

Safety Programs and the Impact to Your Bottom Line

If you could save your city money, improve productivity and increase employee morale, would you? According to the Occupational Safety and Health Administration (OSHA), workplaces that establish safety and health management systems can reduce their injury and illness costs by 20 to 40 percent. Safe environments also improve employee morale, which positively impacts productivity and service. When it comes to the costs associated with safety, consider the following statistics from OSHA:

- Nationally, employers pay almost \$1 billion per week for direct workers' compensation costs alone
- Injuries and illnesses increase workers' compensation and retraining costs; and
- Lost productivity from injuries and illnesses costs companies roughly \$63 billion each year.

Measuring the Cost of Safety

Demonstrating the value of safety to management is often a challenge because the return on investment (ROI) can be cumbersome to measure. Your goal in measuring safety is to balance your investment vs. the return expected. Where do you begin?

There are many different approaches to measuring the cost of safety, and the way you do so depends on your goal. Defining your goal helps you to determine what costs to track and how complex your tracking will be.

For example, you may want to capture certain data simply to determine what costs to build into the price of a product or service, or you may want to track your city's total cost of safety to show increased cost savings, which would include more specific data collection like safety wages and benefits, operational costs and insurance costs.

Since measuring can be time consuming, general cost formulas are available. A Stanford study conducted by Levitt and Samuelson places safety costs at 2.5 percent of overall costs, and a study published by the Economist Intelligence Unit (EIU) estimates general safety costs at about 8 percent of payroll.

(Continued on page 7)

In This Issue

What To Look For:

- KMIT Regional Supervisor Seminars
- Affidavit of Waiver
- Train, Train Again
- News & Notes
- Safest Cities
- KMIT Injury Stats
- KMIT Balance Sheet
- Video Library & Live Streaming
- Dangers of Texting
- KSIA 2014 Annual Conference
- OSHA's Ruling Revising Electric Power Generation, Transmission, & Distribution
- New Accident Report Rulings

Kansas Municipal Insurance Trust Board of Trustees & Key Contacts

Herb Llewellyn – President
El Dorado

Deb Mootz – Vice President
Roeland Park

Keith Schlaegel – Treasurer
Stockton

Larry Paine – Immediate Past President
Hillsboro

Fred Gress
Parsons

Tim Hardy
Elkhart

Michelle Stegman
Garden City

Megan Fry
Pittsburg

Debbie Price
Marysville

Tim Vandall
Ellsworth

Randy Frazer
Moundridge

Don Osenbaugh
Pool Administrator/Agent/Co-Editor

Deanna Furman
Risk Management Account Manager, Co-Editor
CORnerstone Risk Solutions, LLC

Renee Rhodes
Risk Control Consultant, IMA

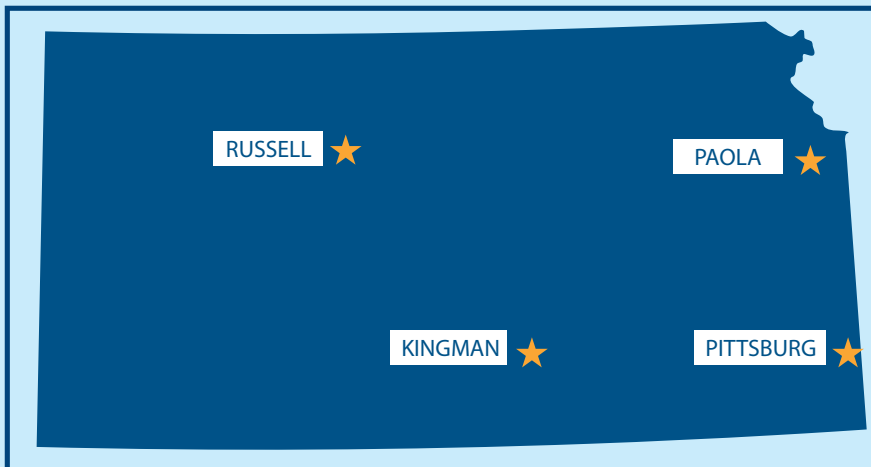
Marla Dipman & Gene Miller
Claims Adjusters, CORnerstone Risk Solutions, LLC

Paul Davis
President, CORnerstone Risk Solutions, LLC

CompControl and City Safe are publications of the Kansas Municipal Insurance Trust for the purpose of educating and information cities about loss control methods and risk management. If you have any questions concerning KMIT workers' compensation or risk management that you would like to see answered in this newsletter, please direct those inquiries to:

Kansas Municipal Insurance Trust
6021 SW 29th St. PMB355
Topeka, KS 66614
Phone: 785.272.2608
Fax: 785.231.2678
deanna.furman@imacorp.com

Copyright 2014 by the Kansas Municipal Insurance Trust. Contents herein are not intended to provide specific legal or medial advice. Readers should seek advice on specific concerns from a qualified professional.



2014 KMIT Regional Supervisor Seminars

KMIT's 2014 Supervisor Seminar 'World Tour' dates have been set. All four training dates are in September.

We will open the tour with a stop in **Kingman** (9 a.m.-Noon) on Thursday, September 11. The following week, we will be on stage in **Paola** on Wednesday, September 17 (1-4 p.m.), and, then, the very next day (Thursday 9/18), we will be in **Pittsburg***. Our final tour stop will find us in **Russell**, on Thursday, September 25, from 1-4 p.m.

This long-standing series is designed for supervisors at all levels of your city's organization, from working line-supervisors, in all departments, up through department heads, and including City Clerks, HR Directors and City Managers and Administrators. *The most successful work comp programs feature **thorough knowledge** of how to make work comp work well by **ALL supervisors**, bottom to top.*

This year, there are a couple of new and exciting features which we will show in our supervisor presentation. So, even if your supervisors have attended one of our sessions before, they will gain from coming again.

Best of all, this training is FREE.

Contact Deanna Furman, at deanna.furman@imacorp.com for registration details.

**Note: Registration for Pittsburg is now full.*



KMIT phone number: 785.272.2608

Deanna Furman:

Email: deanna.furman@imacorp.com

Don Osenbaugh:

Email: dosenbaugh@cox.net

Phone: 316.259.3847

Affidavit of Waiver for Subcontractors

KMIT members were notified a couple of years ago, that cities (in fact, all employers) are allowed to choose NOT to cover small 'contractors' (typically self-employed individuals or very small businesses) who do work for the city.

One provision of the work comp law is that certain contractors and sub-contractors can 'waiver out' of the workers compensation system by signing an Affidavit of Waiver. This allows for the use of ***waivers for 'subcontractors' who do not wish to purchase work comp policies*** (only those who are not required by law to do so).

This process also allows cities to NOT COVER small contractors for work comp. Cities would not have to provide proof of insurance or payroll information for the smaller contractors who do contract work for cities, and ***who, by law, are not required to purchase work comp*** (essentially, self-employed contractors and those whose total payrolls do not exceed \$20,000), ***if/when the contractor produces the now-required and correct document.***

KMIT has been requiring either a proof of coverage certificate or collecting payroll data (and covering) all others. KMIT will accept a proper (APPROVED) ***waiver affidavit*** for each subcontractor not required by law to have work comp insurance (though it will continue to require proof of coverage from all other contractors).

Please bear in mind that there are ***three required possibilities for ALL contractors:***

1. Contractors who are required by law to have work comp coverage must provide a proper certificate of coverage.
2. Contractors who are NOT required by law to have work comp may submit an ***approved waiver of coverage affidavit;***
3. Contractors who are NOT required by law to have comp who chose not to submit a waiver and who do not provide proof of insurance will be required by KMIT to be listed on the city's payroll (meaning that KMIT will collect a premium).

The official ***approved affidavit*** is REQUIRED BY LAW in order to waive coverage. This affidavit is ***NOT required to be submitted to the state***, but will be used by the KMIT payroll auditor (Legacy Partners) at audit time, to verify proper waiving of work comp coverage by contractor; so, it ***needs to be kept in a file*** in your city office.

REMEMBER that MOST contractors remain covered by the Kansas work comp law, and must continue to provide the city with a certificate of insurance.

The official waiver form can be found online at: www.kmit.net or by clicking [this link](#).

[This article has been lightly edited from its original publication in CompControl, Fall 2011.]



Meet KMIT's Newest Trustee



Randy Frazer, City Administrator for the City of Moundridge has been appointed by KMIT president Herb Llewellyn, to take the position vacated by Kathy Axelson. Randy attended his first Board meeting in Garden City on May 2.

For 22 years, Mr. Frazer managed his family's business which consisted of 2 supermarkets in central Kansas, self-serve storage units, and rental properties. He was elected 2 terms and served eight years on the Moundridge city council. He was elected Mayor and served as Mayor for one day before resigning to accept a city manager's position in Oklahoma. Randy served as City Manager in Beaver, Oklahoma for 2 ½ years before the opportunity arose for him to return to Moundridge to serve as City Administrator.

Randy has a degree in Business Management, is an Oklahoma Municipal League Certified Municipal Official, and is a graduate of the Certified Public Manager's program from the University of Kansas. He is a past member of the Board of Directors for the Oklahoma Economic Development Authority and a past member of the Board of Directors for the Panhandle Economic Development Coalition. He currently serves on the Kansas Municipal Gas Agency executive committee and the Kansas Municipal Utilities gas committee.



Two More Cities Join KMIT

Two new cities have joined the **KMIT Work Comp Pool Family**, both officially on April 1, bringing the pool up to **154 members** (including the League), an all-time high membership total for KMIT.

Welcome to our new KMIT partners: **Herington** (Dickinson AND Morris Counties) and **Waterville** (Marshall County). Herington was added in cooperation with a local insurance agency/agent Herington Mutual Insurance (agent Tandi Arevalo).

We look forward to a long and productive relationship with all our new cities and agents.

2014 Annual Meeting *KMIT Celebrates 20 Years of Service*

Please plan to join us for the 2014 KMIT Annual Meeting, in **Wichita, on Sunday, October 12** (during the LKM Annual Conference). KMIT completed its **20th Year** at the end of 2013, and a special celebration of that milestone is being planned.

As always, the Annual Meeting will take place after the last of the Sunday afternoon conference sessions, and will feature a brief opening reception of eats and drinks.

All conference attendees from all of our KMIT member cities are invited.



Summer 2014

Provided by: Kansas Municipal Insurance Trust

Actions That Will Add Up to a Healthy Work Environment

The physical health of employees is not the only thing that indicates a healthy work environment. In fact, if employees are healthy but unhappy, you may have an accident waiting to happen. A healthy work environment is beneficial because it allows you to retain employees, thus allowing you to spend less money on training, and it motivates employees. Workers who enjoy their occupational environment will get injured less because they will be more committed to safety, less resistant to city initiatives and ultimately, happier overall.

An organized and professional environment will keep everyone committed to safety and could also reduce injuries on the job. Remember that good things can come out of a healthy work environment – employees are more alert, which means they may offer better ideas and be more inclined to contribute to the safety environment.

Provided by IMA © Zywave, Inc. All rights reserved.

In Order to Succeed, Train, Train Again...

Statistics from the U.S. Bureau of Labor Statistics are clear – continuous training is the best way to prevent on-the-job injuries for all employees. Once is not enough, because the employees getting hurt the most have been on the job between 1 and 5 years. Though employees may feel they already know everything they need to, refresher courses are important. They benefit everyone, including the long term workers who may not be as familiar with newer technologies or procedures. In your training refresher courses, be sure to touch on most of these subjects:

- Personal protective equipment (PPE) use
- Machine handling and guarding
- Ergonomics
- Hazard communication, including bloodborne pathogens
- Hazardous materials

Provided by IMA © Zywave, Inc. All rights reserved.



For more information on the KMIT Safety Program, please contact:

Renee Rhodes
renee.rhodes@imacorp.com
316.250.2121





IMA Video Library and Live Streaming Video in Full Swing

Each member of KMIT has access to more than TWO HUNDRED Safety DVDs, or live-stream Safety Videos, via the IMA DVD Lending Library program powered by Aurora Pictures.

During April, each member should have received a welcome letter with a user ID and password ready to use. Ordering instructions were provided in your welcome letter.

With hundreds of titles to choose from in multiple languages, let IMA's On-Demand Safety Training Resources help you with your every day safety-training needs.

Features:

- Hundreds of Safety Training DVDs at the click of a mouse;
- One-time, quick-account registration process (handled by KMIT);
- Free online previews of each title offered;
- Nearly all titles are available in multiple languages;
- 3-5 day ground shipping on every order.

Please contact Deanna Furman (deanna.furman@imacorp.com) if you have any questions.

OSHA Announces Final Rule Revising Standards for Electric Power Generation, Transmission and Distribution

In April 2014, OSHA sent to the Federal Register a final rule to improve workplace safety and health for workers performing electric power generation, transmission and distribution work.

The final rule becomes effective 90 days after publication in the Federal Register. OSHA adopted delayed compliance deadlines for certain requirements. For more information and to read the news release, go to: https://www.osha.gov/pls/oshaweb/owadisp.show_document?p_table=NEWS_RELEASES&p_id=25806

Visit the new Power Generation Web page:
https://www.osha.gov/dsg/power_generation/index.html



Study Uncovers Danger of Texting and Walking

Still having trouble getting workers to follow your cell phone policy? Here's some research that might get them to look up from their phones. You already know that texting and walking can be dangerous, but researchers at the University of Queensland in Australia have finally figured out why – and it's not just the distractions.

As it turns out, walking while texting – and while reading, to a lesser extend – causes you to alter your gait. Under these two circumstances, the volunteers tended to slow down, swerve and hold themselves rigid. Combined, these effects reduce your balance – increasing the likelihood of slips, trips and falls.

Keeping Workers Safe

It's hard to regulate how workers use their cell phones, especially those workers that need to use cell phones for their jobs. But here are a couple of tips to help them avoid the injuries that stem from texting and walking;

- Only send or read text messages while standing still, and
- When possible, call instead of text

For help developing a cell phone policy, visit:
safetycompliancealert.com

Reprinted with permission from Safety Compliance Alert, Malvern, PA 19355 800.220.5000

Admire	Esbon
Allen	Eudora
Altamont	Eureka
Andale	Florence
Andover	Ford
Atlanta	Fowler
Augusta	Frankfort
Baldwin City	Fredonia
Basehor	Galena
Bel Aire	Garden City
Belle Plaine	Girard
Belleville	Glasco
Bennington	Glen Elder
Benton	Goodland
Beverly	Grainfield
Bird City	Grandview Plaza
Blue Mound	Greeley
Blue Rapids	Grenola
Bonner Springs	Grinnell
Brewster	Halstead
Centralia	Hamilton
Chapman	Hartford
Chautauqua	Hiawatha
Cheney	Hill City
Cherryvale	Hillsboro
Clay Center	Hoisington
Clearwater	Horton
Columbus	Independence
Concordia	Jetmore
Conway Springs	Johnson City
Council Grove	Kingman
Cullison	Kinsley
Damar	La Cygne
De Soto	Larned
Douglass	League
Eastborough	Lecompton
Edgerton	Lenora
Edwardsville	Leoti
El Dorado	Lincoln Center
Elkhart	Lindsborg



Logan	Ramona
Lucas	Ransom
Maize	Reading
Marysville	Rose Hill
McFarland	Satanta
Medicine Lodge	Scranton
Melvorn	Sedan
Minneapolis	Sedgwick
Moline	Sharon Springs
Montezuma	Smith Center
Mound City	Spearville
Moundridge	Spring Hill
Neodesha	St. Francis
Neosho Rapids	Stockton
North Newton	Sylvan Grove
Oakley	Tampa
Oberlin	Tescott
Ogden	Tipton
Olpe	Tonganoxie
Osage City	Turon
Oskaloosa	Ulysses
Oswego	Valley Center
Palco	Valley Falls
Paola	WaKeeney
Park City	Wakefield
Peabody	Walton
Princeton	Wellington
	Wellsville

Safe Cities are as of 6-1-14. If you would like assistance returning an injured employee to work, or need ideas for modified duty, please contact Marla or Gene at 1.800.288.6732 or kmitclaims@imacorp.com.

KMIT cities are considered Safe Cities if no lost time claims have been reported during the calendar year, beginning 1-1-14.



By the Numbers

KMIT Injury Stats

(As of June 1, 2014)

Department	Count	Total Incurred
Administration	6	\$7,800
Airport	2	\$5,165
Animal Control	4	\$38,619
Cemetery	3	\$7,600
Electric	13	\$291,773
Emergency	2	\$5,100
Fire	25	\$21,774
Hospital	5	\$5,651
Maintenance	12	\$27,474
Miscellaneous	4	\$1,090
Park	20	\$35,790
Parks	3	\$2,812
Police	55	\$118,808
Recycling	2	\$1,637
Sanitation	14	\$39,745
Street	31	\$74,994
Water	10	\$39,722
Zoo	2	\$1,407
Grand Total	213	\$726,961

KMIT Nature of Injury Totals

(As of June 1, 2014)

Nature of Injury	Total	Incurred
Abrasion	20	\$24,936
All Other	5	\$2,600
All Other Occupational Disease	6	\$7,800
Burn - Chemical	2	\$1,300
Burn - Flash	2	\$262
Burn - Temperature Extremes	2	\$1,300
Concussion	2	\$8,452
Contagious Disease	5	\$2,245
Contusion	18	\$35,240
Crushing	5	\$2,245
Dermatitis	2	\$2,600
Electric Shock	1	\$235,000
Foreign Body	10	\$8,854
Fracture	5	\$36,550
Inflammation	1	\$80
Laceration	17	\$12,098
Puncture	14	\$16,550
Repetitive Motion	2	\$2,600
Respiratory Disorders (Gases,Fumes)	2	\$2,600
Sprain	10	\$69,064
Strain	82	\$215,577
Grand Total	213	\$726,961

KMIT Balance Sheet (As of May 31, 2014)

Assets	
Checking Account	\$2,303,035
Investments	\$12,473,606
Accrued Interest	\$158,691
Accounts Receivable	\$1,409
Excess Premium Receivable	\$20,417
Specific Recoverable	\$427,384
Aggregate Recoverable	\$85,127
Prepaid Expenses	\$337,423
Total Assets	\$15,807,093

Liabilities & Equity	
Accounts Payable	\$6,658
Excess Premium Payable	-
Reserve for Losses	\$3,580,290
IBNR Reserve	\$3,390,506
Deposits on Premium	\$3,367,953
Accrued Taxes and Assessments	\$120,671
Total Liabilities	\$10,466,077
Total Liabilities and Equity	\$15,807,093
Total Equity (NET WORTH)	\$5,341,017

(Cont'd from Page 1)

Safety Programs and the Impact to Your Bottom Line

If it is important for your city to measure safety as it relates to cost efficiency, more accurate tracking should be done. For measuring data, safety costs can be divided into two categories:

1. Direct (hard) costs, which include:

- Safety wages
- Operational costs
- Insurance premiums and/or attorney's fees
- Accidents and incidents
- Fines and/or penalties

2. Indirect (soft) costs, which go beyond those recorded on paper, such as:

- Accident investigation
- Repairing damaged property
- Administrative expenses
- Worker stress in the aftermath of an accident resulting in lost productivity, low employee morale and increased absenteeism
- Training and compensating replacement workers
- Poor reputation, which translates to difficulty attracting skilled workers.



When calculating soft costs, minor accidents costs are about four times greater than direct costs, and serious accidents about 10 to 15 times greater, especially if the accident generates OSHA fines or litigation costs.

According to IRMI, just the act of measuring costs will drive improvement. In theory, those providing the data become more aware of the costs and begin managing them. This supports the

common belief that what gets measured gets managed. And, as costs go down, what gets rewarded gets repeated.

How Can You Show Return on Investment?

OSHA studies indicate that for every \$1 invested in effective safety programs, you can save \$4 to \$6 as illnesses, injuries and fatalities decline. With a good safety program in place, your costs will naturally decrease. It is important to determine what costs to measure to establish benchmarks, which can then be used to demonstrate the value of safety over time.

Also, keep in mind that your total cost of safety is just one part of managing your total cost of risk. When safety is managed and monitored, it can also help drive down your total cost of risk.

Safety as a Core Strategy

Industry studies report that cities who focus on safety as a core business strategy come out ahead. Consider the following as reported by the American Society of Safety Engineers:

- A coal mining company in West Virginia reduced its workers' compensation rate of \$1.28 per \$100 payroll vs. its competitor's rate of \$13.78.
- Implementation of an OSHA consultation program reduced losses at a forklift manufacturing operation from \$70,000 to \$7,000 per year.
- A fall protection program implementation reduced one employer's accident costs by 96 percent - from \$4.25 to \$0.18 per person-hour.

We are committed to helping you establish a strong safety, health and environmental program that protects both your workers and your cost of doing city business. Contact Renee Rhodes today at (316) 250-2121 to learn more about our value-added loss control services.

[This IMA original publication has been lightly edited especially for consumption by the KMIT pool of cities. © 2009-2010 Zywave, Inc. All rights reserved.]

KSIA 2014 Annual Conference

The 20th Annual Conference of the Kansas Self-Insurers Association (KSIA) will be held in Wichita, on July 11, at the Hotel OldTown. City HR Directors, City Clerks and City Managers/Administrators should find this conference very helpful in understanding and administering an excellent city work comp program. Information on this conference can be found at: ksia.org/NewsEvents/KSIAAnnualConference.aspx. KMIT is a member of the KSIA.



Stay Connected with Work Comp Connection*

NEW! Attention Employers, Insurance Carriers, Third Party Administrators and Group Pools

Employers must send accident reports to their insurance carrier, third party administrator or pool association for electronic submission to the Division of Workers Compensation. Per K.A.R. 51-9017, all insurance carriers, group pools and self-insurers are required to use the Electronic Data Interchange (EDI) to file both First Reports of Injury (FROI) and Subsequent Reports of Injury (SROI) using the Release 3 Standards. All claim information submitted pursuant to K.S.A.

44-4557a, and amendments there to, by EDI shall be submitted according to the Kansas EDI Release 3 Guide.

More information about EDI can be found on the Kansas Electronic Data Interchange Website at:
www.dol.ks.gov/WorkComp/edinews.aspx.

**Work Comp Connection is a publication of Kansas Department of Labor, Division of Workers Compensation*



Kansas Municipal Insurance Trust
6021 SW 29th St. PMB355
Topeka, KS 66614

