

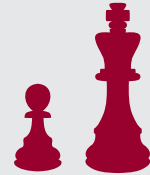
# Managing Risk



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Workers Comp

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## Nine Ways to Save on Workers Comp Insurance

Your agent can help explain in more detail and show you how to get the best rates for the coverage you need.

- 1 Use Correct Job Classifications.** There are 500 to 600 job classifications to choose from, and getting the best fit possible can mean getting the lowest rate possible. Sometimes employees whose duties are only clerical get included in the much more costly job classifications. For example, a bookkeeper/administrative assistant in an auto body shop should not be classified as a body shop worker.
- 2 Get to Know Your Medical Team.** Develop relationships with providers who specialize in occupational medicine. Injured employees will often go to their personal doctor or use a walk-in facility when an injury occurs. When this happens, employees do not get optimal treatment and you incur higher costs. Your agent can help you identify physicians who have the right training and who will get to know your business,



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## This Just In...

**T**he U. S. Department of Homeland Security has launched the National Risk Management Center with the aim of collaborating with the private sector to identify and reduce cyber threats and develop risk management strategies to better deal with those threats.

The new center was announced in late July by U. S. Secretary of Homeland Security Kristjen Nielsen at the DHS National Cybersecurity Summit in New York City. The Center “would recast what is now NPPD, or the National Protection and Programs Directorate — our cybersecurity arm — into an ambitious operational agency capable of better confronting digital threats,” said Nielsen.

The goal of the center is to be the primary contact resource for

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the type of work performed and the best treatments for your workers.

**3 Develop a System.** Have a system in place to make sure injured employees get immediate medical care. In many instances, injured employees are simply sent home or let go for the day so they can go to their own physician or go to an emergency room. Your goal should be to make sure injured employees get immediate medical attention so they can get the care they need and return to the job as soon as possible.

**4 Crunch the Data.** Review your workers' comp loss runs and OSHA logs regularly with your broker to assess ways to improve your systems, processes, training and other factors that can reduce future losses. Also, pay attention to data about the kinds of accidents that are typical for your type of business and develop ways to foresee and mitigate claims before they occur. Here are the 10 most common workers' compensation claims:

- ✱ Overexertion (results in pulled muscles or flagging attention)
- ✱ Slips, trips and falls
- ✱ Falls to lower level (such as falling off a ladder or a roof or down a flight of stairs)
- ✱ Bodily reaction (such as a fall avoided that causes injury as a result of the avoidance)
- ✱ Struck by object
- ✱ Struck against an object
- ✱ Highway incident
- ✱ Machinery accidents

- ✱ Repetitive motion (carpal tunnel syndrome or tendonitis, for example)

- ✱ Workplace violence

**5 Prepare for your Annual Audit.** To make things go as smooth as possible with your workers' comp premium audit, have a list of all employees, their hours, duties, payroll classifications and payroll. You should also list all job descriptions and differentiate clearly between employees and independent contractors. Your agent can help you review and prepare for your audit.

**6 Review your Annual Unit Statistical Report.** The Unit Statistical Report is the evaluation of losses and other information your insurance company submits to its rating bureau each year. The report will include the premiums you've paid and the paid and reserved losses occurring during the reporting period. It's important to review this data carefully because if the insurance company sets a very high reserve on any of your claims or keeps open claims that should have been closed, your experience modification factor will go up, costing you more in premium.

**7 Develop a "Light Duty" or "Recovery at Work" Program.** If an injured employee returns to work before lost-time wages start, this can create a significant cost savings and reduce the impact on your experience factor. More importantly, injured workers recover faster if they remain working, even if they are doing work that is less critical or demanding than their regular job. The important thing is to keep

companies that experience a cyber-attack. Whether the center will succeed in that depends on how the private sector responds, say critics.

Private sector risk managers are wary of losing control and don't want "someone to swoop in and take over," said Marcus Christian, a partner at Mayer Brown and former executive assistant U.S. attorney at the Southern District of Florida to *Property Casualty 360*. "They want their interests protected."

Most companies like to protect their liability by maintaining the option of keeping things close to the vest, according to Bill Conner, founder and CEO of cybersecurity technology provider SonicWall. "One of the issues is once you get involved in from a private industry side, your lawyers get uncomfortable real quick with how much you say publicly," he said.

Conner does think, however, that DHS has shown itself to be easy to do business with and this will inspire some private companies to "embrace the new DHS effort," he said.

them engaged in their work. By consulting your company physician, you can design work activities appropriate for the employee.

**8 Is There a Second Injury Fund Available?** More than 20 states have "second injury funds" that pay benefits to workers when an injury aggravates a pre-existing permanent health condition. Over half of all injured workers have a preexisting con-

dition, according to one expert. When you have an employee with a permanent impairment who suffers a second injury, you are responsible for compensating only the most recent injury. Many employers fail to realize this, often spending thousands of dollars more than they need to.

When a worker with a pre-existing injury or condition files a claim, the employer should make the claims adjuster aware of the pre-existing injury or condition. The adjuster will calculate the settlement value of the claim, and/or file the claim with the second injury fund. Submitting a claim to a second injury fund can help employers with experience-rated workers' compensation policies avoid a big premium increase. It can also make it more appealing to hire former military service persons, many of whom have service-related disabilities.

- 9 Ask Us for Help!** Your agent is your best asset for help implementing any of these loss control and premium saving ideas. Your agent can also help explain anything about your policy or the many intricacies of workers' comp insurance. Your agent is also your advocate and will help you get the best possible coverage and rates from your insurance company.

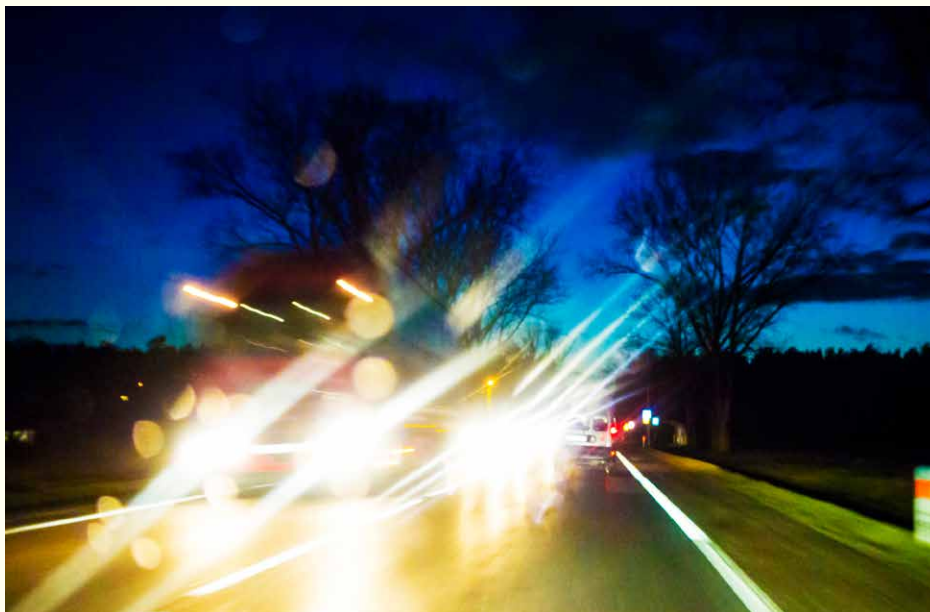
### Bonus Tip

#### Will a Retrospective Rating Plan Help You?

If you feel your workers compensation claims frequency and severity is lessening, you may want to consider getting a Retrospective Rating Plan. These policies have a mechanism to allow employers to share in the financial risk and reward with their insurer. This is something to consider if you pay \$250,000 or more for a standard workers comp policy. Give us a call and we'll tell you more. ■

## Auto-Related Workers Comp Claims on the Rise

The percentage of vehicle-related workers compensation claims are increasing, both in count and in percent of total claims, according to data from AF Group.



**T**he total percent of claims in 2017 was 3.50 percent, compared with 1.95 percent in 2007. The percent of total claims incurred in 2017 was 7.94 percent, compared with 5.14 percent in 2007, according to AF Group.

Driver distraction is the likely cause of

these motor vehicle accidents, AF Group said. "From a work comp perspective, these distractions are often a personal choice by employees who are trying to multitask and do their jobs better and more efficiently," AF Group said in an emailed statement.

If you want to reduce distracted driv-

ing, here are some basic things to consider:

### 1 Recognize the Extent of the Problem

There are three types of distraction:

**Visual** — taking your eyes off the road.

Examples: Looking at a GPS device or trying to read something in your car.

**Manual** — taking your hands off the wheel. Examples: Reaching for something on the floor or in the back seat

**Cognitive** — taking your mind off driving. Example: Falling asleep The most prevalent form of distracted driving, texting, involves all three distractions..

### 2 Hire safe drivers

It may seem obvious, but many times employers hire people whose driving responsibilities are only incidental to the job. So they may never bother to obtain those employees' driving records or if they do, don't critically review them.

Nevertheless, employers should obtain motor vehicle records (MVRs) for all job candidates who might be driving. Frequent moving violations and of course driving under the influence violations are red flags. If you decide to give only minimal weight to a candidate's poor driving record because of more important considerations, then at least impose restrictions on their ability to drive for work.

If driving is a big part of the job, you should include a road test as part of the interview process. Focus on evaluating the candidate's safe driving behavior and defensive driving techniques.

### 3 Make Sure Everyone Drives Safely — or Doesn't Drive on the Job

Review employee MVRs annually. Prepare and distribute to all of your employees safe-driving policies. In particular,

- ✱ Stress the importance of good defensive driving skills and highlight for everyone your company's "no texting while driving" policy.

- ✱ Explain that if a GPS device needs to be programmed, you expect the driver to pull off the road to set it.

### 4 Be Prepared When Accidents Happen

Accidents will happen, whether from distracted driving or not. Include an accident kit in your company vehicles. In addition to flares and signage, such kits used to include disposable cameras and a list of phone numbers. With cell phones these items are not necessarily important to include anymore.

But give employees appropriate phone numbers to call to report the accident and advise them to take pictures. Tell them to avoid discussing fault but work with police to document the accident.

Try to use an accident as a "teachable moment," glean from it tips on how to avoid similar situations in the future.

Of course, reducing distracted driving should not only reduce workers comp costs, but your auto insurance rates as well. Please give us a call if there's anything we can do to help. ■

## Lightning Strikes

You cannot prevent lightning from striking, but you can take steps to minimize the damage it can cause.

Deaths by lightning in 2018 are down so far from the average (18 fatalities vs. 49 on average). But lightning is the leading cause of injury and death from natural disaster other than floods. However, even though most people struck by lightning survive, they often suffer from a variety of long-term, debilitating symptoms.

In terms of physical damage, a Carnegie-Mellon study found that lightning affected 33 percent of US businesses at some point. So, what can you do to protect your people and property from lightning?

Insurance industry sources estimate that between 3 and 7 percent of all property/casualty claims are related to lightning strikes in any given year. Between 2007 and 2011, lightning caused an average of 22,600 fires per year, according to an analysis by the National Fire Protection Association. Most of these fires occurred outdoors, but 7 percent occurred in non-residential structures. These fires caused an average of \$108 million in direct property damage each year.

When you consider lightning's power, the damage it causes comes as no surprise. Lightning travels more than 90,000 miles per second and exceeds 50,000 degrees F. A single bolt of lightning has an average of 20,000

amps of electricity — enough to power a lightbulb for three months. When this incredible force hits earth, it can cause one of the following types of damage:

- 1 Impact, fire, singeing or melting:** When lightning hits an object or building directly, the force can break or damage the object. For example, lightning is the single leading cause of damage to church steeples. Since a lightning bolt is narrow, however, the actual point of impact often suffers little noticeable damage.  
Lightning's intense heat causes many other problems for property owners. Lightning is the single leading cause of fires in lumberyards. When lightning hits a combustible surface, such as a shake roof, it can spark a fire.
- 2 Electrical injection:** When lightning hits a building, the building's wiring (electrical, telephone or data) can pick up part of the current. This extra current can damage electrical and equipment connected to the system.
- 3 Power surges:** Lightning can also enter a building indirectly, through wiring, cables or plumbing or when it hits surrounding ground. In rural areas in particular, lightning can travel through wires for long distances. According to Dr. Ronald B. Standler, a physicist who studies lightning and consults on lightning safety, "The electromagnetic fields from the current in a lightning stroke can induce currents and voltage in wire and cables inside a building. Such surge currents are typically less intense than direct

injection of current, but can easily vaporize integrated circuits in computers, modems, electronic control circuits, etc."

### Risk Management

You cannot prevent lightning from striking, but you can take steps to minimize the damage it can cause.

- 1** Ensure your building complies with updated building codes, which require installation of air terminals (or lightning rods), wires and plumbing to be grounded and other measures designed to divert the force of lightning strikes.
- 2** Where possible, use dedicated circuits for computers, building monitoring systems and other delicate electronics so they do not have to share circuits with power-hungry devices, such as air conditioners.
- 3** Protect computers and electronics by plugging these devices into surge protectors instead of directly into the power

socket.

- 4** Check surge protectors at least once a year. Most have a signal light that indicates the unit is working.
- 5** During a thunderstorm, turn off computers and unplug the power cord. Unplug your modem, network or cable connection to prevent a surge from entering your computer through these wires.

### Insurance Considerations

Even the basic commercial property policy includes coverage for lightning damage. If a lightning bolt hit your building and caused a fire, your policy would cover the claim. However, standard commercial property policies provide lower limits for computers and electronic equipment and do not cover electronic data losses. You can buy a coverage extension that will provide up to \$2,500 in coverage — but most businesses will need additional coverage. For more information on insuring computers and data, please contact us. ■





# Lightning DOES Strike Twice

You can't stop lightning from striking, but technology can help mitigate the risks.

**L**ightning hits the ground in the U.S. about 15-20 million times per year. It occurs more often in certain areas than others. For example, you're more likely to see a lightning storm — and to be struck by lightning — in Florida than in any other state. Even within Florida, certain areas seem to attract lightning more than others, such as towers, areas near standing water, etc.

Certain types of buildings are also more likely to be struck by lightning. The Ohio Insurance Institute reported that 30 percent of all church fires are lightning-related...probably not surprising due to their construction.

Some companies offer lightning detection and prediction systems. Lightning detection systems monitor your area for lightning strikes. When they detect lightning, an alarm will sound.

Lightning prediction systems monitor the electromagnetic field disruptions (or static) in the atmosphere. When EMF disruptions increase to the point that a lightning strike is likely, an alarm will sound.

Lightning detection and prediction systems are most useful for businesses or organizations such as sports arenas, water parks, etc. where large groups of people are outdoors. For more information on protecting your visitors, employees and property and mitigating the risk of lightning-related injuries and property damage, please contact us. ■



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