

Loss Control

INSIGHTS



INSIDE

Even Small
Construction Sites
Face Big Risks



Is Your Insurance Keeping Up With
RISING CONSTRUCTION
COSTS?

• LICENSE ENDORSEMENT FOR DRIVERS OF 15-PASSENGER VANS

As a result of several recent fatal accidents, The National Transportation Safety Board (NTSB) is recommending that all states establish a driver's license endorsement for 15-passenger vans. The endorsement would require

drivers to complete a training program and pass a written and skills test. NTSB is also recommending that the definition of buses and commercial motor vehicles apply consistently to 12- and 15-passenger vans.

Is Your Insurance Keeping Up With RISING CONSTRUCTION COSTS?

After a recent valuation on a building, the owner was surprised to learn that the estimate to reconstruct the building was much higher than the original cost to build the less than two-year-old structure. It didn't surprise Bryon Snethen, EMC engineering services manager.

"Commercial and industrial building costs have increased substantially over the past year," explains Snethen. He also notes that technological advancements in valuation programs can now provide more accurate reconstruction costs to help owners insure to value. "As a result of these two factors, building owners can expect to see increases of 15 to 30 percent in building valuations."

It Costs More To Build Today Than It Did A Year Ago

According to a recent survey published in *Engineering Record News (ENR)*, just about every material used in the construction process has increased in price since 2003.

- Reinforcing bar is up 41 percent over 2003 prices.
- Structural steel is up 24 percent.
- Lumber is up 27 percent.

- Stainless steel shelving and plate products are up 22 and 26 percent respectively.

According to *ENR*, there is no sign that prices will decrease in the coming year.

"The cost of building materials is only one factor in rising building costs," notes Snethen. "The fuel needed to process and transport many of these materials is up 33 percent." Snethen points out that the increase in labor wages is another factor in rising building costs. "Many facilities have also added expensive security systems since 2001, which has driven up reconstruction costs."

Is Your Insurance Keeping Up With Rising Construction Costs?

"Even if your building is less than a year-old, you have to be prepared to answer the question — Do I have adequate insurance

What's Up? Just About Everything!

From bricks to wire and cable, the cost of just about every component used in the construction industry has risen dramatically over the past year. Check out these recent figures from *ENR* and you'll quickly understand why reconstruction costs are increasing.

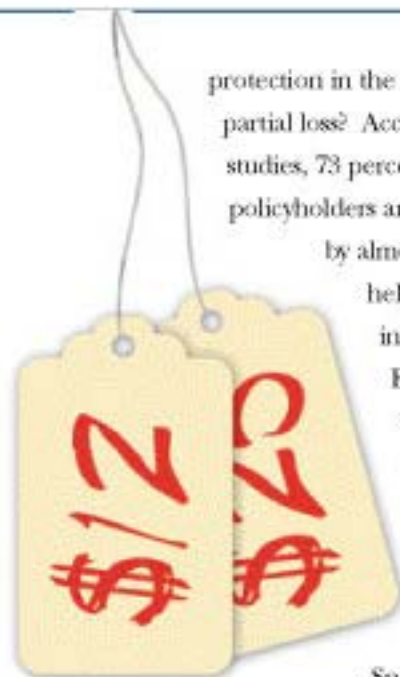
Bricks	+1.4%
Concrete	+2.2%
Cement	+2.4%
Copper	+20.6%
Diesel Fuel	+32.8%
Ductile Iron	+7.9%
Fabricated Steel	+15.8%
Gypsum Products	+19.4%
Insulation	+5.5%
Lumber	+26.5%
Paint	+2.5%
Pipe & Pipe Fitting	+26.0%
Plywood	+10.0%
Sheet Metal	+12.6%
Wire & Cable	+12.9%

● HIRING SAFE DRIVERS

A new rule from the Federal Motor Carrier Safety Administration requires employers to review all applicant's professional driving safety records and requires former employers to make that information available.

● THE "VALUE" OF PERSONAL PROTECTIVE EQUIPMENT

The International Safety Equipment Association has published a brochure entitled "Personal Protective Equipment: An Investment In Your Workers' and Company's Future." Order copies by calling 703-525-1695.



protection in the event of a total or partial loss? According to recent studies, 73 percent of commercial policyholders are under-insured by almost 40 percent. To

help building owners insure to value, EMC recently made some improvements to its commercial cost estimating program.

According to Snethen, the

new program, *BVS-Commercial*, developed by Marshall & Swift/Boeckh, provides owners with accurate reconstruction costs. "Unlike traditional replacement cost values, reconstruction costs represent the cost at current prices to rebuild a damaged or destroyed building using like kind and quality of materials, construction standards, design and workmanship," explains Snethen. "Although reconstruction costs tend to be greater than new construction, they are a much better representation of insurance value."

New Estimating System Provides A Truer Picture Of Reconstruction Costs

BVS-Commercial offers several advantages over other systems.

- **Accurate reconstruction costs** — *BVS-Commercial* contains data for all major

construction specification items, allowing us to price the cost to build a structure from the ground up, incorporating all the local wage and material costs needed for that specific location.

- **Flexibility for a wide variety of building types and occupancies** — *BVS-Commercial* incorporates hundreds of building occupancies, six construction types, the latest building codes, and the ability to include specific materials.
- **Credibility** — Marshall & Swift/Boeckh is recognized as the premier provider of insurance building cost information and estimating systems in the country.
- **Easy to understand** — *BVS-Commercial* reports not only have more details, but are easy to read and understand.

We Don't Want Anyone To Be Surprised — Now Or Later!

Although some owners may be surprised by increases in valuations resulting from rising costs and the shift to "reconstruction" costs, it is a much less frightening surprise than learning you are not insured to value at the time of a loss.

We encourage you to talk to your EMC agent about your building values. Don't wait for your renewal to make certain your insurance is keeping up with the rising construction costs. Call today and avoid being surprised!

TOP TEN MOST DANGEROUS JOBS

According to the Bureau of Labor Statistics, 1.4 million injuries and illnesses that required recuperation away from work occurred in private industry in 2002. Sprains and strains were the leading cause of injury in every major industry. What occupations tend to report the highest number of injuries?

1. Truck drivers
2. Nursing aides, orderlies and attendants
3. Laborers (nonconstruction)
4. Janitors and cleaners
5. Construction laborers
6. Assemblers
7. Carpenters
8. Supervisors, proprietors, salespeople
9. Cooks
10. Sales clerks

By implementing loss control programs, even the most dangerous jobs can become less hazardous.

Water Treatment and Maintenance Tips For Low-Pressure Boilers



Every year, The Hartford Steam Boiler Inspection and Insurance Co. (HSB) investigates numerous boiler failures. The primary reasons for these failures are poor or non-existent water treatment and little or no preventive maintenance for the boilers. We are pleased to share some of HSB's safety guidelines with the readers of *Loss Control Insights*.

- **Monitor Start-Up:** Don't expect to fire the boiler at the beginning of the heating season and then walk away for days or weeks. The probability of something happening to the boiler is highest during the start-up period.
- **Water Treatment:** Water treatment to control corrosion is a must for all low-pressure steel boilers. If you have a cast-iron boiler, it is important to use pure water and to keep the system as tight as possible. The only way to determine the quality of the water used in your system is by sampling and testing. Once an analysis is made, a plan of action can be developed to properly treat your boiler water.
- **Leakage:** Preventive maintenance, including periodic inspection of the system to detect leakage, must be performed. Corrective action can be taken before minor leakage becomes a major boiler repair.

For more information about water treatment and maintenance for your low-pressure boiler, visit www.hsb.com.

SNOW SHOVELING TIPS: WATCH YOUR BACK

In 2003, there were more than 73,000 snow shoveling-related injuries treated at hospital emergency rooms, doctor's offices and clinics. What can you do to reduce the risk of injury? Here are some tips from the American Academy of Orthopaedic Surgeons.

- **Check with your doctor** — Shoveling places high stress on your heart so be sure your body can handle it.
- **Pace yourself** — Take frequent breaks and replenish fluids to prevent dehydration.
- **Shovel early and often** — Begin when a light covering of snow is on the ground.
- **Look before you load** — Watch out for large rocks, branches, ice patches and uneven surfaces.
- **The right tool** — Use a shovel that feels comfortable for your height and strength.
- **Lift carefully** — It is always best to push the snow, but if you have to lift, do it properly. Squat with your legs apart, knees bent and back straight. Lift with your legs, without bending at the waist. Do not throw snow over your shoulder or to the side.



Count
on
EMC

Partnership Service

Partnership Service is EMC's unique and extremely effective process which focuses on developing cost-effective, practical and operational changes to reduce losses.

A task force, made up of your own employees, works closely with an EMC consultant to identify work-related tasks that have the potential for serious injury or loss. The task force then develops cost-effective ideas to reduce or eliminate exposure to these tasks. This process typically results in effective changes to your operations and less employee resistance to the changes because your own employees developed the ideas.

The process is designed to:

- Identify and prioritize potential problems.
- Develop solutions.
- Propose changes in operations to eliminate potential hazards.
- Focus on developing cost effective, practical solutions.

Count on EMC and your local EMC agent to provide your organization with proven ways to reduce workplace losses.

The Importance of a Roof Management Program



Rare is the organization where roofing funds flow like water; almost every building owner has the quandary of too many problem roofs for the money available. The problem may well be a lack of money, but it could also be lack of a coherent roof management plan.

EMC Insurance Companies partners with Benchmark, Inc., a nationally-recognized roofing consulting firm, to assist clients in the development of roof management plans. Jeff Evans, RRC, from Benchmark, offers the following advice to business owners.

Most maintenance and engineering managers of commercial and institutional facilities agree in theory, that regular inspections are an essential part of a roof management program. They would also recognize and agree with the basic roof management tenet that regular roof inspections and routine maintenance reduce ownership costs, reduce leak frequency and severity, extend roof life, and reduce management inefficiencies.

In practice, we have found that by the time many organizations think about starting a roof management plan, they are in need of a roof replacement program. Why in practice then, don't most organizations have a viable roof inspection and maintenance plan? Is it inertia, a "we've never done it that way before" mentality, a fear of the unknown? What is certain, is that most plans never get started. Also certain, is that even a minimal plan is better than no plan. The best advice is to just get started!

STEP 1: TAKE INVENTORY

This inventory begins with developing a historical file for each roof that includes these bits of information about each roof: date of installation; installing contractor; system manufacturer; warranties; type of membrane; insulation and roof deck; leak history; and repair history, dates, type and cost of repairs.

STEP 2: ROOF ASSESSMENT

No roof can be appropriately managed without first knowing the roof's history and then understanding the current condition of the roof. Current roof condition is obtained by conducting roof inspections. Whether surveys are done by in-house staff or contracted to a consultant depends on the technical competence and availability of your resources.

The roof survey should include: examination of roof membrane, flashings, sheet metal flashings, drains, gutters, etc; evaluation of observed conditions that may impact the long-term performance of the roof system; documentation of deficiencies requiring corrective action; and development of long-range preventive maintenance needs.

STEP 3: FORMULATE A PLAN

The information gathered does no good if it sits on a shelf accumulating dust. The data needs to be recorded and studied, as it will help identify the opportunities to make repairs, conduct maintenance or anticipate reroofing.

Don't be one of the facility managers whose roofs have to be replaced before their design lives are reached, or for whom emergency repairs are needed at the least opportune time. Don't let your good roofs sit neglected, doomed to early failure. The solution begins with a well-devised roof inspection and maintenance plan. So get started!

Address Service Requested

Preventing Carpal Tunnel Syndrome

A worker tries to ignore the tingling or numbness she has had for months in her hand and wrist. Suddenly, a sharp, piercing pain shoots through the wrist and up her arm. Just a passing cramp? More likely she has carpal tunnel syndrome, a painful progressive condition caused by compression of a key nerve in the wrist.

In a recent study, an estimated three of every 10,000 workers lost time from work because of carpal tunnel syndrome. The average lifetime cost of carpal tunnel syndrome, including medical bills and lost time from work, is estimated to be about \$300,000 for each injured worker.

The Mayo Clinic offers the following precautions workers can take to protect their hands and avoid injury.

- **Ease up:** Most people use more force than necessary to perform many tasks involving the hands. Type lightly. Use a big pen with free-flowing ink for prolonged

handwriting. That way, you won't have to grip as tightly or press hard.

- **Take frequent breaks:** Every 15 or 20 minutes, give your hands a break by stretching or moving them. If you use equipment that vibrates or requires force, taking breaks is even more important.
- **Watch your form:** Avoid bending your wrist all the way up or down.
- **Improve your posture:** Incorrect posture can cause your shoulders to roll forward, shortening your neck and shoulder muscles and compressing nerves in your neck. This can affect your wrists, fingers and hands.
- **Keep your hands warm:** You're more likely to develop hand pain and stiffness if your fingers are cold. If you can't control the temperature, try wearing fingerless gloves.



You can learn more about carpal tunnel syndrome — what it is, how to diagnose it, how to treat it and how to prevent it — by visiting EMC's Web site at www.emcinsurance.com or the National Institute of Neurological Disorders and Stroke at www.ninds.nih.gov.

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