



April 2015

Tips and Strategies to Help Your Firm Succeed

In this newsletter we have two very important articles to share with you. One discusses how to safely navigate a **company merger** or acquisition, while the second

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explains **Bill C-13**, a new cyber crime act that went into effect in last month and may impact your internal information handling procedures.

Plus, we have some exciting news – We are just putting the finishing touches on our **new book!** (You can get a copy soon)

Anthea Mumby & Douglas Punell

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Mergers and Acquisitions Insurance Considerations

Over the past year, the merger and acquisition market continued to be active. There are multiple reasons a company chooses to undergo a merger or acquisition, but the one aspect every party involved needs to keep in mind is the possibility of gaps in insurance that can present risks to both sides.

Businesses that take on a merger or acquisition are increasingly using Representation and Warranties (R&W) insurance. This type of coverage is the most common type of transaction insurance, and it's easy to see why.

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June 2015 Ford Mustang	August 2015 MINI Cooper	October 2015 Toyota RAV4	December 2015 Jeep Cherokee	February 2016 Chevrolet Equinox	April 2016 BMW 4 Series
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R&W insurance provides benefits to both parties during a merger or acquisition, which include:

- Removing the uncertainty of collecting on a seller's promised indemnification
- Covering future liabilities of representations and warranties, speeding up the sale
- Maintaining the buyer-seller relationship, allowing for partnership or employment later down the road
- Giving the buyer a significant negotiating advantage against competitors without R&W coverage

If you are the buyer in a merger or acquisition, be sure to **look closely at the seller's directors and officers (D&O) policy before you close the deal.** If its D&O policy is expired and a claim has been made against the seller after the expiration date, you could be held responsible for paying that charge in full.

One way to ensure this doesn't happen to your company is by **purchasing run-off insurance.** This type of insurance extends D&O coverage for a selected time period, keeping the liability for costly claims in the seller's hands, should the seller be charged after its D&O policy has expired.

Insurance Exposed! Get Your Free Copy Soon

We are very excited to announce that our new book called "Insurance Exposed" is almost complete!

This book outlines many insurance pitfalls that unsuspecting individuals and businesses fall into each year. **We'll expose the truth, showing you how to avoid danger.**

We'll let you know how to get your copy as soon as it's ready!



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www.mumby.com/customer-referrals

Anthea's Book of the Month Delivering Happiness

by Tony Hsieh

Tony Hsieh, CEO of Zappos, shares his belief that greater happiness (and reduced stress) is often the result of working and living in a way that harmonizes with a business' core values.

Zappos first core value is to **"Deliver WOW through service"**, and as a result they exhibit a constant focus on improving the customer experience.

After reading the book last summer, and hearing about another of their core values - **"Creating fun and a little weirdness"** - we decided to visit Zappos last fall. We were met with staff who sing and dance, have wildly decorated workstations personalized with their own interests, and have the authority to send customers gifts for weddings, birthdays, etc.

It was quite unlike anything we had ever experienced! (Check it out on Youtube if you're interested to see what it's really like there!)



Hsieh believes that **a happy staff is critical to success since every employee affects a company's brand**. Pursuing growth and learning is also important at Zappos, which is why employees are provided with books that will help develop their personal and business skills.

I was inspired by this and subsequently started a "book of the month club" at Mumby. I pick a book each month and provide incentive for our employees to read it and share their views.

Hsieh's story also encouraged us to speak more often, clearly, and specifically about Mumby's core values, with constant focus on how living according to our values creates happiness for our clients, our team, and ourselves as owners.

Our Satisfied Business Customers Say It Best...

"Starting a new business is a stressful time that involves making a thousand small, sometimes difficult, decisions. Kelly Wilson's [of Mumby Insurance] professional, prompt and informative service ensured that selecting and purchasing our insurance went as smoothly as possible, and wasn't one of the things contributing to our stress!

She reviewed the options with us, and explained very clearly all issues we did not understand."

-Matt Galvin, M.Arch, OAA, Partner, G Architects

**Attention
Ontario
Architects**

Find out about succession planning for your firm at Douglas Pinnell's free lunch and learn presentation at the **upcoming OAA Conference**.



Anthea at Zappos' offices

As the CEO of online retailer Zappos, Tony Hsieh grew the company to more than \$1 billion in gross merchandise sales annually. He also moulded Zappos to make Fortune Magazine's annual "Best Companies to work for" list.



Complying With Bill C-13

POTENTIAL PENALTIES

Penalties for failing to comply with the Act are stiff. Individuals or employers that violate a preservation demand may be fined up to \$5,000.

Penalties for violating the terms of a preservation or production order are even stricter, with **finest up to \$250,000 or six months of imprisonment.**

WHAT YOU SHOULD DO

In light of the new obligations created by the Act, employers should review, and if necessary, amend their privacy policies, information management policies, and data retention policies to ensure compliance with potential preservation or production orders.

Policies should outline the procedure for responding to preservation demands, preservation orders and production demands and make clear which staff members are responsible for responding to demands and orders.

Want to discuss your cyber liability? Call us today!
1-800-446-5745

New Canadian Cyber Crime Act Impacts Employers

In March, Bill C-13, the Protecting Canadians from Online Crime Act (Act), which has been labelled "Canada's cyber bullying law", came into effect.

True to its name, the Act introduces new provisions to Canada's Criminal Code concerning cyber bullying, but it also increases the power of law enforcement agencies to obtain electronic information related to the investigations of crimes.

Specifically, the Act provides law enforcement agencies with two new tools that they may utilize in investigating crimes: preservation demands and preservation orders.

Preservation demands and orders **require employers to preserve computer data in their control or possession** to ensure that it is not deleted before a production order or search warrant is obtained.

The Act also creates new production orders related to transmission data and tracking data that employers must contend with. Law enforcement agencies can obtain transmission or tracking data that is already in an employer's possession at the time of the order.

Employers that are issued a production order must produce the transmission or tracking data requested or face penalties.

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