

Internet, mobile and networked technologies have changed many aspects of how businesses operate. The ability to create content, store and move very large amount of data in seconds, transact electronically, respond quickly has made business processes efficient.

However these new technologies and ways to do business have also brought with them new exposures and risks which were not envisaged in the recent past. These exposures are largely intangible, the result of human error, or deliberate malicious attacks and crimes and mainly consist

of:

- Theft or manipulation of sensitive or private information, such as financial or health records;
- Virulent computer viruses that can destroy data, damage hardware, cripple systems and disrupt a business' operations;
- Computer fraud

The exposures from these risks are:

- Liability: privacy and confidentiality
- Copyright, trademark, defamation
- Malicious code and viruses
- Business interruption: network outages, computer failures
- Attacks, unauthorized access, theft, Web site defacement and cyber extortion
- Technology errors & omissions
- Intellectual property infringement

A **Technology Errors & Omissions Policy** provides coverage against the financial fallout of such exposures. Tech E&O insurance is intended to cover two basic risks:

- financial loss of a third party arising from failure of the insured's product to perform as intended or expected, and
- financial loss of a third party arising from an act, error, or omission committed in the course of the insured's performance of services for another

Coverage includes legal defense costs - no matter how baseless the allegations, any resulting judgments against you, including court costs, up to the coverage limits on your policy.

The insured is hired to create a computer system or network for a customer, where the system or network is supposed to be able to perform certain functions, like process various transactions being called in from all around the country, or analyze data from sales information to draw certain conclusions on which the customer can act when implementing marketing strategies, strategic directions, etc.

However, once the insured finishes putting the system or network in place, it turns out that it just doesn't work. It doesn't draw any conclusions from the data analysis. It can't process the transactions like it was supposed to, or not fast enough in order to make the system viable. It just paid for something useless, and is suffering financial loss (lost revenue, increased expenses, etc.). The client files a claim against the insured for financial losses.