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# NEWSALERT

American Rescue Plan Act

# Stimulus Plan Expands Business Assistance

THE $1.9 TRILLION American Rescue Plan Act (ARPA) that President Biden signed into law on March 11 contains a number of provisions intended to help small businesses and other organizations hurt by the pandemic.

Foremost, it includes additional Paycheck Protection Program (PPP) loans to struggling businesses, and a number of special grants to companies in industries that have been especially hard hit, including restaurants, movie theaters, concert spaces and museums.

The measure also includes provisions extending a number of tax credits to employers affected by the pandemic, in order to make it easier for people laid off during the health emergency to access COBRA coverage after they lose their jobs and their health coverage.

ARPA opens up a new opportunity for businesses that have been hurt by the pandemic to access financial aid to keep their doors open and stay viable. Many of the programs build on ones introduced earlier in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and extended by the Consolidated Appropriations Act of 2021 (CAA).

## PPP extended

The law authorizes another $7.25 billion for the Paycheck Protection Program, which offers forgivable loans to small firms and other organizations that have been hit by the pandemic.

These loans are forgivable if 60% of the funds are used on payroll and the rest pays for mortgage interest, rent, utilities, personal protective equipment or certain other business expenses.

While the legislation set the deadline to apply for March 31, the deadline was extended until June 30 after Congress passed supplemental legislation.

## Other assistance

There are a number of other provisions of the new law aimed at providing financial aid:

- $10 billion for state governments to help leverage private capital and make low-interest loans and other investments to help their small businesses recover.
- $15 billion to the Economic Injury Disaster Loan grants program to be given to small businesses in underserved areas, especially minority-owned enterprises.
- $29 billion for financial relief grants to restaurants. The maximum grant size will be $5 million for restaurants and $10 million for restaurant groups. The Small Business Administration will administer these grants.
- $15 billion will be added to the Shuttered Venue Operators Grants program, which was launched by the CARES Act. More funds will be made available to museums, theaters, concert and other venues that had to shut down due to COVID-19-induced restrictions.This program has not yet launched.

## Tax credits

Originally enacted under the CARES Act and CAA, the Employee Retention Credit (ERC) lets certain employers take advantage of a tax credit for qualified wages paid to employees.

The CARES Act capped the ERC at $5,000 per employee for 2020. The CAA, passed in late 2020, expanded the ERC to apply to qualified wages made between Jan. 1 and June 30 this year. It also increased the maximum amount of the credit to $7,000 per employee per quarter.

*See 'Credit' on page 2*

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Cyber Insurance

# As Attacks and Costs Mount, Rates Climb Higher

CYBER INSURANCE rates are going to increase dramatically in 2021, driven by more frequent and more severe insured losses, according to a recent industry study.

The report by global insurance firm Aon plc predicted that rates would jump by 20% to 50% this year due to two main factors:

### 1. Cyber attacks are becoming more frequent

While publicly disclosed data breach/privacy incidents are actually occurring less often, ransomware attacks are exploding in frequency.

Ransomware incident rates rose 486% from the first quarter of 2018 to the fourth quarter of 2020. The comparable rate for data breach incidents fell 57% during the same period. The incident rates for the two types of events combined rose 300% over the trailing two years.

### 2. The costs of these attacks are growing

The average dollar loss increased in every quarter of 2020. Ransomware attacks were particularly severe – many of them resulted in eight-figure losses. Others may grow to that level as business interruption losses are adjusted and lawsuits against insured organizations proceed.

The combination of more frequent and more costly losses is a recipe for higher rates.

Cyber insurance rates continued increasing in 2020, with rises of between 6% and 16% in the last four months of the year.

In January 2021, most of the top 12 cyber insurance companies told Aon they were planning more drastic rate hikes. Nearly 60% reported that they would be seeking rate increases of 30% or more during the second quarter. None of them expected increases less than 10%.

### New underwriting criteria

When insurers evaluate cyber insurance applicants, they will be particularly concerned with the organization's overall cyber risk profile, its cyber governance and access control practices, and its network and data security. Prior loss history will be less important because the frequency of attacks is growing so quickly.

Some insurers may also cap how much they will pay for ransomware losses, or even exclude them entirely. They may also increase the waiting periods before coverage begins to apply. ❖

## WHAT BUSINESSES CAN DO

To improve your chances of getting more favorable pricing and coverage, the report recommends that you focus on:

- Reducing the risk of cyber losses.
- Measures to keep data private.
- Building an internal culture of cyber security.
- Preparing for ransomware attacks and disaster recovery planning.
- How your contracts and insurance will respond to a supply chain security breach.
- Understanding primary and excess coverage terms and communicating primary terms to excess insurers.

*Continued from page 1*

# *Employee Retention Credit Extended Until Year's End*

The new stimulus law extends the ERC through the end of this year. That means that eligible small firms can take a tax credit of up to $28,000 per employee for 2021.

**Who is eligible:** Businesses that were either fully or partially suspended as a result of COVID-19-related government orders that restricted their ability to operate and generate sales. Also, any business that has gross receipts that are less than 80% of gross receipts for the same calendar quarter in 2019.

ARPA also makes eligible for the tax credit any start-up businesses that also suffered revenue losses as a result of the pandemic.

In addition, ARPA extends through September the availability of paid leave credits to small and midsize businesses that offer paid leave to employees who may take leave due to illness, quarantine or caregiving due to the pandemic and any closure orders.

Employers that offer paid leave to workers who are sick or in quarantine can take dollar-for-dollar tax credits equal to wages of up to $5,000. ❖

# What Cyber Insurance Underwriters Look For

AS THE number of cyber attacks against businesses continues to grow, insurers that provide cyber liability and other cyber-related coverage have started intensifying their scrutiny of their clients' databases and operational security.

When a business suffers a cyber attack it could result in fraudulent wire transfers or having its systems rendered frozen, which can be unlocked only by paying a ransom. Some companies will also have their intellectual property stolen in attacks.

But while these attacks grow in number and cost, cyber insurers are expecting their policyholders to do more to protect their data and systems.

CFC Underwriting, a global insurer, says there are six things its underwriters look for when pricing cyber insurance policies:

## Close unused remote desktop protocol ports

RDP ports are for remote workers so they can access their office desktop and the company database from afar. CFC recommends that any unused RDP ports be closed, and the ones that are in use should be protected with a virtual private network and multi-factor authentication (MFA).

RDP ports are major vulnerabilities and CFC estimates that more than 50% of ransomware attacks that it sees occur thanks to open RDP ports. Close an RDP if it's not absolutely necessary.

## Use multi-factor authentication

These days complex passwords are not enough to provide the security you need to protect your data. That means there should be another layer of security used to authenticate a user, such as a thumbprint or a unique code that is sent to their phone by text message and that they need to enter to proceed. This is common technology on many websites and apps today.

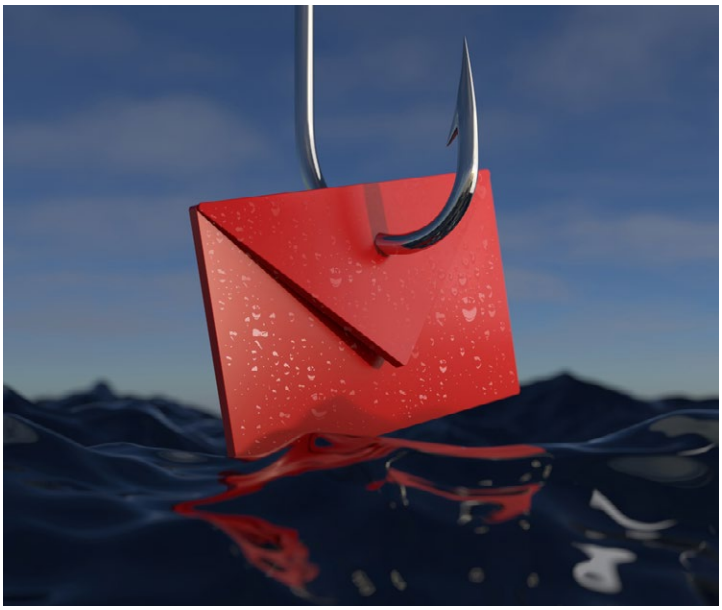
This can prevent brute-force attacks where criminals try multiple usernames and passwords in automated rapid succession to try to hack a system because, even if they get it right, they won't pass the second authentication. Typically, when they use this type of attack they can steal credentials and sell them on the dark web, which can in turn lead to them accessing financial accounts.

"For that reason, our cyber underwriters love when a business has MFA in use across all business email accounts and on other key business software too," CFC writes.

## Have a data management strategy

Underwriters like to see that a company's data is stored and segregated properly, like splitting client records across multiple servers so that if one server is compromised not all the data is lost. That, in turn, can reduce the likelihood of a catastrophic loss.

If you're using a cloud service, it would be wise to ensure they have the proper authorized access controls in place and that they are running security checks on any third party vendors.



## Run endpoint detection and response

Besides firewalls and antivirus software, cyber insurance underwriters also advise that businesses use endpoint detection and response tools. These systems continuously monitor all devices connected to your network to make sure they are secure and have not been compromised.

This is important because an employee can be using a device that gets compromised by clicking on a malicious link on their smartphone, which can unleash an attack on the company's network.

An endpoint might be anything from an employee workstation and company server to a mobile phone.

## Segregate backup data from main network

Businesses need to do more than just back up their records and servers. What's important is what is done with that backup information. If you are backing up your servers and then storing that data on those same servers, it doesn't do you much good if your system is compromised.

Underwriters like to see that data is stored and segregated from the main network, and even stored offline in an offsite location. This will make recovery quick and easy if you suffer a ransomware attack.

## Make risk management a priority

Cyber insurance underwriters will also look at:

- Any policies and procedures you have in place in terms of cyber risk management.
- If you have a key person in charge of these policies.
- And that the key person knows about the different kinds of data you are storing, and how it is stored. ❖

Pandemic Fallout

# Many Remote Workers Suffer From Ergonomic Pain

NEW RESEARCH warns that so many people working remotely could result in a marked increase in musculoskeletal health issues, with four in five workers who began telecommuting in lockdown developing some form of musculoskeletal pain.

Remote work was quickly forced on millions of workers when the COVID-19 pandemic hit.

Most of them were unprepared to suddenly work from home and often there was little support from employers to ensure they had proper, ergonomic workstations.

In fact, one study found that 35% of office workers received no equipment, support or advice from their employer on remote working.

The survey by Furniture At Work found that 54% of employees who work from home say they were not sitting at a properly designed workstation.

Many of them said that instead of office chairs, they have been working on stools or dining room table chairs and at tables that are not the correct height to be ergonomically correct.

## The reality employers don't see

- 27% of staff are working from their kitchen tables.
- 15% of employees are working from their sofas.
- 20% of 16- to 24-year-olds said they regularly worked from their beds.

As a result, 23% said they experienced musculoskeletal pain most or all of the time, and 46% said they had been taking painkillers more often than they would like, according to another study by Charity Versus Arthritis.

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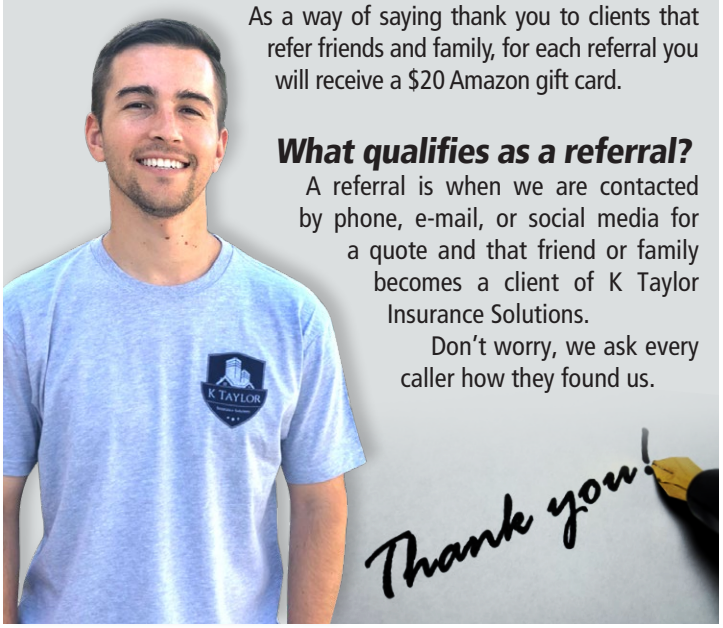


### *What qualifies as a referral?*

A referral is when we are contacted by phone, e-mail, or social media for a quote and that friend or family becomes a client of K Taylor Insurance Solutions.

Don't worry, we ask every caller how they found us.

## Most common ailments

Of the remote workers experiencing ergonomic pain:

- 50% said they were suffering from lower-back pain,
- 36% were suffering neck pain, and
- 28% were suffering from shoulder pain.

These injuries can start as annoyances, but if people continue working in a poor ergonomic set-up they can worsen to the point of being debilitating. Sometimes surgery is required, which would be covered by workers' compensation.

### What you can do

No employer wants their workers to suffer these injuries. Besides that, they can also file workers' comp claims, which can be costly depending on the severity of the ergonomic injury. That in turn can drive up your premiums.

But there are steps you can take to protect your remote workers:

- Regularly check in with employees about their pain and musculoskeletal health.
- Purchase equipment for employees, and make reasonable adjustments for people with disabilities or long-term health conditions that affect their ability to work.
- Promote physical activity, and encourage regular breaks.
- Enable people to work flexibly where possible.
- Better inform employees of their employment rights and the support they can ask for. ❖