

# MANAGING RISK



THE ADDIS GROUP

A Susquehanna Company

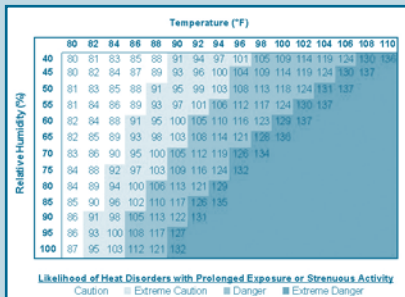
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## It's Not the Heat...

**H**eat causes more fatalities than any other weather-related cause. According to the National Oceanic and Atmospheric Administration (NOAA), exposure to excessively hot weather causes some 170 deaths per year.

Humidity levels affect how hot we feel. As it increases, so does the risk of heat-related illnesses, even as temperatures remain stable. The NOAA's heat index (below) shows how the dangers of heat escalate as humidity increases.



For more information on preventing heat stress and other heat-related illnesses, please see the article on P. 2.



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## How the Employee Free Choice Act Would Affect Your Business

This House bill would create the most dramatic change in labor relations in 60 years. It would mandate recognition of unions without an election and empower arbitrators to establish wages, benefits and working conditions.

**O**n March 1, the U.S. House of Representatives passed the Democratic-sponsored Employee Free Choice Act (EFCA) by 241 to 185. Senator Kennedy (D-Mass) and 46 co-sponsors introduced a Senate version shortly thereafter. The bill's co-sponsors include presidential aspirants Hillary Clinton and Barack Obama. While President Bush will likely veto the EFCA if the Senate also passes it, the sponsors of the EFCA have promised to reintroduce the bill after the 2008 presidential elections.

### Unions must be recognized without a secret ballot election

If enacted, the EFCA will create the most dramatic change in labor relations in 60 years. The EFCA requires an employer presented with union authorization cards signed by a majority of employees in an appropriate bargaining unit to immediately recognize the union as the employees' bargaining representative without a secret ballot election. An "appropriate bargaining unit" under

federal labor law need not include all of an employer's employees. A bargaining unit can be as small as a single department within an operation or a branch office.

Under current law, an election to select a union representative takes place after a union demonstrates that 30 percent of employees in a bargaining unit desire an election. The election is conducted under the auspices of the neutral National Labor Relations Board and is a secret ballot election. In a secret ballot election, employees can exercise their choice regarding representation without coercion and anonymously.

The EFCA eliminates secret ballot elections once a majority of employees sign an authorization card. Under the EFCA, employees will be asked to sign authorization cards in the presence of union organizers. Reluctant employees could be subject to coercion, peer pressure or provided misleading information about what union representation will mean for them. Without the opportunity for a secret ballot election, an em-

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# Preventing Heat-Related Illness

Heat stroke, the most serious heat-related illness, kills about 500 people a year in the U.S. But other heat-related conditions have health and safety costs as well.

Summer brings warm weather—and increased danger of heat-related illness. Those who work outdoors are most vulnerable to heatstroke, particularly in summer months, but other work environments can also expose workers to excessive heat. These include commercial kitchens, laundries, chemical plants, foundries, and the like.

## What health problems can heat cause?

Heat can cause a range of health conditions, from heat rashes, which usually disappear when the individual returns to a cool environment, to heat stroke, which can be fatal.

## Treating heat-related conditions

You can treat less severe heat-related conditions, such as heat cramps and heat stress, by allowing the affected worker to rest in a cooler, shaded location and drink cool, non-alcoholic liquids. Particularly in cases of heat cramps, drinking a carbohydrate/electrolyte drink can help replace minerals lost through perspiration. Changing into dry clothes will help those with heat rash feel better and prevent further skin irritation.

Heat stroke, however, requires immediate medical attention. If you suspect heat stroke, call for emergency medical help, even if the worker protests. Heat stroke occurs when the body's temperature regulation fails and body temperature rises to critical levels. Heat stroke's symptoms include confusion; irrational behavior; a lack of sweating (usually); hot, dry skin; and an abnormally high body temperature, such as 105.8°F (41°C). These can result in convulsions, coma and even death.

## Preventing heat-related conditions

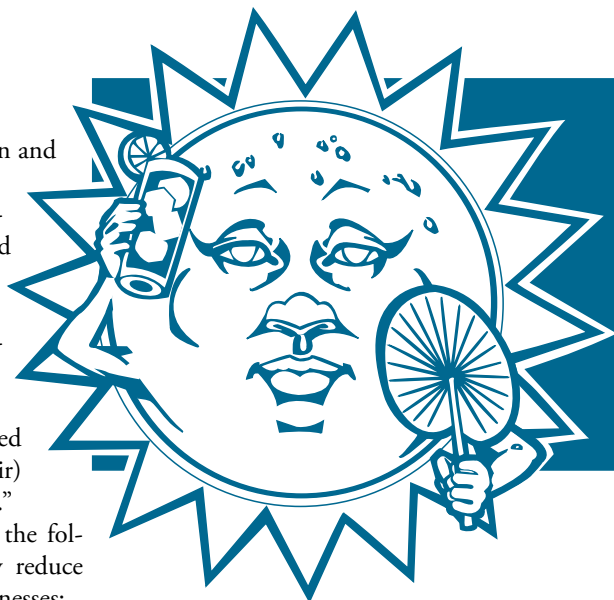
Heat stroke is very serious and should be prevented at all costs. More than 20 percent of people afflicted by heat stroke die, even young and healthy adults. Those who survive can become very sensitive to heat for months and ex-

perience varying degrees of brain and kidney damage.

Avoidance is the best preventive measure for heat-related conditions. For indoor environments, engineered solutions include improved ventilation, installation/upgrading of air conditioning, insulation of heat sources and increased conduction (movement of air) through fans or "swamp coolers."

For outdoor environments, the following precautions can greatly reduce your exposure to heat-related illnesses:

- ✦ Reschedule work for cooler times of the day, such as early morning. Minimize heavy physical work, or spread it out over more workers than you would ordinarily use.
- ✦ Schedule water and rest breaks. Provide cooler recovery areas, where employees can rest in the shade or an air-conditioned space.
- ✦ Make water breaks mandatory, not optional. A worker in a hot environment should drink small amounts of water or other non-alcoholic beverages (about one cup) every 15-20 minutes. Cool liquids (50-60°) are best.
- ✦ Workers in heavy or hot protective gear should periodically check their heart rate for signs of exhaustion. Have them count their pulse for 30 seconds at the beginning of each rest period. If the heart rate exceeds 110 beats per minute, they are excessively fatigued. Shorten the next work period by one-third and maintain the same rest period.
- ✦ Gradually acclimatize workers who must be exposed to heat. The National Institute of Occupational Safety and Health suggests that workers who have had previous experience in jobs where heat levels are high enough to produce heat stress may ac-



climatize with a regimen of 50 percent exposure on day one, 60 percent on day two, 80 percent on day three, and 100 percent on day four. For new workers who will be similarly exposed, the regimen should be 20 percent on day one, with a 20 percent increase in exposure each additional day.

- ✦ Evaluate whether specialized cooling garments will work for your situation. These range from high-tech clothing, such as lightweight reflective gear (best in dry, high-heat or high-light environments) and circulating-air garments, to the relatively low-tech solutions of ice vests (filled with ice packs or dry ice) and wetting outer garments.
- ✦ Train all employees on how to prevent and recognize the signs of heat-related illness. Educate them on the dangers of using alcohol in hot environments. Have employees on prescription drugs check with their physicians to see if they increase chances of heat fatigue.
- ✦ Train at least one member of each work crew in first aid and CPR. Have a complete first aid kit available at every work site.

For more information on preventing heat-related or other occupational illnesses, please call your account manager at The Addis Group. ■

**Pete Sena**

Pete is vice president and claims manager for The Addis Group. His responsibilities include ensuring that our clients' insurance claims are handled effectively and cost-efficiently. This includes oversight of insurance carriers and third-party administrators regarding determination of coverage and adjustment of claims.

An insurance professional for more than 20 years, Pete has a proven track record over a broad range of insurance-related activities. He has served a diverse group of clients, enabling them to conclude claims successfully, reduce reserves and increase profitability. He has worked with the United States' leading nonprofit provider of mental health services, the nation's largest tree expert and vegetation management company, one of the top five public transportation systems in the country and other prominent businesses, public authorities and educational institutions.

Pete's expertise includes auditing commercial insurance claims and reviewing reserve practices. He is experienced in the selection of third-party administrators, preferred attorneys for clients nationwide and in the creation and coordination of claim procedures. He has participated in the preparation of claims manuals for his clients and has taught sound claims management techniques to their staffs.

A 1986 graduate of Washington & Jefferson College with a BA in economics, Pete is a past winner of the Philadelphia Insurance Society Award for Academic Excellence. He earned his Associate in Risk Management (ARM) in 1996, his Associate in Claims (AIC) in 1998 his Associate in Insurance Services (AIS) in 2000, and is pursuing the Chartered Property Casualty Underwriter (CPCU) designation. He is an insurance agent licensed in the state of Pennsylvania.

Pete is married to the former Maureen O'Brien. The couple has two sons, Peter and Paul. He enjoys spending time with his family, gardening, swimming, golf and coaching Little League baseball. Pete and his family reside in Limerick, Penn.



**Tom Chiaccio, CIHM**

Tom serves as a risk management consultant for The Addis Group. As a safety and risk control consultant, Tom works with key clients



of The Addis Group to implement risk management policies, plans and programs to minimize claim frequency and severity.

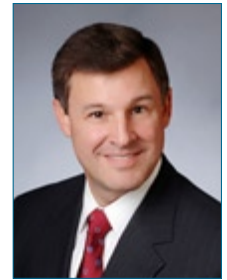
Prior to joining The Addis Group, Tom was a senior safety manager/industrial hygienist for a large manufacturing firm in the Philadelphia area. His primary focus was overseeing the industrial hygiene and safety programs, hearing conservation, respiratory, OSHA/VPP, ISO 9001 & 14000 and process safety management. Tom also has fleet safety and customer/supplier safety experience.

Tom has more than 14 years' experience in assisting organizations in accident prevention and minimizing employee injuries/illnesses. He believes that all injuries are preventable. He brings a specialization in ergonomics and industrial hygiene. In 2002, Tom earned the Certified Industrial Hygiene Manager (CIHM) designation.

Tom has attended Community College of Philadelphia and Columbia Southern University for a BS in occupational health & safety. He resides in Philadelphia with his wife Carol and two boys – Tommy and Kyle. He is active in sports as a certified referee in soccer and lacrosse.

**Brian Dietrich**

Brian, a vice president and account executive, has extensive experience handling the risk management and insurance needs of the business community. Prior to joining The Addis Group, he worked in the insurance brokerage and risk management fields for more than 18 years and served as vice president of a large regional brokerage firm.



In addition, Brian is proud of four years' experience as an "outsourced" risk manager, where he served as advisor to 14 different companies. He also has background as a marketing director with a national insurance company that specialized in the trucking and transportation industries.

He is a graduate of Susquehanna University and holds the Certified Insurance Counselor (CIC) and the Certified Risk Manager (CRM) designations. He is also looking forward to being an active member of the Professional Liability Underwriting Society (PLUS).

Brian and his wife, Sarah, reside in Malvern with their son, daughter and three dogs. He enjoys spending time with his family, reading, tennis and playing the guitar and is active in various church and community programs. ■

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 ployer will have no opportunity to rebut union claims or counteract union misinformation.

**Arbitrators authorized to impose union contract demands**

The EFCA requires an employer to commence bargaining over wages, hours and other terms and conditions of employment within 10 days of receiving a bargaining demand from the union. If the parties do not agree on a contract within 90 days, the union may request that the contract negotiations be mediated by the Federal Mediation and Conciliation Ser-

vice. If no agreement is reached with 30 days of the mediation request, a panel of arbitrators shall settle the dispute and the settlement shall be binding on the employer and union for two years. *This provision of the EFCA empowers arbitrators to establish wages, determine when employees will receive raises, choose the type of insurance benefits that must be provided to employees, and decide if employees will be required to pay anything for them.* The arbitrators can also mandate entitlements to paid vacations, holidays and sick leave, along with work rules, layoff procedures, rights based upon seniority and disciplinary procedures.

Employers who wish to protect employees' rights to a secret ballot election in a union representation proceeding, and to retain control over the conditions under which they operate their business, should pay close attention to the progress of the Employee Free Choice Act and who supports it. You can obtain additional information regarding the Employee Free Choice Act, including a copy of the EFCA, by contacting Coleman J. Walsh Jr. at 610-608-4680 or pacjw@aol.com. Mr. Walsh provides advice to employers on a comprehensive range of employee relations and human resource issues. ■

# Network Risks and How to Avoid Them

Computer-based risks ranked as the chief business concern among international corporate executives, found a survey by Swiss Re. A sound risk management program can help you minimize the chances of concerns becoming crises.

**N**etwork risk insurance policies, offered by companies such as Aon, AIG, Fireman's Fund, Chubb and Ace USA, cover a wide variety of exposures. The most popular are third-party policies that provide customer notification services and credit monitoring as well as identity restoration for customers, employees and others affected by a data breach. "Many state laws require businesses to notify individuals whose information has been compromised, and it's only a matter of time before a federal law is enacted," said Mike Roney, senior director, commercial business at Fireman's Fund.

However, even the best insurance is not as good as preventing a mishap. Responsible risk managers make sure they have a robust network defense system and recovery plan.

The process can be divided into six broad strategies.

## 1 Define Risks and Quantify Threats

"Defining what you have to lose is the first step in building a proper security model and deciding where to allocate resources," says Timothy Mullen, a top computer security con-

sultant. This means determining what assets need protection and what damage a network breach could cause, such as loss of identification records, physical product or customer goodwill, and assumption of liabilities.

## 2 Control Your Network

Every company needs to define, in writing, what network users can and can't do, including what they can download and what programs they can install. The policy must be strongly enforced so that when IT staff find violations they can respond quickly.

## 3 Stay Current

Budget for upgrades so that you have the most secure systems designed to meet the latest threats. Make sure that all the company's computers are patched with the latest software fixes on a regular basis. Upgrading software and hardware costs much less than remedying a breach.

## 4 Education

"A sustained educational campaign about the dangers of unsafe habits is essential," says Mullen. "Companies that do this will experience far fewer issues."



## 5 Divide and Rule

Segregate your computer system so a breach in one area does not allow access to the entire network. Only give people the networking rights they need to do their job. Ensure that mobile users have encryption and strict access controls so that a lost laptop cannot compromise the entire system.

## 6 Plan for Disasters

Make sure you have a recovery plan in case security is breached. What insurance do you have, what backup data systems, which personnel are on call to minimize the impact of any disruption?

For more information on the insurance coverages available, please contact your account manager at The Addis Group. ■



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