

Tech Insurance: 7 Insurance Terms Every Tech Business Should Know



Tech Insurance Explained

Technology businesses experience continual change and ever-evolving opportunity. How do you identify and manage risk to ensure that if something goes wrong your entire business is not in jeopardy?

There are a range of risks that can affect tech businesses, for example; your clients are reliant on your service and expectations are high, If your product or service fails how do you meet the costs involved in potential litigation? How do you protect your intangible assets such as sensitive data, software or intellectual property? As you grow, how do you ensure suitable protection remains for your equipment and for your team?

Traditional insurance policies just don't cut it in protecting you against emerging risks. Therefore, a specialist Tech Insurance Policy is required to provide suitable protection.

We realise that tech insurance terminology can be difficult to understand, which is why we've put together a guide on the 7 Insurance terms every tech business should know.



7 insurance terms every tech business should know

1. First Party Cyber

This cover protects you against damage from [cyber-attacks](#), data breaches and other risks that arise as a result of using electronic communications and data storage. First party cyber policies can cover the costs to notify customers of a suspected or confirmed breach, legal costs, the costs of retrieving and restoring damaged or lost data, loss of income arising from interruption of your business operations, extortion money paid to a third party as a result of ransomware and PR expenses for crisis communication costs to respond to adverse publicity in respect of a cyber loss. The purpose of this cover is to ensure you are in the same position following a cyber incident as you were beforehand, allowing you to continue to trade and grow your business.

2. Third Party Cyber

This cover protects you against third party claims for financial losses or loss/theft of data as a result of; a cyber-attack, data breach or virus that has come from, or passed through your system. Cover can be provided for legal defence costs and damages awarded to third parties as a result of litigation in connection with; defamation, infringement of IP rights, wrongful public disclosure of private information, breach of corporate data, regulatory actions & fines and GDPR actions & fines. The purpose of this cover is to ensure you can come through the financial consequences of third-party litigation following your business experiencing a cyber incident.

3. Professional Indemnity

More commonly known as 'Professional Liability' or simply 'PI', this cover provides legal defence costs and compensatory damages awarded to third parties from claims made against you as a result of your professional negligence. Professional Indemnity can provide cover for instances such as; breach of contract, your products or services either failing or not conforming to agreed specifications, losses suffered due to mistakes by your company - otherwise known as errors and omissions, defamation or breach of confidentiality.

4. Intellectual Property Infringement

Often offered as an extension of Professional Indemnity cover, this covers you for legal defence costs and damages awarded as a result of a third-party alleging infringement of their intellectual property. Typically, alleged infringement surrounds issues such as copyright, trademarks, patent, and trade secrets. Separate pursuit cover is required to cover the costs of bringing an Intellectual Property action against a third party.

5. Employers Liability

This is one of the most common types of insurance covers taken out by tech firms as a result of legal obligations faced by the majority of businesses in the UK. Any business which employs one or more individuals is required by law to carry a minimum of £5 million Employers Liability cover, although there are some exceptions relating to businesses who employ solely family members, exceptions do not apply to family businesses who are limited companies. Failure to have sufficient cover in place could result in your business incurring a fine of up to £2500 per day.

In the event of an employee or ex-employee making a claim against your business in relation to an injury or illness they have suffered as a direct result of your work, this cover can pay for the costs involved in defending and settling the claim, including any compensation payouts and legal fees should the case go to court.

6. Public and Products Liability

This cover can pay for legal defence costs and damages awarded as a result of alleged third-party damage or injury caused by your business. This includes cover for third party personal injury or third party property arising from you carrying out your business activities and personal injury or damage to property caused by any product you have provided.

7. Specified All Risks

Perhaps the most obvious tech insurance related cover is Specified All risks cover. This will protect items such as laptops, tablets, mobile phones, and other electronic equipment against loss, damage or theft whilst they are removed from your premises. Most traditional policies will restrict cover for these items to whilst they are in your premises. However, due to the mobility and remote working nature of tech businesses, specified all risks cover is required to offer ongoing protection of your tangible assets. Cover can be arranged to protect items whilst in the UK, in Europe or on a Worldwide basis.

Technology Insurance

Specialised tech insurance is an important part of your company's risk management strategy.

Ask for help from the experts that you can trust.



CCRS Brokers can help you understand the risks facing your business and arrange suitable insurance provisions to protect your business. If you have any questions regarding tech insurance or would like a free review of your existing insurance, please contact our Account Director [Scott McLuskey](#) on 0141 471 8439 or 07419 905 984.

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