

# Risk Management Guide for Technology Professionals

*How to identify, protect and  
manage your professional  
liability risks*



Developed exclusively for IEEE Members  
By the IEEE Member Group Insurance Program Administrator  
AMBA

# Risk Identification

## The Risks Technology Professionals Face

When people think of professional risks, they automatically envision doctors treating patients and claims of malpractice. But professional risks occur in almost every profession—some more than others, including technology professionals.

Technology professionals are at an increased risk because of the more advanced and evolving technology and services involved with your project work. Here are several of the most common risks technology professionals face today:



**Cyber breaches and malicious software.** Cyber-attacks and malware incidents are at an all-time high. If you keep client data and project work online and often use mobile technology, you're at an increased risk of having information compromised by cyber thieves.



**Intellectual property issues.** If you provide proprietary services that include copyrights, trademarks, trade secrets, or patents to your clients, you could be at risk of lawsuits that question who owns the work and how it's used.



**Small business partnerships.** Whether you're a solo contractor or work for a small firm, you may partner with other businesses or vendors. If something goes awry because of your partnership (providing faulty material or work), you could be considered the responsible party.



**Drone mishaps.** If you use drones to survey land, inspect sites, monitor projects from afar, or other business services, an accident or breach of privacy could occur subjecting you to an increased risk of a lawsuit.



**Web services.** Providing IT services in today's world can be a challenge, especially if networks and servers go down or there are other malfunctions that could lead to your client's work disruptions or loss of revenue.



**Negligence.** Everyone can make a mistake. As diligent and detailed as you are, a design spec could be off, a material may be flawed, documents could be misplaced, informal advice may be misunderstood, a team member could miss something during inspection and so on, increasing your risk.

## What's At Stake For You?

If a claim or lawsuit is filed against you, here's what you personally risk:

- **Your reputation**—Accusations can have a significant impact on the good name you've worked hard to build.
- **Your successful firm**—Defending yourself in a lawsuit can decimate a firm because energy normally devoted to clients and projects is instead funneled into documenting details and past decisions.
- **Your assets**—It takes time and money to defend yourself. Defending yourself in a lawsuit also takes time away from clients and your business, costing you the ability to continue to earn your income.
- **Your credit rating**—A lawsuit could freeze or impact your credit, which could prevent you from purchasing a home and equipment for your firm, or even helping your children with their college tuition.



On average, a contract dispute suit will cost business owners **\$91,000.**

Source: courtstatistics.org

If a claim is filed for any of these or other situations—and even if it is unfounded—the cost to defend yourself, your business and your work could be costly. **Professional Liability Insurance is recommended to protect you against these risks.**

# How exposed are YOU to professional risks?

Take this quick 8-point quiz!



## Take this 8-point quiz to see where you might be most vulnerable:

YES NO

- |  |                       |                       |
|--|-----------------------|-----------------------|
| 1. Do you document all communications and keep final contracts, designs, and other correspondence even after the project is complete? .....  | <input type="radio"/> | <input type="radio"/> |
| 2. Do you use the internet and mobile technology in any part of your business with clients? .....  | <input type="radio"/> | <input type="radio"/> |
| 3. Do you avoid giving your professional advice or expertise to a colleague, neighbor, or other individual outside of your business environment? .....                                 | <input type="radio"/> | <input type="radio"/> |
| 4. Do you include intellectual properties (patents, trade secrets, trademarks, copyrights) when engaging with clients or conducting your services? .....                               | <input type="radio"/> | <input type="radio"/> |
| 5. Is each project team member who is assigned to every project, including any business partner, contractor, or vendor, always bonded, licensed, and insured? .....                    | <input type="radio"/> | <input type="radio"/> |
| 6. Do you stay current with the latest technology and employ it with your business, for example using drones to investigate and monitor sites, survey land, etc.? .....                | <input type="radio"/> | <input type="radio"/> |
| 7. Do you ensure compliance with the Gramm-Leach-Bliley Act (GLB) by securing transmission, receipt and storage of data related to any consumer, nonpublic personal information? ..... | <input type="radio"/> | <input type="radio"/> |
| 8. Do you maintain written quality control procedures and use the latest risk management practices recommended for technology professionals? .....                                     | <input type="radio"/> | <input type="radio"/> |

### Results:

**1-3 "YES" answers:** You're at high risk of a lawsuit. You should immediately consider protecting yourself with Professional Liability Insurance.

**4-6 "YES" answers:** You're at a medium risk of a lawsuit. You should make some process changes to manage your risk exposures and consider Professional Liability Insurance.

**7+ "YES" answers:** Your risk is low—but nothing can fully prevent a lawsuit. Carrying Professional Liability Insurance is still recommended to completely protect your services.

# Risk Identification

## How Professional Liability Insurance Helps

The most effective way to minimize the impact of the risks you face every day is by transferring those risks through the purchase of a Professional Liability Insurance policy. This coverage protects you against financial losses from lawsuits filed against you by your clients. The IEEE Member Group Insurance Program offers this Professional Liability coverage from established carriers including, Certain Underwriters at Lloyd's of London and Beazley Insurance Company, Inc.

Professional Liability Insurance is not included as part of a homeowners' policy, a business-owner's policy (BOP) or general liability insurance. A Professional Liability Insurance policy is a separate contract where the insurance carrier assumes the liability of your professional risks in exchange for your payment of premiums.

Technology professionals in these three classifications should strongly consider a Professional Liability Insurance policy.

- **Self-Employed:** It doesn't matter if you're a solo firm or you've set up a partnership with other technology professionals. Self-employed technology professionals are vulnerable to lawsuits and don't have coverage a larger firm employer may offer.
- **Temporary Consulting:** If you're between jobs, considering starting your own business or nearing retirement with consultant work, you're not covered by an employer plan. Therefore, you could be more exposed to a lawsuit.
- **Full-Time Consulting:** You have a full-time business that needs protection from all the risks your services may encounter.

### What to Look for in a Policy

Most Professional Liability Insurance policies offer a variety of liability limits, deductible options and some basic and optional defense coverages. Technology professionals need to also look for more enhanced coverages to keep up with the more technical services you provide, including:

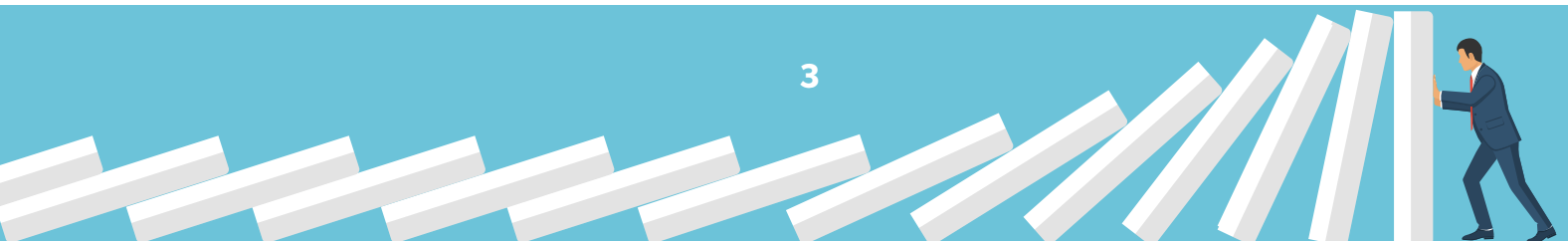
- ✓ Drone coverage
- ✓ Intellectual property risk
- ✓ Internet content liability and breach of security in relation to denial of service
- ✓ Unauthorized access and theft of data
- ✓ Electronic transfer of data functions
- ✓ Web hosting functions
- ✓ Copyright infringement
- ✓ Privacy liability

In addition, technology professionals should consider a policy that is provided by reputable and stable insurance carriers. Insurance carriers are usually rated for financial soundness, claims paying experience, and other factors by independent rating agencies. These ratings can help you choose the best, most reliable program provider for you.



**Reminder:** You're probably familiar with the adage "You get what you pay for." It usually implies something that is lower in price is lower in quality.

Please keep this in mind when reviewing and comparing Professional Liability Insurance policies. Not all policies are apples to apples when comparing benefits, price, and providers. One policy may be a little more expensive but offer higher quality benefits. Another policy may cost less but offer less benefits. Yet another policy could offer the very same features and cost less but may be backed by a less reputable provider.



Because finding a specialized and affordable Professional Liability Insurance policy to meet all the current and future demands of technology professionals is challenging, the IEEE Member Insurance Program has created a plan exclusive to IEEE members.

The [IEEE Member Choice Professional Liability Insurance Program](#) offers both the basic and enhanced coverage features you need to protect your technical services. Plus, it's backed by two established insurance carriers: Certain Underwriters at Lloyd's of London and Beazley Insurance Company, Inc.

Please see the checklist on the next page, which briefly describes the key advantages this plan includes. You can also use this checklist to compare to other plans to make sure you're getting the best coverage to protect your business risks.

### Cost of a Professional Liability Insurance Policy



The risk of being sued varies by engineering firm and technology professionals; therefore, the costs of a policy will also vary.

When an insurance carrier determines rates, it evaluates your risks. This risk is reviewed by assessing multiple variables, including your experience, services, types of projects, business history, and previous claims and risk management practices.

### How to Apply for a Professional Liability Insurance Policy



Applying for a Professional Liability Insurance policy can be simple if you're prepared. The underwriting process will vary from insurance provider to insurance provider but in most cases, you'll need to prepare by providing some of the following information:

- ✓ Work experiences and services performed
- ✓ Past claims history
- ✓ Area(s) of specialty and gross billing percentages
- ✓ Who the policy will cover
- ✓ Revenue information
- ✓ Risk management practices
- ✓ Computer services (if part of your business)

Once this information is submitted through your application, the insurance carrier will review it and analyze your risks based on actuarial risk criteria (a compilation of services, claims history, etc. from real-life situations like yours). Your application acceptance and the rates quoted will be determined through this underwriting process and criteria.

**To obtain a no-obligation custom rate quote for the IEEE Member Professional Liability Insurance Program, simply apply online at [IEEEinsurance.com/liability](#).**



# IEEE

**Visit [IEEEinsurance.com/liability](#) for more details and to apply.**



I have been quite satisfied with the IEEE Professional Liability (Errors and Omissions) insurance provided by AMBA. I checked with three insurance companies before choosing AMBA... but the premium was 30% higher and the deductible was twice as much as what I was able to get with AMBA. **I hope I never have a need for the Professional Liability insurance but I sleep better knowing it is there.**

Thomas S. Relling  
Saint Paul, MN  
IEEE Member



# Benefit Comparison Checklist



## IEEE Member Choice Professional Liability Insurance Program

## Your current or other Competitor

- |                                     |  |                          |
|-------------------------------------|--|--------------------------|
| <input checked="" type="checkbox"/> | Broad definition of professional services .....                | <input type="checkbox"/> |
| <input checked="" type="checkbox"/> | Claims made and prior acts coverage .....                      | <input type="checkbox"/> |
| <input checked="" type="checkbox"/> | Wide range of liability limits .....                           | <input type="checkbox"/> |
| <input checked="" type="checkbox"/> | Various deductible options including \$0 .....                 | <input type="checkbox"/> |
| <input checked="" type="checkbox"/> | Intellectual property coverage .....                           | <input type="checkbox"/> |
| <input checked="" type="checkbox"/> | Longevity diminishing deductible .....                         | <input type="checkbox"/> |
| <input checked="" type="checkbox"/> | Privacy breach remediation .....                               | <input type="checkbox"/> |
| <input checked="" type="checkbox"/> | Drone coverage .....   | <input type="checkbox"/> |
| <input checked="" type="checkbox"/> | Computer-related exposures .....                               | <input type="checkbox"/> |
| <input checked="" type="checkbox"/> | Licensing board defense .....                                  | <input type="checkbox"/> |
| <input checked="" type="checkbox"/> | Reputational management reimbursement .....                    | <input type="checkbox"/> |
| <input checked="" type="checkbox"/> | Coverage for partners, officers, owners and employees .....    | <input type="checkbox"/> |
| <input checked="" type="checkbox"/> | Optional general liability protection .....                    | <input type="checkbox"/> |
| <input checked="" type="checkbox"/> | Risk management services .....                                 | <input type="checkbox"/> |
| <input checked="" type="checkbox"/> | Established insurance providers .....                          | <input type="checkbox"/> |
| <input checked="" type="checkbox"/> | Group rates based upon the buying power of IEEE .....          | <input type="checkbox"/> |
| <input checked="" type="checkbox"/> | Premium credit for completed IEEE risk management course ..... | <input type="checkbox"/> |

**To obtain a no-obligation custom rate quote\*  
for the IEEE Member Professional Liability Insurance Program,  
simply apply online at [IEEEinsurance.com/liability](https://IEEEinsurance.com/liability)**

\*Note, plan options listed will vary by carrier. Not all options listed will be offered by both carriers.  
Please review your policy options carefully or call 1-800-375-0775 for additional details.

# Risk Identification

## Monitoring, Evaluating and Mitigating Future Risks

Identifying your risks and protecting them with Professional Liability Insurance are important steps to managing your risks and are key factors in a small business' risk management plan. However, technology professionals need to be even more proactive when it comes to monitoring and mitigating future risks.

That's because the evolving nature of your highly technical services can change quickly over time—and can create new risks.

For example, ten years ago, cyber risks were limited. Today, hackers are highly sophisticated and can steal confidential client data in seconds with no warning. Five years ago, the use of drones for services other than the military was unheard of. Today, many engineers use them daily to inspect and monitor building sites and more!

A specialized Professional Liability Insurance policy may include risk management services to help you. The IEEE Member Choice Professional Liability Program includes these risk management features at no additional cost:

- ✓ Contract reviews
- ✓ Pre-claim assistance
- ✓ Live quarterly web-based seminars
- ✓ Dedicated web portal offering videos, on-demand webinars and more—all exclusively for IEEE member participants
- ✓ Toll-free claim hotline

Plus, members may also qualify for a premium credit if they complete the IEEE Risk Management Course.

**IMPORTANT:** Even if you already have another policy in place, you don't have to wait for the renewal period to switch. It's important to make sure you review all the benefits and features of your policy every year to ensure it's still covering all your risks and keeping up to date with the services you provide your clients.



## Questions?

Or to have a Professional Liability agent review your current coverage please call us at:

**1-800-375-0775**

To apply for the IEEE Member Professional Liability Program, simply apply online at

**[IEEEinsurance.com/liability](https://www.ieeeinsurance.com/liability)**



## 5 Prevention Tips

Nothing can completely prevent an unhappy client from suing you, but here are five things you can do to minimize your risks:

1. Document and make sure you keep copies of all final client communications, including designs and plans.
2. Avoid giving informal advice to your colleagues, clients and friends—you never know when it might be misused or misinterpreted.
3. Make sure you clearly communicate who owns copyright and trademarks on project work and what the future uses of the work will entail.
4. Ensure that all team members, independent contractors, and vendors are bonded, licensed and insured.
5. Keep up to date on the latest technology, including rules and regulations regarding them.

This program is underwritten by Certain Underwriters at Lloyd's of London and Beazley Insurance Company, Inc.

Association Member Benefits Advisors, LLC (AMBA).

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