



Software Risk

See how we can help you manage 14 risks facing software, internet and IT companies.

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BUSINESS LOSS/SYSTEM FAILURE

A system failure or disruption can freeze your operations and the services you provide to clients.

THE SCENARIO: Operations Shutdown

A software company suffers a malware attack that results in its server shutting down, causing prolonged system outages and an inability to service customers.

THE SOLUTION: CyberRisk Tech

Travelers [CyberRisk Tech](#) provides coverage for your company's loss of income and expenses to restore operations when computer systems are disrupted by a computer virus or attack. It can help protect when accidental, unintentional and unplanned interruptions of your systems happen. Coverage can also be provided for voluntary shutdown of your computer systems to minimize business impact and replacement of income lost from damage to your company's reputation when an actual or potential cyber event becomes public.

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CARGO ON THE ROAD

Protecting property that's being transported — like a customer's computers or laptops — could require more specialized coverage.

THE SCENARIO: Damage on the Road

An employee of a customer relationship design company loads refurbished desktops onto the company truck for delivery to a customer's headquarters. While en route, the employee is involved in a vehicle accident with the truck, causing damage to the customer's computers.

THE SOLUTION: Inland Marine

When equipment leaves your property and moves from one location to another, the risks of damage can increase. Travelers [Inland Marine](#) insurance helps better target your equipment transport risks. It can work alongside your commercial property insurance so your property is not only protected at your business location, but also while on the road — even if it's stored off-site.

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DATA SECURITY AND PRIVACY

The safeguarding of your clients' data is business-critical. It takes only one cyber event to impact customer privacy and impede your company's ability to function.

THE SCENARIO: Cloud Hack

A company storing data for a financial services firm suffers a data breach that compromises the Personally Identifiable Information belonging to thousands of the firm's customers. The firm sues the data storage company for damages resulting from failure to protect their clients' private information.

THE SOLUTION: CyberRisk Tech

Travelers [CyberRisk Tech](#) can safeguard against the devastating financial consequences of malware and other cyber events. We offer coverage options to help with forensic investigations, litigation and crisis management expenses, regulatory defense expenses/fines, business interruption, cyber extortion and more. Our customers benefit from prevention services provided by global cybersecurity leader Symantec™ and pre- and post-breach benefits through Travelers' eRiskHub®.

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DIRECTORS AND OFFICERS EXPOSURE

Privately held organizations and the people who lead them are vulnerable to a multitude of directors and officers exposures. To attract and retain qualified executives and board members, it's crucial to be prepared with the right coverage.

THE SCENARIO: Misrepresentation

Two shareholders of a business filed suit claiming the board of directors breached its duty to its shareholders by mismanaging the business, resulting in a loss despite previous forecasts of a large profit. They also claimed the board negligently misrepresented the state of the market, which influenced their decision to purchase the company's securities in an exempt transaction.

THE SOLUTION: Private Company Directors & Officers Liability (D&O)

Travelers [Private Company Directors & Officers \(D&O\) Liability](#)¹ coverage helps cover defense costs and damages (awards and settlements) when claims are asserted against the company or its directors, officers or employees for actual or alleged wrongful acts. D&O coverage helps protect company assets and personal assets, as well as mitigates the opportunity costs lost due to lengthy and costly litigation.

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EMPLOYEE FRAUD

With trusted employees, internal and external oversight and strong risk management controls, it may seem that everything is in place to prevent fraud. But when it comes to occupational fraud and abuse, no business is safe. Fraud can happen in any organization at any time.

THE SCENARIO: Forged Signatures

A company claimed that two employees, an accounting manager and an assistant accounting manager in a subsidiary company, forged authorized signatures on checks and altered documents. The employees would issue a check to a vendor, but manually change the payee on the check to the name of a relative. Both employees were fired and authorities pressed criminal charges.

THE SOLUTION: Fidelity & Crime

Employee dishonesty is costly and pervasive, and no company is fully immune to criminal activity from within. Travelers [Fidelity & Crime](#)² coverage helps protect businesses against the devastating financial loss caused by employee theft and forgery.

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EMPLOYEE INJURIES

Whether your staff is on-site or remote, creating a culture of safety can help reduce employee injuries.

THE SCENARIO: At-Work Injury

An employee of a computer repair company suffers a back injury while lifting and transferring equipment from one location to another. The employee files a workers compensation claim due to their injury.

THE SOLUTION: Workers Compensation

As the number one writer of [Workers Compensation](#) policies in the U.S.,³ Travelers can help protect you and your employees when a work-related injury or illness occurs. We provide coverage and local services that help injured employees get back to work as soon as medically appropriate, including [MyTravelers® for Injured Employees](#) and [ConciergeCLAIM® Nurse](#). And, we're the first insurance carrier to offer your business remote and on-site ergonomic assessments using artificial intelligence, which can help you diagnose problems faster and make appropriate adjustments that could reduce injury frequency and better control workers compensation costs.

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EMPLOYEE PRACTICES

With workforce dynamics continually changing, employment-related claims impact organizations of every size and in every industry. Claims can disrupt businesses, hurt employee morale, damage reputations and cost businesses financially ... even before going to court.

THE SCENARIO: Wrongful Termination

A former tech company sales VP claimed that items promised in his oral employment agreement were wrongfully taken away when he failed to meet sales targets and was terminated. He sued for breach of the agreement and wrongful termination, seeking to recover damages and the value of the items promised.

THE SOLUTION: Employment Practices Liability

While it's not always easy to anticipate what can trigger an employment claim, it's important to have the right protection in place. Whether brought by an employee or a government regulator, an employment-related claim can cost a business financially and operationally. Travelers [Employment Practices Liability](#)⁴ coverage can provide a business with financial protection for defense and other covered expenses, a dedicated claim professional to help navigate an often complex claim and a local outside attorney.

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EQUIPMENT FAILURE

With computers and other business equipment regularly relying on highly sensitive and complex technologies, a failure or breakdown could interrupt your business operations or result in corruption of your data.

THE SCENARIO: An Unexpected Power Surge

An on-premises power surge damages a data center's computer systems.

THE SOLUTION: Equipment Breakdown

Travelers [Equipment Breakdown](#) insurance can provide a broad package of specific coverages for a wide variety of equipment loss scenarios. From electrical breakdowns — including to computer microcircuitry — to mechanical equipment breakdowns, our goal is to help protect you from loss caused by such breakdowns. And, we can help you reduce the risk of loss through our in-house risk control consultants who keep up with evolving technology and can provide essential inspection services.

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GLOBAL EXPOSURES

Whether you're competing in global markets or traveling abroad for trade shows, it can be important to consider business insurance coverage that's consistent with U.S. standards.

THE SCENARIO: A Trip Interrupted

Shortly after arriving in Paris for a conference, the employee of a computer software company is involved in a car accident with another vehicle. Both drivers are injured and the cars sustain damage. The firm's domestic insurance coverages either don't apply outside the U.S. or don't provide enough coverage to protect it from an event overseas, resulting in substantial losses for the company.

THE SOLUTION: Global CompanionSM Plus+

Travelers [Global CompanionSM Plus+](#) includes the combined power of Property and General Liability plus standard coverages like Foreign Voluntary Workers Compensation, Automobile, Accidental Death and Dismemberment and more. Coverage is offered in a package, written with your domestic policies and is available worldwide in over 100 countries.

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LARGE LOSSES

Lawsuits related to issues such as premises accidents and vehicle accidents can compromise your company's financial well-being. Additional insurance protection can be a crucial safety net.

THE SCENARIO: A Slippery Slope

An employee of a telecommunications company drives the company's van to deliver computer cables to a job site. When midmorning snow leads to poor road conditions, the van collides with an oncoming car. Both drivers suffer significant injuries.

THE SOLUTION: Umbrella and Excess Casualty

A large-scale loss doesn't have to disrupt your company's growth. Even though legal settlements and judgments resulting from lawsuits can surpass the limits of your primary insurance policies, Travelers [Umbrella and Excess Casualty](#) coverage can provide an extra layer of protection above the limits of your primary policy, helping to limit your exposure and provide protection from large claims that may devastate your business.

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MOTOR VEHICLE ACCIDENTS

Vehicle accidents involving employees can be among the costliest of injury claims for your company. With accidents on the rise due to risks like distracted driving, proper coverage can be more critical than ever.

THE SCENARIO: Running Late

A computer wholesaler's employee uses a company-owned vehicle to drive to a customer location for an equipment delivery. The employee attempts to navigate through an intersection ahead of a yellow light turning red but doesn't beat cross traffic, causing a multivehicle accident with numerous injuries that results in litigation against the computer wholesaler.

THE SOLUTION: Commercial Auto

Anyone who drives a vehicle on behalf of your company, whether it's owned by your business, rented or their personal vehicle, could create liability for your company if they cause an auto accident. A Travelers [Commercial Auto](#) policy can help protect your business from litigation cost and damages payments resulting from auto accidents. It provides liability and physical damage coverage for vehicles you own or rent, and provides liability coverage to you for personal vehicles your employees use for business.

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PROPERTY DAMAGE

Natural disasters and severe weather events across the country highlight the need to properly protect your company, including its assets and equipment.

THE SCENARIO: A Business Paused

A severe windstorm causes damage to the exterior and interior of an information technology consulting firm's office building.

THE SOLUTION: Commercial Property

Travelers [Commercial Property](#) coverage helps protect the business property you own, lease or rent, including assets like your building, equipment, furniture, fixtures and inventory. Having the right commercial property coverage could mean the difference between a minor disruption to operations and a major financial loss.

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SLIPS, TRIPS AND FALLS

During the course of doing business, you and your employees may interact with clients, vendors, contractors and others. If anyone claims your business caused them to sustain bodily injury, property damage or personal or advertising injury, you could be held liable.

THE SCENARIO: An Entryway Fall

A website design firm invites a small group of clients to its offices to celebrate its new website launch. A light rain causes guests to track in water, creating a slippery entryway floor. One of the guests slips and falls in the entryway, suffering a broken ankle that requires several surgeries. The firm is sued for damages, including lost wages and medical costs, alleging negligence in failing to maintain a safe entry.

THE SOLUTION: General Liability

Travelers customizable [General Liability](#) coverage provides protection to your insured business for the costs of litigation defense and damages payments when someone claims that dangerous conditions at your business have caused them physical injury. It can also provide protection against claims for damages related to other harm, such as products liability libel, slander and copyright infringement in your advertisement.

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THIRD-PARTY FINANCIAL LOSS

If your product or your work fails to meet a customer's expectations, they might choose to make a claim against you alleging lost profits or business disruption. By insuring these exposures — typically not covered under a general liability policy — you could avoid significant damages to your bottom line.

THE SCENARIO: A Disappointed Client

A software development company creates software to integrate with a client's HR and payroll systems. The software developer falls behind in delivering the work, resulting in missed milestones and nonfunctioning project modules. The client cancels the contract and files a lawsuit seeking to recover lost profits due to business disruption.

THE SOLUTION: Technology Errors & Omissions (E&O)

Travelers [Technology E&O](#) coverage protects your company against damages your business might have to pay because of financial loss arising out of your products or your work due to an error, omission or negligent act. Our policy advantages include enterprise-wide coverage, no exclusions for delays or wear and tear, and can cover damages for breach of contract or negligence claims.

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ENDNOTES

- ¹ Available through Travelers Bond & Specialty Insurance
- ² Available through Travelers Bond & Specialty Insurance
- ³ 2019, National Association of Insurance Commissioners (NAIC) Property/Casualty Market Share report
- ⁴ Available through Travelers Bond & Specialty Insurance



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