

Internet Chatting with a Scammer

Some companies today use social networking sites such as Facebook, MySpace and LinkedIn for marketing or other business purposes. However, social networking sites can introduce risk into your firm. The sites are known to be used by identity thieves, and these thieves prey not only on the individual but on businesses as well.

Scammers encourage social networkers to reveal personal information about fellow employees and clients. They sell the information to identity thieves or use it to commit identity theft or extortion themselves.



The liability potential for employers is tremendous. Employees and clients who become victims of identity theft as a result of Internet traffic at the office may look to blame the employer for not doing more to protect personal information.

Develop and distribute an Internet use policy for your firm that includes social networking issues. Websites such as www.sophos.com/facebook provide guidance on how to use social networking sites safely. And remember:

we can help you get the special insurance you need to cover your Internet and personal data security risks. ■

Private Firms Need D&O

Pprivate firms need directors and officers insurance just as public corporations do.

Private companies have shareholders, too. Some private companies have shareholders who have invested millions into the company's success. Shareholder suits are not uncommon and are usually based on claims of inadequate or inaccurate financial disclosure.

Shareholders are not the only group with financial interest in the actions of directors and officers. Lenders, creditors and clients can be adversely affected by a firm's conduct or regulatory reporting

and could file suit to reclaim losses they have incurred.

Employees sue because of director or officer misconduct. Employees of private companies have the right to sue their employers over director and officer malfeasance. Practices such as discrimination or wrongful termination may be covered by employment practices liability insurance. This insurance is often sold as part of a package with D&O. Other lawsuits regarding pension fund management, profit-sharing programs or other organizational or one-on-one personal infractions might rely on a D&O policy. ■

Going Global Increases D&O Risk



American litigiousness is contagious, with more lawsuits being brought against directors and officers worldwide. As your professional excellence becomes more widely known, you may opt to serve on a board for an organization with international clientele or operations. Alternatively, your firm itself may expand, providing foreign services or even opening offices abroad.

In all these cases, your exposure to claims from outside the United States escalates. Your standard directors and officers (D&O) policy might not be sufficient to cover your foreign risks. Moreover, each locality has its own laws that must be contended with, so a generic policy might not be adequate.

Our staff is trained to find directors and officers the best coverage available, even for foreign risk. If you are joining a new board with international exposure or are expanding your business operations outside the United States, call us for assistance on the right D&O coverage for you. ■

Are You an Employer of Domestic Help?

Many professionals today employ help on the home front to relieve the burdens of managing both home and office. Households in the United States employ nearly a million maids, nannies and other domestic employees. While it may feel like these folks are part of the family, they are still considered employees of the homeowner.

As cases of harassment, wrongful termination and other employment practices grow in the workplace, such claims are becoming more prevalent in the employer-employee relationship in the home. If you have domestic

employees, then you are an employer, whether you feel that way or not. If you are an employer, you need employment practices liability insurance (EPLI).

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EPLI provides coverage for legal fees, jury awards and settlements for employers who are accused or convicted of wrongful employment acts. It may also cover costs related to regaining an employer's reputation—something that can take a big hit if the claim is reported in the media.

For more information about insurance coverage for domestic employers, call our service team today. ■

Dictation Services Can Reduce E&O

When it comes to protecting your business from errors and omissions (E&O) claims, there is no substitute for the practice of documentation, but that's easier said than done for professionals who are constantly on the move.

The communication age and its more than 200 million cellular phones (that's just in the United States) have made mobile phone calls an established method of conducting business. The strength of these phones is that there is no limit—as long as there's a cell signal—to where business can go. The weakness is that the sheer volume of calls and unpredictable reception locations make documentation nearly impossible.

Concerned about the effects mobility could have on your firm's E&O? Consider a dictation service. Dictation services allow mobile professionals to document conversations by calling a phone number and leaving a spoken transcript in the form of a voicemail.



The voicemail is then transcribed by a dictation service and e-mailed to the caller, providing a written record of the conversation.

Professional dictation services, such as Copytalk, are usually available for a monthly fee. Such a service can serve as a valuable resource for professionals who need to provide advice and enter verbal agreements while on the move, yet still be protected against E&O risk. ■

Protect Against Hackers

Computer data thieves can steal information even though you've implemented basic safety measures, exposing you to liability risks that you think you've prevented. Thomas Raef of e-Based Security reports in *ASCnet Quarterly* that traditional safeguards, such as firewalls and anti-virus programs, frequently don't keep up with hackers' sophisticated methods, which are constantly evolving to circumvent commercial security software.

Data thieves are active all around you in cyberspace. One innocent visit to an infected site might be all that's needed to install spyware, remote-control software or scanware. Scanware invasions enable a hacker to search a company's network to find other PCs to infect. Remote-control

software allows a hacker to take control of a computer and operate it from another location. Using this method, a cyber criminal might create a Botnet from which they "can conduct any



type of business, making it appear that the transaction originated with [the invaded] computer, implicating innocent users at an unsuspecting company," according to Raef.

Raef suggests these preventative

measures:

- Don't give employees "admin rights" on computers.
- Block all downloads except those from known "safe" sites.
- Check what sites employees visit and use your firewall to monitor outgoing traffic.
- Prohibit use of YouTube and social-networking sites.
- Practice a routine security protocol.

Combine your risk management with asset protection by insuring against cyber crime.

Many companies now offer policies to cover losses incurred due to computer hacking. Call us to find out how you can get coverage in case your business experiences a damaging breach of computer security. ■

Good HR Procedures Reduce Employment Practices Risk

Human resources professionals are trained in hiring and termination procedures that adhere to state and federal employment law. Unfortunately, not every business has an HR department to handle hiring, evaluation, correction and termination duties. Often such duties are handled by managers or employees with no formal training.

That represents an employment practices risk for your firm. Without documented personnel procedures that rigorously follow federal and state laws and that are applied across the board, you could be cooking up

a recipe for disaster. There are resources available to help small businesses with employment practices. You might start with a glance at www.aykya.com or

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www.nolo.com and look under the "human resources" section. At sites like these, you can find advice on evaluations, hiring and

legal aspects of employment practices. Nothing, of course, substitutes for a professional advisor, but if that is beyond your firm's means at this time, you can at least heighten your awareness of pitfalls and risks and start formulating a protocol.

And remember the importance of employment practices liability insurance to protect your business in case of claims of harassment, discrimination, wrongful termination or other employment practices issues. There are policies to fit almost every type of business. Let us help you find the one that's right for yours. ■

**Thank you for
your referrals.**

If you're pleased with us, spread the word! We'll be happy to give the same great service to all of your friends and business associates.

Bundling Coverages Might Save Money

Concerns about affordability often keep small firms from considering beneficial insurance coverage.

For such firms, bundled coverage can provide an option. Bundling policies means bunching these coverages together with a single provider on a single policy, thus allowing your firm to share limits between coverages, which discounts the premium.

Products often included in a bundled package include commercial crime coverage, employment practices liability insurance, fiduciary liability coverage and directors and officers liability. Bundling can also reduce the administrative time put in by your firm. There is typically only one policy form to complete and one effective date. This makes keeping track of premium payments and coverage information much simpler than with several different policies.

For more information about getting your firm the coverage it needs, call our service team today. ■
