

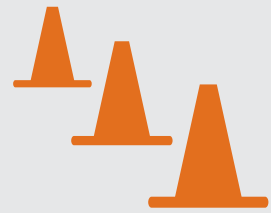
# Workers' Comp & Safety News



## Hospitality Insurance Specialist:

- Custom Tailored Insurance Programs
- Loss Control and Risk Management
- Safety Compliance and Training

13950 Cerritos Corporate Drive, Suite A • Cerritos, CA 90703  
800-466-8951 • 800-494-6829 fax  
[www.petrarisksolutions.com](http://www.petrarisksolutions.com) • Lic# 0817715



Safety

October/November 2008

Volume 6 • Number 5

## Encouraging Safe Behavior



Rewards play an important role in creating a safety culture (although punishments—also known as “disincentives” in management-speak—do have their place). Here are some suggestions for developing a program to reward safe behavior.

- **List your most pressing workers' compensation problems, then determine the causes.** For example, if your workers experience a lot of back injuries, determine the causes—are they unfit, poorly trained or is the work improperly designed?
- **Set a goal related to improving the factors that cause these injuries.** Involve both management and rank-and-file employees. Make sure the goal arrived at is both tangible and achievable.
- **Determine appropriate rewards.** To be effective, a reward should be both substantial and relevant to the employee. For some employees, money motivates. For others, paid time off might be more appropriate. When deciding on rewards, keep the potential recipients' needs, wants and motivators in mind.
- **Consider making your goals and rewards department-based or team-based.** In other words, rather than rewarding individu-

als, reward an entire department or team when the goal is achieved. This accomplishes two things: it fosters a sense of teamwork and also prevents the temptation to hide or fail to report incidents and injuries that can come back later to haunt you, because everyone becomes “his brother's keeper.”

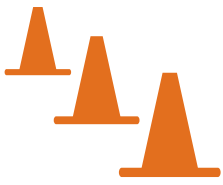
- **Inject a little friendly competition into your program.** Promising an extra bonus to the team that meets its goal first can stir interest.

## This Just In

There's good news and bad news on the workers' compensation front. First, the good news—the National Council on Compensation Insurance, Inc. reported earlier this year that the frequency of workers' compensation claims dropped 2.5 percent in 2007 as compared to 2006. Further, total lost-time claim frequency dropped significantly over the last five years across all industries, regions and employer sizes.

The bad news is that some of the claim frequency might be due to declines in employment. The NCCI study also found that permanent total disability claims increased significantly between 2004-2007, across all industries, regions and employer sizes.

The bottom line? It seems that while injuries are occurring less frequently, those that do occur are more severe. However, claims frequency affects your workers' compensation experience modification (ex-mod) factor along with claims severity. Experience-rated employers who can reduce claim frequency can have a positive impact on their workers' compensation rates.



# Controlling Workers' Compensation Medical Costs

Medical benefits now account for more than 50 percent of workers' compensation losses, according to the National Council on Compensation Insurance, Inc. And the problem of increasing medical costs isn't likely to go away soon. A 2006 study by the organization found that workers' compensation medical benefits grew 9-12 percent per year, versus compensation for lost work time, which grew 5-7 percent per year between 1996 and 2004.



**M**any workers' compensation insurers have adopted the managed care techniques used by group medical insurers. Some services to look for from your workers' compensation insurer include:

- **Preferred provider organizations (PPOs).** Under a PPO, the insurer establishes a network of doctors, hospitals and other care providers who agree to accept fees that are lower than what they usually charge when providing services to an insured's employee. Most states permit employees to use a physician of their own choosing to treat workplace injuries; however, you can encourage your employees to use a PPO member. Members of a workers' compensation PPO often have expertise in treating occupational injuries and illnesses, which other providers may lack. Occupational specialists will also work with you to return an injured or ill worker to the job as soon as possible.

Either an insurer or independent third-party administrator (TPA) can provide the following services:

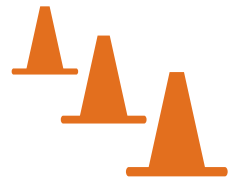
- **Treatment guidelines:** Treatment guidelines describe the most successful therapies for treating common work-related injuries, based on the consensus of occupational physicians. One of the most commonly used guidelines is published by the American College of Oc-

cupational & Environmental Medicine, although many others exist. Treatment guidelines can help speed return to work by recommending proven treatments and can prevent overutilization of medical services by steering providers away from unproven treatments.

- **Case management:** Case managers act as liaisons between the injured worker, the employer, health providers and the insurer. They review treatment plans for appropriateness and assist in developing an early return to work plan.
- **Bill review:** Many insurers and TPAs provide medical bill review services, where automated systems review bills for duplicative charges, charges higher than the state fee schedule, and codes for inappropriate treatments. These systems can spot errors that would otherwise be charged to employers.

No matter what you do, however, treating an injury or illness under the workers' compensation system will probably cost more than treating a similar illness or injury under the group medical system. In fact, while the medical Consumer Price Index (CPI) rose an average of 3.8 percent per year between 1996 and 2002, average annual workers' compensation medical treatment costs increased at more than twice that rate—9.0 percent. Although structural problems in the workers' compensation system account for some of this discrepancy, the group medical system and the workers' compensation system have different purposes. Your group medical insurance exists only to provide health care when needed. But the workers' compensation system has two goals: to provide treatment for injured workers AND to get them back to the job as quickly as possible. So more aggressive—and costly—medical treatments can often translate into lower lost-time costs.

For more information on controlling workers' compensation costs, please call us. ■



# Vehicle Safety Programs Pay

Auto accidents account for the highest number of fatal work injuries—about one in every four. A 2006 study by the National Council on Compensation Insurance, Inc. also found that motor vehicle accidents are “more likely to be lost-time and comprise a disproportionate share of the most severe claim types.”

Companies whose employees drive for work for any reason can reduce their exposure to motor vehicle accident claims in several ways: by pre-screening job applicants, by making safe driving a job requirement, by training drivers and by providing safer vehicles. We'll look at each of these steps in greater detail.

## Pre-screening job applicants

Driving records provide a real tool for determining which applicants are safe drivers—and which are likely to be involved in future accidents. According to the Insurance Institute for Highway Safety, a study of California drivers found those with two convictions during a three-year period “were more than twice as likely to crash during the next three years as drivers with no [moving-vehicle] convictions. Drivers with three crashes on their records were more than three times as likely to crash.”

Before making a job offer to anyone whose duties will include driving, we strongly recommend obtaining a copy of their motor vehicle records (MVRs) from the state department of motor vehicles. Be sure to obtain applicants' written permission beforehand to avoid violating any privacy regulations. Use the MVRs to screen out any applicants whose records indicate unsafe driving behaviors. Even if the applicant hasn't been involved in any accidents, a series of moving violations reveals a tendency toward unsafe behavior.

## Requiring safe driving

Making safe driving a job requirement by including it in the job description tells ap-

plicants and employees how important safety is to your firm. Request MVRs on a regular basis—at least once a year—for all employees whose jobs involve occasional driving or who are given company cars. To minimize paperwork, have employees sign a consent form at time of hire, stating that they agree to allow the company to review their MVRs on an annual or as-needed basis, and that they agree to abide by the company's driving policy.

Develop a company driving policy. Department of Transportation statistics reveal that most accidents involve unsafe driving be-

havior. Your policy should require seat belt use for the driver and all occupants, prohibit driving while intoxicated (including driving while under the influence of prescription drugs that can impair reflexes, judgment or vision), and require safe use of cell phones and other mobile devices while driving (or ban their use while the vehicle is moving, if feasible for your employees).

Include your safe driving requirements in job descriptions for anyone who drives for work. The more specific you can make your requirements, the more effective they will be.

VEHICLE SAFETY—continued on Page 4





- **Keep everyone informed of progress.** If a team has the goal of going four months without an injury, post a countdown each day until the goal is achieved.

- **Make safety personal.** Don't focus exclusively on how much injuries cost the company—talk about how they affect workers themselves and the families who depend on them.

- **Along this line, make safety training applicable to all aspects of workers' lives where possible.** For example, smart lifting or driving safety guidelines don't just apply at work—following them at all times can help employees and their loved ones stay injury-free. Likewise, fitness doesn't just enhance worker safety at the workplace—it has benefits that will enhance their personal lives as well.

- **Have a safety suggestion box and evaluate all suggestions.** Even ones that seem irrelevant or impractical at the outset can have some merit. If something concerns an employee enough to make a suggestion, find out why.

For more suggestions on improving safety or creating a safety incentive program, please call us. ■



For example, a company might state it will keep an employee's driving privileges under review after one moving violation in a three-year period.

It could retain the option to withdraw privileges after two moving violations in the same period, or after one serious moving violation, such as an at-fault accident or driving more than 15 miles per hour above the speed limit, for example.

### Training drivers

Before allowing employees to use company vehicles, provide them with a list of rules for safe vehicle operation. Your rules should state:

- ✦ Drivers must obey traffic laws, including speed limits.
- ✦ Drivers and occupants must wear safety belts at all times.
- ✦ The use of alcohol is prohibited while driving company cars.

- ✦ The use of radar detectors is prohibited while driving company cars.
- ✦ Drivers should pull over to the side of the road when using cell phones. (You may also equip drivers with phones that offer one-button dialing and hands-free operation.)

Of course, no rule is effective if it isn't enforced. Define the penalties for disregarding the company's fleet safety rules—from suspension of driving privileges to dismissal—and enforce them.

Ensuring employees are familiar with your vehicles can help prevent accidents. Although no special license is needed to drive a pickup truck or van, they handle very differently from a car. Even if your employees will only be driving cars, most have probably not taken a formal driver-training program since they were teens, if ever. Many vendors provide courses in accident avoidance and safe driving. If you have many drivers on staff, it may be worthwhile to invest in such a class.

For more information on keeping your workers safe—on the road or in the workplace—please contact us. ■



## Choosing safer vehicles

Some of the factors that affect vehicle safety include:

1. **Vehicle size:** In general, the larger the vehicle, the safer. According to the Insurance Institute for Highway Safety, "in relation to their numbers on the road, small cars account for more than twice as many deaths as large cars....Vans and standard-size pickups generally have the low death, injury, and collision claims results associated with large vehicles." The IIHS defines large vehicles as those with a wheel base of 110 or more inches.

Many companies are concerned with fuel economy. But buying larger cars doesn't necessarily mean you will spend more for fuel. A vehicle's size (its exterior dimensions) has more of an effect on its safety performance than its weight, which directly affects fuel consumption.

2. **Vehicle design:** Designs that incorporate strong occupant compartments ("safety cages") and "crumple zones"

in the front and rear help protect drivers and passengers by deflecting crash forces away from the occupants. Other things to look for include side-impact protection, which usually consists of energy-absorbing padding inside car doors and side guard beams; head restraints high enough to support the heads of taller occupants; anti-lock brakes (which help prevent brakes from locking in slippery conditions, but provide no improvement in braking in dry conditions); and daytime running lights.

3. **Lap/shoulder belts:** All new passenger vehicles have safety belts. Look for lap/shoulder belts that are comfortable, since they're more likely to be worn. Other things to look for include "automatic crash tensioners" and "webbing grabbers," which reduce an occupant's forward movement in a crash.

4. **Air bags:** We strongly recommend buying cars that have both front and side-impact air bags. Some models also have "curtain" airbags, to protect occupants in case of a rollover.