


Technology Risks

**Employee Blogs,
e-Commerce and Internet
Piracy**

Nonprofit Risk Management Center
March 5, 2008
2:00 – 3:00 pm EST
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 Senior Counsel and Director of Special Projects


Generous funding for this program was provided by the Public Entity Risk Institute
 (www.riskinstitute.org)



Nonprofit Risk Management Center

- Created to help nonprofits solve risk management challenges
- Free technical assistance to nonprofit leaders (staff and volunteer) and advisors to nonprofits
- Books, Web site, conferences, consulting help with risk, insurance and liability issues
- www.nonprofitrisk.org
- Free e-news and electronic newsletter

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**Technology Risks in the
Press: Feb 21st 2008**

Chronicle of Philanthropy

- “Council on Foundations warns about bogus message” on its web site
- “United Way experiments with cell phone appeals” and in USA Today:
- “CyberCrooks Get Even More Crafty...”


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Technology Today

- One out of every three workplace computers is a laptop
- iPhones, iPods, USB sticks, MP3 players can hold huge amounts of data
- Overuse? Symptom called “Blackberry Thumb”
 - Rise in workers comp claims?


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Technology Today

- Although 92% of employees surveyed believed that they had never sent an email that could place their employer at risk, in fact...
- 68% had done so.

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Monitoring Computer Use

- In a 2005 survey, 62% of employers said they monitored their employees’ use of the internet
- 55% review emails
- 36% monitor time of day, time spent, content, and keystrokes of company computers
- Do YOU have time for this? Probably not.


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What Are The Risks?

- Data Loss – crashes, viruses, theft
- Vicarious liability for employees' or volunteers' use of technology
- Breach of confidentiality
- Theft of intellectual property
- Damage to reputation and good will


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What Can Be Done?

- Be aware – be prepared
- Risks can be *financed*, but not managed, with insurance
- Policies can influence behaviors
- But imposing consequences when policies are violated is the most effective risk management


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Data Loss

- Servers need to be backed up
- Anti-Virus software on all computers
- Invest in software that will grow with your organization
- Protect data from walking out the door with employees
- Check your insurance policy for coverage details and exclusions

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Web Site Piracy Examples:

- National Youth and Family Wellness organization in late 2007:
 - Link from web site took visitors to a site with pornographic content
- Red Cross right after 911:
 - Web site sabotage resulted in donors being mis-directed to a fake web site where their donations were captured via credit card information


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Web Site Piracy

- Use a reputable web site host
- Avoid “open source” platforms
- Enforce passwords and change frequently
- Use firewalls on system and on individual computers
- Create barriers to spyware


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External Risks vs. Internal Risks

Your employees and volunteers have the most frequent and deepest access to your systems


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Vicarious Liability for Employee or Volunteer Conduct

Nonprofit can be liable for harassment, defamation, and other injury caused through use of its computers


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Issues Will Be:

- Was the conduct of the employee or volunteer authorized?
- If not, is there a policy that the volunteer or employee violated?
- Does the nonprofit have a history of enforcing the policy?


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Instant Messaging

- Interrupts the flow of work and reduces productivity
- Usually the “chats” are more casual than professional
- More likely to include sex talk
 - Can be recovered (and discoverable) just like email


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Web Blogs

- Nonprofit may be mentioned on an employee's blog in a negative light
- Blog Policy should define permissible use of nonprofit's name or logo
- Require approval prior to publication of any blog mentioning the nonprofit
- Blog damage may be difficult to undo, so prevention is key


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Internet Recruitment

- Federal contractors must keep track of resumes submitted via the internet
- Applicants are those who: "Submit an expression of interest in employment through the Internet or related electronic data technologies"


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What Policies for Employees Can Help Reduce Risk?

- Responsible Use of Technology
- Blog Approval Policy
- Code of Conduct
- Confidentiality Policy
- No-solicitation Policy

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What Policies for 3rd Parties Can Help Reduce Risk?

- Terms of Use/Privacy Policy
- Disclaimer and Notice of Proprietary Nature of Material on web site
- Internet Access Agreement
- Corporate Sponsorship/Endorsement
- COPPA Compliance


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eMail Destruction

The nonprofit's record retention policy needs to address the regular business practice of email destruction


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E-Commerce Risks

- Taxable income that the nonprofit does not expect
- Partnering with another entity that does not share the same values
- Failure to comply with registration laws

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Internet Fundraising

- “Click Here to Give” equals solicitation
- Solicitation is regulated by all states and registration prior to solicitation is required in the majority of states
- Internet solicitation can trigger multistate filing obligations


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Insurance for Technology Risks

- Property Insurance – Check your Exclusions:
 - laptop theft covered?
 - Power failure covered?
 - Damage to computers caused by water damage from backed up drains covered?

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Special Computer Coverage

- Do you have the appropriate limits?
 - What is the value of your donor or client data base?

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Specialty Coverages Include:

- Business Interruption insurance
- Data loss insurance
- Identity theft
- Internet Security breaches

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Risk of Technology Loss May be Moderate

But Result of Loss = HIGH

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Need Help?

- Hire technology experts and ask them to test the integrity of your systems.
- Outsourcing your technology expertise often makes sense.


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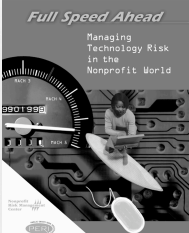
Need Help With Policy Review and Development?

NRMC can help!
jennifer@nonprofitrisk.org

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A Resource For You



Full Speed Ahead
 Managing Technology Risk in the Nonprofit World

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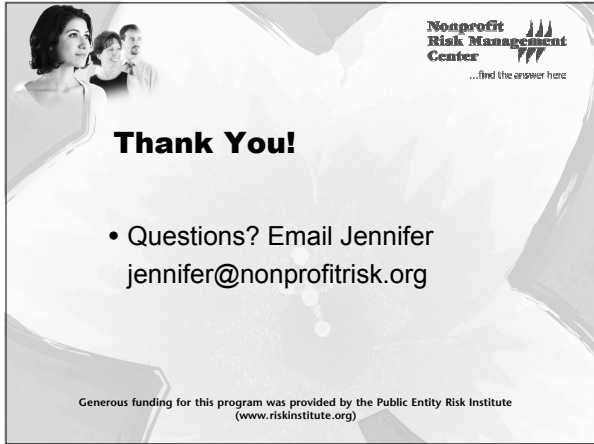


Next Month's Webinar

Risks of Generating Revenue: Charities Doing Good or Doing Business?

- April 2nd, 2008
- 2:00 – 3:00 pm EST

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Nonprofit Risk Management Center
...find the answer here

Thank You!

- Questions? Email Jennifer
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