

## Why Do IT Companies Need PI Insurance?

### High customer expectations?

Businesses may attach great importance to their IT for competitive advantage. (Expected business benefits are often documented in the pre-planning for an IT project.) Our experience as a PI insurer of IT companies has shown us that when specific expectations are not met, clients' minds may turn to possible action against suppliers. (See claims scenarios for possible examples.)

### Economic climate?

In the current challenging economic climate we anticipate a greater propensity for IT professionals to be subjected to legal action by their clients. Looking forward, in a well publicised recessionary environment, IT companies may be exposed to a hardening of client attitudes towards litigation as a means of recovering IT project outlay. (See claims scenarios for possible examples.)

### Cost of unfounded allegations?

We know from our experience of insuring IT companies of the wide potential for claims against them, from bugs in software to missed project milestones. But sometimes, through no fault of their own, companies could be at the wrong end of unfounded allegations that can still be time consuming, stressful and expensive to defend – particularly for smaller companies without PI insurance.

### Different bargaining positions?

The UK's IT sector is made up predominantly of small companies. So in a dispute they may find themselves opposing larger companies with greater financial and legal resources. Our expert and deeply experienced PI claims team will ensure that your IT clients' interests are defended vigorously and professionally – no matter how big their opponents.

### Ongoing relationship and dispute resolution?

IT projects can be long-running and complex, involving several parts of the business, and may well be ongoing while an action is being pursued. Meanwhile the IT company may want to retain a future relationship with the client after the dispute. Our claims team understands these business realities and the importance of settling disputes rapidly and sensitively.

See our companion document: **["IT Companies: PI Claims Scenarios"](#)**

#### **AIG UK Limited**

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