

Managing Risk



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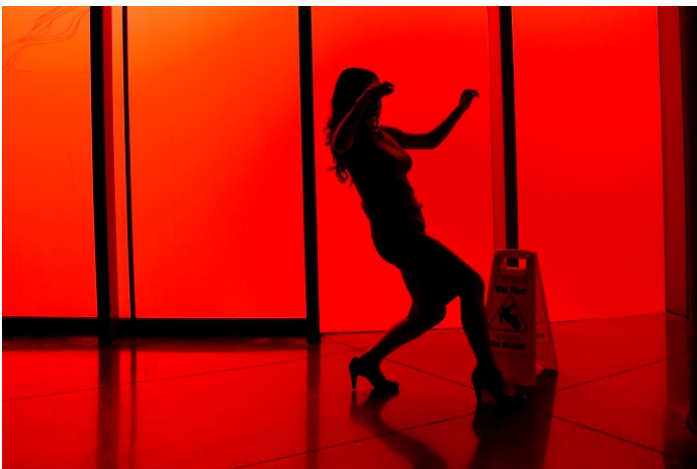
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Safety

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Preventing Slips and Falls



Slip-and-fall accidents are a leading cause of workers' comp injuries, and winter weather increases your exposures. How can you keep your employees as safe as possible?

It's 5:00 p.m. on a cold, wet January day. It's already dark outside, and the rain is turning to snow. Clusters of wet, dead leaves swirl in the parking lot and accumulate along the curb. Ice is beginning to form on utility covers and in cracks of the sidewalk. Your office receptionist dashes to her car in her two-inch heels. What could go wrong?

That scenario has so many hazards that it's a miracle if the receptionist gets to her car without slipping. Yet it's a typical winter day.

Slip, trip and fall accidents in the workplace are responsible for 18 percent of injuries and 15 percent of deaths. In winter months the odds of slipping on snow or ice – or even on just a wet surface – increase dramatically.

Parking Lots and Sidewalks

A high percentage of slips and falls occur in parking lots and on sidewalks. Stairs and ramps are also hazardous. Good lighting is very important in the winter, especially in areas with elevation changes.

Routine maintenance can decrease the odds of accidents:

- ✦ Make sure that roofs and eaves have appropriate drainage so water flows away from public walkways.
- ✦ Inspect and repair cracked or uneven paving in parking lots and on sidewalks. Irregularities of ¼" to ½" are large enough to trip on.
- ✦ Inspect and clean storm drains to make sure water will flow freely; the openings on grates should be one inch or less.
- ✦ Check that utility covers lie flush.
- ✦ Use contrasting colors to highlight speed bumps, utility covers and drains.
- ✦ Install handrails on stairs, 30 to 34 inches above the leading edge of the stair treads.
- ✦ Use slip-resistant paint to coat walkways and ramps that may become slippery.
- ✦ Regularly sweep parking lots and walkways to eliminate leaves and other debris.

If you live in a snowy climate:

- ✦ Assign snow removal and ice-melting duties to specific staff and make sure they are trained and understand their responsibilities.

This Just In

Insurance companies can now offer their commercial customers the option of rebuilding damaged property with environmentally friendly building materials. Insurance Services Office (ISO), which writes the standard policy forms used by most insurance companies, recently filed the industry's first standard coverage option for rebuilding commercial property with "green" materials. With their new green form, it will be much easier for insurance companies to offer green coverage.

The ISO form has three major components. A green coverage upgrade allows businesses to repair damaged property using more energy-efficient, environmentally preferable materials. Related expense coverage provides additional limits for costs such as recycling, design and engineering fees. A business interruption option extends the period of restoration.

According to ISO, commercial buildings are major energy consumers as well as major waste generators. Many real estate owners want to address environmental issues, and this new policy form will allow insurers to help their customers rebuild green. If you would like to know more, give us a call.

The Insurance Mistake You Don't Want to Make

When businesses need to cut costs, it's tempting to reduce insurance coverages, especially for property—building and contents. Here's why cutting corners on property insurance is risky business.

Commercial real estate prices have declined 39 percent over the past two years, as tracked by the MIT Commercial Property Price Index. If you own business property and its market value has declined, you may think you have an opportunity to save money by decreasing your property insurance limits to match the property's lower market value.

Not so fast.

Sometimes business owners confuse market value with replacement cost. Replacement cost is the amount of money it would take to replace your building in the event of a total loss.

"Market value is driven by market conditions, supply and demand, emotion and fear," according to Peter Wells, president of MSB, a leading supplier of building-cost data. On the other hand, "the cost to rebuild is based

on hard facts such as wages, materials, equipment and labor."

In order to be fully insured—to have insurance-to-value—you need limits equal to the full cost of replacing the property, regardless of its current market value.

Construction Costs Increase

Construction costs have not declined, even as the real estate market has nose-dived. According to Wells, construction costs continue to inch up, increasing three percent nationally in the last year. The costs of petroleum-based materials such as pipes and shingles have increased, though labor costs have declined and hungry contractors sometimes cut their profit margins to get work.

Other factors leading to higher costs include:

- ✓ Increased insurance costs for contractors
- ✓ Increased taxes or fees on construction in some localities

The bottom line: Construction costs are up.

Reconstruction Costs More

Another reason to maintain solid replacement cost limits is that rebuilding often costs more than building a totally new structure. There are several factors that make replacement costs higher:

- ✓ Demolition and debris removal
- ✓ Difficulties in accessing the property
- ✓ Building code upgrades
- ✓ Extra expenses to match existing materials
- ✓ Protection for undamaged property

Additionally, if your building is damaged in a major disaster, construction costs will be significantly higher due to higher demand and decreased supply of labor and materials. After Hurricane Katrina, material costs increased not just on the Gulf Coast, but all across the country.

Contents Valuation

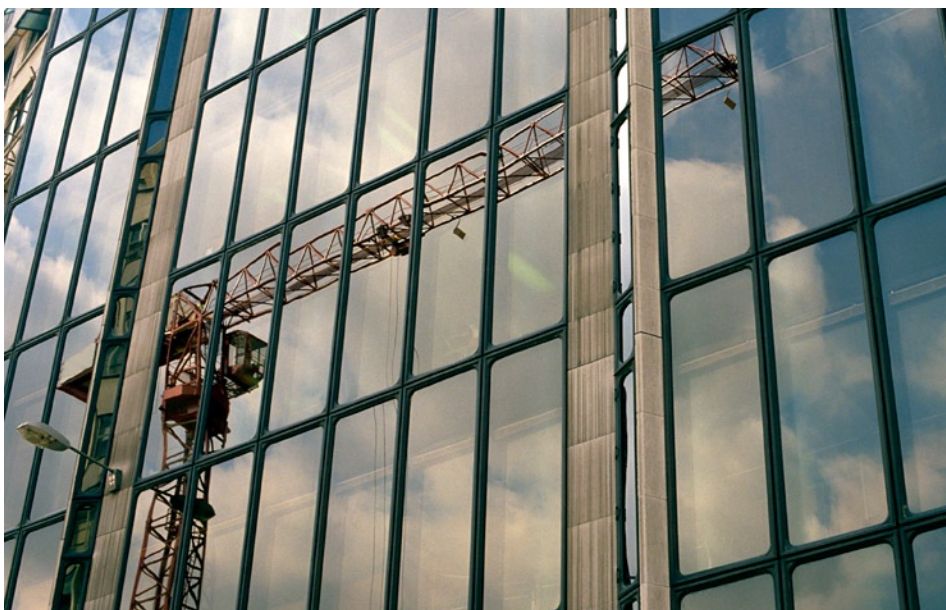
Whether you lease or own your workplace, it is important to make sure your contents are insured to value. MSB tracking data for a 10-year period show that the majority of businesses have contents that are more than 50 percent undervalued.

If you would like to discuss property limits for your contents, give us a call, and we will reassess your coverage needs.

Business Interruption

According to the Institute for Business and Home Safety, 25 percent of businesses that close following a disaster never reopen. Often, a major reason is that the businesses did not buy enough business interruption insurance, also known as business income insurance.

As with property insurance-to-value, it is important to accurately estimate how much business interruption insurance you need. It has always been difficult to precisely calcu-



Safety

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- * If you hire a vendor for snow removal, require clear performance commitments. Also require proof of general liability insurance and ask to be added as a “named insured” on the vendor’s policy.
- * When possible, complete snow and ice removal each day prior to the start of business.
- * Create a log to monitor snow removal work.
- * Find an appropriate area to pile excess snow—somewhere with good drainage and no foot traffic.
- * Block off hazardous areas.

Inside the Building

Winter weather also increases the odds of employees slipping and falling once they are inside the workplace. Floors inside entrances tend to be wet, and non-slip mats can become saturated with water, reducing their effectiveness.

Steps to follow on wet or snowy days:

- * Check entry mats and runners regularly

to make sure they are not saturated. Replace or wet-vacuum them, using a grounded adapter.

- * Consider installing mats that lie flush with the floor and have a receptacle to catch water.
- * Keep supplies nearby to mop wet spots.
- * Use hazard signs to warn employees of slippery floors.

Know Your Flooring

Some floors are safe when dry but become very slippery when wet. Other floors become more slippery as they age. Most floors become more slippery if they are not regularly cleaned, so avoid letting dirt and grease build up.

It is important to know your floors and how to maintain them. Employees need to be trained to use the proper cleaning solutions. If you use contractors, make sure that someone from the cleaning company inspects the floors, knows how to clean them and makes sure his employees follow proper procedures.

Educate Your Employees

Back to the receptionist who is running through the parking lot: she may reach her car safely, but later she slips on ice in her driveway at home. If she is injured, there is no workers’ comp liability, but her injury will cost the company money.

According to a National Safety Council survey, businesses are recognizing the value of keeping their employees safe, both on and off the job. Among 1,300 businesses of varying size that have implemented off-the-job safety programs, 58 percent reported reductions in injuries occurring outside of work.

It pays to encourage your employees to wear sensible shoes, to slow down and to pay attention to where they walk during inclement weather—whether they are going to work or to the grocery store.

For more information on preventing slip-and-fall accidents and other safety precautions, please contact us. ■

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late worst-case scenarios. Give us a call if you would like to talk about business interruption.

Saving Money in a Weak Market

There is a silver lining in the weak real estate market. If you lease your business space, it may be possible to renegotiate the lease. According to the National Association of Realtors, office vacancies will peak at almost 19 percent in 2010. Industrial vacancies will exceed 11 percent. By the end of 2010, industry experts believe the real estate market will begin to recover.

In the long run, lower rent plus solid insurance coverages will help your company manage both expenses and risk. We can evaluate your current insurance coverages for adequacy and cost. Please contact us for more information. ■

LIABILITY—continued from Page 4

If your building has mold contamination that causes health problems in employees, your workers’ compensation policy would cover their health care costs and lost wages.

As far as the cleanup costs are concerned, most business property policies don’t cover mold contamination per se. However, if the mold is caused by an accidental water leak or sprinkler leak, a broad form property policy would generally cover the cost of fixing the water damage and the resulting mold infestation. If the mold were caused by flooding, however, your only source of coverage would be a flood policy. We can help you find flood coverage—please call us for more information.

Environmental liability. Certain disasters, particularly fire and flood, can release contaminants into the environment. In addition to the usual suspects—refineries, gas stations and manufacturing plants—flooding

can cause the release of pollutants at many other types of business, including exterminators, landscape contractors, warehouses, farms and golf courses.

Most commercial liability policies exclude coverage for pollution liability. If your pollution liability exposure is low, you can buy a pollution liability endorsement (or addition) to your commercial liability policy. Organizations with more exposure will likely need specialized pollution liability policies, also called environmental impairment liability policies. They cover the insured’s liability for bodily injury or property damage caused when pollutants from the insured site are released onto others’ property.

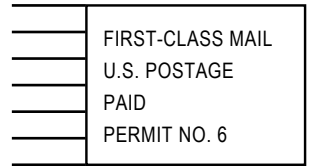
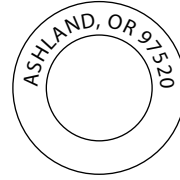
No matter how well you are prepared, a disaster can cause unintended exposures. For more information on protecting your organization from these liability exposures, please call us. ■



Here's your issue of *Managing Risk* from:



125 Hillvue Lane
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Preventing Liability After a Disaster



If your company has a disaster preparedness plan, congratulations! You are likely ahead of most of your competitors. But how complete is your plan? If it protects people and property but doesn't account for liability exposures, your plan is missing an important component.

In addition to causing property damage and loss of business income, a disaster can create additional unexpected liability exposures for a company. Some of the liability exposures a disaster might create include:

Injury or death of nonemployees, including independent contractors and temporary workers. A company has responsibility for protecting the lives and safety of its workers and the general public. Workers' compensation will cover you when an employee is injured or killed on the job; the workers' compensation bargain also prohibits employees or their families from suing the employer for injury or death. However, workers' comp does not apply to independent contractors or temporary workers. Barring any separate

agreements to the contrary, you can probably expect to be sued if an independent contractor or temp is injured in a disaster on your premises. We can help you examine your insurance program to make sure you have adequate limits for such an event, along with recommending some steps to limit your liability.

Liability to "responding authorities."

In most states, the so-called "firefighter's rule" protects property owners (and usually occupants) from lawsuits by firefighters and other public safety officers injured in the line of duty on their premises, even when the owner's or occupant's negligence caused them to respond. The rule, based on longstanding common law, assumes that firefighters and other public safety officers acknowledge the

risks inherent in their jobs and will rely on workers' compensation to recover for any injuries.

However, some states do not recognize or limit the firefighter's rule. Businesses located in one of these locales might be held liable for harm to a responding public safety officer if your negligence or wrongful behavior caused the incident. Again, we can check your insurance coverages and risk management procedures and offer suggestions for limiting your liability exposures.

"Toxic mold." Any moist environment can harbor the growth of molds. If your premises have been flooded or subject to leaks, molds can grow unless you can remove and replace any damp materials within 48 hours.