

HARTFORD FINANCIAL PRODUCTS
Agent Guide

FailSafe[®]

*A Suite of Professional Liability Products
for Technology Companies*



FailSafe

FailSafe, The Hartford's suite of professional liability products for technology companies. Available in three increasingly powerful forms – MEGA, GIGA, and TERA – it meets the needs of virtually any size technology business.

FailSafe MEGA is an E&O coverage part designed to fit seamlessly into the Select Spectrum® BOP program. GIGA and TERA provide broader coverage options for clients with more significant business risks.

FailSafe MEGA

FailSafe MEGA* is designed for the following types of services:

- Development, sales, installation, integration and/or maintenance of:
 - Hardware
 - Packaged software
 - Custom software
- Consulting services
- Web site design
- Systems outsourcing/systems facilities management/administration
- Application services/leasing (ASP, MSP, etc.)
- E-commerce application development

Here are the key elements of the FailSafe MEGA program:

- E&O coverage part for Spectrum
- Designed for small technology businesses with \$5 Million or less in annual sales
- Claims first made and reported policy
- Defense within the limits
- Coverage Limits as low as \$300,000 or as high as \$1 Million
- Minimum retention of \$2,500
- Basic and optional extended reporting periods
- Affordable; premium can be as low as \$800 a year
- Specified coverage for independent contractors and clients
- Technology Services defined
- Universal coverage territory
- Automated application
- Real-time quoting capability
- Day-to-day servicing of your small tech accounts can be handled by our Service Centers

Of course, there's a whole lot more to the **FailSafe** product. Please consult the policy for details and exclusions.

*May not be available in all jurisdictions.

A FailSafe MEGA Example

**Life isn't fair. People make mistakes.
People get sued.**

Imagine you have a client who owns a small computer software business. He installs and often customizes accounting software for national retailers.

One April morning one of his customers calls.

It seems that the customer's auditor has discovered that a large number of journal entries that were input correctly have been misclassified due to an error in your client's software.

Panic sets in. But, your client develops a plan and fixes the software code immediately. However, his customer incurs substantial accounting fees due to the misclassifications. Fees for the customer's auditor to review all the affected transactions and make corrections totaled \$100,000.

In addition, earnings in the customer's prior quarterly financial statement had to be restated, so accounting and legal fees totaled \$75,000. Now the customer sues your client for those fees – and wins.

Your client asks you, "Am I covered?"

How do you answer?

With FailSafe, The Hartford's suite of technology professional liability products, an error like the one depicted above would be covered. And your client would continue to consult for another day.

That is, if you included FailSafe MEGA in the Spectrum® program you provided for him.

FailSafe GIGA

FailSafe GIGA* is a monoline E&O policy including breach of warranty coverage. FailSafe GIGA is designed for the following types of services:

- Development, sales, installation, integration and/or maintenance of:
 - Hardware
 - Packaged software
 - Custom software
- Consulting services
- Internet access
- Web site design/hosting
- Systems outsourcing/Systems facilities management/administration
- Application services/leasing (ASP, MSP, etc.).
- E-commerce application development

Here are the key elements of the FailSafe GIGA program:

- Monoline E&O Policy including breach of warranty coverage
- Claims first made and reported policy
- Defense within the limits
- Up to \$10 Million in limits available
- Minimum premium of \$1,500 for limit of \$1 Million
- Minimum retention of \$2,500
- Basic and optional extended reporting periods
- Technology services defined
- Universal coverage territory

Of course there's a whole lot more to the FailSafe product. Please consult the policy for details and exclusions.

A FailSafe GIGA Example

It's a fact of life. If things can go wrong, they will go wrong. And these days, people sue.

Imagine one of your clients is a software company that designs custom software for use by large companies to monitor traffic on their Web sites. The client's been with you for years.

Based on information derived from your client's software over a two-month period, one of their customers finds that assumptions they made about the age of their key market segments are incorrect. They are aiming at a group that is too old.

So, they hire a media company and revamp their Web site. Jazz it up. Make it younger, more edgy. The cost: \$450,000.

But then – disaster. Someone checks the data, and examines the software programming. They discover an error that caused the age group data to be stated incorrectly. It will cost \$300,000 to have the media company redesign the site to make it more compatible with the correct audience.

Plus, the company has lost significant traffic since the Web site's redesign. They sue – and win.

Your client asks you, “Am I covered?”

How do you answer? Remember, for years, they've depended on you to protect them with a complete business insurance program.

With FailSafe, The Hartford's suite of technology professional liability products, an error such as this would be covered. And your client would be around to write new software tomorrow.

That is, if you included FailSafe GIGA in the comprehensive business insurance program you offered your client.

FailSafe TERA

FailSafe TERA* is a robust technology liability policy including specified E&O, content, security and personal injury coverages.

FailSafe TERA is designed for the following types of services:

- Development, sales, installation, integration and/or maintenance of:
 - Hardware
 - Packaged software
 - Custom software
- Consulting services
- Internet access
- Web site design/hosting
- Systems outsourcing/Systems facilities management/administration
- Application services/leasing (ASP, MSP, etc.)
- E-commerce application development

*May not be available in all jurisdictions.

Here are the key elements of the FailSafe TERA program:

- Monoline Technology Liability Policy, including:
 - E&O
 - Content: copyright and trademark infringement, plagiarism, and more
 - Personal Injury: libel, slander, infliction of emotional distress, and more
 - Security: failure to prevent unauthorized access, denial of service, and more
- Claims first made and reported policy
- Defense within the limits
- Up to \$10 Million in limits available
- Minimum premium of \$2,000 for limit of \$1 Million
- Minimum retention of \$2,500
- Basic and optional extended reporting periods
- Subsidiaries included in the definition of named insured
- Specified coverage for independent contractors and clients
- Definition of Technology Services is made to order
- Universal coverage territory

Of course there's a whole lot more to the FailSafe product. Please consult the policy for details and exclusions.

A FailSafe TERA Example

It starts with a difference of opinion.

It escalates to a lawsuit. It is resolved by a legal opinion.

Imagine your client is a successful, sophisticated technology company that designs Web sites. They have more than 100 employees and \$40 million in sales. You've been their insurance eyes and ears since day one.

They're hired by CheapoMart to create a Web site where they will sell their products at great low prices. Your client creates an ultra slick site and installs a customized order management software package. Everything is great.

Until... a month after launch, the company finds that the software is assessing a tax on all orders. Except CheapoMart isn't authorized to collect such a tax. CheapoMart's accountants tell them the money must be refunded – to the hundred thousand people who made purchases.

The cost: \$400,000. CheapoMart sues your client – and wins. But it gets worse. CheapoMart is then sued by one of their big competitors, alleging that the look and feel of CheapoMart's new Web site is very similar to their own, infringing on several of their copyrights and trademarks.

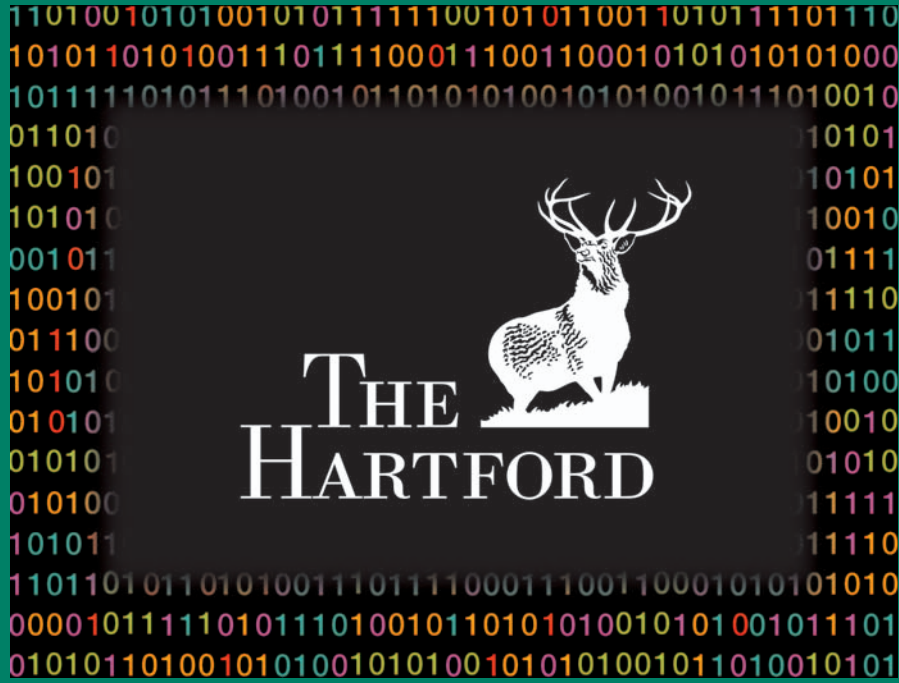
CheapoMart decides to fight and names your client as third party. They lose. It costs your client another \$700,000.

Your client asks, "Are we covered?"

How do you answer? Remember, they've depended on you from the beginning.

With FailSafe, The Hartford's suite of technology professional liability products, errors like the ones depicted above would be covered. And your client would continue to design Web sites for as long as the web exists.

That is, if you included FailSafe TERA in the comprehensive business insurance program you currently offer.



Coverages may differ in availability by state. All coverages are individually underwritten. For a complete description of all coverages, terms and conditions, refer to the insurance policy. In the event of a conflict, the terms, conditions and exclusions of the policy prevail.



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