TECHNOLOGY ERRORS AND OMISSIONS QUICK GUIDE

Why Buy Technology Errors and Omissions (Tech E&O) Insurance?

Technology companies are an integral part of the corporate ecosystem. Organizations from various industries rely on their software, hardware, and professional services. As such, technology providers face a wide variety of errors and omissions exposures that often allege responsibility for lost profits and business interruption. Tech E&O insurance is designed to protect technology companies and cover costs in the event that they are blamed for damages, omissions, or negligent acts relating to the software, hardware, and/or professional services they offer.

How Can You Prevent Tech E&O Incidents?

1. Understand each customer's needs before engaging in a business contract with them
2. Set the right contract terms – A standard contract including responsibilities of each party, warranties, and limitations, should be approved by a legal advisor, and customized for clients as needed
3. Document all scope requirements, milestones, and changes
4. Offer strong customer support to resolve issues proactively
5. Partner with Sentinel to ensure comprehensive Tech E&O coverage

How Is Sentinel Dedicated to Safeguarding Your Success?

Guidance

- Side by side guidance through the application process

Carrier Partners

- Partnership with top Tech E&O carriers for best placement

Claims Support

- Claims team at the forefront of defending clients against Tech E&O claims

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Tech E&O Claims Scenarios:

Scenario 1 – Failure to Deliver Functional Software Platform:

A provider of enterprise resource planning software was accused of misrepresenting its ability to, and ultimately failing to, deliver a functional, fully integrated system, which the customer claimed affected its ability to manage nearly all aspects of its business. The customer sought damages in excess of $3.5 million to replace deficient software and for expenses for customization, employee training, and employee time.

Scenario 2 – Errors in Manufacturing:

The insured was accused of errors in its manufacturing and assembly of approximately 40,000 defective technology units. All the units had to be scrapped and replaced by the insured's customer using another manufacturer. The insured's customer sought damages for the cost of having to replace the defective units in excess of $10 million.

Scenario 3 – Inability to Install Merchandising Solution for Retailer:

An IT service provider contracted with a retailer to design software to be used in a new merchandising solution replacing legacy systems and processes. The insured could not complete the software installation successfully due to complications with project management and the ability to get the software to function properly. The retailer replaced the insured with another vendor and claimed $50 million in damages, including $40 million in remediation costs.

Sentinel's Tech E&O Resource:

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Reeves is a highly detail-oriented professional with extensive experience in the technology industry. As part of our Specialty Lines team, Reeves oversees, manages, and implements various initiatives. With his vast knowledge, he provides technical support to both our clients and internal teams, with a particular focus on Cyber lines of coverage. Reeves is dedicated to addressing our clients' current needs and exploring new opportunities in this field.

CONTACT US TO LEARN MORE
Questions on your Tech E&O coverage, rates, claims, or more? Call or email our team today!

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