



Leaderschoice
INSURANCE SERVICES

Leaders News Alert

July 2015, Volume 5, Issue 7

Property Protection

Flood Insurance a Wise Choice, Even in Drought Areas

THE RECENT flooding in swaths of Texas hit local businesses hard as they tried to recover and clean up, costing them money for the clean-up process and lost business.

Few of the businesses in the up-until-now drought-stricken area carried flood insurance according to local news reports, and they'll end up footing the bill themselves.

And unfortunately, 40% of businesses affected by a natural or human-caused disaster never reopen.

The flooding in Texas shows that it can happen anywhere, and that some areas in most states are prone to flooding, including California.

By preparing your company now for a disaster later, you can reduce the impact and ensure your business recovers quickly.

Federal law requires homes and buildings in flood plains to carry flood insurance if they have a mortgage from a federally insured lender, according to the National Flood Insurance Program (NFIP).

Those living outside of high-risk flood plains are typically not required to carry it. Typically, homeowners can only buy flood insurance

through the NFIP, but businesses do have other choices.

The best way to keep your business afloat after a flood is to be prepared in advance for the unthinkable. You can start by:

1. Understanding your risk

Your county should have on its website a list of areas identified as flood plains and floodways, as defined by the Federal Emergency Management Agency (FEMA). By knowing which areas are prone to flooding, you can better understand how your business might be affected in the event of a large rainfall.

2. Purchasing flood insurance

Most commercial property insurance policies may not include flood coverage as part of the package.

There are two options for flood insurance:

- The NFIP. It will insure a commercial building up to \$500,000, and the contents of the building up to the same amount. Premiums vary depending on property location and flood risk.

- A flood policy from an insurance company. These policies will often provide larger limits than the NFIP. Call us for details.

3. Having an emergency plan

Establish an emergency plan for how things will proceed if you close due to flooding. Consider the following and include them in your plan:

- Can your staff work remotely? Do they have resources to do so?
- Who will coordinate with your staff during an emergency?
- What procedures must you put in place to keep your business functioning?

- How will you communicate with your team?
- Will affected employees be given time off? If so, how much?
- Do you have a backup of essential files and records?
- What will you do if your building is closed for a long period?
- Do you have alternative sites to move inventory to, and from which to work?

4. Utilizing your local resources

Familiarize yourself with community resources in place to help businesses during emergency situations.

After many floods, the U.S. Small Business Administration has set up business recovery centers to assist companies trying to recover.

Additionally, you can apply for federal assistance on FEMA's website, where you can also find information on other recovery resources. ❖



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Workers' Compensation

Reporting Claims Later Can Push up Costs 50%

A NEW REPORT has found that when employers are late in reporting workers' comp claims to their insurers, the cost of the claim often jumps by 50%.

The report by the National Council on Compensation Insurance found that claims for workplace injuries that were reported four weeks after the incident, ended up costing \$19,936 on average, compared to \$13,210 for claims reported one to two weeks after the injury. That's a jump of 51%.

Interestingly, claims that were reported between one day and a week after the injury cost \$13,844 on average. Claims filed three to four weeks after an injury cost \$17,785.

The NCCI, which helps set rates in more than 30 states, found that claims that were reported more than two weeks after an incident were characterized by:

- A lower medical share of total claims costs.
- More attorney involvement.
- More use of lump-sum settlement payments.
- Claims that stay open longer, and that have a lower closure rate at 18 months after injury.

"These characteristics suggest that claims with a delay of more than two weeks are more complex to settle, take longer to close, and involve a longer period before the injured worker can return to work," the NCCI wrote in its report.

Claims in which a worker's injury was reported on the day of the accident had an average cost of \$17,298 per claim, according to the NCCI.

The study said immediate reporting likely reflected higher costs because such claims tended to have "very severe injuries that require immediate medical attention," as well as require extensive medical care and extended recovery times.

Involvement of attorneys becomes more common as the reporting lag increases. Claims reported immediately involve an attorney 13%

of the time. This increases to 32% for claims reported after week four.

Claims that were delayed by more than four weeks had an average cost of \$19,251, the NCCI said. ❖

THE TAKEAWAY

Delays in reporting claims will increase your costs and the potential for litigation.

Prompt reporting ensures your employee gets the proper medical care in a timely manner and can return to work more quickly, improves morale, and is effective cost management.

When you become aware of a workplace injury, you should start the claims reporting process as soon as possible. The longer you wait, the costlier the claim will be and the more chance your injured worker will enlist an attorney. Once that happens, the claim is likely to drag on for longer than usual and, as it stays open longer, the costlier it will become.

Establish a reporting protocol so all employees understand what their responsibility is when there is a workplace injury. Every employee should know to immediately report any work-related injury, no matter how small and regardless of whether they think they need medical treatment.

Every employee should know to whom they should report their injury, and there needs to be a system in place to ensure that report gets to the proper person so the next step can be determined.

If all employees are responsible for reporting injuries to their supervisor, every supervisor needs to know what their own responsibilities are.



Seasonal Safety

Why Workers' Comp Claims Spike in the Summer

WORKPLACE INJURY rates rise during the summer months. When summer rolls around, companies in many sectors, including agriculture and construction, significantly increase production.

Increased road construction raises risks for workers and drivers. Many of the newly hired workers are young and inexperienced, creating a high potential for workplace injuries.

Toiling in the sun is also a leading cause of weather-related injuries, including heat stroke, heat cramps and heat exhaustion. Heat illnesses occur when the body overheats to the point it cannot cool off, even with profuse sweating.

Young workers

Too often, young workers enter the workforce with little or no on-the-job safety training, heightening safety risks.

Recently, the Washington State Department of Labor & Industries released a report showing that teens are twice as likely to be hurt on the job as adults.

In Washington state, a total of 547 youths aged 17 and under were injured in the workplace in 2014, up nearly 14.7% over the previous year. Of the total, 173 were in the food and hospitality industries.

The next largest total, 80, was reported in both the retail trades and agriculture.

Falls to the floor increased 77%, to 55 cases, as the chief cause of injury.

Young workers, aged 14 to 24, have more accidents because they lack the knowledge, training and experience to prevent them. Some common issues employers encounter with young workers are:

- They do not understand what can go wrong.
- They do not always follow the rules.
- They fail to use personal protective equipment (PPE), or use it incorrectly.
- They horse around on equipment.
- They do not ask questions.
- They think they are infallible.

It's also important for supervisors to recognize the physical, cognitive and emotional developmental differences between young and adult workers.

It takes extra effort to train and supervise seasonal employees on working safely. ❖

NEW WORKER TRAINING IDEAS

- Repeatedly demonstrate the job procedures and safety precautions. Don't overlook the basics, such as starting and stopping equipment.
- The step-by-step instructions must include the hazards and how to avoid them. Take the time to clearly explain the risks of not following the proper steps. Use examples.
- Explain when and how to use PPE, as well as where to get it, how to inspect it, and how to remove and store it properly.
- Train one-to-one with young workers and observe them performing tasks.
- Encourage them to report problems and to ask questions.
- Assign specific clean-up responsibilities and emphasize the importance of a clean, clutter-free worksite.
- Control the hours worked. Many popular summer jobs, such as construction workers, landscapers and jobs in hospitality and food industries, require long hours of work in the heat that can lead to fatigue, inattention and stress, increasing the likelihood of injury.
- Provide a mentor.
- Demonstrate that safety is a priority at your facility. New workers also need to see actions that reinforce the message: clean worksite; properly labeled hazardous substances and readily accessible safety data sheets; workers wearing required PPE and who are concerned about workplace safety and show it.



HEAT ILLNESS DANGERS

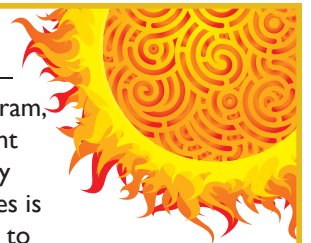
While there are many excellent resources on dealing with heat, it's important for employers to recognize that there are individual differences among workers and that those who are struggling may be hesitant to complain.

The American Society of Safety Engineers calls heat the "unseen danger" at construction sites because the symptoms of heat illness can be subtle and misinterpreted as mere annoyances rather than signs of a serious health issue.

Workers new to outdoor jobs are particularly vulnerable.

Implementing an acclimatization program, providing adequate water and frequent breaks are all critical, but the best way for employers to prevent heat illnesses is to consistently interact with workers to gauge how they're feeling and provide current information on weather conditions.

Also, using apps, such as OSHA's Heat Safety Tool, is a good way for workers to monitor their risk levels.



Workplace Violence

Dealing with Worst Case Scenario: an Active Shooter

THIS ARTICLE Looks at how a business can prepare for the worst and scariest type of workplace violence: an active shooter.

The Department of Homeland Security defines an active shooter as “an individual actively engaged in killing or attempting to kill people in a confined and populated area.”

These incidents usually involve firearms and randomly selected targets or victims. Anyone involved in an incident should call emergency 911 as soon as it is safe to do so.

Active-shooter events are usually over quickly (sometimes before law enforcement arrives), so knowing how to respond can save lives.

Active shooters may be current or former workers, family or friends of co-workers, or complete strangers.

While it is difficult to foresee a stranger’s actions, you can look for characteristics that a person may be planning a shooting incident if they are an employee.

The Department of Homeland Security recommends that you should urge your staff to report any of the following observations or uneasy, “gut” reactions immediately to their supervisors, management, and/or human resources:

- Increased use of alcohol and/or drugs, and absenteeism.
- Decreased hygiene and appearance.
- Depression and/or social withdrawal.
- Disregard for work quality or company policy.
- Mood swings and overly emotional responses.
- Paranoid, suicidal or doomsday behavior or discussions.
- Increased discussion of violent incidents and weapons/firearms.



While any of these issues may not predict an actual shooting event, it’s important that it’s brought to the attention of appropriate personnel.

Often, the best choice is to evacuate the active-shooter area. For evacuations, urge your employees to:

- Always know two exits and escape routes in every building.
- Guide others to the escape route and prevent them from entering the shooting zone.
- Exit whether others follow you or not.
- Don’t attempt to move wounded people.
- Keep your hands visible at all times and follow police orders.
- If you can’t escape an active-shooter scenario, find a place to hide out.
- Find an office with a door that you can lock and/or barricade.
- Stay out of sight of windows.
- Silence your cell phone, turn off radios, TVs, etc. and stay quiet.

If individuals can’t evacuate or hide, they should call 911 and talk to the dispatcher or leave the phone line open so they can listen and record events. Remain calm, listen, and think about your next moves.

Only as a last resort, and if an employee’s life is in “imminent danger,” should workers take action against the shooter, according

to Homeland Security. If they must take action, “aggressively and overwhelmingly” attack the shooter with improvised weapons. Throw things and yell at the shooter. Law enforcement recommends that you “commit to your actions,” so don’t hesitate or stop in mid-action.

When law enforcement arrives, everyone should listen to officer commands. Keep your hands visible, raised, with fingers spread wide. Don’t shout, grab, point or make distracting noises during officer response. ❖



EMERGENCY PLAN

You should create an emergency action plan to respond to an active shooter. This should include:

- Gathering emergency responder, hospital, management, and building contact names and phone numbers.
- Discussing how to alert employees about an incident. Will you use a code word over the public address system, an all-call phone alert, texts, etc.?
- Procuring supplies such as exit floor plans, first-aid kits, staff rosters, flashlights and communication devices.

Once you have your response procedures in place:

- Create a written plan.
- Train employees on the plan and how to react when gunshots are heard.
- Conduct an emergency drill around an active-shooter scenario.
- Evaluate your drill success and adjust your plan and training as needed.

For more information, response planning guides, and training resources, go to the Department of Homeland Security website on active-shooter preparedness:

<http://www.dhs.gov/active-shooter-preparedness>