

Keeping the Presses Running

With The Hartford



As a member of the printing community, you'll be receiving this periodic newsletter with tips about how to keep your business running smoothly and profitably. Here you'll find information such as how to make your building safe for your employees, prevent accidents or decrease your liability for certain business problems. We hope you find the information valuable and that it helps you in your risk management and loss control efforts. And if you are not currently a Hartford insured, we invite you to look closely at our Printers Program — designed specifically to meet the insurance needs of printing businesses. Please visit our Web site at www.thehartford.com/printers — or contact your local Hartford representative.

A Message from Bill West, Printers' Program Manager

Don't Let e-Business Risks Stop the Presses!

This issue of *Keeping the Presses Running* focuses on the rapidly emerging applications of the Internet within the printing industry and the many e-business opportunities – and risks – it can present. As you take your business into the 21st century, integrating technology and the Internet into existing business practices, we want to be sure the right insurance coverage moves with you. We work diligently to keep pace with developments in the printing industry, making sure we have the coverages to meet your evolving needs.

Does your business have a Web site? Do you provide customer service or sell your products and services over the Internet? Do your employees use e-mail? If you answered “yes” to these questions, you are exposed to risks such as e-mail viruses, Web site business interruption and online copyright infringement. Worse, many printers are unaware they're vulnerable to these new e-business risks.

The Hartford's new CyberFlexSM product offers protection against these cyber-risks, as well as coverage for damage to data and hardware caused by hackers and viruses and protection from loss of income arising from Electronic Vandalism and Denial of Service attacks, which block legitimate traffic from reaching your Web site. Coverage is also provided for Good Faith Advertising expenses and worldwide Personal and Advertising Injury liability, for offenses such as slander, libel and defamation.

We're committed to working with you to assist in reducing your vulnerability to e-business risks. Our Loss Control department has the expertise to help conduct Web site reviews and risk management audits, with the aim of identifying exposures and determining ways to mitigate the risk involved.

I encourage you to visit our Web site, www.thehartford.com/printers. You'll find considerable information related to the printing industry, such as the Loss Control Tips in our “Saving You Money” section. If you're not a Hartford insured, we invite you to look closely at our Printers' Program – designed specifically to meet your insurance needs. Our “Find a Hartford Agent” locator can help you contact your local Hartford representative. And now you can also use the Web site to download previous issues of *Keeping the Presses Running*, featuring valuable information and helpful suggestions for protecting your business and property – your livelihood.

I hope you enjoy this issue. I'm sure the information will help you reduce your risk of loss and improve workplace safety in your printing operation.

Bill West

Don't Stop the Presses! Control your e-Commerce Risks

Whatever print services you provide, you are probably involved, to some degree, in evaluating the advantages and benefits of using the Internet and its e-business opportunities. Many printers are beginning to realize these advantages typically bring with them increased business loss exposures. Controls can be applied to help make these exposures more manageable. By becoming aware of risks that could bring operations to a standstill, printers can prepare to minimize them and protect their business.

The first step is to evaluate where you are in the risk exposure continuum. At The Hartford, we use a tool called APIE to gauge where you fit in this continuum. (A) stands for simple Access, like e-mail and Web browsing. (P) stands for Presence and indicates that you've established your printing business on the Internet with a Web site. (I) stands for Integration. At the integration stage, you are beginning to connect backend automation and workflow processes to the Internet and to make these internal resources available to your customers. (E) stands for e-business. At this stage, printers are involved with a myriad of e-commerce activities, including online order taking, e-production, e-procurement, e-billing, etc. At each level of activity there are associated benefits and risks.

Access Level – Take Precautions Even at This Stage

In stage one of the APIE continuum, a printer engages in e-mailing with customers to enhance communication and increase customer service. The speed and ease of e-mailing proofs, proposals and approvals drastically improves the production process and increases efficiencies for both parties. Many printers also use the Web for gathering important information to conduct business and save money. For instance, sales people prospect on the Web. The procurement department may search for special deals on inks and paper. Likewise, designers search for graphics or fonts to purchase from online catalogs.

At first glance, the information highway seems like a dream drive for printers. But there are serious potholes in these roads. For example, e-mails are the easiest means for hackers to plant computer viruses or worms in systems. A malicious virus could corrupt files, shut down your computers, infect your network, erase your customers' files or grant unauthorized access to private information. What can a printer do to avoid some of these risks? First, equip every computer in your print shop with the latest version of anti-virus software, and update it at least monthly. Next, train employees to refrain from opening attachments that come from unknown sources, especially those with .exe or .vbx file names. Finally, use special e-mail scanning software to pre-screen all e-mails for these risks.

Presence on the Internet – Web Sites Increase Risk Exposure

In the Presence stage, a printing company has established their own Web site on the Internet. The Web address appears in their advertisements. Customers and others rely on the site for vital information about doing business with the company. The Web site may be simple, or it could be a very comprehensive information resource. The benefits of maintaining a site are that it gives customers, suppliers and business partners full access to your information, 24 hours a day. Providing this kind of access drastically improves customer service, enhances efficiency and sometimes reduces costs. You may choose to host your own Web site or outsource the site to a third party.

The difficulties printers face are that Web site creation, computer hosting, maintenance and security are often not part of their core competency. Many things can go wrong with a Web site. It can be hacked, defaced, broken into, changed or taken off the air by insiders or outsiders with mischievous intent. The results could be quite embarrassing or could even compromise business activities.

If you host your own Web site, be certain that you have properly trained information technology staff

and professional input on liability, legal, privacy and security issues. Technically, be sure to consider using a firewall to protect your site from unauthorized access. Develop a file backup and software update plan to keep important files safe. If you are outsourcing your site, be sure to ask the third party about its service level agreements, security, backup, contingency, and access guarantees.

Integration Streamlines Operations, Increases Risks

When a print shop begins to merge its backend computer systems, resources and processes with the Internet and begins to grant online access to customers, suppliers and partners, they are in the Integration phase. Printers today are finding many performance and service advantages in connecting their bidding, account management, pre-press, workflow and procurement systems to the Internet. This type of integration allows customers and suppliers to have access to important service information. Some printers accept, process, bill and fulfill orders totally online. Good integration simplifies and enhances service cycles. It helps printers provide better service, improve communication, decrease errors, drastically reduce turnaround time and even lower operational costs.

If you do not have sophisticated in-house services such as these, there are print exchanges, portals, business-to-business sites and cyber storefronts that can provide a wealth of value and service to you and your customers. Some of these sites provide business leads, qualified orders, pre-press, workflow, accounting, bidding, credit card payment and even fulfillment services online.

Keep in mind, though, if you are beginning to integrate your in-house automation to the Internet, or if you are purchasing these features from an outside provider, you are potentially opening up your entire business, including its computers, networks, resources, files and information to outside access. Heightened levels of security, more stringent policies and procedures, dedicated or retained staff,

enhanced backup methods, possibly two firewalls and intrusion detection software all make good sense at this point. If you do not take suitable precautions at this stage, you may lose your files, interrupt your business, and open yourself up to unauthorized access and damage your customer relationships.

e-Business Demands Precautionary Measures

If you are doing a large percentage of your business using automation and external access, or you take credit card payments online, then you are at the true e-business level. Many printers purchase supplies or services online. Some also offer their own services on the Internet. The advantages to using online methods are speed, efficiency, enhanced customer satisfaction, reduced costs and competitive advantages. The drawbacks of operating at the e-business level are that significant business interruption could seriously impact a printer's performance, revenues, and customer confidence. It's vital that printers who participate in e-business take proactive protective measures using firewalls, anti-virus e-mail scanning software, highly reliable hardware and data recovery methods. A dedicated security professional should be hired or retained. In addition, power interruption, security, contingency, denial of service, employee password, termination and emergency planning procedures should all be in written form and rehearsed regularly.

For printers, especially, there are many advantages that come with participating in the e-business arena. Gone are the days of waxing, setting type and cutting separations. No longer should you worry about artwork falling off a page and rolling under a light table – never to be found. Instead, there are sophisticated file transfer methods, electronic separation processes, fonts at our fingertips and the ability to deliver finished products in a fraction of the time it used to take. There are many business benefits to using e-business technologies. Along with these benefits comes an increased

responsibility to evaluate risks. Printers should use these applications as they best fit the needs of their business and their customers. But they should also keep a vigilant eye on exposure levels and take steps to control potential losses by practicing sound e-business risk management.

This article is the collaborative work of Raymond J. Lasky, an Internet Technology Strategist for The Hartford Technology Services Company; David Fortin, CBCP, an Executive Technical Property and Security Consultant for The Hartford's Loss Control

Department, in Hartford, Conn.; and Richard Tackett, Executive Technical Consultant, The Hartford's Loss Control Department. The purpose of this article is to increase awareness of the potential risks associated with e-business practices. It is not intended to identify all exposures or solutions. We recommend that you discuss your specific business insurance needs with your insurance agent and/or legal adviser. For further information about this topic, contact David Fortin by phone at 860-547-5842 or by email: dfortin@thehartford.com

This document is provided for information purposes only. It is not intended to be a substitute for individual legal counsel or advice on issues discussed within. Readers seeking resolution of specific legal issues or business concerns related to the captioned topics should consult their attorney and/or insurance representative.

Middle Market at The Hartford