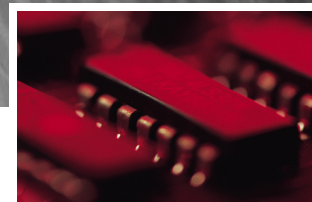
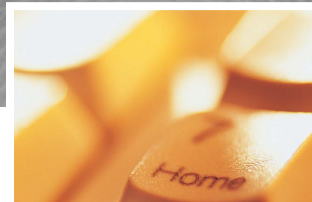
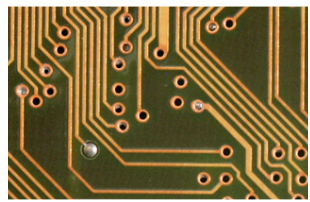


5 compelling reasons to insure your technology business



VICTOR O.
SCHINNERER
& COMPANY, INC.



Some Technology Firms question the need to buy errors and omissions (E&O) insurance. Unfortunately, we live in an increasingly litigious society. When a customer is unhappy, the potential for a lawsuit is greater now than ever. As the amount of their investment increases, so does their propensity to sue over any level of dissatisfaction. Below are some common objections to obtaining coverage along with explanations why Technology Firms need E&O insurance:

- 1** **We deliver a quality product...**
Claims do happen, even when you deliver a good product. Anybody can be sued, regardless of fault or negligence. One of the most significant benefits Technology E&O coverage provides is defense. The policy triggers a duty to defend the insured even if the claim or suit is groundless. This can be particularly beneficial if you are a defendant in a class action suit.
- 2** **We use limitations of liability...**
While beneficial, they're not always enforceable. Courts often challenge limitations of liability. If courts consider the contracts to be "unconscionable" the contract may be deemed invalid. Generally, courts will not allow one party to transfer the risk of their own, sole negligence to another party. Additionally, courts generally look for some relative bargaining power on the part of both parties for the limitations to be enforceable. Sole remedy clauses must be reasonable and allow enough time for the user to comply.
- 3** **They didn't use it properly...**
Sometimes the end users of technology products and services are novices, or the product is somewhat complicated, requiring a little more technology savvy than the average person. Your product or service may not be defective, but it's being used improperly because your customer doesn't understand how it works. Their frustration alone may lead to a claim, or they may actually cause some damage through their misuse. Allegations may be made that you didn't provide proper instructions or training.
- 4** **Their expectations were unreasonable...**
Sometimes customers don't understand the limitations of a product or system. When frustrated or disappointed by what the system actually does, versus what they had expected, a claim or suit may result. Depending upon the expertise needed to understand the technology and the time and expense of the product or service, courts may determine that the user was reasonable in their expectations and hold the technology "professional" to a higher standard.
- 5** **I only needed it for one contract...**
Contractual requirements often drive a purchase – but maintaining consistent coverage provides the highest level of protection. The industry provides coverage on a "claims-made" basis, so that coverage must be in force at the time a claim is made. Additionally, coverage is restricted to services provided on or after a "retroactive date", which is typically set as the date E&O coverage was first bought and consistently maintained. Each time a firm allows coverage to lapse, the retroactive date is reset to a current date, and the firm loses protection for the services they provided in the past.

In today's economy, financial protection is more important than ever. An E&O policy brings financial security to a Technology Firm with protection in the event of a suit. At Schinnerer, we provide that peace of mind with our TechVantage E&O insurance.

Contact us for more information:

For more information about Schinnerer's technology program, go to **www.PlanetTechVantage.com** or call your state underwriter. You can also contact us directly at: Victor O. Schinnerer & Company, Inc. / Two Wisconsin Circle / Chevy Chase, MD 20815 / Phone: (301) 961-9800 / Fax: (301) 951-5444 / www.Schinnerer.com