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# Risk Advisor

Winter 2014

## Corcoran & Havlin Insurance Group

*Managing your risks, protecting your interests*

### Corcoran & Havlin Insurance Acquires the Sciarratta & Doucette Insurance Agency

**The Corcoran & Havlin Insurance Group** recently announced a merger with Needham based Sciarratta & Doucette Insurance Agency, providing its customers with access to a broader range of insurance products & services.

Sciarratta & Doucette clients will now be served out of Corcoran & Havlin's main headquarters at 287 Linden St in Wellesley, just 4 mile from their former Needham location.

Sciarratta & Doucette was founded by Angelo Sciarratta and Ken Doucette in 1966. Since its founding, Sciarratta & Doucette Insurance has provided Eastern Massachusetts homeowners and businesses with first quality personal and commercial services.



*Photo from Left to Right:  
Jack Keefe & George Doherty of Corcoran & Havlin  
Ken Doucette & Angelo Sciarratta of Sciarratta & Doucette*

The combination of the two agencies will further strengthen the Corcoran & Havlin's ability to provide customers with superior insurance service and risk management advice. Together, the combined agencies serve over 14,000 clients, offering more choices than ever before.

"We are excited to welcome the Sciarratta & Doucette Insurance Agency and its customers to the Corcoran & Havlin Insurance Group," said Jack Keefe, President of Corcoran & Havlin. "For more than 47 years, S&D has built an excellent reputation for superior customer service and products, making it a perfect fit for our organization. As a Five Star Agency, we can now offer an increased array of insurance carrier offerings and our award winning service to Sciarratta & Doucette clients."

### Common Misconceptions: Employment Practices and Lawsuits

Discrimination suits against businesses are becoming more common in courtrooms. In 2009, people filed more than 130,000 complaints with the Equal Employment Opportunity Commission. When it comes to the total cost of discrimination suits against businesses, there is no specific figure. However, a fair estimate is about \$2 billion annually.

There is a type of insurance designed to protect businesses from lawsuits, which is called employment practices liability coverage. EPLI is offered by insurance companies as part of a business product line. It is important to note that there is a disparity, which is that many eligible companies do not buy this type of insurance. This is surprising to many industry experts due to America being a highly litigious society.

There are many myths tied to EPLI, so it is necessary to dispel them to better understand just how much businesses truly need to be protected from litigation. One common myth is that a business is immune to lawsuits due to a special company structure or other factor.

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**Corcoran & Havlin  
has been awarded the  
2013 Reader's Choice  
Award for the 10th  
year in a row! Not only  
did we win as a local  
favorite, but because of  
customer's like you, we  
were awarded the title of  
Regional Favorite!**



**C&H's  
Commercial Team**

**Patrick Byrnes**

**George Doherty**

**Ken Doucette**

**Debi Drury**

**Beth Eyster**

**Tom Fitzgerald**

**Tamara  
Georgacopoulos**

**Tim Graham**

**Virginia Handerhan**

**Alan Heinlein**

**Jack Keefe**

**Jane Loomis**

**Skip Lougee**

**Paul McDonald**

**Beth McDonough**

**Mary Mullin**

**Martha Mullin**

**Megan Peterson**

**Tom Storella**

**Mark Sawyer**

**Susan Thomas**

**Kathy Uvanitte**

**Rick Weden**



**Managing your risk,  
protecting your interests.**

## **Why it is Important to Review Business Insurance Annually**

The majority of new business owners are mostly concerned about everything being favorable for the safety and success of their businesses, which means they must obtain the necessary business insurance. However, complacency can result from success and longevity. For example, if a person started a business 10 years ago with only a small workspace but has an office with multiple workers now, they may still have the same insurance policy they purchased when the business first started. If this is the case, it would be insufficient. This is why it is important to review business insurance annually.



Business owners should review their policies every year to make sure there are no errors and that they are not under-insured. Circumstances can change errors happen and policies may have still been obtained with caution and care. Substantial risks and expenses can occur without yearly analysis. It is common for smaller businesses to use basic insurance when they first get started. General liability policies and commercial property insurance are two common examples.

### **As their businesses evolve, most people find that they need other forms of coverage. Some examples include the following:**

- Workers' compensation insurance is necessary when a business grows to add a certain number of employees. In most states, this type of coverage is required. Employers must make payments to workers for medical expenses and lost wages following a workplace injury.
- Excess umbrella or liability coverage claims that exceed a policy's limit can help add an extra layer of protection.
- Professional liability insurance provides coverage for mistakes by service providers and often covers attorneys' fees.
- Auto, non-owned and hired coverage protects business owners if an employee has an accident while driving a rental or personal vehicle on the job.
- Employment practices liability insurance covers HR issues related to discrimination, harassment and termination.
- Commercial auto insurance coverage protects autos that are not under a personal policy.
- Directors and officers liability coverage protects officers and directors in the event they are sued for wrongful acts while on duty.
- Employee benefits liability coverage protects business owners from issues related to errors and omissions for employee benefits.

Depending on the business, some or most of these insurance options may be required for adequate protection. Annual reviews are ideal for discussing options with Corcoran & Havlin.

### **Make sure these elements are considered:**

- If computers, equipment or other types of property have been added, this would be reason to increase policy limits.
- While revenue is an important consideration, it is also important to remember that it is a potential liability.
- A general liability or business owner's policy may be affected if the owner has moved added or closed locations.
- Hired and non-hired auto insurance is necessary if workers are driving frequently in rented vehicles.
- For specific types of work and services, employers may need additional endorsements for their general liability policies.
- People who are serving new industries or clients may have problems with their professional liability coverage if they have large amounts of high-risk industries or clients.
- If employers experience an increase in the number of workers they have or there is a higher turnover rate, it is important to think about employment practices liability coverage for this exposure.

## Protection Against Cyber-Risks

Just prior to the Christmas holiday in 2013, the prominent retail chain Target announced that it had been the target of a massive hack of its credit card processing systems. The breach compromised as many as 40 million credit card numbers. Law enforcement authorities and Target's own investigators confirmed that stolen card numbers were coming up for sale on Internet sites catering to identity thieves at anywhere from \$20 to \$100 per card.

The complaint reads, in part: "Target failed to implement and maintain reasonable security procedures and practices appropriate to the nature and scope of the information compromised in the data breach."



### All businesses are at risk

If Target's modern Internet security and encryption can be hacked into, so can yours. And if your business fails to protect this information against criminals both internal and external to your organization, you could be liable for damages.

Target was named a defendant in a lawsuit within days of the news breaking. Naturally, Target can afford the top attorneys in the country to defend its interests. For most small or medium-sized businesses, the attorney's fees alone involved in mounting a defense would be a very significant hardship, even in much smaller cases.

The fact is that credit card thieves, hackers, and extortionists attack not just large businesses, but medium- and small-sized businesses, too. In fact, it happens every day. Servers in restaurants, for example, can swipe a credit card using a smart phone and a tiny reader they can carry around in their pockets – or photograph your accounts receivable records. Advances in technology and business methods have also created new dangers for businesses, and an emerging area of insurance and law centered around cyber-risks.

As a small business, your risk isn't confined to credit card numbers and transactions. You could be facing immense liability from any of these cyber-crime related risks:

- Security breaches business checking accounts
- Electronic theft of money you hold as a fiduciary for your clients or customers
- Health insurance records
- Theft of e-mail addresses
- Customer bank account and other billing information
- Personally-identifiable medical information

It's not just criminals that can cause a claim, either. Your servers could be destroyed in a fire, or infected with a computer virus. Damages can quickly total into the hundreds of thousands or millions of dollars, depending on the size of the business and the nature of the data that was destroyed, compromised or stolen.

### Insuring Against the Risk

Fortunately, it's now possible to insure against the devastating effects of a cyber breach or network disaster. While there is no "standard policy form" at this point, most policies currently available will provide coverage against the following types of risks:

- Data destruction
- Data recovery costs
- Business continuation
- Data theft costs
- Extortion
- Legal fees arising from cyber risks



As with any type of insurance, definitions matter, so look beyond the monthly or annual premium costs to see how each peril is defined, and review any exclusions, before electing a carrier or policy.

***Common Misconceptions about Employment Practices Liability Insurance & Lawsuits continued from pg. 1...***

Regardless of the type of company or what structure is used, every business is still susceptible to lawsuits. Some larger businesses may not have the HR practices or policies they need to keep a discrimination suit from proceeding. If a business does not have a structured setup, it is more vulnerable than the owners might think.

Another common misconception is that businesses can absorb the costs of lawsuits if they are filed. However, this is far from the truth. Any type of legal action will be costly, and the cost is not always just financial. Management staff and other workers will be asked to testify in most cases, so they will have less time to focus on their work priorities. Such an upsetting event will affect production quality or the bottom line. Experts say that it is common for businesses to file for bankruptcy due to lawsuits.

In addition to lost income, the specific costs related to discrimination lawsuits is very telling. In two cases that occurred in 2005, large corporations agreed to pay between \$3 million and \$5 million to settle their own lawsuits. Another large company was forced to pay upward of \$36 million in 2004 to settle a discrimination case.

There is yet another myth that business owners think general coverage will protect them from discrimination lawsuits. However, it will not protect them. Workers' compensation, business owner policies, professional liability policies and general liability policies sometimes exclude liability from lawsuits about discrimination.

Although business owners can take a variety of non-insurance precautions, EPLI is the only option for full protection against the costs of discrimination lawsuits. With an EPLI policy, business owners will be protected from lawsuits stemming from discrimination, sexual harassment, breach of employment contract, wrongful termination, failure to promote or employ, negligent evaluation, deprivation of career opportunity, wrongful discipline, mismanagement of employee benefits and wrongful infliction of emotional distress.



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