

Tech E&O/Cyber Risk

How to Sell

COMMON CLIENT OBJECTIONS

CARRIER RESPONSE

We don't accept any liability in our contracts with customers.

Contracts don't guarantee protection against legal action. Limitations of liability and disclaimers may not be enforceable, and customers can sue outside contract (tort). Contracts will not provide protection against lawsuits from non-customers.

We resolve all incidents with service credits.

Service credits typically only work for short term issues and will not protect the provider against long-term interruptions or other issues.

We won't get sued because we always resolve issues by working with our customers to find a reasonable solution.

Not all customers have the patience for ongoing product or service issues and may use contractual provisions to initiate legal action against the provider.

We exclusively develop our own software and cannot be sued for copyright infringement.

Technology companies often use copyright infringement as a means to try to push competitors out of the market.

We don't have interruptions because our data and applications are in the cloud.

Cloud service providers frequently experience interruptions due to cyber attacks or system failures that in turn impact cloud users and their customers.

We develop secure products that cannot be compromised by hackers.

Most software and hardware products experience vulnerabilities over time that can lead to supply chain attacks or other cybersecurity issues.

Our network is secure because we frequently patch our systems.

Employees can't be patched and they are unintentionally the cause of many cyber attacks. Vulnerabilities may exist for months before a patch is issued.

Our cloud service provider keeps our network and data secure.

Cloud service providers are typically only responsible for the security of the cloud, not what is in the cloud (data and applications). Cloud service providers often limit their liability in contracts with cloud customers.

Our data and applications are backed up, so we won't be impacted by a ransomware attack.

Many ransomware attacks infect the backup, preventing the company from recovering.

We don't have any contracts requiring tech E&O or cyber risk insurance.

Because this is a very common contractual requirement in the technology industry, it is likely only a matter of time before you'll be contractually required to carry this insurance.

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