

ILCA "HELP"

HAZARD EVALUATION LOSS PREVENTION BULLETIN OF THE
INSURANCE LOSS CONTROL ASSOCIATION

WINTER 1993

A Word From Your New President

Once again Indianapolis was very good to our association. We were able to meet our attendance goal, and the Conference Center at the St. Vincent Marten House met all of our conference needs.

It was great to visit with old friends again, and to have the opportunity to meet ILCA's new members. I hope your initial exposure to our conference has left you wanting more.

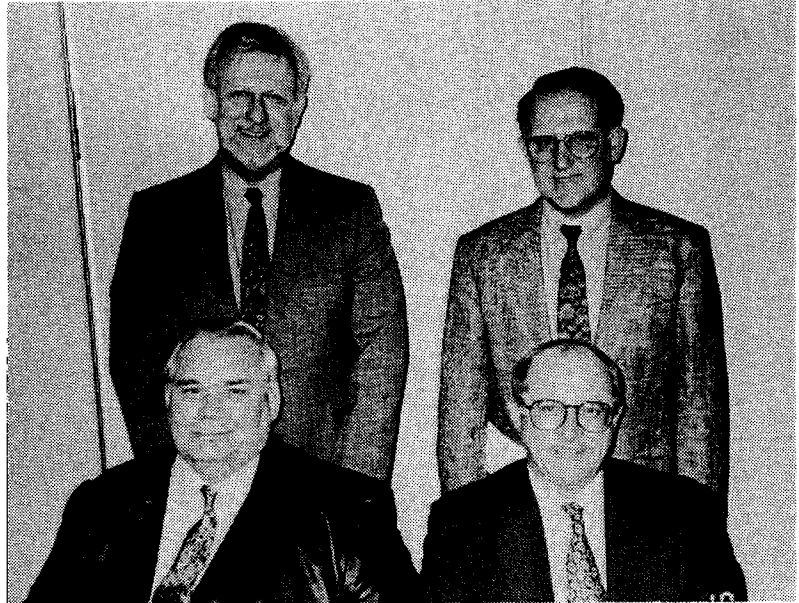
To our ILCA members who were not able to attend the conference this year — mark your calendar for October 1994 in Harrisburg, Penn.

I am pleased to report the initial response to the 1993 Fall Conference program has been very positive. As you all know, the success of such an undertaking is rooted in the "planning" and "doing" which rests with ILCA's Program Committee,

Executive Board, members and the strong support we receive from NAMIC. I would like to take this opportunity to extend a special thank you to everyone who participated in this year's planning and doing!

Plans for the 1994 conference are already underway. Our goal is to make each conference better than the last; however, we need your help if we are to meet this goal. If you are interested in serving on ILCA's Program Committee, please contact one of ILCA's board members. (Their names and phone numbers are listed on page 8.)

There are many opportunities for you to serve the



1993-1994 ILCA OFFICERS . . . Standing (left to right): Second Vice President, Richard Saulen, Mutual Fire Insurance Association of New England; Secretary, Dave Vallance, Vallance and Associates. Seated (left to right): First Vice President, Ronald Frawley, Harford Mutual Insurance Company; President, Lee Paige, IRM Services.

ILCA organization and these are not limited to conference participation. We still need our membership to actively participate

in some on-going challenges, such as:

- Membership — I feel sure you know someone
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1993 ILCA Conference Highlights



The annual conference of the Insurance Loss Control Association was held this year during the week of October 18, 1993. The conference was held at the St. Vincent Marten House in Indianapolis, Ind., and attendance this year was 65 ILCA members.

Many excellent presentations were provided in both general session presentations and small group workshops. Some of the sessions covered topics of a timely and educational benefit to the membership.

Some of the comments received from attendees included the following:

"Excellent seminar; one of the best I have ever attended."

"Very beneficial. I am looking forward to next year's conference."

"Lots of good information for almost pennies."

"Not enough time."

"The 1993 ILCA conference was the best one yet!"

As you can see, this was another great conference. Planning has begun for the 1994 conference to be held in Harrisburg, Penn., during the third week of October.

For those members who were unable to attend this conference, the following is a brief report of the topics

and presentations provided.

PROVIDING VALUE ADDED SERVICE TO THE INSURED

Speaker:
Peter Mikolay, Ph.D.
Indiana State University
Terre Haute, Ind.

During his presentation, Mikolay discussed the importance and increasing use of Stewartship reports (also known as value reports) which are prearranged meetings between insured, agent/broker and insurer.

During these meetings, problems can be identified, solutions agreed upon, costs of changes can be discussed and recommendations on future changes of operations or property can be addressed.

Stewartship reports enable insureds to have tailor-made policies issued based on their unique situation. This close working relationship may result in increased renewal retention for insurers.

— *Summary by:* Betty Lynch
The Shelby Ins. Co.
Shelby, Ohio

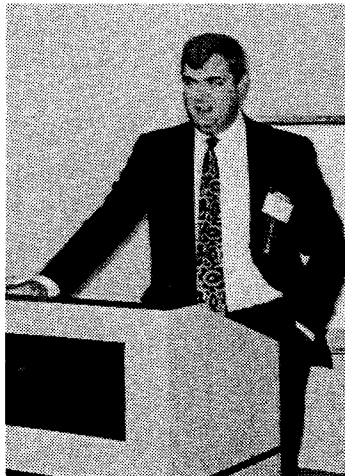
CONTINUING EDUCATION AND CERTIFICATION IN LOSS CONTROL

Speaker:
Dr. James P. Kohn
Indiana State University
Terre Haute, Ind.

In order to obtain and maintain a professional image, continuous personal growth and development are needed. During his presentation, Dr. Kohn discussed the ever changing safety field.

Several states now require WC carriers (and other lines of coverage) to use qualified and recognized professionals for loss control services. However, it is important to remember that all certifications are not equal. It is important to be certified by reputable, recognized industries, and checking with your peers is the best way to accomplish this. Due to changing regulations and technology, the future of safety professionals appears bright as they become faced with new challenges almost daily.

— *Summary by:*
Marsha Alsmeyer
The Shelby Ins. Co.
Shelby, Ohio



GRADING LIABILITY EXPOSURES

Speaker:
Richard Saulen
Mut. Fire Assn.
of New England
Peabody, Mass.

This presentation provided loss control specialists with a new grading procedure and an alternative method to convey to an underwriter the severity of a liability hazard when encountered.

The loss control specialist is reminded that he/she is not a code enforcer and must remain the eyes, nose and ears for an underwriter. The program was designed to show the field loss control specialist how to provide the underwriter with a more defined evaluation, and how to grade the severity of a liability hazard.

It was suggested that each liability hazard be graded "slight," "moderate" or "severe." The various factors to consider are: the amount of traffic exposed to the hazard, the type of traffic (i.e., children, elderly), the inherent severity of the hazard itself, and the loss potential by claims-conscious individuals. The maximum grading of "severe" was defined as being: a violation, complete disregard, or ignorance of generally accepted life safety proce-

dures resulting in a condition that constitutes a clear, present, and extreme danger.

Color slides and detailed handout materials provided examples of each category.

— *Summary by:*
Richard Saulen
Mut. Fire Assn.
of New England
Peabody, Mass.

AGRICULTURAL LOSS CONTROL INSPECTIONS

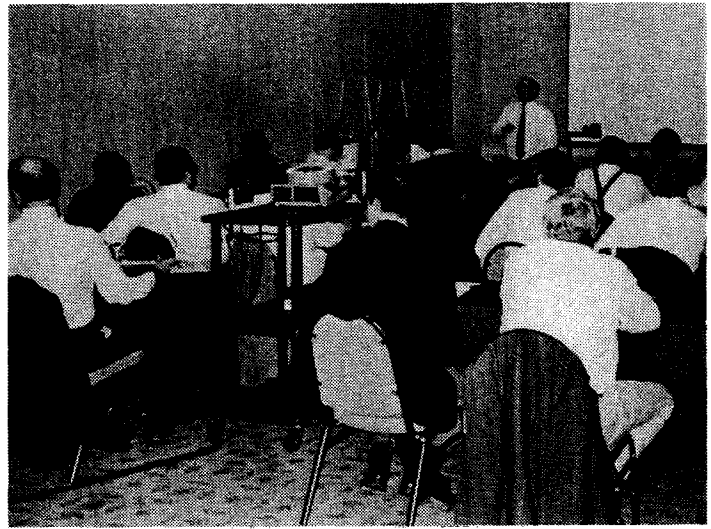
Speaker: Scott Gustafson
State Farm Ins.
Bloomington, Ill.

This workshop contrasted a farm survey and a commercial loss control survey. In addition, a discussion of agricultural surveys was completed.

It was explained that the agent may want to accompany the loss control inspector, and to remember that the insured may be more comfortable if the inspector was properly dressed for the farm survey — a suit and tie may not always be appropriate.

It was recommended that The National Safety Council may be a good source of safety material and literature to help your insured in maintaining a loss-free agricultural operation.

— *Summary by:* Don Davis
Country Mut. Ins. Co.
Bloomington, Ill.

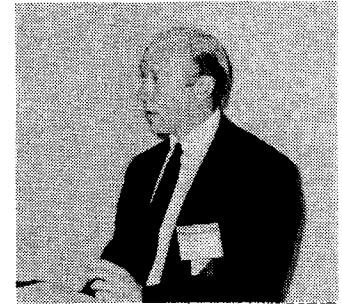


BASICS OF ELECTRICAL WIRING

Speaker:
Jim Brown
Indiana Department of Labor
Indianapolis, Ind.

Nine of the top IOSHA violations are electrical, and the minimum fine for each of these is \$1,500 and could be as high as \$5,000.

Normal violations encountered include: Lockout - tagout; grounding prong missing; exposed live wiring with no cover; no GFCI on outlets near water exposures; flexible cord rather than fixed wiring used where needed; circuit breakers not labeled; breaker box panel locked and not accessible; circuit breakers locked in "on" position; reversed polarity;



and, grounding adapters being used.

— *Summary by:*
Chuck Harper
Grain Dealers Mut. Ins. Co.
Indianapolis, Ind.

FLAMMABLE LIQUID STORAGE

Speaker:
Donald J. Roszak
IRM Services, Inc.
Chicago, Ill.

Rozsak pointed out the
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CONFERENCE
continued from page 3

widespread use of flammable liquids throughout all areas of our lives including home, work and play, and emphasized the importance of using precaution whenever flammable liquids are in use.

Roszak also discussed various physical properties of flammable liquids including flashpoint, explosive limits, specific gravity and vapor density. The classification of the liquids was also discussed.

Roszak's demonstrations led to some lively discussion which was followed by a slide presentation on the safe handling, storage, transfer and use of flammable liquids.

— *Summary by: Lee Paige*
IRM Services, Inc.
Charlotte, N.C.

**COORDINATING CLAIMS
AND LOSS CONTROL**

Speaker:
Gary Burton
Indiana Ins. Co.
Indianapolis, Ind.

Loss control and claims are the eyes of the company, and it is imperative that these two areas work together to help control losses as well as to review large losses.

Loss control and claims specialists have also become marketing people

because of their face-to-face dealings with customers. Thus, communication becomes the "key" word.

Insurance companies are working to improve customer service, and by working together loss control and claims people can save company money. For example, loss control reports help to prepare the claims distribution for trial. According to Burton, "We get fall down claims everyday we are in business." Loss control can help with information on codes, chemicals and pollution; the more that is done "in-house," the more money we can save.

Burton stated, "We don't hold loss control people to be experts in all areas; however, working together before and after a claim can have a positive effect on the company's bottom line."

— *Summary by:*
Art Hoffman
The Shelby Ins. Co.
Shelby, Ohio

**SPECIAL
INVESTIGATIVE UNITS**

Speaker:
Bob Smith
Metropolitan Property &
Casualty
Columbus, Ohio

I found it to be overwhelming to learn that for every claim dollar paid out, 10 cents goes to fraud. If insurance fraud was a



legitimate business, it would be a top Fortune 500 company.

Smith showed statistics that supported the need for insurance companies to have their own Special Investigative Units. Between 10-25 percent of all claims are fraudulent, and each year between 17 and 18 billion dollars are paid on fraudulent claims. Fifty percent of all fraud is committed by professionals, and 20-23 percent of the general public agree that it is alright to pad a claim to cover the deductible, make up for premiums, misrepresent information to lower premiums or to omit information that could increase premiums.

According to Smith, Special Investigative Units are trained to look for certain indicators in claim reports. They perform an indepth investigation using

these indicators, along with their experience, to reach the goal of reducing dollars paid out to fraudulent claims.

— *Summary by: Betty Lynch*
The Shelby Ins. Co.
Shelby, Ohio

PRESENTATION SKILLS

Speaker:
Cathy Barr
The Shelby Ins. Co.
Shelby, Ohio

During her presentation Barr shared four myths about good speakers: they are born, not made; they never get stage fright; they do not have to work at it; and, they don't get nervous.

Many safety professionals are requested to give presentations for training, safety meetings and sales, and some common concerns include:



• Do I possess adequate knowledge?

• Will the audience be hostile?

According to Barr, there are 10 steps to assure that you are ready for your presentation.

1. Know your audience;
2. Know the occasion;
3. Speaking Environment (job site vs. office);
4. Pin down the topic;
5. Brainstorm;
6. Research;
7. Prepare a rough draft with intro, discussion and conclusion;
8. Put presentation on note cards;
9. Practice;
10. Overcome nervousness.

Some points to remember: proper hand movements, eye contact and body language are important; clear, concise visual aids are helpful; and be sure that you are familiar with the equipment needed to be used during the presentation.

— Summary by
Marsha Alsmeyer
The Shelby Ins. Co.
Shelby, Ohio

BUILDING CONSTRUCTION UPDATES

Speaker: Lee Paige
IRM Services, Inc.
Charlotte, N.C.

During his presentation, Paige stressed the necessity of staying current with changes in the materials used in construction. This includes the structural materials as well as finishes.

Paige then introduced a wide variety of products new being used in the construction industry including exterior insulated finishing systems (EIFS), woodjoist systems, laminated wood units, foam and brick finishing system.

Paige also presented a roof inspection slide show and roof inspection materials such as roof membrane materials, mechanical fasteners and insulation materials.

— Summary by: Lee Paige
IRM Services, Inc.
Charlotte, N.C.

EVALUATING AND MANAGING THE MINI-FLEET

Speaker:
Don Rung
Lumber Mut. Ins. Co.
Framingham, Mass.

Rung's presentation focused on the specific exposures inherent in the "mini" fleet of five or less vehicles, typically found in small to medium size commercial risks.

Structural controls provided by federal and state DOT requirements which typically impact larger fleets are usually not applicable with the small fleet. Typically the drivers encountered in smaller fleet exposures perceive driving as a break from work rather than as an important job function.

Rung explained that controls for this type fleet should include:

- Formal screening of driving record for all drivers, annual rescreening and establishment of both a disqualification threshold and requirements for remedial training.
- Road testing of all driving employees with establishment of pass/fail criteria.
- Making clear statements to all applicants on the company policy dealing with: drug testing, moving violations, accidents, hitchhikers, seatbelts, headlights, impact of safe driving record on continued employment and salary review, and DUIs.
- Insurance require-

ments for operators of non-owned autos.

• Riding with or behind all drivers at least once a year with establishment of criteria for acceptable performance.

- Scheduled vehicle inspection and preventative maintenance.
- Investigation of, and response to, all accidents.
- Incorporation of driver performance into continued employment, salary review and/or promotion.
- Establishment of a safe driver incentive system, or at minimum, avoidance of conscious or unconscious establishment of a counter incentive.
- Some periodic and repeated mechanism to focus and sustain the focus of drivers on safe operation.

— Summary by: Don Rung
Lumber Mut. Ins. Co.
Framingham, Mass.

IOSHA OVERVIEW

Speaker:
David Bear
Indiana Department of Labor
Indianapolis, Ind.

"The key to workplace safety is to be proactive." Workplace safety will occur when employees and employers work together to make safety a condition of work.

Bear reported that there is more going on in OSHA reform today, and that two bills are in the process of being introduced. He then described the different types of OSHA inspections and formats.

Bear claims that the best advice to give to employers is to keep good records, and to remember, "If it looks unsafe, it most likely is unsafe."

Bear closed his presentation by explaining the six types of OSHA violations

and the penalties involved.

— Summary by:
Art Hoffman
The Shelby Ins. Co.
Shelby, Ohio

BURGLARY LOSS PREVENTION

Speaker:
Robert Titter
The Shelby Ins. Co.
Shelby, Ohio

Burglary losses continue to escalate at an alarming rate. To try and deter the would-be-burglar the building should be protected using a system of physical protection features and alarm systems.

Protection in depth is a concept of confronting burglars with progressively more difficult obstacles.

These obstacles should be:

- Fencing and lighting around the property;
 - The physical protection afforded by the building construction and design;
 - Iron work and locks on doors and windows that are tamper resistant and provide adequate protection;
 - The use of safes and vaults to protect items of value;
 - The installation and use of effective burglary alarm systems may be your last resort for effective protection. However, these systems may only provide a warning of an entry.
- No single system alone will provide adequate security. An integrated system with protection-in-depth will be your best defense.

— Summary by:
Robert Titter
The Shelby Ins. Co.
Shelby, Ohio

**ILCA Annual Business Meeting
October 19, 1993
St. Vincent Marten House
Indianapolis, Indiana**

The meeting was called to order by Bob Titter, president, at 11:40 a.m. More than 20 association members were present which constituted the quorum necessary for the official conducting of business.

Dick Saulen, secretary, read the minutes of the business meeting of Oct. 20, 1992. A motion was made, and seconded, with the minutes being approved as read.

Ron Frawley presented the audit report review on behalf of the Audit Committee. The committee audit of the books was found to be in order. A motion was made, and seconded, and the report was approved as read.

The Nominating Committee of Don Rung, Donald Davis, Raymond Williams and Benjamin Hoover presented the following slate of officers for the 1993-1994 term of office:

President
Lee Paige
IRM Services, Inc.

First Vice President
Ronald Frawley
Harford Mutual
Insurance Company

Second Vice President
Richard Saulen
Mutual Fire Insurance
Association of New England

Secretary
David Vallance
Vallance and Associates, Inc.

Bob Titter noted that no other nominations had been received within the past 60 days and none were made from the floor. A motion to close nominations was made and unchallenged. The motion was seconded and approved.

Bob Titter thanked the local Program Committee for its efforts and contribution. Special thanks and recognition were given to Joe Barnes of NAMIC and his staff for their hard work in coordinating the conference.

OLD BUSINESS

The membership of the association is good overall and is continuing to grow with present membership at 354. All members were encouraged to attract and recruit new members.

NEW BUSINESS

The Executive Committee established that the Nominating Committee for 1993-1994 will be Bodine Shultz, Robert Titter, Olin "Frosty" Junkin and one additional member nominated from the floor. Rik McClave was nominated with a motion and seconded and approved, completing the Nominating Committee.

Don Rung was reappointed Financial Secretary for the 1993-1994 term. Yearly dues will remain the same.

Future meeting sites for the ILCA Conference were reported to be:

October 17-19, 1994
Harrisburg, Penn.

October 16-18, 1995
Columbus, Ohio

October 1996
Indianapolis, Ind.

October 1997
Syracuse, N.Y.

Rik McClave indicated there are considerable savings in transportation costs if one arrives at the conference site on a Saturday. He suggested starting the conference on a Sunday. There was a vote of hands and it was determined the vote was even. The board will review the suggestion.

Members wishing to expand their proficiency in Loss Control were informed that details will be forthcoming in a future newsletter on the Certified Fire Protection Specialist (CFPS) Exam. The intent is to make available, for those interested, an exam immediately following the conclusion of the 1994 Fall Conference.

Letters for Life Membership were proposed, seconded and approved for:

Benson W. Rohrbeck
DEVCO

George J. Jeffers
DEVCO

Jack Rotherham
IRM

Richard E. Lepley
IRM

Gail T. Burton
IRM

Don Wade
IRM

James F. Rivett
IRM

Isaac Siskind
IRM

New President Lee Paige was given a gavel and a copy of Robert's Rules by outgoing President Bob Titter.

Paige concluded the session by

challenging each attendee to bring in one new member in the coming year.

With no other business, a motion was made, seconded and carried, to adjourn the meeting at 12 noon.

Respectfully submitted,

Dick Saulen
ILCA Secretary



Lee Paige (left) presented Bob Titter with a gavel plaque for his service as ILCA president.

HOME OFFICE TAX DEDUCTION

FOR LOSS CONTROL REPRESENTATIVES WHO USE THEIR HOME AS AN OFFICE

Home Alone? The IRS May Pay a Visit

That spare room that has served as your "home office" may no longer qualify as a tax deduction.

For many years, business people have taken a tax deduction for the use of part of their home as an office. As long as you had a specific room in your home that was used exclusively and regularly for business, it was your principal place of business, or was used to meet with customers or clients, all the costs associated with that space could be deducted against the income generated from the business.

This allowed nearly anyone who maintained an office in their home to deduct costs related to that room. Almost any independent business person who was not provided office space elsewhere was eligible for the deduction, provided they spent a substantial amount of time in their home office. These deductions ranged from a partial depreciation of a home to an allocation of the

electric bill. Without a doubt, this was a significant deduction for many people.

No more. The rules have changed. A recent ruling by the United States Supreme Court has made the rules regarding home offices much stricter. The new rules require that your home office be for "primary" work, or that clients and customers be seen in the home office.

The "primary work" rule still allows a deduction for taxpayers who perform their revenue earning function in their home office. While many types of home businesses still qualify for the deduction, there is a long list of people who can no longer take advantage of this tax savings.

For example, an author who writes at home would still earn a deduction, but an electrician who does work at the homes of customers (but did his billing and stored supplies at home) would not. A doctor who

sees patients in a home office can deduct associated costs, but a surgeon who did his billing and caught up on his medical reading at home — but performed surgery at the hospital — can no longer deduct the costs of a home office. Even salespeople who visit customers on the road, then use a home office to write up orders, would lose the deduction.

Although the Supreme Court conceded that certain occupations required a home office, even though not a primary work site, the elimination of the tax deduction was allowed to stand.

If you are planning to take a home office deduction, you must complete a special form (Form 8829) and attach it to your tax return. Make sure you meet all of the new requirements! Although Form 8829 is printed in the standard IRS return form colors, it is certain to be a "red flag" to IRS auditors come April 15.

PRESIDENT'S MESSAGE

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who would benefit by becoming an ILCA member, and we need them to help us grow as an organization. Growth is not limited in number of members, but in a broader sense it is the knowledge that new members bring to the organization.

• **Service** — We need members to serve on the Executive Board, authors to provide articles for ILCA *Help*, speakers or presenters for the conference and volunteers to serve

on various ILCA committees. The experience is great; if you want a recommendation — call ME!

ILCA is here to serve you. If you have any suggestions or ideas on how we can serve you better, please let us know.

I am looking forward to a rewarding year, and I promise, if you become actively involved, it will be a rewarding year for you as well.

Lee Paige
1994 ILCA President

Welcome New ILCA Members

Auto-Owners
Insurance Company
Lansing, MI
Jack R. Chenoweth
Pete Spitzley

Farmers Mutual Hail
Insurance Company of Iowa
Des Moines, Iowa
Bill Barber

Farmers Mutual
Insurance Company
Fairmont, WV
Art Meadows

Grange Mutual
Insurance Company
Columbus, OH
Richard Gaskill
Tom Welch

Indiana Farmers
Mutual Insurance Group
Indianapolis, IN
Stan Cool
John Ewing
Ray Kilmer

Meridian Insurance
Indianapolis, IN
Malcolm MacRae
Randy Motz

Miami Mutual
Insurance Company
Troy, OH
Mark Workman

Oxford Mutual
Insurance Company
Thamesford, Ontario
Canada
E. Allan Garner

Pekin Insurance Company
Pekin, IL
Rick Parks
Mike Slotter

Union Insurance Company
Lincoln, NE
Steve Phelps

Insurance Loss Control Association (ILCA) Board of Directors 1993-94

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