

# Commercial Connections

## Do You Need Data Security Insurance?

**M**ost states now have laws requiring notification of security breaches involving personal information. They typically require businesses to disclose any security breach to state residents whose private information was accessed without authorization. The businesses must provide the notice by mail, phone or e-mail as soon as possible after discovering the breach, inform the state government of the notices, and inform consumer reporting agencies if the breach affected more than 5,000 residents.



Such requirements can be quite costly. Notifying the victims is just the beginning of the costs. Businesses may also face lawsuits from the victims, fines from regulators, and serious harm to their reputations. It has been estimated the cost of a security breach to be \$15 per person affected. Here are some ways that businesses can avoid cyber attacks and handle those that do occur:

- Assemble a team to identify cyber risks and develop plans for preventing attacks. The team should include individuals responsible for legal compliance, risk management or insurance, information technology, procurement of vendors, and operations.
- Comply with applicable federal and state laws and regulations, including HIPAA (which applies to security of private health information) and the Gramm-Leach-Bliley Act (which applies to private financial information.)
- Require vendors that have a high risk of data security breaches, including payroll companies, credit card processors, and accountants, to meet legal and industry standards, obtain insurance against security breaches, and indemnify the business from related losses.
- Train and educate employees on system security, monitor them for poor security practices and possible malicious acts, and verify that they have not installed unauthorized software that would increase vulnerabilities in the system.
- Regularly test the system and repair security problems.
- Encrypt private data on the network, while it is being e-mailed or transferred another way, and while it is on laptops, smart phones, and other mobile devices.

Insurance companies offer specialized policies to cover these incidents. An electronic data liability policy covers a business's liability for damages resulting from accidents, negligent acts, errors or omissions, or a series of these, leading to a loss of electronic data.

Most businesses and organizations today have some exposure to loss from cyber risks. Just as they try to prevent fires, car accidents, and workplace injuries, businesses must make preventing data security breaches a standard part of their operations. Speak with our professional insurance agents about the insurance you might need when breaches occur. With proper loss control and the right insurance, a business can survive a cyber attack.

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## Third Party Liability And Your Employment Practices Liability Insurance



An Employment Practices Liability (EPLI) policy protects a business and its employees from accusations of wrongful acts committed against customers, clients, vendors, and suppliers.

All forms of discrimination are covered under wrongful acts, including discriminatory practices against a person based on their race, religion, age, sex, national origin, disability, pregnancy or sexual orientation. Harassment involves unwanted sexual advances or requests for sexual favors. Some policies also cover accusations of mental anguish, emotional distress, humiliation and assault.

To protect your business, you should consider implementing specific policies that address discrimination and harassment issues. EPLI insurers are now requiring employers to implement these practices before they will issue a policy.

Make sure your new employee orientation programs includes a presentation detailing your harassment/discrimination policies. The training must also include how to report and handle a third-party claim. Don't forget your current employees either. They must be retrained periodically through staff or employee meetings.

Remember is that most EPLI policies don't provide third-party coverage for accusations involving the violation of the Americans with Disabilities Act (ADA). Review your EPLI policy's definition of a claim to determine its interpretation. Many policies define a claim as a demand for monetary damages. This definition can present a problem in an ADA claim, because many of these claims are asking for reasonable accommodations, not monetary awards. Make sure your policy's definition of a claim includes claims for non-monetary damages.

## Company Picnic Liability

Summer brings with it some great activities – vacations, beach days and the company picnic! Due to ever increasing liability, many companies are opting out of sponsoring outings. However, your company can put on a great event if you keep these tips in mind:



### Be Casual but be Cautious

It should be clearly stated that participation in the event is voluntary. Employees should be reminded of safety guidelines. However, when you hold a company event anything can happen, so the company will be responsible for the welfare of its employees who attend. Company leaders and managers must set a good example for proper behavior at the event.

### Be Careful if You Plan to Serve Alcohol

All employees should be told that behavior that is unacceptable at work is also unacceptable at the picnic. They should drink in moderation, and a plan should be in place to drive those employees who do not heed the warnings. You shouldn't hesitate to take away an employee's car keys if that person is intoxicated.

### Follow the Leader

Any good event must have a strong leadership team or champion that takes responsibility for the planning. Have a roster to ensure everyone has made it safely to the event, a cell phone so employees can contact you if they get lost and information and a plan for any emergency situations. Also, making sure the company outing continues on a socially ethical and appropriate path will keep the event comfortable for all involved.

### Injuries and the Company's Liability

A good volleyball game, or basketball game can be great fun for employees. But what if someone gets injured? Is this a workers' comp claim? In most circumstances, if the company makes it clear that participation in these activities is purely voluntary, the injury is not a workers' comp claim. However, it's a good idea to check with your insurance provider to make sure.

### Do You Need Additional Liability Insurance?

If you are holding the picnic on company grounds you have different exposures than if you are holding it at a park or other public place. Exposures may differ if you are hiring a caterer or planner. Check with your insurance provider to find out what your risks are and if you are properly protected.

Company events can be a fantastic way to boost the morale of your team. Planning these events with the employees' safety and well being in mind will ensure that the day is a great success.

See you at the park!