

New privacy laws increase risk of insurance claim

Submitted by: Acceleris Marketing Communications

Tuesday, 8 May 2012

Businesses warned to abide by new website privacy rules or face a penalty

Businesses need to update their insurance policy following new regulations governing privacy on business websites, which came into effect on May 1, or face penalties Bluefin Insurance (<http://www.bluefingroup.co.uk>) has warned.

The change means web visitors now have to give their consent for websites to download 'cookies' - temporary internet files which gather information about the user's online activity. This means major changes for every company with a website that obtains user information such as counting web visitors or recording what visitors put in their online shopping basket.

Previously most businesses had a tick box system in their privacy policy (<http://www.bluefingroup.co.uk>) allowing web visitors to opt out of having cookies downloaded onto their computers. However website operators now have to provide much more information to allow visitors to make their own decisions or risk a fine of up to £500,000.

Insurance broker (<http://www.bluefingroup.co.uk>) Bluefin, which has offices across the UK, says the move is a further illustration of how privacy laws governing the use of personal data are tightening.

Peter Castle, Executive Director at Bluefin (<http://www.bluefingroup.co.uk>), said: "This exposure is raising the risks of a data security breach from the IT department to the board room as a corporate governance exposure due to the potential impact on business operations, the potential liability for fines and compensation, and the fear of reputational damage. In light of this heightened business risk, new insurance solutions are emerging and should be considered alongside traditional insurance protection."

He continued: "Any business which runs a website will use cookies in some form, so this change will have a widespread affect. Until now the responsibility for allowing the sharing of personal data lay with the web visitor, however the onus is now on the website proprietor to ensure its customers understand that this information will be downloaded by the website."

The new rules apply to every type of cookie except those strictly necessary for a service requested by the user, for example, when a visitor has selected goods to buy and then clicks on 'Add to basket' the site will remember the selection from the previous page.

"Although most businesses are clear about the role of cookies when purchasing goods online, some do not realise quite how widespread the use of cookies (<http://www.bluefingroup.co.uk>) is. For example, every time a user logs onto a website, a cookie will be used to remember the login and password so the visitor does not have to key in these details each time. Under the new rules, websites will need to gain the user's consent to download this information," said Castle.

"Businesses need to carefully consider how they will implement the new regulations as there is a risk that obtaining these consents will become cumbersome to the web visitor and they may leave the site

completely. Businesses need to weigh up the value of gaining certain information from a user against adversely affecting the visitor's experience."

Businesses were given 12 months by the Information Commissioner to implement the changes, the deadline for which is 1 May 2012.

Tips for businesses on implementing the new rules:

- Review all cookies in use on your website and consider removing those that are unnecessary.
- Identify which cookies need consent and which don't. Refer to the Information Commissioner's Office on this.

http://www.ico.gov.uk/news/current_topics/new_pecr_rules.aspx

- Ensure you display information clearly on your website explaining what cookies are and what information will be taken.
- Where consents are necessary, consider the least intrusive method for doing this. For example one approach could be to use pop-ups, terms and conditions, website settings or website features are other options.

-ends-

For more information please contact Chloe Ingham or Simon Baylis at Acceleris Marketing Communications on 0845 4567 251/ chloei@acceleris-mc.com

Bluefin Insurance Services (<http://www.bluefingroup.co.uk>) Limited provides independent insurance broking services (<http://www.bluefingroup.co.uk>) to both corporate and individual clients. Bluefin is part of AXA UK plc and employs approximately 1500 people in 45 locations. For more information visit www.bluefingroup.co.uk