

Management Liability Insurance for Technology Companies



The Risk is Real

Many in the technology field don't really understand what management liability (ML) risk is and the potential financial damage that even a single lawsuit can cause.

Management liability lawsuits range from employment issues, such as harassment, discrimination and wrongful termination, to business practices issues, such as misappropriation, financial mismanagement and negligence.

Legal action can be brought by:

- ▶ Customers
- ▶ Employees
- ▶ Lenders
- ▶ Vendors and suppliers
- ▶ Competitors
- ▶ Shareholders

Many businesses may consider going without ML coverage to save money. Others mistakenly assume they are covered under their general liability policies, which most often have a standard exclusion for these exposures. Going without ML insurance can be a costly decision.

The Solution is Here

The risk is real and significant. So is the protection that can be obtained with Monitor's Management Liability Insurance Program, which provides Directors and Officers Liability (D&O) and Employment Practices Liability (EPL) Insurance.

Program Eligibility

Monitor's coverage is available for a wide variety of technology-related companies with up to 500 employees and \$25 million in assets, including but not limited to software development, computer accessories and components, semi-conductor manufacturers and Internet services.

Enhanced Coverage Available

Directors and Officers Liability

- ▶ Co-defendant liability coverage available
- ▶ Optional costs of defense in addition to limit of liability
- ▶ Waiver of deductible (if a ruling of no liability is obtained)
- ▶ Non-rescindable policy options
- ▶ \$25,000 costs of defense for intellectual property rights and/or copyright infringement claims against the insured entity
- ▶ Insured person coverage for intellectual property claims included

Employment Practices Liability

- ▶ Third party liability coverage for claims brought by customers for discrimination and/or harassment
- ▶ \$100,000 costs of defense for claims alleging violation(s) of the Fair Labor Standards Act
- ▶ Modified settlement clause (80%/20% coinsurance) and a 10% reduction in the deductible upon consent to settle
- ▶ Optional \$25,000 costs of defense for criminal investigations brought by any government agency for alleged hiring or harboring of illegal aliens
- ▶ Free and unlimited access to a toll-free Employment Practices Liability Loss Prevention Hotline

Learn More Today

For more information about Monitor's Management Liability Insurance Program, your insurance agent can contact **Angela M. Cox**, Regional Underwriting Manager, at **(800) 446-2100, ext. 572**, or **amcox@monitorliability.com**



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Here are just a few examples of claims facing the technology field.

Breach of Investment Agreement

A technology company entered into an exclusive agreement with an investment group and agreed not to negotiate with other entities regarding financing or acquisition for a two-week period. During this exclusivity period, the company allegedly engaged in negotiations with a second investment group. The investment group alleged breach of investment agreement with intentional and negligent misrepresentation. Total defense costs and settlement exceeded \$350,000.

Misrepresentation/Deceptive Trade Practices

A private software company pledged to develop a proprietary software application for a major corporation and provide maintenance services for four years and execute upgrades to the software.

The software company missed several key delivery dates and the software ultimately failed functionality tests. The corporation withheld payments until certain milestones were met. Soon after, the software crashed and became inoperable. The private software company allegedly indicated to the corporation that it needed the payment in order to remain solvent. The corporation alleged that the software company represented that it could produce the software and that it was a financially stable company. The corporation alleged misrepresentation, deceptive trade practices and breach of covenant of good faith and fair dealing. Total defense costs and settlement exceeded \$1 million.

Inaccurate Disclosure

Investors initiated a class-action suit against an Internet start-up company. With investor contributions, the company raised approximately \$5 million to fund capital expenses and to cover operating losses. An investigation revealed the company hid an unaudited year-end balance sheet and that a statement of profits and losses was materially misleading. Total defense costs and settlement exceeded \$500,000.

The Monitor Difference

Monitor Liability Managers, LLC is an underwriting management company specializing in professional liability insurance. We have the experience, financial strength and products to provide our clients with first-rate protection.

All insurance products are not created equal. The true value of an insurance product comes from the people and the company backing it.

Strength and Stability

As a member company of the W. R. Berkley Corporation and with full underwriting and claims settlement authority for all of its insurance products, Monitor provides insureds with access to the resources of a large corporation combined with the outstanding customer service of a smaller company.

Monitor underwrites professional liability insurance on behalf of W. R. Berkley Corporation member companies. A Fortune 500 company, Berkley has annualized revenues of \$4.7 billion, total assets of \$16.1 billion and stockholders' equity of \$3 billion. Monitor issues policies through two of the industry's most respected and trusted insurers, Admiral Insurance Company, rated "A+" (Superior) by A.M. Best Company, and Carolina Casualty Insurance Company, rated "A" (Excellent) by A.M. Best Company.