

ILCA "HELP"

HAZARD EVALUATION LOSS PREVENTION BULLETIN OF THE
INSURANCE LOSS CONTROL ASSOCIATION

WINTER 1999

1998 ANNUAL CONFERENCE HIGHLIGHTS

PRESIDENT'S MESSAGE

Are you prepared? I bet you were thinking about Y2k or the year 2000; well, that's not what I am talking about. Are you already thinking about our 1999 fall conference? We will be holding the conference in the suburban area 5 minutes from greater downtown Harrisburg, PA. Realizing that everyone's budgets have either already been put into management or are about ready for management approval, please leave room in your itineraries and budget expenses for October 18-20, 1999.

We have already arranged for the Certified Fire Protection (CFPS) exam to be given on the afternoon of the 20th. The conference committee

is still looking for any suggestions for the conference and would gratefully accept any volunteer time you wish to give to ILCA.

As we look forward to the year ahead, remember the history of our organization. We have a tradition of excellence and ILCA is the only true insurance related loss control national organization. There is no other organization that provides us with the relationships that drive this organization, improve the educational experience and truly provide us with a value added service for ourselves, our companies and of course, with the insureds for whom we provide information to reduce their chances of loss.

I look forward to serving as your President for the ensuing year. I hope you and yours had a happy holiday season and a joyous new year.

Rowland McClave, III, CFPS
ILCA President

1999 ILCA President Rick McClave presents the Past President Plaque to out going president Terry McIntyre.



HELP NEEDED

The Planning Committee is looking for ideas on a possible trade show at the next annual conference in Harrisburg, Pa., on Oct. 18-20, 1999.

Tom Perry and Steve Laskoski have been working on the concept since our last conference. A letter of invitation is being prepared to be sent to companies and suppliers in the insurance, fire protection, safety equipment and related markets. The trade show would follow a day of interesting and informative sessions.

If you know of someone who would be interested in having their company participate, please contact:

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Manager Survey Services
ISO
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Pelham, NH 03865
email: TPerry@iso.com

or
Steve Laskoski
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INSURANCE LOSS CONTROL ASSOCIATION ANNUAL BUSINESS MEETING

October 20, 1998

Holiday Inn; Erlanger, KY (Cincinnati)

The meeting was called to order by Terry McIntyre, president, at 11:00 a.m. More than 20 members were present, which constituted a quorum necessary for the official conducting of business.

Rik McClave, in the absence of the Secretary, indicated minutes were published in ILCA HELP Newsletter. The reading of the minutes was waived. A motion was made to accept the minutes as read, and they were seconded and approved.

President McIntyre appointed Kevin Adolphson as Secretary pro tem to take minutes of the current meeting in the absence of Byron Golden.

President McIntyre announced the passing away of lifetime member Dick Turner and the current illness of Byron Golden. The resignation of Byron Golden was accepted with regret. A get well card was passed around and will be sent to Byron.

The financial secretary's report was presented Robert Titter, Financial Secretary. A copy of the report was furnished to the exec. committee. The audit committee consisting of Tom Perry, Stig Ruxlow and Kevin Adolphson reported that the books were found to be in order. A motion was made to accept the financial report as presented. This was seconded and approved. Balance as of this date is \$5321.53

The Nominating Committee R. Saulen, K. Adolphson, L. Paige and Ron Frawley presented the following slate of officers for 1998-1999 term of office:

- President
Rik McClave
Insurance Services Office
- First Vice President
Ron Frawley
Hartford Mutual Insurance
- Second Vice President
Tom Perry
Insurance Services Office

- Secretary
John Forsythe
Central Insurance

No other nominations had been received within the past 60 days and none were made from the floor. A motion was made to close the nominations, seconded, and approved. The secretary was asked to cast a single vote to elect the slate of officers as presented.

Outgoing President Terry McIntyre thanked the Local Program Committee for their help and hard work with the 1998 annual conference. A special thanks and recognition was given to Donna Moore of NAMIC and the staff for their hard work in coordinating the conference.

Old Business

No Old Business.

New Business

The Executive Committee established the 1999 Nominating Committee of Terry McIntyre, Kevin Adolphson, and Dick Saulen. Stig Ruxlow, the required additional at large member, was nominated from the floor; it was seconded, and approved.

Life Membership was proposed, seconded, and approved for the following members: Ed Generous; American States, and Robert Sullivan; MFIA.

The Executive Board appointed Robert Titter as Financial Secretary for the 1998-1999 term.

Future sites of ILCA conferences were announced:

- Oct. 18 - 20, 1999
Harrisburg, Pa.
- Oct. 16 - 18, 2000
Boston/Peabody, Mass.
- Oct. 15 - 17, 2001
Indianapolis, Ind.
- Oct. 14 - 16, 2002
Baltimore, Md.
- Oct., 2003
to be determined.

The Planning Committee will hold its meeting in March of 1999 in Harrisburg, Monday, March 22, 1999 at 9:00 a.m. The meeting is expected to be held in the Holiday Inn in downtown Harrisburg. In lieu of the meeting, a telephone conference call may be initiated. Any members willing to serve on the Planning Committee should give their name to any executive board member.

Dues for 1998-1999 will remain \$20.00. The 1999 dues notices will be a separate mailing in March 1999 rather than contained in the newsletter.

The CFPS exam will be established to be coordinated with each ILCA conference. The CFPS board has transferred exam responsibilities to the NFPA. Coordination will start as soon as possible.

Due to declining interest, the ALCM will not be held in 1999.

We are looking for volunteers to assist Bob Titter on a committee to develop our WEB site with NAMIC.

A lengthy discussion was held about upcoming ILCA professional development conferences. A number of ideas were passed along to be used by the executive and planning committees.

Terry McIntyre presented incoming President Rik McClave with the association gavel and a copy of Robert's Rules of Order. Rik McClave then presented outgoing President Terry McIntyre with a past president's plaque and thanked him for his leadership to the industry and to the ILCA membership.

With no other business before the membership, a motion was made, seconded and approved to adjourn the meeting at 11:30 a.m.

Respectfully submitted,

Kevin Adolphson
Secretary pro tem

SELLING RECS PRESENTATION SKILLS

*Paul Anastasia
Arkwright Mutual
Insurance Company*

Paul gave a very interesting presentation on Selling Recommendations and Effective Presentation skills.

Paul stressed consulting skills and listed several key areas:

- Communication tools
- Determining resistance and ways to overcome it
- Negotiation Skills
- Planning and preparation

The Meeting and follow up

Paul presented a manual to each participant for future reference and use.

Paul related his experiences and real world situations (as a technical support engineer to field staff engineers) to illustrate examples of consulting.

UNDERSTANDING AND DEALING WITH PERSONAL STRESS

*Dave Caperton
Humor Consultants*

Dave gave a very entertaining and rewarding presentation on understanding and dealing with personal stress.

Dave stressed that enjoying our jobs, our relationships and ourselves is our choice and gave several examples:

- A rewarding life begins with a healthy attitude
- Understanding and dealing with personal stress
- Cultivate a healthy sense of humor
- Make praise your habit
- Build your support base

Dave used his innovative teaching methods and humor as a tool to create a very interesting session.

Dave has addressed many industry group sessions within the United States and conducted training seminars for companies such as

The Limited Companies; Ashland Chemical; Nationwide Insurance; Lucent Technologies; and BancOne Corp.

EMPLOYMENT PRACTICES LIABILITY

*Jerry Wollam
Chief Operating Office
NAMIC Insurance Company
(NAMICO)*

Jerry gave a very enlightening presentation on employment practices, sexual harassment policies, age discrimination and equal employment opportunity policies.

LIGHTNING AND SURGE SUPPRESSION

Jim Riggert

Lightning is known as the "silent destroyer." During each year there are 90 million lightning strikes in the USA. There are more losses for lightning than from tornadoes and/or wind. Lightning arrestor and surge suppression systems are a deterrent to damage and loss as a result of strikes. Surge suppressors are categorized as "A" which is a plug in type protector; "B" which is attached to sub feeder electrical panels; and type "C" which are installed at the main electrical



Jerry Wollam, president-NAMICO, makes a presentation to ILCA conference attendees on "Employment Practices Liability."

Jerry covered various legal aspects and wrongful discharge verdicts including:

- Sexual discrimination
- Race discrimination
- Age discrimination
- Pregnancy discrimination

Jerry also covered interviewing techniques and legal issues.

Jerry has addressed many industry group sessions within the United States and conducted training seminars for all levels of the United States Olympic Committee and National Governing Bodies.

entrance or at power poles. Surge suppressors should be chosen for their "jewell" rating rather than pricing. Install only a suppressor that has the highest rating with the lowest clamping voltage and response time. Reputable manufacturers will also include a warranty for their product, but manufacturers will not pay out unless the actual unit is damaged along with the device that the unit protects.

Lightning arrestor systems should be UL listed and installed by

a UL listed contractor in accordance with UL 780. Systems are usually either copper or aluminum. Aluminum is 25% less effective than copper. The system will consist of the terminal, grounding, bonding and arrestors attached to all utilities such as telephone and electrical. All metal "services" must be attached to the grounding system. This includes telephone, electrical, plumbing, metal roofing, gutters and coaxial cables.

PERSONAL SAFETY FROM CRIME AND VIOLENCE

Allan M. Apo

As professional loss control staff, we must consider our own safety as well as the safety of insureds with whom we visit, survey and provide recommendations. Personal safety must be considered while at the office, during travel, and in the field. High risk jobs include delivery of passengers and goods, out of office customer service, out of town travel, face to face public dealings, and exchange of anything valuable in public. The public faces possible murder, rape, and robbery as well as aggravated assault. In 1995, the last year of published accounts, there were more than 21,000 murders; 97,000 rapes; 500,000 robberies; and 1 million aggravated assaults. In 1990, 683,000 women were raped and of these, 22% were assaulted by strangers. Premises security or lack thereof can and will result in liability lawsuits. 23% of crimes occur in apartments; 18% in parking lots; 15% in hotel rooms; and 9% in public store areas.

Crime prevention starts with common sense. Don't be caught by surprise. Know what is going on around you. If a situation feels wrong, it probably is. Do something about it. If someone bothers you in public, take action immediately. Yell, scream, bring attention to the situation. Stay in well lit areas; don't walk alone at night. If you must, stay on the street or on the outside of

the walk, away from buildings and dark areas. If a suspicious person follows you, go to the nearest place where there are people.

Offices have their own peculiarities. If you are first in, be careful. Wait to be escorted or wait for a co-worker. Use only LOCKED restrooms or restrooms in secured areas. Report suspicious people in the office, and before leaving the building, check outside for suspicious persons or vehicles. Ask for an escort to your car.

While traveling, make sure that you have made a copy of all identification and credit cards and have left them in secure place. Carry the name, address and telephone number of a person to contact in the event of an emergency. Carry as little cash as possible, never leave luggage unattended, and make sure the tags do NOT have your home address or number. Plan your trip ahead of time, and while enroute, keep doors locked and windows closed. A cellular phone is a great help in an emergency. Don't ask strangers for directions — go to a public place or a police station. If involved in an accident where you have been struck from behind, DO NOT leave your vehicle; proceed to a police station. Never leave a car unattended with the key in the ignition. Park only in well lit areas and utilize escort facilities when available.

Ask when making reservations in hotels and motels about the security such as key control. Ask for bellhop service if checking in late at night. Never allow the desk clerk or others to announce your room number in public. Check all doors, including outside sliding glass doors, to make sure they are secure. If maintenance or any stranger appears at the door, CHECK with the desk clerk/manager before letting them in. KNOW THE FIRE EXITS.

There are over 220 million guns in circulation in the U.S. Handguns account for more than 70% of all murders and 39% of all crime.

Women are five times more likely to be shot by someone they know than by an unknown assailant. If you decide to carry a handgun, follow state and local laws and get the proper training. If you decide to carry a handgun while on business, obtain written permission from your company. An alternative to a weapon is to carry a whistle, shriek alarm, mace or pepper spray.

ARC WELDING: ELECTRICAL ARC RAYS GENERATED SPARKS FUMES

*Edward Varekojis
Technical Sales Representative
Lincoln Electric*

The basic process of arc welding is the utilization of a transformer to reverse high voltage/low current from the power source to low voltage/high amperage. The arc created when the positive and negative charge electrode contact each other results in the generation of intense heat. When the welding rod contacts the metal being welded, the metal and the rod melt. The rod wire is used to fill the weld of the parent material. Additionally, during welding, the rod's coating creates an air void to prevent pitting in the weld.

Electrical-Input Power

Arc welders typically operate at 230, 460, or 575 volts. All power supply connections should be made by a certified electrician. Welder output range from small (100-200 amps), medium (300-500 amps), to large (800-10000 amps). The operator must take precaution to not become part of this continuous circuit. To insure this, the welder must check for: a good ground, the insulated rod holder, broken or frayed cables. Welders should wear good welding gloves, rubber soled boots and avoid any moisture.

Magnetic fields are generated when electricity passes through a conductor. There is a field around

the arc welder and the leads. Leads should be kept as short as possible with the operator staying out of the loop. Additionally, the cables should be kept off to the side and not wrapped around the welder.

Arc Rays

Ultraviolet light is generated during the welding process which is similar to a mini-sun. These rays will burn your skin and eyes based on the amperage and the length of exposure. The skin burns can be so intense blistering results. Eye burns can even result in blindness. Eye protection is a must. Welding helmets have lens to protect the welder from these rays. (Range from #8-#18). A #10 lens is the most common lens found in most shields. Skull caps should also be worn by the welder. The American Welding Society booklet E-205 is available at 1-800-443-9353 to provide greater detail on lens. Employees around the welder should have eye protection on. Sparks range from 10,000 to 15,000 degrees and can fly over 30 feet. All flammable materials should be kept out of welding arcs. Welding screens or curtains should be used to prevent sparks from flying throughout the work area.

Fumes

Molten iron gives off gases with particulates. These fumes require limiting a welders exposure time and limiting the amount of gases. The helmet is designed to divert these fumes, however they still reach the operator. The welder should keep their head out of the plume of smoke generated during the welding process. Ventilation is needed to remove fumes between the arc and the operators head. Low and high volume vacuum are available to remove these fumes. Welding operations in confined spaces create a concern for the displaced air by the carbon monoxide or inert gas. MSDS should be consulted for all welding products.

Special Concerns

Zinc — produces fume fever in

exposed operators.

Manganese — used to harden surfaces.

Chrome — found in stainless steel and is a carcinogenic.

Cadmium — a rust inhibitor which can be fatal.

SAFE HANDLING OF COMPRESSED GAS CYLINDERS

Paula Merritt

Technical Sales Representative

Lincoln Electric

- Do not drop a cylinder.
- Never hammer, pry, or wedge a stuck or frozen cylinder valve to loosen it.
- Do not allow grease, oil or other combustible materials, to touch any part of a cylinder, especially important with oxygen.
- Never ground a cylinder or place it near an electrical conductor.
- Never strike an arc or tap a welding electrode on a cylinder.
- Keep cylinders away from sparks, hot slag, or molten metal.
- Do not attempt to transfill gas from one cylinder to another.

Valves and Regulators

- Always use the proper regulator for the gas in the cylinder.
- Always check the regulator before attaching it to the cylinder. If connections do not fit easily, the wrong regulator is being used.
- When removing a regulator; first close the cylinder valve, then bleed off the gas remaining in the regulator and unscrew the regulator.
- Flashback arrestors should be used on all torches.

Gases

- Never use oxygen to run air tools.
- Always call oxygen, air, and fuel gases by their correct names.
- Never allow anyone to dust himself with an oxygen line.
- In non-ventilated areas workers should wear air masks. Inert gases such as argon, helium, CO₂, & nitrogen can asphyxiate a person.

Source of information: BOC Gases - "Safe Storage and Handling of Compressed Gases" Pamphlet, 1-888-427-2269.



Participants listen intently to one of the many informative presentations available at the 1998 Annual ILCA Conference held in Cincinnati, Ohio.

ROAD RAGE

*Trooper Russell Harney
Dry Ridge Post
Kentucky State Police*

Road Rage are events that lead an angry or impatient driver to kill or injure another driver. This developing trend has been growing at 7% per year. The characteristics of Road Rage were detailed in a AAA video, "Preventing Road Rage." Stress at home or work can be a cause and this developing trend can be found in anyone.

A drivers "Belief System" is challenged (example: "winning is everything"). A driver decides they need to make other drivers aware of their faults.

Ways to Reduce Road Rage

- Admit your driving habits are or could be a hazard to you and others.
- Replace old beliefs with new ones.
- Allow more time for the trip.
- Make the ride in your auto more comfortable. Clean your auto.
- Take deep breaths.
- Don't get into your auto when you are angry.

Avoid being the victim

- Let people pass.
- Use your turn signal.
- Avoid gestures.
- Don't retaliate against another driver.
- Avoid direct eye contact.
- Don't go directly home or get out of your vehicle if confronted.

Causes of Road Rage

- Tailgating
- Speeding
- Head light flashing
- Gestures
- Abrupt lane changes
- Horns
- Cutting off drivers
- Blocking
- Trying to "win!"
- Taking things "personally"

Report aggressive drivers.

Why Road Rage has Increased

- More vehicles on roadways.
- More drivers on roadways.
- More miles driven each year.
- Security/safety of newer vehicles.
- More media coverage.
- More things to do with less time to do them.
- Decrease in driver education programs.

Preventative Measures

- Educate motorists on road rage.
- Increase law enforcement.
- Increase court penalties for road rage.
- Increase driver education programs.
- Improve roadways to reduce traffic congestion.
- Expand graduated licensing programs.

WELCOME NEW MEMBERS

J. Adam Roslovic
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David P. Rhodes, CPCU, CSP
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Kevin Adolphson makes a presentation to Kentucky State Police Trooper Russell Harney following his presentation on "Road Rage."

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WE NEED YOUR HELP

The following ILCA members are lost! They have changed jobs or moved from their mailing address. Do you know where they are? If you can help, please send their new address to Robert Titter, P.O. Box 3095, Lexington Ohio 44904, or call him at (419) 884-6214. Thanks for your help.

Tony Richardson
J. W. McGinnis
Christopher Carnovale
Edward K. Ludlum
Bob Schwartz
C. C. Stubbe
Patty Tomsazcwski
Greg Willis
Ken Milon
Jamie Hernandez

The following information appeared in the October, 1998 issue of NAMIC State Government Observer which is published monthly by the National Association of Mutual Insurance Companies. The Observer is edited by Ken Marshall, NAMIC state issues manager-Regulatory Affairs. Marshall can be contacted by calling NAMIC at (317) 875-5250 or by email at kmarshall@namic.org.

NAMIC STATE GOVERNMENT
OBSERVER

STATE BUILDING CODES BECOME A FOCAL POINT FOR PROPERTY LOSS MITIGATION

Throughout the last decade, natural disasters have caused unprecedented levels of insured property loss in many states. With projections of continued population and development growth in catastrophe-prone regions, the record-level damages in recent years have heightened worries about potential catastrophic loss and increased public and private sector resolve to more effectively mitigate loss exposure. One strategy generating support involves pushing states to adopt and enforce stronger building codes. While about half of the states have adopted some form of a statewide building code law, several still have not, and many state codes that are in effect are either dated or inadequately enforced. Growing public policy support for this particular loss-reduction strategy is evidenced by the numerous legislative proposals that have begun to surface. A coalition of insurance industry organizations recently created to promote statewide building codes is further indication of the priority importance of this mitigation strategy. These public and private sector initiatives can reduce property/casualty loss exposure and help save lives.

Coastal Growth Accentuates the Negative

Continued population growth and development along coastal regions of the country exacerbates the natural catastrophe exposure inherent to these areas. Since 1920, the U.S. population has grown by 120 percent, but during this same time some of the more catastrophe-prone coastal states have experienced much more pronounced growth. The related residential and commercial development that accompanies the population boom in these coastal states significantly increases the overall damage potential from hurricanes and other natural disasters.

Population Growth From 1920 - Present

United States Total	120%
California	800%
Florida	1300%
Hawaii	300%

In 1960, 80 million Americans were estimated to be living along coastal regions, but by the year 2010, coastal population is expected to exceed 130 million, and comprise 75 percent of the U.S. population. This startling growth projection translates to even greater catastrophic property loss exposure in the future.

The extraordinarily high level of insured property loss attributed to recent catastrophic events has focused considerable attention on the hurricane and earthquake loss exposure inherent to certain states. However, it is important to note that a significant portion of this recent loss experience actually occurred in non-coastal areas and resulted from events other than hurricanes or earthquakes. Since 1989, wildfires, winter storms, hail, flooding, tornadoes and ice storms have occurred in virtually every state causing over \$8 billion of insured loss. During May and June of 1998 windstorms, hail and tornadoes caused an estimated \$650 million in damages across 12 primarily Midwestern states. In addition, early estimates of damages from wildfires in central Florida this summer total another \$625 million. This clearly reinforces the fact that significant loss exposure exists in virtually every state and that loss control strategies, while of obvious importance to coastal and other catastrophe-prone states, are fundamentally important for all states. The table below lists the notable catastrophic events of the last decade and highlights insured losses not directly related to hurricanes or earthquakes.

<i>Year</i>	<i>Notable Event/Billions of Dollars</i>	<i>Affected States</i>
1989	Hurricane Hugo \$4.5	Fla., S.C.
1990	No Single Notable Event \$2.8	
1991	Wildfires \$1.7	Calif.
1992	Hurricane Andrew \$17.4	Fla.
	Hurricane Iniki \$1.6	Hawaii
	Earthquake \$.10	Calif.
1993	Winter Storm \$1.6	24 states
	Brushfires \$.95	Calif.

Year	Notable Event/Billions of Dollars	Affected States
1994	Earthquake	\$12.5 Calif
1995	Hurricane Opal	\$2.0 Fla., Ala., Ga., N.C., S.C., Tenn.
	Windstorm, Hail, Flooding	\$1.35 Texas, N.M.
	Hurricane Erin	\$0.375 Fla., Ala., Miss.
1996	Hurricane Fran	\$1.6 N.C., S.C., Va., Md., W.Va., Pa., Ohio
	Snow, Ice Storms, Tornadoes	\$0.735 31 states
	Hurricane Bertha	\$0.135 N.C., S.C., Va.
1997	Hurricane Danny	\$0.06 N.C., S.C.
	Storms/Flooding	\$0.30 Ariz., W.Va.
	Snow Melt Flooding	\$0.225 N.D.
1998	Windstorms, Hail, Tornadoes	\$0.650 12 (Midwest) states
	Wildfires	\$0.625 Fla.

Source: Insurance Information Institute *P/C Fact Book* 1998, 1997, 1996; *Journal of Commerce* 1/8/1998; and *NAMIC Observer* March 1997 and February 1998; *NAMIC Multiple Lines Forum*, Aug. 1998.

Effective Loss Control Through Stronger Building Codes

Record losses and increasing coastal exposures highlight the need for effective property-loss mitigation. Within this context, public officials and insurance industry representatives have begun to push for adoption and enforcement of stronger statewide building codes to protect residential and commercial structures from damaging forces, thus reducing exposure and improving safety. The resulting decrease in personal injuries, death and property damage will benefit the public and the insurance industry. Loss control experts already possess a keen appreciation for effective building code adoption and enforcement, but the potential reduction of more typical loss experiences, as well as those resulting from catastrophic events, should be of interest to the entire property/casualty industry. Efforts to mitigate potential loss and improve safety through tougher construction standards are also consistent with the federal government's Natural Disaster Reduction Initiative.

Many states have adopted some form of a statewide building code law, but many of these are very limited, are no longer up-to-date, or do not cover the major types of occupancies. The model codes on which most of these state laws were based are revised continuously. Consequently, laws that were adopted at the beginning of this decade may be woefully out of sync with current standards. Adequate enforcement is also a concern. Inconsistent enforcement can occur when states allow local governments to adopt different, often less restrictive, provisions. Another enforcement problem is the fact that many states lack basic licensing standards to ensure building officials possess adequate knowledge and expertise. It is estimated that losses attributed to Hurricane Andrew could have been reduced by as much as 50 percent if existing building codes had been more adequately enforced. Inadequate code enforcement is also thought to have contributed to the damages associated with the Northridge earthquake in 1994. So, despite the existence of building codes in many states, inadequate language and enforcement can inhibit their intended effectiveness.

The Building Code Effectiveness Grading Schedule (BCEGS) was developed by the Insurance Services Office (ISO) to address the issue of adequacy and enforcement through a standardized assessment process. Communities receive a BCEGS grade ranging from 1 (exemplary), to 10 (denoting a complete absence of codes or code enforcement) and advisory rating discounts are developed for each community based on these grades. The program, which was still being developed in 1994 when Hurricane Andrew struck, was pilot-tested in 154 communities throughout Florida, North Carolina, South Carolina and Georgia. Implementation began in 1995 and will be completed in the year 2000. BCEGS represents a viable loss control tool that can help compliment the ability of state building codes to determine insurability, reduce exposure and improve safety conditions.

The building codes currently in effect in many states either mirror or are based on the standards promulgated by three national model code organizations. The Building Officials and Code Administrators International (BOCA) use the National Building Code (NBC) and operate primarily in the Northeast and Central portions of the country. The International Conference of Building Officials (ICBO) uses the Uniform Building Code (UBC) and operates primarily in the upper Midwest and Western states. The Southern Building Code Congress International (SBCCI) relies on the Standard Building Code (SBC) and operates in the South and Southeast. These organizations are nonprofit, public benefit corporations governed by their members, which are units of local and state government.

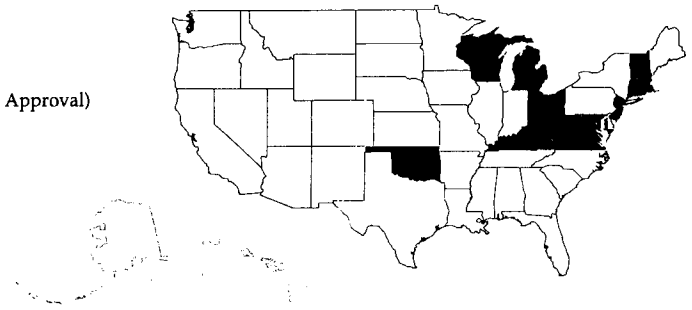
Model code organizations facilitate the promulgation of model building codes that reflect their members' concerns and their published code provisions are revised every three years. Anyone can submit a code change proposal, but only Chief Building Official members are permitted to vote during the code development process. By the year 2000, the provisions of the three model code organizations are to be merged into one international body known as the International Code Conference. The following table summarizes the building code provisions in effect in each state, based on

the 1996 Summary of State Mandated Codes published by the Institute for Business and Home Safety (IBHS).

The National Building Code, Sponsored by BOCA, Represents the Basis for the State Building Codes Adopted by the Following States:

State	Model Code Version Year	Building Officials Required To Be Licensed	Less Restrictive Local Amendments Allowed
Conn.	1992	Yes	Yes (With State's Approval)
Ky.	1993	Yes	No
Md.	1993	No	Yes (with some exceptions)
Mass.	1987	Yes	No
Mich.	1993	Yes	No
N.H.	1990	No	No
N.J.	1993	Yes	No
Ohio	1993	Yes	No
Okla.*	1993	Yes	No
R.I.	1990	Yes	Yes (With State's Approval)
Vt.	1987	No	No
Va.	1993	No	No
W.Va.	1990	No	No

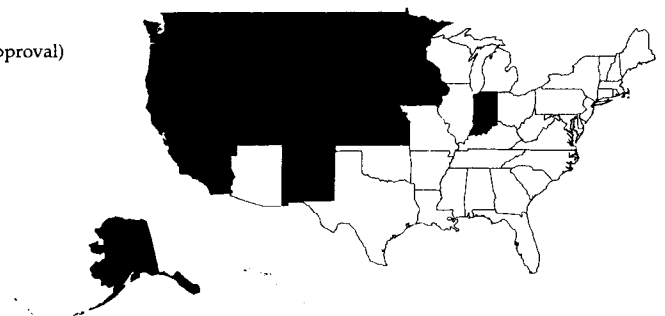
National Building Codes



The Uniform Building Code, Sponsored by ICBO, Represents the Basis for the State Building Code Adopted by the Following States:

State	Model Code Version Year	Building Officials Required To Be Licensed	Less Restrictive Local Amendments Allowed
Alaska	1994	No	No
Calif.	1994	No	No
Colo.*	1991	No	No
Idaho*	1994	No	No
Ind.	1991	No	Yes (With State's Approval)
Iowa*	1991	No	No
Kan.*	1991	No	No
Minn.	1994	Yes	No
Mont.	1994	No	No
Neb.	1979	No	No
Nev.	1991	No	No
N.M.	1991	Yes	No
N.D.*	1994	No	Yes
Ore.	1991	Yes	Yes (With State's Approval)
S.D.*	1991	No	No
Utah	1994	Yes	Yes (With State's Approval)
Wash.	1994	No	No
Wyo.	1994	No	No

Uniform Building Codes

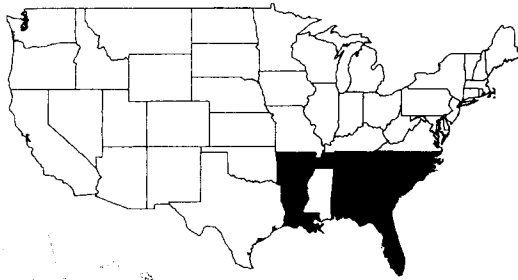


The Standard Building Code, Sponsored by SBCCI, Represents the Basis for the State Building Code Adopted by the Following States:

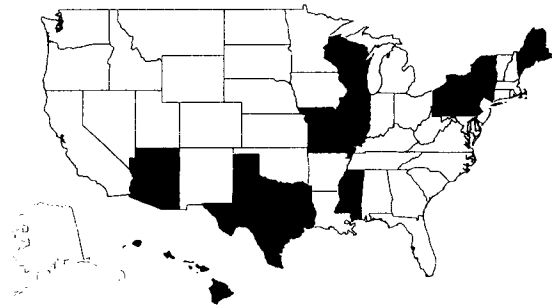
State	Model Code Version Year	Building Officials Required To Be Licensed	Less Restrictive Local Amendments Allowed
Ala.*	1994	No	No
Ark.	1991	No	No
Fla.	1994	Yes	No
Ga.	1994	No	No
La.	1991	No	No
N.C.	1994	Yes	No
S.C.	1991	No	No
Tenn.	1994	Yes	No

*Code is very limited due to inapplicability to most types of occupancies.

Standard Building Codes



No Building Codes



Several states have not yet adopted a building code based on the standards promulgated by one of the three model code organizations. Eight states (Arizona, Delaware, Hawaii, Maine, Mississippi, Missouri, Pennsylvania and Texas) have no form of statewide building code in effect. Three other states (Illinois, Wisconsin and New York) have adopted a form of building code law that is not based on one of the model code provisions. The Illinois code applies only to plumbing and the New York code represents a dated patchwork of various fire prevention and construction laws. As noted above, state building codes are not only an important catastrophe-loss reduction mechanism, but also a sound basis for minimizing all forms of insured loss exposure. With regard to catastrophe-loss exposure, however, it is particularly alarming to note that five of the states that currently have no statewide code in effect (Delaware, Hawaii, Maine, Mississippi, and Texas) face significant coastal exposure and a relatively higher probability of hurricane damage. In addition, Missouri is exposed to significant earthquake damage potential due to its geographic proximity to the New Madrid Fault, and state law currently prohibits 93 of 114 counties in the state from adopting a building code.

States with no building code in effect represent an obvious priority concern for public policymakers. However, several states that have adopted some form of building code law are operating under provisions that either do not apply to many types of structures or are no longer current. And, as illustrated above, states that permit local governments to adopt less rigorous standards or do not require licensing of relevant building officials dilute the optimum effectiveness of these laws. Hence, state building code adoption and enforcement has received an increasing amount of legislative attention in recent years.

Recent Building Code Activity at the State Level

Greater awareness about the important role of state building codes, in terms of structural integrity, loss reduction and personal safety, has sparked the development of several legislative initiatives. Below is a summary of some of the more significant state legislative activities that have recently been undertaken.

Delaware — *House Concurrent Resolution 28* was passed, effective March 1998, establishing a joint task force to review home builder practices and regulations in the state. The resolution created a joint House and Senate task force to

investigate state and local government regulations of homebuilders, to conduct hearings and review and report to the Delaware General Assembly on the availability of legislative options. Currently, Delaware does not have a statewide building code.

Florida — *House Bill 4181* was passed, effective July 1998, creating a statewide uniform building code to replace the state's existing state code framework, which is based on the SBC and several other local provisions. This law also allows the Florida Building Commission to mandate educational qualifications for certain building professionals and holds designers and contractors accountable for violations of the state's building codes.

House Bill 4439 was passed, effective October 1998, specifying responsibilities and certification requirements for building code administrators, plans examiners and inspectors. It also revises qualification standards for membership in the Florida Building Code Administrators.

Maine — *The Maine Municipal Building Code Task Force*, created in 1997, recently concluded a report addressing construction regulation. The report did not recommend adoption of a mandatory state code. Currently, Maine does not have a statewide building code.

Missouri — *House Bill 879* failed to pass during the 1996 legislative session. This bill would have granted all counties in the state the authority to adopt nationally recognized building codes.

House Bill 1380 failed to pass during the 1998 legislative session. This bill would have granted third class counties the authority to adopt and enforce building codes. As a result, these primarily rural counties continue to operate without building code standards or the authority to adopt such standards. Currently, Missouri does not have a statewide building code.

New York — *Senate Bill 7190* was passed during the 1998 legislative session, authorizing the Secretary of State to contract for a study to compare the existing patchwork New York state code to the NBC. This comparison study is to be completed by November 15, 1998.

Senate Bill 7518 and its companion *Assembly Bill 10993* were introduced in May 1998, directing the Secretary of State to create a new fire prevention and building code based on national and international model codes. It is the intention of the bill sponsor, Senator Leibell, to get these bills to the floor for a vote once the comparison study, required under *Senate Bill 7190*, is complete. Although New York has a statewide building code, it is not based on one of the three model codes and is considered to be a dated and inconsistent regulatory framework.

North Carolina — *House Bill 1334*, effective October 1998, was passed during the 1998 session. This bill increases the representation of the homebuilders industry on North Carolina's Building Code Council. The homebuilders' industry has been one of the staunchest opponents of code changes that may increase costs and some observers are concerned that this change may contribute to a future weakening of the state's building code provisions, particularly those governing wind resistance.

Ohio — The Ohio Legislature approved funding in last year's state budget for a *building standards study*. The state's building code, the Ohio Basic Building Code (OBBC), currently exempts several types of structures including 1, 2, and 3 family dwellings. This study is intended to assess the impact of the state's multiple local building codes relative to construction and housing costs, public safety, administrative efficiency, and capacity to adopt new construction technologies and standards. Public forums were conducted throughout the state this summer in an effort to generate input from all related parties. The final report will be sent to the commerce department and key members of the legislature by December of this year.

Senate Bill 72 passed the Senate on March 25, 1998 and is currently under consideration in the House. The bill addresses a number of building code issues including existing exemptions to the state building code, local and state jurisdiction and rule-making authority, criminal penalties for violations of building code laws, and qualifications and certifications for inspectors and other building officials. A particularly key provision of this bill is the elimination of the current exemption of 1, 2, and 3 family dwellings from the state's building standards.

Pennsylvania — *House Bill 1173*, passed in the House in 1997 and carried over to the 1998 session by the Senate, proposes to establish the Uniform Construction Code Act. The bill would impose regulatory and enforcement powers and duties on municipalities with regard to construction, alteration, repair and occupancy of all buildings in the state. The bill has been reported out of the Senate Committee on Local Government and sent to the Committee on Appropriations. At this point, indications are good that the bill will proceed to the Senate floor for a full vote. Interested parties are asked to contact Senate Majority Leader Loeper to encourage passage of this bill. Currently, Pennsylvania does not have a statewide model building code.

South Carolina — *Senate Bill 236* was passed, effective June 1997, amending the Code of Laws of South Carolina to provide stricter building codes. It requires municipalities and counties to adopt approved building code regulations and establish procedural guidelines. It provides for enforcement penalties as well as funding to train and certify building code enforcement officers.

Insurance Building Code Coalition

The insurance industry is acutely aware of the excessive property damage and personal injury attributed to recent catastrophic events. It has also become evident that a significant portion of this damage might have been avoided had existing state building code provisions been more properly enforced. These factors have contributed to greater recognition of the paramount importance of adequate building code enforcement and have been an important catalyst for the creation of an insurance industry group dedicated to promoting adoption and enforcement of stronger state building codes. The group, informally referred to as the Insurance Building Code Coalition (IBCC), first met last year in an effort to stimulate dialogue between the national insurance trade associations about this issue. Since the time of these initial discussions, the group has evolved into a coalition championing statewide building codes as an important loss-mitigation strategy.

One of the primary goals of this coalition has been to identify ways to help educate industry and government officials about the importance of building codes in protecting property and enhancing personal safety. The IBCC has been monitoring and actively supporting legislative initiatives to establish and strengthen codes. The group is pursuing greater insurance company representation at its meetings and is promoting more active industry involvement in state-specific lobbying campaigns. The coalition is also interested in identifying members of the insurance industry who are able and willing to share their technical expertise and knowledge in this area by providing input to the ongoing code development process of each of the three model code organizations.

NAMIC has participated in all of the meetings and activities of the coalition to date and has provided a conduit of information about the group to its executive staff and board as well as the various state associations of its advisory council. This issue was also the subject of considerable discussion at a recent NAMIC Insurance Loss Control Committee meeting. NAMIC has been invited to make a presentation about the IBCC and the issue of statewide building codes to the attendees of the forthcoming Insurance Loss Control Association (ILCA) Annual Conference. This presentation is slated to be among the first items on the opening day agenda, Monday, October 19, 1998 at the Holiday Inn Cincinnati Airport, Erlanger, Kentucky.

For more information about the Insurance Building Code Coalition and the ILCA annual conference contact Ken Marshall at NAMIC (317) 875-5250 or email: kmarshall@namic.org

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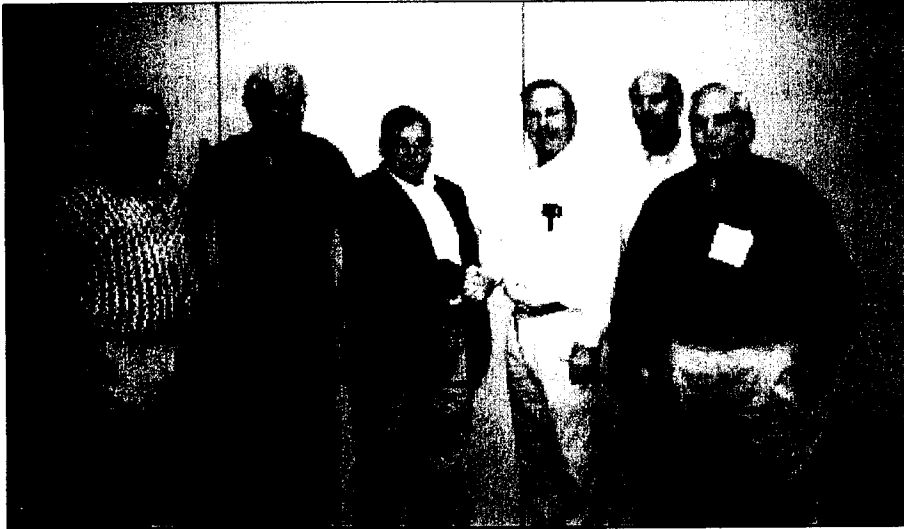
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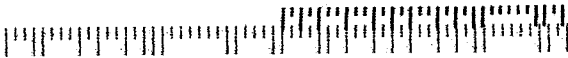
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The 1999 ILCA Board of Directors (left to right): Bob Titter, Tom Perry, Terry McIntyre, Rik McClave, John C. Forsythe and Ron Frawley.



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Future meeting sites for the
 ILCA Conference are:

October 1999 — Harrisburg, Pa.
 October 2000 — Boston/Peabody, Mass.
 October 2001 — Indianapolis, Ind.
 October 2002 — Baltimore, Md.

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