

Crime Pack®
 Directors and Officers Liability
 Employment Practices Liability
 EpackSM
 Epack EZSM
 Fiduciary Liability
 Media Liability
 Miscellaneous Professional Liability
Technology E&O

Technology and telecommunications companies face an evolving array of risks arising out of their product and service offerings.

- Software code can contain security vulnerabilities that allow hackers to penetrate customers' networks
- Allegations of software copyright infringement are increasingly common
- Defects in software, components and devices can cause insureds' customers to lose revenue or incur significant financial expenses

CNA's Technology Appetite consists of:

Application Services Providers	Email Services	Telephone Carriers
Circuit Board Assemblers	Electronic Components/Semiconductors	Training Services
Computer Programmers	Internet Service Providers	Video Conference Services
Computer/Network Integration	IT Consulting/Staff Augmentation	VOIP
Computer Maintenance	Resellers of Computer Hardware and Software	Website Developers
Computer Hardware	Software developers	Website Hosting Service Providers
Cellular Companies	Telecommunications Consulting Firms	Wireless Communications Firms
Data Centers	Telecommunication Equipment	... <i>we will consider many more</i>

Technology E&O Policy Summary

- Provided on a claims-made basis
- Provided on admitted basis (except AK, LA, VT)
- Limits start at \$250,000
- Minimum premium \$1,000
- Deductibles start at \$2,500

Basic Coverage Highlights

- Broad definition of technology products, technology services and telecommunications services
- Unauthorized Access Coverage
- Defense for fraud or intentional wrongdoing until trial verdict, court ruling, regulatory ruling or legal admission
- Independent Contractors Coverage
- Automatic coverage for newly formed or acquired subsidiaries for 90 days
- Automatic 90 day Extended Reporting Period
- Worldwide Coverage
- Duty to Defend
- Mediation provision (if a claim is settled via mediation, retention is reduced by 50% up to a maximum of \$10,000)
- Two year policies for qualified risks
- Automatic renewal process for qualified Insureds
- Dedicated Claims Hotline

Coverages Available by Endorsement

- Capped Defense Costs outside the Limit available for qualified risks
- Proprietary Rights Injury Coverage (copyright, trademark trade dress software code infringement, etc.)
- Coverage for unintentional Breach of contract/representations
- Personal and Advertising Injury Coverage
- Defendant reimbursement up to \$250 a day per person subject to a maximum of \$2,500 per claim
- \$10,000 pre-claims investigative expense

CNA
 Management and Professional Liability

800-852-0393

www.cnapro.com

CNA can add Network Security and Privacy Coverage to Technology E&O Policies

Network/Security Liability

- Damage to someone else's network (including information) by the insured
- Infection to a third party due to a security breach of an insured's network
- Damage, destruction and theft of others information residing on the insured's network
- The inability of an authorized user to gain access to a network

Privacy Injury

- Failure to comply with any privacy law as well as the Insured's own privacy policy
- Claims from customers, employees or other 3rd parties alleging the violation of privacy rights
- Regulatory claims from federal, state or foreign government alleging a violation of a privacy law or even their own privacy policy
- Expenses associated with notifying others about a security breach or complying with any privacy laws

Coverage Scenarios

Software Developer

The Facts: A corporation sought services from a computer software developer to upgrade and overhaul its entire computer software system. Pursuant to contract, the developer was to upgrade the corporation's system so that it could access information from third parties and enhance its sales abilities. Once implemented, the corporation claimed that the software was replete with bugs and defects. The corporation sought over \$25,000,000, seeking damages for lost business opportunities, time and expense to correct the software system.

The Bottom Line: Discovery, and more specifically, electronic discovery, proved to be costly in this case. As a result, \$700,000 was spent on the defense through trial. On the eve of trial, the case was settled for \$1 million.

Website Designer

The Facts: A website designer was retained by a client to create content and a design for its website. The design included photographs and imagery used as background for the site's web pages. Some of the imagery was taken from other websites on the internet, and, as a result, the owners of said imagery commenced suit against the web designer and client. The suit alleged infringement of intellectual property, dilution and unfair business practices, and sought over \$1 million in actual and statutory damages.

The Bottom Line: As a result, the suit settled on the eve of trial for \$450,000. A total of \$200,000 was expended in defense of the suit.

Semiconductor Manufacturer

The Facts: A manufacturer of semi conductors was retained to construct and implement conductors for radios sold by a corporation. Once the conductors were implemented, the radios were sold to the public. Shortly after distribution, the corporation received word that the radios were failing. The failures were ultimately attributed to the performance of the semi conductors prepared by the manufacturer. The corporation filed suit against the manufacturer seeking said damages in excess of a million dollars.

The Bottom Line: Facing significant and protracted litigation, the matter was settled at mediation for \$250,000 after spending over \$50,000 in defense costs.

To learn more about CNA's Management and Professional Liability offerings, contact your agent or broker.

