

Risk and the Tech Company Life Cycle

The information below provides an insurance and risk management perspective on each of the various stages a company may go through from Start Up to Initial Public Offering and beyond.

Life Cycle Stage	Risk Review and Assessment Key Considerations	Insurance Program Design: Typical Coverage or Coverage Enhancements
<p>Stage I</p> <ul style="list-style-type: none"> • Start Up Company with R&D • No products to market 	<ul style="list-style-type: none"> • Evaluate the insurance implications of contractual and lease requirements related to real estate, equipment and furniture • Evaluate lender or investor insurance requirements (e.g., Directors' & Officers' Liability, Keyperson Life Insurance) • Review Business Plan 	<ul style="list-style-type: none"> • On-Premises Property -- computer hardware, software, telephone equipment, etc. located at the company's office • Off-Premises Property -- laptops, off-site servers, etc. • General Liability -- Minimum to satisfy contractual requirements • Coverage for the cost to recreate prototypes, R&D project documentation/valuable papers • Extra Expense Business Interruption • Non-owned and Hired Automobile Liability • Workers' Compensation
<p>Stage II</p> <ul style="list-style-type: none"> • Emerging Growth Company • Commercialization and manufacturing operations have begun • Active recruitment of employees 	<ul style="list-style-type: none"> • Setting Broker Service Calendar • Continue Risk Assessment and Coverages initiated in Stage I • Review Customer Contracts and Service Agreements • Review Third Party contracts - including client contracts, terms of sale or purchase (equipment providers, service, distribution), contractors • Review financing timetable and Financial Statement • Inspect facilities - Loss Control Services 	<p>Review and structure a scalable coverage platform that might include:</p> <ul style="list-style-type: none"> • Directors & Officers Liability • Corporate Entity Employment Practices • Technology / Electronic Errors & Omissions • Cybercrime • Products Liability • Intellectual Property/Patent Infringement/Trade Secret • Property in Transit • Property at Trade Shows/Exhibitions • Business Interruption Coverage • Contingent Business Interruption (for reliance on key suppliers or customers) • Off-Premises Power Interruption • Employee Dishonesty (Fidelity or Crime) • Additional General Liability Limits (Umbrella Liability)

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Stage II <i>(cont'd)</i>		<ul style="list-style-type: none"> • Foreign Liability (if needed) • Manufacturers' Errors & Omissions • Auto Liability and Physical Damage (if needed) • Equipment Breakdown / Boiler & Machinery • Fiduciary Liability • Employment Practices Liability • Employed Attorneys' Errors and Omissions • Kidnap and Ransom • Earthquake • Flood • Pollution / Environmental Impairment Liability • Workplace Violence
Stage III <ul style="list-style-type: none"> • Initial Public Offering • Wide acceptance of products or services 	<ul style="list-style-type: none"> • Continue Risk Assessment initiated in Stage II • Specific IPO Risk Assessment conducted by HKMB's D&O Practice 	<ul style="list-style-type: none"> • Adapt overall Commercial Insurance Program to IPO / Public Company exposure (as necessary) • Adapt D&O Insurance Program to IPO / Public Company exposure
Stage IV <ul style="list-style-type: none"> • Post IPO • Continual growth and expansion 	Continue Risk Assessment initiated in Stage II	Continue Coverages initiated in Stage II

If you have any questions please contact Sean Duggan, HKMB High Tech Practice, sean.duggan@hkmb.com.



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