



Case Studies – Information & Communications Technology Insurance Claim

1. Breach of contract claim. The Insured contracted with its customer to provide software, hardware, implementation and support of a computerized warehouse management system for its carpet warehouse operations. The customer alleges that the system was not fit for purpose and was incapable of effectively managing the carpet warehouse operations, which included stock control, credit control, general administration, wages and basic business costing. The matter was resolved for \$1.4M. The settlement included refund of monies paid for the system, the cost of additional labour costs and expenses incurred by the customer in trying to overcome the deficiencies in the system. Loss of profits due to system down-time was also taken into consideration.
2. The Insured, a bureau service provider was engaged to provide specialist technology services to a share registry involving data processing, storage and postage in respect of several large share buy-back schemes.

Several hundred shareholders failed to receive notification of the share buy-back and were denied access to the scheme. As a result, a claim was lodge against the Insured for negligence. The quantum of the action amounted to \$1,000,000.

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