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COMBINED EXPERTISE ► SUPERIOR PROTECTION™

# "What Might Injure My Business?" Five Key Areas for the Busy Risk Manager

Loss Control Webinar Series

July 20, 2011



# Presenters



Mike Costa

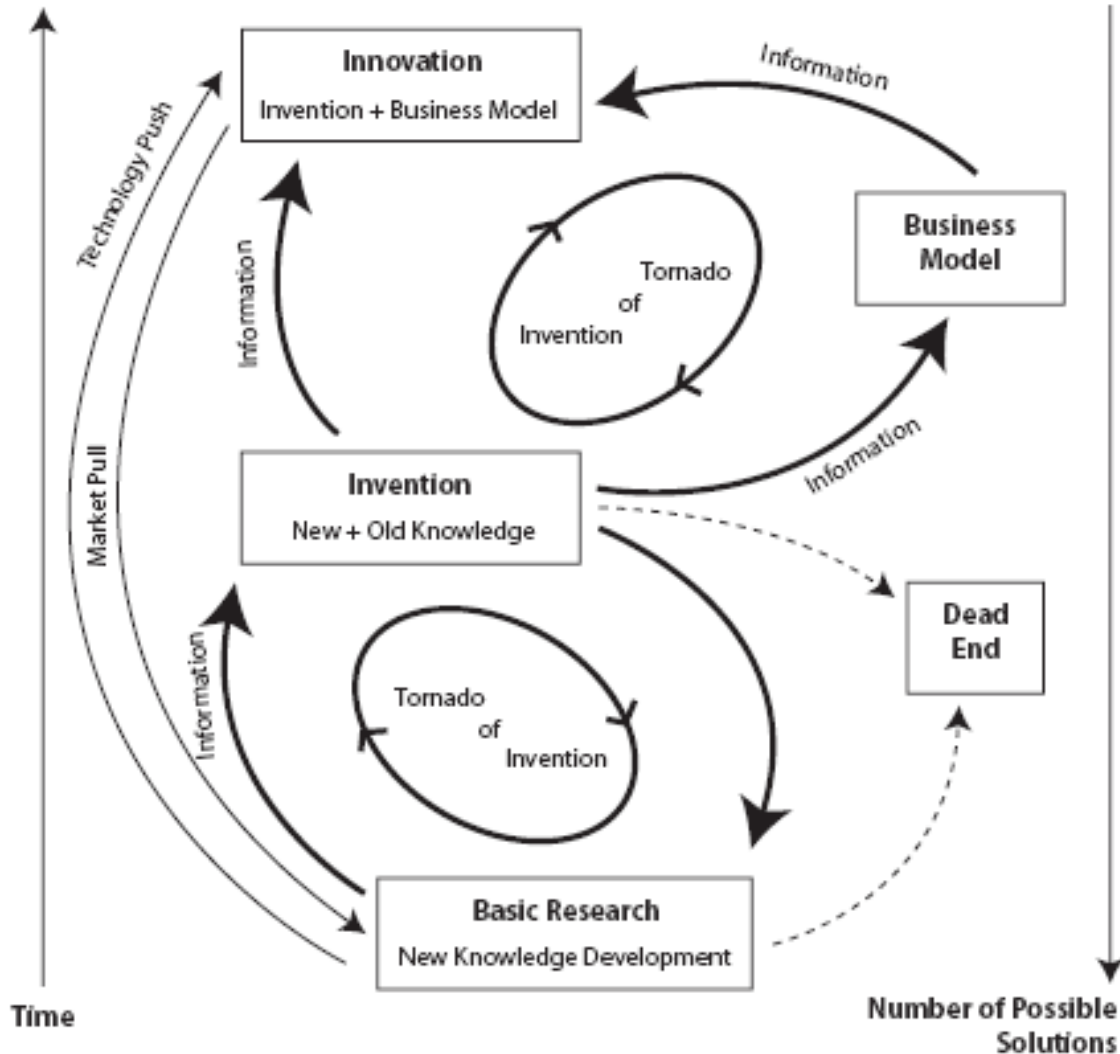


Joe Coray

# Outline for Today's Webinar

- Invention, Innovation and Risk Management
- What is Risk and how do we handle?
- Employee Safety and Ergonomics
- Distracted Drivers !
- Temperature Change and Spoilage
- Keeping it going – Continuity
- Data and Network Security

# Research to Invention to Innovation



Invention only becomes innovation when science meets business plan –

- commercialization
- marketing
- risk management

Insurance supports the Innovation cycle as a necessary component of a business model.

# Defining Risk and its Management

- Risk is the chance that your business will lose money due to liabilities or property losses.
- Risk management helps you understand and prepare *before* the losses occur.
- Risk management program addresses factors that you can control.
- Manage Risk in three ways:
  - Finance
  - Transfer
  - ⊛ Control

# Employee Safety and Ergonomics

- Ergonomics is the science of making things comfy. It also makes things efficient.
- Practitioners of ergonomics study work, how work is done and how to work better.
- Businesses use ergonomics to keep their workers healthy, reduce workers' compensation claims, improve morale, productivity and quality.

# Top Five Types of Employee Injuries

- Overexertion/Musculoskeletal disorders
- Falls on same level, or level below
- Struck by object or striking objects
- Repetitive Motion
- Vehicle Accidents

# Ways to Control or Mitigate Loss

- On-the-job Exercise programs
- Safety in stairwells, restrooms, break rooms and parking areas
- Personal Protective Equipment, machine guarding
- Breaks, tools, posture
- Practice Defensive Driving
- Return to work programs

# Polling Question - 1

# Driving with Distinction or Distraction

- National Highway Traffic Safety Administration, driver distraction is factor in 80% of vehicle accidents.
- NHTSA – drivers engage in secondary distraction 30% of vehicle motion time
  - Talking/texting on cell phone
  - Eating and reading
  - Manipulating controls
  - Navigation and hand held computers

# Stop the Cell phone Use

- No difference in cognitive distraction between handheld and hands free – both serious degradation of driver performance
- National Safety Council – 469 companies have policies prohibiting handheld and handsfree devices while driving
- Harvard University estimates annual cost of accidents caused by cell phone use is \$43 Billion

# Ways to Mitigate Driver Accidents

- Establish driver training and defensive driving as part of fleet safety
- Defensive driving is driving to prevent collisions in spite of incorrect actions of others or adverse driving conditions
- Preventability and Accountability
- Accident review process or board
- Rental Vehicles and employee drivers

# Polling Question - 2

# Temperature and Spoilage

- Spoilage or change in temperature to perishable property occurs throughout the life science industry.
- 32% of Life Science companies experienced some loss due to temperature change
- Examples range from vaccines spoiling due to mechanical compressor failure to an employee failing to properly secure cell lines in a freezer.
- Huge economic value at risk, as small quantities of materials can have significant monetary value, based on their biochemical complexity and difficulty to reproduce.

# Mitigating Temperature Change

- Inspect and review items; proper signage for materials in temperature sensitive storage
- Comprehensive design with purpose built equipment and maintenance program for equipment
- Automated storage alarms and monitoring
- Redundant refrigeration and auxiliary power systems
- Pre-emergency plan for rapid response with formal response plan
- Economic analysis as part of business continuity management plan

# Business Continuity

- Planning what to do after the disaster, before the disaster occurs
- Natural Disasters – damage to your property and operations; damage to your customers or suppliers
- 43% of businesses never reopen after a disaster
- 29% of those who do go out of business within two years

# Business Continuity Management Plan

- 3 P's:
  - Protect people
  - Protect property
  - Prepare to resume Productive Operations
- Address IT systems, processes AND all other critical operations of your business
- Concentrate on scenarios and processes – not events
  - Lack of power
  - Facility closed
  - staff shortage
  - critical supplier failure
- Comprehensive: locations, functions, relationships

# Elements of a BCMP

- Establish of Policy and Structure, Team
- Assessment Planning: Hazards, Risks, Assets
- Preparedness: Develop a Readiness Plan
- Response: Develop an Action Plan as Response
- Recovery: Develop a Plan for Resuming Operations
- Test the Plan: Training, Drill, Exercise
- Keep the Plan Current
- Media Management

# Polling Question - 3

# Data and Network Security

- Cyber Risk is everywhere
- Any business with information and telecommunications systems
- Risk involves the cost and consequences of data breach, network disruption, virus transmission, privacy, identity theft, or even infringement of intellectual property and reputational risk

# Cyber Liability

- All companies that use information networks and store data have exposure – the key is what kind of information and would its release cause problems, violate state laws
- Life Science companies have this exposure in both general and unique ways
  - General, like all businesses, information such credit cards, employee records, customer files, financial data or intellectual property
  - Unique as they tend to do business or have more activity through their networks and information systems –
    - information on patients in human clinical trials, or
    - collections of customer information through e-commerce
    - information sharing systems

# Costs from Cyber Risk Event

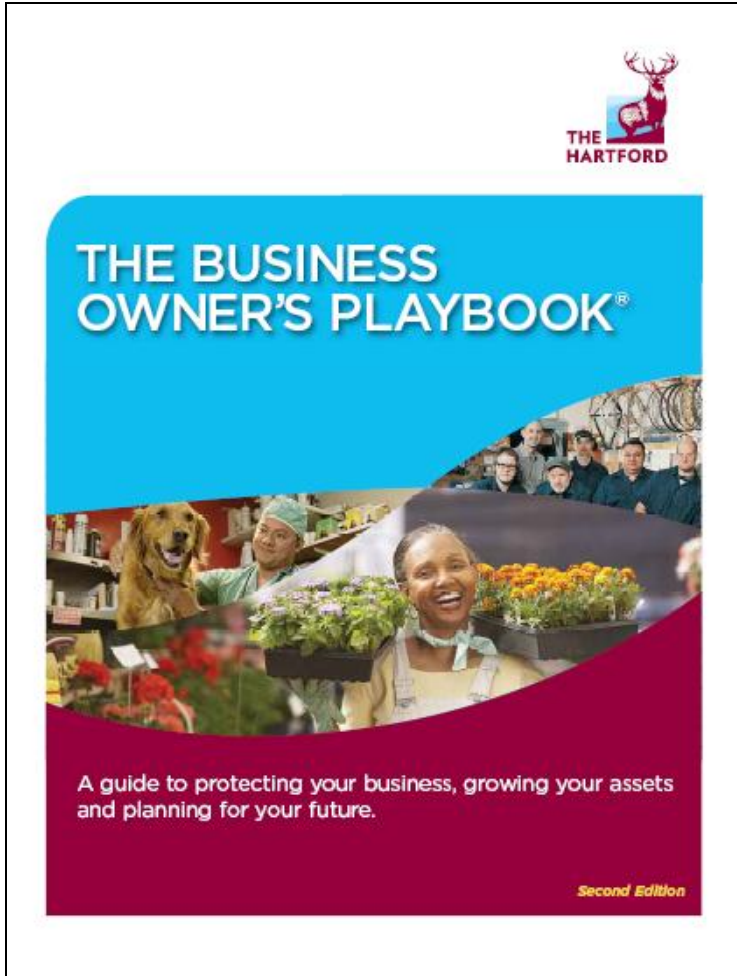
- Physical damage or loss of income from business interruption from denial of service, network attacks and data loss
- Costs of compliance with state data breach laws, credit monitoring, crisis management, or even cyber extortion
- Defense and indemnity coverage against accusations of negligence with regard to privacy violations, virus transmission or failure of our insureds to protect their customer's information, if that is part of their product or service
- Reputation of our business


# Protecting your Network and Data

- Use security software
- Practice the principle of least privilege (PoLP)
- Maintain current software and updates
- Avoid threats to your computer
- Never share passwords or passphrases
- Beware of unknown email and attachments
- Don't download unknown software off the Internet
- Log out/lock your computer
- Shut down lab/test computers
- Remove unnecessary programs
- Restrict remote access
- Frequently back up important files
- Treat sensitive data carefully
- Remove data securely
- Deploy encryption when possible



# Polling Question - 4

# Business Owner's Playbook





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|  <b>Consider This</b><br>This symbol indicates important suggestions to help you manage your business and personal financial picture.   |    |
| <small>These materials provide general information, and should not be construed as specific financial, insurance, tax, legal, or accounting advice. You should consult a qualified advisor for individual guidance in these matters. Please see back cover for additional important information.</small> |    |

# *New* Marketing Resources

- New Business Owners Playbook

- Risk Best Practices

- Resource website

  - [www.thehartford.com/info/technology](http://www.thehartford.com/info/technology)

  - [www.thehartford.com/corporate/losscontrol](http://www.thehartford.com/corporate/losscontrol)

- New interactive e-Learning tools for Workers Compensation

  - View the Guide and the checklist here

  - [www.WorkersCompStartHere.com](http://www.WorkersCompStartHere.com).

# Questions and Comments

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