

NYSIF[®]

STRAIGHT TALK ABOUT SAFETY GROUPS

NEW YORK STATE INSURANCE FUND

Workers' Comp.

ADVISOR

nysif.com

October, November, December 2010

On Safety Programs

AVERTING DISASTER

Plus:
Ergonomics
of Hospitality
and Hospitals

Saluting
Customer
Longevity

**The Fire Drill -
Cornerstone of
Any Safety Plan**

**Increase
Production
And
Control
Costs -
Make
Everyone
Accountable**

Also:

NYSIF Refresher Course

**Premium
Audit Tips**



Need to know... Is Boring Work a Killer?

The *Journal of Psychosomatic Medicine* cited that decision-makers tend to outlive workers in monotonous tasks.

NYSIF

Historic Rule Change Updates Cranes and Derricks Standard



A new standard on the use of cranes and derricks, published in the *Federal Register* Aug. 9, affects approximately 267,000 construction, crane rental and crane certification establishments with about 4.8 million workers.

The rule change follows years of research, consultation and negotiation with industry stakeholders to address leading causes of fatalities related to cranes and derricks, including electrocution, boom collapse and overturning, US Secretary of Labor Hilda L. Solis said.

The new rule, replacing one based on 40-year-old standards, covers crane operator certification and crane inspection, set-up and disassembly. The Occupational Safety and Health Administration (OSHA) expects compliance to prevent worker injuries and death, and protect the public and property owners.

State DOL Sweeps Catch RIT Violators

NYS Labor Commissioner Colleen Gardner announced widespread violations of state labor laws found during two enforcement sweeps at 'The Province' Rochester Institute of Technology construction project, including nonpayment of overtime, off-the-books employment, failure to carry workers' comp. insurance and misclassification of employees as independent contractors by more than half of the subcontractors on the site.

Commissioner Gardner said worker misclassification and off-the-books employment are a statewide problem. "My message to those employers, whether you are from New York or another state, is: You are cheating your workers and the taxpayers, and undercutting honest businesses. We are looking for you, and the chances that you will get caught have never been better."

The NYS Joint Enforcement Task Force on Employee Misclassification conducted the sweeps in January and February 2010.

NYSIF Climbs AM Best Ratings

NYSIF is now the sixth largest workers' comp. insurer in the U.S., which is one position higher than last year and trails only Liberty Mutual, AIG, Travelers, Hartford and Zurich, according to the latest statistical report by credit rating service A.M. Best. As the only monoline single state insurance company in that group, strong safety programs, premium discounts and customer loyalty were factors why NYSIF had only a 3.4% drop in direct written premium in 2009, better than all but five of the top 25 insurers.

Loss Cost Increase

The NYS Insurance Dept. approved an average 7.7% increase for workers comp. loss costs filed by the NY Compensation Insurance Rating Board, effective Oct. 1, 2010. NYCIRB said the increase reflects an average +7.9% change in classification lost costs. Loss costs by classification are available on [NYCIRB's](#) web site.

Bike Stores' New Class

The Insurance Dept. approved a new classification code, 8025, for "Bicycle Store - retail," effective Oct. 1, 2010.



NYCIRB said it found "sufficient credibility" for the new class, and that it will use Code 7998, "Hardware Store - retail," to determine Code 8025 loss costs until the new class develops its own experience.

New Compliance Manual

A new WCB manual, *Prove It to Move It*, aimed at local and state government agencies and contractors, details proof of coverage (POC) requirements. NYSIF certificate holders can easily validate workers' comp. and disability benefits POC at [nysif.com](#) using [eCERTS®](#).

NYSIF Workers' Comp. Advisor
October/November/December 2010



This Issue Great Programs Are Fire Proof

Catastrophes can strike at any time, but some are predictable. Businesses with great

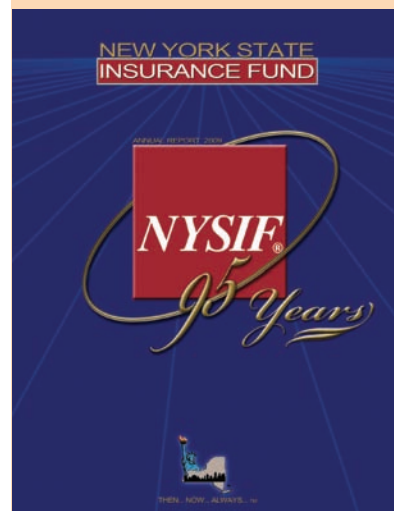
safety programs can avert a total disaster through training and accountability. Fire safety is the front line of all great safety programs.

Pages 6-7

Straight Talk About Safety Groups

When you compare safety group programs there's really no comparison.

Page 5



**NYSIF
2009
Annual
Report
Now
Online**

Our Annual Report celebrates 95 years of service and thanks policyholders for doing business with NYSIF.

Industry, OSHA Look Closer at MSDs

A recent article in the *Houston Chronicle* reported that among service workers, hotel employees, particularly housekeepers, have the highest rates of on-the-job injuries.

The article is based on a three-year American Journal of Industrial Medicine study completed by nine researchers last year that examined government-required accident logs at five union-represented hotels.

Among the findings, housekeepers suffer a high incidence of repetitive stress injuries from changing sheets, washing bathroom floors and vacuuming. Hispanic housekeepers had a proportionally higher rate of injuries than non-Hispanic cleaners.

The union-funded study has the hotel industry taking a close look at ways to reduce these types of injuries, the *Chronicle* reported. Occupational Safety and Health Administration Dep. Asst. Secretary Jordan Barab was quoted that OSHA is continuing to look at companies that have adopted ergonomics safety programs, while reaching out to injured hotel housekeepers and reviewing ergonomics guidelines. Some hotels reportedly have begun adding workers to ease the housekeeping load.

OSHA recently drafted guidelines for the prevention of MSDs in nursing homes, and has drafted similar guidelines for other industries, but has yet to draft guidelines for hotel housekeepers.

Earlier this year OSHA proposed revising its Occupational Injury and Illness Recording and Reporting regulation by restoring a column on the OSHA 300 Log to better identify work-related musculoskeletal disorders (MSDs).

The revision requires employers to place a check mark in a column on the OSHA 300 Log for all MSDs they have recorded. It does not change existing OSHA requirements for recording MSDs. OSHA Asst. Secretary David Michaels said the change will improve the ability of employers to identify and prevent work-related MSDs. The rule change would take effect on Jan. 1, 2011.

A recent study found that ergonomic-related injury categories comprised more than half of the nearly \$50 billion national workers' compensation costs for disabling injuries and illness in 2008, resulting in six days or more away from work. More than a quarter of those, at a cost of \$12.4 billion, were caused by overexertion.

The *Chronicle* spoke to a hotel housekeeper attending an OSHA Latino worker summit in Houston who became permanently disabled after 19 years and multiple surgeries brought on by pain in her hands, shoulders, back and knees from changing sheets, pillowcases and bedcovers. She said she received little training in how to avoid repetitive stress injuries, and worked for years without a mop, instead using her leg as a mop handle to clean bathroom floors with a towel.

Find Highest Incidence Rates Among Hotel Housekeepers



A proposed revision would have employers fill the MSDs column on OSHA's 300 Log starting Jan. 1, 2011

12-Hour Shifts Pose Safety, Health Risks to Nurses, Others

Twelve-hour shifts common in the nursing profession lead to a poor prognosis for productivity, error making and health and safety.

"Successive 12-hour shifts for U.S. hospital nurses leaves many with serious sleep deprivation, higher risk of health problems and more odds of making patient errors," ergoweb.com quotes a recent University of Maryland, Baltimore Study.

A professor at the UMB School of Nursing traces the 12-hour shift to nursing shortages in the 1970s and '80s, when hospitals negotiated bonuses and benefits with the nursing



profession that led to an emphasis on longer shifts. The article cited other studies indicating that chronic sleep deprivation proved hazardous to nurses' health and to patients. One study showed the odds of making errors increased three times by those who worked 12-hour shifts vs. 8.5-hour shifts in an anonymous survey of 393 nurses on 5,317 shifts.

Common problems associated with an over emphasis on 12-hour shifts: needle-stick injuries, musculoskeletal disorders, drowsy driving and other health ailments related to sleep deprivation.



NYSIF Salutes Customer Longevity

Aware that running a business is never easy even in the best of times, NYSIF congratulates customers on their longevity and thanks policyholders who have continuously trusted NYSIF as their source for workers' comp. and disability benefits insurance for 75 years or more.



Samuel Cockburn & Sons, Inc.,
Monuments, gravesite care, Bronx, NY



Village of Horseheads Chemung County, NY

Fagans, Inc., Fine furniture retailer, Bath, NY



Suzanne Fagan,
NYSIF's Lisa Ellsworth,
Neil Fagan

Bronx Locksmith, Inc.



Bronx Locksmith's
Andrew Skrapits



Visual Millwork & Fixture Mfg., Inc. Queens, NY

FM Brush Co., Inc., Queens



Roy Moheit, Frederick Mink, Linda Mayer

**Arch Bishop Malloy
HS,** Queens



Malloy's Christopher Nassau

Prest-O-Sales & Service, Inc.,
Welding supplies, Queens



James Madison, NYSIF's Norvle Clarke

Beth David Synagogue,
Binghamton, NY



NYSIF's Tom Racko,
Beth David's Saba Wiesner,
NYSIF's Kathy Campbell,
broker Brian Savitch

Grimm & Norton,
Surgical instrument manufacturer, Suffolk



Grimm & Norton's
Neal Moriarity and
Steve Moriarity,
NYSIF's Les
Javorsky and Sapna
Lalwani

STRAIGHT TALK ABOUT WORKERS' COMPENSATION SAFETY GROUPS

Open a newspaper or business journal these days and you can find any number of advertisements touting expertise in safety and risk management, modeling and benchmarks. Understandably, everyone wants to operate safely, neutralize risk and cut costs. In workers' compensation recently, attention has turned to "safety groups."

Simply stated, a safety group is a loss sensitive insurance program whereby employers in the same industry pool their insurance premiums with the goal of reducing workers' comp. insurance costs. Customarily, a group manager provides customer services including claims and risk management for members.

Any insurance carrier or broker can offer a safety group program for businesses within the same industry, but not all safety group programs are the same. By design, safety group programs spread risk from the individual policyholder to the entire group. While an individual group member may have substantial losses in any given year, theoretically most members of the group should not. That allows the program to return part of the premiums paid by the group to its members in the form of dividends.

As anyone familiar with risk analysis might imagine, most important among variables affecting safety groups are whom you're jumping in the pool with, who manages your group, and who underwrites your program. Experience a year in which more members than not demonstrate a propensity to be accident-prone and you can also imagine whether you'll be seeing a dividend for your group. That's why insurance providers who have decided to test the safety group waters promote their programs with a promise of dividend "potential" and vague references to "customer service."

Here are the facts the newcomers cannot match, nor dispute:

The New York State Insurance Fund safety group program has been in existence since 1923 and has never failed to produce a dividend – the industry model for a successful workers' comp. safety group program. As for benchmarks, NYSIF paid an average 29.98% dividend in 2009 and 28.20% in 2008. In the past 10 years, NYSIF safety groups have returned approximately \$1 billion in dividends to their members [see chart, selected group dividend history for the past three years]. NYSIF groups also receive generous upfront discounts.

Designed for longevity and stability, NYSIF's safety group program has 27 groups that are at least 50 years old. Many of NYSIF's safety group managers, independent safety and risk assessment professionals, have been with the program just as long. To reduce workers' comp. insurance costs, these group managers along with NYSIF adhere to stringent requirements for group membership, and take proactive measures to encourage accident prevention and loss control in the workplace.

NYSIF's safety group program is a fully-insured, guaranteed cost plan. Members can never be assessed for additional premiums beyond their earned premiums for a given policy year. When other plans tell you they have no affiliation with the New York State Insurance Fund, you can believe it. And take heed. If you want to save your clients money with a quality program that pays upfront discounts and historically high dividends, we can put you in touch with one of our safety group managers.

NYSIF Group Dividends — 3-Year Totals

(Combined groups)

Combined Dividend '07-'09

Automotive	\$33,382,880
Construction Contractors	\$124,516,666
Restaurants	\$43,913,269
Retail & Hospitality	\$39,715,093
Transportation	\$14,324,687
Manufacturing	\$59,751,488
Electricians	\$10,454,458

Past results are not a guarantee of future dividends.



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Gary Dombroff, CSC/CSS
S a f e t y C o p NYSIF 

Averting Disaster:

Start With Fire Safety

First of 2 parts

The bell rings, and you go down the stairs. That's a fire drill." Some see drills as a few minutes to relax, as in their elementary school days. Others ignore them, or take them as a joke. If this is how your workers react to the periodic drills that force them to leave their work areas, you are playing, quite literally, with fire.

But fire drills are not annoyances, interruptions, time to goof off, or merely practice getting out of the building. They are the most visible, most active part of many businesses' emergency plans. Drills give your fire safety team real-time practice in implementing their fire safety plan.

Linda J. Sherrard, CSP, former technical editor of *Occupational Health & Safety* wrote, "Any great safety program has fire safety in the front line...no other program has as much potential to save lives or to cause utter destruction when it fails." As we approach two dramatic anniversaries in 2011 – the 10th anniversary of 9/11/2001, and the 100th anniversary of the Triangle Shirtwaist Factory fire on March 25, resolve to empower your fire drills – and make your employees understand the importance of preparing to evacuate safely at a moment's notice.

ARE YOU READY?

Workers should be able to answer these questions without hesitation: How would I escape in an emergency? Do I know where *all* the exits are in case the primary exit is too crowded? Will doors be unlocked and hallways not be blocked? How prepared is the fire safety team? Can they assist me, or shelter me if I'm unable to leave without assistance?

How did you do on this quiz? In evacuation planning, a perfect 100% score is not good enough unless *everyone* is on the same page. Your business could have a great fire safety plan, including procedures that cover every situation, but if your first-line responders are not properly trained and ready, all of that documentation is worthless.

WHY FIRE DRILLS?

One year after the horrific 1911 Triangle Shirtwaist Factory fire, former NYFD Chief Edward Croker endorsed "regular drills strictly enforced and the banishment thereby of the element of panic." Architects, landlords and tenants began heeding newly-developed but rudimentary building codes and laws.

It's more complicated today. Fire safety teams and evacuation planners must consider modern construction and materials, automated building systems, taller structures, and threats both accidental and intentional.

The focus on Homeland Security has expanded some fire drills to shelter-in-place exercises, anticipating terrorist strikes involving biological, chemical and radiation exposures – or massacres such as at the Hartford Distributors in Connecticut, or the University of Virginia. Sometimes, the "drill" can be a review of evacuation procedures, with a walk to the exits, but no actual evacuation. This reinforces the rules, and ensures that workers know where to go. The case for preparation cannot be overstated.



Building a Culture of Accountability

Averting a workplace disaster could simply be a matter of taking better care of the people who work for you, and insisting they exercise more responsibility when warnings indicate potential trouble.

Safety and risk experts say disastrous accidents are preventable because they are predictable. Peter Budnick, writing for ergoweb.com, traces their underlying causes to a systematic breakdown in top-level decision-making, risk management and corporate culture.

Mr. Budnick cites an article in EHSToday.com by David Maxfield to illustrate that saving lives and saving money needn't be mutually exclusive. Mr. Maxfield writes that companies can leverage accountability for safety "to improve quality, production, cost control and customer service."

They both caution, however, that accountability is not about blame. Instead, these characteristics help world-class

No other program has as much potential to save lives or to cause utter destruction when it fails.

Fire safety experts note that survival rates correlate with the level of evacuation training and practice received by workers. This was true both times at the World Trade Center. More recently, workers safely evacuated a Texas building attacked by a disgruntled taxpayer with a small private plane. According to the *Washington Post*, “The plane’s pilot and only one IRS worker were killed in the crash — thanks to quick-thinking employees who had regularly rehearsed fire and evacuation drills.”

While Chief Croker focused on the need for speed – rapid evacuations were critical before fireproof construction was common – the National Fire Protection Association (NFPA) takes a different view: “Speed in emptying buildings or relocating occupants, while desirable, is not the only objective.” Their Life Safety Code states, “In the conduct of drills, emphasis shall be placed on orderly evacuation rather than on speed.”

MORE THAN A GOOD IDEA

Compliance with Homeland Security/FEMA regulations, and local building and fire safety laws, requires fire drills. Institutions like schools and hospitals also require regularly-scheduled drills. OSHA, too, has fire safety requirements. One, in particular, mandates every workplace must have enough exits, suitably located, to enable everyone to get out of the facility quickly.

In New York City, Local Law 5 governs high-rise building safety, and Local Law 26’s numerous requirements include emergency action plans for evacuation from fire and man-

companies establish safer, and more productive, workplaces:

- Management leadership
- Respect for people (employees, customers, suppliers, stakeholders, communities)
- Cross-functional cooperation and teamwork
- Training, knowledge, skills development

According to Mr. Budnick, ergonomics is respect for people, the key ingredient to better quality, higher production and safer, more satisfying work.

Respect for Alarms

People also would do well to relearn respect for alarms. The New York *Times* recently reported on a number of fatal worksite accidents in which alarms were disregarded or disabled by workers, citing industry experts who blame “alarm fatigue” wherein people become desensitized by the volume of alarms pervading society and learn to ignore them.

The experts attribute the problem to false alarms and human skepticism. One answer: Smarter alarms. Another: Training users to behave smarter, too, and act accordingly.

It’s In The Book

The comprehensive NYSIF guide, *Partners In Safety*, discusses topics including management leadership, establishing a safety culture, and emergency planning and evacuation in detail. Go to nysif.com>Online Publications



Survival rates correlate with the level of evacuation training and practice received by workers.

made disasters. Decades before life safety codes were written, however, Chief Croker stated, “Fire drills...must be rigidly enforced and practiced.”

The NFPA agrees. Their Life Safety code, upon which many fire and building codes are based, is clear: “Fire drills serve to educate building occupants, assist in the evaluation of emergency plans, and identify potential issues with the building’s means of egress...Building occupants must know what the evacuation alarm sounds like, where the exits are and the proper response during an emergency. Emergency plans and workplace fire drills address the human element in the protection of lives in the event of fire.”

The NFPA further states: “Emergency planning and training directly influence the outcome of an emergency situation. Facilities with well-prepared employees and well-developed preparedness plans are likely to incur less structural damage and fewer or less severe employee injuries.”

This kind of orderliness requires forethought: Effective fire drills start with a fire safety plan.

End of part 1

Next issue: Let’s get up to speed by reviewing well-run, well-organized fire drills.



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A NYSIF 'U' REFRESHER

Introducing NYSIF 'U', a NYSIF education series providing information to address your workers' comp. and disability benefits needs.



Premium Audit Tips

Recent customer feedback led NYSIF to renew training for our premium auditors. It's best to be prepared when you meet with a NYSIF auditor so we can properly price your policy. NYSIF has a brochure (r., nysif.com > [Online Publications](#)) to help you prepare for the audit, offering money-saving tips to remind you that our auditors really do want to *Make Audits Work for You*.

The part of your business that constitutes the greatest payroll is called the governing class. To take advantage of jobs within your business that come under lower-rated classifications:

- Separate payroll for each class, and overtime for each employee/class.
- Show separations by worker hours and pay rate, not % or estimates.
- Ask about Construction Employment Payroll Limitation Law and Construction Classification Premium Adjustment Program credits.
- Accept only valid certificates from sub-contractors. Policyholders are liable for any uninsured sub-contractors at the time of audit.
- Validate NYSIF certificates 24/7 at nysif.com using eCERTS®.
- Keep all audit appointments or let us know if you need to reschedule.
- Avoid estimate audits that can increase price.
- Documents needed: individual pay records, payroll by type of work performed, overtime totals by employee/class, sales/receipts records, checkbook, cash disbursements book, general ledger, contracts, 1099s, company income tax returns, payroll tax forms, original certificates of insurance.

NYSIF auditors are always willing to discuss your audit, related issues and to resolve any potential differences.

[If you have a question for NYSIF 'U' e-mail jmesa@nysif.com]

