

# Central Carolina Insurance Agency Commercial Newsletter



Central Carolina Insurance Agency

*"Protecting What Matters  
Most To You Since 1931"*

## How Can Cyber Liability Affect My Business?

When talking about **Cyber Liability coverage**, some will get the idea right away. Others may not see the risks immediately. *"What can happen, really? Where am I vulnerable?"* Here are loss scenarios and claims examples that make the issues *real*.

**Having sensitive, personal information stolen:** A hacker infiltrates an online shopping web site and steals 300,000 customer credit card numbers. Customers sue the company for unauthorized charges made on the credit cards. The banks that issued the cards also sue, to recover the costs involved in canceling and reissuing cards for the affected customers.

A large, thriving restaurant faces claims from 80 customers who say their credit card numbers were compromised immediately after visiting the restaurant, resulting in huge unauthorized charges. The restaurant is sued for damages even before the situation can be investigated.

A company notices that outside hackers have repeatedly accessed HR and payroll systems that contain names, addresses, social security numbers and other sensitive information for 27,000 employees. The company is sued by the employees; and is required to pay for credit monitoring services for the affected employees *and* to cover any losses traced to the release of the information.

**Inadvertent and accidental exposure of information:** A medical group discovers that a glitch in their security software made personal medical records accessible on the Internet, through the company's web site for a period of eight months. Patients sue, government authorities investigate.

At a retailer, several hundred paper credit applications -- containing personal financial data and details -- were mistakenly deposited in a dumpster, and not shredded as per policy. When completed applications were found scattered throughout the parking lot, news crews were alerted. The store was sued by credit applicants.

**Sending viruses or malicious code:** A company's email system was infected by a hidden virus that was automatically included with every email the company sent for more than 48 hours, infecting the email systems of hundreds of other companies. The company is sued for not maintaining adequate security software.

**Trademark Infringement:** A business uses a competitor's trademarked name as a metatag -- a piece of code used to increase the number of "hits" in response to internet searches -- is sued by the competitor for trademark infringement and unfair competition.

## In This Issue:

- **Cyber Liability**
- **New EPA Regulations: The Impact On Your Business**
- **Workers Compensation: The Importance Of A Return To Work Program**



For questions or additional information, please call:

### Central Carolina Insurance Agency, Inc.

317 Jake Alexander Blvd South  
Post Office Box 4078  
Salisbury, NC 28147  
Office Phone: 704-636-5311  
Fax: 704-636-7141  
Email: ccia@centralcarolina.com

This issue co-sponsored by:



Fulfilling the Promise Since 1876

Visit Our Redesigned Website At [www.centralcarolina.com](http://www.centralcarolina.com)

## New EPA Regulations Impacting Your Business

In our ongoing efforts to keep you abreast of issues impacting your industry and business, we have tried to summarize the 2008 EPA Lead Rule which became effective on April 22, 2010. Contractors performing work on buildings constructed before 1978 will be required to be EPA-certified and follow specific work practices to prevent lead contamination. This change creates more responsibility for the contractor resulting in more exposure to lead-based paint claims.

The Lead Renovation Repair & Painting Rule (RRP) is a federal EPA program that affects contractors, property managers, and others who disturb qualifying interior and exterior painted surfaces. Remodeling, maintenance, painting/surface preparation, window replacement, electrical, plumbing, and carpentry activities are subject to the program rules. Exceptions include emergency repair work, minor repair work that disturbs less than 6 square feet of paint per room, and housing declared lead free by a certified lead inspector. Examples of properties affected by the program include pre-1978 schools, daycare centers, residential homes, and apartment buildings.

The EPA broadening of renovators' responsibilities is beyond the scope of a General Liability policy. As typical general liability policies usually exclude any meaningful Pollution coverage. Most often a standard carrier will endorse an absolute pollution exclusion where they perceive heightened exposures. Stand alone Contractors Pollution Liability (CPL) policies are available for renovation contractors. The coverage provides third party bodily injury/property damage, defense, and remediation clean up coverage for their contracting operations.

Please contact us to review your current coverage and determine how this new regulation impacts your company. The carriers that we represent are aware of this new rule and have made Contractors Pollution policies available to rate with a simple application. Please share this letter with others in your industry that are not aware of these changes or reference our website at [www.centralcarolina.com](http://www.centralcarolina.com).

## Workers Compensation—Return To Work Program

What is the importance of a well-implemented return-to-work program? Consider this information from the National Council on Compensation Insurance:

- After 12 weeks away from the job, there is only a 50% chance of employees with a work-related injury returning to work.
- By six months, the chance drops below 20%.
- After a full year, only about 1% of employees have a chance of returning to work

And while medical costs represent a growing percentage of the average workers compensation claim, NCCI's preliminary data for 2009 show that lost time still accounts for 42% of the total claim cost. Effective return-to-work programs can have the single-largest impact on cost savings related to workers comp premiums. They keep costs down and they improve worker morale by keeping employees connected to the company to their co-workers. According to a study by Crawford & Company, employers with a return-to-work program report an average of 5.1 weeks for injured employees to reach maximum medical improvement compared to 13 weeks for companies without a program in place.

*Visit Our Redesigned Website At* [www.centralcarolina.com](http://www.centralcarolina.com)