

WORTH THE RISK?



Highlights from the Chubb 2013
Private Company Risk Survey



TABLE OF CONTENTS

[PREV](#) « [TOC](#) » [NEXT](#)

	Introduction: The Bottom Line: Private Companies Are Vulnerable . . .	3
1.	GL is Only One Piece of the Puzzle	6
2.	No Company Is Immune from Employee Fraud	7
3.	Is a Costly D&O Liability Lawsuit Lurking?	9
4.	Is Fiduciary Liability the Unseen Risk?	11
5.	Are Companies Taking Employment-Related Risks?	13
6.	Even the Best Professionals Can Be Sued	15
7.	Mixed Perceptions of Cyber Risk	16
8.	A Violent Workplace Incident Can Have Sweeping Aftereffects. .	18
	A Few Facts About Chubb & This Report	20





THE BOTTOM LINE: PRIVATE COMPANIES ARE VULNERABLE

[PREV](#) « [TOC](#) » [NEXT](#)

Private companies increasingly are at risk of professional and management liability from a vast range of events, including costly lawsuits, government fines, data theft and other criminal activities. So disruptive are such events that small companies can quickly face financial ruin, and even large companies may find it difficult to fully recover from such administrative and financial disasters.

In some cases, the company managers themselves face loss of personal assets, along with those of the company.

Despite the risks and widespread news coverage of the most sensational cases, a large percentage of company decision makers are not taking steps to protect themselves with professional and management liability insurance—even

though a dramatically growing number of managers are concerned about the risks.

Chubb's 2013 Private Company Risk Survey shows that these large gaps in coverage may stem from something as basic as managers not fully understanding what is covered under their current liability policies.

This report delivers compelling details from the survey, comparisons to a similar Chubb 2010 survey and up-to-date observations from premier third-party sources on the following areas of exposure: directors & officers (D&O) liability; employment practices liability (EPL); errors and omissions (E&O) liability; employee fraud; cyber crime and cyber liability; fiduciary liability; and workplace violence.

A SAMPLING OF KEY FINDINGS FROM THE SURVEY

In the past three years, **44% of private companies experienced at least one loss event** related to D&O liability, EPL, fiduciary liability, employee fraud, workplace violence or cyber liability.

Larger companies are more likely to have experienced a loss event:



Company size	Experienced at least one loss event
25-49 employees	33%
50-99 employees	44%
100-249 employees	58%
250+ employees	76%



For more information contact your agent or broker, or visit Chubb online at www.chubb.com

INTRODUCTION

CONCERNED

Significantly more private company executives expressed concern over the following six risks than they did three years ago, with the number more than doubling in all but one case.

VULNERABLE

Despite decision makers' heightened concern about these risks, the purchase rate for any of these coverages has changed little from 2010, and the purchase rate for any single type of professional or management liability coverage remains low.

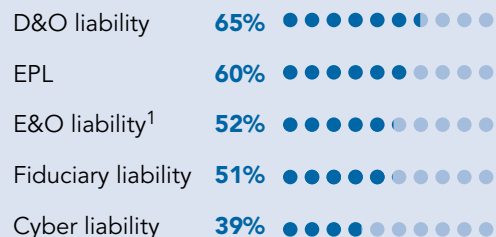
PREV « TOC » NEXT



MISTAKEN BELIEF

One reason for the low purchase rate could be that many executives believe their companies already have the proper insurance protection. Many inaccurately believe a risk is insured under the company's general liability (GL) policy.

Percent of nonbuyers who mistakenly believe their GL policy insures:



INTRODUCTION

CAUTION AHEAD




Many private companies are contemplating activities in the next 12 months that could result in increasing their exposure to certain risks.

Percent of companies:	That plan to:	Increasing their risk of:
60% 	Increase the workforce	A charge with the EEOC and/or EPL lawsuit alleging discrimination for not hiring an individual
28% 	Reduce or eliminate employee benefits	A fiduciary liability lawsuit
25% 	Have a major merger/ acquisition or sell part of the business	A D&O liability lawsuit
24% 	Reduce the workforce	A charge with the EEOC and/or EPL lawsuit alleging discrimination for terminating or laying off an individual

PREV « TOC » NEXT

RISK EXPOSURE

Private companies may already be involved in activities that are increasing their exposure to risk:

	Percent of companies 	Percent of companies 	Percent of respondents 
That presently:	Use a cloud provider but do not have an incident response plan (IRP) for containing a cyber breach or data loss ³	Have a broad exclusionary policy against hiring employees with criminal backgrounds	Use social networking sites for business reasons (up from 39% in 2010)
Increasing their risk of:	A cyber liability lawsuit and/or cyber crime loss resulting from a data or privacy breach	An EPL charge or EEOC investigation or an EPL lawsuit	A defamation lawsuit over a social media "gaffe"
Because:	Companies are ultimately responsible for the safety of data stored by cloud providers, underscoring the importance of an IRP.	According to the EEOC, such policies potentially have an adverse impact on certain protected class members, and thus should be avoided.	Social networking sites used on behalf of a company can result in the company assuming liability for many of the same risks as a publisher.



For more information contact your agent or broker, or visit Chubb online at www.chubb.com

SOURCES

1. For companies providing services for a fee only. These companies made up 49% of the total survey respondents in 2013 and 55% in 2010.
2. The Chubb survey only asked this of those companies that said they rely on in-house counsel—16% of the total 2013 survey sample and 19% of the sample in 2010.
3. Based on the 21% of companies in the survey that use cloud providers.

CHAPTER
1

GENERAL LIABILITY

PREV « TOC » NEXT

GL IS ONLY ONE PIECE OF THE PUZZLE



DEGREE OF CAUTION:
Does your company have insurance coverage for:

- D&O liability?
- Fiduciary liability?
- E&O liability?
- Cyber liability?
- Employment practices liability?

A GL POLICY LIKELY DOES INSURE

(up to insurance limits and for which the GL policy applies):

- ✓ Legal liability for claims involving bodily injury, property damage, advertising injury or personal injury.
- ✓ Defense expenses for suits filed against the insured.
- ✓ Cases of infringement upon another’s copyrighted advertisement or registered trademark in insured’s advertisement.
- ✓ Publication of material that violates a person’s privacy, or libels or slanders a person or organization.
- ✓ Personal injury, including discrimination, harassment and segregation (other than employment-related).

GENERALLY, A GL POLICY IS NOT INTENDED TO INSURE:

- ✗ Financial injury from actual or alleged wrongdoings of a company’s **directors & officers**.
- ✗ **Employment-related** discrimination, harassment or retaliation.
- ✗ Breach of fiduciary duty imposed by ERISA for an employee benefit **fiduciary liability** claim.
- ✗ Financial injury that may be insured by professional liability or product or service **E&O liability** policies.
- ✗ First-party expenses resulting from a **privacy data breach**.

A COMMON MISCONCEPTION AMONG PRIVATE-COMPANY DECISION MAKERS:

Thinking risk is insured under their GL policy

- ✓ Companies that purchase this insurance
- ⊗ vs. non-purchasers who think this risk is insured under their GL policy.

Directors & Officers Liability



Employment Practices Liability



Errors & Omissions Liability¹



Fiduciary Liability



Cyber Liability



For more information contact your agent or broker, or visit Chubb online at www.chubb.com

SOURCES

1. For companies providing services for a fee only. These companies made up 49% of the total survey respondents in 2013 and 55% in 2010.

CHAPTER

2

**EMPLOYEE
FRAUD**

PREV « TOC » NEXT

NO COMPANY IS IMMUNE FROM EMPLOYEE FRAUD

In June 2012 the controller of a Pittsburgh-area auto dealership was sentenced to almost seven years in prison for embezzling more than \$10 million from the company over a seven-year period. While the amount and details of the fraud were unusual and made national news, the fact that the theft took place was not.

Large and small companies alike are vulnerable to employee fraud. However,

according to the Association of Certified Fraud Examiners (ACFE), smaller companies are often disproportionately victimized by fraud because they typically lack the anti-fraud controls of larger companies and are less likely to have the resources to survive employee embezzlement.

Whatever the size of the company, many do not purchase crime insurance to help protect against fraud losses.

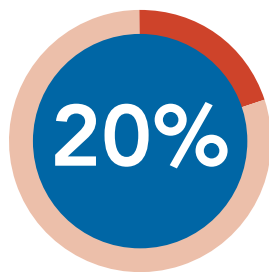
PRIVATE COMPANY EMPLOYEE FRAUD RISK BY THE NUMBERS

CONCERNED

1 in 3 private company decision makers is concerned about employee theft of corporate or customer assets.



Although smaller companies face a greater threat from employee fraud, their executives are less concerned about fraud than those in large companies: 56% of executives at large companies (>\$25 million in revenue)—but only 30% at small companies (<\$5 million in revenue)—are concerned.



REALITY

20% of private companies experienced employee fraud in the past three years, including the theft of company funds, equipment, inventory or merchandise from the company or from a client.



CHAPTER
2
EMPLOYEE
FRAUD

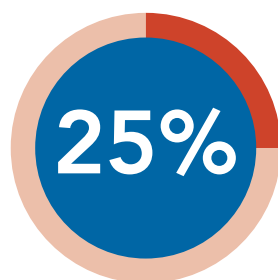
PREV « TOC » NEXT

TIMELINE



Months that the typical workplace fraud lasted before being detected.¹

THE M&A CONNECTION



In the coming year, 25% of private companies are likely to be involved in a major acquisition or merger or to sell part of the business.

What's the crime-M&A connection?

M&A activity can contribute to employee theft if employees believe their jobs are jeopardized.

COST

\$140,000

Median loss of fraud reported²

AMONG THE LOSSES REPORTED ON CHUBB'S SURVEY:

\$3 million

By large company (250+ employees)

\$450,000

By midsized company (50-99 employees)

\$250,000

By small company (25-49 employees)

DESPITE EXPERIENCE WITH AND CONCERN ABOUT EMPLOYEE FRAUD EXPOSURE ...

Only 23% of private companies purchase crime insurance.



SMALLER COMPANIES EXPOSED THE MOST

While 47% of large companies (>\$25 million in revenue) purchase crime insurance, **only 17% of small companies (<\$5 million in revenue) do.**



For more information contact your agent or broker, or visit Chubb online at www.chubb.com

SOURCES

1. *Report to the Nations on Occupational Fraud and Abuse* (2012), ACFE.
2. The Association of Certified Fraud Examiners (ACFE) estimates the typical organization loses 5% of its revenues to fraud each year. (*Report to the Nations on Occupational Fraud and Abuse* (2012), Association of Certified Fraud Examiners (ACFE).)

Chubb refers to the insurers of the Chubb Group of Insurance Companies. This material is being provided for informational purposes. Neither Chubb nor its employees or agents shall be liable for the use of any information or statements made or contained herein. Actual coverage is subject to the language of the policies as issued. Chubb, Box 1615, Warren, NY 07061-1615.

CHAPTER
3

D&O LIABILITY

PREV « TOC » NEXT

IS A COSTLY D&O LIABILITY LAWSUIT LURKING?

D&O LAWSUITS ARE ALMOST AS COMMON FOR PRIVATE COMPANIES AS PUBLIC COMPANIES

IN THE PAST 10 YEARS, D&O CLAIMS AFFECTED:¹

27% of **private** companies

33% of **public** companies

Of those surveyed by Chubb, **13%** experienced a D&O-related event in the **past 3 years**.

D&O LAWSUITS ARE OFTEN COSTLY

\$697,902

Average total cost to the company of a D&O event, including judgments, settlements, fines and legal fees.

AMONG THE LOSSES REPORTED:

\$10 MILLION
each by two large companies

\$2.6 MILLION
by a midsized company

\$1 MILLION
by a small company



Yet only **28%** of private companies purchase D&O liability insurance.

WHO TARGETS PRIVATE COMPANIES?

- Vendors
- Competitors
- Investors
- Shareholders
- Employees
- Government
- Regulatory agencies

ACTIONS COMPANIES ARE TAKING THAT CAN INCREASE THEIR D&O LIABILITY RISK

Likely to be involved in a major acquisition or merger or sale of part of the business in the next year: **25%**



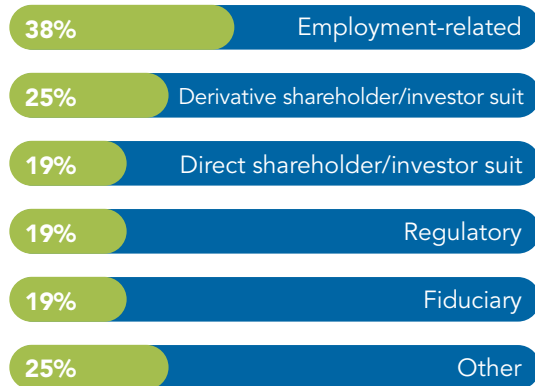
Lack a published corporate governance program, despite anticipated increase in government regulation: **60%**



Executives (whose companies conduct operations outside the U.S.) **not concerned** about possible Foreign Corrupt Practices Act violations, including bribery and corruption: **92%**²



TYPES OF D&O CLAIMS AGAINST PRIVATE COMPANIES (IN PAST 10 YEARS)¹



DID YOU KNOW...

A General Liability policy may not offer protection for mismanagement of your business. For instance, a GL policy normally excludes coverage for any financial consequences due to alleged wrongdoings of a company's directors and officers.



For more information contact your agent or broker, or visit Chubb online at www.chubb.com

SOURCES

1. 2012 Directors and Officers Liability Survey, Towers Watson.
2. 24% of the companies surveyed conduct operations outside the United States.

Beware of the JOBS Act
D&O liability risk may increase for private companies that avail themselves of some of the Act's provisions.

CHAPTER

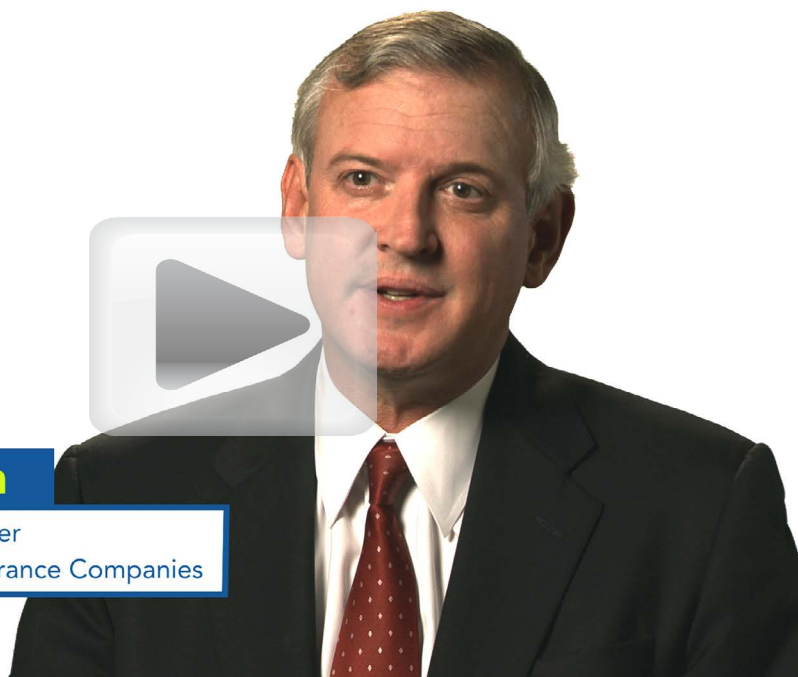
3

D&O LIABILITY

PREV « TOC » NEXT

Tony Galban

D&O Product Manager
Chubb Group of Insurance Companies



Directors and officers (D&O) liability insurance helps protect a company's leadership team from lawsuits stemming from management's actions and decisions in directing the company.

Private company decision makers may believe that, because their company isn't publicly traded, they are insulated against D&O liability lawsuits. However, studies show that private company boards are nearly as likely to be sued as their public company counterparts, by any number of sources: vendors, competitors, investors, shareholders, regulators and employees.

And D&O lawsuits can be costly: The average cost of a D&O lawsuit reported to the Chubb 2013 Private Company Risk Survey is nearly \$700,000.

Even so, few private companies purchase D&O liability insurance, perhaps due to the mistaken belief that they already have this insurance coverage under their General Liability insurance policy.

“Let’s say you make a drug which causes harm to people and that has to be recalled and taken off the shelf. Well, the coverage that pays for the harm to the people would be General Liability insurance. The loss of monetary and reputational value of the company because of the recall would be addressed by a D&O liability policy.”

***—Tony Galban
Global D&O Product Manager
Chubb Group of Insurance Companies***

This video features Chubb's Tony Galban discussing private companies' D&O liability risks and how the right insurance can mitigate them.



For more information
contact your agent or broker,
or visit Chubb online at
www.chubb.com

Chubb refers to the insurers of the Chubb Group of Insurance Companies. This material is being provided for informational purposes. Neither Chubb nor its employees or agents shall be liable for the use of any information or statements made or contained herein. Actual coverage is subject to the language of the policies as issued. Chubb, Box 1615, Warren, NY 07061-1615.

CHAPTER

4

**FIDUCIARY
LIABILITY**

[PREV](#) « [TOC](#) » [NEXT](#)

IS FIDUCIARY LIABILITY THE UNSEEN RISK?

Almost 3 in 4 private companies use outside service providers for their employee benefit plans. Yet only 1 in 4 purchases fiduciary liability insurance to insure the company managers who select and hire the outside service providers.

If an outside service provider assumes the role of administrator (or fiduciary) and commits a breach of duty—for example, improperly invests plan assets, causing a loss to the plan—company managers may potentially be liable for failure to prudently select and properly monitor the outside service provider. If a plan participant sues,

the fiduciaries' personal assets (cash, investments, house, etc.) could be at risk.

The reasons companies don't purchase fiduciary liability insurance may be that they do not fully recognize the potential exposure for their fiduciaries, mistakenly believe their GL policies provide insurance coverage or may be confusing fiduciary liability insurance with fiduciary bond insurance (required by law) that protects the plan assets but not the fiduciaries.

In fact, the exposure to fiduciary liability appears to be one of the most poorly understood of private company risks.

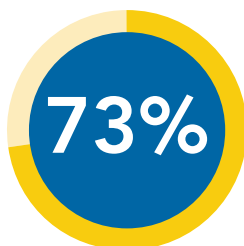
PRIVATE COMPANY FIDUCIARY LIABILITY RISK BY THE NUMBERS

CONCERNED

22% of private company decision makers are concerned about lawsuits filed by an employee or retiree over benefits issues.



OUTSIDERS



73% of private companies use outside service providers for employee benefit plans.

- Companies and executives can't assign all of their fiduciary responsibilities to outside service providers. They still may be liable for selecting outside providers and monitoring their performance.
- Of the 46% of companies that do have procedures in place to avoid potential breaches of fiduciary duty, 85% currently use outside service providers.



For more information contact your agent or broker, or visit Chubb online at www.chubb.com

CHAPTER

4

FIDUCIARY
LIABILITY

PREV « TOC » NEXT

FACTORS THAT INCREASE FIDUCIARY LIABILITY RISK

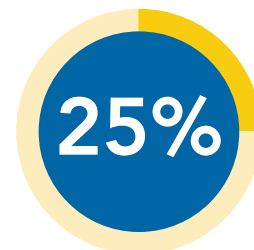
VULNERABLE



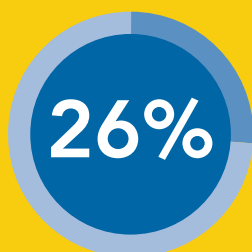
28% plan to reduce or eliminate some employee benefits in the year ahead—increasing their fiduciary risk.

DANGER AHEAD

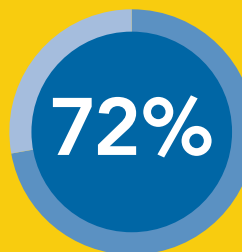
In the coming year 25% of companies are likely to be involved in a major acquisition or merger or to sell part of the business. Some plan on doing both.



DESPITE PRIVATE COMPANIES' EMPLOYEE BENEFIT PLAN PRACTICES



Only 26% purchase fiduciary liability insurance.



And 72% of nonbuyers either believe this exposure is already covered by their GL policy (51%) or "don't know" if it is covered by their GL policy (21%).

ARE FIDUCIARIES LESS INSURED THAN THEY THINK?

CONFUSED

The most common reason given for purchasing fiduciary liability insurance—by 1 in 4 survey respondents—is that it is required by law. However, these respondents may be confusing the ERISA bonding requirement with the liability coverage:

- A fiduciary fidelity bond for employee benefit plans, *required* by ERISA, helps protect plan assets from theft.
- Fiduciary liability insurance is *not required* but helps protect the **personal assets** of the fiduciaries should they be found to have breached their duty, causing a loss to the plan.



For more information
contact your agent or broker,
or visit Chubb online at
www.chubb.com

Chubb refers to the insurers of the Chubb Group of Insurance Companies. This material is being provided for informational purposes. Neither Chubb nor its employees or agents shall be liable for the use of any information or statements made or contained herein. Actual coverage is subject to the language of the policies as issued. Chubb, Box 1615, Warren, NY 07061-1615.

CHAPTER
5

ARE COMPANIES TAKING EMPLOYMENT-RELATED RISKS?

EMPLOYMENT PRACTICES LIABILITY

PREV « TOC » NEXT

<p>WHY DO EMPLOYEES SUE EMPLOYERS?</p> <p>Discrimination Sexual Harassment Retaliation Bullying and more...</p>	<p>MOST COMMON CHARGE? Retaliation.</p> <p><i>I complained about sexual harassment and got fired.</i></p>	<p>SO 21ST CENTURY: The Facebook Factor.</p> <p>Newest reason employees sue their employers: Misuse of social media in hiring/firing.</p> 
--	--	--

COUNT ON IT **99,412** Charges filed with the U.S. Equal Employment Opportunity Commission in 2012.

IS YOUR COMPANY AT RISK? WHAT CAUSES EPL RISK TO INCREASE?

- 25%** of those surveyed had an EPL-related event in the past 3 years.
- 45%** are concerned about a lawsuit for wrongful termination, sexual harassment, discrimination or retaliation.
- 22%** said an EPL lawsuit would cause **THE MOST FINANCIAL DAMAGE** to the company.

- 24%** of private companies plan a reduction in workforce in the coming year.
- 60%** plan an increase in workforce in the coming year.
- 42%** have policies against hiring employees with criminal backgrounds. (Such policies can unfairly target minority candidates.)



EPL LAWSUITS ARE OFTEN COSTLY

\$70,267
Average total costs associated with an EPL event.

AMONG THE LOSSES REPORTED:

\$4 MILLION
by a large company (250+ employees).

\$600,000
by a mid-sized company (100-249 employees).

SO ARE COMPANIES INSURING THEIR RISK?

 Only **30%** purchase EPL insurance.

60% 60% of nonbuyers mistakenly believe their General Liability policy covers EPL-related events.



REMEMBER: Your company doesn't have to do anything wrong to be sued. **YET...** it will still have to pay defense costs.

CHAPTER

5

EMPLOYMENT
PRACTICES
LIABILITY

PREV « TOC » NEXT



EMPLOYMENT
PRACTICES LIABILITY

Michael Schraer

Global Employment Practices Liability Product Manager
Chubb Group of Insurance Companies

Discrimination, sexual harassment, retaliation, bullying—charges or litigation against a company on these and other grounds can be brought by past, present or prospective employees, resulting in potentially costly settlements or judgments and legal bills.

In 2012 alone, 99,412 charges were filed with the U.S. Equal Employment Opportunity Commission—just shy of the record high set a year earlier. Of companies surveyed in the Chubb 2013 Private Company Risk Survey, 25% reported experiencing an EPL-related charge or lawsuit in the prior three years.

Even the best-run companies are vulnerable to EPL charges because they engage in normal employment-related activities such as hiring, firing and promoting employees, all of which carry some EPL risk. And a company doesn't have to do anything wrong to be sued.

Employment practices liability (EPL) insurance helps protect an organization from employment-related claims that, even

“We’re seeing social media become more of an issue in employment during the hiring process, where the claimant comes in with emails, Facebook postings and all kinds of social-media-related evidence that can prove that [discrimination by the company] actually happened.”

***—Michael Schraer,
Global EPL Product Manager,
Chubb Group of Insurance Companies***

if groundless, the organization must pay to defend.

In this video, listen in as Chubb’s Michael Schraer discusses EPL risks—and why smaller companies may be more vulnerable than larger ones.



For more information
contact your agent or broker,
or visit Chubb online at
www.chubb.com

CHAPTER
6

**ERRORS &
OMISSIONS
LIABILITY**

PREV « TOC » NEXT

EVEN THE BEST PROFESSIONALS CAN BE SUED

An errors and omissions (E&O) liability insurance policy is a kind of malpractice insurance for a wide range of professional firms.

Any company that performs a professional service for others can be held accountable for its actions. It can be sued over alleged mistakes even if no error was made.

Simply defending these lawsuits can be costly.

Chubb looked at the 49% of companies in our survey reporting that they perform services for a fee.

- Although executives in these companies are more concerned about possible E&O lawsuits than in the past, most do not purchase E&O insurance.
- Even when E&O insurance is contractually required, only about half of companies purchase it.

E&O RISK BY THE NUMBERS

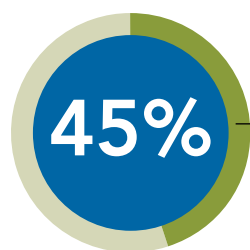
CONCERNED



37% of decision makers in private companies that perform services for a fee are concerned about a lawsuit for negligence in providing services to clients (compared to only 12% in 2010).

VULNERABLE

Is E&O liability insurance a requirement or an option?



Of the 35% of companies that said they are contractually required to carry E&O insurance, only about half (55%) purchase E&O insurance.

The other 45% are leaving themselves vulnerable to a potentially costly lawsuit.

COST

\$180,414

Average total reported losses associated with an E&O lawsuit.

AMONG THE E&O LOSSES REPORTED:

\$2.6 million

By a large company
(250+ employees)

\$70,000

By a small company
(25-49 employees)



For more information contact your agent or broker, or visit Chubb online at www.chubb.com

CHAPTER
7

**CYBER CRIME
AND
CYBER LIABILITY**

PREV « TOC » NEXT

MIXED PERCEPTIONS OF CYBER RISK



Growing Risk...

"There are only two types of companies: those that **have been hacked**, and **those that will be**. Even that is merging into one category: **those that have been hacked and will be again.**"

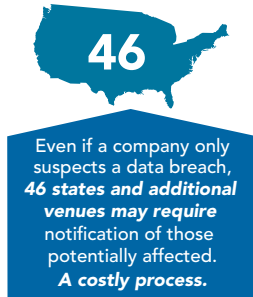
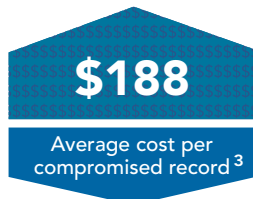
Former FBI Director Robert Mueller (2012)



of managers are concerned about cyber risk.



of companies in a 2011 survey had one breach in the last 12 months.¹



DESPITE THE RISKS

90%
of companies **DON'T** purchase cyber insurance

No Incident Response Plan (IRP) = Higher Costs

57% of companies **DO NOT** have an Incident Response Plan (IRP).

Having an IRP can reduce notification costs by up to **\$42** per record.³

NOT ALL BREACHES ARE HACKS...

59%
Human Error, System Problems

41%
Malicious, Criminal²

CLOUD SERVICES = INCREASED RISK

1 in 5
companies use a cloud services provider. If cloud data is breached, **the hiring company** is still primarily responsible.

DID YOU KNOW?

A General Liability policy **may not insure remediation expenses** resulting from a cyber breach.

Cyber insurance can offer **third-party** (cyber liability) and **first-party** (cyber crime expense) insurance coverage.



For more information contact your agent or broker, or visit Chubb online at www.chubb.com

SOURCES

1. Perceptions About Network Security: Survey of IT & IT Security Practitioners in the U.S.; Juniper Networks & The Ponemon Institute; June 2011.
 2. Malicious or criminal attacks account for the highest per capita data breach costs, followed by system problems and human errors. (2013 Cost of a Data Breach Study, The Ponemon Institute.)
 3. 2013 Cost of a Data Breach Study, The Ponemon Institute.
- Photo by Olivier Douliery, Abaca Press

CHAPTER

7

**CYBER CRIME
AND
CYBER LIABILITY**

PREV « TOC » NEXT



Ken Goldstein

Worldwide CyberSecurity Manager
Chubb Group of Insurance Companies

Any company that collects, stores or transmits any type of private information has cyber security exposures. A breach might be as simple as a lost laptop or as complex as a sophisticated hack by an outside group, but chances are it will happen to your company at some point. In 2011, 90 percent of companies reported some type of data breach in the prior year, according to the Ponemon Institute.

The repercussions can be staggering: According to a 2013 Ponemon study, the average cost of a cyber attack is \$188 per compromised record. Although General Liability insurance may offer some insurance protection, the first-party expenses resulting from a cyber attack would not likely be insured. These could include customer notification, system tests, identity monitoring, restoration services and other costly processes.

Moreover, your business might be open to individual claims or lawsuits by customers, even class-action suits. In fact, helping protect your company with a cyber insurance policy

“Chubb’s private company survey found that 1 in 5 companies were actually outsourcing to the cloud. The positive benefits are taking advantage of the expertise that a cloud provider would have. The flip side to that is you’re giving up your private information. ... And at the end of the day, you’re still the one that’s responsible for that information from a legal liability perspective.”

**—Kenneth Goldstein
Worldwide CyberSecurity Manager
Chubb Group of Insurance Companies**

could make the difference between the business surviving or going under in the event of a cyber breach.

In this video, hear Chubb’s Ken Goldstein discuss the mixed perceptions that private companies can have about their cyber risk.



For more information
contact your agent or broker,
or visit Chubb online at
www.chubb.com

CHAPTER
8

WORKPLACE
VIOLENCE

PREV « TOC » NEXT

A VIOLENT WORKPLACE INCIDENT CAN HAVE SWEEPING AFTEREFFECTS

"No employer is immune from workplace violence and no employer can totally prevent it ... It is impossible to overstate the costs of workplace violence, because a single incident can have sweeping repercussions."

—Introduction to a Department of Labor Workplace Violence Program

Company managers surveyed in 2013 showed a dramatic increase in concern over workplace violence—29% vs. 8% in 2010—yet only a tiny percentage purchase workplace violence expense insurance to deal with the financial and emotional aftereffects of an incident. Those can range from counseling for the victim to extra security costs and lost productivity. Moreover, a significant percentage of companies are planning events that may increase workplace violence.

The statistics are startling: In addition to the more than a thousand non-fatal violent crimes that occur in the workplace every day in the United States, the Bureau of Labor Statistics estimates there are two homicides per day.

Private companies have plenty of experience with and concern about workplace violence, yet 95% do not purchase workplace violence insurance.

PRIVATE COMPANY WORKPLACE VIOLENCE RISK BY THE NUMBERS

DANGER

13,827

Two workplace homicide victims per day, 1992-2010. That's 13,827 total.¹

1,567

Nonfatal violent crimes occurring every day against persons 16 or older while at work in 2009.²

CONCERNED

29% of private company decision makers are concerned about the possibility of a workplace violence incident—a dramatic increase from 8% in 2010.

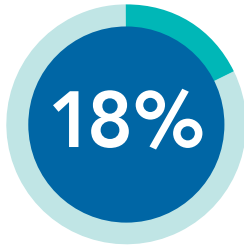


CHAPTER
8

WORKPLACE
VIOLENCE

PREV « TOC » NEXT

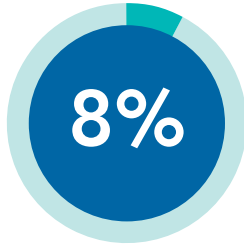
VULNERABLE



Of fatal work injuries are caused by assaults and violent acts.¹



Experienced a violent incident in the workplace or in the course of business in the past three years.



Believe a workplace violence incident would **cause the most financial damage to the company.**

COST

\$65,664

Average total reported losses associated with workplace violence

AMONG THE WORKPLACE VIOLENCE LOSSES REPORTED:

\$300,000

By a midsized company (150-249 employees)

15% OF LOSSES REPORTED EXCEEDED

\$100,000



FACTORS THAT INCREASE
WORKPLACE VIOLENCE RISK

24% Plan a reduction in workforce in the coming year.



21% Plan to outsource functions or operations in the year ahead.



DESPITE THEIR EXPERIENCE
WITH AND CONCERN ABOUT
WORKPLACE VIOLENCE ...

95% Of private companies **don't** purchase workplace violence insurance.



For more information contact your agent or broker, or visit Chubb online at www.chubb.com

SOURCES

- 1. Bureau of Labor Statistics' Census of Fatal Occupational Injuries.
- 2. Bureau of Justice Statistics' National Crime Victimization Survey.

Chubb refers to the insurers of the Chubb Group of Insurance Companies. This material is being provided for informational purposes. Neither Chubb nor its employees or agents shall be liable for the use of any information or statements made or contained herein. Actual coverage is subject to the language of the policies as issued. Chubb, Box 1615, Warren, NY 07061-1615.

A FEW FACTS ABOUT CHUBB

For more than 130 years, the Chubb Group of Insurance Companies has been delivering exceptional property and casualty insurance products and services to businesses and individuals around the world.

[PREV](#) « [TOC](#)

- We are the 12th largest global property and casualty insurer headquartered in the United States.
- We have a worldwide network of 120 offices in 27 countries staffed by 10,100 employees.
- The Chubb Corporation reported \$52.1 billion in assets and \$11.9 billion in net written premium in 2012.
- Chubb ranks 202nd in the *Fortune* 500.
- *Forbes* listed Chubb as one of America's most trustworthy Companies in 2010.

ABOUT THIS REPORT

Chubb is pleased to provide this snapshot—our fifth since 2003—of how U.S. private companies are contemplating and managing a number of important exposures.

In February 2013, Chubb commissioned POLLARA, a leading public opinion and market research firm, to conduct a telephone survey of 450 decision makers in U.S. private companies to:

- Ascertain concern about corporate risks and uncover risk-mitigation strategies, and
- Identify the prevalence of insurance ownership.

This report features selected findings from the Chubb 2013 Private Company Risk Survey, as well as comparisons to findings from a similar Chubb 2010 survey and up-to-date information gleaned from reliable third-party sources to help add depth to our analysis. We hope you find the information to be interesting and useful as you navigate your company through today's challenging business environment.

