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HEFFERNAN INSURANCE BROKERS
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CYBER SECURITY

SECURITY FLAW MAKES MOST WEBSITES VULNERABLE

BUSINESSES ARE being urged to check their websites for critical security flaws in widely used software after hackers launched millions of attempts to exploit them.

The flaws affect PHP, a programming language used to power an estimated 70% of websites. Companies that use affected versions should act quickly to update the software or work with their website developers and hosting providers to ensure the fixes are installed. An unpatched website could provide an opening for attackers to steal data or take control of a server.

PHP supports features such as customer logins, online shopping and content management. Because it runs on the server, business owners may not know their websites use it.

Researchers used artificial intelligence to help identify the vulnerabilities, which had existed for years. Details of the flaws became public before the planned release of the fixes, prompting PHP's developers to release emergency updates on Oct. 21.

Cloudflare, which monitors and protects internet traffic, reported that attempts to exploit the flaws climbed from thousands to millions after the announcement. An attempt does not necessarily mean a hacker succeeded, but the volume has prompted concern among cyber security professionals.



The risks to businesses

Depending on the systems involved, a breach could expose customer records, disrupt online sales and operations, or force a business to spend time and money investigating the breach and restoring its systems.

Stolen customer information could also be used in targeted scams. For example, criminals might use a customer's details to impersonate a business and send convincing e-mails seeking additional information or payments.

PHP's developers released fixes in versions 8.2.35, 8.3.36, 8.4.27 and 8.5.12. The appropriate update depends on the version a website runs. Businesses using older, unsupported versions should ask their technology provider about moving to a supported, patched version.

Updating a website platform or its plugins alone may not fix the problem. The PHP software running on the server also needs to be updated.

What businesses should do

Business owners and managers should act promptly, even if they rely on an outside company to manage their website:

Contact your website developer, hosting company or IT provider. Ask whether your website or other applications use an affected version of PHP and confirm when they will be patched.

Identify other systems that use PHP. Ask your IT provider to check web servers, internal tools and third-party software that may include its own copy of PHP.

Install the appropriate security update. Confirm that the server's PHP software has been updated and that the website works properly afterward.

Isolate systems that cannot be patched immediately. Your IT provider may recommend temporarily taking an exposed application offline or restricting public access.

Back up and monitor your systems. Verify that website and database backups can be restored and have your IT provider review logs for suspicious activity.

See 'Insurance' on page 2

WORKPLACE SAFETY

NEW LAW ADDS CRIMINAL LIABILITY FOR SOME VIOLATIONS

A NEW LAW that takes effect Jan. 1, 2027, could subject California employers who interfere with Cal/OSHA inspectors or cause serious workplace injuries to criminal charges.

AB 2321 expands criminal liability for willful safety violations that cause worker injuries. It also strengthens requirements for Cal/OSHA investigations and referrals to prosecutors.

The new law will greatly raise the stakes for employers, who need to ensure they are abiding by state workplace regulations and keeping their workplaces free of safety hazards to avoid prosecution.

Expanded criminal penalties

The law makes it a misdemeanor to willfully resist, obstruct, impede or interfere with Cal/OSHA inspectors performing their duties or to willfully violate related court orders.

Violators may face up to six months in county jail, a $5,000 fine or both.

The legislation also expands criminal liability for employers and managers cited for willful safety violations after a serious injury, illness or exposure. Previously, the law applied to violations resulting in death or permanent or prolonged bodily impairment.



Possible fines for violations

Depending on the circumstances, criminal penalties may include:

- Up to one year in county jail and a $100,000 fine.
- Up to three years in state prison and a $250,000 fine.
- Fines of up to $1.5 million for corporations and limited liability companies, with higher penalties for certain repeat offenses.

More investigations and prosecutor involvement

AB 2321 also strengthens the role of Cal/OSHA's Bureau of Investigations and increases coordination with law enforcement. Key changes include:

- **Mandatory investigations:** The BOI must investigate serious injuries, illnesses or exposures involving willful citations.
- **Earlier prosecutor notification:** Cal/OSHA must immediately notify the appropriate prosecuting authority of workplace fatalities, serious incidents involving five or more employees or requests for prosecution by the BOI.
- **Emergency responder reporting:** Police and fire agencies responding to qualifying workplace incidents must immediately notify both Cal/OSHA and the county district attorney's office.

These changes could increase the likelihood that serious workplace accidents lead to criminal investigations and prosecution.

What employers can do

- Review your Injury and Illness Prevention Programs and procedures for handling Cal/OSHA inspections and serious workplace incidents before January.
- Designate someone to coordinate inspections, train supervisors to cooperate with inspectors and ensure safety records are organized and accessible.
- Promptly address known hazards, document corrective actions and establish procedures for preserving evidence following serious incidents.
- Seek legal guidance on access disputes and involve counsel early following serious workplace accidents.

Continued from page 1

Insurance Can Help Cover the Costs of a Cyber Attack

The latest developments are yet another reason that businesses secure cyber insurance policies, which may cover the costs of:

Data breaches and forensics: Pays for IT experts and forensic investigators to figure out how a breach happened, stop the attack and secure your systems.

Data recovery and restoration: Covers the cost of recovering, rebuilding, or restoring lost or corrupted data and digital assets.

Customer notifications and public relations: Reimburses you for notifying affected customers (mailing, call centers) and hiring public relations specialists to manage reputational damage.

Cyber extortion and ransomware: Can cover ransom demands (when approved) and the cost of negotiators dealing with extortionists.

Business interruption: Replaces lost income and covers ongoing fixed expenses if an attack or system failure forces you to pause operations.

Funds transfer and service fraud: Covers the cost of lost misdirected funds from funds transfer fraud scams where criminals impersonate a company executive to facilitate a fraudulent transfer.

Call us for a review of your cyberattack exposure. 800-234-6787

CONSTRUCTION COVERAGE

INSURERS SCRUTINIZE CLAIMS HISTORIES AS COSTS RISE

AS THE construction industry continues to benefit from strong demand for large projects, the insurance market is becoming increasingly selective. Insurers are drawing sharper distinctions between contractors with strong or challenged claims histories, according to a new report.

According to Aon's "2026 Global Construction Insurance and Surety Market Report," inflation, supply-chain volatility, geopolitical uncertainty, cyber risk and growing catastrophe losses continue to influence pricing and underwriting.

Across nearly every line of coverage, insurers are rewarding well-managed risks with stable pricing and ample capacity while scrutinizing accounts with poor loss experience, catastrophe exposure or elevated liability concerns.

Here's a look at four main construction insurance lines.

Construction property

The construction property market remains relatively stable. Capacity is generally plentiful, and pricing has softened modestly following a mild catastrophe year in 2025. However, insurers remain focused on price adequacy and limiting natural catastrophe exposures.

Natural catastrophe exposures continue to drive underwriting decisions. While pricing for named windstorm, flood and earthquake risks has largely leveled off in many areas, contractors operating in high-hazard regions may face higher deductibles, tighter limits and more restrictive terms.

Water damage remains the leading source of routine construction losses, prompting underwriters to place greater emphasis on loss-control measures and technology designed to prevent or mitigate claims.

Construction casualty

The casualty market remains the most uneven segment of the construction insurance landscape. Commercial auto liability and physical damage rates continue to rise as insurers grapple with escalating claims costs. Contractors with large fleets in California face challenging conditions.

General liability rates have been relatively stable for many commercial contractors, but those catering to the public sector, residential builders and firms with significant wildfire exposure continue to see higher rates and more restrictive underwriting.

Meanwhile, nuclear verdicts and social inflation continue to increase rates for excess liability. Insurers are capping policy limits, requiring higher attachment points and becoming more selective when underwriting.

Professional liability

Professional liability conditions remain broadly stable for architects, engineers and contractors, particularly for organizations with fewer claims.

However, claims costs continue to rise due to inflation, higher defense costs and large verdicts. As a result, many carriers are pushing policyholders to take on higher deductibles and retain more risk, especially on large projects and loss-affected accounts.

Project-specific professional liability coverage remains available, but can be costly for megaprojects, where premiums often represent a significant percentage of policy limits.

Surety

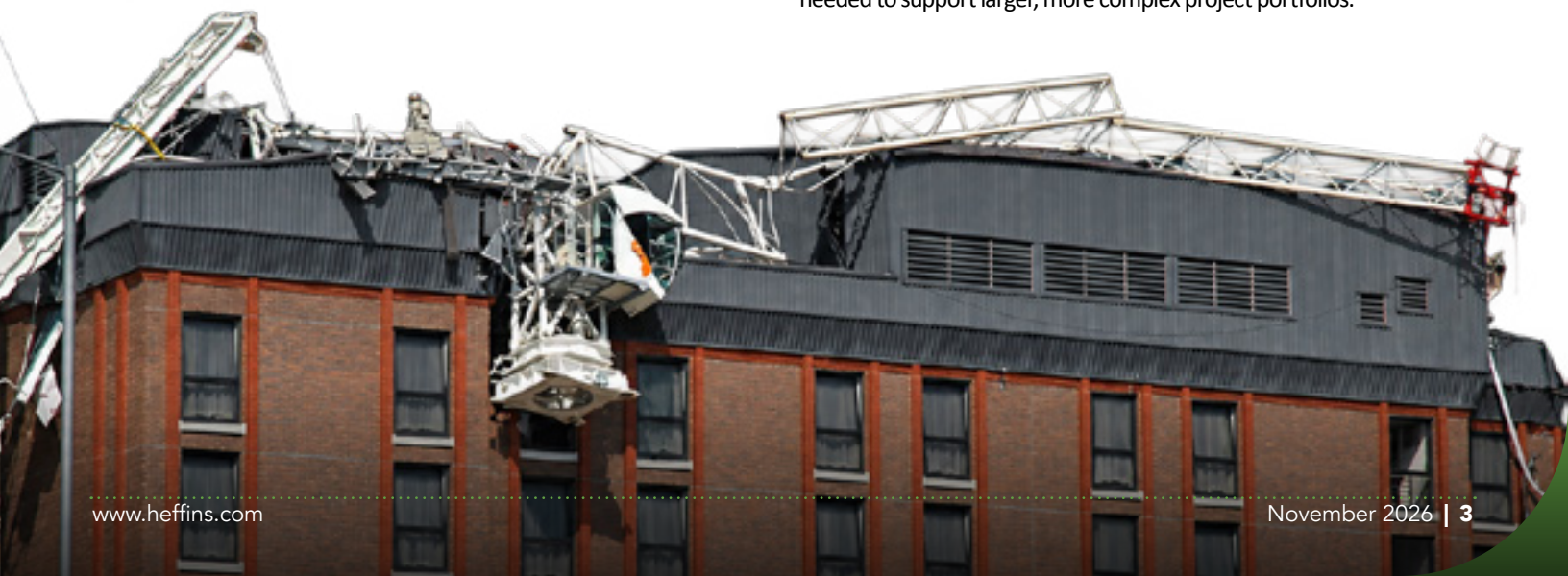
The surety market remains one of the healthiest lines. Strong infrastructure spending and data center construction continue to support growth, while capacity is strong. That said, insurers are paying out more in claims in the mid-market construction sector due to:

- Rising supplier non-payments,
- Increasing performance defaults, and
- Growing contractor insolvencies.

As a result, surety underwriters are paying closer attention to financial statements, backlog management and aggregate exposure.

For financially strong contractors, rates remain stable and capacity is available.

As project sizes continue to grow, however, sureties are increasingly focused on aggregate bonding capacity and the financial strength needed to support larger, more complex project portfolios.



WORKPLACE EXPOSURE

GROWING CANNABIS USE RAISES INJURY, LIABILITY RISKS

AS STATES relax their laws and cannabis use becomes more mainstream, employers are increasingly exposed to costly workers' compensation claims and lawsuits if employees report to work impaired or indulge during a break.

Cannabis can affect reaction time, coordination, concentration and judgment, increasing the potential for accidents, particularly among workers who drive, operate machinery or perform hazardous tasks. These effects can put employees, coworkers and third parties at risk of injury.

While employers may tolerate off-duty use, consumption shortly before or during work can create serious safety and liability exposures.

Changing laws complicate policies

As of 2026, 24 states and Washington, D.C., permit recreational marijuana use. Approximately 40 states allow medical cannabis under varying restrictions.

Some states prohibit employers from discriminating against workers for lawful off-duty cannabis use or restrict pre-employment marijuana testing.

In April 2026, the Department of Justice reclassified products covered by qualifying state-issued medical marijuana licenses from Schedule I to Schedule III under the Controlled Substances Act. This moved those products from the same schedule as heroin to a category for substances with accepted medical uses and that are only mildly addictive.

Employers are still allowed to prohibit employees from working while under the influence of cannabis or any other substance.

Workers' comp complications

Consider a printing press operator who uses marijuana shortly before work and subsequently suffers a hand injury in an industrial printer.

A post-accident drug test may reveal cannabis use, but proving impairment is another matter. Unlike alcohol, evidence of marijuana use can remain detectable for days or weeks after its intoxicating effects have worn off, depending on the testing method and frequency of use.

In many states, a positive test alone cannot be used to justify denial of workers' compensation benefits. Employers or insurers may need evidence that impairment caused or contributed to the accident.

Disputes over impairment can lead to litigation, additional medical examinations and higher claims costs.



Third-party liability risks

The consequences can be more severe when an impaired employee injures someone outside the company or damages another party's property.

Consider a delivery driver who uses marijuana during a break and becomes drowsy while driving. If he veers off the road and crashes into several parked cars, injuring two people, his employer could face costly litigation.

If plaintiffs' attorneys discover evidence of impairment, they may argue that the employer failed to enforce safety policies, properly supervise workers or respond to warning signs. Large verdicts could exceed a company's primary liability insurance limits.

How employers can reduce their exposure

Establish clear policies – Prohibit workplace impairment and emphasize that cannabis should not be consumed before work, during work hours or on breaks.
Review drug testing – Ensure any employee drug testing complies with applicable local, state and federal laws.
Train supervisors – Teach managers to recognize and document signs of potential impairment, including poor coordination, delayed reactions and unusual behavior.
Prioritize hazardous jobs – Establish additional safeguards for drivers, equipment operators and other employees in safety-sensitive roles.
Educate workers – Explain how cannabis affects performance, judgment and safety and how edible products can have delayed and prolonged effects.
Document incidents – Maintain records of suspected impairment, safety violations and corrective actions to support any necessary employment decisions.
Review insurance – Have in place a general liability policy with umbrella coverage to cover incidents involving employees and third parties or their property.

If you have any questions regarding your coverage or our products, please call us at one of our offices:

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