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## Message from the Chair

by Jill McCook, CPCU, AIS



**Jill McCook, CPCU, AIS,** is a leadership development associate in the financial services department with State Farm in Bakersfield, Calif.; she has worked for State Farm for 18 years. McCook received her bachelor's degree in business administration and a master's degree in human resource and development from the University of Nebraska-Lincoln. She earned her CPCU designation in 1998 and AIS designation in 2005. McCook has served on the Loss Control Interest Group Committee for four years and is an active member of the CPCU Society's Golden Empire Chapter, with prior service as secretary, president-elect, president and director.

I am excited and honored to be the Loss Control Interest Group chair for the next three years. We have a fantastic group of volunteer leaders, who are committed to providing you with valuable learning and networking opportunities.

I would like to recognize our immediate past chair, [Debra L. Dettmer, CPCU](#). She has been instrumental in assisting our group to succeed and excel. On behalf of the interest group, I send a very special thank you to Debbie for her leadership the last four years. We look forward to her continued contributions to our group and the Society for many years to come.

We already are beginning to plan for next year's Annual Meeting and Seminars in Orlando, Fla., Sept. 25–28, 2010. The theme is “CPCU: Your Bridge to the Future.” We have all experienced some effects from the challenges of our economy. Next year's theme reminds me of hope — for an improving economy, for businesses growing and thriving, and for friends having new careers and

opportunities. Although our world may not end up looking as it did before, hope can help us build a bridge to a brighter and better future.

As Loss Control Interest Group volunteer leaders, we take our work seriously; however, we do enjoy having fun. As a result of our dedication this past year, we received Gold Circle of Excellence Award recognition from the CPCU Society. Our entire interest group received this honor, so thank you, team, for all you have done.

Many of you are engaged in activities, seminars and other projects in our industry. There are ways for you to share your expertise with other loss control professionals by submitting articles for publication, becoming a committee member, volunteering at a local chapter level or the Society level, and spreading the word about the benefits of our CPCU designation.

Thank you for your membership and continued support of the Loss Control Interest Group and the CPCU Society. ■

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# Improving Instructional Material — Using the ANSI Z535.6 Standard

by James Rhoads, CPCU, CSP, ALCM, CPSI

*“The difference between the almost right word and the right word is really a large matter — 'tis the difference between the lightning bug and the lightning.”*

— Samuel L. Clemens

**James Rhoads, CPCU, CSP, ALCM, CPSI**, is a senior consultant with PMA Management Corp., a third party administrator and risk control service provider, based in Blue Bell, Pa. He works extensively with self-insured and captive clients in New Jersey and Pennsylvania.

**S**ince 1991, product manufacturers have had clear guidance from the American National Standards Institute (ANSI), by way of the Z535 series, on the design of warning and safety labels. This has led to uniformity in safety labeling and guidance for the courts when these standards were not followed and manufacturers did not comply with their “duty to warn” obligations.

The same, however, has not been true for instruction manuals and other “collateral material,” which is the printed information that accompanies a product in all its forms. As a result, product safety manuals have varied dramatically from company to company, in both presentation and organization. In past years, some well-intentioned manufacturers tried to adapt the warning label guidance into their instructional material, with mixed results — the Z535.4 standard was not meant for materials that could vary significantly in content and length. Today’s instructional manuals can come in the form of a booklet, a single sheet of paper, or a compact disc or DVD.

Additionally, there was a need to establish consistency with the wording and approach of the other Z535 standards. In response, ANSI adopted a standard in 2006, designated ANSI

Z535.6, which gives guidance and substance to writers of product safety and instruction manuals.

## The New Standard for Manuals

ANSI Z535.6 distinguishes labels from collateral materials — manuals, pamphlets and booklets, single sheets of paper, and electronic documents and media. It also differentiates messages involving personal safety from those that address only property damage, a distinction that was made in the original ANSI Z535.4 standards on warning labels.

Additionally, ANSI Z535.6 incorporates guidelines for the use of safety alert symbols and signal words, consistent with those for labeling. Safety alert symbols and signal words are intended to call attention to a safety message or messages, as well as to designate a degree or level of hazard seriousness. The signal words established in the earlier Z535 standards are:

- **DANGER** — Imminently hazardous situation, which, if not avoided, will result in death or serious injury.
- **WARNING** — A potentially hazardous situation, which, if not avoided, could result in death or serious injury.
- **CAUTION** — Potentially hazardous situation, which, if not avoided, may result in minor or moderate injury.
- **NOTICE** — Situations not related to personnel injury; also used for situations of potential property damage.

NOTICE is the preferred signal word to address practices not related to

personal injury. Safety alert symbols are not to be used with this signal word. As an alternative, the word CAUTION, without the safety alert symbol, may be used to indicate a message not related to personal injury.

Where a safety alert symbol is used, signal words or pictorials may be used to clarify, supplement or substitute for a portion of all or part of a safety message. The message the reader gets should describe the type of hazard, potential consequences of the hazard and avoidance actions to be taken.

ANSI Z535.6 organizes the safety messages that are typically found in collateral materials into four categories, and then provides guidelines for the purpose, content, format and location of each.

These four types of messages are as follows:

- **Supplemental Directives.** They direct users to other pertinent safety information and make them aware of the document’s safety-related contents and their importance — for example, “Read all instructions before use to avoid injury.” Recommended formats use the safety alert symbol and, where appropriate, assign signal words.
- **Grouped Safety Messages.** They are presented in their own separate section



or in a separate document, are clearly labeled as “Safety Information” or “Safety Manual,” and are assembled in one area. They do not require use of signal words and the safety alert symbols to distinguish them from other information.

- **Section Safety Messages.** They apply to an entire section of a document. They are typically located at the beginning of a section and accompanied by a safety alert symbol or a signal word panel to provide the user with the necessary safety information. At the same time, with the information segregated from the main body of text, users can more easily read and understand the instructions or procedures. Also, needless repetition is avoided.

- **Embedded Safety Messages.** They are integrated into the main body of text along with nonsafety information. The new standard gives companies the flexibility to use signal words, the safety alert symbol and consistently applied font variations (or no special formatting at all if the content and context of the message clearly distinguishes safety information).

Property damage messages do not have the same requirements as do safety messages and do not have a specific format mandated. There are, however, restrictions on what safety message formats may be used with property damage messages. For example, when a signal word is used for property damage only, the message NOTICE may be used. Alternatively, CAUTION, without the safety alert symbol, may also be used. Property damage messages must be clearly distinguished from safety messages by the use of meaningful headlines, subheadings or other distinguishing features.

## Good Practices

Product liability expert **Kenneth Ross** offers for consideration the following suggestions when incorporating safety information into a manual:



- The cover of the manual should have a boxed warning stating something similar to, “Read this manual before using this product. Failure to follow the instructions and safety precautions in this manual can result in serious injury or death.” Also specify, “Keep this manual in a safe location for future reference.”
- A “Safety Section” should be placed at the beginning of the manual to describe the risks involved in the use of the product and how to minimize or avoid them. This section should include definitions of the signal words that are used on labels and in the manual as well as reproductions of the labels showing where they are attached to the product. If the product has symbol-only labels, wording should be included in the manual that describes the meaning of all symbols.
- The Safety Section can be separated into subsections to make the precautions easy to find and read. The subsections can be devoted to the type of activity (e.g., assembly, installation, operation, maintenance) or the type of hazard (e.g., fire, electrocution, crushing) or even the type of avoidance procedure (e.g., avoid open flames, wear protective gear, stay away from power lines, keep hands out of moving parts).
- General safety messages should be included at the beginning of a chapter

(i.e., maintenance or installation or operation) or within a chapter. They should include general references to the Safety Section and safety messages such as “Do not operate equipment without first reading this chapter,” “... the Safety Section at the beginning of this manual” and “Failure to follow safety precautions in this chapter could result in serious injury or death.”

- Embedded safety messages should be contained within a specific procedure. For example, “To prevent burns, wear protective gloves when performing this procedure.” Not all of these messages need to be in the Safety Section.
- The manufacturer should include a label on the product telling the user how to obtain another manual if the original manual is missing or illegible. With the message on the cover of the manual and this label on the product, the manufacturer can argue that all of the warnings in the manual that are not on the product should have been read before using the product.

The Consumer Product Safety Commission (CPSC) publication *Manufacturer’s Guide to Developing Consumer Product Instructions* is an excellent reference on developing instructions. Even though it predates the ANSI Z535.6 standard, the methodology is sound, and by using the guide and the ANSI Z535.6 standard, manufacturers can produce effective instructions.

If there is a question about whether or not instructions convey the proper message, the manufacturer should undertake a focus group study to try to determine what information would be best to place on the product versus the manual. Manufacturers can find out from actual product users what information in the manual these users feel should be visible to them each time they use the product.

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# Improving Instructional Material — Using the ANSI Z535.6 Standard

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## Conclusion

Product safety and instruction manuals are where the company's intentions and the consumer's needs meet. The manual should be viewed as the company's key exhibit in defense of any alleged failure to warn users and should showcase the company's dedication to user safety. Properly done, a manual will instruct users on how to safely use the company's product. Accidents will therefore be avoided, leading to reduced claims and losses and greater profitability. If your product includes instructions, you need to have a copy of the ANSI Z535.6 standard, and have staff and counsel that are well-acquainted with it. ■

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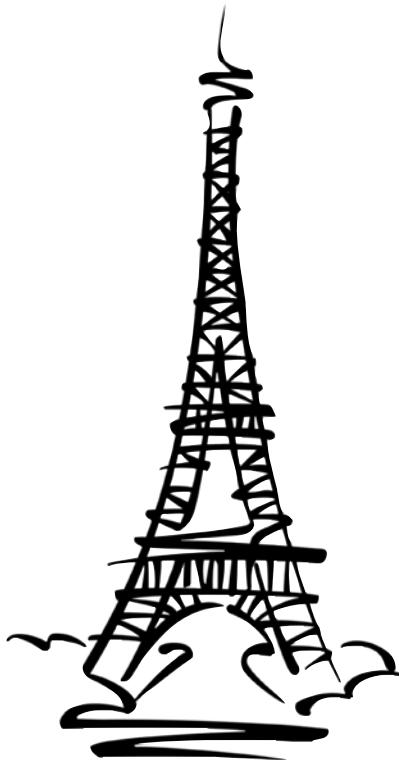
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**Questions?**

Contact Dick Vanderbosch, CPCU, at (970) 663-3357 or [rbosch@aol.com](mailto:rbosch@aol.com) or visit <http://seniorresource.cpcusociety.org>.

# Auditing Against ANSI/ASSE Z15.1 for a Fleet Safety 'Tune-Up'

by Paul Farrell

**Paul Farrell** is a fleet safety specialist with 20 years' experience in both the insurance industry and in private practice. He is chief executive officer of SafetyFirst Systems LLC, a partner to the insurance industry in providing policyholder services to monitor drivers and reduce collisions. Previously, Farrell worked for Fireman's Fund and Reliance Insurance. He often provides presentations at national conferences for various professional groups and associations, and authors articles on industry topics. He may be reached by e-mail at paulf@safetyfirst.com.

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Organizations develop and deploy fleet safety programs to achieve a variety of common goals: collision prevention, driver protection, provision of appropriate equipment and accountability through measurement of key metrics. However, if we were to compare each organization's program, the differences might appear to outweigh the similarities.

The differences reflect the wide-ranging operational conditions and potential loss exposures that each organization faces. Companies that predominately operate tractor-trailers and extra-heavy trucks may focus most of their time and attention on complying with U.S. Department of Transportation regulations. However, other companies with a concentration of sales vehicles and supervisor pickup trucks may spend much time on the details of their permissive-use policies that govern weekend use, personal driving, passengers, etc.

While the right mix of safety practices for your fleet may not be a best fit for



someone else's, you can test your current program to identify gaps or areas that need strengthening. An ideal way to "tune up" your program is to audit it against existing fleet safety standards such as Safe Practices for Motor Vehicle Operations (ANSI/ASSE Z15.1-2006).

ANSI/ASSE Z15.1 provides minimum requirements for workplace traffic safety programs and is designed for use by any organization whose employees drive on the job. Since Z15.1 does not conflict with existing regulations, such as the Federal Motor Carrier Safety Regulations (FMCSR), it provides a complementary set of practices that can work in harmony with the regulations.

The standard is published in a two-column format. The left column provides the wording of the standard and the right column provides supplementary guidance (i.e., interpretation or explanation). This format lends itself to creating a self-audit checklist to examine your current programs and practices. By adding a third column, a fleet occupational safety, health and environmental (SH&E) professional could make notes on how the existing program addresses the standard's requirements or why that specific element would not be relevant to the current operation. These notes would naturally lead to recommendations and action plans to strengthen the existing fleet safety program.

Z15.1 separates fleet safety programs into five key areas:

(1) Management policies.

- (2) Operational environment.
- (3) Driver issues.
- (4) Vehicle issues.
- (5) Incident reporting and analysis.

## Management Policies

The first section of the standard examines the foundation of your fleet safety efforts — the written program. All of the activities, practices and policies (e.g., training, audits, collision analysis) should be organized into a complete, written program. By comparing the recommendations of Z15.1 to your current program document(s), you can begin to identify missing activities or policies or situations where the activity is done but not formally documented as part of the program.

Z15.1 provides a list of commonly included items that most written programs will address. If your program document does not include these items, you may want to investigate why they have been omitted (e.g., relevance, no operational exposure, simple oversight) and whether your program would benefit from including them at this time.

If your organization has never documented its fleet safety program, Z15.1 provides an excellent starting point to develop your documentation. If you are unsure of how to word a policy, you can usually obtain help from your insurance carrier, industry peers and other ASSE members. In some cases, your current fleet safety vendors may also be able to help.

## Operational Environment

Interaction of the driver and vehicle is critical to safe operation. Do drivers understand how to use the safety appliances within the vehicle correctly and do they use them consistently? If drivers fail to use their seatbelt or to properly adjust their mirrors, they place

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# Auditing Against ANSI/ASSE Z15.1 for a Fleet Safety 'Tune-Up'

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themselves at risk of injury. Similarly, driver impairment through the use of medications, illicit drugs or alcohol increases exposure to loss.

Routing and scheduling practices can affect driver safety, so it is important to review dispatchers' practices to ensure that weather conditions, traffic congestion and detours are factored into estimated arrival times.

An extension of the operational environment includes management directives on when and how vehicles may be used for business or nonbusiness purposes — permitted personal use, weekend driving, nonemployees as passengers, rental car requirements and so on.

Z15.1 organizes these concerns so you can confirm that your program consistently addresses the operational environment. The standard includes several sample policies to help organizations that do not presently publish policies addressing the operational environment.

## Driver Issues

Drivers are the foundation of any fleet safety program. How your employees physically handle their vehicles, check their emotions during frustrating traffic conditions and nurture safe driving habits directly contributes to results. Consequently, this section may demand your greatest share of time and attention.

Methods of selecting, screening and training drivers are vitally important to obtaining ideal results. Validation of new drivers usually begins with a job description and written application to define basic driving duties and requirements. The process typically continues with an investigation of driving history (e.g., tickets and past collisions as reported on state-issued motor vehicle reports) as measured against a company-derived benchmark of performance. Excessive tickets or crashes lead to probation, retraining and possible suspension of driving duties.

Initial and ongoing driver training should be tailored to fit the needs and exposures presented in your operations. If your fleet is concentrated in northern climates, driving in snow and ice conditions may be highly appropriate. If your teams drive off-road in rough terrain, you may need to focus more attention on navigating obstacles. Additionally, remedial training designed to change habits may be vital following collisions or near-hit incidents.

While most firms spend much time on driver selection and training, one area covered by Z15.1 that many companies neglect is driver management. Driver management can include any process designed to ensure that your drivers consistently follow policies and practices. Examples of driver management efforts include behavior-safety reports, supervisory observations, black box recorder data and "How's My Driving?" report hotline programs.

Safety hotlines give the public an opportunity to contribute to your driver management efforts by supplying feedback about perceived inappropriate behaviors and by also recognizing professional actions. When this information is used to "coach and train rather than argue and blame," the intervention typically steers drivers toward improved performance.

**Jim Humphrey**, safety and risk manager for MasTec Communications Group, states, "We have more than 1,500 vehicles operating on the roads. The SafetyFirst hotline program provides us with a cost effective ability to monitor and measure our fleet and driver performance virtually in real time. Their reports assist us in recognizing our safe drivers and in identifying those areas of our fleet safety program that need improvement. This allows us to focus our time and resources on the areas that will best improve our fleet safety and corporate image. The program has played a key role in our achieving a 54 percent reduction in incidents and accidents over the past three years."

Other driver management tools include electronic on-board recorders (EOBRs). These systems may be part of a global positioning system, may include engine data and some even include video recordings of the road in front of the driver during panic maneuvers. Download and interpretation of data reports are vital to translating this information into actionable interventions with affected drivers. Some systems include driver-training materials to support corrective coaching.

Another driver management tool involves monitoring each driver's history of moving violations. American Transport Research Institute (ATRI) has published a study of more than 540,000 driver records. Its study found that moving violations are a predictable indicator of increased crash risk. For example, an improper turn violation increased the likelihood of being involved in a crash by 105 percent (as measured against drivers with no violation).

To facilitate prompt notification of newly incurred violations, some fleets subscribe to automatic update or alert programs. Programs such as E-Driver File and the Online Safety and Compliance Electronic Reporting system (OSCER) include risk modeling programs that can be tailored to include other elements such as driver tenure, past collisions and special weighting on certain types of high-risk activities.

These profiling methods can help spot at-risk drivers, but they are based on lagging indicators of performance and are developed at high cost to the individual driver (e.g., payment of fines from violations, increased personal insurance rates and decreased employability due to a poor driving report).

Regardless of the methods and programs your organization uses to identify at-risk drivers, it is the timely, proactive intervention with each affected driver that can dramatically reduce crash rates. During the first year of responding

to public feedback about its drivers, Asplundh Tree Expert Co. documented a “24 percent reduction in claims/100 vehicles and a 25+ percent reduction in claims costs.” Similarly, Safety Kleen found a “40 percent decrease in preventable vehicle accidents compared to the same time period last year” when they began to intervene with drivers who had received feedback reports through their hotline program. Driver intervention demonstrates both compassion and concern for the driver’s welfare by offering on the spot safety coaching.

Some fleets practice driver incentive, reward or recognition programs. Recognizing drivers who consistently perform their daily tasks in an accident-free manner makes sense and should inspire others to pay attention to their own performance.

The manner in which these programs are administered varies greatly, but if your culture feels that incentives are a key part to achieving safety results, then tying driver performance into the program should also be considered.

Do your employee performance reviews include a discussion about driving duties or are these discussions limited to nondriving activities? While jobsites and manufacturing facilities are governed by very specific safety protocols (e.g., PPE, noise controls, ergonomic and other industrial hygiene practices) the time spent behind the wheel can create a dramatic, tragic change in your safety results if drivers fail to receive formal feedback on their behind-the-wheel performance. A driver’s performance, and even the appearance of his/her vehicle, makes a public statement about your commitment to safety and community service. Therefore, periodic performance reviews are an ideal time to discuss on-the-road performance.

## Vehicles

Using the right tool for the job also extends to fleet safety. Vehicles should be

ordered with appropriate safety devices (e.g., extended mirrors, traction control, and stability systems) and they should be matched to the job they must perform. For instance, a vehicle should be ordered based on its maximum expected load. It may be tempting to save money by ordering a vehicle with a lower load rating (since it will rarely be overloaded); however, this practice could lead to disaster if it breaks an axle or rolls over.

Similarly, inspection and maintenance practices should be approached in an organized manner so that drivers will report any defects that could lead to a breakdown or accident. If your company employs a full-time fleet manager, you will want to work closely with him/her to confirm that this area has been adequately addressed.



## Incident Reporting and Analysis

Effective management of collision information can help diagnose needed enhancements to your safety program. Drivers should receive training on what to do if they become involved in a collision and on how to properly use incident-reporting kits (with or without cameras) to ensure that all critical information is collected. Incident data can be used to:

- Identify collision preventability.
- Issue recommendations that may save other drivers’ lives.
- Create fleet safety incident rates based on miles driven.

- Benchmark results with companies that are similar to your own.

Linking crash data and other safety program elements can help prioritize your opportunities for improvement. A review of motor vehicle records (MVRs), EOBR data and safety hotline reports for all drivers who have been involved in a collision may show patterns that can be used to predict future collisions. Fleets have used this analysis to build risk profiles of drivers who may be at-risk of becoming involved in collisions.

Sample policies on motor vehicle incident reporting and formulas for calculating crash rates are provided with the standard.

## Conclusion

Auditing your current fleet safety efforts against an existing standard can help identify areas for potential improvement.

Perhaps the easiest way to get started is to take a current copy of the standard and translate it into an audit worksheet. This worksheet can be used to document how your current program includes or excludes the various details covered in the standard. If you find areas that are missing, you can make recommendations to include new details or offer explanations of why certain details are not necessary to ensure safe operation of your fleet. An example of this type of worksheet is available at <http://my.safetyfirst.com/presentations/SelfReview2008.xls>.

Once you have completed a self-audit worksheet, make it an urgent priority to implement corrective actions for any deficiencies that have been discovered.

If you need help, either during the audit or during the follow-up period, remember that you have support available from your company’s insurance provider(s), your current safety vendors and your peers within the American Society of Safety Engineers (ASSE). ■

# Volunteer Leadership — What's in It for Me?

by David S. Medvidofsky, CPCU, CIC, ARM, AIAF, AAI



**David S. Medvidofsky, CPCU, CIC, ARM, AIAF, AAI**, is assistant vice president of corporate strategy for The Main Street America Group, a Jacksonville-based super regional insurer in Florida. During his career, he has worked on the agency and company sides, and has held staff and line positions in underwriting, marketing, product development, operations and finance. Medvidofsky has been an active CPCU Society member at the local and Society levels, and is currently a member of the Society's Board of Directors. His industry activities also have included providing insurance course instruction, assuming industry volunteer leadership positions and writing for industry trade publications.

**A**s a member of the CPCU Society's Board of Directors, I have the pleasure of conducting chapter officer installations. In preparing for an upcoming speech, I asked about potential topics, and the chapter president requested that I focus on the benefits of volunteering to encourage more chapter participation. I suspect this is a subject that resonates with many volunteer organizations.

While considering this theme, it occurred to me that as with our Society interest groups, task forces and committees, most chapters are fortunate to have CPCUs who willingly give of their time, their talents and their energy to serve others. Certainly there is no shortage of demands on people's time these days, so I pondered the question: "Why would someone donate his or her most scarce resource — time — to volunteer?"

I thought back to 1994 when I earned my CPCU designation. My story is probably familiar — I was taking exams while building a career and raising a family. When I wasn't traveling to see agents, I was running to one of my kids' ballgames or band concerts. Every six months the CPCU designation program sign-up sheet would route through the department. Some would sign up; others would not.

It occurred to me that there were 100 good reasons not to commit to a CPCU exam. Despite these, some people simply did it anyway. They went home after working in insurance all day, picked up those heavy textbooks and subjected themselves to the risk of examination. The accomplishment of completing such a challenging task is part of what makes attainment of the designation so prestigious.

At the chapter meeting, as I talked with the leaders I was inducting, I realized that their commitment was an analogous situation. Despite the demands on their time, these CPCUs were raising their hands to serve others. Why would they do it? What drove them to lead their

peers, many of whom might actually be considered business competitors?

In a recent brainstorming session facilitated by **Cynthia D'Amour**, author of *How to Turn Generation Me into Active Members of Your Chapter*, chapter officers from around the country developed a list of the top five reasons for member involvement. These are as follows:

- Personal and professional development.
- Community service.
- Professional camaraderie.
- Personal contact.
- Fun.

That's a pretty good list. It's the first bullet point, though, that resonates with me. From personal experience, I have found that one of the enduring benefits of volunteer leadership is that it offers the chance to build skills in a "penalty-free" environment. What do I mean by that?

There are people who work for large organizations where their duties are well-defined and the tasks do not often change. People in this environment often have difficulty showcasing or broadening their skills to prepare for a promotion or another position. Then, for example, there are those who work in small companies that provide no opportunities for networking or interaction with diverse personalities — critical components of personal and professional development. Regardless of what size company we may work for, in today's challenging business marketplace, it's difficult to find time for our own development. Volunteering provides an avenue to do this.

Some organizations are making less of a commitment to formal training and development. Additionally, industry demographics are such that those who would have served as mentors are beginning to retire in large numbers. There also are people who never realize their potential simply because they are not given an opportunity to test



their skills. Oftentimes, when we are given a chance to lead, it is contingent on immediate success. There is little opportunity to practice skills and to take risks. There is less opportunity to try, to fail, to learn and to grow. Volunteering provides an avenue to do this.

For anyone who has led a volunteer group, you know that absent direct authority (managing), a completely new skill set is required to meet goals (leadership). Volunteer leaders must have excellent communication skills. They also must motivate others toward a shared vision by building consensus and engaging emotional commitment. What résumé would not be improved by listing such tangible experience? What organization would not welcome someone with such demonstrated competencies? What individual would not benefit from developing such skills? Volunteering can provide an avenue to do this.

For all of you who have volunteered for the CPCU Society, you deserve thanks for donating your time, your talent and your energy to serve others. For those who would like to be involved, why not take advantage of the wonderful opportunities you have to build your skills in a penalty-free environment? Volunteering provides an avenue to do this.

If you asked the volunteers who have served the Society, or elsewhere, I am sure they would say that their time volunteering offered some of their richest personal and professional experiences. So, despite the demands we all face, it's time to raise your hand in service to others. In addition to the good you will do, you will be investing in skills that not only strengthen your résumé and increase your effectiveness but also move you toward your personal and professional goals.

If you are interested in volunteering at the chapter level, let your leadership or your chapter governor know. If you have interest in Society service by being an interest group member, a task force member, a committee member or an officer, visit the members' section of the CPCU Society Web site, [www.cpcusociety.org](http://www.cpcusociety.org), to learn more. ■

# Manage Your Way to Lower Workers Compensation Premiums

by Nancy Germond, ARM, AIC



**Nancy Germond, ARM, AIC**, is the founder and president of Insurance Writer, a risk management and insurance firm that specializes in quality writing, consulting and training services. With more than two decades of risk management experience, Germond writes business columns and blogs, and has authored scores of articles on risk management, safety, personnel matters and claims management. She was the first risk manager of the City of Prescott, Ariz. A skilled and experienced consultant and presenter, Germond holds a master's degree in sociology and a bachelor's degree in communications; she also is a certified Insurance Training Professional.

**Editor's note:** This article was written by Nancy Germond, ARM, AIC, for her regular AllBusiness.com blog, Risk Management for the 21st Century. It was posted on Dec. 20, 2008, at 11:15 a.m., and is reprinted with the permission of AllBusiness.com. Material copyrighted by AllBusiness.com.\* It first was reprinted in the August 2009 issue of the CPCU Society's Risk Management Interest Group newsletter.

If, like many employers, you struggle with managing your workers compensation program, here are some steps that will help you if you take the time to implement them. Don't expect to reduce your

premiums overnight, but instituting these small changes will improve your program and help to reduce costs, as well as make your company more attractive to the insurance marketplace.

**First, assign someone in your company to manage your workers compensation claims.** It may be your personnel director or your office manager, but this person should have some familiarity with workers compensation and safety, because the two go hand-in-hand.

Next, be sure that you provide this coordinator with adequate training. There is ample training from firms that specialize in employment issues, including workers compensation. Also, ask your insurance agent or broker what courses may be available to help train this individual.

Your claim coordinator should **institute a return-to-work (RTW) program**. Given recent changes in the Americans with Disabilities Act (ADA), and also because RTW programs reduce lost-wage compensation and help to decrease depression and improve morale in injured workers, RTW is no longer optional for employers, whether large or small.

**Next, select several medical providers to treat your injured workers.** Especially if you can direct the injured worker's first visit or ongoing care in your state, finding the right medical treatment is critical. Locate an occupational health clinic and discuss its approach to treating your employees. Your workers compensation adjusters may have recommendations. If your employees are spread out geographically, find occupational medical clinics in all the areas where your employees typically work. Occupational doctors are trained to return employees to work at the earliest possible time in an injury, which saves costs. Your claim coordinator should work to build a relationship with these doctors, because many visits to emergency rooms can be avoided when local clinics are utilized. With emergency room bills averaging

about \$800, it will pay huge dividends if only the most seriously injured employees are treated there.

**Then, develop specific job analyses for each position.** This should include a step-by-step breakdown of the detailed tasks your worker performs and the estimated length of time that task is performed each day. This will help doctors determine how to modify this position so that the injured worker can perform it safely. However, if that position cannot be modified adequately to meet the injured worker's abilities, let your doctors know that you will accommodate injured employees in alternative positions. With layoffs looming, many employers have tasks that still need to be completed but go undone due to downsizing. These tasks may be ideal for either part-time or full-time accommodated duty for your injured workers.

**Finally, supervisors must be trained to promptly report injuries and commit to providing modified duty.** Many will hesitate, saying things like, "I don't have time to baby-sit an employee." Many managers and supervisors feel apprehensive about taking an injured employee back without a full medical release. In today's work environment, it is critical that supervisors learn to overcome this reluctance — and only education will do this. Partner with your broker or carrier to train supervisors.

With budgets shrinking, instituting a well-run workers compensation program has never been more important than it is today. Follow these simple steps and you will find that within a year or two, insurance companies will be more willing to write your business and your premiums will decrease. Who couldn't use a rate reduction? ■

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# Do You Practice What You Preach?

by Earl D. Kersting, CPCU, ARM, ALCM, AIC, AU, AAI, AIS



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## Abstract

*As risk management professionals, we have dedicated our careers to teaching the theories and the applications of risk management to our clients, customers and colleagues. However, if we were to hold ourselves to those standards we expect of, and demand from, our clients and customers, how would we be judged? Do we live as we teach, or are we hypocrites projecting an image of "do as I say, not as I do?"*

**O**n Tuesday evening, Feb. 5, 2008, a tornado tore through Memphis and Western Tennessee, leaving death and widespread devastation in its path.

Seventeen days later, I watched from my office, as 40 pieces of fire-fighting equipment were unable to prevent the only Benihana restaurant in Tennessee from literally burning to the ground. You're probably wondering what these seemingly unrelated events have to do with each other, yet the answer is quite simple. In the aftermath of these events, it occurred to me that although we have spent our careers teaching the theories and applications of risk management to our clients, customers, and colleagues, do we ourselves actually practice what we so adamantly preach?

If we were to study the recommendations we've made over the years — review our inspection worksheets and audit forms, company memos and rating manuals, training and seminar notes, and many years of written and mental notes — do we apply those techniques in our own businesses and homes? Do we expect one thing of our clients, yet hypocritically ignore our own advice? Consider the following:

## Life Safety and Preservation

We'd be horrified if one of our clients didn't have an emergency evacuation plan, have fire extinguishers in kitchens and areas susceptible to fire or containing concentrated flammable materials, or did not train employees in first aid, CPR and emergency response. Yet when you go home tonight, if a fire were to break out, would your family know the quickest and safest method of escape? How about from a second story or higher? Or a basement? Where would you meet each other to verify everyone made it out safely and that no one was left behind? Is there a fire extinguisher easily accessible in your kitchen, garage or near the furnace to prevent a small fire from escalating into a devastating, life-threatening inferno? Do your family members know how to use it? Perhaps more importantly, do they know when not to attempt to extinguish a fire but rather to just get out and get other family members to safety? Have you

practiced an evacuation drill, or is that just something we tell our clients to do? If a loved one or guest were to choke, stop breathing or suffer a heart attack, could you save his or her life or sustain life until paramedics arrive? Do your children know what to do if the only adult home with them becomes ill or loses consciousness? Are we practicing what we preach?

## Electronic Data Storage and Computers

As the world continues to evolve toward electronic data storage and data interchange, and as hard-copy documents become less significant, the transition is not limited to national and multi-national corporations. It's occurring in sole agencies, in-home offices, and in our home and personal lives. How many of us bank from home via the Internet, store our financial records and compile our tax returns using various software offerings, save all of our critical records and precious photographs electronically, and depend upon our personal computers in the course of our daily lives? How many of us ever back up our hard drives? If we're among the minority that does, then how many of us store that back-up media in a remote location, as opposed to in the same office or house as the computer we're backing up? What if your office or home computer is stolen in a break-in? Is your information safe, or could someone gain access to account numbers, passwords, and the means to wipe out retirement accounts, 401(k)s, and unrecoverable assets much more devastating than simply a credit or checking account? Are we practicing what we preach?

## Emergency Preparation and Provisions

I look at the tornado victims who live in communities that were devastated and now have no utilities, operating food stores, fuel stations or transportation to allow them to reach outside their community

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## Do You Practice What You Preach?

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or neighborhood, and wonder how many days could I survive on what I had readily available at hand. I've helped hospitals incorporate my employer into their disaster plans as an alternative source of food and drink for resident patients, yet what would you or I do if trapped in our own neighborhood? I look at those who lost not their homes, but their lives or the life of a loved one. Could the modest investment in a weather-alert radio have provided earlier warning, allowing more time to seek shelter? Could practice with families or coworkers regarding how and where to take shelter reduce confusion during an actual event when every second counts? Have we done these seemingly simple things? Are we practicing what we preach?

### Summation

These are just a few of many realizations that confronted me, and prodded further contemplation, following those seemingly

unrelated events of early February. My objective in putting my thoughts in print is simply to stimulate your thinking process. Your life and career experiences have been different from mine, and your potential threats are unique to your environment. My tornados may be your hurricanes; your floods may overshadow my earthquake exposure. But regardless of the differences, the underlying question remains the same: do we take time from our busy careers to remember that those same events for which we prepare our clients and customers can strike our business and home, our family and loved ones? Do we lead by example, or do we present our clients with a certain level of expectation, while blindly ignoring the fact that we too are at risk? The ultimate question becomes: Do you practice what you preach? ■

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