

# MANAGING RISK



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W B N  
WORLDWIDE BROKER NETWORK

## Business Survival in the Face of Disaster

According to a recent disaster preparedness survey conducted for Home Depot, 71 percent of businesses do not have a disaster plan, and more than half of the small-business owners surveyed are not worried about the impact a disaster can have on their business.

Such nonchalance is even more surprising given the relatively simple steps that can help ensure a business' survival. Of those businesses that experience a disaster, those that plan ahead have a better than 75 percent chance of survival, according to the Small Business Administration. Of those that don't, only 43 percent survive.

"Companies that prepare for disaster have a tendency to survive them," said Jon Toigo, chief executive of research firm Toigo Partners International and the author of several books on disaster recovery.

Getting your business up to speed doesn't have to be expensive. "Most of the preparations are very simple and very affordable, so don't let cost deter you," Toigo said.

The top priority is ensuring the safety of employees, he says. Create a contact list and a telephone tree so you can easily communicate with staffers in the case of a natural



or other disaster. Make sure your place of work is equipped with a first-aid kit, flashlights, batteries, bottled water and a battery-powered radio. Generators only cost a few hundred dollars and at the least can give you the ability to charge laptops and cell phones if grid power is unavailable.

Other action steps you can take to protect property and help get your business up and running again after a disaster include:

- ✓ Make another contact list with the details of key suppliers and vendors, and any other partners that are key to the future of the business.
- ✓ Protect data and store it in a safe and remote place. Toigo recommends backing up contracts, orders and inventories onto a flash drive and sticking it in your pocket at the end of each day or week. Even better is to develop an automatic back-up facility that stores the key infor-

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## This Just In

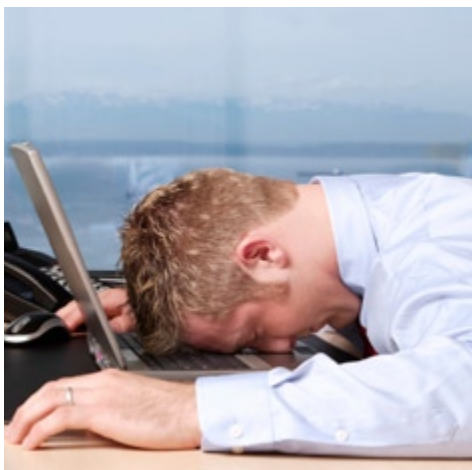
An illegal alien won workers' compensation benefits in Rhode Island, reported the *Providence Journal*. What made the case unusual was that he had been deported and allowed to return to the U.S. on a humanitarian visa to claim benefits. In late October, Workers' Compensation Judge Bruce Q. Morin ordered William Gorman to pay Edgar Velásquez \$800 for two weeks' salary and medical costs for a chainsaw injury that slashed his face to the bone. Velásquez' attorney alleged that Gorman alerted immigration officials to avoid responsibility. Immigration officials seized Velásquez outside the judicial building just before the workers' compensation hearing. Gorman's attorney acknowledged that Gorman carried no workers' compensation insurance.

The Addis Academy of Risk Management was pleased to have John Cheruka, president of CVSAS, present a very informative "Managing Fleet Exposure" seminar on October 11 at Philadelphia Country Club. John explained the principal of negligent entrustment and how inadequate screening and training of drivers can have catastrophic effect on individuals and businesses.

Please contact Jim Sheridan at The Addis Group if you have questions regarding vehicle exposure or fleet management.

## Also in this Issue

- Making the Workplace Fatigue Safe
- The Hidden Danger of Social Networking Sites
- Minimize WC Fraud



# Making the Workplace Fatigue-Safe

According to Clockwork Consultants, a UK-based company that helps enterprises manage fatigue risk, fatigued employees are three times more likely to have an accident at work — not to mention make poor business decisions, the firm claims.

**T**hose who work shifts also have long-term health consequences, including a 40 percent increased risk of heart disease, peptic ulcers and other gastrointestinal problems, said the firm.

The problem of fatigue might be more common than you think. A recent study in the *Journal of Occupational and Environmental Medicine* found that nearly 40 percent of U.S. workers experience fatigue — a problem that costs employers billions in lost productivity.

Led by Judith Ricci, Sc.D., M.S., of Caremark Rx Inc., the study said that of the nearly 29,000 employed adults interviewed, 38 percent said they had experienced “low levels of energy, poor sleep or a feeling of fatigue” during the previous two weeks. Total lost productive time averaged 5.6 hours per week for workers with fatigue, compared to 3.3 hours for their counterparts without fatigue. Even when they were working, workers with fatigue symptoms had much lower rates of productivity than their sprightly counterparts — mainly due to low concentration and increased time needed to accomplish tasks.

The study also found that fatigue was more common in women than men, in workers less than 50 years old and in white workers compared with African-Americans. Workers with “high-control” jobs — relatively well-paid jobs with decision-making responsibility — also reported higher rates of fatigue than their colleagues.

The study estimated that fatigue costs U.S. employers more than \$136 billion per year in health-related lost productivity — \$101 billion more than for workers without fatigue. Eighty-four percent of the costs were related to reduced performance while at work, rather than outright absences.

## Fighting the fatigue factor

But well-managed workplace policies can drastically reduce the incidence and cost of employee fatigue risk, according to Peter Johansson, a risk engineer at Zurich Financial Services. Johansson notes that insurers increasingly grade organizations for fatigue factor during the underwriting process. He advocates the use of what he calls a ‘fatigue-risk triangle’ to mitigate the risk.

The triangle features three basic components, which can combine to create a potentially high-risk situation:

- ✦ the length and timing of hours worked
- ✦ inadequate sleep
- ✦ the presence of fatigue-related hazards.

Any one of these is in itself a danger — but when two or more of these factors combine, the result can quickly become catastrophic, Johansson says. Organizations should adopt a variety of methods to make themselves “fatigue safe.” The most common include:

- ✦ Special training to help workers understand their own fatigue levels
- ✦ Committees to oversee fatigue management programs
- ✦ Use of models to investigate fatigue-related accidents
- ✦ Development of “fatigue safe” work schedules
- ✦ Development of fatigue risk management policies and procedures
- ✦ Implementation of compliance systems.

Johansson says adopting just one of these strategies will not prove effective in beating workplace fatigue. He says that for safety-critical systems in high-hazard industries such as

transport, manufacturing, mining and health-care, at least three levels of protection are required to give adequate protection. Other safety-critical systems, such as aircraft control systems, typically have a minimum of two levels of redundancy to protect against failure of the primary system.

Every business can also reduce the risk of fatigue by developing suitable workplace conditions. Certain conditions increase fatigue, including dim lighting or other limited visual conditions (e.g., due to weather), high temperatures, high noise, high comfort, tasks that must be sustained for long periods of time and monotonous work tasks. Eliminating such conditions and providing environments that have good lighting, comfortable temperatures and reasonable noise levels quickly pay for themselves in reduced risk, according to a study by the Canadian Centre of Occupational Health and Safety (COHS). If possible, work tasks should provide a variety of interest and tasks should change throughout the shift, the COHS recommends.

No less important are the hours your employees work. Many safety-critical occupations have strict rules about how long a worker can stay on the job and how long breaks must be. Productivity experts recommend similar guidelines for most jobs.

If extended hours/overtime are common, managers should calculate the time required for the commute home, meal preparation, eating and socializing with family when calculating employees’ work shifts. Workplaces may also provide on-site accommodations, prepared meals for workers and facilities where employees can take a nap when they are tired.

For more suggestions on reducing fatigue in the workplace, please call us. ■

mation online.

- ✓ Make sure you have a full and detailed inventory of all your business' physical and financial assets.
- ✓ Survey your premises for vulnerable points and secure them. This can be anything from loose roof tiles, to inventory lying around the yard.
- ✓ Review your insurance policy with your agent to determine whether you have adequate protection. What is your deductible? Are you covered for windstorm? And what about flooding and mold?
- ✓ Review your limits. Is your property coverage high enough to take into account the higher costs of raw materials that follow disasters? Do you have coverage for building upgrades and debris removal?
- ✓ Do you have business income coverage? This will help you replace income lost when your business is interrupted due to a loss covered by your property insurance policy. If you have this coverage, when will it kick in and how long will it last?

It may take a few hours to address these issues, but it will probably be the most valuable few hours you spend this year. For more disaster-preparedness suggestions, please contact your account manager at The Addis Group. ■

# OSHA Issues Final Personal Protective Equipment Rule (PPE)

On November 14, 2007 the Occupational Safety and Health Administration (OSHA) announced a new rule that clarifies employer/employee responsibilities for payment of personal protective equipment. Highlights of the rule include:

- ✱ OSHA estimates the new rule will result in 21,000 fewer injuries per year.
- ✱ Employers must pay for almost all personal protective equipment required by the general industry, construction and maritime standards. Employers currently pay for approximately 95 percent of this equipment.
- ✱ The final rule does not create new requirements regarding what PPE employers must provide.
- ✱ Exceptions have been created for certain ordinary PPE such as safety-toe footwear, prescription safety eyewear, everyday clothing and weather-related gear.
- ✱ If employees choose to use their own PPE, the employer is not responsible for reimbursement. The employer is still responsible to insure the PPE is adequate to protect the employee from the hazards encountered in the workplace.
- ✱ The employer is not responsible to pay for PPE that is lost or intentionally damaged.

From a practical standpoint, this may not have a dramatic impact on businesses that are already in compliance with the existing standard. In essence, the standard provides guidance in regard to who pays for specific PPE. Employers have until May 2008 to make any necessary changes to their exiting PPE program.

If you have any questions or concerns, please call Jim Sheridan at The Addis Group at (610) 755-4840. ■



## Chuck Ashman

Chuck is vice president within the Business Development Division at The Addis Group. Formerly, Chuck served as senior account executive within a suburban Philadelphia regional insurance brokerage firm and a nationally top-ranked insurance carrier.

His primary responsibilities and main area of concentration are procuring new business opportunities within the large and middle market commercial accounts segment. Employing risk management strategies, insurance program design and loss mitigation practices, Chuck has successfully yielded positive results for his clients.

Before entering the insurance industry, Chuck's professional experience was within the banking and manufacturing industries. At The Royal Bank of Scotland (RBS Lync), Chuck held the leadership position of bank partner manager. At Merck Pharmaceuticals & Ford Motor Company, Chuck held the position of electrical/mechanical engineering

technician. Additionally, he has held positions as chairman of health & safety and appointed member of the Pennsylvania Workers Compensation Reform Committee under Governor Thomas Ridge, representing the United Automobile Workers.

Chuck graduated from Alvernia College with a bachelor's degree in business management. Additionally, Chuck possesses technical certifications in electrical and mechanical technologies. He currently resides in Exton, Pennsylvania with his wife Jennifer and two daughters, Alexandra and Isabella.



## Alison Niland

Alison serves as a technical coordinator in the Commercial Lines Division. Her responsibilities include supporting the assistant account manager and account managers in handling the day-to-day needs of key commercial clients of The Addis Group.

Originally from Washington, D.C., Alison attended Chubb Institute in 2000, receiving a

certification in web design. She is currently attending Pennsylvania Institute of Technology, majoring in business. Prior to joining The Addis Group, Alison was a manager at Iron Hill Brewery and Restaurant for seven years.

Alison Resides in Swarthmore, Penn. with her son, Bishop. She enjoys a variety of outdoor activities including hiking and rock climbing.



## Natalie Sells

Natalie joined The Addis Group in March 2007 as a technical coordinator II in the Commercial Lines Division. Her responsibilities include supporting the assistant account manager and account managers in handling the day-to-day needs of the commercial clients.

Prior to coming to The Addis Group, Natalie worked as an underwriting assistant with Venture Insurance Company in their Preferred Club and Hospitality Programs.

Natalie resides in Ridley Township, Penn., with her son, Logan. ■



# The Hidden Danger of Social Networking Sites

Employees using social networking sites from work computers can expose a company to identity theft and targeted phishing attacks. Should you block access to these sites?

In a poll of 600 workers, 43 percent revealed their company was blocking access to Facebook, while an additional 7 percent reported that usage of the social networking Web site was restricted and only those with a specific business requirement were allowed to access it. IT security and control firm Sophos conducted the study.

The poll also revealed that 66 percent of workers were concerned that their colleagues were sharing too much information on Facebook, which could lead to identity theft and targeted phishing attacks against the company.

Keith Reed, the online manager for Trend Micro, a Web security group, agrees that sites like Facebook represent significant danger. "Social networking sites should be a source

of fun, not worry, but there are people out there who spend their time trying to exploit people through their private information."

The potential for mischief increased recently when Facebook announced plans to open members' profiles to regular search engines rather than limiting access to other Facebook members. According to Sophos, a large number of Facebook profile pages contain users' employment details, which could be used together with other stolen information by cyber criminals bent on committing corporate fraud or to infiltrate company networks.

LloydsTSB, Credit Suisse and Goldman Sachs are among the companies reported to have blocked employees from visiting Facebook. The poll results showed that companies are split on the question of social networks. "Some believe it to be a procrastinator's paradise, which can lead to identity theft if users are careless. Others either see it as a valuable networking tool for workers, or are too nervous of employee backlash if the site is suddenly blocked," said Sophos executive Brett Myroff.

"Companies need to make up their own mind as to whether they want to allow users to access social networking Web sites like Facebook during office hours. If workers are given access to these sites, it is, however, imperative that they are taught best practices to ensure they are not putting their personal and corporate data at risk. Five minutes spent learning the ins-and-outs of Facebook's privacy settings, for instance, could save a lot of heartache later," he added.

More businesses are restricting access to these kinds of sites. While employees may not like it, these Web sites can represent a security risk if used carelessly. "Unless there's a work purpose, many companies do not see any reason why staff should need to access them during work time. Companies are also increasingly looking to secure and control their workers' Web activity because of the impact it can have on the company in terms of productivity, bandwidth and security," Myroff says. Sophos' user guide for behaving securely on Facebook is available at [www.sophos.com/facebook](http://www.sophos.com/facebook). ■



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