

Information and Communication Technology Insurance



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QBE's Information and Communication Technology Insurance provides customers with protection against liability arising from the failure of products, services and advice they provide.



Why do information and communication technology (ICT) professionals and businesses need insurance protection?

Individuals and businesses involved in the technology sector face significant potential legal liabilities if a third party suffers a financial loss after receiving services, products or relying on the individual or company's advice. ICT professionals and businesses can also be sued by a client who may be merely dissatisfied with the work or services provided.

Given such risks, ICT professionals and businesses need specialised insurance to fully protect themselves against the financial burden of such litigation as well as to protect the reputation of their business, their personal integrity and even their personal assets.

Insurance cover for legal costs and expenses is important in today's business environment as litigation involving ICT professionals and businesses can be both complex and expensive. It is vital that ICT professionals and businesses have access to expert and legally qualified representation to protect their own interests.



What type of claims could an ICT professional or business face?

There are multiple possibilities to consider. For example, a company enters into a 12-month contract with a start-up firm for the development and implementation of a financial trading system. Six months into the development, the system is not living up to the client's expectations and as such the client stopped paying the milestone instalments. After nine months, the company sues the client for non-payment, which results in a counter-suit alleging **misrepresentation**, breach of contract and **un-fit for purpose**. The total payout amounts to US\$2.5 million, with consequential damages amounting to US\$500,000 and **return of fees** amounting to US\$2 million. Without ICT insurance, the company faces a significant financial loss.

In another example, a professional software developer is hired to help reduce a client's paperwork by building a workflow management system. The document retrieval time requested by the client cannot be achieved however. As a result, the client sues the software developer, alleging **breach of contract** because of the functionality and performance failure. The court agrees with the client and awards damages against the professional developer in excess of US\$4 million. With ICT cover, the developer would be covered against the financial penalty.

A company that provides software for the creation and use of electronic application forms a store's loyalty cards, enters into an outsourcing agreement. The agreement provides for access to some of its client's software products. After the outsourcing agreement comes to an end, the client alleges that the company used its software to develop its own products, which were then sold to competitors, infringing the client's **Intellectual property rights**. With the help of specialist solicitors and forensic investigators, the company is able to establish that the software was developed without copying or adaptation from any corresponding part of the client's software. In addition to having access to these specialists, the company's ICT insurance covers the significant defence costs that are incurred.



How will I benefit from partnering with QBE?

1. **High claims paying capability:** Our strong balance sheet ensures a sustainable, long-term partner with strong financial ratings. For our latest ratings, please refer to our Group's website (www.group.qbe.com/investor-centre/ratings).
2. **Expert claims handling:** We understand that the true test of any insurance company is when a claim arises. Thus, QBE has local claims representatives and legally qualified claims specialists dedicated to assist through the entire claims process.
3. **Global reach and remarkable history:** QBE ranks in the top 20 of all global insurers and reinsurers with over 14,500 people in 37 countries. We have been present in Asia Pacific for more than 130 years and now operate in 15 key markets along with a representative office in mainland China.
4. **Broad and transparent coverage:** QBE's ICT wording is broad and easy-to-read with no hidden exclusions to assist both brokers and clients gain a full understanding of the coverage.
5. **Trusted advisor:** QBE is a global insurer with a long track record of assisting ICT clients. Our specialised ICT underwriters are hand-picked for their technical knowledge and commitment to high service levels.

What to consider when choosing ICT coverage?



There is an array of choices when it comes to ICT insurance coverage. Some aspects of cover are less important and some are critical for the ongoing operation of the business. Below is a list of ICT coverage features that should be strongly considered when analysing the need for ICT insurance.

First party cyber and data security features

- | | |
|--|---|
| <input type="checkbox"/> Breach of privacy regulations civil penalties | <input type="checkbox"/> Crisis management and credit monitoring expenses |
| <input type="checkbox"/> Computer system extortion | <input type="checkbox"/> Data breach notification costs |

First party professional indemnity features

- | | |
|--|--|
| <input type="checkbox"/> Costs of official enquiries | <input type="checkbox"/> Court attendance compensation |
| <input type="checkbox"/> Fidelity | <input type="checkbox"/> Irrecoverable fees |
| <input type="checkbox"/> Key person loss | <input type="checkbox"/> Loss mitigation and rectification |
| <input type="checkbox"/> Loss of or damage to documents and data | <input type="checkbox"/> Public relations expenses |

Third party professional indemnity features

- | | |
|---|--|
| <input type="checkbox"/> Extended continuous cover (no requirement for QBE to have been the previous insurer) | <input type="checkbox"/> Intellectual Property Rights (including patent) |
| <input type="checkbox"/> Broad "civil liability" PI trigger | <input type="checkbox"/> Loss of documents and data |
| <input type="checkbox"/> Defence costs exclusive (in addition to the limit of indemnity) | <input type="checkbox"/> Misuse of confidential information |
| <input type="checkbox"/> Deductible exclusive (no excess for defence costs) | <input type="checkbox"/> Defamation |
| <input type="checkbox"/> Return of fees / amounts paid / restitution | <input type="checkbox"/> Privacy breach |
| <input type="checkbox"/> Patent rights infringement | <input type="checkbox"/> Privacy regulations breach |
| <input type="checkbox"/> Contractual liability (indemnity and hold harmless) | <input type="checkbox"/> Dishonesty and fraud |
| <input type="checkbox"/> Principals indemnity | <input type="checkbox"/> Automatic reinstatement of the limit of indemnity |
| <input type="checkbox"/> Waiver of subrogation | <input type="checkbox"/> Cost estimates and cost guarantees |
| <input type="checkbox"/> Limitation of liability | <input type="checkbox"/> Separate tower of limits for Section 1 Professional indemnity and Section 2 Personal Injury & Property Damage |
| <input type="checkbox"/> Duty to defend | <input type="checkbox"/> Automatic cover for subsidiaries |
| <input type="checkbox"/> Advance payment of defence costs | <input type="checkbox"/> Competition, consumer and fair trade legislation breach |
| <input type="checkbox"/> Cyber and Data Security | <input type="checkbox"/> Contractors automatically covered |
| <input type="checkbox"/> Fit for purpose (implied and express) | <input type="checkbox"/> Extended Reporting period/run-off |
| <input type="checkbox"/> Liquidated damages | |
| <input type="checkbox"/> Vicarious liability | |

To learn more about how our ICT liability can help support your business, please contact us for more information.

At QBE, we are committed to providing the liability insurance solutions that protect our customers' business.



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