

Corcoran & Havlin Insurance Group

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Award for the 11th
year in a row! Not only
did we win as a local
favorite, but because of
customer’s like you, we
were awarded the title of
Regional Favorite!**



An Emerging Threat to Your Business: **CYBER LIABILITY**

By Richard “Skip” Lougee



It does not take a crystal ball to see the risks you face as a business owner are ever-changing. Whether you pick up a newspaper or read your news online, every day we hear of new and creative ways to make your financial assets disappear, with the help of thieves that never left their chair in the process. If they don’t want to steal your assets, they might be trying to inflict harm maliciously instead. Moreover, today’s state and federal laws make the business owner responsible for the consequences! Wait a minute, aren’t we the victim here? Not in the eyes of those writing the laws. It is you who will be picking up the tab.

Since 2006, over 721 million customer records have been stolen with personally identifiable information going into the hands of the bad guys. As a result, the bills are still coming in and it adds up to well over \$1 billion in related expenses - on average, about \$201 per record. Ouch. Who paid the tab? To name just a few, companies like TJX, Sony and Target Stores. The outfall from Home Depot is yet to be known, but their response was swift, so that will surely mitigate their damages.

The good news is that insurance companies are becoming more adept at responding quickly to newly emerging threats. These circumstances, that previously took years to address, are now met with new insurance coverages and policy forms created with your small business in mind.

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COMMERCIAL CLAIMS SPOTLIGHT– WORKERS’ COMP:

The Importance of reporting incidents in
a timely manner

*By Corcoran & Havlin’s Alan Heinlein &
Jane Loomis*

It is a known fact, that over the past few years the costs associated with Workers’ Compensation claims, medical and indemnity, are on the rise. As business owners, each of our Commercial Lines customers should be targeting Workers’ Comp Cost Containment as a key internal initiative that can have a direct result on their bottom line. In fact, the adoption of one simple methodology can have a significant impact on containing these escalating costs; Design and implement a policy that mandates prompt reporting of every Workers’ Compensation claim.

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There is a long list of new coverage examples over the last five years, however one of the most significant threats facing your business these days is Cyber Liability. And the potential costs to the victimized business are astounding! One might conclude that the bad news is that it is expensive to secure this protection from Cyber crimes, right? Not exactly. When measuring against the potential losses involved, covering your business for Cyber Liability coverage can be less costly than you think. As with any sort of insurance coverage, there is an emergence of choices featuring limited coverage and options, right up to the broadest of coverage forms at a commensurate price.



C&H's Skip Lougee

So what are the risks your business faces, and what is the benefit to covering your company?

First, we must remember that the concept of insurance is to cover the loss you can't afford. Buying insurance will also help you to accomplish a few more things along the way. The first is that it will protect assets. But it will do more. It will give you the expertise of the agent and carrier to help assess the risks up-front and later, in sorting through the mess once it happens. If you're handling confidential information of Business-to-business clients, it is likely that you will increasingly see this coverage enter the insurance requirement spec sheets as a prerequisite to doing business. If you are doing work for the government, ditto. By transferring the risks away from your business, you can concentrate on making money!

So what can this coverage do for you?

- It can help you meet your statutory requirement by paying some or all of the cost to notify your customers when a data breach has occurred.
- It can pay for some or all of the cost of legal and forensic services in the wake of a breach, such as what must be done to comply with applicable laws in the wake of a breach. It can also help with investigation of computer hacking incidents, cyber extortion, database fraud, and lastly determination as to whether or not data was accessed!
- Crisis Management and Public Relations Expenses to minimize the potential harm to your firm's reputation.
- Good Faith Advertising Expenses to assist with organizing the firm's media response to a breach.
- Provide services to those affected by your breach to assist them with credit monitoring for a specified period of time.
- Limits and sub-limits for coverages like those described above will vary by carrier.
- Your legal defense.
- Civil awards, settlements and judgments your business is legally obligated to pay as the result of a data breach claim.

Lastly, there are some cautionary pieces of information you should beware of. Coverage territories can vary by carrier and the location of a "Cloud-based" server farm may trigger an exclusion if it does not reside within the coverage territory. For coverage to apply breaches must be reported promptly, usually within a specified time period. Claims for previously known and well-publicized viruses or malware may not be covered. In other words, there is some burden upon you to ensure that your security is reasonably up-to-snuff. If there was a security deficiency existing in your framework before the breach, coverage will probably not apply to repair the pre-existing problem, but the ensuing damage of the breach will most likely be covered.

Many of the insurance carriers offering these Cyberliability coverages also offer ancillary support services by third party firms specializing in technology. For more information on this valuable coverage please contact your Representative in Corcoran & Havlin's Wellesley, Medfield or Duxbury offices. We look forward to hearing from you!

WORKPLACE WELLNESS PROGRAMS: A Healthy Business Behavior



A growing trend of offering workplace wellness programs to employees now exists among employers. Although the scope and costs vary with each company, the core values of the programs remain the same. Helping team members reach their personal and physical goals results in happier and healthier employees, and is a wise investment that adds to the company's overall success. The Center for Disease Control states that, "...the office should be a place that not only protects the safety and well-being of employees but also provides them opportunities for better long-term health."

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COMMERCIAL CLAIMS SPOTLIGHT Continued from page 1...

Industry studies have revealed a direct correlation between the speed with which a Workers' Compensation injury is reported and the overall costs of the claim. According to the National Council on Compensation Insurance (NCCI) a few interesting financial impacts of "less than timely" reporting include:

Injuries reported within 2 weeks following an injury are 18% more expensive than those reported within 1 week. And it gets progressively worse as time goes by. For example, injuries reported between the 4th and 5th week following an injury are 45% more expensive.

- Back injuries, as a group, are 35% more expensive if not reported within the first week.
- Soft tissue strains and sprains are 13% more expensive if not reported within one week.
- Litigation is another area impacted by late reporting. 22% of injuries reported within 10 days are litigated; 47%, when the reports arrive more than 31 days following the injury.

There are at least 6 major benefits that can be realized through implementation of a policy for the prompt reporting of all employee injuries to your company's workers' compensation carrier:

- Prompt reporting allows the claims adjuster to ensure key evidence is preserved and witnesses can be interviewed within a timely investigation of the loss. This helps to accurately determine compensability and develop an appropriate plan of action for resolving the claim.
- Many claims are in fact are "warning bells" or early indicators of underlying deficiencies in safety management that can be corrected before a more serious accident happens.
- Prompt reporting of injuries allows for medical treatment to occur within specialized occupational medical clinics familiar with treating workers' comp injuries with an emphasis on early returns to work for the injured worker.
- Early coordination of care between the employer, the insurance carrier, the medical provider, and possibly a Nurse Case Manager, can drive more efficient injury management and claim resolution by determining appropriate modified duty assignments for return to work.
- Prompt reporting allows for the detection of "red flag" fraud indicators which may initiate an investigation into whether or not a case should be referred to a special investigations unit or possibly pursued as a subrogation effort against a negligent third party.
- Prompt claim management affects employee satisfaction by communicating and letting the employee know that the bills will be handled and he or she will be receiving the proper compensation as required by state law.

In summary, the benefits that can be expected by the employer for prompt reporting can be summarized as controlling costs, reducing employee frustration and minimizing the chances of litigation.



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Employees spend the majority of their day sitting at a desk in the workplace. Inactivity at work creates health problems like obesity which, in turn, can lead to additional health risks like Type II diabetes. Numerous determined employers, therefore, started implementing results-based wellness programs with financial prizes to incentivize employees to develop and retain healthy lifestyles. Employers monitor and reward activities such as weight loss, lowering cholesterol, controlling blood pressure, and smoking cessation. The goal of these programs is to create lasting lifestyle changes which optimize health.

Here are 9 tips for employers to help implement an effective wellness program:

1. *Understand Your Workforce* – Review claims data (if available), employee surveys and health assessments to select wellness programs that address your employees' most common health challenges;
2. *Select Wellness Champions* – Set up a wellness committee with "wellness champions" who will help drive your wellness program. Choose leaders within the organization who are respected by their peers;
3. *Create a Plan* – Develop a detailed plan outlining short- and long-term objectives, budgets, and expected outcomes;

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4. *Make it Inclusive* – Make wellness activities available for all employees and spouses/domestic partners;
5. *Communicate* – Use email, promotional flyers and in-person meetings to communicate your wellness programs. Messages from executives and ownership will demonstrate leadership support and likely improve participation in the wellness program;
6. *Offer Incentives* – Participation in wellness programs significantly increases when employers offer employees incentives. The most effective incentives are lower health insurance costs and cash bonuses;
7. *Provide Employees with Digital Tools* – Tools to help employees track of their healthy behaviors works very well. We recommend the use of pedometers and other tech tools (FitBit, etc.);
8. *Track Results* – Evaluate your wellness program each year; and
9. *Solicit Feedback* – Be flexible and listen to your employees on how to improve the program for next year.

Following these tips, including the adoption of new technologies such as wearable devices may help employers and employees maximize the benefit they get out of employer-sponsored wellness programs - and improve the health of the company and its workforce. The results, including increased company morale, increased productivity, fewer sick days, decreased workers' compensation rates, and higher attendance rates, benefit not only the individual but the company as a whole. In conclusion, healthy employees are the building blocks to a healthy and successful business.

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