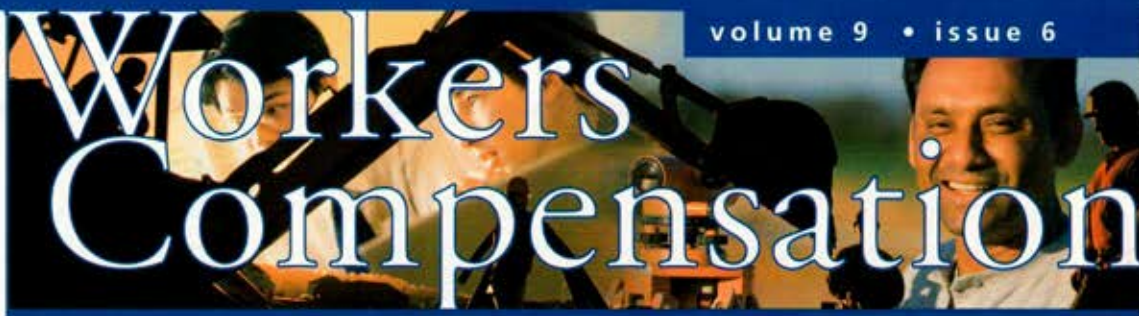


Established 1950

MORRIS & REYNOLDS
Insurance



COMMERCIAL COVERAGE
FINANCIAL SERVICES
PERSONAL PROTECTION

8925 S.W. 148 ST., SUITE 207
MIAMI, FL 33176-8000

TELEPHONE:
305.238.1000

FACSIMILE:
305.255.9643

INTERNET:
www.mrins.com

*"Savings and Service Has
Been Our Policy Since 1950"*



Healthy Employees Mean Lower Work Comp Cost

There is very little new information regarding how to lower a company's workers compensation costs. However, the latest information from a study by the University of Michigan's Health Management Research Center should provide some eye-opening data. The research, which was presented in the July 2001 issue of the *Journal of Occupational and Environmental Medicine*, indicates that employees with high health risks tend to have the highest workers compensation costs.

One of the researchers on the four-year study summarized the findings this way: "As health risks increase – such as smoking, physical inactivity, high blood pressure, high cholesterol, and life dissatisfaction – so do work related injuries." The study reviewed data on

long-term Xerox employees between 1996-99.

Xerox was one of the first companies in the country to promote employee wellness by distributing the Health Risk Appraisal (HRA) Program to its workforce in 1981. The HRA program was developed by the Centers for Disease Control and was designed as a self-reporting format that measures biological, psychological and lifestyle risk factors to establish an individual's



health status. For employees who filed claims, HRA participation resulted in an average savings per person, per year of \$1,238.

In the final analysis, this study demonstrates that healthier people are less likely to have an occupational injury and, that when they do, they recover more quickly. ■

Exclusive Remedy at Risk

The exclusive remedy provisions state that, if an employee uses workers compensation to cover the medical expenses and wage replacement for work related injury or illness, then he is precluded from seeking another recourse against the employer. A May 2001, Oregon Supreme Court decision has cast doubt on the application of exclusive remedy in certain types of Oregon cases. This is because of the peculiarity of the Oregon statutes.

The Court, in *Smothers v. Gresham Transfer, Inc.*, stated that the exclusive remedy provisions of the state's workers compensation act violated the "remedy clause" in the Oregon State Constitution. Smothers alleged that a lung condition was work related and filed a workers compensation claim. Oregon law requires that the industrial exposure be a major

contributing cause of the injury. Smothers' claim was denied because Mr. Smothers failed to prove that his work exposure was the major contributing cause of his lung condition. As a result of the rejection, Smothers filed a tort action against his employer.

The Court held that if the law was not allowing recovery of a partially caused industrial injury under workers compensation, then not to allow a tort action was depriving Mr. Smothers of any remedy and this violated the Oregon constitution.

All employers should be concerned about the possibility of further erosion of the exclusive remedy aspect of workers compensation in their states. You should closely monitor activities in the states in which you have operations. ■

Oh, Baby!

Today, for a variety of reasons, pregnant women are working longer into their pregnancies. While this typically can require some accommodations by the employer, for the most part, it is not a serious problem. Recent court decisions, however, point to a trend that is causing some consternation among employers. One such case was heard by the Washington State Supreme Court. The mother-to-be fell at work, and, although she did not sustain any injuries, her baby was born shortly thereafter with medical problems that may have related to the fall. The baby sued the mother's employer for negligence.

The Washington State Workers Compensation law, like most state



workers comp laws, indicates that workers compensation statutes bar family members' claims against the employer arising out of injuries sustained in the course of employment. However, the court found that in-utero claims are treated differently from other family member claims,

since the baby was suing for damage to herself, not injuries to the mother.

Similar cases have been successfully brought in Louisiana, Colorado and Hawaii. While workers comp laws vary from state to state, similar interpretations will likely be made in other states. For employers, these cases drive home the point that they must take steps to assure the safety of their employees, especially in work areas in which pregnant employees are carrying out their duties. Careful compliance with all safety standards can help reduce the potential for in-utero claims. ■

Now Hear This

Noise is all around us. Most of the time, we just keep doing whatever it is we are doing and don't even notice it. But noise can be a real problem. Today, over 30 million workers are exposed to hazardous noise on the job and another nine million are at risk for hearing loss from other agents such as solvents or metals. Hearing loss is a major work related problem for U.S. employers. In fact, according to the National Institute for Occupational Safety and Health (NIOSH), noise-induced hearing loss is the second most reported occupational injury.

Currently, about nine percent of the general population has incurred a hearing impairment at some point in their working lives. Some jobs have

even worse records: 44% of carpenters and 48% of plumbers report that they have hearing loss. Other industries that report high incidents of hearing loss include agriculture, mining (90% of coal miners have hearing loss by



the time they are 52), transportation and military.

In developing its priority areas for research in the next ten years, NIOSH selected hearing loss as one of its top issues. What makes it so important is

that noise-induced hearing loss is 100% preventable. According to NIOSH, removing hazardous noise from the workplace through engineering control (e.g., installing a muffler or building an acoustic barrier) is the most effective method of preventing hearing loss. However, if this cannot be accomplished, hearing protection such as earplugs or earmuffs should be mandatory in all high noise areas.

While prevention is particularly effective for hearing loss, once it is acquired, hearing loss is permanent and irreversible. Accordingly, if you are an employer that has a noise exposure, it is important that you implement a hearing loss prevention program. ■

Definition *Incurred Losses:* Losses or claims for which the insurance company has paid or has become liable. Also refers to paid losses plus reserves for a certain period, minus unpaid reserves at the end of the previous period.

Blue Monday

According to the most recent statistics, 3.8 million disabling injuries occurred at work in 1999, and 6.8 million occurred at home. These numbers are part of the cause of escalating workers compensation and healthcare costs. With an average price tag of about \$28,000 each, they are too expensive to ignore. As a result, safety professionals have begun to study ways to reduce the losses.

Interestingly, when each year of the six-year period was studied individually, Monday was found to have the highest number of reported injuries. Safety professionals suggest the following explanations:

- Employees may spend two week-

end days with no exercise prior to resuming physical activity at work.

- Employees may experience an injury in a non-work related activity and have it aggravated at work.
- Employees may be tired due to insufficient sleep over the weekend.

Conclusions on the reasons behind the elevated injury levels on Mondays cannot be made without more data. Until that's collected and analyzed, employers should review their own loss experience to determine if they have "Monday Blues." If so, they should develop a loss control program that addresses their specific problem areas. ■

Second Injuries Likely

A study completed by the Workers Compensation Research Institute of Cambridge, MA, shows the true importance of the safety measures that a company implements. The study found that injured workers who returned to work had about a one-in-three chance of filing a subsequent claim, making these workers at least twice as likely as the general population to have another work-related accident. The study also noted that the second accident was most likely to occur within two years of the original injury. Of the original group studied, more than 600 ended up filing five or more additional worker comp claims.

Further research indicated that these losses were not just aggravations or re-injuries to the original injury. Studies in Michigan, Minnesota and British Columbia have confirmed these results.

The researchers noted the far-reaching implications of their findings, especially the payoff from effective safety programs that reduce first injuries. In



addition, the study shows how important it is to monitor injured workers during the first two years of any return-to-work program. In many instances, these workers should be provided with additional safety training during this two-year period.

The message is clear: Employers need to do everything in their power to prevent the loss in the first place. Our loss control experts can assist you in developing prevention strategies. Give us a call. ■

Incident Intervention

As employers struggle to get a handle on escalating workers compensation costs, new resources are being introduced to assist them. One of these powerful new resources is a concept known as incident intervention—a two-phase process directed at cutting lost-time accidents, reducing the number of OSHA recordable injuries, and returning an injured employee back to work as soon as possible.

The program's two phases are as follows:

- **Pre-loss** – focuses upon using protocols to minimize the escalation of an incident and reduce the risk that it will become a claim. The supervisor notifies an occupational doctor or nurse *immediately* upon the occurrence of the accident. The health professional can provide responsive evaluation of the incident as well as the most appropriate course of action to treat the injury. Studies have shown that there is opportunity to affect the outcome of a case if contact is made at the time of injury.
- **Post-loss** – aims at returning the injured employee to work as quickly as possible. At the center of this phase is a disability management system that includes a formal return-to-work program. Both the employer and employee agree on a scheduled plan with incremental steps that encourage the full productivity of a returning employee. The emphasis is on establishing the disability duration and, upon return, the employee's production speed, lifting capacities and other job functions. ■

Established 1950

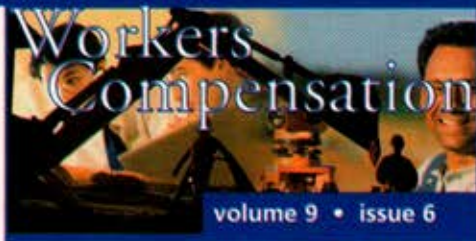
MORRIS & REYNOLDS
Insurance

"Savings and Service Has Been Our Policy Since 1950"

COMMERCIAL COVERAGE • FINANCIAL SERVICES • PERSONAL PROTECTION

8925 SOUTHWEST 148 STREET • SUITE 207 • MIAMI, FLORIDA 33176-8000

TELEPHONE: 305.238.1000 • FACSIMILE: 305.255.9643 • INTERNET: www.mrins.com



- Oh, Baby!
- Now Hear This
- Blue Monday
- Second Injuries Likely
- Incident Intervention

Workplace Safety Nets Positive ROI

Employers are searching out investments that will maximize their return on investment. According to a recent study, 95% of business executives say workplace safety has had a positive impact on their company's financial performance. In fact, over 61% believed that their company received a three-to-one return on every dollar invested in improving workplace safety.

The survey participants said the number-one benefit was protecting employees. Other advantages included better morale, better reputation, and better employee retention. But, with the total direct and indirect costs for workers compensation estimated at as much as \$232 billion annually, an improved bottom line through protecting employee health is a key benefit.

The survey also noted that employers might be focusing their attention on the wrong safety priorities. Firms, the survey says, need to identify the accidents that have the greatest impact on their company and focus resources on reducing the causes of those accidents.

We will be happy to review your loss experience and assist you in establishing your workplace safety priorities. ■

TELEPHONE: 305.238.1000
FACSIMILE: 305.255.9643

For more information about your workers compensation insurance needs, call us or fill out this form and fax it in today!

Please call me about:

- Our workers compensation policy
- Directors and officers coverage
- Workplace safety issues
- Our employee benefits plan
- Employment practices coverage



My name and business number:

(_____) _____

e-mail address:
