



MicroTek Pak – Technology Errors & Omissions Businessowners 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

- ▶ **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.

- ▶ **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.

- ▶ **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.