

CASE STUDY

Meet Sara from True Oasis Home Décor

HER BUSINESS

Sara runs her own professional organizing and interior design firm. She helps people maximize and beautify their spaces, and she relies on her website to collect and store all of her client information. That's where new clients fill out their personal details and share pictures of their homes, so she can generate a customized estimate and project plan.

WHAT HAPPENED

Coverage Section

Professional Liability / 
Errors & Omissions 

Claim

Lawsuit claims
financial harm

Because of a glitch in her system, Sara mixed up the project plans for multiple clients and ended up ordering thousands of dollars of custom shelving and other furniture at the wrong specifications. She had to redo the orders and push out deadlines for each client by months. A few of those clients were relying on their projects to be done in time for big events. Chubb's professional liability policy helped Sara respond to lawsuits claiming her services caused financial harm to the clients because of the costs incurred from the delay.



FINANCIAL IMPACT	
Total costs	
Indemnity to impacted clients during mediation settlement	\$50,000
Defense costs of suits	\$35,000
Cost of lawsuit with professional liability coverage	\$35,000
Cost of lawsuit without professional liability coverage	\$45,000

This example is illustrative only. The claim scenarios described here are hypothetical and are intended to show the types of situations that may result in claims. These scenarios are not based on actual claims and should not be compared to an actual claim.

Chubb risk specialists say

At its core, having a customer means having a relationship. And increasingly, having a customer means having a digital relationship. Personalized, effective, clear communications can enhance, solidify and grow that relationship.

Alternatively, poor customer experience — or any breach of customer trust — can hurt the connection and so the business. This makes it all the more essential to navigate today's digital communication trends with the right precautions.

The use of increasingly sophisticated tools — such as online cookies and audio listening — to collect ever more unique and personal information can be used to improve the customer experience. Many business owners and executives find that getting customers to share their data is a challenge, which likely indicates that customers are savvy enough to understand the risks associated with revealing their information. Businesses must clearly communicate their awareness of the serious responsibilities involved in gathering and storing personalized data, and that they have risk management protections and response plans in place to mitigate accidental or malicious impacts to data.

To minimize legal exposure, adherence to applicable laws governing data collection and usage (like the General Data Protection Regulation [GDPR] in Europe and the California Consumer Privacy Act [CCPA] in the United States) is critical. But this is also an ever-changing and ever-challenging target, opening up many businesses to inadvertent privacy violations.

Personalized communications extend to real-time chat and social media outlets, which can be a boon for customer insights. It is critical for any business using these tools to appreciate that the employees doing the digital communicating aren't always the ones with the most maturity or experience. An incorrect or ill-considered customer service response can cause serious damage to a company's reputation and even lead to charges of libel and slander.

For many small or mid-sized businesses, dependency on third-party vendors to supply their on-demand operations or communications customization needs may make them vulnerable. Should third parties fail, loss of revenue and loss of reputation may follow. Carefully vetting service providers and understanding the specific exposures are crucial steps in ensuring the security of the business.

INSURANCE PRODUCTS TO CONSIDER



Cyber



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Professional Liability /



Errors & Omissions



Umbrella & Excess Casualty

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