

The UK tech sector is the backbone of economic growth. Having a robust risk management programme is vital for success.

Arranging insurance is often one of the last things an entrepreneur considers when starting a business – yet it's one of the first things their enterprise will need at incorporation. There are few off-the-shelf insurance products that meet the complex demands of technology-based businesses, so getting specialist advice is essential.

Partners& is one of the UK's leading science and technology insurance specialists, supporting individuals and organisations in the complex and innovative science and technology sectors with practical, jargon-free advice. We've created this guide as a convenient, plain-English explanation of essential insurance elements for your business – a route map to building financial resilience for tech companies.

So, what sort of insurance will my business need?

1. Employers' liability insurance (EL)

It's a legal requirement in the UK to insure your liability to employees for work-related injury or illness.

- EL protects your business from the impact of legal costs if an employee alleges negligence
- It's required by UK law for those under a UK contract of employment
- It's normally purchased as part of a package.

2. Public and products liability insurance

Public and products liability insurance protects your business financially where it's legally responsible for any damage or injury caused by a product you have supplied or by your usual business activities.

- Although not a legal requirement, it's just common sense coverage
- It may be required under contracts that you sign
- Contracts may stipulate the limit you should insure for (including leases for offices/labs)
- If you travel overseas or contract with organisations outside of the EU, then worldwide cover is required, including specifying court jurisdiction

3. Professional negligence insurance – Tech errors & omissions (E&O)

If your business offers a technology service or business, tech E&O is one of the most important areas of insurance cover to consider. The liability costs arising from an errors and omissions claim can be huge – and potentially fatal to a business. Professional negligence insurance protects you against allegations that your negligence has led a third party to suffer financially.

- It's often a contractual requirement for technology providers
- It can help in allegations of contract breach, negligence and dishonesty
- Basic cover can be extended to protect against allegations of privacy breach and intellectual property infringement (but this excludes patents)

Who we work with:

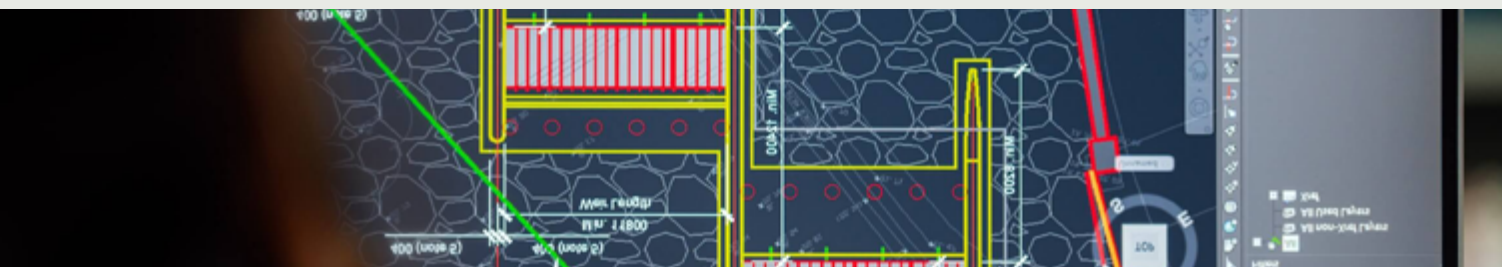
- Fintech
- Healthtech & medtech
- Artificial intelligence
- Quantum computing
- Software and app developers
- Robotics
- ICT & Telecommunications
- Network and systems design
- IT services
- Cleantech
- Electronics
- Nanotechnology

Why do I need insurance?

- Some covers are legally compulsory
- Insurance cover can be a contractual requirement
- It helps to de-risk the business at an affordable cost
- It provides reassurance not only to investors but to future customers



Insurance 101 for technology companies



4. Cyber and privacy insurance

Cyber risk is a threat to every industry. But if your business is responsible for providing data or technology services, then that risk is amplified. With a vast array of cyber insurance solutions available, it's crucial to make sure you have the peace of mind that your business is protected.

Cyber insurance comes in many shapes and sizes; there's no "one size fits all". It's important to tailor cover for your specific business. Makes sure you have cover for cyber crime, fraud and ransomware.

To be of any value, a cyber policy must provide coverage in two ways;

- "Third Party" cyber coverage – protecting you from liability following a data breach or system outage due to a cyber event, and
- "First Party" cyber coverage – protecting you (as the "first party") against your own costs in dealing with a breach, such as having to pay for IT forensics, breach notification costs, legal and other costs following a cyber event.

You need an insurance policy that:

- Provides a breach response service – your very own rapid response force, ready to swing into action to deal with a cyber breach when it occurs – with your very own breach response manager to hold your hand through each stage of recovery.
- Delivers a range of specialised services as and when you need them – from IT forensics to discover how the breach occurred, to PR and legal services to help you deal with the regulator, customers and others whose data may have been affected.
- Ensures protection from privacy liability if you're sued by third parties, or investigated or fined by a data regulator.

5. Directors' and officers' liability insurance (D&O)

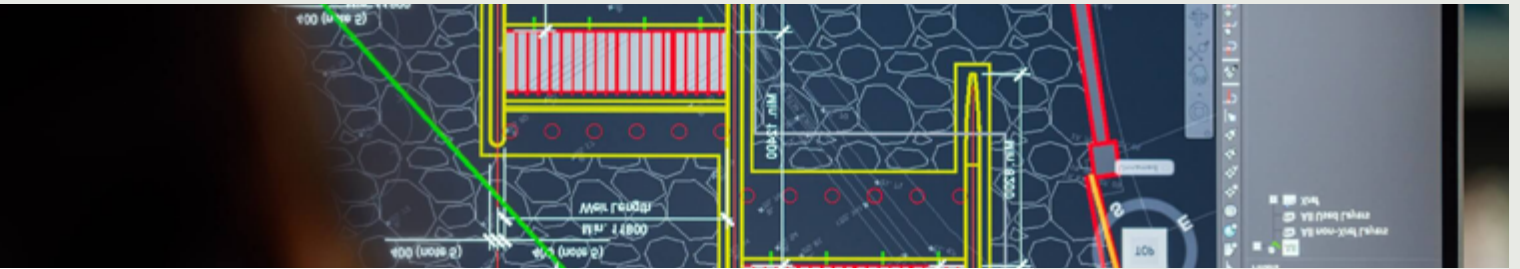
The term "limited liability" is a misnomer; individual directors and managers within an organisation face potentially ruinous personal liability for the decisions and actions they make.

"D&O" insurance can protect your key decision-makers from claims arising from decisions and actions taken within the scope of their normal duties in running the business.

- D&O insurance is usually required by investors
- It's critical if you're spending investor cash
- Likewise if you're doing business in the USA
- You can extend your D&O to include corporate legal liability and employment practices liability



Insurance 101 for technology companies



6. Property insurance and business interruption (BI)

Property insurance protects your physical assets, including buildings, improvements, office and laboratory machinery and equipment, computers & data, stock, documents, lab books, prototypes and R&D materials, temperature-sensitive stock and mobile equipment.

Business interruption insurance protects your income streams where there's an unexpected interruption to business operations. It can help financially with repeat-R&D expenditure, loss of revenue, profit and other unexpected costs

7. Intellectual property rights (IP) insurance

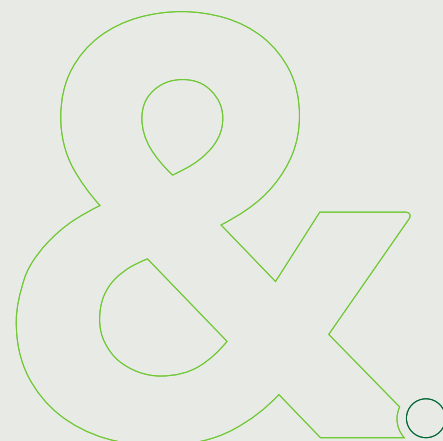
Just as you wouldn't hesitate to insure your office contents and other assets, it's important to insure your organisation's intellectual property (patents, copyrights, trademarks and the like). IP insurance gives you financial muscle to defend yourself against allegations of IP infringement, but you can also buy insurance to help you mount legal action against an infringer of your own intellectual property.

8. Key person insurance and shareholder protection

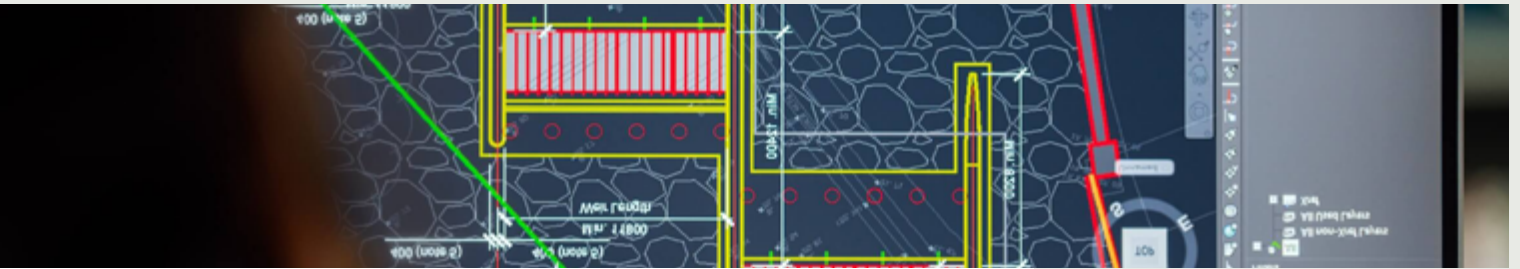
What would happen to the ownership of your business if a shareholder died or was unable to return to work due to critical illness? Who would inherit their shares (becoming a key player in your business)? It's important to make a "company will": financial provision, not only from the perspective of the company and its owners, but also for their families and dependants. Key person insurance is a form of life insurance that protects against the financial consequences of losing key staff members. It can provide a cash injection to the business if a key person dies or suffers a serious illness, allowing the business to continue trading at a time of considerable uncertainty and financial pressure.

Business protection insurance is a life assurance arrangement that can relieve pressure on the business to repay outstanding loans or overdrafts if an owner dies, suffers a critical illness or is away from work for an extended period due to accident or sickness.

Note: It's also worth checking your investment agreements, since specific types of insurance are often required by investors.



Insurance 101 for technology companies



9. "People risk" in your business: employee wellbeing, engagement and benefits programmes

A comprehensive benefits package can help with your "people risk", helping you to attract and retain high quality staff, giving you competitive advantage and a team that's committed to your business.

The Partners& difference: a holistic approach to risk

Backed by leading global specialist insurers, and working with best-of-breed underwriters, the Partners& Science & Technology team will examine your business plan, identify the insurable risks and design a tailored risk protection programme providing comprehensive coverage at sensible prices.

Flexible and efficient, we combine personal service with specialist advice; the perfect partner to guide you through the complex and everchanging risks your enterprise will face.

The Partners& holistic approach to risk: operational, cyber and "people risk":

- Expert advice on the insurance you need – and why
- Access to market leading, specialist insurance products - insurance companies deploy capital cautiously
- A modular insurance programme designed to scale with you – including your international expansion
- Risk management advice & resources – including access to our partners Stallard Kane
- Claims handled in-house – a closed loop of accountability
- Wellbeing, engagement and benefits programmes to attract and retain the best talent
- Financial protection for shareholders – your "company will".



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