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To Our Valued Clients:

December 2016

Coverage You Should Consider

When dealing with complex contractual insurance requirements, it's easy to overlook the need for additional coverage not always required in your contracts. Don't let this be a costly oversight.

There are several important coverages you should consider which are all invariably excluded under the policies you are normally required to carry by your contracts. Below we outline a few: Employment Practices Liability(EPL), Crime, Cyber and Privacy Liability, as well as Pollution and Professional Liability. Coverages is generally available for each through separate policies.

Employment Practices

Employment Practices Liability (EPL) Insurance protects companies and individuals against loss from damages as well as defense costs arising out of employment practices disputes, such as:

- Discrimination based on gender, race, color, national origin, religion, disability or age.
- Sexual or other unlawful harassment in the workplace.
- Wrongful termination.
- Retaliation.
- Failure to employ or promote.
- Employment-related defamation or invasion of privacy.
- Wrongful discipline of an employee.
- Employment-related infliction of emotional distress

Defense coverage for Wage and Hour law claims may also be endorsed. All of these exposures are excluded under your General Liability policy. Even frivolous claims would cost you valuable time and money to defend.

Crime Coverage

Crime exposures are usually excluded or very limited under your Property and General Liability policies. Typically the business personal property of most contractors is covered for loss by theft under various property policies. If you only carry a General Liability policy you have no property coverage at all. However, even under property policies Money & Securities and dishonest acts of employees are often excluded unless separately endorsed. Theft of cash by burglary or robbery, and all theft by employees of money and other property would be excluded, including forgery. To protect yourself from these uncovered losses, please consider adding Money and Securities, and Employee Dishonesty, two important coverages often overlooked.

Another important reason for effecting Employee Dishonesty coverage involves the Employee Retirement Income Security Act (ERISA). ERISA requires that people handling funds of a benefit plan be bonded. The required amount of coverage is 10 percent of the plan's assets, subject to a minimum of \$1,000 and a maximum of \$500,000. This extension of coverage with the compliance language needed to meet ERISA requirements is often automatically provided by the Employee Dishonesty coverage mentioned above or can be added by endorsement. Make sure you have the coverage you need.

While thinking of your crime exposure, you should also consider whether you are vulnerable to Computer or Funds Transfer Fraud. Could money, securities, or other property be stolen or your account at a financial institution be debited or deleted by a fraudulent instruction, entry or change? Losses of this type can be considerable. Protection against loss due to these types of fraudulent acts can be provided by Computer and Funds Transfer Fraud coverage.

Cyber & Privacy Liability

Though there is no "standard" policy form, a Network Security and Privacy Liability policy typically has several layers of protection such as:

- **Privacy Liability** –protects against unauthorized release of Personal Information and corporate confidential information
- **Network Security Liability** –protects for allegations of
 - Inability of an authorized third party to gain access to your system.
 - Failure to prevent unauthorized access or communication that results in corruption
 - Your failure to prevent sending malicious code from your system to a third party
- **Media Content Liability** –covers against allegations of defamation, libel, slander, emotional distress, invasion of privacy, copyright & intellectual property infringement (patent excluded) in your media content in electronic (website, social media, etc.) or non-electronic forms.
- **Privacy Regulatory Claims Coverage** –legal defense and the resulting fines from claims alleging a privacy breach or a violation of a Federal, State, local or foreign privacy regulation. (Continued on back of page.)

- **Security Breach Response Coverage** –reimburses for costs incurred such as:
 - Hiring a public relations consultant to mitigate damage to your brand
 - IT forensics, customer notification and 1st Party legal expenses to determine obligations under Privacy Regulations
 - Credit monitoring expenses for affected customers
- **E-Business Interruption** –lost earnings and expenses due to security breach that disrupts computer system or ability of an authorized 3rd party to connect and restoration costs to restore or recreate digital assets to their pre-loss state.
- **Cyber Extortion** –expenses and payments to a harmful 3rd party to avert threatened potential damage such as introduction of malicious code, system interruption, data corruption or destruction or dissemination of personal or confidential corporate information.

Again, there is no standard policy. Some of the coverages summarized above may not be available or may be optional depending on the policy form. The terms, conditions, limitations and exclusions of the actual policy would apply.

Contractors Errors & Omissions Product (CEO)

Errors and Omissions coverage for Artisan and Specialty Contractors (This product is not for GC's, but they are eligible for the Professional Liability coverage described in the next section.) Insures against a variety of risks not covered by your General Liability policy.

Policy Features:

- Covers the insured's **faulty workmanship**
- Covers negligent errors or omissions by contractors or on contractors' behalf in the **design of their work**, including **design as a stand-alone deliverable**
- Covers the use of **defective materials or products**
- Available either stand-alone or combined with Pollution Liability

Contractors Professional Liability Product (CPL)

Professional Liability coverage for General Contractors with design-build exposure and Construction Managers. Provides coverage excluded under your General Liability policy as highlighted below:

Policy Features:

- Covers professional design services handled in-house or subbed to a design firm
- Coverage for failure to detect faulty workmanship of subcontractors when responsible for design and/or construction
- Expanded definition of professional services to cover services performed by licensed professionals: architects, engineers, landscape architects, land surveyors, interior designers, LEED consultants and construction management services
- Rectification coverage, a first party cover that allows an insured to report a design defect without waiting for suit by their client, keeping the project on schedule and uninterrupted

Contractors Pollution Incident (PI) Liability

Pollution Incident coverage for General Contractors and/or Artisan/Specialty Contractors. Providing coverage typically excluded under your General Liability policy with the following features:

Policy Features:

- Coverage for pollution claims including cost for government-mandated clean-up.
- Proactive coverage for mold.
- No exclusions for asbestos, respirable dust or silica.
- Coverage for punitive damages resulting from pollution liability.
- Coverage for transportation pollution liability and non-owned site disposal.
- Pollution incident created by the loading or unloading of automobiles are covered.
- Protection for the generation, transportation, storage or disposal of pollutants.
- Ability to endorse owned site pollution coverage.

We hope the above information is helpful. Please keep in mind it includes only brief outlines of coverage that may be available. As always, coverage will be determined by the actual policy terms, conditions, limitations and exclusions.

Please let us know if you have any questions or would like a quotation to add any of these important coverages.

Sincerely,
DeSanctis Insurance Agency, Inc.