

Commercial Insurance Update

Topics Affecting Buyers of Commercial Insurance

MSP C 12/2004 – "Safety Programs: Safety is YOUR Responsibility"

December, 2004

As we noted in our October 2004 issue, insurance premium increases are slowing, but underwriting continues to be tight. Firms with excellent loss histories and successful safety and loss control programs in place continue to receive preferential treatment in pricing as well as placement when supply is limited or restricted.

Safety improvements in the workplace and on the jobsite reduce losses, minimize claim costs, and lower a firm's Total Cost of Risk (TCOR), which is reflected in improved loss histories.

Cavignac & Associates remains committed to helping our clients develop and implement safety and loss prevention programs. The articles in this issue provide samples of the multitude of safety and loss control documents, including checklists, available from Stuart Nakutin, Cavignac & Associates' Director of Loss Control & Claims.

Safety Programs: Safety Is YOUR Responsibility!

Excerpted from the Management's Safety Program Workbook

By Stuart Nakutin, AIC, WCCA, WCCP, CDMC, Director of Loss Control & Claims

Taking risks is part of running a business, particularly for moderate-sized operations. You take risks in product development, marketing and advertising in order to stay competitive. But some risks are just not worth the gamble, such as risking the safety and health of the people who work for you. Safety is your responsibility.

Accidents Cost Money

It's a fact you can't ignore. For every dollar you spend on the direct costs of an employee's injury or illness, you'll spend much more to cover the indirect and hidden costs.

Consider what one lost workday injury would cost in terms of:

- Lost production time
- Hiring and/or retraining a temporary replacement
- Repair or replacement of damaged equipment or materials
- Reduced morale and possible lower employee efficiency

- Unfavorable workers compensation losses and increased premium

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Controlling Your Losses

An effective Safety and Health Program does not have to involve large costs or require additional employees. Usually it can be integrated rather easily into your other operations with a minimum of effort.

Cavnac & Associates has a workbook designed to help you develop a Safety and Health Program tailored to meet the specific requirements of your workplace. Once this program is in place, you will have an effective tool for improving workplace operations, controlling hazards, reducing accidents and losses, increasing employee productivity, and complying with Occupational Safety and Health regulations.

The seven basic elements you need to include in your safety and health program are explained in more detail in the unabridged workbook. For the purposes of this article, we'll identify several key elements of a successful program.

Management Leadership and Support

As an employer, your attitude toward job safety and health is reflected by your employees. Your active role in initiating and supporting your program will help ensure its success. Leave no doubts about your personal commitment to your employees' safety and health.

1. Determine what program results you expect.
2. Provide the resources and support necessary to accomplish the task.
3. Assign Safety and Health Program responsibilities and authority to one capable person.
4. Advise all your employees of your commitment to safety and health. Announce that a program has been adopted, and issue a safety statement.
5. Set the example! For instance, if you require safety glasses to be worn in certain areas, then make sure you obey the rules and wear safety glasses in those areas.
6. Recognize and reward good safety performance by managers as well as the entire company.
7. Include safety and health items in all meetings with your managers and other employees.

8. Periodically review results achieved by the program, and actively participate – be visible!

Maintain Safe Working Conditions

Safe working conditions are maintained through management action. Finding unsafe work practices and unsafe conditions by means of inspecting and promptly correcting them is one of the best methods for management to prevent accidents and safeguard employees. By doing so, you demonstrate to employees your sincerity and interest in their safety.

Establish Safety Training

Training can be a powerful influence and safety motivation. Its value has been proven over and over again. When people are trained to do their jobs properly, they will do them safely.

The purpose of safety and health training is to make employees aware of hazards as well as to show them how to perform their jobs without endangering themselves or their fellow employees.

Safety training should begin with the new employee and continue throughout employment with the company. The type of training, the material presented and the frequency will vary according to the firm's needs.

Accident Analysis and Record Keeping

Although some accidents may occur even with the most comprehensive safety and health program in place, the same accident need not occur twice. If employees report all accidents and management investigates and follows up with corrective action, recurrences can be prevented. By maintaining thorough injury and illness records, you will know where to focus your efforts.

Medical and First Aid System

The actions you take if and when an employee is injured can help to minimize the negative impact on the injured worker as well as reduce your overall costs.

1. Critically evaluate your current claims procedures.
2. Appoint a capable individual as your coordinator.

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3. Select a medical facility that meets your needs.
4. Establish a positive rapport with your medical care facility.
5. Have adequate first aid supplies and emergency equipment available. Train one or more employees in first aid if you are far from a medical facility.
6. Maintain close contact with injured employees for 120 days after the accident – let them know you care.
7. Ask the treating physician for a return-to-work date.
8. Consider providing alternate work for employees during their recovery. Ask the treating physician what employees *can* do vs. work restrictions.
9. Make sure that you understand and follow any temporary work restrictions or physical accommodation requirements for the returning employees.
10. Write five temporary and modified job descriptions.

Acceptance of Personal Responsibility by All Employees

Safety, health and goodwill are essential to the success of your operations. You can ensure the success of your safety and health program by motivating each of your employees to take an active role.

Legal Requirements

In addition to improving workplace operations, controlling hazards, reducing accidents and losses, and increasing productivity, using the workbook to build your firm's safety and health program will help you comply with government regulations. Many states require you to establish and maintain a written accident prevention program. The Cavnac & Associates' workbook is designed to help you meet the requirements of an effective safety and health program. 🙄

***Disclaimer:** This article is written from an insurance perspective and is meant to be used for informational purposes only. It is not the intent of this article to provide legal advice, or advice for any specific fact, situation or circumstance. Contact legal counsel for specific advice.*

When an Accident Happens, Take Action—But What?

By Stuart Nakutin, AIC, WCCA, WCCP, CDMC, Director of Loss Control & Claims

Whether one is walking across the floor of a manufacturing plant or a construction job site or driving to see a customer, accidents do happen. Many organizations have learned that in order to save valuable resources and maintain a successful safety program, they must learn from the past and avoid future exposures.

Cal/OSHA requires that occupational injuries and illness be investigated in accordance with established procedures. We recommend that you document the entire process from investigation through corrective actions.

Injury and illness investigation is an essential element of an Injury and Illness Prevention Program. The purpose of the injury and illness investigation is to determine what factors, conditions, and/

or practices contributed, so that the proper action can be taken to prevent a recurrence. Minor incidents or close calls should be investigated since they are usually a warning of potential hazards that could result in serious injuries or illness to employees.

A complete injury and illness investigation includes gathering data, making an objective evaluation of facts, statements and related information, and finally, developing a definite plan to prevent recurrence.

To assure that meaningful data will be obtained, all management personnel should be familiar with injury and illness investigation techniques. In particular, each line supervisor should be well versed

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in injury and illness investigation procedures, as well as be the key person in the accident investigation.

It is essential that injuries and illness be investigated as soon as possible while facts are still clear and more details can be remembered. Timely investigations also help make injury and illness reconstruction easier.

Many organizations devote little time to evaluating the actual cause of the accident and developing a plan for how to prevent the same type of accident from occurring again. A formal and specific accident investigation process is the key to prevention of future accidents.

Organizations hold supervisors accountable for production results, quality and, in many cases, accidents. In order to develop and maintain a quality accident investigation process, organizations must hold supervisors accountable for the process itself.

Reporting an Accident

Upon first learning of an injury, illness or major equipment breakdown, you should investigate what happened, complete an Accident Report and give a copy to the Safety Manager. Investigate and complete an Accident Report for all incidents that result in injury, first aid or doctor treatment.

Always address the “Five W’s” – Who, What, Where, When, Why – and How:

- **Who** did the accident happen to, *and who* was involved?
- **What** happened?
- **Where** did it happen?
- **When** did it happen?
- **Why** did it happen?
- **How** did it happen?

The purpose of an accident investigation is to prevent similar incidents, not to place blame. But if the injured employee or someone else contributed to the accident by failing to follow safety rules, then disciplinary action may be appropriate.

The following procedures will help you perform a successful investigation:

1. Visit the accident scene as soon as possible, while facts are fresh and before witnesses forget important details.

2. If possible, interview the injured worker at the scene of the accident and “walk” him/her through a reenactment.
3. Conduct *all* interviews in private.
4. Interview witnesses one at a time and have them complete the Accident Report.
5. Talk with anyone who has knowledge of the equipment or circumstances contributing to an accident, even if they did not witness it firsthand.
6. Document details graphically. For some incidents, you may need to preserve the scene by cordoning off the area until the investigation ends; otherwise, use sketches, diagrams and photos, and take measurements when appropriate.
7. Focus on causes and hazards. Describe what happened, how it happened and why it happened. Determine the cause(s) of the accident.
8. Include a plan for preventing similar accidents in the future. Corrective actions usually involve employee training or retraining, changing processes or procedures, correcting unsafe conditions, or a combination of these.
9. If a third party or defective product contributed to the accident, save any evidence. It could lead to the recovery of claim costs.

Preventable accidents and injuries cost a company money not only from decreased employee productivity, but also from insurance premium increases inevitably caused by unfavorable claims experience and loss histories. Firms that dedicate the time and effort needed to develop successful accident investigation processes and then follow the safety plans and procedures derived from them will benefit from more productive employees and lower insurance costs. Both of these factors can make a significant improvement to a firm’s bottom line. 📌



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Do insurance underwriters ever take a holiday from thinking in terms of risks, hazards and loss control? See what you think... we received the "Insurance Underwriter's Version" of the following poem from a number of underwriters. Enjoy!

'Twas the Night Before Christmas **[Insurance Underwriters' Version]**

'Twas the night before Christmas [12:01 A.M. 12/25]
And all through the house [single family, joisted masonry, PC 5, 100 ft from brush]
Not a creature was stirring, not even a mouse [through pride of ownership and excellent maintenance].
The [flame retardant] stockings were hung by the [contractor installed] chimney with care,
In hopes that St. Nicholas soon would be there [in spite of dead-bolt locks and central station alarm system].
The children [ages 4,8,14 & 16] were all nestled snug in their beds [check MVR on 16 year old],
While visions of sugar plums danced in their heads [must check for drug use].
Mama in her kerchief [scheduled heirloom] and I in my cap [no slave to fashion]
Had just settled down for a long winter's nap [check employment – is insured sleeping all day?]
When out on the lawn there arose such a clatter [check into condition of premises, housekeeping etc],
I jumped out of bed to see what was the matter.
Away to the window I flew like a flash, threw back the curtains and tore open the sash [intentional destructive act – no coverage. Also, as far as we know, insured only wearing a cap in front of uncovered window].
What to my wondrous eyes should appear, but a miniature sleigh and eight tiny reindeer [note to check if sleigh rated business use and corporate owned].
With a little old driver, so lively and quick,
I knew in a moment it must be St. Nick [order medical on 600 year old driver; notify life underwriter for possible rating].
More rapid than eagles [check MVR for speeding violations] his coursers they came,
And he whistled and shouted [possible aggressive driver?] and called them by name
"Now Dasher [turbo equip?], now Dancer [classic?], now Prancer [check lifestyle], now Vixen, [definitely check lifestyle],
"On Comet [possible muscle deer], on Cupid [lifestyle again], on Donner [4x4?] and Blitzen, [possible drinking problem?],
"To the top of the porch to the top of the wall [check for structural damage, also look into height exposures]
"Now dash away, dash away, dash away all [also old man climbing walls either in great shape or overly medicated?]"
So up to the house-top the coursers they flew,
With the sleigh full of toys and St. Nicholas, too [check for possible retail delivery classification of autos].
And then, in a twinkling, I heard on the roof
The prancing and pawing of each little hoof [check for shingle damage also classification of PAN operations, roofing is a prohibited class].
As I drew in my head and was turning around, down the chimney St. Nicholas came with a bound.
He was dressed all in fur [scheduled items] from his head to his foot,
And his clothes were all tarnished with ashes and soot [part time job as firefighter?].
A bundle of toys he had flung on his back [Check to see if insured has safety committee, check lifting training]
And he looked like a peddler just opening his pack.
His eyes how they twinkled, his dimples how merry,
His cheeks were like roses, his nose like a cherry [order updated medical report, possible drinking abuse].
The stump of a pipe he held tight in his teeth [note – do not give non-smoker discount]
And the smoke it encircled his head like a wreath [check batteries in smoke alarms to make sure operational].
He was chubby and plump, a right jolly old elf [overweight for height]
And I laughed when I saw him in spite of myself.

Night Before Christmas (Continued from page 5)

A wink of his eye and a twist of his head
Soon gave me to know I had nothing to dread [stranger enters past alarm and insured not worried/possible moral problem].

He spoke not a word, but went straight to his work,

And filled all the stockings; then turned with a jerk [review workplace for ergonomic compliance]

And laying his finger aside of his nose [obscene gesture?]

And giving a nod, up the chimney he rose [check operations, chimney sweeps are prohibited classification, look into GL PD deductible].

He sprang to his sleigh, to his team gave a whistle,

And away they all flew like the down of a thistle [not likely with fat man and sleigh full of toys. Check GVW for proper classification, Light/Service/Local seems unlikely].

But I heard him exclaim as he drove out of sight,

“Happy Christmas to all, and to all a good night!” [Check hours of operation, 24-hour service operations prohibited. Also check into seasonal nature of business].

[ORDER NEW LOSS CONTROL – DIARY FOR 07/01/04 TO DISCUSS WITH AGENT!]



Just in time for THE HOLIDAYS!



As part of our commitment to the San Diego community, Cavnac & Associates supports many charitable organizations. However, during the Holiday season the outlook for the San Diegans some of these organizations serve is particularly bleak.

We invite you to visit the Web sites of these organizations and join us in supporting them!

- **Monarch High School** – www.monarchschools.org
- **Polinsky Center** – www.wic.org/orgs/polinsky.htm
- **Senior Community Centers** – www.servingseniors.org