

Insuring Your World



June 2003
Vol. 5

"Insuring Your World" is a Lackner McLennan Insurance Ltd. publication providing information you need to make informed insurance choices.

Risky Business

Large companies often employ a full-time risk manager whose job includes looking after insurance needs, but in smaller companies risk management can be just one more thing to cram into an over-crowded business day. But whether large or small, every company needs business insurance. In fact, for small businesses it is perhaps even more important, since smaller businesses have fewer resources to draw on in the event of a large or unexpected exposure.

Most owners and managers know that managing risk is essential - but finding the time to give it the attention it deserves can be a challenge. Your familiarity with the operation of your company combined with Lackner McLennan's expertise in identifying cost-effective ways of handling commercial risk can address that challenge.

Obviously we'll start with identifying potential losses that could cripple your business, but the less obvious risk areas tend to present the greatest challenge. That's where we need to work with you to understand the most relevant areas of risk and plan to deal with those issues in a creative and cost-effective manner.

The result? A clearer understanding of the most relevant business risks your organization faces, and a comprehensive plan to mitigate those risks to protect your business, its facilities, its people and its customers. And for business owners and managers, that translates into a good night's sleep.

Environmental Insurance

More insurers are now requesting environmental audits and assessments, with no guarantee of coverage afterwards if adverse conditions are found. Seepage and gradual pollution is difficult to insure, and deliberate pollution is excluded.

According to the Insurance Bureau of Canada (IBC), it is possible that environmental liability may soon be a separate class of insurance excluded from general liability. IBC has made recommendations regarding the harmonization of environmental regulations and is working with the Canadian Council of Ministers of the Environment toward a new national agreement on environmental management. Insuring Your World will keep you informed as to how any changes to environmental legislation might affect commercial insurance requirements and rates.

Risk Management: a Four-Step Process

You manage every facet of your business, but are you managing business risk as well as you could – or for that matter, should?

There are four basic steps in risk management that your Lackner McLennan Commercial Insurance specialist will guide you through:

1. Identifying Risks

This is the process of looking at each asset or resource that your business relies on and listing potential exposure.

2. Assessing Risks

When assessing loss exposure two separate elements must be considered, including the likelihood of repeat losses and potential business impact. Your Lackner McLennan Commercial Insurance specialist will help you to make a proper evaluation.

3. Minimizing Risks

To avoid losses that could affect the health of your business, common sense precautions should be taken. Risk of fire and theft, for example, can be minimized through the use of fire alarms, sprinklers, smoke detectors and burglar alarms.

4. Transferring Risk

Once you have identified and assessed business risks and determined how they can be reduced, you need to acquire insurance coverage to transfer the risk to an appropriate insurance carrier. Your Lackner McLennan Commercial Insurance specialist will help you to find the right coverage in terms of protection and value for your business.

Are *YOUR* Computers Safe?

Computers, the information they contain and their associated hardware and software are primary targets for business theft due to the ease with which most computer equipment can be transported and their high resale value. The loss of a computer and its contents can seriously impact your business and create significant liability issues if the information contained within the stolen equipment is highly sensitive.

“Although most notebook computers are stolen for quick cash, 10 percent to 15 percent are stolen solely for the information on the hard disk.”

~ PC World 2001

“The average corporation spends more on coffee and soft drinks than on computer security.”

~ Internet Security Systems 2002

“Notebook Computer Thefts increased by 50% in 2001, when about 591,000 laptops (or 1,600 notebook computers per day) were stolen in the US – an increase of more than 50% over the previous year.”

~ Safeware Insurance 2002

Data and programs should be backed up regularly. The frequency can be determined by asking ‘what if?’ – in other words, if your computers were all stolen and you could only access data up to a certain point, what would that point need to be? The previous day? The previous week? Your choice will reflect the nature of your business and the information that you store. In any event, weekly or other regular backup schedules should be strictly maintained and the data stored offsite in a secure location.

Laptop PC’s are the most attractive computer hardware item to steal, given their convenient size and high dollar value. They should be secured to office furniture with an appropriate locking system, or stored in a secure area or cabinet. Employees should be advised never to let a company laptop out of their hands in a public place, including when traveling by air.

To safeguard computers and business information, first ensure that your business’ premises are secure. Solid doors and doorframes and deadbolt locks on all exterior access doors are critical. Depending on the location and nature of your business, it may also be appropriate to consider additional security for ground floor windows, such as bars or mesh.

An alarm system creates a second line of defense, but may not deter experienced thieves. It may only reduce the amount of time the thieves remain on your premises, and thus reduce the volume of items they are able to steal. With that in mind, you need to ensure that additional measures are in place to protect your information systems.

Locate computer systems (servers etc.) away from public view, preferably in a secure area. Consider attaching cables to lock PC’s to desks or workstations and document serial numbers for all computer equipment.

A laptop should never be checked as baggage, nor should it be left in an automobile unless it is placed out of site in the trunk, and locked.

The best defense against computer equipment theft is to be prepared. Educating employees in this regard is critical. Employees carrying laptops or handheld

“The best defense against computer equipment theft is to be prepared.”

computers should be required to sign on receiving the equipment and accept the terms and conditions of their use. Those terms should include taking all necessary precautions to safeguard the equipment.

If your business experiences computer theft due to a break-in, take immediate action to improve the security of the premises. Unfortunately, thieves frequently strike the same business a second time, knowing that all of the computer equipment will have been recently replaced with newer models of greater value.

For more information regarding loss prevention, talk to your Lackner McLennan Commercial Insurance specialist.

Do you have topic requests or suggestions for ‘Insuring Your World’? Please email them to info@lacknermclennan.com



Lackner McLennan Insurance Ltd.
450 Frederick St., 3rd Floor.
Kitchener, ON N2H 2P5

Tel: 519-579-3330 | 800-265-2625
Fax: 519-579-1151
www.lacknermclennan.com

© 2003 Lackner McLennan Insurance Ltd.