

After premium hikes, owners become 'insurance literate' and more safety-conscious

Company execs learn the hard way the importance of safety programs and insurance claims management.

■ Safety is on everybody's mind as 1992 gets into full swing. With the economy the way it is, it's especially important to reduce insurance costs.

David Frank says that between 1986 and 1988 his company's insurance premiums doubled each year after a series of uncharacteristic workmen's compensation, auto, property and liability claims.

He says it was then that he realized the close relationship between insurance premiums and accident history.

Frank, president of David J. Frank Landscape Contracting, Germantown, Wisc., says the company's first concern was safety.

"We began an active safety and loss program," recalls Frank. Apparently, Frank's efforts are paying off, as the company recently had 120 days of no lost-time accidents, and good records in property as well.

He estimates the company saved \$100,000 in claims and premium charges in 1991.

Like Frank, David Minor, president of Minor's of Ft. Worth, Texas, says it only took one incident to convince him of the need for better claims management and accident reduction at his 150-person company.

"We were hit with a \$17,000 surcharge in workmen's comp," remembers Minor. "The comp rate had not been promulgated; we had gotten a base rate, but we had not received a 'modifier.'"

Minor became a self-admitted "student of insurance," and learned all he could about reducing workmen's comp premiums.

Both men enacted extensive safety programs to be followed by all employees. Frank's program is divided into workmen's comp, workplace safety, property safety and auto safety.

Safety is also influenced by proper selection and training of employees, and safety procedures are reviewed weekly.

Other plan elements at Minor's:

- ✓ a "get-back-to-work-soon" program;
- ✓ self-insurance on closed-end or first-aid-type claims;

- ✓ safety contests;
- ✓ better claims management; and
- ✓ adoption of safety standards established by the Associated Landscape Contractors of America (ALCA).

Minor's company became "obsessed with safety," and as a result saved "tons of money."

Under Minor's safety program, foremen receive a \$35 per month safety bonus based on accident-free periods. Safety-related meetings are held every two weeks. Every new employee has to read and sign-off on the safety program.

A safety manual for claims management geared for safety "officers" describes how to respond to a wide variety of accidents.

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Dave Minor, right, and David Frank: Don't let 'someone else' in the office handle your company's insurance reviews.

Injury management requires company-wide commitment

Insurance industry figures show that construction workers experience occupational injury and illness at twice the rate of those employed in general industry.

The Occupational Injury Management (OIM) program developed by CNA Insurance, Chicago, is a system of proce-

dures used by employers and medical professionals to help injured employees return to work quickly and healthfully.

According to CNA, successful implementation rests on an active commitment from all levels of the company. All levels of management need to be held accountable

for results. From initial medical treatment and diagnosis to development of a treatment plan, and eventually the employee's return to full-time work, the focus needs to be on the philosophy of occupational injury management.

Of special importance in the CNA program is the function of the "team coordinator." This is the management level person responsible for maintaining contact with the injured worker.

Duties include:

- contacting employees in person or by phone within 24 hours of the injury;
- verifying their understanding of their injury, treatment or follow-up plans; and
- making certain employees understand available benefits—especially disability benefits—for work-related injuries.

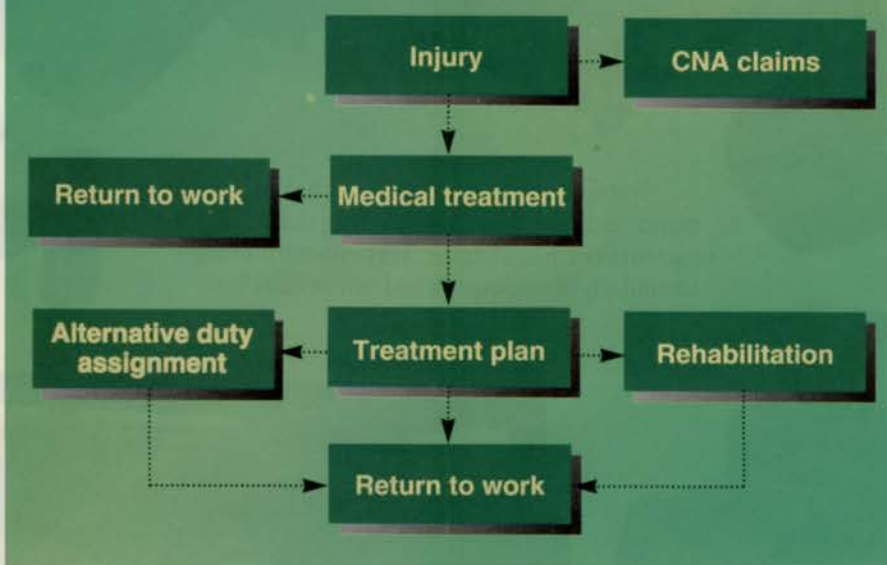
The Occupational Injury Management program also provides instruction on how to select primary care providers, job function evaluations and timely claims reporting.

Management must choose medical care providers so that workers are treated by professionals experienced in occupational injuries.

If your state does not permit employers to direct injured employees to selected primary care providers, you can still contain costs and help ensure quality care by developing a list of preferred providers.

—For more information, contact CNA at (800) 262-6241.

Medical Case Management



Lawn care clean-up insurance made affordable

A commercial pollution clean-up insurance program for the lawn care industry is now available, providing coverage for spills caused by a vehicle accident.

"We've worked out the details of the insurance coverage and negotiated a premium format which will allow even the smallest of operators to purchase the coverage at a reasonable price," says Richard Bersnak, president of Columbus, Ohio-based M.F.P. Insurance Agency, Inc., and himself the owner of a Barefoot Grass franchise.

This coverage is significant because in 1986, the property and casualty insurance industry revised the standard commercial

automobile policy used by most U.S. insurers, to exclude damages to the air, land or water caused by an automobile accident.

Bersnak says clean-up costs for even the smallest lawn care chemical spills can range from \$7500 to \$10,000.

"The largest spill we are aware of by a lawn care operator carried a \$75,000 clean-up fee," says Bersnak. "The average lawn care firm will struggle paying these costs, much less any fines and any other statutory charges by state and local governments."

Before this coverage was available, says Bersnak, policies would probably start in the \$7500 to \$10,000 premium range,



Bersnak: insurance program relies on average-size companies.

depending on the size of the operator. An individual contract will have a higher limit of liability and will require an expensive site or operation's study performed by an

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engineering firm that specializes in environmental loss prevention.

As far as Bersnak can say, many of the available products deal mainly with premises exposures which would emanate from the operator's place of business.

"The costs associated with purchasing an individual policy are simply too expensive when put in perspective with an operator's total insurance costs, which include liability for operations, commercial auto, workers compensation and employee benefits," Bersnak says. "Our concept relies on the participation of the average size LCO."

The plan will operate under a master policy concept using the Federal Risk Retention Act of 1986.

According to Bersnak, the law allows the group to purchase a master policy and add different yet homogeneous insured organizations to the policy for a premium charge based on the number of production vehicles or units they have in service at a time.

"Prior to the Risk Retention Act," says Bersnak, "most states had laws against 'master policy' concepts, which would not allow two or more unrelated organizations

with different ownership to be insured under the same policy.

"The key to our approach," says Bersnak, "is the homogeneous group of lawn care operators throughout the U.S. that we will make the insurance coverage available to."

—T.M.

Clean-up costs for the smallest lawn care chemical spills can range from \$7500 to \$10,000.



About the National Lawn Care Risk Purchasing Group:

● Trustees are lawn care professionals and green industry consultants.

● An LCO may obtain coverage completing a detailed application which requests information on how the operator handles products, fleet maintenance, recruits drivers, and operator licensing.

● Premiums will be based on a rate

per production vehicle or trailer, ranging between \$75 and \$200 per unit, subject to a \$2500 deductible per accident, with a limit of clean-up costs per year of \$100,000.

● Each operator of his or her corporation will be a named insured.

● For more information, call M.F.P Insurance Co. at (614) 221-2398.

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And instead of raises for returning assistants, recent incentive safety bonuses were based on good safety records.

Frank awards 10 cents per hour for crew leaders who have accident-free periods between April 1 and November 30.

Brian Janek, an agent with the Van Gelder Co. of Denver, Colo., knows what saves companies money:

● Find an agent and company with proven landscape industry experience. Otherwise, uncovered claims, pollution liability or worker comp problems will be overlooked.

● Initiate a loss control program.

● Initiate a safety program; use financial statements and driving records to prove insurability.

● If your state allows you to use deductibles for workmen's comp or general liability, do it. The less the prior record inhibits renewal, the better.

"It's gotten to the point where you're at the mercy of the insurance company," says Minor, and a company must "sell itself" to an insurer.

According to Minor, his company's stellar safety program earned a workmen's comp policy, when, as he says, no landscapers in Texas were getting them.

pers in Texas were getting them.

"Involve yourself in the insurance process," advises Minor. "If you let somebody else do it, you're doing yourself a disservice."

Don Brown, a loss-control specialist with the CNA Insurance Co., thinks company owners are doing very little to



Janek: Choose an insurer and agent with landscape industry experience.

address medical cost containment, reduce litigation or manage claims.

"Those are the two areas that make availability of coverage at affordable prices the critical problem today," says Brown.

"Once the claim is filed, business owners tend to leave it up to a third party to manage the claim. The bottom line is, these folks are managing your business. Take charge as the owner. Work out a relationship with insurance professionals and physicians.

"Basically, you've got to provide the finest medical attention to an injured worker as you can. If not, they will go to an attorney and you lose control of that claim and costs will multiply."

He suggests:

● Developing "modified work" to bring injured workers back as soon as possible, doing alternative part-time work until they are back in top form, and

● Filing accident reports within 24 hours, to keep costs down.

Minor's concern for the injured worker includes having a mid-level manager drive him to the hospital, the pharmacy and home if necessary.

"If they are standing, and can walk, we want them in the office the next day," insists Minor. "We don't want them home watching TV commercials from personal injury attorneys."

Brown thinks that concern must include genuine concern for the family.

—Terry McIver