

MTM Manufacturing Technology Mutual Insurance Company



Monthly Newsletter for May 2011



Participant in the Michigan Property & Casualty Guaranty Association

FROM THE DESK OF GARY WOOD

We have some exciting news this month! (Sorry, I just made the assumption that insurance could be exciting).

We have negotiated with our reinsurance provider to apply increased limits to the employer's liability portion of our reinsurance policy, effective May 1, 2011! The new \$5,000,000/\$5,000,000/\$5,000,000 limits will apply to all policies with in force policy dates of January 1, 2011 or later. Due to issues of retroactivity, the increased limits only apply to incidents occurring after May 1 but the \$1,000,000/\$1,000,000/\$1,000,000 previously in effect continues to apply to those earlier dates.

There is **no additional cost** for this expansion of coverage to the affected policyholders.

So, where's the excitement?

Many of you carry umbrella policies which extend coverage over the underlying limits on your various other policies such as auto, general liability, and workers' compensation for example. We have heard from policyholders and agents that some umbrella insurers will not extend coverage over our policy.

Frankly, I have never had much concern over this issue because under the laws of the State of Michigan worker's compensation benefits are required to be unlimited and if something should happen to MTMIC, we belong to the Michigan Property and Casualty Guaranty Association (MPCGA) which (according to statements on their website) GUARANTIES all worker's compensation payments should we default.

So, what's the problem?

Unfortunately the MPCGA does not make the same unlimited guaranty for the employers liability coverage extended in our policy. Since the umbrella policy usually drops down to pick up any excess over the employer's liability limit provided with the worker's compensation policy some insurers were not amenable to insuring over our limit.

In real terms, this has not been an issue; I personally have been involved in the insurance business since 1967 and I have never heard of the successful pursuit of an employer's liability suit in the State of Michigan. Michigan law has a particular clause which states that worker's compensation is the sole remedy for work related disabilities and injuries and the courts have agreed to the premise.

The insurers that choose to not go over our policy have had the option of excluding the worker's compensation and employer's liability coverage from the umbrella but there was always the veiled threat that there COULD be some exposure.

Our solution (the exciting part for us).

Most umbrella policies do not extend \$5,000,000 of liability coverage – you can buy it but most policyholders don't buy that much as a practical matter. We automatically give you that coverage at no additional cost to you. In reality you could exclude the worker's compensation (since it is guaranteed by MPCGA) and employer's liability because we just provided you with that extra layer of comfort.

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Most insurance companies charge extra to extend employer liability coverage beyond some stated minimum. In the past we saw coverage limits of \$100,000 Combined Single Limit (CSL) on some of our competitors' policies; the norm today is either \$300,000 or \$500,000 CSL before they start charging you extra. Prior to this change we offered \$1,000,000 CSL which exceeded all but the very best offerings from the competition.

With our new \$5,000,000 CSL there is little reason I can see for there to be any question about umbrella coverage and little discussion about adequate protection.

MEMORIAL DAY

*MTMIC will be closed May 30, 2011
in observance of the National Holiday.*

CLAIMS CORNER

Donna Motley, Claims Manager

Economists indicate things are turning around, albeit slowly. It does seem as if certain "pockets" of industry are showing signs of improvement. Profitability should be close behind and you certainly wouldn't want unnecessary expenses using up the profits. I'm sure everyone is still looking for ways to streamline and protect that bottom line. One way to accomplish those goals is to be **"proactive"**.

"Pre" and "Post" employment physicals with validation studies, ergonomic assessments, wellness coaching, baseline evaluations provide a multitude of information useful on many levels. This information helps in letting you know whether or not an employee is suited for a particular job, alert you to possible pre-existing conditions that may prohibit the employee from doing the job or keep an employee **on the job!** Employers can now be more selective in finding the most qualified person for the position.

The work force is aging and with aging comes a whole new set of (health) issues and different types of injuries. Work site assessments, detailed job descriptions, modified duty, transitional duty, return to work programs can assist in avoiding work injuries associated with the aging process or aid the injured worker in a successful return to work in the shortest time possible.

All of these things can aid in recovery from an injury. "Job Specific Rehabilitation" can be established if all the facts are known. Current trends in physical therapy pay attention to "core strengthening", regardless of the injured body part. You can perform all the therapy you want to a particular body part, but if the rest of the body does not support the injured part, recovery will be elusive or short lived.

A newer trend in the industry is to develop a working relationship with a physical therapy facility. Physical therapists are willing to provide "on site" education at an employer's facility. A therapist can look at a particular job or problem area, or a safety seminar can be presented geared to the employer's specific needs or concerns. Repetitive strains are costly, sometimes with simple solutions. Maybe there are things you can easily implement at your facility to reduce injuries and their associated costs.

If you would prefer, send your Management, Human Resource and/or Safety personnel to an "off site" seminar. These seminars are generally no more than a couple of hours in duration and **free!** There are also free webinars you can attend while sitting at your desk!

Feel free to contact our office for additional information concerning any of these program providers.

MIOSHA'S TOP 25 VIOLATIONS

Ruth Kiefer, Loss Control

Every year MiOSHA releases their top 25 violations for general industry along with the fines collected at the Michigan Safety Conference. This is also where we, as loss control consultants, focus our attention when we conduct our site safety surveys at your facilities.

Listed below are the 2010 most recent general industry violations cited by MiOSHA:

1. Part 85. Control of Hazardous Energy Sources - \$222,945

- a. Not having a written program
- b. Not locking out machines
- c. Machines that do not accent a lockout device
- d. Not providing employee protection (arc-flash)
- e. Not properly training employees
- f. Not conducting periodic inspections of your program

2. Part 1. General Provision, Rule 34 – Machine Guards and Devices - \$229,570

- a. Not having point of operation guards in place
- b. Not guarding fans
- c. Not guarding pinch points

3. Part 39. Design Safety Standards for Electrical Systems - \$92,680

- a. Not having a 36" clearance
- b. Not guarding against >50 volts
- c. Not closing cabinets of electrical boxes

4. Part 7. Guards for Power Transmissions - \$79,075

- a. Not guarding belts or pulleys

5. Part 33. Personal Protective Equipment - \$41,800

- a. Employees not wearing assigned PPE

6. Part 433 Personal Protective Equipment - \$52,750

- a. Not conducting a workplace hazard assessment
- b. Not certifying the hazard assessment

7. Part 92 & Part 430 – Hazard Communication - \$45,240

- a. Not having a written program
- b. Not labeling secondary containers
- c. Not maintaining MSDS sheets
- d. Not providing employee training

8. Part 2. Floor & Wall Openings, Stairways & Skylights – \$52,825

- a. Not having a standard barrier
- b. Open-sided platform
- c. Not providing toe boards

9. Part 451. Respiratory Protection – \$30,975

- a. Not having a written program
- b. Not having medical evaluations
- c. Not fit-testing employees
- d. No training of employees on how to use PPE
- e. Not complying with Appendix D

10. Part 26. Metalworking Machinery - \$39,850

- a. Not properly guarding vertical/horizontal band saws

11. Part 21. Industrial Trucks - \$25,075

- a. Not having licenses to operate equipment
- b. Operators not able to provide license
- c. Having expired licenses

12. Part 7. Guards for Power Transmission - \$51,300

- a. Gears, sprockets, and chains not guarded

13. Part 472. Medical Services & First Aid - \$40,175

- a. Not providing suitable facilities for quick flushing

14. General Duty Clause - \$141,650

- a. Not providing a workplace free of recognized hazards
- b. Not complying with Act 154 rules or standards

15. Part 14. Conveyors - \$49,675

- a. Not guarding nip points
- b. Not providing built up sides
- c. Exposed pulleys with rotating shafts

16. Part 7. Guards for Power Transmissions - \$39,525

- a. Exposed shafting

17. Part 21. Powered Industrial Trucks - \$26,265

- a. Not having 2 wheels chocked
- b. Not having semi-trailer brakes set
- c. Not checking floorboards of industrial trailers
- d. Not inspecting landing gear of semi-trailers

18. Part 91 & 591. Process Safety Management - \$20,325

- a. Operating procedures
- b. Training
- c. Mechanical Integrity
- d. Emergency Planning and Response

19. Part 90 & Part 490. Permit-Required Confined Spaces - \$24,100

- a. Not evaluating workplace for permit required confined spaces
- b. Not properly identifying confined spaces
- c. Not having a written program

20. Part 11. Polishing, Buffing, Abrading - \$15,500

- a. Not guarding the end nuts
- b. Not maintaining adjustable deflector
- c. Not guarding running nip points

21. Part 75. Flammable and Combustible Liquids - \$18,720

- a. Not properly dispensing liquids
- b. Not properly storing liquids
- c. No controls to prevent ignition
- d. Excessive storage of Class IB, IC, II, III and Class IA

22. Part 24. Mechanical Power Press – \$38,250

- a. Not providing light curtains, pullouts, restraints, or hand controls
- b. Not calculating stopping time
- c. Not establishing safety distance
- d. Inadequate guarding of point of operation

23. Part 1A. Abrasive Wheels - \$17,850

- a. Not having a guard for a portable hand grinder

24. Part 14. Conveyors - \$39,250

- a. Not adequately guarding employees so they cannot get caught between conveyor and stationary object or moving part

25. Part 2. Floor & Wall Openings, Stairways & Skylights - \$24,850

- a. Not providing a flight of stairs, fixed stairs, ramp, or fixed ladder for elevations greater than 16 inches.

If you have any questions regarding safety related items in your facility, please contact your MTMIC Loss Control Consultant for further assistance.