



# Information Technology Claims Scenarios



## Professional Indemnity

### IT Consultant

- ⌚ 10 staff
- ⌚ \$950K turnover

### Background

During the course of their hosting services to their Client, the Insured inadvertently deleted the contents of a server prior to backing up. The claimant sought reimbursement for the loss they incurred in having to re-key their lost data.

### Outcome

Indemnity was granted under the main Insuring Clause of the Policy.

**Payment:** \$30,000

### Website and Graphic Design

- ⌚ 1 staff
- ⌚ \$150K turnover

### Background

The Insured was hired to host their Clients website. The Client was a finance company, and a large part of their goodwill was based on reputation for reliability. Due to an error of the Insured, the Client's entire website was deleted for one month. The client filed a claim against the Insured for numerous losses including rectification costs, loss of income from operating without an online presence, and having to engage SEO (search engine

optimisation) services to regain a favourable presence in search engine use.

### Outcome

Indemnity was extended under the main Insuring Clause. The demands were assessed in house and were determined to be reasonable. DUAL was able to extend an offer of settlement without incurring unnecessary defence costs or delaying resolution for the Insured.

**Payment:** \$12,500.

### IT Project Management and Reseller of Third Party Hardware

- ⌚ 3 staff
- ⌚ \$225K turnover

### Background

The Insured was hired by a client to host their website. The claimant initiated Court proceedings against the Insured for breach of contract and negligence when the client lost all their data on their website.

### Outcome

Indemnity was extended under the main Insuring Clause and panel solicitors were retained to assist in the defence of the matter. The claim was settled prior to trial, for a figure significantly smaller than alleged in the Statement of Claim.

**Payment:** \$85,000.

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## Crime

### Design and Management of SAP Payroll Systems

- ⌚ 24 staff
- ⌚ \$740K turnover

### Background

The Insured provided payroll services to a hospital. Whilst the employee of the Insured in charge of managing the hospital's payroll was on annual leave, their replacement noticed that the payroll list included two additional employees who were not included on the employee list. These two employees were fraudulent profiles, with their "salaries" being paid into bank accounts controlled by the employee.

### Outcome

Once the Insured provided their proof of loss (a Police Report with an attached spreadsheet indicating the Insured's own findings), it was determined that there was a crime loss of monies in the "care, custody or control" of the Insured and indemnity was granted.

**Payment:** \$7,500

## Intellectual Property

### Digital Marketing Website Design and Hosting

- ⌚ 40 staff
- ⌚ \$4M turnover

### Background

The Insured provided SEO (search engine optimisation) services for a laser eye surgery client. Proceedings were initiated against the client and the Insured by a competing laser eye surgeon for breaches of intellectual property. The claimant alleged that the client had been using a particular procedure name in their SEO services that was trademarked by the Claimant.

### Outcome

The policy responded through the Intellectual Property additional benefit, and indemnity was granted for defence costs and any liability for settlement. Panel solicitors have been retained to defend the matter.

**Payment:** \$10,000

## Products/Public Property

### Data Communication Services (ISP)

- ⌚ 15 staff
- ⌚ \$1.9M turnover

### Background

The Insured was hired to install security systems and provide network and security consulting to a Client. Whilst installing cameras on site, the Insured's ladder fell off the roof of their vehicle, causing property damage to another car in the car park.

### Outcome

Indemnity was granted under the Products Liability insuring clause.

**Payment:** \$15,000

## Large Loss

### IT Sales and Installation Services

- 30 staff
- \$1.5M turnover

### Background

The Insured was employed by a client to develop IT infrastructure to support and carry out data migration from one network provider to another. During the migration process, a disk drive was accidentally deleted and the client lost all data. The client sought payment of \$500,000 from the Insured for lost data and rectification costs.

### Outcome

The Policy was triggered and DUAL appointed panel solicitors to assist in the defence of the claim.

**Payment:** \$340,000