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Customer Appreciation Party with Alcohol

If you're planning to serve alcohol at your next customer appreciation party, there are a few things you should consider before the event.

If someone is injured in an accident or injures others after leaving your party in an intoxicated state, you may be responsible. Establishing negligence can take time. During that time, legal defense costs can pile up. Having adequate business liability insurance may help with those costs as well as cover damages for which your business may be found liable.

If you are charging for alcoholic beverages, your insurance situation could change.

Standard business liability insurance will cover damages resulting from the service of alcohol. However, businesses that profit from the sale of alcohol might not be covered. Such a business should consider a more specialized insurance policy.

When discussing liability insurance in any context, there is one absolute truth: more is better than less. With the added exposure of alcohol, consider purchasing additional insurance in the form of a commercial umbrella policy. Remember that even a small gathering could lead to a serious accident.



The Rising Cost of Data Breach

Does your firm's cyber insurance policy cover the cost of a data breach? According to the Ponemon Institute, expenses associated with data breaches continue to rise for companies around the world. The total average cost of a data breach has reached \$3.8 million, up from \$3.5 million a year ago.

The report considers costs such as hiring experts to fix the breach, investigation and other activities associated with data breach response and public relations (e.g., setting up a hotline, offering credit services, etc.).

The cost of a data breach now averages \$154 per record stolen. While the health-care industry is most at risk for expensive breaches, damaging losses are experienced throughout the corporate world. Most of the breaches occur as a result of organized crime, not individual hackers, and their sophistication typically exceeds that which is available to the average business. Small and midsize businesses are highly vulnerable and increasingly used as gateways to clients and vendors, so take the threat seriously no matter the size of your business.

Do You Want Market Value or Replacement?



The cost to replace your commercial building may exceed—sometimes significantly—its current market value. If this scenario is true for you, how should you determine an adequate amount of insurance on that building?

Most commercial property policies are issued with limits that are based on an estimate of the building's current cost to replace. That said, barring any contractual agreement, such as that with a lender, you may have options. Before you can establish an adequate amount of coverage, consider the answers to a few questions. For example:

- If the building were completely destroyed, would you choose to have a new version of the same structure built in its place?
- Would you choose to have a smaller and/or lower-quality building constructed instead?
- Would you choose to rebuild, or would you prefer to receive payment for the building's actual cash value at the time of the loss?

Options may be available to you that could modify your policy as desired. Discuss these questions with your insurance agent for possible solutions.

Signs You've Been Hacked

The threat of cyber hacks and resulting losses plagues businesses daily. Statistics are gloomy and indicate that such intrusions will continue to evolve, rendering protective measures futile and threatening to create financial damages for businesses.

Cyber insurance is no longer a luxury. Businesses big and small must consider the damages that could result from a cyber hack and/or data breach and understand the cost of an uninsured loss. What are some ways your business can identify if its network has been hacked? Following are a few possible warning signs, according to GFI Software:

- Computer is failing to download updates to antivirus software or showing

notices that it's disabled

- Noticeable decreases in Internet speed for apparently no reason
- Computer seems to be running something in the background constantly
- Anything running from Temporary Internet files
- Odd programs running during startup
- Trouble shutting down.

Beyond these basic symptoms, there are many other areas to inspect, such as data within your network's firewall. Such an inspection might go beyond the expertise of your on-staff systems administrator. For this reason, consider scheduling a regular consultation with an IT security consultant.

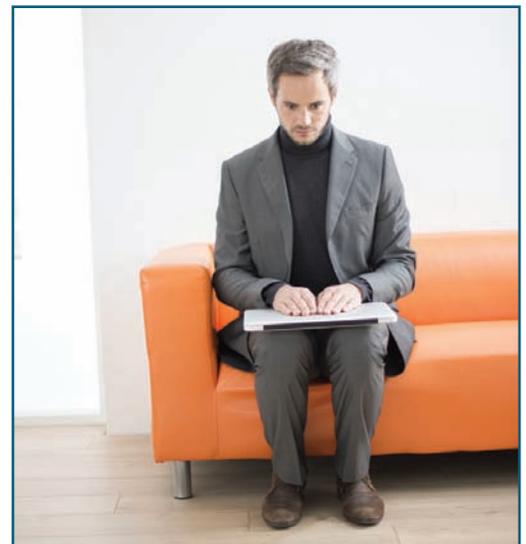
Preparing for an Insurance Audit

Certain business insurance policies, notably general liability and workers compensation, are subject to audit. Businesses purchasing such insurance policies should prepare for the audit to avoid potentially harmful consequences, such as increased cost or nonrenewal of insurance.

Don't wait until the audit to make adjustments. Frequent communications with your insurance agent about your business, including changes in operations, spikes in revenue and use of subcontractors can reveal information that could affect your insurance. If adjustments are required that result in higher costs, making the changes sooner rather than later might help spread the cost out over time.

More than sales and payroll will be considered. Frequently review any codes used by your insurance company to classify the type of work your business does as well as those individuals, such as employees and subcontractors, who do work on your business's behalf. Ask your insurance agent for assistance in determining the appropriate codes. Misclassifying is a serious offense.

Have documentation at hand for the auditor. At a minimum, have the following documentation ready: the insurance policy, federal tax returns, sales figures and payroll documentation. Contact your insurance agent or insurer to determine if there is additional documentation that may prove helpful.



Email Marketing: Costly Violations Not Covered by Insurance

If your business purchases a marketing list and engages in sending bulk email, it's important to follow the guidelines set forth in federal law by the CAN-SPAM Act.

Violations of the law can result in costly penalties of up to \$16,000 per violation. Business owners should also know that such penalties are not covered by business liability insurance.

Following is a rundown of the law's main requirements as provided by the Federal Trade Commission:

1. Don't use false or misleading header information. Your "From," "To" and "Reply-To" lines and your routing information—including the originating domain name and email address—must be accurate and identify the person or business who initiated the message.

2. Don't use deceptive subject lines. The subject line must accurately reflect the content of the message.

3. Identify the message as an ad.

4. Tell recipients where you're



located. Your message must include your valid physical postal address.

5. Tell recipients how to opt out of receiving future email from you.

6. Honor opt-out requests promptly.

7. Monitor what others are doing

on your behalf. The law makes clear that, even if you hire another company to handle your email marketing, you can't contract away your legal responsibility to comply with the law.

What to Know About Additional Insured Requests

If your business has received a request to add another entity to your liability insurance policy, you are not alone. Such requests have been long considered essential to risk management for businesses in many fields, including construction, manufacturing and retail. Tenants of buildings and lessors of equipment often are required to add another party as well.

When receiving a request to add another party as an "Additional Insured" under your business liability insurance policy, consider the following:

- How long does the requirement

last? Make sure the request clearly identifies a period of time the other party will have access to your insurance policy as an additional insured.

- Adding a party to your insur-

Allowing others to share your insurance means more hands in the same pot.

ance policy could mean less insurance available for you should a claim occur. Think of your policy as a pot of money. Allowing others to share your insurance means more hands in

the same pot. In most liability insurance policies, the limit available for a claim is the most the policy will pay regardless of how many parties are brought into the claim.

- You should not make contractual agreements you cannot keep regarding coverage. Remember that, if your liability policy does not cover the claim for you, it likely won't cover it for the additional insured.

Review any contractual obligation you have with the additional insured to determine what costs you would have to pay out of pocket should a claim not be covered by insurance.

Thank you for
your referral.

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

Watch Out for Property Items Not Covered

If your business owns a building, you probably have property that isn't covered under a typical commercial insurance policy. Paved surfaces, such as parking lots and walkways, your building's foundation, your property's landscaping, and underground pipes, flues and drains servicing your building all fall outside the usual business insurance coverage.

Additionally, even if you have some coverage, that insurance may be restricted to named perils, which normally exclude earthquakes and flooding.

It's important to review your business property insurance policy to learn how to insure these and other items—such as fences, retaining walls, money and electronic data—which may not be covered or might be covered for only a small amount. For some items, your policy can be modified to insure against damage to them. Others will require a separate insurance policy.