



ROBERT A. SCHNEIDER AGENCY, INC.

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Technology Professional Liability *Claim Examples*

- ▶ **Website Designer:** The Insured is a website designer who also provides help with online marketing strategies for clients. One client is a children's video production company who wants a website that will provide online access to snippets of their new children's video series. The Insured creates a website with three uniquely attired cartoon animals who prompt children through the website. Unbeknownst to the Insured, these three animals bear an uncanny resemblance to characters in a recently published children's book. The publisher sues the television production company for copyright infringement, who in turn sue the Insured.
- ▶ **Software Developer:** The Insured develops custom software according to the needs of clients. One project involves writing an inventory tracking system for a national wholesale furniture distributor. The distributor depends on this software to determine how many reclining chairs to order from furniture makers. A purchasing agent for the distributor notices that, according to the inventory tracking system, 1000 green Armchair Quarterback brand recliners are needed to keep up with the nation's wide demand, and he orders them at \$500 each. After half of these have been produced, the purchasing agent realizes that only 10 of these recliners have been sold in the past year. Further investigation reveals an error in the programming of the tracking system. Also, the furniture maker insists on payment for the armchairs already produced. The distributor sues the Insured for the unrecoverable costs of \$250,000.
- ▶ **Computer Consultant:** The Insured specializes in consulting for growth oriented companies, primarily making recommendations for information management strategies. One of their customers is an insurance company which has just gone public. Half of the \$25,000,000 in proceeds from the offering paid for a brand new processing system recommended by the Insured which promises to enable the company to cut down on labor costs and be virtually paperless within two years of implementation. Also, the insurance company sold itself to Wall Street as being at the vanguard of technologically advanced and cost-efficient insurance companies. The Insured oversees the project from beginning to end. At the end of two years, the company has had to make up for the system's many shortfalls by hiring additional consultants and programmers which has increased labor costs. In addition, paper usage has not been significantly reduced. Also, Wall Street has noticed the insurance company's increasing expense ratio, decreasing the value of the stock. In addition to suing the firm which developed the processing system, the insurance company sues the consultant for not performing due diligence in examining the suitability of the processing system in seeking damages totaling \$12,500,000.
- ▶ **Data Processing Firm:** A pension plan administrator contracts with the Insured to perform claim payment and check processing. Over the course of six months, the Insured erroneously makes improper payment totaling \$150,000, leaving the plan underfunded. The pension plan administrator sues to recover the lost funds.
- ▶ **Computer System Designer:** The Insured specializes in systems design for schools, including hardware assembly. Their work usually takes place after school hours, but the lateness of a project to equip a science laboratory with twenty PC's forces them to perform the project during school hours. The Insured is finishing just as the seventh-grade students enter the classroom. Some wires are still exposed, and one student suffers a fall which causes them to be hospitalized. The parents sue the school for the cost of the hospital bills and the school in turn sues the system designer.