like the one depicted above would be covered. And your company would continue to design websites for as long as the web exists.

That is, if you included the **FailSafe** coverage as part of your comprehensive business insurance program.*

*May not be available in all jurisdictions.

These claim examples describe in general terms the coverages that could be afforded under the policy. In the event of an actual claim, the specific conditions and terms of the policy prevail.