MINDFUL
INSURANCE SOLUTIONS INC.

RISK REPORT

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WORKPLACE SAFETY

Using Near Misses, Other Indicators to Cut Injuries

THE LATEST trend in workplace safety best practices is tracking "leading indicators" – or events that take the lessons learned from past events – to reduce the chances of future injuries.

Safety professionals are increasingly keeping track of near misses, hours spent on training and facility housekeeping and measuring the impact on the organization's overall safety record. And they are finding that this approach is having a significant impact in preventing injuries.

The trend is a new one. For years, workplace safety managers and industrial safety engineers used lagging indicators to track and manage workplace injuries and illness. They would evaluate:

- Injury rates
- Injury counts, and
- Days injury-free

In the last few years, safety-minded companies have been shifting their focus to using leading indicators to drive continuous improvement. Lagging indicators measure failure, but leading indicators measure performance.

TOP LEADING INDICATORS

- Near misses
- Employee audits/observations
- Participation in safety training
- Inspections and their results
- Participation in safety meetings
- Facility housekeeping
- Participation in safety committees
- Overall employee engagement in safety
- Safety action plans execution
- Equipment/machinery maintenance

LEADING INDICATOR BENEFITS

- Show small performance improvements
- Measure the positive: what people are doing versus failing to do
- Enable frequent feedback to all staff
- Are credible to performers
- Are predictive
- Increase constructive problem-solving around safety
- Make it clear what needs to be done to get better
- Track impact versus intention

Source: EHS Today survey of 1,000 health and safety pros.

As you can see, a leading indicator is a measure preceding or indicating a future event that you can use to drive activities or the use of safety devices to prevent and control injuries.

Leading indicators are focused on future safety performance and continuous improvement.

These measures are proactive in nature and report what employees are doing on a regular basis to prevent injuries.

Creating a leading indicator plan

To reduce strain injuries, for example, you can start by identifying the factors that lead to these injuries, like pace of work, loads, repetitions and workstation design.

Track the data to see which areas are likely to cause future injuries. Once you do, you have a model for how injuries occur. Then, you can consider what interventions you may want to implement to prevent future strain injuries. ❖

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INSURANCE TRENDS

Commercial Auto Rates Continue Climbing

BY NOW, you've likely noticed that your commercial automotive insurance rates have been increasing since last year, and for now there seems to be no slowing the momentum.

The increase is probably noticeable since the period between 2011 and 2016 saw rates drop thanks to a number of factors, including fewer accidents, fewer cars on the road and more competition among insurance companies vying for your business.

In this article we look at what's behind the increase in rates.

More drivers

More people are driving than since the recession that started in 2008. When millions of Americans lost their jobs and money was tight, fewer people were driving. And during this same period global oil prices dropped to their lowest level in more than two decades.

Distracted driving

According to the AAA Foundation for Traffic Safety, about 87% of drivers admit to engaging in at least one risky behavior while behind the wheel, including using their phones and not wearing seatbelts.

Claims costs increase

Besides more accidents, the costs of claims are also on the rise. There are three main reasons claims costs are increasing:

- Rising cost of medical care for people injured in accidents
- Rising cost of auto repairs
- Rising cost of auto parts

Uninsured motorists

The number of uninsured drivers continues to increase and take its toll on the rest who play by the rules.

Thirteen percent of drivers drive uninsured and claim payments for them have risen by 75% over the past 10 years, resulting in a $14 premium increase for every insured individual, according to the Insurance Research Council.

Inexperienced or undesirable drivers

As the economy has grown, companies are having a hard time finding experienced, good drivers. With more inexperienced employees driving commercial vehicles, the number of accidents has also risen.

Fewer insurers

There's been a shakeout in the commercial auto market and there are now fewer players than before, and that's resulted in rates increasing as insurers get more selective about which policies they will write.

The takeaway

With auto insurance premiums on the rise for the foreseeable future, it's more important than ever to be aware of the steps you can take to save on your premiums.

Call us to discuss your options. ❖

CALIFORNIA COMMERCIAL AUTO WHAT'S DRIVING PREMIUM HIKES?

More traffic
Total miles driven increased 50% faster in California than in the rest of the country since the start of 2015.
More vehicles = higher frequency of accidents.

Distracted drivers
One-quarter of crashes involve drivers talking on phones or texting.

Escalating medical costs
Medical care costs are climbing more than 1.5 times faster than other costs.

More fatalities and other severe accidents
Accident rates per person and per mile of driving are rising in California.

Inexperienced or undesirable drivers
A shortage of skilled commercial drivers with good driving records = greater odds for accidents.

Rising auto repair costs
Record U.S. auto sales mean garages are often servicing newer cars with more expensive parts. Even minor repairs can cost big bucks.

WORKERS' COMP

Insurance Investigators Mine Social Media for Fraud

INSURERS ARE increasingly using social media to track down workers who are perpetrating workers' comp and other liability fraud by faking injuries or staying on the dole after they have healed.

Investigators are increasingly making use of Facebook, Instagram, LinkedIn and other online social media sites to nab claimants who are fraudulently trying to collect payments. But while social media can be a goldmine of information on claimants, investigators have to act ethically and should do so quickly, experts say.

If an injured worker posts pics of themselves being active on Facebook, it gives investigators quick, actionable evidence for their probes.

Employers are also getting in on the action. According to a report in the trade publication *Business Insurance*, one large grocery chain conducts social media research for auto and general liability claims and other employers research the social media profiles of all injured workers who have workers' comp lost-time claims.

And while many people share their personal information and posts with friends, some post everything publicly. But, by researching the profiles of a claimant's family and friends, investigators usually can find pictures and other information that has been publicly shared about the claimant on other people's pages.

Investigators are also using something called "geofencing." The practice involves using GPS or radio frequency identification to search for public social media posts that were uploaded within a certain distance of an incident, like a car accident.

Sometimes they are able to locate photos of videos taken by bystanders who have publicly shared posts. And since most posts on Facebook, for example, use GPS to show location, this can be extremely useful to investigators.

Use with caution

While social media can provide valuable information, the key is to use this technique ethically. For example, investigators should not dupe someone into accepting them as a "friend" so they can then start rooting through their social media posts.

Also, investigators should not try the same tactic with the individual's friends or family members to gain insight.

Tips

Experts advise employers to index information on claimants' social media profiles as soon as possible after a claim is filed – and before they can edit their profile.

Also, be aware that many applicant attorneys are warning their injured worker clients to not post on Facebook during their claims.

Thomas Domer of the Domer Law firm in Wisconsin writes: "Use of a Facebook page poses real dangers for injured workers pursuing workers' compensation benefits. Since Facebook is a public site, anything posted can be used by respondent insurance companies in claims denial." ❖

The wayward nurse

A nurse in Ohio had filed for workers' comp after injuring herself on the job as an in-home care provider. But her employer did some research on her LinkedIn page, which showed she was performing the same kind of duties at three other employers as those that had caused her injury.

After pleading guilty, she was ordered to pay back $12,938 in indemnity benefits – and was also sentenced to a year in jail.

'Disabled' worker back on the job

A worker who was collecting workers' comp benefits from an injury sustained on the job in Ohio was found to be working as a rescue technician for a company in Arizona, thanks to the pictures he had posted of himself on Facebook doing rapelling work.

He pleaded guilty to fraud.

WORKERS' COMPENSATION

Commissioner Approves 7.8% Cut to Benchmark Rate

THE STATE insurance commissioner has approved a recommendation to reduce average baseline rates on workers' compensation policies by 7.8% at the mid-year mark.

The mid-year reduction to the baseline rate is largely the result of reforms that were introduced in 2013 that have sped up the settlement process for claims (including many long-term claims), in addition to reducing medical costs.

Also, because of these reforms the cost of adjusting workers' comp claims in California has dropped over the past few years.

Insurance carriers use the benchmark rate – also known as the pure premium rate – as a starting point for pricing their policies.

The benchmark rate is an average across all industries and employers may or may not see decreases in their workers' comp premium come renewal as many other factors are at play, not the least of which is the employer's own safety history.

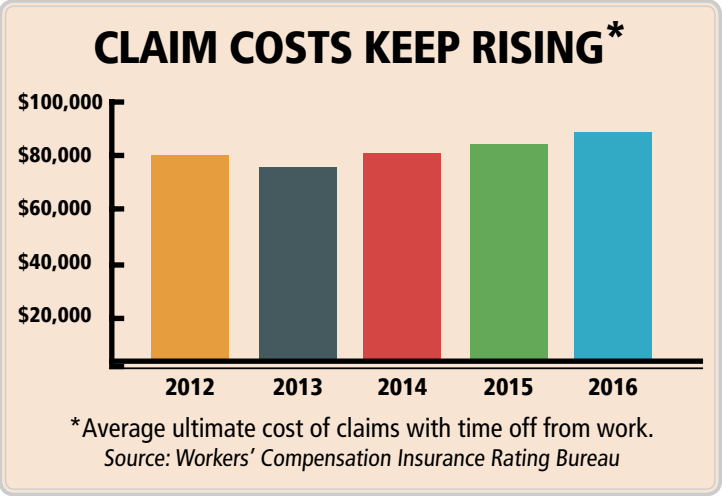
Insurers are free to price their policies as they wish under California insurance law.

Region is also important and insurers are pricing policies for Southern California employers higher than for the rest of the state due to the continuing problem of cumulative trauma claims being filed by workers post-termination, mostly in the greater Los Angeles area.

"Cumulative injury claims often involve multiple injuries [that have developed over time], are very frequently litigated, are filed disproportionately in the Los Angeles Basin and often are filed on a post-termination basis," the Workers' Compensation Insurance Rating Bureau stated in a report on the state of the market as of Dec. 31, 2016.

Indeed, while cumulative trauma claims accounted for just 8% of all claims in 2005, in 2015 they comprised 18% of all claims, according to the Bureau.

The state insurance commissioner sets the benchmark rate with guidance from the Rating Bureau, which recommended a 7.8% rise to him in April.



The approved rate is 7.8% less than the pure premium rate for policies incepting on or after Jan. 1, 2017. The average advisory pure premium rate starting July 1 is $2.02 per $100 of payroll. That's compared with $2.19 per $100 of payroll as of Jan. 1.

The pure premium rate is a reflection of an overall decline in the total cost of claims thanks to SB 869, the legislation that was signed into law in 2013.

By addressing numerous cost drivers it has helped reduce medical costs, expedite claims settlements, and reduced the frequency of workers' compensation claims. The legislation also increased benefits for some injured workers.

As a result, the average projected ultimate cost of a claim increased to $82,234 at the end of 2016, compared to $74,699 in 2013.

Rising average payouts for wage losses and medical costs per claim are both contributing to average claim cost increases, according to Rating Bureau data. ❖