

# ERRORS & OMISSIONS INSURANCE

for Tech/IT Companies

## What is Errors & Omissions Insurance?

Technology Errors and Omissions Liability protects your company from claims if your client holds you responsible for programming errors, software performance, or the failure of your work to perform as promised in your contract.

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

Coverage extends to both W2 employees and 1099 subcontractors, and can be worldwide in scope.

## When is Errors & Omissions needed?

We generally recommend this coverage be at the foundation of every technology company's insurance portfolio. Usually it is wise to purchase the coverage prior to product or site launch, or when you have customers.

It can be required by web hosting companies like Exodus or Globix, as well as by investors, particularly VC's.

## Why do I need Errors & Omissions?

**Don't Be Fooled.** Professional Liability coverage is not provided by a Commercial General Liability policy. Commercial General Liability does NOT provide coverage for programming errors, contract performance disputes or any other Professional Liability issues. IT consultants and companies who have General Liability without Professional Liability (Errors or Omissions) coverage are taking a serious risk. It's like a doctor practicing medicine without Malpractice insurance.

**Mistakes Happen.** Every company messes up at some point. For example, you recommend to a client that they run a certain test of their system, after you did some extensive work on it. The client takes your advice, the system crashes, and they are unable to conduct business for a whole week. The client becomes enraged, calls his attorney, and looks to you for reimbursement.

**You Can't Be Everywhere.** Sometimes you can't personally handle every job. Errors and Omissions coverage insures not only your mistakes, but also the mistakes of the employees and Independent Contractors you hire.

**Most Importantly:** Errors and Omissions insurance might save you from extreme embarrassment, a lost client, or worst of all, a bad reputation.

## Why IT Firms need EO

The risk of legal assessments caused by programming or service mistakes makes E&O insurance an absolute necessity in the IT business. Even with IT work that seems less risky, there's no outsmarting the consequences of a lawsuit. Practically any firm or individual that improperly performs services can cause a client to suffer economic loss.

Commercial General Liability does NOT provide coverage for programming errors, contract performance disputes or any other Professional Liability issues. IT consultants and companies who have General Liability without Professional Liability (Errors or Omissions) coverage are taking a serious risk. Even if you're not at fault, litigation is time-consuming, costly and potentially disastrous to your firm's reputation. E&O insurance is a cost effective way to protect your business.

Typically, a general liability policy does not cover consequential financial loss, and most exclude claims arising out of professional services. To properly cover your exposures, you need comprehensive Errors and Omissions coverage in addition to your existing General Liability Policy. Optional coverages may include Media and Network liability.

### Network Security Liability

Can be Transmission of malicious code (i.e. computer virus), security breach of your network by a hacker, or unauthorized access to, use of, or tampering with data or systems.

### Media Liability:

Means any form of defamation or tort related to: infringement of copyright (including software copyright), title, trademark, trade name, slogan, or service name; allegations of libel, slander, breach of privacy, product disparagement, trade libel; misappropriation of name or likeness or ideas, plagiarism, infringement of copyright, trademark, or negligence regarding the content of any media communication.



## Providing Business Insurance Since 1895

InsureCast is a division of Gaston & Associates, Inc., a NY based insurance agency tracing its roots through 4 generations of family, and incorporated in 1895.

InsureCast's marketing territory is national in scope, and we hold property-casualty and life-health licenses in all U.S. states & DC — except Alaska, Hawaii, Iowa, North Dakota, Oklahoma, and West Virginia.

Our customers range from start-ups to public companies. We serve about four thousand clients nationally and throughout the world. We specialize in providing personal and commercial lines of property and casualty insurance, group health coverage, and individual life insurance.

InsureCast has become a world leader in technology insurance and professional liability insurance products for Information and Network Technology companies by proactively anticipating changing client needs in order to offer the most up-to-date solution.

## Mission Statement

The mission of Gaston & Associates is to provide professional insurance services to the clients we represent.

- ✓ We strive to develop a customer base that will appreciate our service orientation and value added approach.
- ✓ We provide our clients with competitive, high quality insurance oriented products.
- ✓ We endeavor to maintain long-term customer relationships that are based on coverage and service.
- ✓ We embrace automation as a means to enhance service and improve communication.

To accomplish these goals, we establish departments, standards, workflows and procedures that enable us to provide a consistently high level of service to our customers. We staff each department with competent, ethical, individuals who are dedicated to continuing education and professional development.

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