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## MISCELLANEOUS E&O

# Computer Related Services

### Classes We Consider

- Data Processing
- Help Desk Services
- Network Management Services
- Software Development
- Systems Integrators
- Web Page Design
- Web Presence Consulting
- Database Administration
- Internet Access Provider
- Programming
- Application Service Provider
- System Analysis & Design
- Computer Skills Training
- Web Page Hosting
- And Many More

### Claims

**Failure to deliver.** A consultant who provides data processing, software programming and system consulting services to third parties was accused of breaching an agreement to provide a client with a functional wireless web application for a total cost of \$16,000. As a result of the breach, the claimant alleges they failed to secure a contract and lost a considerable amount of money.

The claimant alleges the original proposal called for a wireless web application designed to meet the special operating requirements of laptop computers utilizing mobile/wireless connections to the Internet and the claimant's business. The defendant maintains he did not agree to deliver a functional wireless web application for \$16,000, but rather that amount represented a time and material estimate, not a fixed budget project. Because the claimant alleges a substantial and quantifiable lost profit damage, they are requesting a settlement of \$250,000.

**Can't fight city hall.** A software consulting company is the defendant in a claim made by a former client, a midsized city located in the southeastern United States. The claimant hired the defendant to upgrade and computerize their records management system and dispatch operations. In their claim, the city alleges the defendant failed to meet several deadline dates as specified in the agreement and did not complete them to the claimant's satisfaction. As a result, the city is seeking return of monies paid for services and other recovery totaling more than \$2,000,000.

**Failure to verify.** A major supplier of lifting equipment and related services brought suit against a company that provides instruction, consultation and other services relating to the installation, upgrading and operation of software. The claimant hired the defendant to provide computer consulting services associated with the use of a highly automated office management system, which included an advanced contact management software program. The suit arose when the claimant called the defendant to request assistance after his hard drive crashed. At the defendant's recommendation, the software program was re-installed and data files were located and copied and pasted onto the re-installed software. Soon after, it was discovered the data files they were accessing were old. The claimant was able to recover some data from a laptop and a stand-alone computer located at a remote location, but the data was not being regularly backed up and most of the current files were lost.

Apparently, the error occurred because the plaintiff was working on a network and the defendant thought it was a stand-alone computer. The defendant insists he asked the plaintiff repeatedly if he was on a network or standalone computer before he re-installed the software and that the plaintiff told him it was a stand-alone. The plaintiff insists no such conversation took place. The claimant alleges that they suffered severe property damage, including loss of use and functionality of its detailed customer data store in its network for 11 months and is demanding \$119,000 to settle their claim, which is pending.





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### Risks Written

- Computer network consulting and design, software, development, web page design and internet provider services.  
Limits: \$1,000,000/\$1,000,000. Deductible: \$10,000. Premium: \$10,645.
- System integration services including contingent BI/PD.  
Limits: \$1,000,000/\$1,000,000. Deductible: \$2,500. Premium: \$5,000.
- Data processing and custom software development services.  
Limits: \$1,000,000/\$1,000,000. Deductible: \$2,500. Premium: \$3,000.
- Developer of web sites/wireless communication systems; coverage includes media risks liability.  
Limits: \$2,000,000/\$2,000,000. Deductible: \$2,500. Premium: \$19,517.
- Computer programming, computer hardware and software consulting services.  
Limits: \$1,000,000/\$1,000,000. Deductible: \$2,500. Premium: \$2,500.
- Consultant on computer software, configuration programming and maintenance. SAP expert.  
Limits: \$5,000,000/\$5,000,000. Deductible: \$25,000. Premium: \$22,141.
- Information technology consultants including a small amount of software development.  
Limits: \$1,000,000/\$1,000,000. Deductible \$2,500. Premium: \$7,358.

### Tips on Reviewing Computer Services Risks

- A clear description of the applicant's services in underwriter friendly language helps us understand the exposure and speeds up the turnaround time.
- Increasingly, the use of special equipment or a new hardware configuration is required in order for a new technology to work. With overlap between the professional service, the product liability and operations, it's beneficial to have these coverages combined to reduce the chance of inadvertent coverage gaps. We can offer a combined professional and general liability policy, including products and completed operations coverage, for many types of businesses.
- The policy form offered through Markel is designed specifically for computer related risks. With a broad definition of claims and damages, a built-in discovery option and an element of unauthorized access coverage, the technology E&O policy is one of the most comprehensive professional liability forms available. Add to it our ability to include specialty coverages like a sublimit for intellectual property right infringement liability for software developers and media risks liability coverage for web site development services, and you'll find our policy to be one of the premier coverages in the technology marketplace today.



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