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Criminals Use Your Data to Fine-Tune Demands

CYBER CRIMINALS are increasingly stealing companies' data to bolster their ransomware extortion demands, according to a new report by cyber insurer Resilience.

As part of these tactics, hackers are infiltrating company databases before launching attacks to better understand their defenses and the value of their data and maximize ransom demands. They are also searching for companies' cyber insurance policies to tailor demands to coverage and maximize payouts.

The results emphasize the importance of employers adapting their defenses to evolving cyberattacks that, if large enough, can cripple an organization's ability to recover.

This shift toward a focus on data has been rapid. Data theft-only attacks rose from 49% of extortion claims in the first half of 2025 to 65% in the second half, according to the "Resilience 2025 Cyber Risk Report."

Criminals now infiltrate networks, quietly move through databases and assess which data has the highest regulatory, legal or competitive value — then structure ransom demands accordingly.

In some cases, threat groups have gone further by searching stolen files for cyber insurance policies. Groups such as Interlock have reviewed policy details to calibrate ransom demands within coverage limits and increase the odds of payment.

Extortion has also become layered. Attackers may:

- Demand payment to decrypt systems.
- Demand additional payment to suppress stolen data.
- Threaten customers or business partners directly.

Points of failure: Where attackers are getting in

The report emphasizes that hackers are primarily focused on gaining access by stealing or abusing employees' login credentials.

According to the Resilience report, key points of failure include:

Phishing: The resurgence of phishing in 2025 suggests AI is making campaigns more believable and scalable. AI-generated phishing campaigns are achieving success rates as high as 54% compared with 12% for traditional methods.

New tools allow attackers to craft highly personalized messages, impersonate executives and bypass language barriers. Deepfake audio and video are expected to raise the risk of executive impersonation and fraudulent wire transfers next year.

Vendor compromise: When critical vendors are breached, losses can cascade across entire industries.

Ways vendors are compromised

- Vendor ransomware that spreads business interruption to clients
- Vendor data breaches that expose customer information
- Non-malicious vendor outages that disrupt operations

Credential theft via infostealers: More than 2 billion credentials were harvested in 2025, often serving as an early warning sign of a larger ransomware attack.

How to protect your firm

As threats evolve and cyber attackers use new tactics, employers will need to react accordingly. Organizations may consider:

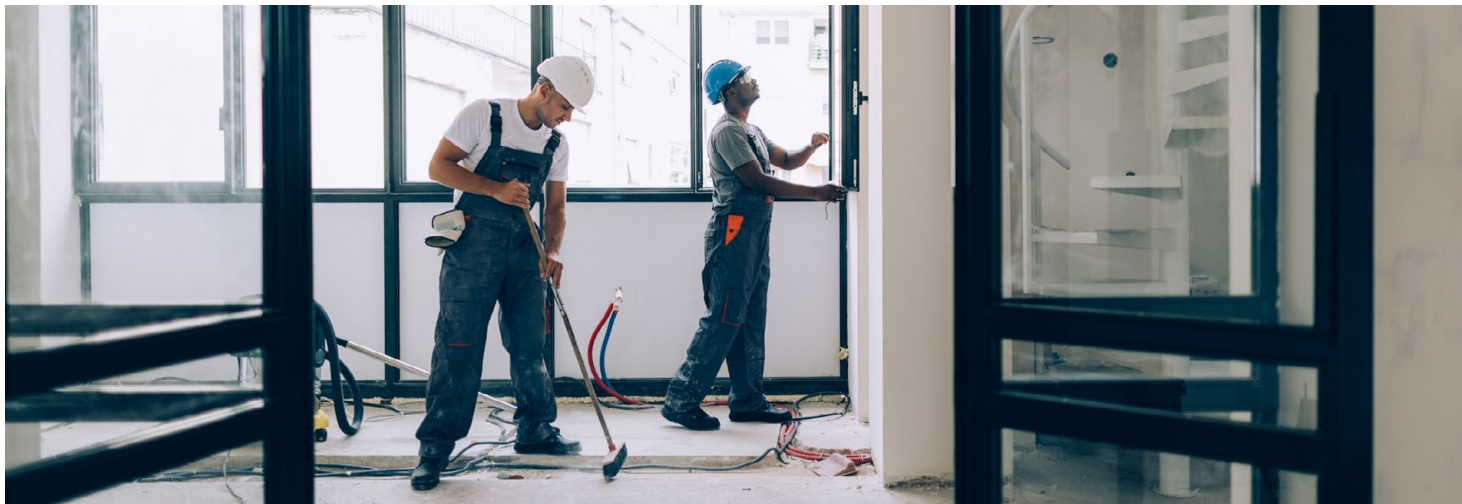
- Investing in data loss prevention and zero-trust software.
- Deploying multifactor authentication and e-mail authentication protocols.
- Monitoring for stolen credentials on the dark web and rotating session tokens immediately when a compromise is detected. This will often require contracting with vendors that specialize in this area.
- Developing vendor incident contingency plans that address supply chain failures.
- Conducting tabletop exercises to rehearse coordinated legal, technical and communications responses.
- Reviewing cyber insurance policy limits to ensure coverage reflects current severity levels rather than historical averages.



If you have concerns about potential cyber risks, give us a call to discuss your cyber insurance options.

Vacant Facilities

Is Your Property Covered During Renovations?



COMMERCIAL PROPERTY owners are often surprised to learn how strict insurance policies can be once a building is considered vacant.

Under commonly used property insurance forms developed by the Insurance Services Office, coverage for certain types of damage can be sharply limited if a building has been vacant for more than 60 consecutive days.

At the same time, those ISO forms — and decades of court rulings — recognize an important exception: a building that is under construction is not treated as vacant. Just as important for property owners planning upgrades, that exception has been extended to buildings under renovation as well.

How vacancy exclusions work

Most ISO-based commercial property policies include a “vacancy loss condition.” If a covered building has been vacant for more than 60 consecutive days before a loss, coverage is either reduced or eliminated for certain causes of loss.

For buildings vacant beyond that 60-day window, ISO forms typically provide:

- No coverage for vandalism, sprinkler leakage (unless protected against freezing), building glass breakage, water damage and theft or attempted theft.
- Reduced coverage for other covered causes of loss, usually a 15% reduction in the amount paid.

What counts as “vacant” depends on who is insured. For tenants, vacancy generally means the space does not contain enough business personal property to conduct customary operations. For building owners, vacancy usually turns on whether at least 31% of the total square footage is rented or used for normal operations.

These provisions are designed to address higher risk. Empty buildings are more vulnerable to vandalism,

undetected water leaks and theft because fewer people are present to spot problems early.

Construction and renovation exemptions

ISO forms carve out an important exception: buildings under construction are not considered vacant, even if they would otherwise meet the definition of vacancy.

Construction sites usually have workers present, materials moving in and out and regular activity that reduces the risks vacancy exclusions are meant to address.

Over time, courts have extended that same reasoning to renovation work on existing buildings. A key case is *TRB Investments, Inc. v. Fireman’s Fund Ins. Co.*, decided by the California Supreme Court in 2006. In that case, the court ruled that a policy’s exception for buildings “under construction” also applied to a building undergoing renovation.

The court reasoned that renovation activity can involve just as much — or more — daily presence as new construction. From a risk standpoint, it would not make sense to treat a building undergoing renovation as vacant while protecting one under construction.

That reasoning is now reflected directly in ISO’s commercial property forms.

The takeaway

Vacancy exclusions are one of the most misunderstood parts of commercial property insurance. ISO forms and court decisions offer meaningful protection for buildings under construction or renovation, but that protection depends on real activity taking place.

Before you start a renovation, call us for a review of your policy language to confirm how your policy defines vacancy and to discuss whether supplemental coverage makes sense. Doing so can help ensure that a temporary period of renovation does not turn into an unexpected coverage problem after a loss.

Construction Best Practices

Why Safety in Design Should Lead Every Project

TOO OFTEN, safety on construction sites is treated as a field problem managed after work begins. By then, many of the most significant risks are already built into the job. Safety in design flips that approach by identifying and eliminating hazards before ground is ever broken.

Safety in design is a proactive process that integrates safety into the earliest stages of planning, engineering and layout. The goal is simple: to remove or reduce risks at their source rather than relying solely on protective equipment, procedures or workarounds later. For construction executives, design safety can mean fewer injuries, lower costs and smoother project delivery.

This approach requires project teams to think through how a structure will be built, used, maintained and eventually demolished — and address hazards at each stage. That means involving safety professionals, engineers and operations personnel so risks can be engineered out rather than managed in the field.

How design decisions reduce risk

Many of the most effective safety improvements are straightforward design choices made early in a project. Each of these decisions removes a hazard before it reaches the job site, reducing reliance on administrative controls or worker behavior to stay safe:

- Add roof parapets or guardrails to reduce fall risks and limit the need for active fall protection systems.
- Relocate rooftop equipment to ground level to eliminate work at height during maintenance.
- Design site layouts to separate pedestrian and vehicle traffic and improve equipment flow.
- Ensure adequate space for safety equipment like eyewash stations and spill kits.
- Plan access for safe removal and replacement of heavy equipment like generators.

A gap between design and construction

Despite its benefits, safety in design has historically been underutilized in the U.S. Designers often distance themselves from construction-phase safety due to limited training in safety practices and concerns about increased liability.

That disconnect creates risk. Designers ultimately dictate how a project is built, including the materials and assembly methods used, yet they are often not directly involved in construction safety planning.

Design-build firms tend to perform better in this area. Designers and builders work within the same organization, so they can collaborate more effectively.

Construction teams flag safety concerns during design, and those lessons carry forward into future projects.

Companies working with outside design firms should insist on similar collaboration.

Owners and contractors should consider bringing designers together with construction managers and safety teams to review risks and identify safer alternatives.

Why early involvement pays off

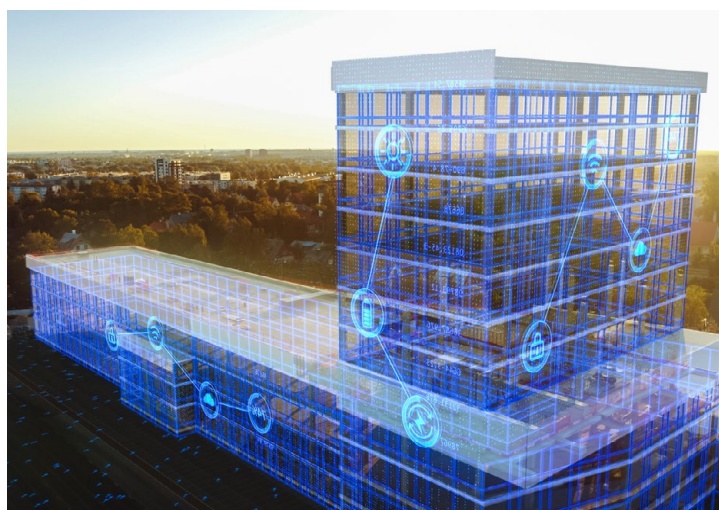
- **Lower total project costs:** Addressing hazards early avoids costly redesigns, delays and injury-related expenses.
- **Fewer incidents and disruptions:** Eliminating risks upfront reduces the likelihood of accidents that halt work and injure workers or third parties.
- **Improved productivity:** Safer, better-designed work sites are more efficient and easier to navigate.
- **Reduced insurance and liability exposure:** Fewer claims and stronger safety records can improve underwriting outcomes.
- **Stronger competitive position:** Many project owners now expect documented safety plans as part of bids.

A shift that is gaining momentum

Safety expert Georgi Popov notes that historically, most safety efforts have focused on the operational phase of projects. In an interview with *Construction Dive*, he said that is changing as more organizations recognize the value of early intervention.

“Our goal is to manage risk throughout the life cycle of a system or building, starting with the design concept,” Popov said, adding that earlier involvement helps eliminate embedded risks before they reach the field.

In short, projects are safer when they are designed that way from the start.



Human Resources

NLRB Reinstates 2020 Rule on Joint-Employer Liability

THE NATIONAL Labor Relations Board has formally reinstated its 2020 rule governing when a company is deemed a joint employer under labor law, loosening standards put in place during the Biden administration.

This pro-business shift will make it harder for workers to hold parent companies, franchisors or hiring entities liable for labor violations by contractors, subcontractors or franchisees. The rule took effect Feb. 27.

A finding of joint employment can have significant consequences for companies under the National Labor Relations Act. Under established case law, each company found to be a joint employer by the NLRA may be held liable for the unfair labor practices of its co-employers.

Under the reinstated standard, merely holding a contractual right to control another entity's workers or exercising indirect control such as setting safety standards is not enough to create a joint-employer relationship.

Types of cases affected

Franchise disputes: Cases where employees of a franchisee (e.g., a fast-food restaurant) seek to hold the franchisor responsible for unfair labor practices, wage disputes or bargaining.

Staffing agency arrangements: Situations where workers hired through a staffing agency claim that the company they are assigned to is also their employer, particularly in disputes regarding discrimination or union organizing.

Subcontractor relationships: Cases involving construction or logistics firms where a general contractor or larger client is accused of interfering with the labor rights of a sub's employees.

Unfair labor practices: Cases where unions charge a parent company or hiring entity with violating rights will now be harder to prove unless the parent company or hiring entity directly controls hiring, firing or wages.

Collective bargaining: Cases determining whether a large corporation must sit at the bargaining table with workers employed by a vendor or contractor.

Reinstated rule explained

Under the reinstated rule, a business must possess and exercise "substantial direct and immediate control" over at least one essential term and condition of employment of another employer's staff to be a joint employer.

The rule defines substantial direct control as actions that have "a regular or continuous consequential effect" on several core aspects of a worker's job. This includes the employer's ability to:

1. Hire or fire a worker,
2. Supervise and control an employee's work schedule or conditions of employment to a significant degree,
3. Determine a worker's rate and method of payment, and
4. Maintain the employee's employment records.

An employer does not have to meet all four factors to be considered a joint employer. Also, even when an employer exercises direct control over another employer's workers, it will not be considered a joint employer if the control is exercised on a sporadic, isolated or de minimis basis.

The takeaway

This new rule will provide employers with clarity and certainty in instances where they may be considered joint employers, either when working with contractors or as franchisees.

However, employers still face some risk and should ensure that managers stay within the confines of the rules when establishing project goals and directing the work of third-party providers such as subcontractors and staffing agencies through direct supervision or task assignment. When dealing with these workers, managers should focus on what needs to be done rather than how the vendor's employees perform it.

For franchisees, it will now be more difficult to pull franchisors into labor disputes and collective bargaining, which may prompt unions to focus on site-specific organizing. ❖

