



ADVISOR

Risk Management News For Members Of The Texas Water Conservation Association Risk Management Fund

Best Practices In Workers' Compensation

Workers' compensation claims are the TWCA Risk Management Fund's greatest financial exposure. Since the Fund's inception, workers' compensation claims have accounted for nearly 70 percent of the Fund's total losses. Loss prevention is a high priority for the Fund as well as for Fund members, and there are many ongoing activities that address safety management and cost containment. For example, safety training and facility inspections are effective tools in preventing accidents and injuries.

In order to provide some broader guidelines, the Fund has prepared a list of "best practices" that are used in many organizations that have lower workers' compensation claims experience. The "best practices" fall into four general areas: human resources; new employee orientation; safety/risk management; and general management. Use these as a checklist to compare practices in your own water district or authority.

Human Resources

- ◆ Hire the right person for the job.
- ◆ Conduct pre-employment drug testing and commercial drivers' license drug testing where applicable.
- ◆ Actively follow up with injured employees who are losing time from work.
- ◆ Make contact with the Fund's adjuster if special concerns arise with an injured employee.

- ◆ Have key personnel policies in writing and clearly communicated.
- ◆ Use a "bonafide offer" letter when offering light duty.
- ◆ Include safety performance as part of the performance evaluation.

New Employee Orientation

- ◆ Include safety orientation during new employee orientation.
- ◆ Provide safety manual, handouts, checklists, and self-paced safety training at new employee orientation (consider using online training courses available through the Fund's web site, www.twcarmf.org).
- ◆ At a minimum, basic safety training should include back safety, slip and fall prevention, fire safety, hazard communication, and personal protective equipment.
- ◆ Provide a written statement from management to new employees supporting a safe work culture.
- ◆ Provide clear, written instructions on how to report an injury and seek medical attention.
- ◆ After new employee orientation, additional safety training should be provided by the employee's direct supervisor.

Safety/Risk Management

- ◆ Offer core safety classes for supervisors (classes can be conducted by the Fund's loss control staff).

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Employee Benefits Update

Cost Sharing Trends

Public employers are modifying their employee health care benefits to include more cost sharing measures according to a recent survey conducted by the International Association of Employee Benefit Plans. Current economic conditions and escalating health care costs are driving the changes that are occurring in plan design and plan funding.

The survey found that 72 percent of public employers are increasing or considering an increase in their employees' deductibles, coinsurance, or copays. In addition, 74 percent of employers are increasing or considering shifting a greater portion of premium costs to employees.

Nearly three-fourths of public plan sponsors are placing more emphasis on controlling prescription drug costs. Most are expanding their education efforts about drug options and costs (74 percent), increasing copayments for drugs (61 percent), or mandating the use of generic drugs (54 percent).

Wellness Programs are Increasing

A recent survey conducted by Watson Wyatt found that larger companies are continuing to add wellness and health management programs to promote healthier behaviors among their employees. This is despite the recession and cutbacks in some benefit programs. Wellness programs that are on the increase include lifestyle improvement, weight management, and health risk appraisals. Companies that offer financial incentives report significantly higher participation rates in wellness initiatives. According to the survey, financial incentives between \$50 and \$100 can boost participation in smoking cessation and weight management programs.

Workplace Changes Affect Obesity

Simple changes to the workplace environment such as signs reminding workers to choose healthier foods and to get more exercise appear to help reduce obesity and other health risks. In a recent study, changes designed to promote healthier lifestyles were made at certain facilities of a large chemical company. For example, vending machines and cafeterias were stocked with healthy food choices, walking paths were established, and signs were strategically placed that encouraged increased physical activity.

Positive health effects were noted within a year after the modifications were made. Based on data for more than 3,000 employees, there were small, but significant health improvements for workers at the affected sites. The changes included a decreased risk of obesity and improvements in some other health risks, including a reduced rate of high blood pressure. The study results were reported in the February 2009 edition of the *Journal of Occupational and Environmental Medicine*.

TWCA

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Equipment Theft

The actual cost of equipment theft in the United States is difficult to estimate because many thefts go unreported. Industry estimates indicate that losses from theft are as high as \$1 billion per year, however. These estimates include the loss of machinery, insurance costs, and downtime. Considering the frequency of losses, theft is a substantially greater problem than claims from collision, fire damage, vandalism, windstorm, hail, or flood.

Geographically, equipment theft levels correspond closely with the amount of equipment in a particular area. The states with the highest volume of construction, maintenance, and agriculture have the highest number of thefts. According to the National Equipment Register (NER), Texas had the largest number of thefts in 2007, the latest year for which data are available.

The most common types of equipment stolen in 2007 included skid steer loaders (34 percent), backhoe loaders (17 percent), tractors (13 percent), excavators (8 percent), and generators/compressors (7 percent). Two key factors determine the type of equipment that thieves are most likely to steal—value and mobility. Value is the primary factor, except for items too large to move on a trailer. The types of high value equipment reported stolen most frequently are wheeled machines such as wheel loaders.

Most equipment is stolen from work sites and other locations away from the owner's premises. Of course, owners' premises are more likely to have fenced storage facilities, while work sites are more difficult to secure. About 70 percent of stolen equipment was taken from work sites, while only 30 percent was taken from an equipment owner's shop or equipment yard. Most thefts occur during weekends and holidays when no one is around to monitor activity.

NER recommends that equipment owners focus their risk management efforts on high value equipment that can be transported easily, and should keep in mind that equipment security and worksite security are both important. Some common methods of securing equipment while not in use include: using locking mechanical devices that prevent the controls from moving; anchoring or immobilizing equipment by using a cable or chain; removing batteries or wires; lowering blades and buckets; removing tires from machines that will not be used right away; and removing or disabling trailer hitches for towed equipment.

More detailed recommendations for theft prevention are provided in the NER's publication entitled "Loss Prevention and Security Techniques for Equipment Owners." This twelve-page manual is available on the NER web site at

www.nerusa.com. It covers topics such as management policies, site security, vehicle security, and actions to take in the event of a theft.

Best Practices in Workers' Compensation , continued

- ◆ Establish required safety training for each position as part of the job description.
- ◆ After safety training, require employees to pass a written competency exam or assessment.
- ◆ Set up a safety inspection schedule to be done periodically (safety inspection should include a checklist for documentation).
- ◆ Ensure safety inspection reports are shared with management.
- ◆ Establish a procedure to get requests for facility repairs completed in a timely manner.
- ◆ Utilize a safety committee to review incidents and accidents, including "near misses."
- ◆ Recognize employees for their safety achievements.
- ◆ Include discussion of pertinent safety issues at all employee meetings.

General Management

- ◆ General manager communicates safety expectations and goals to employees, preferably in writing.
- ◆ Management receives quarterly reports regarding workers' compensation and liability claims.
- ◆ Management's actions and practices demonstrate fairness.
- ◆ The district or authority has a culture in which employees believe they are valued, listened to, and treated fairly and with respect.

For Further Information and Assistance

Having an exemplary safety record takes more than just luck. Practices such as those listed above have proven effective for water districts and authorities as well as other types of organizations. Also, keep in mind that the Fund provides consultation and training for employees on various safety issues. For further information, contact Janina Flores at the Fund, 800-580-8922.



Precautions For Outdoor Activities

During spring and summer months many people increase their outdoor activities and projects. A word of caution is in order, however. The American Association of Neurological Surgeons (AANS) points out that every year an estimated 1.5 million people who engage in these activities are treated for head injuries in hospital emergency rooms. A high percentage of these injuries are tied to sports and recreational activities. Many other injuries, however, are caused by seemingly harmless products found in backyards, gardens, garages, and home workshops.

The following ten categories of outdoor-related items (excluding sports equipment) contributed to the highest number of estimated head injuries in 2007:

- ◆ Ladders (all types)—17,124
- ◆ Porches, balconies, and open-sided floors—16,124
- ◆ Swings and swing sets—10,727
- ◆ Fences and fence posts—10,152
- ◆ Power and hand tools; supplies—9,666
- ◆ Monkey bars and other playground climbing equipment—7,630
- ◆ Trampolines—7,075
- ◆ Slides, sliding boards, seesaws, teeter boards—6,565
- ◆ Other playground equipment—5,017
- ◆ Garage doors—2,236

AANS points out that many of these injuries can be prevented by taking a few simple safety measures. Safety tips include:

- ◆ Inspect and remove debris from walkways, driveways, porches, and yards.
- ◆ Inspect and remove debris from lawns before mowing or gardening.
- ◆ Store outdoor equipment and tools properly.
- ◆ Make sure that ladders are stable and secure before using them.
- ◆ Do not use broken equipment or tools.
- ◆ Install outdoor handrails as needed.
- ◆ Do not let children engage in activities that are inappropriate for their age.
- ◆ Supervise younger children at all times.
- ◆ Do not let children use playgrounds with hard surface grounds.
- ◆ Wear helmets for all wheeled sports and powered recreational vehicles.

Alliance Update

The Fund participates in the Political Subdivision Workers' Compensation Alliance (the Alliance), which was formed jointly by the public entity pools in Texas to provide healthcare treatment of workers' compensation injuries of injured workers. The Alliance is in the process of negotiating contracts with healthcare providers in various areas of the state, and is currently rolling out services on a regional basis.

Most of the state's service areas are now operational, and the remaining service areas will become operational when a sufficient number of providers have been contracted. The Fund will work with each district or authority in reviewing Alliance providers in their service area and will assist in providing communications about the Alliance to employees. In addition, before members utilize the Alliance providers, appropriate notification must be presented to district or authority employees. If you are unsure whether your area is operational or if you need assistance in notifying your employees about the Alliance, please contact Janina Flores at the Fund, 800-580-8922.

Risk Management Seminar

On July 10, 2009, the Fund is sponsoring a Risk Management Seminar at Tapatio Springs Resort and Conference Center, near Boerne. This seminar is designed for executive staff and all persons who have responsibility for risk management within their water district or authority. Topics include:

- ◆ Key roles and responsibilities for risk management in water districts and authorities
- ◆ Disaster recovery and FEMA claims
- ◆ Protecting against employment lawsuits
- ◆ Dealing with the media in times of crisis
- ◆ Board policies and governance
- ◆ Legislative update

You can obtain additional information about the seminar and register online at www.twcarmf.org, "News and Events" page. Or, contact Marilyn Wood at 800-580-8922.



Loss Prevention Briefs

Flu Information Sources

The recent outbreak of the H1N1 (“swine”) flu virus has focused attention by individuals and organizations on measures for prevention and response to the spread of this disease. The Centers for Disease Control and Prevention (CDC) provides comprehensive information through its web site: <http://www.cdc.gov/h1n1flu/>. The CDC site is updated frequently with the latest information on cases in the United States, and it provides links to numerous publications and other resources.

Another important source is the U.S. government web site on pandemic flu information: <http://www.pandemicflu.gov/>. This site includes various guidelines and resources for workforce preparations. Also, the Occupational Safety and Health Administration (OSHA) has published a booklet entitled “Guidance on Preparing Workplaces for an Influenza Pandemic.” This document and other related guidelines are available on the OSHA web site at www.osha.gov.

For basic information and a list of general precautions you can also refer to the “Risk Alert” on swine flu prepared by the Fund. The “Risk Alert” can be accessed on the TWCARMF web site (www.twcarmf.org), under the “What’s New” heading.

Hurricane Season

The Atlantic/Gulf Coast hurricane season runs from June 1 to November 30, and this is a good time to revisit and update your emergency plans if you have not already done so. The hurricane season averages 9.6 named storms, 5.9 hurricanes, and 2.3 major hurricanes. For the 2009 hurricane season, forecasters at Colorado State University have projected 11 named storms, 5 hurricanes, and 2 intense hurricanes. This and other predictions suggest a milder season than in 2008, which had 16 named storms, 8 hurricanes, and 5 major hurricanes.

Occupational Fraud

According to a survey by the Association of Certified Fraud Examiners (ACFE), the current economic recession has led to an increase in occupational fraud. Occupational fraud can be classified into three main categories: corruption, where the perpetrator uses influence to gain some benefit (such as bribes or kickbacks); falsification of financial statements; and asset misappropriations, where the perpetrator steals or misuses organizational assets.

Asset misappropriation is involved in 90 percent of reported cases. Included in this category are fraudulent billing schemes, which make up about one-third of all occupational fraud cases. These schemes may include, for example, submitting invoices for fictitious goods or services, inflated invoices, or invoices

for personal purchases. A recent analysis of 959 occupational fraud cases found that:

- ◆ The median loss was \$175,000.
- ◆ The typical fraud scheme lasted two years from the time it began until the time it was detected by the victim organization.
- ◆ Most perpetrators were first-time offenders. Only 7 percent of perpetrators had prior convictions, and only 12 percent had been terminated by a previous employer for fraud-related conduct.
- ◆ Occupational fraud cases are much more likely to be detected by a tip rather than audits.
- ◆ Small businesses are especially vulnerable to occupational fraud.

Vehicle Safety Features Reduce Injuries

The Insurance Research Council recently conducted a study that documents the benefits of front and side airbag systems in motor vehicles. The study examined the type of passenger restraint system found in vehicles, and looked at differences in the extent of injuries and subsequent claims payments.

The presence of front and side airbag systems was associated with less significant injuries and lower claim costs. Claimants in vehicles with these restraint systems were less likely than those in vehicles with seatbelts only to have serious injuries, to receive hospital treatment, or to experience a period of disability. Average claim payments for injuries were:

- ◆ \$6,994 for claims from vehicles with seatbelts, but no airbags
- ◆ \$5,308 for claims from vehicles with front airbags
- ◆ \$4,457 for claims from vehicles with both front and side airbags

The study involved over 14,000 insurance claims paid by twenty-two different automobile insurance companies.

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Heat Stress

When the body is unable to cool itself by sweating, heat-induced illnesses such as heat stress, heat exhaustion, or heat stroke can occur. Factors leading to heat stress include: high temperature and humidity; direct sun or heat; limited air movement; physical exertion; poor physical condition; certain medications; and inadequate tolerance for hot work conditions.

Symptoms of Heat Exhaustion

- ◆ Headaches, dizziness, lightheadedness, or fainting
- ◆ Weakness and moist skin
- ◆ Mood changes such as irritability or confusion
- ◆ Upset stomach or vomiting

Symptoms of Heat Stroke

- ◆ Dry, hot skin with no sweating
- ◆ Mental confusion or losing consciousness
- ◆ Seizures or convulsions

Preventing Heat Stress

- ◆ Know the signs and symptoms of heat related illnesses; monitor yourself and coworkers

- ◆ Block out direct sun and heat sources
- ◆ Use cooling fans or air conditioning
- ◆ Rest regularly
- ◆ Drink lots of water—about one cup every fifteen minutes
- ◆ Wear light weight, light colored, loose fitting clothes
- ◆ Avoid alcohol, caffeinated drinks, and heavy meals

What to Do for Heat Related Illness

Call 911 or other local emergency number at once. While waiting for help to arrive:

- ◆ Move the worker to a cool, shaded area
- ◆ Loosen or remove heavy clothing
- ◆ Provide cool drinking water
- ◆ Fan and mist the person with water

Source: OSHA