

**DID YOU KNOW?**

The Securities and Exchange Commission (SEC) announced that R.T. Jones Capital Equities will pay a \$75,000 settlement to its former clients for failing to protect their data from a cyber attack.

The investment advisory firm violated the SEC's "safeguards rule," which requires investment advisors to adopt written policies and procedures to protect customer records and information. The SEC found that the investment advisors did not encrypt customer data and failed to install a firewall on its servers.



## Cyber Security Named Biggest Risk in New Survey

In the Graham Company's 2015 Business Risk Survey, 21 percent of respondents named cyber security as the threat that they were most concerned about, making it the top risk among those surveyed.

The survey also shows that companies are becoming increasingly aware of the growing ways in which a cyber attack could threaten business. While respondents mentioned their concern over the theft of customer and employee information was their

biggest worry, the responses indicate that decision-makers are also concerned about emerging cyber threats, such as the theft of intellectual property.

Still, that concern doesn't necessarily translate into action. Only 61 percent of respondents said that they felt prepared for cyber security risks, and only 56 percent said they had completed an IT, network or cyber security audit within the past two years.

## OSHA: 10K Fewer Violations in 2014

Last month, OSHA released its enforcement summary statistics for fiscal year (FY) 2014, which showed a significant decrease in the number of violations. In FY 2014, there were 67,491 total violations, compared to 78,186 total violations in FY 2013.

However, those numbers come with a caveat. OSHA noted in its release that the federal government shut down from Oct. 1-16, 2013. The agency blames the shutdown for the reduced number of inspections in FY 2014, (36,163) when compared to FY 2013 (39,228).

Still, while the agency admits that part of the reduction in violations

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## Understanding Reputational Risk: Mitigating the Risks

As the recent scandal with Volkswagen has shown, the damage done to a company's reputation can result in massive losses. In fact, the Economist Intelligence Unit estimates that as much as 75 percent of a business's value is tied to its reputation.

### Managing Social Media

Reputational risk has become a much more significant exposure in recent years, due in large part to social media. News of a mistake or a scandal can travel quickly, as can reports of poor customer service or the complaints of disgruntled employees. To protect your reputation, it's essential for a company to monitor social media activity, as well as establish clear guidelines for its employees' use of social media.

### Getting Coverage

Reputation coverage isn't as widely as available as other coverages for two reasons. First, the concept of reputation coverage is fairly new in the insurance world, which means that underwriters don't have the actuarial data they need to properly classify reputational risks. Second, reputation is a nebulous concept that's innately hard to quantify.

Accordingly, companies seeking reputational coverage will have two options. Larger businesses can opt for standalone reputational coverage—though such policies usually have very high premiums. In most cases, the most sensible option is to package reputational coverage in with specific policies, usually in the form of a crisis management endorsement.

### More Information

Reputational risk is an area that many companies often overlook, despite how costly that can be. Your trusted advisors at Baldwin Krystyn Sherman Partners are committed to making you aware of all of your exposures and offering you solutions to your problems. For more resources on reputational risk, contact us at 813-984-3200 today.

## OSHA Violations Down in 2014

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can be attributed to the reduced number of inspections, it estimates that, without the government shutdown, there would have been approximately 71,000 violations recorded in FY 2014—approximately 7,000 fewer than in the previous year.

Overall, the statistics show that employers are making serious strides in workplace safety. Since FY 2010, the number of total violations has fallen by nearly 30,000, and the number of total serious violations has fallen by more than 25,000.

Employers who are concerned about workplace safety have a number of resources available to them. OSHA provides [compliance assistance services](#) online, as well as [free on-site assistance for small employers](#).

Additionally, you can contact your advisors at Baldwin Krystyn Sherman Partners for guidance, information and training materials related to OSHA compliance.



Workplace and safety tips brought to you by the insurance professionals at:  
**Baldwin Krystyn Sherman Partners**

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