

# CONSTRUCTION, COMPUTERS, & CYBER INSURANCE

By Jay Williams

The 21st century has brought with it some rapidly evolving changes with the way you do business, specifically your use of the Internet. Company websites play a key role in the underwriting process of insurance coverage.

## ONLINE MISREPRESENTATION

There are two common misconceptions that agents and their construction customers have:

- Underwriters only care about information that is contained on the application and loss information that is part of the submission.
- Putting more information on a website than what a business actually does makes them look more legitimate.

Unfortunately, those two fallacies can merge into one big problem.

There is no doubt that underwriters look at what's written in black and white, but they also do research on the customer to see if there is any potential risk not contemplated in

the application process. Part of that research is to look at the customer's website.

For example, if you build single-family homes but your company's website shows pictures of high-rise complexes and condominiums, the underwriter will see that as a big red flag. To them, this is a picture of what you may do from time to time. The bottom line: keep your website content relative to what you actually do.

## WORLD WIDE WEB EXPOSURES

Today's business owner has to consider the exposure of risk beyond the physical workplace and include the possibility of a cyber event from a number of sources: email, websites, and online transactions. Viruses, malware, ransomware, denial of service (DoS) attacks, and many other losses come as a result of having an electronic presence. The exposure is magnified by the number of devices used to connect online, provide data storage, access Smart Homes, use of electronic signature with

contracts, and transmission of data to other contractors or local building departments. WOW...that's a lot of exposure where anything can go wrong!

## CYBER COVERAGE

The first cyber-related coverage was written in 1999. Since that time, exposures and related coverages have evolved very quickly. Today, these policies are referred to as Cyber Liability Policies even though they cover first-party as well as third-party exposures.

## FIRST PARTY LOSSES

So the first question is: what are some of the first-party losses that can have an impact on your business?

- A virus damages or causes loss of use of electronic data (plans, drawings, permits, etc.);
- A hacker or former employee alters, manipulates, destroys or steals data;
- A hacker encrypts data and demands a ransom to unencrypt;
- Extra expense to research and rebuild data;

- Extra expense to clean up a website infected with malware;
- Cyber breach that causes a loss of business income. Fortunately, many Cyber Liability Policies include coverage that can be activated to provide for these first-party losses that can occur.

### THIRD-PARTY LOSSES


The second question is: what are some of the third-party losses that can have an impact on a contractor?

- An employee emails sensitive personal data to the wrong person;
- A website contains copyrighted or trademarked content that is not used with permission;
- Blogs or testimonials contain negative comments about other builders or subs;
- Transmitting viruses or malware that cause damage to another business or personal computer;
- Stolen laptops, smart phones, and tablets with proprietary or personal information;
- Breach of contract caused by a denial of service (DoS) attack on the contractor's website;
- Hacker or former employee steals data or information and uses it to hurt other businesses or people.

These are examples of losses that occur every day in our world. This is the real world we live in and contractors are no exception to these losses.

### PLAY IT SAFE ONLINE

In this fast-paced and online-centric business environment, how do you protect your business? A strong Cyber Liability Policy is the answer.

While there are numerous companies that write cyber coverage, each policy is unique. Ensure that your insurance agent reads and compares coverages to provide you with the specific coverage you need. To help your agent, be completely transparent as to how you use the Internet, including website representation, data storage and transmissions, etc. Only with transparency and coverage analysis can you and your agent craft the best coverage available to treat your business's exposure. 

Jay Williams is VP of Business Development & Underwriting for FHB Insurance.

JWilliams@FHBinsurance.com  
850.402.1931



• RESIDENTIAL •  
• COMMERCIAL •  
• AGRICULTURE •



**CAPITAL**  
METAL SUPPLY

### Roll Formed Metal ROOFING & SIDING

- PAINTED PANELS**
- 40 Year Warranty
  - 16+ Color Options
  - 29 Gauge
  - 26 Gauge

**We offer a complete line of accessories!**  
Trim, Fasteners, Insulation, Purlins, and more!

- GALVALUME®**
- 25 Year Warranty
  - 29 Gauge
  - 26 Gauge

**Next Day Delivery Available on Most Products!**

**We Sell Commercial Roll-Up Doors**

**COMPETITIVE PRICING!**

*Call for Quote!*

629 SE Industrial Circle  
Lake City, FL 32025  
**(386) 752-2950**