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Risk Manager

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The nuts and bolts of business insurance

You never know when disaster may strike, causing severe damage and disruption to your business operations. *Business insurance* is a cost of doing business, so expect the unexpected and manage your risks accordingly. Generally, the best way to protect yourself and your business against the unforeseen is to prepare *before* it happens by taking steps to minimize the chance of an accident, as well as purchasing the appropriate insurance.

Types of Coverage

- *Property insurance* generally covers your building, contents, and equipment in the event physical property needs to be repaired or replaced.
- *Business interruption insurance* generally provides you with coverage for loss of revenue and continuing expenses after a business has been wholly or partially disabled by a natural or man-made disaster.
- *Liability insurance* helps protect you and your company from

liability arising from day to day business operations. You should consider obtaining coverage for *product/completed operations liability* and *premises liability* to protect your business in the event someone is injured while using your products or services, or visiting your facility.

- *Employment practices liability insurance* is designed to protect you and your company from the types of liability that may arise from employment-related lawsuits such as wrongful termination, discrimination and harassment.
- *Automobile insurance* generally covers both liability and physical damage. You may want to consider adding coverage for “non-owned and hired” automobiles if you or your employees use personal vehicles on company business.
- *Life insurance* generally provides coverage to a designated beneficiary upon your death or

the death of an insured key employee.

- *Disability income insurance* may protect your income or that of your employees in the event of a serious accident or injury that leaves you or your employees unable to work.

Getting Started

Everything and everyone in your place of business is subject to risk, so look around and take stock. In addition to your own detective work, enlist the help of your employees. Consider asking them what they believe could result in damage, injury, or loss, as they perform their duties at work.

Once you have assessed your business risks, ask yourself the following questions:

- What is covered under my current policy and what is not?
- Could my business survive if it is shut down? For how long?

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Speak the language of safety

With the constant changes and advancements in today's technology, society is turning toward a more global community. This trend may affect our daily lives at home, as well as in the workplace.

As companies reach out internationally, many business owners find their workforces include populations that speak multiple languages. With all the possible obstacles that having a multilingual workforce may pose, one primary consideration should be safety.

As a business owner, you want your employees to be safe, but when you have employees who don't speak English as their first language, how do you teach proper safety procedures? Many options are available to help ensure employees are aware of proper procedures and, remain safe.

Sign of the Times. Multilingual signage, particularly denoting hazardous conditions may be a viable option. Suppose half your workforce speaks Spanish and the other half speaks English. Posting signs in *both* languages may be a viable solution. When posting signs you may also want to include pictures and/or graphics to make the hazards more identifiable. For example, near dangerous materials, you could post a sign with words *and* an appropriate warning picture that corresponds to the hazard.



Training with Translators. When training your employees in appropriate safety procedures, consider hiring a translator. While some employees may speak both English and another language, relying on them to translate to those who don't speak English could be dangerous for the employees, as well as your business. Employees who may have adequate language skills to help non-English speakers through their day-to-day business activities may lack the proper training to ensure instructions are translated properly.

Multilingual Manuals. In addition to a safety-training program, it is wise to put your procedures *in writing*.

Multilingual safety manuals reinforce safety awareness, outline important procedures and benefit employer/employee relations. Companies that take steps to cross language barriers encourage employee satisfaction and possibly reduce turnover.

Steps for Success

Creating a healthy, safe, and inclusive environment is a challenge many business

owners share. But by meeting the needs of your employees, especially vital ones such as language concerns, it can only contribute to your team's success. Hopefully, these suggestions will help make your business a more comfortable—and safe—environment for all employees.

Health Coverage Counts

With rising health care costs maintaining health insurance coverage can be difficult. Because of the expense, the number of people spending a period of time without health insurance has reached record amounts. According to a report by Families USA (2004), over 80 million people were uninsured for approximately nine months between 2002 and 2003. This figure represents approximately one-third of the country's population.

Aging Injuries

If you think your younger employees are less likely to sustain injuries on the job, you may be mistaken. According to the most recent information from the Bureau of Labor Statistics (BLS), a division of the Department of Labor (DOL), almost 65% of all injured workers were between the ages of 20 and 44 in 2002. Workers over the age of 65 accounted for less than 2% of the 1.4 million workplace injuries that same year.

On the Job Dangers

The National Institute for Occupational Safety and Health (NIOSH) is an organization established by the U.S. government to help employers prevent work-related injuries and illnesses. Each year, over three million workers are rendered disabled from an on the job accident, and over 5,000 workers die from their work-related injuries.

For Your Information



Legal-Ease

With legislation changing on a regular basis, would you like to be up-to-date on the newest laws governing business? If you answered “yes,” then check out the government website, www.businesslaw.gov. This informative resource offers a free electronic newsletter, as well as information to help you handle a range of situations with employees. You’ll also find guidance for state and local issues specific to your area and tips on how to hire an attorney for your business.

Electronic Transfer

If you’re concerned that your small business loan application may get lost in a sea of paper-work—worry no more. The Small Business Administration (SBA) has developed E-Tran, an electronic gateway that allows lenders to electronically send loan applications directly to the SBA. E-Tran also has the ability to accept numerous applications at one time. For more information check out the SBA website at www.sba.gov.

OSHA Offerings

As a small business owner you are probably aware of what OSHA stands for—the Occupational Safety and Health Administration. OSHA regulations govern workplaces nationwide, and to help companies comply, this government organization provides a variety of resources. For example, *The OSHA Handbook for Small Businesses* is a guide to help small business owners keep their workplace safe. It covers topics ranging from employee training to self-inspections. For more information, or to download this guide, visit OSHA online at www.osha.gov.

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- Does my insurance policy provide coverage to get my company back into operation? Does it cover the cost to replace my assets?
- Could I pay my creditors, vendors, and general business and administration expenses during a prolonged shutdown?

Who Can Help?

Many resources are available to help you determine what insurance coverage

you need for your business. Start by contacting us for assistance in evaluating your business risks. Your local police and fire marshal, as well as government agencies (e.g., the Occupational Safety and Health Administration (OSHA) and the Small Business Administration (SBA)), may also provide assistance. A little time and money spent *today* could help prevent or minimize your financial loss from an accident *tomorrow*.

The hazards of noise exposure

When you think of workplace hazards, the first images that come to mind are probably of dangerous machinery, slippery floors, or heavy objects that must be lifted. But, there’s another workplace danger that is just as important—noise exposure. Although noise may not cause the kind of *immediate* damage that sends workers to hospital emergency rooms, it can result in hearing loss over time.

To combat this increasing problem, the Occupational Safety and Health Administration (OSHA) is taking a more active approach to hearing conservation. To prevent employee hearing loss, small business owners may want to initiate or increase their own efforts to reduce noise exposure on the job.

If your employees must contend with a noisy work environment, here are five simple, proactive steps you can take to help preserve their hearing:

1. Measure noise levels in your workplace and note the specific level of exposure for each employee. Identifying who is at risk can be difficult. Exposure may vary as workers move about a workplace during the course

of a day. Noise evaluation services can help you accurately measure noise levels and individual exposures.

2. Reduce the level of noise wherever possible.
3. Provide protective devices, such as earplugs, and enforce their use.
4. Educate your employees about the dangers of noise exposure. Point out ways they can avoid hearing loss.
5. Test each employee’s hearing regularly and immediately address any signs of damage.

As one of our five basic senses, good hearing is an essential part of life, and your employees will appreciate your efforts to help prevent hearing loss. In addition, your hearing preservation efforts will pay off for your bottom line by helping you avoid higher workers compensation costs, and possibly, expensive OSHA fines. For more information on the hazards of noise exposure and prevention methods check out OSHA online at www.osha.gov. Or, feel free to give us a call. We’d be happy to discuss your workplace safety issues.



Teen employees: safety tips 101

Every industry has its unique occupational hazards. For instance, food service jobs may expose workers to slippery floors, hot cooking equipment, and sharp objects. Janitorial work may include contact with hazardous chemicals. Even retail workers may risk injury with duties that involve heavy lifting. In many workplaces, teens are more prone to accidents than older workers, given their lack of experience.

To protect your business and your staff, it may be wise to brush up on the laws protecting the safety of working teens. For starters, employers are required by law to provide *all* workers, including teens, with the following:

- A safe and healthful workplace.
- Safety and health training, especially regarding chemicals.
- Paid medical care and sick leave for certain job injuries.

Laws Regulate Ages, Hours, and Risks

Federal and state labor laws generally regulate the number of hours, schedules, and types of work teens are allowed to perform. Limitations for

adolescents age 14 and 15 may be more stringent than for those age 16 and older. For instance, teens under age 16 may face restrictions on the maximum number of hours they can work each week depending on whether it is a school or weekend day, and if school is in session. (However, the laws do make exceptions for students in work experience programs.)

Age limits are usually set for dangerous work. For example, workers generally must be age 18 or older to drive a motor vehicle, operate most power equipment, and to work in certain occupations such as wrecking, excavation, and roofing. Typically, no one age 14 or 15 may work in construction, in warehouses, on ladders or scaffolds, as a baker or cook, or unload trucks, conveyor belts, or railroad cars. Restrictions for other types of work may also exist.



Practices to Help Prevent Injuries

To encourage a safe work environment, employers should school teens in basic safety habits and educate them about how to handle an emergency. Direct them to follow all safety rules and instructions and to wear protective gear, as needed. Point out that a *clean* and

tidy work area is more likely to be a *safe* work area. Post safety and training materials in more than one language, if necessary, and inform teens to promptly report safety and health hazards to their supervisors.

Many injuries among young workers can be prevented with industry-specific health and safety training, and adherence to safety laws. For more information on the regulations, potential concerns, and liabilities of employing teens in your business and state, visit the Department of Labor (DOL) website, devoted to working teens, at www.youthrules.dol.gov.

Protecting key employees

You can help protect your business from the sudden loss of a valuable employee with a life insurance policy on certain key people. *Key person insurance* is designed to indemnify a business against the loss of a valued team member's skill and experience. Suppose you lost your most productive sales manager tomorrow. What would

you do to replace the revenue stream he or she generated? How long would it take to recruit a replacement and bring that person up to speed? Would other employees become worried and begin seeking new jobs? Would customers begin to do business elsewhere?

Key person insurance can: help replace lost profits; provide the cash to

recruit, hire, and train a replacement; and assure your customers of business continuity. Generally, the company owns the policy, the premiums are not deductible, and the death proceeds are received income tax free by the company (there may be alternative minimum tax consequences for a business organized as a C corporation).