



# FCCI Risk Control Manual



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# FCCI Risk Control Manual

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# FCCI Risk Control Manual

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### I. Introduction

The FCCI Risk Control Manual addresses basic risk management and risk control principles and techniques by line of coverage.

FCCI Insurance Group's goal is to help you successfully control or eliminate the hazards that expose your business to potential loss. History shows that most successful companies incorporate risk control measures as an integral and essential part of their everyday business operations and procedures.

The manual provides you with useful information, targeting loss causes and the controls needed to minimize or eliminate them.

If you need assistance navigating our online manual or questions regarding risk control measures, please contact your risk control representative directly, or call (800) 226-3224.

Current, active policyholders are authorized to copy or use any and all portions of this Risk Control Manual for the purpose of improving their risk control measures.



To be successful in business, you need a competitive edge. A basic knowledge of insurance and risk management combined with knowing how to control insurance costs can give you that edge. This manual is designed to give you the information, resources and tools needed to help you effectively control your insurance costs by controlling risks and minimizing losses.

The FCCI Insurance Group Risk Control Manual provides you with many easy-to-use tools, information and resources in key insurance areas. This manual is designed help you develop and implement an effective risk control program to meet your specific business needs. For further assistance, contact your FCCI risk control representative at (800) 226-3224.

#### **MANAGEMENT ROLE**

Commercial insurance is one of the largest controllable overhead costs for businesses. Your profit margin can be greatly affected by the type of coverages you have and how well you manage risk and minimize loss. Some risks that can have adverse effects on your business include:

- Vew building codes, increasing costs to rebuild property damaged by fire or other causes of loss
- Income loss when fire or hurricane interrupts your business
- Summer to the term of term of
- Semployee theft of company funds and property
- Semployee injury and illness
- Sccidents by employees operating company vehicles or personal vehicles for company business
- Product injury suits
- Wrongful discharge of an employee
- Injuries to temporary employees

To properly control these risks and minimize potential adverse impact on your business, your management team and insurance agent may want to establish <u>Risk Management Goals</u> (Appendix A1). Keep in mind that the key to achieving goals begins and ends with management leadership and support.

#### Clear and consistent management leadership and support are demonstrated by:

- Stablishing and effectively communicating a clear and consistent safety policy
- Establishing specific, measurable, achievable, relevant and trackable (e.g., SMART) accident prevention and risk improvement goals
- S Assigning a safety coordinator responsible for achieving goals
- Holding middle management and supervisors accountable for results in their respective divisions, departments and units via performance appraisals and meaningful impact on their total compensation
- Stablishing a specific budget for safety and health programs
- Solution Developing and fostering a safety culture where every suggestion is worthy of consideration
- Monitoring results throughout the year and taking action, as needed

#### **Risk Control**

There are two primary approaches to risk control. The best approach is to prevent a loss from happening in the first place. Using safety goggles when grinding to prevent eye injuries is a good example of loss prevention. Another example is training your employees to lift properly to prevent low back injuries.

The second approach to risk control involves loss reduction. This means using a technique that will not necessarily prevent a loss but which will reduce the severity. Installing a fire sprinkler system is a good example. This will not prevent a fire but will help to control it and reduce the amount of loss. Effective claims management techniques, as described later, are another good example of a loss reduction technique (i.e., will not prevent a financial loss but can reduce it substantially).

Some techniques can fall into either category. A good example is the control of your subcontractor liability exposure. If anyone performs work for you or on your behalf, you have a subcontractor liability exposure. This means that if the person you contract with causes harm to the person or property of others while doing that work, you may be financially at risk. How much you are at risk depends on whether you select the right subcontractors in the first place, properly assign and delegate their responsibilities and whether their insurance is adequate to cover damages they are liable for. The bottom line: if you do not have a program in place to verify that the subcontractor has maintained adequate general liability (GL) limits, then your general liability insurance may have to respond to all or a portion of the legal/ claim settlement.

For workers' compensation, if one of the subcontractor's employees is injured and the subcontractor has no coverage, you may be liable. Even in situations where there has been no loss, you will likely find yourself paying higher general liability and/or workers' compensation insurance premium if you cannot demonstrate to your insurance carrier that your subcontractors are adequately insured.

It is also important that you understand the limitations of a certificate of insurance. For starters, you need to know that the certificate of insurance itself confers no rights to you. It is strictly for information purposes.

Most risk management programs use at least a few, if not all, of the TRAC (Transfer, Retention, Avoidance, Control) techniques. We urge that you confer with your agent and legal counsel to determine which techniques will work best for you.

#### **RISK MANAGEMENT TECHNIQUES**

When considering which risk management goals are most important, some of the options you have are represented by the risk management acronym **TRAC: Transfer, Retention, Avoidance and Control**.

#### **Risk Transfer**

The most common risk transfer technique is simply purchasing insurance and transferring financial risk to your insurance company. Another commonly used risk transfer technique is including hold harmless agreements in contracts with subcontractors. Many states have laws that limit their use, particularly in construction agreements. Since a hold harmless agreement is ultimately only as good as the financial ability of the company that holds you harmless, you might also consider being named as an additional insured on your subcontractor's general liability policy. The rationale here is that as an additional insured you have the protection of the subcontractor's policy available to improve the likelihood that you will be indemnified for a loss arising out of the work the subcontractor is doing for you. For more information, see the Risk Control Bulletin, <u>Contractual Risk Transfer Best Practices</u>.

#### **Risk Retention**

Retention means retaining part or all of the financial risk yourself. For example, you may decide that the risk of certain types of insurable loss are so unlikely or so small that you do not need to purchase insurance to cover them. In other situations, large deductibles or something similar called self-insured retentions (SIRs) might be a better option for you. Large deductibles or SIRs might be best when you need coverage for a large loss that could put you out of business but due to the significantly lower premium, you would be willing to absorb part of the loss yourself. How much loss you are willing to absorb or retain yourself will be determined by your personal tolerance for accepting risk, your financial capacity to take risk and the premium reduction available to you. Finally, no matter how good your insurance program is, there are always some financial risks that cannot be covered by insurance and, as such, are automatically retained.

#### **Risk Avoidance**

Perhaps the most common risk avoidance technique is to subcontract hazardous processes or operations (e.g., paint spraying), eliminating use of hazardous chemicals (i.e., start using a non-flammable solvent instead of a flammable solvent), adopting alternative manufacturing techniques (i.e., use computer-controlled production machinery instead of machines operated by people), etc. Another example might be reducing your product liability exposure by eliminating certain hazardous products from your product line.

#### POLICY, RULES AND PROCEDURES

A company policy is an attempt to put into words the essence of what a company stands for. It communicates to others how a company will operate in the course of achieving its mission. It serves as the basis of every rule, procedure and practice the company puts in writing. When employees are faced with situations that have no written rule or procedure to apply, they can let company policy guide them. The most successful companies have been described as companies that have 'grooves.' This means that they have a clear-cut, well-communicated, well-established company policy, the kind that serves as a guide for their employees to follow when no specific rules apply.

As a first step in developing or revising any rules or procedures, including those that apply to risk control and safety, we recommend that you develop a policy. It can be one that stands on its own or included as part of a broader company policy or mission statement. Either way, your policy should serve as a yardstick against which to measure all of your rules and procedures to ensure consistency throughout. Employees will also be able to measure their behavior and performance when there are no specific risk control or safety rules or procedures that apply. A well-written policy statement helps to communicate to your employees, customers and the public that their safety is important to your business.

Refer to the <u>Policy Statements</u> (Appendix A2) for examples of safety policy statements that may be helpful when developing your own.

#### **EFFECTIVE SUPERVISION**

Because the supervisor is familiar with the work environment and the employees, they are often in the best position to take action to reduce loss-producing exposures. Managers and supervisors must be responsible and accountable for risk control and safety performance in their departments. Basic supervisor responsibilities include:

- Safety orientation of new employees
- Safety training of current employees
- Hazard identification and control
- Safety meetings
- Enforcement of rules and safe behavior
- Accident investigations

Hazard identification and control is one supervisory risk control responsibility that deserves additional attention. Day-to-day management and control of hazards, unsafe physical conditions and unsafe behavior are the best ways to be proactive to prevent accidents and reduce insurance claims. Identification of uncontrolled hazards (i.e., unsafe physical conditions or unsafe behavior) is typically accomplished through periodic safety surveys and inspections. These must be well-documented, and there must be an effective procedure in place to ensure that repairs and corrections are made promptly. There must also be a formal procedure in place to ensure that employees promptly report any unsafe conditions or behaviors observed.

Identifying and controlling hazards influence many different loss producing events. For example, good housekeeping reduces the likelihood of slips, trips and falls both to employees and the general public. Well-organized storage of materials reduces fire hazards and theft. Good driving habits and vehicle maintenance practices reduce the potential for vehicle accidents and injury to employees as well as property damage. The manner in which you control customer behavior may determine the amount of liability you have in the event of an accident involving a customer. Refer to Hazard Control (Appendix A3) for ideas about basic hazard control programs.

#### **CLAIM MANAGEMENT**

Effective claim management begins before an accident or loss ever occurs.

- Establish policy and procedures for knowing what to do in the event of an accident
- Distribute copies of accident investigation forms
- Train employees in accident reporting, investigation and review techniques
- Report all claims promptly
- Prepare adequately to avoid accidents becoming claims

Should a customer slip and fall on your property, for example, you should always report the accident. Prompt reporting of claims is essential because studies show that when claims are reported late, they are likely to be more costly. One fact remains the same for all claim reporting: you can report a claim to FCCI at any time of day or night, including weekends and holidays.

When investigating accidents, always remember that the primary purpose of every accident investigation is to determine all of the underlying or root causes of the accident. Only then can you determine if a breakdown in your systems and procedures caused the unwanted event and make an informed decision to prevent a repeat. To be certain of getting all the information you need, investigate accidents immediately while the facts are still fresh. When you have a clear understanding of what went wrong and what needs to be fixed, fix it promptly. Always keep in mind that carelessness is rarely an underlying cause. If management hires a careless person whose unsafe behavior causes an accident, the underlying cause of the accident is most likely inadequate hiring and screening practices. Poor supervision, ineffective enforcement of safety rules, and inadequate training may also be underlying or root causes of the accident. The point is that underlying or root causes of accidents, even those resulting from careless acts or behaviors, are typically symptoms of management failures.

Accident investigation and claim management procedures can vary somewhat for worker injuries, customer injuries, auto accidents, property damage, etc. For this reason, we've also provided information in other sections of this manual that deals with various coverages.

#### **REVIEW RESULTS**

As the saying goes, "What gets measured, gets improved." Therefore, you should periodically evaluate overall results to determine if your risk management program is effective. A monthly or quarterly review of all reports (incident, accident, claim) is important for good business decisions.

Look at the underlying causes of accidents and not just the types of loss when trying to determine trends. For example, workers' compensation accidents as varied as back strains, eye injuries and finger lacerations can all point to inadequate supervision, poor hiring or a lack of proper training. Vehicle accidents, such as rear-end collisions, failure to yield mishaps and vehicle upset or overturn, may all be traced to poor defensive driving skills, poor hiring practices or, possibly, to poor vehicle maintenance. The review will help you focus on systems, procedures and practices that need improvement.

#### **TOP 10 MANAGEMENT CHALLENGES FOR CONTROLLING LOSS**

- 1. Consistently and convincingly demonstrate top management commitment to risk control
- 2. Clearly communicate company risk control policy and risk control program objectives
- 3. Hold management at all levels accountable for risk control program effectiveness and results
- 4. Effectively investigate accidents and determine underlying or root causes
- 5. Accurately measure results and the effectiveness of the risk control program
- 6. Thoroughly evaluate and screen job applicants and potential subcontractors
- 7. Assure adequate training
- 8. Enforce safety rules uniformly and consistently
- 9. Be proactively involved with claim management
- 10. Recognize and acknowledge that most accidents are symptoms of management failure

# II. CASUALTY: Commercial Auto

A properly designed and implemented Fleet Safety Program will control vehicle related loss exposures, reduce vehicle accidents and help you avoid costly and unnecessary claims against your business.

Successful companies have long recognized that the money they spend on vehicle safety programs typically provides a superior return on their investment. The basic risk control practices employed by companies with large fleets can be successfully applied by any company that uses a vehicle to conduct business. This is true whether it's a company owned or leased vehicle, a vehicle you rent while on a business trip, or the vehicle owned by an employee that is used for your company's business.

Effective fleet safety programs will, at a minimum, address the best practices of driver screening (selection), driver training and driver supervision. See <u>Fleet Safety Best Practices</u> (Appendix B1).

#### **DRIVER HIRING AND EVALUATION**

Not everyone is qualified to drive your company vehicles. In fact, there are some individuals you should not allow to drive any vehicle, even their own, while conducting your company's business. Your assets and reputation are at risk. Your drivers can play an intricate part in improving or damaging your company's reputation simply by vehicle operation (e.g., aggressive driving, distracted driving, road rage, impeding traffic, discourteous or reckless operations). You should verify that hired drivers are licensed and qualified to drive the size and type of vehicle they will be operating, and establish a process for review and evaluation of the driver's motor vehicle records (MVRs). This is a must for anyone who operates a company vehicle or who operates his or her own vehicle for company business. See Driver Selection – A Best Practice for Fleet Risk Management (Appendix B2) for guidelines.

### Other recommended good practices for hiring and evaluating employees who will operate company vehicles include the following:

- 1. Use a suitable employment application to obtain driver license number(s), relevant driving experience by type of equipment, training, accident record and traffic convictions (at least three years; not just job related) and job stability.
- 2. Verify employment; check references and training. Look for a minimum of two to three years' experience driving the type of vehicle they will drive for you.
- 3. Keep a photocopy of the driver's license on file.
- 4. Establish job descriptions listing essential job requirements and performance standards based on supportable criteria. Apply these standards consistently to all hires. Legal should review this document along with the employment application.
- 5. Be sure to take special licensing requirements into consideration, such as for Commercial Motor Vehicle and Commercial Driver's License. See <u>Commercial Motor Vehicles</u> (Appendix B3).
- 6. Administer a road test in the vehicles to be driven and document the test. See Road Test (Appendix B4).
- 7. If a driver is not required by law to be tested for substance abuse or alcohol, have testing done in accordance with an approved drug-free workplace program.
- 8. Provide for pre-placement physical exams (after an offer of employment but before hire date).

#### **DRIVER TRAINING**

Training for all drivers, even the most experienced, should be offered on a consistent basis. At a minimum, you should review your company's safety policies, rules and procedures. Having a written document and having your new employee sign off to acknowledge its receipt is a good practice. The extent of training will depend, in part, upon the size of your fleet, type of vehicles, cargo, radius traveled and loss history.

Driver Awareness Training (DAT) and Defensive Driving Courses (DDC) should also be a part of your driver training program for all new hires as well as driver rehabilitation situations with current drivers. For more information on driver training resources, contact your risk control consultant.

#### **DRIVER SUPERVISION**

This critical component of a fleet safety program is the mechanism by which you verify that company policies and procedures are being followed. It verifies good driver behavior and performance and that driver training is being put to use. Supervisory tools can include GPS telematics, smartphone applications, "How's My Driving" service, ride alongs and route observations. Technology is advancing at a rapid pace. See Leveraging Technology For Fleet Safety (*Appendix B5*) for best practice information on incorporating technology into your driver supervision controls.

#### **FLEET SAFETY POLICIES**

Formal fleet safety policies establish expectations and highlight management commitment to risk management. No matter the size of your fleet, best practices and formal policies can help you manage your fleet exposures.

#### A robust fleet safety program should address the following:

- S Management commitment
- Oriver hiring and screening
- Oriver supervision and training
- Non-owned vehicle use
- Accident procedures and investigation
- Vehicle maintenance and inspection
- Oriver distraction
- Rules governing use of company vehicles, such as:
  - · Personal use of company vehicles
  - · Zero tolerance for alcohol and drug use
  - · Obeying all traffic laws
  - · Use of seat belts
  - · Disallowing non-business passengers

For more information, please refer to the FCCI Fleet Safety Program Guide.

# II. CASUALTY: General Liability

General liability insurance is intended to protect you against possible financial loss when others claim that your negligence caused them bodily injury or property damage.

When someone slips and falls on your property, or when one of your employees forgets to reinstall the oil pan drain plug and a customer's car engine blows up, you may find yourself in court defending against claims of negligence. Even if you are not negligent, general liability insurance may be needed to protect yourself against such claims.

There are two primary general liability risk control strategies you should employ. First, pre-loss activities are necessary to prevent a loss from occurring and minimize the severity or cost of such claims. For example, during rainy days you can place a mat and warning signs at all building entrances to prevent slips and fall accidents.

Second, post-loss activities help minimize the size of the loss. For example, train your staff on how to properly conduct an accident investigation in order to document all of the circumstances that led to the alleged accident. The investigation may reveal comparative negligence on the part of the injured party which may serve to reduce or eliminate your legal liability. You should also train employees to properly respond to an injured customer or visitor with care and concern. Refer to the Visitor Accident Investigation section for additional information.

The remainder of this section will address risk control procedures that should be established for each of the following general areas of concern:

- Products and Completed Operations Liability
- Premises and Operations Liability
- Semployment Practices Liability

#### **PRODUCTS LIABILITY**

Products liability refers to the legal liability that arises out of the design, manufacture, distribution, sale and disposal of a product you manufacture, sell, or supply to others. If your product is defective or unsafe and causes bodily injury to another or damages their property, you may be liable.

At one time, the injured party had to prove that you were in some way negligent. Today, under the legal theory of strict liability, an injured party may not need to prove negligence, and may only need to show that your product was defective, that injury or damage was a result of the defect and that the defect existed at the time the product left your control. The party seeking damages can be the buyer, a bystander, or any foreseeable user.

#### MANUFACTURERS, WHOLESALERS AND RETAILERS ALL HAVE DUTIES

Manufacturers have a duty to produce products that are *defect free* and safe for its intended use and any reasonably foreseeable misuse. Being defect free means the design is not defective, there is no manufacturing defect and adequate warnings are provided when needed (i.e., there is no warning defect).

Knowing who might be regarded as a manufacturer in any product injury situation is not always apparent. Though some business owners might not consider themselves to be a manufacturer, they might learn they have assumed some of the duties and accompanying liabilities of one if they:

- assemble various parts and components produced by others into a unit with their brand name or company name on it;
- sell a product under their company name, brand name, or label even though the actual design, manufacturing, assembly, fabrication, etc., is done by someone they subcontract the work to or purchased the product from;
- 文 are a retailer or wholesaler who assembles products made by others (e.g., bikes, barbecues, furniture);
- vebuild, retrofit, or recondition used products originally manufactured by others and resell them;
- S modify or repackage new products originally manufactured by others and sell them; or
- sell products that they directly import from a foreign country.

This list is not intended to be all-inclusive. Its intention is to emphasize that even though you are not the company that originally designed and manufactured a product, you may assume the duties and liabilities of one without being fully aware of it.

In addition to the duties and liabilities that wholesalers and retailers might assume by their actions, other duties they may legally have can include:

the duty to inspect and test ...

While retailers generally have no duty to inspect or test the products they sell, certain businesses, such as car dealers, do have a duty to inspect and test. Retailers should inspect and test if they recondition a product or warranty it as safe.

the duty to warn ...

If there is an inherent danger involved with product use that is not obvious or common knowledge, and the retailer is aware of it, there may be a duty to warn. The user's age or mental capability should be considered when determining the extent of this duty. A wholesaler or retailer who purports to have expertise in a given field and knows that the product a customer is purchasing is not suitable for its intended purpose may have a duty to warn the customer.

#### the duty of care ...

If retailers sell a product that is more dangerous than the one ordered, they could be found liable for injuries attributed to its use. Retailers may be found liable if a product injury arises from the sale of firearms to a minor, or the sale of food unfit for human consumption. Wholesalers or retailers who store or ship products have a duty to certify that the conditions under which the product is stored or shipped will not render the product defective (i.e., temperature extremes, shock, sunlight, contaminants).

This list is not all-inclusive and is only intended to emphasize that the responsibility for product safety does not only reside with the manufacturer. A wholesaler or retailer must validate that the products they sell are produced by reputable manufacturers who employ reasonable measures to assure product safety for intended use and any reasonably foreseeable misuse.

Commitment to providing safe and reliable products is critical to long-term success in today's quality conscious marketplace. It's not unusual to see product safety information featured in national sales campaigns. There are at least seven key risk control measures you can implement to help minimize your products liability loss potential.

#### **KEYS TO PRODUCTS LIABILITY RISK CONTROL**

Seven key performance areas that will help business owners ensure product safety and minimize products liability loss potential include the following:

- 1. Management leadership and support
- 2. Design evaluation
- 3. Legal review and counsel
- 4. Quality assurance and control
- 5. Product labels, packaging and warnings
- 6. Marketing and customer service
- 7. Product recall planning and implementation

Our <u>Products Liability Risk Control Checklist</u> (*Appendix C1*) provides you with an overview of factors you need to plan for in each of these seven key areas. A more in-depth discussion of each area can be found in the Risk Control Bulletin, <u>Products Liability Risk Control</u>, an additional resource available from FCCI.

#### **COMPLETED OPERATIONS LIABILITY**

Completed operations liability refers to the liability that contractors or service businesses have if work they have completed is defective and causes bodily injury to another or damages another's property. Determining when a service or a project has actually been completed can be difficult. Sometimes this is determined in accordance with the contract's terms and conditions. Other times, it's based on the customer's sign-off or simply when the work at a job site has been put to its intended use or occupancy.

Completed operations claims can result from things like faulty plumbing repairs or installation that cause water damage to a customer's property. They can be more serious or even catastrophic in nature such as when faulty brake repair work results in a serious auto accident or if a building collapses because of failure to build-to-construction specifications. Losses such as these can occur long after a job is finished.

Proper selection, inspection and testing of materials and equipment are vital to reduce such losses. Careful evaluation and selection of qualified subcontractors are critical. For additional ideas that will help you protect yourself from this type of loss, refer to the <u>Completed Operations Checklist</u> (Appendix C2).

#### PREMISES AND OPERATIONS LIABILITY

Premises liability hazards refer to those conditions on your property that can cause injury and/or property damage to others. A premises hazard of great concern is anything that prevents an occupant from exiting a building safely in the event of fire or emergency. The *National Fire Protection Association's (NFPA) Life Safety Code, NFPA 101\**, is a primary reference source and code for the basic requirements ensuring safe egress from a building. The Risk Control Bulletin titled <u>Planning for Emergency Evacuation</u> is an additional resource available from FCCI that will help you address life safety concerns.

Common examples of other premises hazards include potholes in parking lots, poor lighting in stairwells, slippery floors and attractive nuisances such as unfenced ponds that attract children. When identifying and controlling these types of hazards it helps to keep in mind that you are trying to minimize loss potential arising from harm or injury to anyone who visits your property, other than employees. These might include the general public, vendors, subcontractors, meter readers, letter carriers, etc. Naturally, injuries to employees also arise from premises hazards, but are often times addressed by workers' compensation laws.

Operational hazards are created from the activities of your business. These activities may take place at or away from your premises. They can range from poor traffic control on or around construction job sites to fire damage to neighboring property negligently caused by a fire while you are welding on your property.

Refer to the <u>Premises and Operations Liability Checklist</u> (*Appendix C3*) to help identify and minimize other potential loss exposures. Survey your premises regularly, at different times of the day and on various days of the week. Impromptu surveys help you evaluate the situations and conditions your visitors may be required to negotiate in order to conduct business with your company. Once a hazard has been identified, establish a priority to correct, eliminate, or minimize the exposure. Consult your local risk control representative for additional assistance.

#### **EMPLOYMENT PRACTICES LIABILITY (EPL) RISK CONTROL**

The area of EPL risk control is one of the most difficult and problematic for employers to manage. Lawsuits against employers by employees alleging unfair employment practices were uncommon in the past; however, today they are a risk of doing business.

Typically, these suits allege that an employer has engaged in a wrongful act against their employees in one or more of the following areas:

- Oiscrimination
- Vrongful termination
- Sexual harassment
- Other workplace related wrongs (e.g., invasion of privacy, defamation of character)

While studies show that most employers who are at greatest risk are aware they need Employment Practices Liability Insurance (EPLI), they also need to remember to periodically reevaluate their insurance programs. The law in this area continues to evolve and insurers continue to offer new and expanded coverages.

In addition, review your risk control program to be sure you have effective measures in place to help minimize the potential for an EPL claim and to help minimize loss potential.

Sound EPL risk control programs typically begin with establishing written human resources policies and procedures that, at a minimum, address the following:

- Hiring practices, interviewing, reference checks, testing, drug-free workplace policies, motor vehicle record checks, criminal background checks, employment-at-will statement
- Salary administration, employee benefits, wage and hour compliance
- Vork assignments, position descriptions, performance evaluations and reviews
- Workplace conduct, harassment policy, procedures for reporting wrongdoing without fear of retribution or embarrassment
- Procedures to properly address, investigate and manage alleged wrongdoing promptly, fully, fairly and internally
- Discipline, discharge, exit interviews, grievance procedures, post-employment rights
- Compliance with applicable state and federal laws such as:
  - a. Equal Pay Act of 1963
  - b. Title VII of the Civil Rights Act of 1964
  - c. Age Discrimination in Employment Act of 1967 (ADEA)
  - d. Civil Rights Act of 1991
  - e. Americans With Disabilities Act (ADA)
  - f. Family and Medical Leave Act of 1993 (FMLA)

Training to ensure that supervisors and managers are aware of company policies and procedures and of the potential legal implications of their statements and actions with respect to employees

For more information and resources, FCCI policyholders can visit FCCI Risk Solutions Network by visiting <u>www.fcci-group.com</u>; log in to ExpressServe; click Resources; click FCCI Risk Solutions Network.

#### **VISITOR ACCIDENT INVESTIGATION**

You will want to control the cost of claims by conducting thorough accident investigations, especially when visitors are involved. Handling visitor accidents is significantly different than employee accidents, primarily because of the legal liability issues. The basic difference between investigating an employee injury claim and an injury to the general public is determining who is responsible for the financial costs of the claim. Employee accidents are generally considered to be 'no fault' and the employer (usually through their workers' compensation carrier) is typically responsible for the costs of the injury as specified by the state statutes. Another difference is that the dollar value of customer injury claims can increase based on the visitor's perception of how they were treated at the time of and following their accident.

### The areas of responsibility for customer accident investigation generally involves two groups, namely all employees and management staff.

#### Responsibilities for all employees should include:

- Showing compassion and concern for the injured person
- never arguing, assigning blame, or admitting fault
- offering to call a local physician, paramedics, a friend or relative; transporting an injured person in your own vehicle is not advisable

#### Responsibilities for the management staff should minimally include:

- completing and submitting an accident report to corporate no later than 24 hours after the incident
- onting the visitor's interpretation of the incident; the manager should also include his or her own version of the incident, employing verbiage such as 'the visitor alleges...'
- preserving the accident scene; after the visitor has left the premises inspect the area and take photographs of the site, noting the date, time and signature of the manager on the back of each photo
- saving contaminated food, if it is a food-related incident, for examination
- S attaching photos and any documents to the report concerning housekeeping
- S identifying all witnesses, including addresses, phone numbers and any relationship to the company
- taking reasonable measures to help prevent a reoccurrence of the accident
- preserving any surveillance video or photos that may have recorded the incident

The primary purpose of an investigation is to identify the facts and not to assess blame or fault. The discovered facts often can reduce the ultimate cost of a claim. For more details and suggestions, refer to the FCCI Risk Control Bulletin, <u>Visitor Accident Handling Guidelines</u>. Please use the sample <u>Visitor Accident Report</u> (Appendix C4) as a guide to report injury or damage from an accident.

# **II. CASUALTY: Workers' Compensation**

Workers' Compensation insurance is one of the earliest forms of no-fault insurance. Employees who suffer work-related injuries and illnesses are compensated regardless of who is at fault, whether it is the employee, the employer or a third party. Workers' compensation insurance is mandatory for most businesses by statutory requirement. It is also one of the largest overhead costs for most businesses.

For many employers, their loss experience, defined by the frequency and severity of employee injuries and illnesses, has a direct and very dramatic impact on their ability to control workers' compensation premium. Basically, the fewer work injuries or illnesses experienced by an employer, the lower their premium will be. This provides a great incentive for them to reduce accidents by implementing a safety and health program.

Although not experience rated, smaller-sized businesses can also benefit from reduced accidents by implementing a safety program. Indirect costs from accidents can be avoided such as decreased production, training others to perform an injured worker's job or hiring a replacement, possible damaged equipment or material, downtime of others on the day of the accident, OSHA citation, etc. The key to controlling workers' compensation costs, as with all other operating expenses, is with top management leadership and support.

#### MANAGEMENT LEADERSHIP AND SUPPORT

Success in any endeavor rarely happens just by chance. This is as true for safety as it is for anything else. If you don't integrate safety into what you do and how you do it, sooner or later accidents will happen.

Few business owners, CEOs, or department managers would ever consider winging it when it comes to product quality or customer satisfaction, and neither would those who are truly committed to worker safety. They recognize that an employee injury is as symptomatic of management error or failure as is a product defect or customer service failure. They also know that typically the underlying or root causes of all such errors are similar. Usually there is a breakdown in hiring and screening, inadequate training and orientation, or poor supervision and communication, etc.

Everyone in your organization must be convinced of management's commitment to safety. It's no coincidence that the most successful companies in any industry also have the best safety records. These companies have long recognized that money spent on maintaining a safe workplace invariably produces an excellent return on investment with many additional side benefits, including:

- Reduced accidents and insurance costs
- Increased productivity and efficiency
- Sewer employee injuries
- Reduced downtime
- Improved quality
- Setter employee morale
- Enhanced community image
- Setter labor-management relationships

The key to achieving these results begins and ends with management leadership and support and by

- Establishing and effectively communicating a clear and consistent safety policy
- Stablishing specific, measurable, achievable, relevant and trackable (SMART) accident prevention goals
- Assigning a safety coordinator responsible for achieving goals
- Holding middle management and supervisors accountable for results in their respective divisions, departments and units via performance appraisals and meaningful impact on their total compensation
- Sestablishing a specific budget for safety and health programs
- Developing and fostering a safety culture where every suggestion is worthy of consideration
- Monitoring results throughout the year and taking action, as needed

The bottom line is that top management is ultimately responsible for everything that does or does not happen regarding safety. This starts with having a policy, plan, and procedures in place to ensure that you attract and screen applicants and hire those people who will help your business succeed. The next section will provide information to help you attract and retain quality staff.

#### **HIRING AND SCREENING**

Effective management of the hiring and screening process requires knowledge of employment laws, civil rights laws, benefit and pay structures, employee motivation, and employment documentation, to name a few. When labor markets tighten, it can be tempting to just hire someone to attend to the accumulating work pile. Be careful not to hire your problems.

When hiring employees, always strive for the perfect match. Be sure that they can meet at least most of your needs and that your company can meet their reasonable needs and expectations. Both conditions are necessary. The right employee for you is the one who performs the job in a way that meets or exceeds your expectations. Based on education, experience, references, performance on tests and the right chemistry, you are certain to find a suitable candidate for the position.

However, it is just as important to know what the employee's expectations are -

- Will they be happy working for you?
- Will they feel they are being compensated properly?
- Will they have opportunities for advancement?
- Will they enjoy their work?
- Will they get along with their coworkers?

If you answer 'no' to any of these questions, most likely, they will not be around long. If they don't leave, for whatever reason, their performance will likely suffer over time. The odds of their producing shoddy work and sustaining accidents will increase substantially.

### The processes implemented by Human Resources that directly affect job performance and workers' compensation insurance costs include:

- Secruiting
- Interviewing
- Screening and testing
- Selection
- Orientation and training
- Recognition and incentives

After you have hired the right person, you will want to give them every opportunity to succeed by getting them started the right way. To help you determine what you should review with them during this critical, early stage of employment, refer to the <u>Employee Orientation</u> (*Appendix D1*) form. This document, or a customized version of it, can be made part of your personnel file. This form was developed to summarize key areas that are important for new employees to understand. It's the beginning of a training process that lets employees know what you expect of them. It helps demonstrate that you intend to follow through on what you told them during the hiring and screening process.

#### **TRAINING**

Most would agree that a well-trained workforce performs better and is more likely to be productive than one without sufficient training. The need for training exists for all levels of management as well. This is as true for safety training as it is for anything else. For example, company owners and officers who drive a company car may benefit from defensive driver training. The first-line supervisor should have intimate knowledge of the safety training his or her staff receives. The best way to know if your employees have been properly trained is to have your company train them. You can also observe how jobs are performed and assess their knowledge of unsafe work practices and risk control.

#### Training is essential when

- A new employee is hired
- An inexperienced employee is assigned to a new job
- A new process, machine, or piece of equipment is introduced into the workplace

A common element in each of these areas is lack of information. The goal of training is to close the information gap and ensure that actual job performance will equal the expected level of performance. Performance expectations must include injury-free performance and not just turning out a quality product. This means giving employees the information, knowledge, skills and abilities required to safely perform the job.

#### Training programs should be designed to meet specific goals or instructional needs such as:

- Developing knowledge, skills and abilities to understand new processes, materials or equipment
- Improving competency in machinery and equipment operations
- Providing OSHA required training
- Providing proper training to handle hazardous substances
- Implementing a respiratory protection program
- Implementing a hearing protection program
- Assuring effective supervision

In addition, avoid the tendency to automatically assume that training is the answer when performance does not meet expectations. For example, training programs are likely to fail if they are offered as temporary solutions to safety and health problems that could be solved with engineering or administrative controls. Also, poor performance or attitudes or a lack of motivation usually cannot be changed with training alone. Refer to the <u>Training Guidelines</u> (Appendix D2) for other tools and techniques on conducting training sessions.

Always follow up to assure that training has achieved the desired results. Document your training efforts and be certain that training is consistent with safety policies and safety rules.

#### **SAFETY RULES**

Safety rules should be developed for each department, job site or workplace. The department supervisor working with the safety director or safety advisor should draft a list of safety rules. These rules should cover specific hazardous operations, machinery, equipment and chemicals to which employees are exposed. Identify unsafe work practices. Ask workers how their jobs could be done in a safer manner, and review past accidents to help create adequate safety rules. The end goal is to clearly communicate how to control specific job hazards through safe work tasks and safe work practices.

Once you have compiled a list of potential safety rules, the next step is to categorize them. The fewer rules the better. Keep those critical to the jobs posted. The remaining rules and other general company safety rules should be incorporated into new employee orientation and training procedures. Refer to the previous sub-sections entitled *Hiring and Screening and Training* for details. Safe work rules should be printed in English, Spanish, or any other language, as needed. They should be easy to read and clearly posted.

Safety rules should be reviewed with each employee during orientation and at departmental safety meetings. A printed copy of the safety rules should also be given to all employees. Employees should be required to read and sign the safety rules, indicating their compliance. A duplicate copy of the signed safety rules should be kept in each employee's personnel file.

#### **HAZARD CONTROL**

It is generally understood that at least 80% of accidents result from unsafe acts or behaviors while the remainder are the result of unsafe physical conditions. Although, on average, unsafe physical conditions account for no more than 15% of accidents, management tends to focus their safety efforts in this area, simply because it is easier to fix an unsafe condition than it is to fix an unsafe behavior.

From the CEO or owner to the first line supervisor, management must always be as concerned about controlling unsafe behaviors as they are about controlling unsafe conditions. When employees fail to use personal protective equipment, when they operate machinery with guards removed, or when they take shortcuts that increase their exposure to injury, these behaviors must be corrected immediately. Formal self-inspection programs should also include provisions for observation of unsafe behaviors. Incentive programs that measure and reward good loss results should include provisions that encourage safe behavior. You are more likely to prevent an accident or loss by stopping unsafe behaviors than you are from addressing them after the damage is done.

Your FCCI risk control representative can help you develop a checklist and identify uncontrolled physical hazards or conditions that may be losses waiting to happen. A sample <u>Workers' Compensation Self Inspection Checklist</u> (*Appendix D6*) can be used as a guide for you to develop your own checklist specific to your company's hazards and facilities. After you have performed several inspections yourself, you should train your supervisors on how to conduct the inspections, and then assign them the task. The results of the inspections need to be reviewed and a priority established for repairs or corrections. A comprehensive and effective hazard control program shows your employees that you are serious about maintaining a safe operation and that you expect and require their participation.

Although you can't prevent every loss, minimizing its impact on your business is something you can do. The following section covers some techniques to help you accomplish this.

#### **MANAGING LOSSES**

#### There are several important tasks that need to be taken to effectively manage a loss:

- Select a clinic as allowed by state law, select a clinic, doctor or hospital to which injured employees can be referred; review that information with all new or transferred employees; and post it in a conspicuous place for all to read. Policyholders may use the *Medical Select Workers' Comp Provider Network*, located on ExpressServe<sup>SM</sup> or obtain assistance from the FCCI claim department with the identification of the work-related medical providers in your area.
- 2. Attend to the employee's injuries.
- 3. Determine if medical attention is required:
  - Paramedics or ambulance needed
  - Transport needed to an authorized hospital's emergency room
  - Transport needed to a local clinic or doctor's office
- Notify the hospital, clinic or doctor's office of the impending arrival of the injured employee. Request drug testing, if applicable and in accordance with state law and your drug-free workplace program.
- 5. Contact the FCCI Insurance Group claim department at (800) 226-3224, Option 1, to report a claim immediately.
- Conduct an accident investigation. This should be conducted by the supervisor (you may need to assist your supervisor on how it is to be done). See <u>Workers' Compensation Accident/Incident Investigation</u> (Appendix D3) for more details and the form you can use.
- 7. Offer early Return-To-Work (RTW) for injured workers. One of the best ways to minimize the impact of a claim on your workers' compensation premium is by getting the injured worker back to work as soon as possible. The <u>Job Description</u> (*Appendix D4*) form provides details about a job's specifications and physical activities. This will help the doctor decide about the suitability of modified duty work assignments.
- 8. Communicating and showing concern for an injured employee is extremely important at the time of the injury, during initial treatment and throughout the entire recovery period. The employee is usually concerned about the medical condition and how the injury may affect his or her future livelihood. Also, the employee becomes concerned about whether his or her job will be there upon returning to work. Because of this, it is essential that all employees understand what their workers' compensation benefits are well before they are injured.

After you have gathered the necessary information through your <u>Workers' Compensation Accident/Investigation</u> (*Appendix D3*), you should determine the proximate or root cause of each and all accidents to assist with the development of remedial actions as well as ongoing development of your safety programs. Your analysis should reveal some commonality and trends among the accidents, creating an improved focus on necessary actions. Begin by addressing the most frequent and most severe causal factors of injuries and illnesses. Categorize your accident occurrences by identifying the following:

- 1. Causal factors in accidents, such as material handling, struck by, struck against, repetitive motion, etc.
- 2. Types of injuries, such as strains, lacerations, contusions, punctures, CTS, etc.
- 3. Body location of injury, such as arm, hand, back, eye, etc.
- 4. Repeat offenders by individual, work tasks, departments, seasonal work, etc.
- 5. Trends of accidents, causal factors and injury types

Once armed with this information, a focused effort to implement corrective and remedial actions will be realized for ongoing development of your safety program efforts.

Despite all the positive and proactive steps you take, occasionally you may have to deal with a suspected fraudulent claim. Falsifying a workers' compensation claim is insurance fraud. The National Insurance Crime Bureau (NICB) estimates the cost of workers' compensation fraud to be around \$7 billion annually. It is often considered a high reward, low risk practice.

FCCI Insurance Group has a Special Investigation Unit staffed by private investigators and field claim adjusters who fight fraud on a daily basis on behalf of policyholders. For more information on how to handle suspicious claims, refer to <u>Workers' Compensation Fraud</u> (*Appendix D5*).

#### **Additional Resources**

FCCI Risk Solutions Network is a complimentary resource to all of our policyholders that provides information and services for human resources and employment issues, training and webinars, risk management tools, and access to employment law attorneys, both online and via telephone, for employment law questions. Using FCCI Risk Solutions Network, employers can create an employee handbook, customized job descriptions, and a number of other important forms. Access FCCI Risk Solutions Network via FCCI's corporate website or via ExpressServe<sup>SM</sup>.

For more information and resources, FCCI policyholders can visit FCCI Risk Solutions Network by visiting <u>www.fcci-group.com</u>; log in to ExpressServe; click Resources; click FCCI Risk Solutions Network.

# **III. PROPERTY: Commercial Property**

Commercial Property insurance is designed to cover insureds for direct and indirect losses related to commercial buildings; apartment structures; hotels; business personal property (e.g., building contents, furniture, equipment, fixtures, supplies, inventory, etc.); loss of business income; builders' risks (buildings in the course of construction); and related exposures.

Direct losses refer to damage to the property itself resulting from an insured cause of loss such as fire, lightning, windstorm, etc. Indirect losses, also known as time element losses, or consequential losses, refer to the loss of income, profit, or to the extra expense you might incur as a consequence of the direct loss.

Knowing what coverage and limits you need to purchase for the proper coverage requires very deliberate and careful consultation with your agent. In addition, to minimize loss and to help ensure that your business survives a serious fire, windstorm or other such event, you must have an effective property risk control program in place.

#### To help you with your efforts, we will provide:

- Tips to help you identify and control some of the more common and special hazards that pose a threat to many businesses. Refer to Hazard Identification and Control
- Sasic information on fire protection. Refer to Fire Protection
- Property Risk Control self-help tools. Refer to Appendices E

#### HAZARD IDENTIFICATION AND CONTROL

#### **FLAMMABLE LIQUIDS**

Almost all businesses use flammable liquids. Examples include fuel for vehicles, cooking oil in restaurants, cleaning solvents in office buildings, paints in automobile body shops and various chemicals in manufacturing processes. To safeguard your business from flammable liquids, you should have a basic understanding of the hazards they present and how to control them.

A flammable liquid is any liquid having a flash point below 100°F. The flash point is the minimum temperature at which a liquid gives off a vapor in sufficient concentration to ignite. Flammable liquids are most hazardous when they are stored or used at temperatures approaching or exceeding their flash point. Given sufficient oxygen to support combustion and an ignition source, a fire can erupt and spread very quickly.

### The major concern with flammable liquids is improper storage and handling. To protect your business, you will need to know:

- How to identify a flammable liquid
  - · Inspect the shipping container; check outside labels for flammability and reactivity
  - Review MSDS for all chemicals stored for chemical physical hazards (fire, explosion, reactivity, safe handling precautions, storage and use)
- Summable liquid used and how it is stored and handled

#### Sasic requirements for storage:

- If you choose to leave something outside a flammable liquids storage cabinet or room, store no more than one day's supply
- Up to 25 gallons should be kept in Underwriters Laboratories (UL) Listed safety cans
- From 25 to 180 gallons should be kept in UL Listed flammable liquids storage cabinets
- No more than 60 gallons should be kept in a single cabinet
- No more than 3 cabinets (180 gallons) should be kept in a single building or fire area
- More than 180 gallons should be stored as per Flammable Liquids Safety and Storage (Appendix E1, page 5)

Other areas to note: separation from sources of ignition, electrical wiring specifications, grounding and bonding, ventilation, drainage and spill control, maintenance and repair.

#### **COMBUSTIBLE GASES**

Combustible gases are substances in gaseous form, which can be ignited in the presence of air to cause a fire or an explosion. Examples include leaking compressed gas cylinders of acetylene and mishandled liquefied petroleum (LP) gas tanks. Acetylene has an extremely wide explosive range and pure acetylene under pressure will spontaneously explode. Compressed gas cylinders, especially acetylene, must be kept in a secured and upright position.

LP-Gas is used to fuel powered industrial trucks such as forklifts. LP-Gas vapors are heavier than air and tend to vaporize rapidly when they escape from containment vessels. Special precautions must be followed for safe operation of forklifts. Contact FCCI to request a copy of the *Powered Industrial Truck Operator Training Program, or refer to NFPA 505*<sup>\*</sup> for more information.

Although pure oxygen by itself does not burn, it supports combustion. If combustible material is present as the percentage of oxygen increases, you greatly increase the potential for a fire to occur. For example, leaking oxygen cylinders in the presence of a source of ignition can easily cause a fire. Gas fueled fires burn with faster than normal intensity.

Proper control of combustible gases requires that you:

- Identify combustible gases
- Prevent sources of ignition including smoking, cutting and welding, open flames, hot surfaces, electrical and mechanical sparks, static electricity, and radiant heat
- · Provide adequate ventilation
- · Store combustible gas tanks and cylinders in an area where they cannot be struck
- · Store compressed gas cylinders secured and upright position
- · Store oxygen separately from acetylene and petroleum products
- · Do not store cylinders in a basement or below grade

For more information, please contact the Compressed Gas Association.

#### **SPRAY PAINTING AND FINISHING**

Spray painting and finishing operations pose significant risk of fire and explosion due to easily ignitable flammable liquid vapors and high concentrations of flammable liquid aerosols. Whether you are using cans of spray paint or painting automobiles in a body shop, the following effective property risk control measures should be implemented:

- Confine spraying to an approved spray booth or room designed for this purpose, refer to <u>Spray Booth Design</u> (Appendix E1, page 7).
- Install filters, baffle, or a water curtain in the booth that will trap overspray and minimize accumulations in the exhaust duct.
- Install automatic sprinkler protection in front of and behind the spray booth filters.
- Install sprinkler heads in ducts that pass through combustible roofs, in walls that pass near combustibles, or in ducts over 15' in length. Ducts that pass near combustibles without a clearance of 18" should be protected with automatic sprinklers. If ducts exceed 15' in length, locate sprinkler heads no more than 10' apart.
- Keep sprinkler heads clean and protected from over-spray residue with clear, lightweight polyethylene plastic bags with a thickness of 0.003" or less. Bags should be changed frequently to avoid excessive residue buildup.
- Exhaust the spray booths to the outside of the building. Maintain at least 18" clearance between ducts and unprotected combustible construction.
- O not extend the spraying area beyond the booth enclosure.
- Use only UL Listed "Explosion Proof " Class I, Division 1 electrical equipment in spraying and finishing areas or in areas where explosive vapors may be present. The electrical equipment should be installed in accordance with NFPA 33\* Standard for Spray Application Using Flammable or Combustible Materials.
- Onot use electrical light fixtures within the spray booth.
- Arrange all spraying equipment in a safe manner, especially electrical equipment, high temperature and high pressure components (refer to NFPA 33\*).
- Install mechanical ventilation systems in spray booths.
- Do not spray unless the ventilation system is functioning. Install electrical interlocks on the ventilation system. Electrical interlocks, controlled by a solenoid valve, guarantee that spraying cannot be performed unless the spray booth fan is operating and water pumps, where used, are operable.
- Check the airflow in the booth daily to ensure proper air movement and exhaust.
- Change the filters in the booth on a regularly scheduled basis.
- Have ventilation systems inspected on a quarterly basis by a licensed Heating Ventilation and Air Conditioning (HVAC) contractor.
- Clean spray booths, ductwork, sprinklers and other associated apparatus daily. Do not use flammable solvents or sparking tools for cleaning.
- Oo not keep more than one day's supply of paints and thinners in the immediate area.
- O not store combustible materials within 20' of the spraying area.
- Strictly prohibit all sources of ignition in the building if spray painting is performed.
- Post "No Smoking" signs throughout the facility.

#### **CUTTING AND WELDING**

Torch cutting, welding, brazing and soldering are techniques for melting or joining metals. Temperatures as high as 60,000° Fahrenheit are reached in plasma arc welding operations. These processes are hazardous by nature because fire is used as a tool. Methods to contain the work piece and equipment are crucial to reducing the risk of fire spreading and causing damage to your property or even loss of life.

#### Best practices to follow should include at least the following:

- Secoming familiar with the types of welding and cutting you perform and specific hazards presented.
- Providing good supervision and training.
- Installing welding screens around the work area.
- Installing local exhaust ventilation systems at the point of operation.
- Setablishing a Hot Work Permit Program (Appendix E2).
- Keeping flammable liquids and combustible materials out of the work area.
- Inspecting the work area to ensure that there are no openings in walls or floors; moving the work to a safe location, if necessary.
- Keeping the appropriate type of portable fire extinguishers charged, operable and readily available (refer to the Bulletin on <u>Fire Extinguishers</u>).
- No cutting or welding on tanks and containment vessels without special precautions (i.e., testing, cleaning, ventilating, purging, inerting, etc.).
- Notifying the fire department and providing enhanced fire safeguarding whenever cutting and welding is performed at places of public assembly such as auditoriums, hotel exhibit halls and schools.
- Familiarizing outside contractors with your premises and contents if they engage in cutting and welding.
- Requiring Personal Protective Equipment (PPE) be worn including leather vest and armlets, flame resistant gloves, cuffless trousers, welding helmets and proper eye protection.
- Performing a final check of the work area for fires 30 minutes after completion of operations.

#### **ELECTRICAL**

Empirical data reflects that most business fires occur as a result of an electrical problem, usually defective electrical wiring in the walls and ceilings or from energized equipment. You should periodically have the wiring in your facility inspected; at least the junction boxes, circuit breaker panels, receptacles and equipment plugs. A thorough electrical inspection may require a licensed electrical contractor. There is infrared testing technology available to help locate hot spots or shorts in your building.

#### Common electrical hazards requiring special attention include:

Substandard employee-owned electrical appliances and devices

- Establish a company policy restricting the number and type of personal appliances allowed to be brought into the workplace; preferably, they should be prohibited
- Inspect personal appliances at the time they are brought into the workplace and during regular inspections
- · Require that appliances be unplugged at the end of each workday
- · Provide extra precaution with regard to the use of portable space heaters
- Overheated fluorescent light fixtures
  - · Replace as soon as possible any flickering or failing lamps
  - Keep combustible material away from all sides of the fixture, especially in attics and on mezzanines where files are often stored
  - Install surface mounted fixtures at least 11/2" from cellulose fiberboard

Unsafe use of electrical extension cords

- · Use only Underwriters' Laboratories (UL) Listed extension cords
- · Avoid using any damaged or spliced extension cords
- · Do not run cords under carpeting or rugs
- Avoid putting cords in pinch-points (i.e., between door and door frame, around tight corners, knots in the cord, over an edge with a metal corner, etc.)
- Do not allow cords to be in or across the aisle, especially where equipment, forklifts, rolling carts, etc., could damage the wire from excessive applied pressure
- · Keep cords out of water

#### Some best practices to follow when reviewing your building for electrical hazards:

- Have qualified electricians perform all electrical work
- S Use only wire that has the additional ground wire included
- Support Use lock-type connection plugs for equipment that needs to be occasionally disconnected
- Use only approved electrical parts
- Provide sufficient electrical outlets to reduce the need for extension cords
- Prohibit use of non-UL-Listed, outdated appliances (e.g., radios, lamps, fans, space heaters, coffee makers)
- Sinspect electrical cords, plugs, etc., frequently, especially in remote and out-of-the-way areas
- Refer to the Property Self-Inspection Checklist (Appendix E3)

The National Fire Protection Association (NFPA), National Electrical Code, NFPA 70\*, provides guidelines on the proper installation and selection of electrical wiring, connectors, breakers, switches, etc. Organizations that perform testing of electrical transmission supplies are Underwriters Laboratories and Factory Mutual.

#### HOUSEKEEPING

To get your good housekeeping seal of approval, here are some best practices to use as a guide to help you develop your own checklist and to critically evaluate your business:

Smoking

- · Develop and strictly enforce a company policy to control smoking
- · Designate a specific smoking area and post "No Smoking" signs where prohibited
- · Provide a sufficient number of ashtrays and locate them where most convenient
- · Check each area of the building at the end of the shift

#### Scrap, Trash Waste, Scrap, Trash

- Provide non-combustible trash cans; covered or designed to self-extinguish small fires
- · Locate the trash receptacles where most convenient for use
- Keep soiled, greasy, oily rags, mops and linens in non-combustible containers with self-closing lids
- · Dispose of trash daily, preferably outside and away from the building
- · Use products specifically designed for cleaning up petroleum based liquid spills
- · Do not use sawdust or wood shavings as an absorbent for petroleum based liquids

Storage

- Avoid creating the *chimney effect* when storing combustibles (i.e., wood or lumber stacked vertically instead of horizontally, or a tall stack of wood pallets)
- · Keep combustibles away from welding, cutting and grinding areas

#### HEATING, VENTILATION, AIR CONDITIONING (HVAC)

The HVAC systems are often overlooked when it comes to preventive maintenance as long as the air is properly conditioned to make us comfortable. The following is a list of risk control measures to help you reduce exposure to property damage:

- Maintain a contract with a licensed and insured HVAC contractor for servicing
- Use only qualified HVAC workers for work done by in-house staff
- Sinspect bearings, pulleys, belts, etc., for overheating; keep rotating parts lubricated
- Keep the area around the equipment clean
- Prohibit storage and trash in the mechanical / equipment room
- S Inspect fresh air intake duct for obstructions; clean or replace air filters regularly

The National Fire Protection Association and the American Society of Heating, Refrigeration and Air Conditioning Engineers provide additional details for preventing losses due to defective or poorly maintained HVAC systems.

#### **PLUMBING**

Water damage is often due to plumbing problems, such as age, excessive demands on an undersized system, poor workmanship, substandard material, inadequately maintained system, or animal/vegetation interference.

#### To help avoid these problems:

- Hire only licensed and insured plumbers
- Make a regular evaluation of the plumbing system
- Erect a barrier to keep vehicles, forklifts and any other moving equipment away from striking or damaging the water or sewer system
- Protect pipes from freezing
- Keep drain grates unclogged; check all storm grates for blockage after rain
- Service the sanitary sewer as soon as the drainage becomes slow
- Avoid letting heavy equipment regularly drive over or idle above area where pipes are buried

#### **GENERAL BUILDING CONDITION**

Building areas that are often neglected include the roof system, roof drains, gutters and downspouts, windows and adjacent vegetation. Failure to keep your roof drains clean can have catastrophic consequences. This can occur from water buildup on a roof that has parapet walls.

#### The following are some tips to prevent or reduce losses in the area of general building repairs and maintenance:

- V Hire only qualified persons, skilled in that trade, licensed and insured
- Schedule a local contractor to perform the evaluation of the hard to see or reach areas, such as the roof system
- Limit any roof attachments (e.g., antennas, signs, AC units, etc.)
- Inspect roof drains regularly for blockage
- Clean gutters, as needed
- Repair or replace damaged or ineffective gutters and downspouts
- Repair or replace damaged windows, as soon as possible
- Have a waterproofing contractor evaluate the exterior envelope of the building
- Keep tall grass and dried brush away from the building
- Keep large trees away from the building and other company property
- Trim dead or hazardous branches from all trees on the property

#### **COMMERCIAL COOKING**

#### SIZE AND SCOPE OF HAZARD

According to a National Fire Protection Association (NFPA) survey, cooking equipment causes more than 40% of all structure fires in eating and drinking establishments. These include restaurants, cafeterias, diners, nightclubs, dinner theaters, taverns, lunchrooms, snack bars, fast food facilities and delicatessens. Over a recent five-year period, eating and drinking establishments reported an average of 7,410 structure fires annually. These resulted in average annual direct property damage losses of \$165 million, 110 civilian injuries and three civilian fatalities. Three out of five (61%) of these fires involved cooking equipment.

Although the annual number of fire fatalities for this industry might seem low, the potential for loss of life in a single fire is great. The 1942 Coconut Grove fire in Boston, Massachusetts, is the third deadliest single building fire in U.S. history, killing 492 people. The 1977 Beverly Hills Supper Club fire in Southgate, Kentucky, killed 165 people.

# BEST PRACTICE RISK CONTROL MEASURES FOR PROTECTING COMMERCIAL COOKING EQUIPMENT

Because of this severe loss potential, effective property risk control measures are essential. And since the kitchen area is the most likely place for a fire to start, we recommend you begin there by:

- Conducting all commercial cooking under a standard, exhaust hood and duct professionally installed in accordance with provisions of NFPA 96\* Standard for the Installation of Equipment for the Removal of Smoke and Grease Laden Vapors from Commercial Cooking Equipment.
- Checking with your automatic fire extinguishing system installer or service company to be sure the system complies with Underwriters Laboratories standard UL 300, *Fire Testing of Fire Extinguishing Systems for Protection of Restaurant Cooking Areas* and is installed in accordance with the listing. This is particularly important to help prevent re-ignition of fires when you use vegetable oil in your deep fat fryer.
- Assuring that your extinguishing system protects all areas within the exhaust hood, ducts, all cooking surfaces and below the filters.
- Checking with your automatic fire extinguishing system installer or service company to be sure that your deep fat fryer is equipped with an excess temperature limit, installed 1" below the cooking oil surface and set to shut off fuel or electricity when the cooking oil temperature reaches 475° F. Its purpose is to help ensure that the oil does not overheat and ignite.
- Assuring that upon activation of any fire extinguishing system, all sources of fuel and power connected to any protected equipment are automatically shut off.
- Assuring that all automatic fire extinguishing systems (with the exception of sprinklers) have an accessible, clearly marked, manual pull control located in the path of exit travel and arranged to mechanically activate the system.
- Securities that all kitchen staff is familiar with the location of the manual pull control and know how to activate it.
- Providing for semi-annual service, at a minimum, for your commercial cooking equipment and extinguishing system to be performed under a service contract agreement by a competent fire protection equipment service company.
- Providing for cleaning your commercial cooking equipment hood and duct, at least semi-annually for limited grease vapor production, quarterly for moderate production of grease laden vapors and every two months for solid fuel type cooking or cooking that results in heavy production of grease laden vapors. Cleaning should be performed under a service contract agreement with a competent hood and duct cleaning service company.
- Using professionally installed UL Listed grease filters in your exhaust hood to help minimize accumulation of grease on exhaust duct surfaces.
- Cleaning grease filters frequently, daily if necessary, to prevent buildup of grease on the surface.
- Providing UL Listed fire extinguishers, labeled for Class K fires, to protect cooking appliances that use combustible cooking media (e.g., vegetable or animal oils, fats). Refer to the *Portable Fire Extinguishers* section.

For a more comprehensive presentation of installation and protection requirements for commercial cooking equipment, refer to FCCI's Risk Control Bulletin <u>Protecting Commercial Cooking Equipment</u>.

#### **OTHER CAUSES OF FIRE IN COMMERCIAL COOKING ENTERPRISES**

The NFPA breaks down other leading causes of fires in Eating and Drinking Establishments as follows:

- Cooking equipment 61%
- Selectrical 9%
- Heating equipment 9%
- Smoking 7%
- Intentional 4%

Deep fat fryers were involved in 21% of fires, and ranges or cooktops in 14% of fires. Failure to clean was factored into 22% of the fires.

Additional property risk control measures to protecting your business from losses associated with these hazards can be found in the Hazards Identification and Control section of this manual.

\*You can purchase a copy of this code through the NFPA website, or contact your risk control representative for other options.

#### **WINDSTORM**

Windstorms (whether a winter nor'easter, hurricane or tornado) are responsible for billions of dollars in property damage. Four of the five largest natural disasters in the U.S. have been hurricanes. The largest ones, Hurricane Katrina (2005) and Harvey (2017), each caused \$125 billion in property damage. Weather related perils cannot be prevented; however, the amount of destruction can be reduced through pre-planning.<sup>1</sup>

Hurricanes have had wind speeds exceeding 200 miles per hour at the storm center, producing gale force winds extending out over 200 miles. Tornadoes, which come with little or no warning, have had wind speeds measuring in excess of 250 miles per hour.

Despite the destructive nature of these storms, there are effective risk control techniques, described below, that will help you mitigate loss. As part of that effort, you should first periodically review your windstorm coverage needs with your insurance agent.

#### **PROTECT THE "ENVELOPE"**

To minimize wind damage, you must protect the integrity of the building exterior – also referred to as the envelope. Once the wind penetrates through a broken window, door, or other part of the building exterior, odds are that serious damage will result.

Internal pressurization occurs when wind enters, such as through a broken window and literally pushes the building apart from the inside (Figure 1). Typically, buildings are designed to withstand wind from the outside, so when the wind enters, its components become overloaded often resulting in the loss of roofs. This leads to water infiltration and even the collapse of structures.



#### Risk control measures to help protect the envelope of a building include:

- Installing storm and hurricane shutters
- Replacing ordinary window glass with laminated, impact resistant glass
- Covering windows with plywood
- Installing film coatings specifically designed for improving impact resistance
- Upgrading to wind resistive roof coverings, when replacing roofs
- Minimizing sources of wind-borne debris and flying missiles by bringing outdoor items, such as patio furniture, trash cans, flowerpots and pieces of lumber, indoors
- Pruning trees and removing loose and dead limbs before storm season
- Not planting trees close to the building

#### **KEEP OUT WATER**

A high volume of rain often accompanies violent windstorms. Because of the huge amount of rain, water can build up quickly and cause roof collapse. If the interior of the building becomes exposed, the loss to you and your recovery time is greatly increased.

Buildings with flat roofs and walls that extend above the roof level (parapets) are particularly vulnerable to roof collapse due to accumulated water. If the roof drain or gutter system is clogged or inadequate, the weight of pooling water will eventually collapse the roof truss system.

Rising water from a blocked storm drain presents another problem. Inspections for this condition may need to be increased during the time of year when leaves fall, depending on whether nearby trees are evergreen or deciduous. Because getting onto the roof and knowing what to look for can require special knowledge or equipment, one good risk control strategy is to have a licensed professional evaluate the roof, gutters and drains.

#### **BUILDING CONTENTS**

When hurricanes approach, move everything away from exterior walls, into a more central and secured area of the building, such as an interior room or hall. Accepted good practice for storage of stock, supplies and other materials is to raise them from the floor. Store items on shelves, pallets, etc. This practice will also serve you well during storm season. Cover all computers and office equipment with plastic or polyethylene.

#### Businesses with perishable items should do at least one of the following:

- Make provisions for an alternative power source
- Rent a portable power generator
- Lease a refrigerated semi-truck trailer
- Arrange with another company to temporarily store perishable products

Additional suggestions to protect your property from windstorm can be found in the <u>Windstorm Checklist</u> (Appendix E4). The Institute for Business and Home Safety (IBIS) website is a valuable source of information for help with developing your disaster preparedness plan.

### Review your disaster preparedness plan with your management staff and remember that getting prepared early is key to minimizing losses.

- Review your communications and recovery plan with your staff annually before storm season
- Have your business appraised, at least every five years
- Inventory, document and photograph your equipment, supplies and entire workplace
- 🛇 Keep copies of your insurance policies and customer service / home numbers in a safe place
- Obtain business interruption coverage

Remember that flood damage requires separate coverage and is NOT covered under any other insurance policies.

#### **FIRE PROTECTION**

#### **PORTABLE FIRE EXTINGUISHERS**

This section provides essential information regarding:

- Classification of Fires and Rating Fire Extinguishers
- Selection and Placement of Fire Extinguishers
- Training of Employees
- Seneral Tips

#### **CLASSIFICATION OF FIRES AND RATING FIRE EXTINGUISHERS**

Fire extinguisher manufacturers use a letter to designate which class or type of fire an extinguishing agent will suppress. In conjunction with the classification, they also use a numerical rating (e.g., 2-A:20-B) to designate relative extinguishing effectiveness or size of a fire that can be extinguished.

Class A - ordinary combustible materials (e.g., wood, paper, cloth, rubber, etc.)

- Class B flammable and combustible liquids and gases (e.g., gasoline, propane, solvents, etc.)
- Class C energized electrical equipment
- Class D combustible metals (e.g., magnesium, lithium, sodium, titanium, etc.)
- Class K cooking media (oils and fats)

#### Extinguishers effective on more than one class of fire have multiple letter and numeral-letter classification.

For example, an extinguisher rated and classified, 4-A: 20-B:C indicates the following:

- 1. For Class A fires, it should extinguish approximately twice as much fire as a 2-A extinguisher.
- 2. For Class B fires, it should extinguish approximately 20 times as much as a 1-B extinguisher.
- 3. C indicates that it is suitable for use on energized electrical equipment.

#### SELECTION AND PLACEMENT OF FIRE EXTINGUISHERS

Selecting the proper extinguishers requires careful consideration with regard to both the class and type of fire and the hazard of occupancy for which they are used. The hazard of occupancy is graded as (1) light or low; (2) ordinary or moderate; or (3) extra hazard. It takes into consideration the amount of combustibles or flammable liquids present.

For Class A fires, the larger the area to be protected, the larger the numerical rating required. The minimal size fire extinguisher is 2A, designed to handle up to 3000 square feet of light Class A hazard. The maximum travel distance to the closest fire extinguisher can be no more than 75'.

For Class B fires, a minimal size 5B extinguisher, located within 30' of the fire hazard, is allowed for protecting light hazards. For ordinary hazards, *National Fire Protection Association (NFPA), National Fire Code, NFPA 10\*, Standard for Portable Fire Extinguishers* requires at least a 10B extinguisher and for an extra hazard a 40B is required. For additional information on sizing and distribution, refer to *National Fire Protection Association, NFPA 10* and the FCCI Risk Control Bulletin Fire Extinguishers.

For Class C extinguishers, intended for use on energized electrical equipment or wires, the size and placement is based on the Class A and B hazards present. Typically Class C fires become either Class A or B after the electrical line has been de-energized. The Class C extinguishing agent is designed to protect the user from electrical shock.

Class D extinguishers are specifically designed for fires involving combustible metals such as lithium, magnesium, potassium, sodium, titanium and zirconium.

Class K extinguishers are for the protection of cooking appliances that use combustible cooking grease (animal fat) and vegetable oil. Class K extinguishers have no numerical rating. However, they come in at least two sizes – 6.0 liter (1.6 gallons) and 9.4 liter (2 ½ gallons). Consult with your fire extinguisher service company to select the size appropriate for your needs. The maximum travel distance to a Class K portable fire extinguisher is 30'.

For each class of fire, the number and size of extinguishers needed can depend on the level of the hazard, the number of square feet being protected, the distance you must travel to get to the extinguisher, the degree of difficulty accessing the extinguisher and the varied classes of fire hazards present. Further details on size and placement can be found in the *National Fire Code, NFPA 10*<sup>\*</sup> and the FCCI Risk Control Bulletin <u>Fire Extinguishers</u>.

#### **TRAINING OF EMPLOYEES**

The most important point to emphasize when training employees in the use of fire extinguishers is that someone must report the fire **immediately** by calling 911. Do not delay. All too often well-intentioned employees try to extinguish a fire without notifying the fire department. Frequently, the end result is an uncontrollable fire that causes major damage. The local fire department, fire extinguisher distributor, fire extinguisher manufacturer and some consultants can provide useful hands-on training for employees. At the very least, they should be able to provide you with a video.

Until you have scheduled formal training, you can teach your employees how to help control small fires. An easy-to remember acronym, **PASS**, describes how to use a portable fire extinguisher:

- P Pull the locking pin that keeps the trigger from accidentally being activated
- A Aim nozzle at the base within 6-8' of the fire; not at the flames
- S Squeeze the trigger to dispense the extinguishing agent
- S Sweep extinguishing agent back and forth across the base of the fire; cover as much of the area as possible

#### **GENERAL TIPS**

- Seriodically re-evaluate the fire exposure and number, class, and size of extinguishers needed and available.
- Hang the extinguisher via a bracket attached to a permanent structure, in a readily accessible and conspicuous location. Good locations include those close to and along the aisle way to the exit.
- On not block or cover the fire extinguisher. It is not a coat rack.
- The area supervisor should inspect the extinguishers weekly for accessibility and to confirm that they are charged and ready for use.
- Replace discharged or damaged extinguishers as soon as possible.
- Place location signs higher on the wall to be more conspicuous.
- Have the correct type of extinguisher available for use outside the building, should there be a known or anticipated external hazard.
- Have a licensed fire extinguisher company service all the extinguishers, at least annually.

\*You can purchase a copy of this code through the NFPA website or you may contact your risk control representative for other options.

#### AUTOMATIC SPRINKLER SYSTEMS

#### **PURPOSE & DESCRIPTION**

For fire protection purposes, the National Fire Protection Association essentially defines an automatic sprinkler system as an integrated system of underground and overhead piping, designed in accordance with fire protection engineering standards, usually activated by heat from a fire and discharging water over the fire area.

When a properly designed and maintained sprinkler system protects your property, it is almost like having a firefighter with a hose on duty 24 hours a day, ready to suppress a fire should one occur. While sprinkler systems are primarily designed to control fires until the fire department arrives to extinguish them, it's common for these systems to extinguish a fire. Having the system provided with a central station water flow alarm also helps assure that the fire department will arrive promptly.

### To protect your property from serious loss, sprinkler systems are probably the best investment a business owner can make. Benefits can include:

- Oramatically minimizing potential loss of life in a fire
- Reducing the average loss per fire by one-half to two-thirds
- Reducing business interruption losses and uninsured losses
- Substantially increasing the probability that a business can survive a fire loss
- Substantially reducing property insurance premium and amortizing the cost of the system over the life of the building
- 🛇 Reducing legal liability potential arising from fire in your property causing damage to neighboring businesses
- Sreater peace of mind

#### RELIABILITY

Automatic sprinkler systems are widely regarded by fire protection specialists as the most reliable and effective fire protection devices today. A 2017 NFPA report indicates that sprinklers operated in 92% of the fires in which sprinklers were present and the fire was large enough to activate them. When sprinklers operated, they were effective at controlling the fire 96% of the time.

Inspection, testing, and maintenance are essential to ensuring reliable operation and effectiveness. NFPA notes the following statistics for failure and ineffectiveness:

#### **Reasons for failure**

System shut off: 59% Manual intervention defeated system: 17% Lack of maintenance: 10% System components damaged: 7% Inappropriate system for type of fire: 7%

#### **Reasons for ineffectiveness**

Water did not reach fire: 51% Not enough water discharged: 30% System components damaged: 7% Inappropriate system for type of fire: 6% Lack of maintenance: 4% Manual intervention: 3%

#### **TYPES OF SYSTEMS**

#### Wet pipe systems

These are the most common, accounting for 87% of all systems in place today. They are also the simplest, and most reliable type of system with their simplicity being a key to their reliability. The pipes are filled with water. Heat from a fire causes a sprinkler head to open, discharging water on the fire either extinguishing it or keeping it from spreading too quickly before the fire department arrives to extinguish it.

#### Dry pipe systems

These systems are the second most common, accounting for an estimated 10% of systems in place today. They are more complicated than wet pipe systems, less reliable, less effective overall, more difficult to maintain and more expensive to install. However, since water freezes they are a necessary alternative to wet pipe systems for unheated buildings in colder climates or in occupancies such as cold storage warehouses.

Dry pipe systems have air or nitrogen gas in the pipes. Heat from a fire causes a sprinkler head to open which allows the air or nitrogen to discharge as the water fills the pipe and then discharges on the fire through the open heads. Because the water is delayed in reaching the fire, resulting fire damage is typically greater than with a wet pipe system. After activation, the system needs to be drained and reset.

#### **Pre-action systems**

These are designed for properties that are highly susceptible to water damage, such as libraries, art galleries and computer rooms. Two things must happen before water discharges. First, a fire detection system detects a fire, sounding an alarm and opening a valve that allows water to flow into the sprinkler piping. Heat from the fire then causes a sprinkler head to open, discharging water on the fire. This two-step operation reduces the possibility of accidental water discharge that might result from accidental damage to sprinkler piping or a sprinkler head.

#### **Deluge systems**

These are the only type of sprinkler system designed with open sprinkler heads and are used in extra hazardous occupancies such as airecraft hangars, electrical transformers and high volume flammable liquid / flammable gas storage where large volumes of water must be discharged on a fire very quickly. All sprinkler heads in the system are open, a smoke / heat detection system detects a fire, opens a valve and water fills the sprinkler piping, discharging from all sprinkler heads. The valve must be reset after activation and these systems are very complex and expensive to install and maintain. However, the value of properties they protect is typically high.

#### TIPS ON SYSTEM MAINTENANCE, INSPECTION AND SUPERVISION

Whether you occupy your own building or are a tenant in another's building, you have a vested interest in assuring that the sprinkler system will control a fire should one occur, despite your best efforts to prevent one. In general, maintenance, inspection and supervision should be in accordance with provisions of the latest edition of the *National Fire Protection Associations Standard NFPA 25\*, Standard for the Inspection, Testing and Maintenance of Water-Based Fire Protection Systems*.

#### To help provide you with peace of mind when protecting your property, following is a list of good practices:

- Have a licensed sprinkler contractor evaluate the automatic sprinkler system to be sure it is suitable for the hazards that exist in your business. Sprinkler system designs are based on hazards of occupancy and fire loading related to types and configurations of storage. If any of these conditions change, you need to know that the system design is still adequate.
- Have water flow and valve closure supervised and monitored by a central station.
- Have testing and inspection of your automatic sprinkler system performed by a competent sprinkler service company on a semi-annual basis, at a minimum, to ensure it stays in good operating condition and to include at least the following:
  - A main drain flow test with record of static and residual pressure to be sure there are no significant obstructions to water supply such as closed valves or blockage in the water main.
  - An alarm test to confirm that operation of one sprinkler head is sufficient to operate the local water flow alarm.
  - A test to ensure that an alarm signal is received by the central station when initiated by water flow and valve closure.
  - An overall inspection of system condition including, piping, valves, hangers, fire department connections and sprinkler heads, etc., ensuring system is in good general operating condition.
  - Refer to <u>Sample Wetpipe Sprinkler System Inspection Checklist</u> (Appendix E5), for a sample form that will help provide you with additional information and ideas for developing an inspection format to meet your specific needs.

\*You can purchase a copy of this code through the NFPA website or you may contact your risk control representative for other options.
# III. PROPERTY: Inland Marine

Inland marine insurance is believed to be the first form of insurance. Its origins stem from ocean marine insurance. Merchants needed insurance for goods shipped by sea and ocean marine insurance provided coverage from port to port. As commerce expanded inland, the need developed to extend this coverage beyond the ports to inland warehouse locations.

Commercial inland marine insurance can provide coverage for contractors' equipment, computers, goods in transit, fine arts, or any kind of portable property. This coverage is also used to insure unique fixed properties such as piers, wharves, docks, TV or radio towers, bridges and tunnels. Though not portable, these structures are involved with the movement of either goods (transportation) or the movement of information (communication).

Inland marine policies typically insure against direct physical loss and provide coverage for all causes of loss except those specifically excluded. Inland marine policies may be written on a named peril basis whereby coverage is provided only for the causes of loss listed. You should review your policy with your agent to be sure you understand the coverages and exclusions in your inland marine policies.

Common inland marine coverages include the following:

- Selectronic data processing
- Contractor's equipment
- Installation floater
- Transportation form for goods in transit
- Accounts receivable
- Valuable papers and records
- Mobile articles, machinery and equipment floaters
- Pattern and die floater

Limited coverage for some of these items may be provided in your property policy. In the FCCI Risk Control Manual, risk control information is provided for the first four inland marine coverages listed above.

# **ELECTRONIC DATA PROCESSING (EDP)**

Much of today's business is conducted through computers, which increases risk of loss of computer hardware or software. Business owners may believe that a separate EDP policy is unnecessary because they are covered under their property policy. Business personal property coverage, within your property policy, may be needed to insure your office contents such as computers and archived files. If insured this way, it's important to keep in mind that the coverage, most likely, will not be as comprehensive as if insured through an EDP policy. You may also not have coverage for that laptop you take on a business trip. The bottom line is that you need to review your coverage needs with your agent to see what works best for you.

It's always best to take reasonable precautions to avoid a loss in the first place. At the very least, a computer loss will be a big inconvenience, however, it could threaten the survival of your business. The <u>Electronic Data Processing Risk</u> <u>Control Checklist</u> (Appendix F1) provides some useful guidelines for minimizing and controlling your EDP risk and reducing your exposure to loss.

For business resumption planning, you may wish to refer to the Institute For Business & Home Safety publication Open for Business: A Disaster Planning Toolkit for the Small Business Owner which can be downloaded at no charge on their website at <u>www.IBHS.org</u>.

## **CONTRACTOR'S EQUIPMENT**

Contractor's equipment can range in value from \$5 for a hammer to \$500,000 for a backhoe. Equipment is usually kept on the job site, and it is while at the job site or in transit that most losses occur. The most common causes of loss include theft, fire, overturn, vandalism and boom collapse.

### THEFT

Despite its large size, contractor's equipment is a significant target of theft. Most thefts are on a "stolen to order" basis often carried out by well organized groups. It's not unusual for people posing as contractors or their employees to arrive at a job site claiming that they are moving the equipment to another job, or they take equipment from job sites that have no security. While this problem affects every state, according to FBI figures the five states with the most equipment thefts are Texas, California, Oklahoma, Arizona and Florida. Anecdotal evidence suggests that equipment painted a very distinctive color or which has the company name prominently painted on it in large block letters is far less likely to be stolen than equipment that does not. Our <u>Contractor's Equipment Crime Prevention Checklist</u> (*Appendix F5*) provides many other useful ideas for safeguarding your equipment.

#### FIRE

To help prevent fire loss to your equipment, you can, and should, exercise preventative maintenance techniques on your equipment. Regular maintenance by a qualified mechanic can reduce fire exposure resulting from loose fittings in the fuel system or hydraulic system. Always try to adhere to the manufacturers' maintenance schedules. An important part of maintenance is recordkeeping. List what was done, on what date, by whom, what parts were replaced, and note the odometer or hour meter reading.

One of the more hazardous and frequent activities that can lead to fire is refueling of equipment. In areas where fuel is stored or dispensed, smoking should be prohibited, spills should be cleaned up immediately and oily rags need to be disposed of in a metal receptacle with a self-closing lid.

Be cognizant of where you park equipment on job sites. Especially during the dry months do not park in or next to wooded areas where wild fires could strike. If possible, park your equipment in an area clear of tall grass and where the ground is level.

## **OVERTURN AND COLLISION**

Failure to park on level and solid ground can sometimes lead to overturn, because the center of gravity is high on some mobile equipment. Rain may erode the soil on a slope just enough to cause an overturn. Each equipment operator should be trained and regularly reminded of the maximum slope at which the equipment can safely be operated.

Collision exposure is also a concern. Each operator needs to be aware of the limits of the equipment they operate. The turning radius of some equipment is wide, making it more difficult to maneuver and more susceptible to collision with other equipment or material. Visibility is often more limited as opposed to a vehicle designed for highway use.

Because conditions change so quickly on job sites, operators need to dismount and walk around their equipment after they have been stopped for any length of time. Keep in mind that collision damage is expensive to repair, and you may need to rent additional equipment while equipment is down.

## VANDALISM

When equipment is left on a job site, establish your own lighted, fenced or secured area. Post 'Warning' and 'No Trespassing' signs. If necessary, hire a security company to provide night and weekend patrols. The best security from vandalism is to return your equipment to your permanent yard.

# **BOOM COLLAPSE**

Estimates are that 85% of boom collapse losses are a result of human error. Poor judgment results in losses from:

- 1. Improperly positioning crane
- 2. Exceeding lifting capacity
- 3. Bracing the crane on soil too soft to support outriggers
- 4. Moving a load too quickly
- 5. Pulling a load on an incline
- 6. Improperly erecting crane

Operator training is probably the most important risk control technique to avoid boom collapse. Crane operators must be highly skilled, dedicated and experienced staff. Mistakes can be very costly. Hire and screen crane operators thoroughly. Conduct testing and reference checks. Review their motor vehicle driving records, even if they will not be operating a registered vehicle for you. If additional training is needed, the equipment manufacturer often provides operator training classes. Maintenance by qualified mechanics is critical to avoid boom collapse. To help safeguard your investment in contractors equipment machinery refer to <u>Contractor's Equipment Checklist</u> (Appendix F2).

## **INSTALLATION RISKS**

The purpose of Installation Floater Coverage is to provide all-risk coverage against loss or damage to machinery, equipment, building materials or supplies that owners, sellers or contractors use in the course of installation, testing, building, renovating or repairing. These policies may be written to cover such property at points or places where the work is being performed, or while in transit and during temporary storage. Installation floater coverage typically applies to such property that will become a permanent part of the installation project. You would need separate coverage for machinery, tools, equipment and similar property which will not become a permanent part of the installation project.

For example:

- 1. Air conditioning units and ductwork installed in a building could be considered covered property since it is a permanent part of the building.
- 2. Furniture moved into a building may not be covered under an installation floater because furniture is not a permanent fixture. This would be covered under a Transportation Risk policy.

Review your exposure and installation floater coverage needs with your agent to be sure you are adequately insured. Some large projects take several months or even a year or more to complete installation and final testing, and it's important that you protect and safeguard your investment.

To protect against loss in the first place, there are some risk control measures that should be implemented. The main exposures to installation risks are theft, fire, vandalism and water damage. Our <u>Installation Floater Checklist</u> (Appendix F3) provides some useful ideas for protecting against these causes of loss.

## **TRANSPORTATION RISKS**

The purpose of transportation insurance is to provide coverage for property you own while in transit. Coverage can be purchased for property you ship in your own vehicles, by common or contract carrier (i.e., truckers), or when shipped by airlines or railroads. You can insure property you own shipped by you to others, or shipped by others to you. When ownership is changing hands, it's important to understand when change of ownership takes place. Depending on the terms of the sales contract, property in transit may be owned either by the company sending the goods (the shipper) or the company receiving the goods (consignee).

If the goods are shipped *Free On Board (F.O.B.)* Shipper's Location, the company sending the goods owns the goods until they are taken to the carrier, the company transporting them. At that point, the company receiving the goods after transportation will become the owner. This company, known as the consignee, needs transportation insurance to protect its financial interest while the goods are in transit. This is the most common shipping arrangement.

If the goods are shipped *Free On Board (F.O.B.) Consignee's Location*, the company shipping the goods owns the goods until they are delivered to the consignee, the company receiving the goods. In this situation, the company shipping the goods needs transportation insurance to protect its financial interest while goods are in transit.

While truckers have some liability for the goods they carry, the owners of goods still need transportation insurance for their property in transit because:

- Contract carriers may be liable only for their own negligence, which the owner may need to establish.
- Under the terms of a shipping document, known as a released bill of lading, a common carrier is not required to reimburse the shipper of goods for the full invoice cost.
- Payment of claims by the trucker's insurance company could be delayed.

There are a variety of transportation insurance coverages, also known as transit insurance, available to meet your needs. Your agent can help you decide what is best for you. Your best protection against the financial consequence of a loss to your goods in transit is to avoid a loss.

Review the risk control measures described in the *Commercial Auto Risk Control* section of the manual to assure these are in place. Your first concern is to protect against loss arising from collision and overturn. When you ship goods on your own trucks, you can manage this directly. When you ship by large national or regional carriers, they will typically have such controls in place. For smaller, local carriers, you should inquire about their fleet safety measures.

Depending on the target nature of the goods shipped, theft is very likely your next concern along with damage during transit arising from rough handling or improper packaging. If your goods spend any time at terminals while en route, your biggest concerns may be fire and theft. Specific steps you can take to protect cargo are listed in <u>Transportation</u> <u>Checklist</u> (Appendix F4).

# III. PROPERTY: Commercial Crime

Crime insurance coverage forms and policies exist for virtually any kind of crime related loss you can imagine.

When considering crime coverage, you probably think of burglary, safe burglary, robbery and employee dishonesty. However, there are many other crime coverages, some that are more exotic in nature, such as extortion coverage, and some tailored to the needs of a specific business, such as jewelers block coverage; and yet others that are simply not well known or frequently purchased by most businesses, such as computer fraud coverage.

Transferring the financial risk of crime loss from you to your insurance carrier via Crime insurance is only one method of dealing with it. The most effective way to manage this financial risk to your business is through implementation of crime risk control techniques. These techniques differ significantly from those used to prevent or minimize other losses such as property, auto, general liability, etc. The reason for this is that losses related to those lines of coverage are primarily accidental in nature. Crime losses typically result from the intentional criminal acts of others.

With this important distinction in mind, we will provide some tips to help you protect your business from crime loss resulting from theft, including burglary, safe burglary and robbery. We will also address loss resulting from employee dishonesty, or better known as employee theft. This is typically insured separately and apart from other crime coverages and poses its own unique challenges with regard to effective commercial crime risk control.

Theft is very broadly defined in the ISO Commercial Crime form CR 00 21 (11/15) as the unlawful taking of property to the deprivation of the insured. In essence, unlawful acts involving burglary, safe burglary, robbery and employee dishonesty are all very specific sub-categories of theft. Protecting against loss from each of these unlawful acts presents unique challenges so we will address them separately, rather than try to deal with theft in general.

# BURGLARY

## **BURGLARY RISK ANALYSIS**

### Definition

Theft of property from within a premises by a person who unlawfully enters or exits from the premises.\*

#### Protection as a function of demand

The level of protection you need depends, in large part, on what you are trying to protect. Jewelry, precious metals, consumer electronic goods, cameras, prescription drugs, cosmetics and upscale clothing, for example, are all considered target items. All are in high demand, have relatively high values per unit item, and are relatively easy to transport and sell. Often they are the target of professional criminals and require the most protection. Textbooks, frozen food and air conditioning equipment typically have low demand, requiring less protection. Furniture, large appliances and carpet are likely somewhere in between because, though attractive, they are large, difficult to transport and not as easy to sell.

#### Protection as a function of neighborhood crime rate

In addition to demand, it's also prudent to factor in the crime rate for the neighborhood your business is located in when determining the level of protection you will need. If the crime rate is high, it's probably best to assume that the police are less likely to receive reports of burglaries in progress or that such reports will be delayed.

#### Protection as a balance between physical security and alarm systems

Ultimately, when determining the level of burglary protection you will need, aim to provide a balance between the physical security measures and alarm systems. You cannot rely too heavily on just one or the other. The best alarms are of little value if they are not heard by someone capable of responding to them promptly and either disrupting the burglary attempt or apprehending the burglar in the act. Because of this, local alarms have little or no value. By the time anyone even thinks about calling the police, the burglars are usually long gone.

When alarms are monitored by a central station alarm service company or the local police department, it's important that they have sufficient time to respond. This means delaying unlawful entry via substantial locks, doors, impact resistant glass, gates, grilles, etc. If the burglars can gain quick entry and make off with valuables all within a matter of five to 15 minutes, the police will have no opportunity to stop or apprehend them.

Since the majority of entries take place through doors and first floor windows, this may be a good place to focus your efforts. The following Burglary Risk Control section provides information regarding the types of safeguards to consider when designing burglary protection for your business. The <u>Crime Prevention Checklist</u> (*Appendix G1*) should also be helpful.

# **BURGLARY RISK CONTROL**

#### **Physical Security**

Discourage burglars by making unlawful entry more cumbersome with the following security measures:

- Perimeter barriers, such as fencing or walls, to deter and delay both casual intruders and professionals. When selecting fencing, consider construction, height, top guard (barbed or razor wire), maintenance needs, gates and locks. A chain link fence, 6' high with a razor wire or barbed wire top guard, presents a formidable obstacle and also allows police or security patrols unobstructed views of your yard area. If you are situated in or near a residential area, the razor wire or barbed wire may be unacceptable because of exposure to neighborhood children.
- Security lighting acts as a psychological deterrent for unlawful intruders. It also aids police during patrols and enhances visitor safety. Lighting considerations should include the premises perimeter, vehicle or pedestrian entrances and approaches, parking areas and sensitive areas or structures within the perimeter. When installing and locating lights, be sure to avoid glare that handicaps guards, annoys neighbors, or may affect passing traffic. Also consider the need for battery or generator back up and need for convenient maintenance. Parking lot type lighting attached to the building and poles to light all the parking area and the exterior of the building can be an effective deterrent.
- Surveillance cameras, directed on points of entry or on expensive items, monitored regularly, with videotapes recorded and maintained, will often ward off the casual intruder. Signs stating that the premises are protected by cameras may also discourage burglars, making them more likely to burglarize a business that is not as well protected.

#### Accessible openings

- Exterior doors should be constructed of solid wood or metal with interior or non-removable hinge pins.
- Spring-loaded locks are easy to defeat and are only appropriate for interior doors within your premises.
- Single cylinder deadbolt locks (i.e., those requiring a key to open from the outside only, can be ineffective on glass doors and hollow core wood doors.
- Double cylinder deadbolt locks (i.e., those requiring a key to open from both sides of the door) provide the best security. However, they should be locked only when the premises are unoccupied in order to assure ready egress from the premises in an emergency.
- Decorative ironwork / bars, wire mesh screening, sliding or roll-up shutters and impact resistant glazing materials can prevent intrusion through windows.
- Change or re-key locks after an employee who carried keys or combinations has been terminated.

#### **Burglar Alarms**

Burglar alarms can serve to detect unlawful intruders and signal their presence to others. Protection strategies should begin with the perimeter of your property, then work inwards as follows:

- Exterior perimeter protection includes alarm protection such as fence mounted sensors, buried pressure sensitive sensors for unfenced boundaries or in yard areas, and volumetric microwave, infrared or photoelectric sensors for yard areas.
- Interior perimeter protection safeguards your point of entry (e.g., building walls, roof, windows, doors, skylights, transoms, etc.). Magnetic contacts and electro-mechanical switches are used on movable openings such as doors and windows. Metallic foil is most commonly used to protect glass but also used for walls, floors and ceilings to detect vibration.
- Area protection detects an intruder who somehow eluded perimeter protection or has hid inside the premises until after hours. Motion and sound detectors are examples.
- Object protection provides special protection for likely targets such as safes, display cases or works of art. Pressure mats and contact switches are commonly used detection devices.

#### **Alarm Service and Installation**

An Underwriters Laboratories (UL) certified central station alarm system is regarded as the most reliable and effective security service. UL certification says that the system design, equipment, method of installation, alarm transmission and alarm service company standards all meet very specific quality and performance criteria. They are also subject to very specific quality assurance and audit requirements. Issuance of the UL certificate provides property owners, tenants and their insurers evidence that the premises are protected by an alarm system that meets UL requirements for installation, operation and maintenance. Without it you are, to some extent, in the dark and should give greater consideration to hiring your own independent security specialist to help design your security systems. For more information about UL certified alarm systems, refer to the *Underwriters Laboratories* website, or call (847) 272-8800.

## SAFE BURGLARY

## SAFE BURGLARY RISK ANALYSIS

The common understanding of safe burglary is that it is the unlawful taking of property from within a locked safe or vault by a person unlawfully entering it, as evidenced by marks of forcible entry upon its exterior. It also includes the unlawful taking of the safe or vault from inside the premises. It is important to understand that under a policy that specifically covers safe burglary and does not provide broader theft coverage, there may be no coverage for property taken from an unlocked safe or vault.

Safes are used to store money, securities, and other valuable items or property including valuable papers and records. Underwriters Laboratories classifies safes as burglary resistant if they have been built in accord with standard UL 687 Standard For Burglary Resistant Safes. This means they have been built and tested to this very specific and exacting standard and should always have a UL label. Older burglary resistant safes may also have an SMNA label. If your safe has neither, it's most likely not a burglary resistant safe, but may still have value as a fire resistant safe.

Since safes are intended to protect valuables, the demand for such items is typically high to begin with, with the possible exception of valuable papers and records. Given this high demand, the required level of protection from safe burglary is primarily a function of value at risk and the neighborhood crime rate. As these factors increase, so does the level of protection needed.

Ideally, the building in which the safe is located will have its own effective burglary protection with a proper balance of physical and burglar alarm protection in place. If so, the burglar may opt to find an easier target elsewhere. If not, then at least your alarm system will have signaled the burglar's unlawful entry to others and your physical security measures will have delayed entry sufficiently for the police to arrive before the burglar has had opportunity to attempt to open your safe.

If the burglar has somehow overcome these protective safeguards, you will need to rely more heavily on protection for the safe itself. Safe alarms are certified by UL as either *complete or partial* (i.e., they protect the door and all sides, or protect the door alone).

UL classifies safes according to the type of attack they are rated for (i.e., by tools, torch and explosives), whether only the door or all six sides are rated, and the length of time it will take a professional safe burglar to gain entry. For example, a classification of TL-15 means the door is rated to resist penetration by tools for 15 minutes. A classification of TRTL-30x6" means all six sides are rated to resist penetration by torch or tools for 30 minutes. A classification of TXTL- 60" means the door is rated to resist penetration by explosives and tools for 60 minutes.

The following section provides helpful safe burglary tips.

# SAFE BURGLARY RISK CONTROL

- Verify that the safe is UL Listed for the fire resistive and burglary resistive protection you require.
- Look for the required UL label or SMNA label for older burglary resistive safes.
- If there is no UL label, there are characteristics that can help you identify a burglar resistive safe including steel in the body (minimum 1" thick); steel in the door (minimum 1½" thick); no wheels; weighs a minimum of 750 lbs., unless equipped with anchors to secure to floor or inside a larger safe or vault; has a combination lock or time lock; and has a UL Listed re-locking device.
- Protect with a UL certified central station monitored alarm system.
- Keep safe doors locked.
- Place the safe where it can be easily seen from outside of the building. In other words, the old out-of-sight, out-ofmind rule does not apply here.
- Focus a spotlight on the safe and the surrounding area, especially at night.
- Solt it, secure it to the floor, or bury it in the floor in reinforced concrete.
- No more than two employees should be entrusted with the safe combination which should be memorized and not written down.
- Keep valuables in the safe to a minimum.

## ROBBERY

# **ROBBERY RISK ANALYSIS**

### Definition

Theft during which force is used or threatened.\*

Many robbers use guns, posing a high risk of death or serious injury to others.

Money is the primary target of robbers. Other high demand items include precious jewels and drugs.

Given the high demand nature of items targeted by robbers, the required level of protection is primarily a function of business location and values on hand. When considering location, factors to think about include neighborhood crime rate, ease of access to and from your business (e.g., nearby expressway), visibility, public traffic and business hours.

Although the so-called daring robbery in broad daylight is becoming more common, it's not the norm. Robbers still prefer being stealth (i.e., locations that are either not visible to people passing by, or businesses open during late night or early morning hours when there are few passersby with few witnesses other than the hold-up victim). They also prefer a quick getaway with ready access to an expressway when possible.

The following Robbery Risk Control section provides some tips that will help you minimize your robbery exposure.

## **ROBBERY RISK CONTROL**

- Minimize cash on hand by increasing frequency of bank deposits.
- Stagger timing of deposits to avoid developing a pattern.
- Void using bank night depository drops, if possible, or send two people to make them.
- 🛇 When values are high, consider using an armored car service to transport money, securities, jewelry and precious metals.
- Subscription Use bullet resistive enclosures at all 24-hour businesses and wherever large amounts of cash are handled.
- V Have more than one employee on duty if open during late night or early morning hours.
- Semove cash from registers periodically and place in fortified cash drops that cannot be opened by employees.
- Post signs that show limited cash amounts that employees have access to.
- Keep premises well lit, inside and out.
- Have surveillance cameras directed at the points of entry and on expensive items; monitor cameras regularly with videotapes recorded and maintained.
- Use UL certified central station hold-up alarms with buttons in multiple key locations and silent alarms.
- For certain types of businesses, physical barriers can be used.
- Stamp all checks For Deposit Only immediately upon receipt.

## **EMPLOYEE DISHONESTY**

# **EMPLOYEE DISHONESTY RISK ANALYSIS**

## Definition

Employee dishonesty is commonly understood to mean the theft of money, securities and property other than money and securities by an employee.\*

Employee dishonesty coverage is considered to be the most important type of crime coverage, because employee dishonesty losses are excluded from coverage under virtually all commercial property policies. (IRMI)

Employee theft has some unique characteristics and can go on for many years before being noticed. It often involves the following:

- Property instead of money
- A most trusted and long-term employee, such as a bookkeeper
- Semployees who rarely take time off
- People with money problems, possibly created by gambling or drugs
- Employees and outside people in collusion

\*IRMI Commercial Property Insurance, 05/01/18 | Commercial Crime Insurance Overview: Employee Dishonesty Coverage

## **EMPLOYEE DISHONESTY RISK CONTROL**

Employee theft can be prevented by a good system of internal controls to minimize opportunities for employee dishonesty. Starting with the hiring process, there are a number of easily achievable risk control techniques that can be undertaken to protect your business from employee theft losses.

### **Internal Controls**

- Develop thorough hiring, screening and employee selection procedures
- Strive to hire and retain individuals truly interested in the company's future
- Require countersignatures on all checks
- Reconcile bank accounts monthly
- The person responsible for reconciling bank accounts and making deposits and withdrawals should not maintain bank records
- Keep securities in a safe deposit box
- Securities should be under joint control
- Perform stock inventory annually
- Investigate all inventory shortages carefully
- Maintain inventory control records
- Check employees who arrive early or stay late when there is no need to do so
- Employees and officers with exposure to money should be required to take an annual vacation of at least five consecutive business days
- O not allow employees to make sales to themselves
- Salespeople should not be involved in shipping or receiving activities
- Sale or purchase orders should be reconciled with the shipping or receiving activities

#### **Internal Audits**

- Vitten audit procedures should be in place.
- Employ a full-time staff auditor.
- Audits should be performed annually.
- Randomly check financial records.
- If inventory is a high theft target, include it in the audit.
- V Audit reports should be delivered directly to the owners or directors, not employees covered under the policy.
- Vide variations in accounts should be tracked and reported to owners or directors.
- Sank accounts should be reconciled monthly by someone not authorized to deposit or withdraw funds.

## **Outside Audits**

- Financial records should be audited by a certified public accountant, at least annually.
- Audits should be unannounced, and at irregular intervals.
- Audits should include all interests and locations.
- The audit results should be reported directly to the owner or Board of Directors, not employees covered under the policy.
- All recommendations made by the CPA should be adopted.
- The CPA's opinion should be unqualified.

## Supervision

- Require all payments be made in a non-cash form.
- Verify countersignatures.
- Check and reconcile petty cash periodically.
- Clear cash registers frequently throughout the day.
- Monitor shipping and receiving activities.
- Control the inventory process.
- Surveillance cameras and card access systems that monitor traffic at hidden doorways.
- Subsection of the second secon
- Give special attention to employees who appear to have financial or other personal problems, including drug and alcohol use or excessive gambling.
- Have fixed and firm policies about discipline for dishonesty.

# **IV. Appendices**

The information provided in the Appendices, including the sample forms, is for informational purposes only and does not attempt to address all potential hazards or remedial actions. This information is only to assist you in your compliance and loss control efforts. FCCI Insurance Group and its affiliates and subsidiaries shall not be liable for any loss, death, injury, claim, damage or expense arising out of the use of the sample forms or suggested loss control measures, and it makes no representations and provides no legal advice regarding federal or state requirements. There may be additional federal and state requirements with which you are required to comply that are not contained in this material. You are solely responsible for complying with federal and state laws, including compliance with any changes in the law, and for the safety and protection of your premises, operations and product. If you have questions or concerns regarding legal compliance, please consult your legal adviser. Finally, the information and sample forms are not a part of your policy.

# **APPENDIX A1**

# **RISK MANAGEMENT GOALS**

- Creating a business resumption plan
- S Developing a disaster preparedness plan
- Preventing environmental losses and ensuring disposal of hazardous waste
- Providing a safe business environment for employees, customers and the general public
- Complying with all applicable federal, state and local laws
- Reducing, transferring or avoiding risk that has unacceptable loss potential
- Subcontracting risks that pose unreasonable levels of exposure
- Implementing a program to ensure Certificates of Insurance are adequate and current
- Oeveloping a product safety and product recall plan
- Minimizing the business impact from loss of a key executive
- Segal review of contracts, sales literature, employee handbooks and other materials
- S Developing a policy/protocol for communication with the media in the event of a large loss
- Communicating with employees, customers and suppliers in the event of a large loss
- Reviewing your overall insurance program with your agent
- S Assigning accountability for risk control and establishing loss reduction objectives
- Charging losses and insurance costs to department budgets
- Periodic claim reviews with insurance carrier and agent
- Arranging assets to separate exposure units before a large loss
- Identifying, monitoring and controlling environmental health hazards
- Establishing policy to control personal use of company vehicles
- Setting up procedures for reviewing company driver Motor Vehicle Records (MVRs)
- Stablishing comprehensive accident reporting, investigation and review procedures
- Initiating a drug-free workplace program
- Stablishing a fork lift operator training program
- Protecting customers from potential criminal acts by third parties
- Protecting customers from potential criminal acts by your employees
- Reducing your workers' compensation experience modification factor
- Reducing fire damage loss potential from improper storage or handling of flammable liquids

# **APPENDIX A2**

## **POLICY STATEMENTS**

The value of a policy statement is to let your employees, customers and the public know its significance to your business. It serves as a basis for establishing rules and procedures. It also serves as a guide for employee behavior when there are no specific rules or procedures that apply. For example, your safety policy statement should include comments such as:

- The goal of (your company's name) is to protect the safety of our employees, customers and the general public. It is our intention to successfully produce our product/service without causing harm or injury to anyone.
- As an employee of (your company's name), you have the responsibility to protect your life, safety and health and that of your fellow workers by following all safety and health regulations set forth by our company.
- We strive to protect our employees, customers and the general public while successfully operating the business.
- The management of this company places high priority on your safety and health. Please report all unsafe hazards, conditions and work practices promptly to your supervisor. Our goal is to make sure that you leave work everyday in a safe, whole and healthy state. Please make it your goal too!
- The safety of our employees, customers and the public is important to the success of our company.
- All company safety policies are designed for your protection. You are expected to abide by all written safety policies and rules.
- It is (your company's name)'s objective to provide a safe workplace for all employees on all projects. Each employee has a responsibility to contribute to overall safety. The following rules and regulations are minimum standards and must be observed.
- No single feature of our work is more important than the prevention of accidents. (Your specific industry) is full of dangerous conditions, which must be guarded against with extreme care if jobs are to be executed without loss of life or injury to our workers.
- (your company's name) has developed a comprehensive safety program that we can live with and be proud of. Every employee's support is critical to its success.

# **APPENDIX A3**

## **HAZARD CONTROL**

Do you have programs in place for regular inspection of the following?

- 1. Motor vehicles
- 2. Building security
- 3. Financial records
- 4. Inventory
- 5. Employment records
- 6. Public areas
- 7. Premises
- 8. Field services
- 9. Product safety
- 10. Contract work
- 11. Property away from premises
- 12. Mobile equipment
- 13. Tools and equipment
- 14. Fire detection systems
- 15. Sprinkler control valves
- 16. Sprinkler system water flow test
- 17. Fire pumps
- 18. Fire extinguishing systems, fixed
- 19. Fire extinguishers
- 20. Alarm systems
- 21. Means of egress
- 22. Unsafe work practices and conditions
- 23. Hazardous physical agents
- 24. Hazardous materials
- 25. Emission control systems
- 26. Hazardous wastes
- 27. Equipment safety (guarding)
- 28. Construction job site safety
- 29. Personal protective equipment (PPE)
- 30. Signs

A NO response to items above should initiate an inspection program.

YES	NO	N/A

# FCCI RISK CONTROL Blueprint for Safety®

# Fleet Safety Best Practices

Fleet safety programs save lives! Whether your company uses a single vehicle or an entire fleet, you need a fleet safety program. The importance of hiring and training safe drivers and maintaining vehicles to save lives and avoid accidents cannot be overemphasized. If you or one of your employees use an automobile to conduct company business and that vehicle is involved in an accident, your company could be liable for enormous costs, regardless of who owns the vehicle.

Insurance is essential for protecting your business from *direct* financial loss. Yet, accidental losses have *indirect* consequences, too.

#### **INDIRECT FINANCIAL COSTS CAN INCLUDE:**

- Disruption of business operations
- Loss of customer goodwill
- Solution Missed business opportunities
- Higher insurance premiums

## BENEFITS OF A FORMAL FLEET SAFETY PROGRAM CAN INCLUDE:

- Lower insurance premiums
- Compliance with DOT, OSHA and state motor carrier regulations
- Reduction of costs associated with damaged cargo
- Increased customer satisfaction
- Higher employee morale

#### GENERAL BEST PRACTICES TO IMPROVE THE SAFETY OF YOUR BUSINESS FLEET

 Driver Screening – In-house review of motor vehicle records (MVRs)

- You own the process
- · Reduces negligent entrustment exposure
- · Allows for taking proactive measures accordingly

To learn more about other best practices, and for more information, contact your risk control consultant. Note: The information contained in this publication is provided for informational purposes only and does not attempt to identify all potential hazards or remedial actions.

- Written policies and procedures
- Written and enforced driver distraction policy
- Root cause accident investigations
- Service Anticement of the service of
- **Oriver Training** Investing in drivers pays dividends
  - Demonstrates proactive and engaged management
  - Numerous resources available commercially and from FCCI
- Driver Supervision Critical component of a fleet safety program
  - · Enforces good driver behavior and performance
  - · Ensures driver training is put into action
  - Methods: ride alongs, route observation, How's My Driving Programs, GPS and telematics monitoring

With automobile crash severity on the rise across the nation, there is no better time than now to focus on fleet safety. FCCI's *Blueprint for Safety Fleet Safety Program Guide* offers additional information to help you get on the road safely.



# Fleet Safety Best Practices Checklist

Accident frequency and severity are on the rise. According to the National Highway Traffic Safety Administration (NHTSA), 37,461 people were killed in crashes in the U.S. in 2016. This was a 9% increase from the prior year. Of those deaths, 3,450 were attributed to distracted driving. The solution to this trend can be found in changing driver behaviors.

Employers can positively impact the driving behaviors of their employees and reduce accidents by infusing best practices into the workplace culture. Are you doing all that you can to improve the safety of your fleet?

Best Practices	Yes / No
Management –	
Written fleet safety policy	
Proactive management support	
Enforcement	
Designated fleet manager	
Driver Selection –	
Internally managed Driver Selection and Screening Program	
Motor Vehicle Record (MVR) checks prior to driving assignment; at least annually	
Written acceptability criteria	
Driver Training –	
Documented periodic driver safety meetings	
Documented periodic defensive driver training	
Documented remedial driver training, based on trends and accident data	
Driver Supervision –	
Route observation and/or periodic ride alongs	
Documented driver complaint follow-up	
Actively monitored GPS telematics program	
Driver Distraction –	
Written policy	
Driver acknowledgment and training	
Hands-free prohibition included	
Maintenance & Inspection Program –	
Documented preventive maintenance and service, per manufacturer guidelines	
Pre/post trip inspections, where necessary	
Designated fleet maintenance coordinator	
DOT compliance, as required	
Accident Investigation –	
Documented root-cause/accident preventability investigation	
Corrective measures, remedial training	
Are we a Best in Class fleet?	
Action steps to improve our fleet	

FCCI Risk Control

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# Blueprint for Safety<sup>®</sup>

# Driver Selection for Fleet Risk Management Best Practices

Insurance companies use a Motor Vehicle Record (MVR) to help evaluate an employee's driving safety, and so should you. FCCI uses the following criteria to serve as a guide in the evaluation of MVRs. You may find this information useful when developing your own criteria for employees who operate company vehicles.

#### **"UNACCEPTABLE" DRIVING RECORD**

A driver with major violations within the last three years\*, including:

- Violating the open container law (driver or passenger)
- Reckless driving
- Failure to yield to emergency vehicles
- Three or more moving violations within the last three years (including at-fault accidents whether cited with a violation or not)
- Vehicular homicide or other felony
- Passing a school bus
- Leaving the scene of an accident
- S Driving under suspension
- Oriving under the influence of alcohol or drugs
- Refusal to submit
- Texting or unlawful use of a wireless device while driving
- Less than three years' driving experience

#### Applicable to only driving positions that require CDL:

- Any driver that does not have the appropriate CDL for the eligible vehicle (for additional information regarding CDLs, refer to Commercial Drivers License (CDL))
- Drivers with less than seven (7) years' driving experience (this includes all Youthful Operators)
- Orivers having a CDL for less than two (2) years

When it comes to managing the risks associated with your fleet, good driver selection has long been a critical element. Statistics show that safe drivers are less likely to be involved in crashes. In a recent review of FCCI's policyholder driver database, it was found that:

- 77% of our listed drivers had no violations.
- With just one violation, the probability of having an accident increased by 336%.
- With multiple violations, the probability of having an accident continues to grow.

Takeaways from the data:

- 23% of the drivers account for the vast majority of violations and accidents.
- · These drivers present a greater risk to your business operations.

#### **"MARGINAL" DRIVING RECORD**

# A driver who has one or more serious violations in the past three years, such as:

- Excessive speeding (15 mph or more over the speed limit in any speed zone)
- Careless driving, creating an accident
- Oriving with two moving violations within the past 18 months

# A driver whose driving record reflects possible poor driving habits, such as:

- Several not-at-fault accidents
- Several minor traffic infractions
- License at one time suspended for minor infractions

#### TIPS

Employers using MVRs should be mindful of the laws governing their use, e.g., Fair Credit Reporting Act, Driver's Privacy Protection Act. Always keep a copy of your drivers' MVRs for your files.

#### **NOTES**

These are minimum requirements. You may need to develop different criteria given your experience, your concern with protecting your company's assets, the advice of your insurance agent and any legal considerations that may apply.



\*In certain situations, FCCI will review driving records within the last seven years.

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# **Commercial Motor Vehicles**

The operation of larger vehicles requires special skills and considerations to reduce the potential for crashes. Employers can implement risk control measures to reduce the risks associated with operating large vehicles.

Drivers of larger and more complex vehicles may also be required to possess a commercial driver's license (CDL).

Employers may be required to comply with federal and state motor carrier regulations depending on many factors such as vehicle weight, cargo type and radius of operation.

# WHAT IS A COMMERCIAL MOTOR VEHICLE?

A *commercial motor vehicle*, as defined by the Federal Motor Carrier Safety Administration (49 CFR Part 390.5), is any self-propelled or towed motor vehicle used on a highway in interstate commerce to transport passengers or property when the vehicle:

- Has a gross vehicle weight rating or gross combination weight rating, or gross vehicle weight or gross combination weight, of 10,001 pounds (4,546 kg) or more, whichever is greater; or
- Is designed or used to transport more than eight people (including the driver) for compensation; or
- Is designed or used to transport more than 15 people, including the driver, and is not used to transport passengers for compensation; or

Is used in transporting material found by the Secretary of Transportation to be hazardous under 49 U.S.C. 5103 and transported in a quantity requiring placarding under regulations prescribed by the Secretary under 49 CFR, Subtitle B, Chapter I, Subchapter C.

#### COMMERCIAL DRIVER'S LICENSE (CDL) CLASSES

# Make sure all your drivers have a CDL with the correct class rating(s) for your vehicles.

**Class A** – Any combination of vehicles which has a gross combination weight rating or gross combination weight of 11,794 kilograms or more (26,001 pounds or more) whichever is greater, inclusive of a towed unit(s) with a gross vehicle weight rating or gross vehicle weight of more than 4,536 kilograms (10,000 pounds) whichever is greater.

**Class B** – Any single vehicle which has a gross vehicle weight rating or gross vehicle weight of 11,794 or more kilograms (26,001 pounds or more), or any such vehicle towing a vehicle with a gross vehicle weight rating or gross vehicle weight that does not exceed 4,536 kilograms (10,000 pounds).

**Class C** – Any single vehicle, or combination of vehicles, that does not meet the definition of Class A or Class B, but is either designed to transport 16 or more passengers, including the driver, or is transporting material that has been designated as hazardous under 49 U.S.C. 5103 and is required to be placarded under subpart F of 49 CFR Part 172 or is transporting any quantity of a material listed as a select agent or toxin in 42 CFR Part 73.

For further details, refer to Title 49 CFR Part 383 of the Federal Motor Carrier Safety Regulations (FMCSR) and your state's driver licensing agency for state specific details.

#### **CONTINUED ON BACK**

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References:

 https://www.fmcsa.dot.gov/registration/commercial-drivers-license/ drivers#Classes-Licenses-Commercial-Learners-Permits

#### **RISK CONTROL MEASURES**

- Conduct initial and periodic road tests (Risk Control Manual, Appendix B4).
- Perform initial and annual motor vehicle record (MVR) reviews (Risk Control Manual, Appendix B2). This also aids in compliance with 49 CFR Part 391 Subpart F for CDL drivers.
- Perform drug and alcohol testing in accordance with your drug-free workplace program and Federal Motor Carrier regulations as required (49 CFR Part 40). Small employers can join local testing consortiums.
- Sensure drivers have the training and experience to operate the vehicle to which they are assigned.
- Solution driver performance through periodic ride alongs, "How is my driving" services, or telematics.
- Conduct routine vehicle inspections and preventive maintenance. For vehicles requiring a CDL license, conduct documented daily inspections. Federal Motor Carrier regulations also require inspection, maintenance and repair records to be maintained for a period of 18 months after the vehicle leaves the motor carrier's control. For more information, see 49 CFR Part 396.
- Stablish and regularly enforce formal company policies regarding safe operation and use of the vehicles.
- Conduct thorough accident investigations to determine accident preventability (See Risk Control Manual Bulletin: Management Guide for Determining Accident Preventability).
- Include driving safety topics in your safety meetings.
- Consult Federal and State regulations to ensure you are in compliance with applicable laws.

### **ADDITIONAL INFORMATION**

- Federal Motor Carrier Safety Regulations <u>https://www.fmcsa.dot.gov/</u>
- FCCI Blueprint for Safety Risk Resources available on ExpressServe<sup>SM</sup>



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river's Name:	Date:	Code:	
ocation:	License No.:		
Road Test			
	ALWAYS	OCCASIONALLY	NEVER
Drives in center of lane			
Adjusts speed to conditions			
Reduces speed, if necessary			
Steers smoothly			
Looks both ways at intersection			
Looks behind before pulling from curb			
Checks sides and rear			
Anticipates others' actions			
Checks mirrors regularly			
Yields to pedestrians			
Avoids being boxed in			
Avoids hard stops or turns			
Signals and takes proper lane for turning			
Taps horn to alert others			
Makes eye contact			
Signals before pulling from curb			
Maintains safe following distance			
Avoids blind spots			
Is alert to parked cars			
Allows adequate room to pass			
Performs visual inspections			
Fastens seat belt			
Avoids using phone and other distractions			
Checks instruments			

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FCCI RISK CONTROL

# Blueprint for Safety<sup>®</sup>

# Leveraging Technology for Fleet Safety Best Practices

When it comes to operating motor vehicles, technology can be both a blessing and a curse. The National Safety Council identifies five myths regarding cellphone use while driving. Proactive fleet safety management is critical to your business operations and reputation. How are you managing technology?

#### **CHOICES**

There are a myriad of technology tools and manufacturers on the market today. Some of the primary types include:

- GPS telematics
- Collision avoidance systems
- Cellphone disabling devices
- 오 Driver Assessment apps
- Dash cameras
- **Tips:** 
  - Research comparable products to see which one is right for you.
  - Conduct a demo before you buy.
  - Seek input from employees and managers who will be using the tools.

#### **POLICIES & PROCEDURES**

As with any tool, technology should be addressed in your written fleet policies and procedures.

**V** Tips:

- Keep it simple.
- Show your support. Management must be committed to any policy.
- · Communicate policies clearly to employees.
- Have employees sign an acknowledgement form; maintain this in their personnel file.
- Obtain employee consent, where required by law.

MYTH vs. REALITY

**#1 – Drivers Can Multitask** The human brain cannot do two things at the same time.

**#2 – Talking on a Cellphone Is Like Speaking to a Passenger** Adult passengers help to alert drivers to traffic problems, but someone on the other end of the line can't.

**#3 – Speaking Hands-Free is Safe to Use While Driving** Drivers can miss seeing up to 50% of their driving environments.

**#4 – I Only Use My Phone at Stop Lights, so it's OK** People are distracted up to 27 seconds after sending a voice text.

**#5 – Voice-To-Text is Safe to Do While Driving** You are mentally and visually distracted due to autocorrect errors.

#### MAXIMIZE THE POTENTIAL

Simply put, get the most out of it. These tech tools can be full of features. By actively using them to their full potential, you will maximize their impact on your fleet safety efforts.

#### S Tips:

- Assign someone to manage the tools, preferably the fleet or safety manager.
- Be proactive with real time alerts. These are coachable moments.
- Utilize scorecard features; reward and acknowledge the best drivers in your fleets on a monthly basis.
- Use data to measure your return on investment.

#### **LEGAL CONSIDERATIONS**

As with any formalized company policy or procedure, it is advisable to seek review by your legal counsel prior to implementation.

#### Considerations:

- · Company-owned property vs. employee-owned property
- · Consent to record laws vary by state for video and audio



References:

 https://www.nsc.org/workplace/resources/infographics/the-great-multitasking-lie

This document is for informational purposes only and should not be relied upon as legal advice.



# **VEHICLE USE POLICY AGREEMENT**

I, the undersigned individual agree that, upon assuming the position of

with

(hereinafter referred to as the "Company"), an appropriate, effective as of the date below, I will be allowed to use a Company vehicle to perform my job duties. As such, the vehicle is a tool related to the performance of specific jobs and is never to be considered a part of compensation. Therefore, should I be transferred or promoted in the future to a position within the Company for which a vehicle is not deemed an appropriate or necessary tool, I will cease to have the use of any such Company vehicle.

I agree to abide by the following when a Company vehicle is in my care, custody or control:

- 1. I will use the Company vehicle only for Company business and never for personal use unless specifically authorized in writing by my supervisor or other Company personnel having authority to authorize such use.
- 2. If personal use of the Company vehicle is specifically authorized, only I will drive the vehicle.
- 3. I will practice sound defensive driving techniques and otherwise exercise reasonable care in the operation of the Company vehicle.
- 4. Distracted driving is a growing problem and the Company is committed to minimizing this hazard. I understand that it is company policy that cell phones are not to be used while driving on company business. I will pull over to a safe area when I need to make a call. I will not send or read text, instant messages, emails or access the internet using a wireless device while driving a Company vehicle. I hereby acknowledge that I DO NOT HAVE THE COMPANY'S PERMISSION to drive a Company vehicle while texting, instant messaging, sending or reading emails or accessing the internet using a wireless device.
- 5. When used for Company business, only company employees or other persons being transported for business purposes will be allowed to ride in or enter the Company vehicle, and only other authorized Company personnel will be permitted to drive it.
- 6. I understand and acknowledge by signing below that I DO NOT HAVE COMPANY'S PERMISSION to drive Company vehicles while consuming or after consuming alcoholic beverages, drugs or other substances known to impair the ability to drive, and that I have no authority to allow others to drive Company vehicles if either I or the other person are consuming or have consumed alcoholic beverages, drugs or other substances known to impair the ability to drive. I understand and acknowledge that any permission to drive a Company vehicle previously given by the Company is automatically revoked under the above circumstances.
- 7. I understand that violation of this Vehicle Use Policy Agreement may result in disciplinary action up to and including termination of my employment.
- 8. I will obey all traffic laws, ordinances and regulations pertaining to the operation of motor vehicles. I will pay any fines, parking tickets or other assessments for violations of traffic laws, ordinances, or regulations imposed on me. I acknowledge fines paid by me for any violations of such motor vehicle laws, ordinances or regulations are totally my responsibility and will not be reimbursed by the Company.
- 9. I will wear a seat belt at all times and will require all passengers to do so as well.
- 10. Prior to driving the Company vehicle, I will check tires, lights, wipers, horn, turn signals, rear view mirrors and brakes to be sure they appear to be in safe operating condition. If defects are noted, I will promptly report and/or have them repaired as appropriate.

- 11. In the event of an accident, I will promptly comply with the Company automobile accident reporting procedures.
- 12. I understand that if I am involved in an accident with a Company vehicle and the Company's insurance carrier assumes responsibility for payment of resulting claims, I may be required to attend a defensive driving training course.
- 13. I am aware that the Company's automobile insurance DOES NOT cover me when I am driving a non-company car for personal use; it only insures the Company vehicles. I understand that if I do not have my own personal auto policy, it is very important that I contact my insurance agent to purchase Named Non-owner automobile insurance to cover me when driving other automobiles (e.g., rental cars).

These policies have been fully explained to me and I understand the contents of the Company Vehicle Use Policy Agreement. I am aware that the failure to abide by these policies will result in disciplinary action, up to and including termination of my employment with the Company.

By:

Date:\_\_\_\_



# **VEHICLE USE POLICY**

Alcohol, Drug, and Wireless Communication Addendum

I understand and acknowledge by signing below that I DO NOT HAVE COMPANY'S PERMISSION to:

- 1. Drive Company vehicles while consuming or after consuming alcoholic beverages, drugs, or other substances known to impair the ability to drive, and that I have no authority to allow others to drive Company vehicles if either I or the other person are consuming or have consumed alcoholic beverages, drugs, or other substances known to impair the ability to drive. I understand and acknowledge that any permission to drive a Company vehicle previously given by the Company is automatically revoked under the above circumstances
- 2. Distracted driving is a growing problem and the Company is committed to minimizing this hazard. I understand that it is company policy that cell phones are not to be used while driving on company business. I will pull over to a safe area when I need to make a call. I will not send or read text, instant messages, emails or access the internet using a wireless device while driving a Company vehicle. I hereby acknowledge that I DO NOT HAVE THE COMPANY'S PERMISSION to drive a Company vehicle while texting, instant messaging, sending or reading emails or accessing the internet using a wireless device.

I understand and acknowledge that the provisions of the above paragraphs supersede any previous signed vehicle use policy and cannot be changed, amended or revoked by anyone within the Company.

By: \_\_\_\_\_ Date: \_\_\_\_\_

# FCCI INSURANCE GROUP

# ACUERDO DE POLÍTICA PARA USO DE VEHÍCULO

Yo, el abajo firmante acuerdo que, al asumir la posición de \_\_\_\_\_\_ con \_\_\_\_\_ (en lo sucesivo denominada la "Empresa"), según proceda, a partir de la fecha más abajo, se me permitirá usar un vehículo de la Empresa para desempeñar mis funciones laborales. En cuanto tal, el vehículo es una herramienta relacionada con el rendimiento de trabajos específicos y nunca será considerado parte de la compensación. Por consiguiente, si me transfieren o promueven en el futuro a una posición dentro de la Empresa por el que un vehículo no se considera una herramienta adecuada o necesaria, dejaré de tener el uso de tal vehículo de Empresa.

Acepto cumplir con lo siguiente cuando un vehículo de la Empresa esté en mi cuidado, custodia o control:

- 1. Usaré el vehículo de la Empresa sólo para los negocios de la Empresa y nunca para uso personal a menos que sea específicamente autorizado, por escrito, por mi supervisor u otro personal de la Empresa que tenga la autoridad para autorizar tal uso.
- 2. Si el uso personal del vehículo de Empresa sea específicamente autorizado, yo solo conduciré el vehículo.
- 3. Practicaré buenas técnicas de conducción defensiva y de otro tipo actuar con diligencia razonable en la operación del vehículo de Empresa.
- 4. La conducción distraída es un problema creciente y la Empresa se compromete a minimizar este riesgo. Entiendo que es una política empresarial no usar los celulares mientras conducir para los negocios de la Empresa. Moveré el vehículo a un área segura cuando necesite hacer una llamada. No enviaré o leeré textos, mensajes instantáneos, correo electrónico o accederé al Internet usando un dispositivo inalámbrico mientras conducir un vehículo de la Empresa. Por la presente, reconozco que YO NO TENGO EL PERMISO DE LA EMPRESA para conducir un vehículo de la Empresa mientras enviar o leer textos, mensajes instantáneos, correo electrónico, o acceder al Internet usando un dispositivo inalámbrico.
- 5. Cuando se usa para los negocios de la empresa, sólo los empleados de la empresa u otras personas que se transporten para los fines empresariales serán permitidos montar en o entrar el vehículo de la Empresa, y sólo otro personal autorizado de la empresa se permitirá conducirlo.
- 6. Entiendo y reconozco que al firmar abajo YO NO TENGO EL PERMISO DE LA EMPRESA para conducir los vehículos de la Empresa mientras consume o después de haber consumido bebidas alcohólicas, drogas, u otras sustancias conocidas por perjudicar la capacidad de conducir, y que no tengo la autoridad de permitir a otros conducir los vehículos de la Empresa si yo o la otra persona consumimos o hemos consumido bebidas alcohólicas, drogas, u otras sustancias sustancias conocidas por perjudicar la capacidad de conducir. Entiendo y reconozco que cualquier permiso para conducir un vehículo de la Empresa previamente dado por la Empresa se revoca automáticamente bajo las circunstancias anteriores.
- 7. Entiendo que la violación de este Acuerdo de Política para el Uso de Vehículo pueda resultar en medidas disciplinarias incluyendo el despido con la Empresa.
- 8. Obedeceré todas las leyes, ordenanzas y los reglamentos de tráfico referentes a la operación de los vehículos motorizados. Pagaré cualquier multas, multas de estacionamiento u otras evaluaciones por infracciones de las leyes, ordenanzas o los reglamentos de tráfico que se me impongan. Confirmo que las multas que yo pague por cualquier infracciones de tales leyes, ordenanzas o los reglamentos de los vehículos motorizados serán totalmente mi responsabilidad y no serán reembolsadas por la Empresa.
- 9. Me pondré el cinturón de seguridad en todo momento y requeriré que todos los pasajeros se lo pongan también.
- 10. Antes de conducir el vehículo de Empresa, revisaré los neumáticos, luces, limpiaparabrisas, bocina, intermitentes, retrovisores y frenos para asegurar que aparezcan estar en condiciones óptimas de funcionamiento. Si se notan defectos, los reportaré de inmediato y pediré su reparación según proceda.
- 11. En caso de un accidente, cumpliré inmediatamente con los procedimientos para notificación de accidente automovilístico de la Empresa.
- 12. Entiendo que si me vea involucrado en un accidente con un vehículo de la Empresa y la aseguradora de la Empresa asuma la responsabilidad por el pago de las reclamaciones resultantes, podré ser requerido asistir a un curso de formación para la conducción defensiva.

13. Estoy consciente de que el seguro automovilístico de la Empresa NO ME CUBRE cuando esté conduciendo un auto que no sea de la Empresa para el uso personal; sólo asegura los vehículos de la Empresa. Entiendo que si no tengo propia póliza de seguro automovilístico personal, es muy importante que contacte a mi agente de seguros para contratar un seguro automovilístico de Beneficiario No-Propietario para cubrirme cuando conduzca otros autos (p.ej., vehículos de alquiler).

Estas políticas se me han explicado completamente y entiendo el contenido de este Acuerdo de Política para Uso de Vehículo. Estoy consciente de que el incumplimiento de estas políticas resultará en medidas disciplinarias, incluyendo el despido con la Empresa.

Por:	

\_\_\_\_\_ Fecha: \_\_\_\_\_



# POLÍTICA PARA USO DE VEHÍCULO

Adenda de Alcohol, Drogas y Comunicación Inalámbrica

Entiendo y reconozco que al firmar abajo YO NO TENGO EL PERMISO DE LA EMPRESA para:

- Conducir los vehículos de la Empresa mientras consume o después de haber consumido bebidas alcohólicas, drogas, u otras sustancias conocidas por perjudicar la capacidad de conducir, y que no tengo la autoridad de permitir a otros conducir los vehículos de la Empresa si yo o la otra persona consumimos o hemos consumido bebidas alcohólicas, drogas, u otras sustancias conocidas por perjudicar la capacidad de conducir. Entiendo y reconozco que cualquier permiso para conducir un vehículo de la Empresa previamente dado por la Empresa se revoca automáticamente bajo las circunstancias anteriores.
- 2. La conducción distraída es un problema creciente y la Empresa se compromete a minimizar este riesgo. Entiendo que es una política empresarial no usar los celulares mientras conducir para los negocios de la Empresa. Moveré el vehículo a un área segura cuando necesite hacer una llamada. No enviaré o leeré textos, mensajes instantáneos, correo electrónico o accederé al Internet usando un dispositivo inalámbrico mientras conducir un vehículo de la Empresa. Por la presente, reconozco que YO NO TENGO EL PERMISO DE LA EMPRESA para conducir un vehículo de la Empresa mientras enviar o leer textos, mensajes instantáneos, correo electrónico, o acceder al Internet usando un dispositivo inalámbrico.

Entiendo y reconozco que las disposiciones de los párrafos anteriores reemplazan cualquier política previa firmada para el uso de vehículo y no se podrá cambiar, enmendar o revocar por cualquiera dentro de la Empresa.

Por: \_

\_\_\_\_Fecha:\_\_\_\_\_

# PAGE 1

# FCCI RISK CONTROL Blueprint for Safety®



Company Name:

# **Product Liability Risk Control Checklist**

This worksheet will help you evaluate your products liability exposure. It is designed to enable you to focus on areas that need to be addressed to safeguard your business. It is divided into six key areas that contribute to the development of a safe product.

#### MANAGEMENT

#### Involvement

- There is a written policy statement that clearly expresses the company's commitment to producing safe and reliable products.
- □ Authority for implementing the program is delegated to top-level management.
- □ Product Safety budgets are prepared and properly funded as part of normal operating functions.

#### Culture

- □ Specific product safety objectives are established and linked to total quality management.
- □ There is a product safety committee involving engineering, production, purchasing, quality control, legal, sales, service, etc.
- □ There is companywide awareness and concern regarding product liability and legal pitfalls to avoid in the design, manufacture, marketing, distribution, sale and disposal of a product.

#### Communication

- Product safety responsibilities are clearly communicated to each department in the company.
- □ An effective procedure is in place for communicating pertinent information to all parties, including subcontractors, suppliers, vendors, etc.
- □ Training courses and effective methods of communication are in place for all personnel, commensurate with their responsibilities in an integrated product safety program.

#### Accountability

- □ Audits are performed periodically to ensure that all company functions and external organizations are effectively performing their assigned duties.
- Product incident reports and product liability claims are reviewed, and appropriate corrective action is taken promptly.
- □ Compensation for operating unit management is directly impacted by accomplishment of product safety objectives.

#### Documentation

- □ Product safety program and product recall procedures are written, current and available to all levels.
- Records and documentation required by law are properly maintained.
- Records of all formal product safety program activities are maintained at least for the expected life of a product.

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Date:

# Product Liability Risk Control Checklist



#### SAFETY DESIGN

#### **Design Criteria**

- Design criteria are well-documented and meet all applicable mandatory and voluntary codes and standards.
- Design is 'fail safe' (i.e., failure or malfunction will not cause injury or harm to user).
- □ Product is designed to be safe for intended use, and reasonable misuse or abuse, for its expected life.
- □ Safe design criteria are applied to packaging, shipping, storage, assembly, installation, serviceability and disposal.
- □ Safe operating procedures or user instructions and adequate warnings are stipulated when critical hazards cannot be engineered out or fully safeguarded.

#### **Design Reviews**

- □ Reviews are made of similar products, including competitors', to avoid problems or losses associated with them.
- Industry or trade literature is continuously reviewed for new developments or information that can help improve product safety.
- Reviews consider how recent or pending court decisions or laws might affect product design or safety requirements.
- □ A systems analysis method is used to identify critical hazards, and 'safety/critical' components, materials or procedures requiring special safeguarding, testing, or design considerations.
- Documented reviews continue throughout stages of product development, testing, manufacturing and post sale/service to identify and incorporate needed design improvements.

#### **Design Evaluation and Testing**

- Testing, examinations and analyses, whether done in-house or by outside laboratories, are conducted in accordance with applicable standards, codes and certification requirements.
- □ Testing is conducted to ensure safeguards function as intended and the product does 'fail/safe.'
- Testing anticipates the impact of the operating environment, operator/user limitations and foreseeable misuse or abuse on product safety.
- □ Test results are documented and analyzed to evaluate need for design improvements.

#### LEGAL

#### Legal Counsel

- Services of an attorney, experienced in products liability law, are employed full-time, part-time or on retainer.
- □ Management is kept informed on all current or pending court decisions, laws and regulations that may impact products liability potential or product safety requirements.
- □ Attorney prepares all contracts, hold harmless agreements, warranties, guarantees and disclaimers.
- Attorney has helped prepare a contingency plan for a product recall campaign.
- □ Attorney maintains liaison with trade associations in order to stay current on developments affecting company's products.

#### Legal Review

- □ Possible mergers or acquisitions are reviewed for potential products liability implications.
- □ Advertising, sales brochures and marketing literature are reviewed for sales puffery or unintended misrepresentations.
- Labels are reviewed for compliance with codes and regulations and to be sure they clearly warn of product hazards and how to avoid them.
- □ All product manuals and instructions are reviewed for compliance with codes and regulations and to ensure they clearly warn against product misuse or modification.
- Attorney reviews product design decisions that may 'trade off' product safety improvement for cost savings or product function considerations.

# Product Liability Risk Control Checklist



#### **Claim Management**

- □ All pertinent records (e.g., design, production, quality control, etc.) are reviewed for usefulness in defense of suits and adequacy for product recall purposes.
- Effective procedures are in place for responding to and handling products liability claims.
- □ Effective procedures are in place for receiving and recording customer complaints and product incidents and actions taken to address them.
- Data on customer complaints, claims and product incidents are analyzed to pinpoint trends and potential problems.
- Products liability claims are discussed at product safety committee meetings so corrective action can be planned and taken.

#### **QUALITY ASSURANCE AND CONTROL**

#### Production

- □ Adequate supervision, procedures and controls are in place to prevent any deviation from design specifications.
- □ Precision, accuracy and condition of equipment and tooling are commensurate with product requirements.
- □ Procedures are in place to ensure that prescribed materials are used and are not modified or degraded during storage, handling or production.
- □ Work instructions for production or testing operations affecting product safety are in writing.
- □ Procedures are in place to verify and document personnel qualifications.

#### Procedures

- Quality assurance program is in writing, adhered to and periodically revised.
- Quality standards and test sample sizes are statistically validated.
- Procedures are in place for calibration of all test equipment and measuring devices.
- □ Non-conforming materials and rejects are clearly labeled and segregated.
- □ Products are tested, inspected or certified by an independent testing laboratory or agency.

#### Testing and Recordkeeping

- Quality control testing and inspection procedures are performed on raw materials, component parts, work in progress and finished products.
- Quality control testing and inspection procedures are in place for packaging, manuals, labels and customer service work.
- □ Complete records are maintained for *traceability* from supplier and receipt of raw materials or components through finished product and ultimate user/consumer.
- □ Adequate records are maintained to identify all activities performed during processing, manufacturing, inspection, testing, packaging, shipping, service, marketing and sale.
- □ Adequate records are maintained of all decisions made regarding design, standards and product improvements.

#### **PRODUCT LABELS AND PACKAGING**

#### **Product Labeling**

- Labels conform with applicable mandatory and voluntary codes, regulations and standards.
- Labels effectively warn against all product hazards of which the ordinary user may be unaware.
- □ Key warnings are conspicuous, concise, clear and translated into various languages of primary user populations.
- Labels are firmly attached so they will remain legible and in place for the product's life cycle.
- Labels include adequate instructions for proper use, avoiding misuse, proper disposal and antidotes.

# Product Liability Risk Control Checklist



#### Packaging

- □ Product packaging is considered a product in itself and is given the same product safety/liability consideration to the product it contains.
- Effective procedures are in place to ensure that necessary manuals, instructions, labels, parts, material safety data sheets, etc., are packaged with the product.
- □ Package labeling includes considerations such as warnings, use, disposal, handling, storage and possible deterioration.
- □ Procedures are in place to ensure packaging conforms to customer specifications.
- □ Plant staff are instructed on how to package properly so that warnings and instructions are on top and opened first.

#### Shipping

- □ Packages meet standard shipping requirements of the DOT, US Postal Services, States, Municipalities and others.
- □ Records are adequate to identify and trace product shipments for product recall or retrofit purposes.
- □ Shipping and handling instructions are clear, conspicuous and adequate to minimize product damage potential.
- Procedures are in place to ensure that shipping methods conform to legal, industry and customer requirements.
- Packaging is designed specifically for the product it contains and is adequate to protect both product and handler during shipment and storage.

#### MARKETING AND CUSTOMER SERVICE

#### Advertising

- Advertising claims about the product do not exceed product capabilities and can be readily substantiated.
- □ Advertisements, sales literature, product photographs, TV ads and oral sales presentations promote safe and proper use of product.
- Advertising, sales literature and oral sales presentations avoid use of terms such as absolutely safe, foolproof, safest made and fireproof.
- □ Marketing and sales staff, distributors, retailers and service personnel are fully informed regarding the product liability climate and their responsibilities in product liability loss prevention.
- □ Marketing, sales staff, distributors, retailers and service personnel receive training regarding product development, performance, applications, limitations, warranties and warnings.

#### Warranties

- □ Marketing, sales staff, distributors, retailers and service personnel are guided by the knowledge that statements they make about a product can be considered 'Express Warranties.'
- □ Management is guided by the knowledge that every product sold comes with merchantability.
- □ Written warranties or guarantees regarding quality, reliability, suitability or safety are clear and can be substantiated by test results or other data.
- □ Written warranties or guarantees clearly spell out their limitations as well as end-user responsibilities for proper maintenance, care and use.
- Certification to a standard is not cited or indicated unless the product complies with all requirements of the certifying agency or laboratory.

# PAGE 5

# Product Liability Risk Control Checklist



#### **Customer Service**

- $\hfill\square$  Procedures are in place to promptly review and respond to customer complaints.
- □ A current and comprehensive library of reference materials, including shop manuals, bulletins on service modifications and service standards, are available to and used by service personnel.
- Detailed service records are maintained, showing full extent of work performed, including materials used and repairs needed but not desired by customer.
- □ Service department policy is to never accept an order for repair or modification that may compromise product safety.
- □ Service procedures are in place for saving faulty or defective products for analysis.

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# PAGE 1

# FCCI RISK CONTROL Blueprint for Safety®



Company Name:

# Completed Operations Checklist

#### **MATERIAL & EQUIPMENT**

- □ Materials used are in accordance with design specifications
- □ Materials are within code for use in the U.S.A.
- Equipment to be used on the job is appropriate for the task
- Employees and contractors are trained to use the proper equipment to do the job

#### **STAFF & SUBCONTRACTORS**

- □ Written hiring and selection program
- □ Criminal background check for employees who interact with your customers and the general public, especially those who enter the customer's property
- Evaluate competency of technical staff (academically qualified and experienced)
- □ Adequate number of properly trained and experienced workers
- □ Subcontractors are experienced in the industry
- □ Certificates of Insurance are required from all subcontractors
- □ Secure contracts with all subcontractors and vendors

#### **QUALITY ASSURANCE**

- $\hfill \hfill \hfill$
- Design work by a licensed engineer
- □ Written quality assurance program in place and followed
- □ Inspection and testing procedure adequate to assure compliance with specifications, code and standards
- □ Certification, inspecting and testing are done by a qualified, independent company
- □ Inspection equipment is regularly serviced and calibrated
- $\hfill\square$  Applicable codes and standards met
- □ Work approval signoff by an engineering firm
- Work approval letter of acceptance from customer

Page 1 of 2

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Date:

# Completed Operations Checklist



#### RECORDKEEPING

The following records are maintained in an orderly record keeping system with defined record retention criteria:

- □ Use of a diary system to confirm that all Certificates of Insurance are current
- □ Named as an additional insured on all subcontractors' insurance policies and require proof of that endorsement
- □ All coverages, including Additional Insured coverages, should be discussed with the agent
- □ Certificates of Insurance checked for adequate coverage and limits
- □ Change orders and specifications documented and available
- □ Change orders approved in writing by appropriate authority
- Job specifications
- Blueprints
- Design criteria
- Quality control data
- □ Contracts
- □ Serial numbers of component parts
- □ System test results
- □ Complaint files (including remedial actions)
- Hold Harmless Agreements
- □ Any other supportive information

#### **WARNINGS & LEGAL REVIEW**

- □ Customer training and written instructions provided
- □ Warnings provided in the instructions and on the product
- □ Work quality and performance conforms to all written or verbal expressed warranties or promises
- □ All instructions, manuals, warnings and warranties are reviewed by legal staff
- Record retention criteria approved by legal counsel

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## PAGE 1

## FCCI RISK CONTROL Blueprint for Safety®



Company Name:

## **Premises & Operations Liability Checklist**

If your premises is occupied by persons with physical and/or mental disabilities, you will need to provide extra care should an emergency arise. You are encouraged to comply with the *National Fire Protection Association's Life Safety Code – NFPA 101*. The NFPA website can tell you how to acquire a copy of the code. You may also refer to the *Americans with Disabilities Act* for more helpful information.

Following is a list of areas you should address to help assure the safety of visitors and guests.

#### PREMISES AND LIFE SAFETY CONCERNS

#### **Building Exit Design and Capacity**

- Exits and egress are adequate for the building occupancy, as per NFPA Life Safety Code 101
- Exit signs provided and illuminated
- Exit doors open outward in direction of travel
- Exit doors not locked during occupancy
- Exit doors not blocked in any way
- Location of nearest exit is readily apparent from any point in the building
- Access to all exits is clear and unobstructed
- □ Stairway doors or other fire rated doors are not blocked open or prevented from closing as designed

#### **Emergency Lighting**

- □ Provided in all areas, as required by NFPA Life Safety Code 101
- Proper type, self-activating and correctly installed
- Tested on a scheduled basis
- Provides adequate general illumination to assure safe egress from building
- Provides exit identification

#### **Stairs and Steps**

- Good condition
- Free of tripping hazards
- No obstructions or storage in stairways
- Adequate and proper handrails
- □ Walking surfaces are smooth, level, even, and provide adequate traction
- Evaluate all areas as though it is dark or inclement weather

#### **Elevators & Escalators**

- Full maintenance contract on all elevators and escalators
- □ Safety devices operate effectively (e.g., interlocks, reopening devices, emergency cut-off buttons)
  - Emergency communications (telephone and alarms) should be tested and monitored
- □ Elevator cars stop level with floors

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Date:

### **APPENDIX C3**

### PAGE 2

## Premise & Operations Liability Checklist



#### **Business Practices**

- □ Floor surfaces level, slip resistant and hazard free
- Visitors are escorted
- □ Visitors in the work areas wear proper personal protective equipment (PPE)
- □ Visitors required to follow safety rules
- C Keys issued to authorized personnel only and retrieved when necessary

#### **Parking Lots**

- □ Level, free of potholes, no loose gravel
- □ Free from tripping hazards
- Adequate lighting
- □ Poles protected from impact (light, sign, power, etc.)
- Adequate drainage
- □ Traffic control signs and markings present
- Driver's view not blocked by shrubbery, signs, etc.
- □ Separate entrance and exit
- □ Channel traffic only one direction per aisle
- Clearly marked angle parking
- Driveways at least 12 feet wide
- Pedestrian lanes marked
- □ Sidewalk elevated above the parking surface

#### Vacant Areas

- Secured against unauthorized entry (e.g., fencing, locks, alarms, watchman service)
- Protect job sites from children and trespassers
- Periodically, physically evaluate the property for changes
- □ 'NO TRESPASSING' signs posted
- □ No unfenced ponds

#### Swimming Pools

- Properly fenced and enclosed
- Life-saving equipment available
- Depth marked
- Rules posted
- Pool care performed by a qualified technician
- No diving boards or platforms
- Pool deck surface offers adequate traction
- □ All lighting and electrical circuits protected by ground fault circuit interrupters
- Pool and spa drains provide proper protection against hair entrapment

### **APPENDIX C3**

## Premise & Operations Liability Checklist



#### **OPERATIONS**

#### **Construction Contractors**

- □ Adequate supervision on site at all times
- □ Hold weekly meetings to discuss everyone's responsibility for the safety of others
- □ Notification given to each affected adjacent property and business owner
- Provide pedestrians with safe and protected passage around the job site
- Traffic control in accordance with the Manual of Uniform Traffic Control Devices
- Contact the Utility company before digging or trenching begins
- Blasting subcontracted to a qualified, licensed and insured blasting contractor
- Adequate security system with controls in place to protect job site and the public
- E Fence the job site, particularly in downtown areas
- Establish and enforce policy prohibiting loaning/borrowing tools and equipment to or from other contractors
- Minimal traffic control should include at least:
  - A competent person responsible for pre-planning traffic control
  - Use only trained personnel to flag traffic
  - Taper the traffic lane blocked
  - Establish a 'safe zone' around workers
  - Set up barricades around the site
  - ° Provide adequate lighting or flashing warning lights in the evening
  - · Check all signs and lights daily; more frequently as conditions warrant
  - Be sure warning signs are adequately anchored to avoid being knocked down or blown over
  - Provide adequate warning signs ahead of job site
  - · Avoid leaving any open excavations, if possible; otherwise, barricade all sides of openings

Policyholder should secure contracts with all contractors it hires. Policyholder should be added as an Additional Insured on all of its subcontractors' liabilility policies. Policyholder should discuss such coverages with its agent.

#### Independent Contractors

- □ Require Certificates of Insurance for general liability and workers' compensation
- Check references and ability of contractors to do your work
- □ Reinforce your safety policy and rules with contractor's employees
- Verify that policy limits are adequate to cover anticipated liability claims

Policyholder should secure contracts with all contractors it hires. Policyholder should be added as an Additional Insured on all of its subcontractors' liabilility policies. Policyholder should discuss such coverages with its agent.

#### **Sponsored Teams or Events**

- Crowd control procedures are adequate
- □ First Aid facilities are available
- Personal protective equipment (PPE) is provided to participants
- □ Spectators are protected from physical harm, as per NFPA Life Safety Code 101 and NFPA Standard for Seating Code 102
- □ Sports equipment in good condition
- Teams are well supervised
  - High risk equipment should not be used (e.g., trampolines, diving boards, etc.)

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## **VISITOR ACCIDENT REPORT**

#### ACCIDENT INFORMATION

ACCIDENT DATE	TIME OF LOSS
POLICYHOLDER NAME	POLICYHOLDER NUMBER
LOCATION OF ACCIDENT	

#### VISITOR INFORMATION

NAME OF VISITOR			
ADDRESS			PHONE NUMBER
		1	
DATE OF BIRTH	CURRENT AGE	HEIGHT	WEIGHT
DOES VISITOR WEAR GLASSES?	IF "YES," WHAT ARE THE GLASSES WORN FOR?		WAS VISITOR WEARING GLASSES AT
		OTHER:	
WAS VISITOR TAKING OR USING			
	DRUGS NON-PRESCRIPTION DRUG	GS	
IF CHECKED, EXPLAIN			
LIST ANY PHYSICAL DISABILITIES NOT	ËD		

### ADDITIONAL ACCIDENT INFORMATION

DESCRIBE WALKWAY/FLOOR WHERE ACCIDENT OF	CCURRED AND ANY DEFECTS (Include floor cov	erings, if any)		
	1			
WAS FLOOR CLEAN, DRY AND FREE OF DEBRIS?	DESCRIBE WEATHER AT TIME OF ACCIDENT	DESCRIBE LIGHTING AT TIME OF ACCIDENT		
DID VISITOR MAKE ANY COMMENTS ABOUT THE CA	AUSE OF THE ACCIDENT?			
YES NO				
IF "YES," EXPLAIN				
	Check all that apply)			
	HEAVI, BOLKI OR AWKWARD OBJECTS			
WHAT HAPPENED?				
GIVE DETAILED DESCRIPTION OF INJURY				
GIVE DETAILED DESCRIPTION OF TYPE OF SHOES V	WORN AND CONDITION AT TIME OF ACCIDENT	(Sneakers, sandals, high heels, leather or rubber soles, etc.)		
		(		
WAS AN INSPECTION DONE?	WERE PHOTOGRA	PHS TAKEN?		
	YES	NO		
WITNESS INFORMATION (If more than one witness, list information on separate sheet of paper)				
NAME(S) OF WITNESS				
ADDRESS(ES)		PHONE NUMBER(S)		
IF WITNESS(ES) TALKED TO VISITOR, WHAT WAS SA	ID?	,		

## **APPENDIX C4**

## PAGE 2

#### **EMPLOYEE INFORMATION**

DID ANY EMPLOYEE ASSISTING THE INJURED VISITOR SPEAK TO THE VISITOR?		
IF "YES," WHAT WAS SAID BY THE EMPLOYEE?		
ME OF EMPLOYEE DEPARTMENT		
ADDRESS		PHONE NUMBER
IF THERE WAS A SPILL, NAME OF EMPLOYEE WHO CLEANED IT UP	DEPARTMENT	
ADDRESS		PHONE NUMBER

#### TREATMENT INFORMATION

WERE PARAMEDICS OR AN AMBULANCE CALLED?	IF "YES," NAME OF PERS	ON WHO CALLED THEM	TIME CALL WAS MADE	☐ A.M. ☐ P.M.
APPROXIMATELY HOW LONG AFTER THE CALL DID	THEY ARRIVE?	APPROXIMATELY HOW LONG AFTER A	ACCIDENT DID THEY ARRIVE?	
NAME OF AMBULANCE SERVICE AND/OR NAME(S)	OF PARAMEDICS			
IF TREATMENT WAS PERFORMED ON SITE, WHAT W	AS DONE?			
IF VISITOR WAS TRANSPORTED TO HOSPITAL, GIVE	NAME, ADDRESS AND PH	ONE NUMBER OF HOSPITAL		
TREATMENT GIVEN AT HOSPITAL				
WAS DESCRIPTION/HISTORY OF ACCIDENT GIVEN	AT HOSPITAL?	IF "YES," NAME OF PERSON WHO GA	VE IT	
IF VISITOR TOLD PARAMEDICS/HOSPITAL PERSON	IEL WHAT CAUSED THE AC	CIDENT, WHAT WAS SAID?		
NOTE ANY COMMENTS MADE BY THE PARAMEDICS	S/HOSPITAL STAFF REGARI	DING THE ACCIDENT		
WAS VISITOR HOSPITALIZED?				
NAME(S) OF TREATING PHYSICIAN(S) AND PHONE N	IUMBER(S) (Attach additiona	al sheet if necessary)		
ADDITIONAL COMMENTS				

SIGNATURE OF PERSON COMPLETING REPORT PRINT OR TYPE NAME TITLE DATE SIGNED TIME COMPLETED Page 2 of 2

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🗌 A.M. PM.

Dccupation:	Date Hired:
	Safety Orientation Date
<b>Employee</b> Orientatic	on
Check each of the items on this form at the ti	ime instruction is given. When completed, sign and return
t for placement in the employee's file.	
	COMPLETED   INITIAL
1. Application - completed, signed and on file	
2. Social Security card - physically checked; copy on	file
3. Driver's License – checked (Motor Vehicle Report)	
4. Company safety policy - reviewed and signed	
5. General safety rules - discussed	
6. Specific job safety rules - explained	
7. Reporting of unsafe conditions – explained	
8. Proper lifting techniques – reviewed	
9. Required Personal Protective Equipment (PPE) - dis	scussed
0. Fire protection equipment and responsibilities – exp	ained
1. Reporting of injuries and obtaining medical care - e	xplained
2. All Material Safety Data Sheets (MSDS) - reviewed	
13. U.S. Department of Justice (I-9) Form	
4. Federal Withholding Tax (W-4) Form	
have instructed the above new employee in the safety of operform his or her duties safely.	requirement checklist and feel that he or she can be reasonably expected

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FCCI RISK CONTROL

## Blueprint for Safety<sup>®</sup>

## **Training Guidelines**

#### PLANNING A TRAINING PROGRAM

Identify situations in which training is required:

- · For all new employees
- When an employee has never performed a particular job
- When a new procedure or product is to be used or manufactured
- Remedial training (i.e., after an accident, low productivity, too many rejects, too much waste, etc.)
- When other at-risk parties are on your premises (i.e., subcontractors, suppliers, customers, visitors, etc.)

#### Identify specific training needed:

- Job task
- New policy / procedure
- Regulatory compliance (OSHA, Statutory)
- Performance enhancement
- Teamwork
- Develop a curriculum that will deliver the necessary benefits and techniques to the employee. Always describe the purpose and objectives of the training to the participants at the beginning of the training.
- Be proactive by providing training:
  - · Before accidents
  - · In anticipation of high production demands
  - To initiate process improvements
  - When company or process changes are likely to impact rank and file employees
- Establish a measurable goal to help determine if the training is productive, such as:
  - Fewer accidents
  - · Reduced claim costs
  - Increased production
  - Improved quality
  - Reduced product defects
  - Reduced downtime

#### **GENERAL TRAINING TIPS**

- Stablish a written agenda / outline
- Allow for frequent breaks
- Start and end on time
- Evaluate the acoustics of the meeting site and use a microphone, if needed
- Set up tables and chairs properly to maximize audience participation
- Provide water, coffee and soft drinks
- Second Se
- Tell the employee what is to be accomplished, how to accomplish the task, and results expected
- Demonstrate the proper way to perform the task
- Have the employee perform the task and evaluate the performance; criticism should be constructive and positive
- Have the employee perform the task again
- The more technical the training, the smaller the group should be
- During technical presentations, do not use jargon but proper names or descriptions of tools, equipment, procedures, etc., to avoid any misinterpretation
- A small group will be more attentive to the training because they feel they may be asked a question
- Distribute written handouts to help the employee remember and understand the subject; if a large quantity of written material is distributed, include this in a three-ring binder
- Follow up with participants to monitor new skills learned

### **CONTINUED ON BACK**

### **TRAINING TECHNIQUES**

Training can be either formal or informal and involve a variety of techniques, such as:

- Lectures / outside speakers
- Classroom presentations
- Case studies
- S Team workshops
- ✓ Hands-on demonstrations
- Student led / self study
- PowerPoint / slides / overhead projector / videotapes
- S Flip chart
- Videotaping of participants
- Handouts
- Roundtable sessions / panel discussions
- Interactive computer training



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FCCI RISK CONTROL

## Blueprint for Safety<sup>®</sup>

## Workers' Compensation Accident & Incident Investigation

Identifying the cause of the accident allows the development of corrective action to prevent reoccurrence. Every accident deserves an investigation. Even *near miss* accidents that might have caused death, serious injury or property damage are equally important and should be investigated.

#### WHY INVESTIGATE?

- To discover the root cause of the accident
- To correct problems, conditions or practices that led to the accident or loss
- To establish the facts for future reference, records, and for training purposes
- To determine the accuracy of the employee statement or accident report

#### Steps to follow:

- Preserve the scene. Do not move key materials or elements involved in the accident until the investigation has been completed.
- Conduct interviews with the injured party, witnesses, and any other involved parties.
- Take notes and be specific (get details, photographs, etc.)
- Do not editorialize or interpret remarks. Record the facts!
- Complete a written accident investigation report (a sample form is included in this section).
- Keep key accident elements (e.g., broken tools and scaffold boards) as evidence.

#### Analyze the data:

- How could the accident have been prevented?
- What must be done to prevent a reoccurrence?
- Is third party subrogation possible?
- Share the results of the investigation with all supervisors.

#### CONTINUED

#### WORKERS' COMPENSATION ACCIDENT & INCIDENT INVESTIGATION REPORT

DATE REPORT COMPLETED				
	CARRIER			
NAME OF POLICYHOLDER				
PERSON COMPLETING REPORT/CON	NDUCTING INVESTIGATION			
DATE OF INCIDENT	TIME OF INCIDENT	DATE FIRST REPORTED	TIME REPO	DRTED
NAME OF EMPLOYEE INVOLVED				
ADDRESS OF EMPLOYEE INVOLVED		CITY	STATE	ZIP
SEX	PHONE	OCCUPATION		
MALE				
LOCATION OF INCIDENT (BE SPECIFIC	C)			
JOB BEING PERFORMED				
WAS THE PERSON PERFORMING HIS	// HER REGULAR DUTIES?	PART OF BODY OR PROPERTY	DAMAGED	
YES NO				
WITNESSES				
DESCRIPTION OF INCIDENT (BE SPEC	CIFIC)			
DESCRIPTION OF INCIDENT (BE SPEC	CIFIC)			
DESCRIPTION OF INCIDENT (BE SPEC	CIFIC)			
DESCRIPTION OF INCIDENT (BE SPEC	CIFIC)			
DESCRIPTION OF INCIDENT (BE SPEC	CIFIC) GES			
DESCRIPTION OF INCIDENT (BE SPEC	CIFIC) BES			
DESCRIPTION OF INCIDENT (BE SPEC	DIFIC) GES			
DESCRIPTION OF INCIDENT (BE SPEC	CIFIC) DES			
DESCRIPTION OF INCIDENT (BE SPEC DESCRIPTION OF INJURY OR DAMAG	CIFIC) GES	SMOOTH, WOOD, TILE, STEPS, ETC.)		
DESCRIPTION OF INCIDENT (BE SPEC DESCRIPTION OF INJURY OR DAMAG	CIFIC) GES / SURFACE CONDITION (WET, DRY,	. SMOOTH, WOOD, TILE, STEPS, ETC.)		
DESCRIPTION OF INCIDENT (BE SPEC	CIFIC) SES	SMOOTH, WOOD, TILE, STEPS, ETC.)		
DESCRIPTION OF INCIDENT (BE SPEC	CIFIC) GES / SURFACE CONDITION (WET, DRY,	SMOOTH, WOOD, TILE, STEPS, ETC.)		
DESCRIPTION OF INCIDENT (BE SPEC	CIFIC) BES / SURFACE CONDITION (WET, DRY,	, SMOOTH, WOOD, TILE, STEPS, ETC.)		
DESCRIPTION OF INCIDENT (BE SPEI DESCRIPTION OF INJURY OR DAMAG	CIFIC) GES / SURFACE CONDITION (WET, DRY,	SMOOTH, WOOD, TILE, STEPS, ETC.)		
DESCRIPTION OF INCIDENT (BE SPEC	CIFIC)	SMOOTH, WOOD, TILE, STEPS, ETC.)		
DESCRIPTION OF INCIDENT (BE SPEC	DIFIC) SES / SURFACE CONDITION (WET, DRY,	SMOOTH, WOOD, TILE, STEPS, ETC.)		
DESCRIPTION OF INCIDENT (BE SPEC	DIFIC) BES / SURFACE CONDITION (WET, DRY,	, SMOOTH, WOOD, TILE, STEPS, ETC.)		
DESCRIPTION OF INCIDENT (BE SPEC	DIFIC)	SMOOTH, WOOD, TILE, STEPS, ETC.)		
DESCRIPTION OF INCIDENT (BE SPEC	CIFIC) SES	SMOOTH, WOOD, TILE, STEPS, ETC.)		

IF 'YES' WHERE? (NAME OF HOSPITAL	OR CLINIC)		
IF 'YES' WHAT MATERIAL?			
	CITY	STATE	ZIP
	<u> </u>		1
	CITY	STATE	ZIP
		1	1
WHERE?			
EVENT THE RECURRENCE OF THE INC	IDENT?		
		DATE	
	IF 'YES' WHERE? (NAME OF HOSPITAL IF 'YES' WHAT MATERIAL? IF 'YES' WHAT MATERIAL?	IF 'YES' WHERE? (NAME OF HOSPITAL OR CLINIC)  IF 'YES' WHAT MATERIAL?  CITY CITY WHERE? EVENT THE RECURRENCE OF THE INCIDENT?	IF 'YES' WHERE? (NAME OF HOSPITAL OR CLINIC)  IF 'YES' WHAT MATERIAL?  IF 'YES' WHAT MATERIAL?  CITY STATE  CITY STATE  WHERE?  EVENT THE RECURRENCE OF THE INCIDENT?  DATE



This document is advisory only and does not attempt to list all potential hazards or identify all possible remedial actions. You are responsible for the safety of your premises, operations, and products. FCCI Insurance Group and its affiliates and subsidiaries shall not be liable for any loss, injury, death, damage or expense arising out of the use of this bulletin.



## **JOB DESCRIPTION**

EMPLOYEE	CLAIM NUMBER	ł	DATE		
EMPLOYER	PREPARED BY				
	JOB S	PECIFICATIONS			
JOB TITLE				□ Full-time	□ Part-time
WORKSETTING					
TOOLS, EQUIPMENT, MACHINES USED					
SPECIAL EQUIPMENT USED					
	PHYSI	CAL ACTIVITIES			
	To be completed by Em	ployer or Employer Represent	ative		
UPPER EXTREMITIES Reach Overhead Reach Forward	Yes No	PHYSICAL ACTIV (On a daily basis; bre Standing	ITIES eaks every two hours)		Yes No
Push / Pull. Handling / Fingering. TORSIO & LOWER EXTREMITIES		Sitting Balancing Climb stairs			
Crawling Stooping Twisting		Walk (Other) <b>LIFTING &amp; CARR</b> 10 lbs	YING □ 20 lbs.	□ 50 lbs	
Squatting		LIFTING ONLY	□ 20 lbs.	□ 50 lbs.	
WAGES:		WORK HOURS:			
Check if either option applies:	□ This job could be modified.	□ Another position o	could be available.		
EMPLOYER REPRESENTATIVE (PRINT)	EMPLOYER REP	RESENTATIVE'S SIGNATU	RE DATE		
TITLE	COMPANY				
	PHYSICI	AN VERIFICATION			
	To be con	npleted by Physician			
I have reviewed the above job description and	feel that this job is within the en	nployee's physical performanc	e abilities. The emplo	yee can:	
Return to work on     Upgrade physical limitations?     Date MMI reached:	(date). If "No," weeks.	estimated date:			
<ol> <li>Any permanent physical limitation</li> </ol>	$s? \square Yes \square No If "Yes,"$	' describe:			
Comments:					
PHYSICIAN'S NAME (PRINT)	PHYSICIAN'S SI	GNATURE	DATE		

## JOB DESCRIPTION FORM INSTRUCTIONS

FCCI policyholders have long recognized the need to provide modified, light-duty temporary job accommodations for injured employees. It is one of the most effective loss reduction techniques available and is good for business.

For example, one of your employees is injured seriously enough to warrant being out of work. This could be very expensive for your company if he or she is out of work for an extended period of time. Even though workers' compensation insurance will pay for lost time, the longer indemnity benefits are paid the more likely future premiums will escalate as a result of increased experience rating. Furthermore, studies have shown that the longer an employee is out due to work injury or illness, the harder it is to get him or her back to work. Likewise, studies have also shown that the quicker an injured employee returns to work, the faster they usually recover.

Lost time from work, indemnity benefits, insurance premiums, experience ratings, litigation and settlement fees can all be reduced if you develop an aggressive, early return-to-work program. Use the checklist below to set up a cost effective strategy to control the outcome of a workers' compensation claim using this technique.

Make a list of tasks, which could be performed by someone

- sitting
- standing
- · using limited arm or hand movement
- · using limited lifting
- performing an infrequent but useful task
- Let all employees know that modified work will be available.
- Tell the claim adjuster and doctor that modified work is available.
- Send a letter to the injured employee, regretting their injury, expressing their value and that job accommodations should be available.
- The employee's supervisor should contact him or her at least weekly to maintain good communications and to get a regular update on physical recovery.
- The job should be considered temporary part-time or trial/return to work.
- The injured employee is paid whatever the job is worth (carrier will supplement according to state law).
- Your risk control representative can assist you.

Job Description form (Appendix D4)

## WORKERS' COMPENSATION FRAUD

Warning signs that a claim might involve possible fraud include:

- S Injury not promptly reported
- Injury description vague, non-definitive
- Symptoms non-specific, no visible bodily trauma or injury
- Injury occurred late on Friday or early Monday
- Solution Notice of claim made after employee is terminated or laid off
- Semployee never home when you call
- S Tip received that totally disabled worker is employed elsewhere
- Oemands made for a quick settlement
- S Employee changes doctors when released to work
- S Malingering, habitual absenteeism, tardiness, excuses
- Other family members on workers' compensation or disability
- S High mileage reported on transportation reimbursement form

## PAGE 1

ocation: Workers' Compensation Self-Inc		i illopo	
Workers' Compensation Self-Ing			
Workers' Compensation Self-In-			
	spec	tio	n Checklist
his list should be used as a guide to prepare your own self-inspection checklist.			
Il 'NO' answers require comments and a completion date for corrective action.			
	YES	NO	COMMENTS
1. In good physical condition and properly charged			
2. Tagged and dated within the past 12 months			
3. All vehicles and other mobile equipment provided with extinguishers			
LECTRICAL			
<ol> <li>Visible wiring unfraved, in good condition and properly grounded</li> </ol>			
2. Switch panels and fuse boxes closed			
3. Switch panels and fuse boxes not hot to the touch			
4. Fuse box / circuit breaker switches labeled			
<ol> <li>Extension cords are appropriate and in good condition (avoid light-duty household types)</li> </ol>			
6. Extension light sockets insulated			
7. Portable tools grounded or double insulated			
8. Lines marked for voltage			
9. Lockout devices provided and used			
10. Clear access to power panel boxes			
11. Ground fault interrupter circuit / explosion proof			
LLUMINATION			
1. Adequate in work area			
2. Adequate in parking lot			
3. Adequate emergency lights checked at least monthly			
QUIPMENT GUARDS			
1. Point of operation guards provided on all equipment and machinery			
2. Enclosure guards provided for all gears, chains, pulleys, belts, etc.			
3. Guards in place and functioning machines are in operation			
4. Tool rests in place on bench grinders and properly adjusted			

## Workers' Compensation Self-Inspection Checklist



	YES	NO	COMMENTS
RECORDKEEPING, NOTICES, POSTERS			
1. OSHA notice: Safety & Health Protection on Job posted on bulletin board			
2. Emergency telephone numbers posted			
3. OSHA Form 200 posted, per requirements			
4. Hazard Communication program / binder available			
5. Company safety policy posted			
6. Company safety rules posted			
7. Workers' Compensation poster displayed			
FIRST AID			
1. Adequate equipment, properly used			
2. Qualified first aid trained employees each shift / job site			
3. Inspection of first aid kits by supervisor			
4. Advise employees of first aid station locations			
5. Name of company medical facility posted			
FLOORS			
1. Floor surfaces in good condition			
2. Floor openings guarded			
3. Aisles clearly designated			
4. Aisles unobstructed			
5. Surfaces are slip resistant			
HOUSEKEEPING			
1. Trash receptacles emptied regularly			
2. Outside grounds free of trash, brush, etc.			
3. Exits marked and free of storage			
STORAGE			
1. Flammable and explosive materials stored and handled safely			
2. Bagged materials properly stacked with no leaning piles			
3. Drums of flammable liquids not stacked			
4. Compressed gas cylinders properly secured and valve covers in place			
5. Acetylene and oxygen cylinders separated			

Page 2 of 4

## Workers' Compensation Self-Inspection Checklist



COMMENTS

YES

 $\square$ 

 $\square$ 

 $\square$ 

 $\square$ 

 $\square$ 

 $\square$ 

 $\square$ 

 $\square$ 

NO

 $\square$ 

 $\square$ 

 $\square$ 

 $\square$ 

#### **PERSONAL PROTECTIVE EQUIPMENT (PPE)**

- 1. Respirators clean and properly stored
- 2. Eye protection clean and available at point of operation
- 3. Eye fountains and safety showers unobstructed and operating properly
- 4. Employees wearing PPE where required
- 5. Welding areas enclosed to prevent eye flash burns to others in area
- 6. Safety nets or harnesses and lifelines provided and used, as required
- 7. Employees use safety equipment properly

#### **TOOLS AND EQUIPMENT**

- 1. Tools / equipment inspected daily before use
- 2. Tools free from mushroomed heads
- 3. Unsafe / unusable equipment tagged out
- 4. Grinders properly guarded
- 5. Tools properly stored
- 6. Employees use tools correctly
- 7. Tools used only for designated purpose
- 8. No cracked or broken handles
- 9. Air hose connections have positive locking action or securing chain
- 10. Power tools locked-out when relieving jams, making repairs, etc.

#### **GUARDRAILS, SCAFFOLDING, LADDERS**

- 1. Stairways equipped with standard railings; clear of trash
- 2. Open-sided floor or platforms (6' or more from ground level) equipped with standard railings or equivalent
- 3. Walkways (4' min. above ground); standard railings or equivalent
- 4. Wall openings (with a drop of more than 4') properly guarded
- 5. Floor openings barricaded or covered
- 6. Ladders free from defects and equipped with safety feet; blocked, cleated or otherwise secured
- 7. Ladder bases out from wall, 1/4 working length of ladder
- 8. Straight ladders extend at least 3' above entrance surface and tied off
- 9. Scaffolding (more than 10' high) equipped with guardrails and toe boards; firmly in place and fully planked
- 10. Scaffolding should have appropriate cross bracing

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## Workers' Compensation Self-Inspection Checklist



	YES	NO	COMMENTS
POWER INDUSTRIAL TRUCKS			
1. Overhead guard racks properly installed on all forklifts used for all stacking			
2. Well maintained and properly stored			
3. Operators trained, as per OSHA Standard			
HOISTS AND ELEVATORS			
1. Cables, cable fastenings, slings and hooks in good condition			
2. Hoistway properly guarded			
3. Contacts and interlocks operable			
4. Gates kept closed when car is away from landing			
TRENCHING AND EXCAVATION			
1. All trenches shored or sloped, as required			
2. Emergency means of exiting available			
3. Materials and overburden retained at least 2' from edge of excavation			
4. Competent person on site			
STAIRS, RAMPS, PLATFORMS	_	_	
1. Handrails adequate and secure			
2. Illumination adequate and maintained			
3. Surfaces unobstructed, slip resistant			
4. Toe-boards provided, where required			
CHEMICALS			
1. Ventilation adequate			
2. Personal Protection Equipment (PPE) worn			
3. Hazards of substances communicated to employees			
4. Limits for air contaminants below OSHA Federal Permissible Exposure Limits			
5. Confined Space Entry Program in place			
<ol> <li>OSHA Expanded Standards Compliance for Toxic and Hazardous Substance (Part 1910.1000 – Subpart Z)</li> </ol>			
7. Exposure monitoring performed, where necessary			

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PAGE 1

#### FCCI RISK CONTROL

## Blueprint for Safety®

## Flammable Liquids Safety and Storage

#### SAFE STORAGE AND HANDLING OF FLAMMABLE AND COMBUSTIBLE LIQUIDS

Flammable and combustible liquids are extremely hazardous because:

- They can be easily ignited and release heat at a much faster rate as compared to a fire in ordinary combustible materials.
- Some flammable liquids produce flammable vapor-air mixtures at normal room temperatures.
- They can spread over large areas from a leaking container or an accidental spill.
- When stored in closed containers the vessels can rupture or even explode if subjected to heat from internal build up of pressure.
- Improper handling, storage and dispensing can result in fires or explosions.
- Inadequate or improper ventilation can cause vapors to accumulate in an open space or area and can easily be ignited, resulting in a fire or explosion.
- Fires involving flammable or combustible liquids can release toxic vapors.

Key property risk control measures to be established to ensure safe storage and handling of flammable and combustible liquids include at least the following:

- Identification
- < Container Requirements
- Storage Cabinet Requirements
- Inside Storage Room Requirements
- Storage Outside Buildings
- Sire Control
- Separation and Protection
- Transfer and Handling
- Bonding and Grounding

#### Identification

Tips for identifying flammable and combustible liquids include:

- Container label shows flash point less than 100° F for flammable liquids and 100° F or higher for combustible liquids. Label may also have other information on liquid flammability and reactivity.
- Safety Data Sheets (SDS) provide information on flammability, combustibility and other chemical hazards.
- Diamond shaped labels or placards on bulk shipments, drums or containers show the words FLAMMABLE or COMBUSTIBLE.
- Diamond shaped label on container shows degree of flammability or combustibility using the following numeric rating system based on NFPA 704 Standard System for the Identification of the Fire Hazards of Materials:
  - 0 = no flash point / noncombustible
  - 1 = Flash Point > 200° F
  - 2 = Flash Point from 73° F to 200° F
  - 3 = Flash Point < 73° F, Boiling Point > 100° F
  - 4 = Flash Point < 73° F, Boiling Point < 100° F

To understand the difference between a flammable and a combustible liquid and how they are classified based on physical properties, refer to *Table I* below.

Table I           Classification – Flammable and Combustible Liquids					
Classification	Type of Liquid	Flash Point Temp	Boiling Point Temp		
Class IA	Flammable	below 73° F	below 100° F		
Class IB	Flammable	below 73° F	at or above 100° F		
Class IC	Flammable	at or above 73° F	below 100° F		
Class II	Combustible	at or above 100° F	below 140° F		
Class IIIA	Combustible	at or above 140° F	below 200° F		
Class IIIB	Combustible	at or above 200° F	N/A		

#### **Container Requirements**

Container requirements pertain to liquid in drums or other containers that do not exceed a 60 gallon capacity, and in portable tanks do not exceed a 660 gallon capacity. For maximum allowable container sizes, refer to *Table II* for details. Other major areas of concern are:

- Only US Department of Transportation (DOT) approved containers and portable tanks should be used.
- NFPA 30, Flammable and Combustible Liquids Code, specifies that portable tanks must be metal.

Table II           Maximum Allowable Container Sizes						
	Flammable Liquid Class			Combustible Liquid Class		
Type of Container	IA	IB	IC	II	Ш	
Glass	1pt	1qt	1gal	1gal	5gal	
Metal, UL Listed or FM approved plastic safety cans	1gal	5gal	5gal	5gal	5gal	
Safety cans - metal	2gal	5gal	5gal	5gal	5gal	
Metal drum (DOT)	60gal	60gal	60gal	60gal	60gal	
Approved portable tanks	660gal	660gal	660gal	660gal	660gal	

In general, if the product is in the manufacturer's original shipping container, you should be able to assume that it is approved under DOT rules. If you suspect otherwise, please refer to CFR Title 49, Transportation Part 177.

#### **Storage Cabinet Requirements**

- Flammable liquids storage cabinets should be Underwriters Laboratories (UL) Listed or Factory Mutual (FM) approved.
- Cabinets should be provided where it is necessary to keep more than 25 gallons of flammable liquid inside a building.
- 🛇 Generally, no more than 60 gallons of flammable or combustible liquids should be stored in a single cabinet.
- If the flash point is greater than 140°F, then you may store up to 120 gallons in a single cabinet.
- No more than three storage cabinets in any one fire area, unless there is a 100' separation between additional cabinets (maximum of three per group). If the building is protected by an automatic sprinkler system installed in accordance with NFPA 13, Standard for the Installation of Sprinkler Systems, the number of cabinets in any one fire area can be increased to six.
- Cabinets should be labeled in conspicuous lettering FLAMMABLE KEEP FIRE AWAY.
- Cabinets should be provided with a sill raised at least two inches (2") above the bottom of the cabinet to retain spilled liquids.
- Cabinets are provided with capped vent openings equipped with fire baffle screens.
- If the storage cabinet is vented, it should be safely ventilated to the outdoors.

#### Inside Storage Room Requirements

- If the building is not sprinklered, flammable or combustible liquids must be kept in storage rooms when quantities of flammable or combustible liquids stored inside exceed 180 gallons. This quantity may be doubled if the building is sprinklered.
- Inside storage rooms should be constructed to meet at least the requirements shown in Flammable Liquids Storage Room Requirements.
- In every inside storage room there should be maintained one clear aisle at least three feet (3') wide.
- Containers over 30 gallon capacity should not be stacked one upon the other.
- Solution of liquids should be done by using an approved pump or self-closing faucet only.

#### Other General Requirements for Storage Buildings

- No more than one day's supply of flammable or combustible liquids should be kept outside a flammable liquids storage cabinet or an inside storage room.
- Flammable or combustible liquids, including stock for sale should not be stored so as to limit the use of exits, stairways and other means normally used for the safe egress of people.
- Storage should be prohibited in office occupancies except that amount required for normal maintenance of the building and operation of office equipment.
- All incidental storage should be kept in UL Listed safety cans.

#### Storage Outside Buildings

- Storage should be in accordance with the tables shown in NFPA 30, *Flammable and Combustible Liquids Code*. Refer to Table III for details.
- A maximum of 1,100 gallons (55 gallon drums, qty. 20) of flammable or combustible liquids may be stored adjacent to a building.
- When the quantity stored exceeds 1,100 gallons, maintain a minimum distance of 10' between the buildings and the nearest containers of flammable or combustible liquids.
- The storage areas should be constructed and laid out in a manner to divert possible spills away from buildings or other exposures or to contain them.
- The storage area should be protected against tampering or trespassers.
- V The storage area should be kept clean and free of weeds, debris and other combustible materials.
- Open flames and sources of spark generation (e.g., cutting and welding) should be strictly prohibited in flammable and combustible liquids storage areas.

	Table III Outdoor Storage						
Class	Containe	r Storage	Portable Ta	ink Storage	Distance between Piles/ Racks (ft)	Distance to Property Line (ft)	Distance to Road (ft)
1A	1,100	10	2,200	7	5	10	5
1B	2,200	12	4,400	14	5	50	10
1C	4,400	12	8,800	14	5	50	10
II	8,800	12	17,600	14	5	50	10
Ш	22,000	18	44,000	14	5	50	5

NO SMOKING signs should be posted and this rule strictly enforced.

#### Fire Control

Suitable fire control devices, such as portable fire extinguishers or standpipe with hose systems, should be available at locations where flammable or combustible liquids are stored. Refer to the *Fire Extinguishers* Bulletin in the Blueprint for Safety Risk Control Manual for more information.

At least one portable fire extinguisher with a rating of at least 20-B should be located not less than 10' or more than 25' away from any flammable or combustible liquids storage area located outside of a storage room but inside a building.

Organic peroxides are strong oxidizing agents and fire hazards when in contact with combustible materials and reducing agents, especially under high temperature conditions. Therefore, they should be stored separately from flammable and combustible materials.

#### Separation and Protection

- Areas in which flammable or combustible liquids are transferred from one tank or container to another should be separated from other operations in the building by adequate distance or by construction having adequate fire resistance.
- Orainage or other means should be provided to control spills.
- Adequate natural or mechanical ventilation should be provided.

#### Transfer and Handling

- S Flammable liquids should be kept in UL Listed safety cans and covered when not in use.
- Methods should be developed, posted and distributed to instruct how to safely and promptly dispose of leakage and spills.
- Employees should be trained in hazardous waste operations, if applicable.
- Flammable liquids may be used only where there are no open flames or other sources of ignition within the possible path of vapor travel.
- Flammable or combustible liquids should be drawn from or transferred into vessels, containers or portable tanks within a building only through a closed piping system, from UL Listed safety cans, by means of a device drawing through the top of from a container or portable tank by gravity through an approved self-closing valve.
- Transfer by means of air pressure on the container or portable tank should generally be discouraged.

#### **Bonding and Grounding**

Static electricity has caused many serious fires from unsafe transfer and handling of flammable liquids. Static sparks will readily ignite flammable vapors. Static electricity can be formed from liquids when they flow through or from pipes or hoses, when they fall through the air in drops or as a spray, when they are splashed around in tanks or when air or other gases are bubbled through them. Static electricity and the accumulation of static charges should be controlled through proper bonding and grounding.

Bonding is the process of electrically connecting two or more conductive materials with a copper wire or other conductor. Bonding minimizes electrical potential differences between conductive objects. The conductor ensures that no spark discharge occurs because the bonded objects eventually lead to a ground.

Grounding is the process of electrically connecting one or more electrically conductive objects to the ground or earth. Grounding minimizes electrical potential differences between the objects and earth. Steel rods or metallic water pipes can often be used for grounding.

The bond or ground connections should be composed of suitable conductive materials having adequate mechanical strength, corrosion resistance and flexibility for the service intended. Almost any conductor size will be satisfactory for grounding and bonding purposes. The conductor should be solid for fixed connections or flexible for bonds which are frequently connected or disconnected. The conductor may be insulated for mechanical protection or uninsulated. Connections should be made with pressure type ground clamps, brazing or welding. Some other clamps, such as battery or magnetic clamps, may also be needed to provide metal-to-metal contact.

#### Safeguards for effective grounding and bonding include the following:

- Flammable liquids should not be dispensed into containers unless the nozzle and container are electrically interconnected.
- The metallic floor plate on which the container stands while filling should be electrically connected to the fill stem or the fill stem should be bonded to the container during filling operations by means of a bonding wire, as described above. Refer to *Bonding and Grounding of Flammable Liquid Containers* for a diagram of proper setup.



UL Listed, self-closing 1½ hour rated Class B fire door

#### **Specific Construction Requirements**

In addition to meeting the requirements shown above and below, the construction of the storage room should be in accordance with NFPA 30 Flammable and Combustible Liquids Code.

#### Fire Resistive Rating and Storage Capacity

The construction, storage capacity and fire rating of the walls, ceilings and floors will depend upon the size of the storage room and whether the room is an inside storage room, cutoff room, attached building or liquid warehouse. An inside storage room has no exterior walls, while a cutoff room has at least one exterior wall. An attached building has only one common wall with another building which has other types of occupancies. A liquid warehouse is a separate detached building or attached

	Table IV						
Floor Area (sq ft)	Automatic Sprinklers (yes/no)	Maximum Quantity (gal/sq ft)					
< 150	no	2					
< 150	yes	5					
150-500	no	4*					
150-500	yes	10					

\* Limits on the amount of Class IA and IB liquids that may be stored, refer to NFPA 30.

building used for warehousing operations for liquids. Refer to *Table IV* for specific storage capacity requirements for inside storage rooms. Refer to NFPA 30 for storage capacity requirements for other types of flammable liquids storage rooms.

#### Walls

Examples of walls with a fire rating of one hour include the following:

Gypsum wallboard, 3/8" thick, in two layers on each side of 2"x4" wood studs spaced 16" on centers, fire stopped

S Gypsum wallboard, 1/2" Type X and 1/16" 1:2 gypsum-sand plaster on each face of 2½" metal studs 24" on centers

A two-hour rated fire wall has eight inch (8") concrete blocks or brick.

Doors should be self-closing and listed by Underwriters Laboratories (UL) as a 1½ hour Class B fire door. When the room is used to store liquids with a flash point below 73° F, the exterior walls should be designed with explosion venting. This can be accomplished by using lightweight metal panels with special fasteners which will release when subjected to an explosive force.

#### Ceilings

With most combustible construction, an acceptable ceiling would be 5/8" Type X gypsum wallboard secured to each joist with 6d cement coated nails spaced six inch (6") on centers with joints properly taped and nail heads covered with compound.

When there is noncombustible construction above the room and it does not have at least a one-hour fire resistance rating, a one inch (1") metal lath and plaster ceiling, or equivalent, is acceptable.

#### Floors

If possible, the floor should be concrete. When it is necessary to locate the room on an existing wood floor, it will not be possible to provide the specified fire resistance and other authorities having jurisdiction should be consulted as to their requirements. As a minimum, the floor should be coated with a liquid tight material, providing a limited amount of protection in the event of a fire in the room. If an epoxy is used, be aware that this may involve the use of a resin with a flash point as low as 70° F and proper precautions should be observed during the application, including good ventilation and exclusion of all ignition sources.

In addition to a liquid tight floor, the lower four inches (4") of the wall and junction between the floor and wall should also be liquid tight. Any door opening in an interior wall should be protected with a raised sill or ramp at least four inches (4") high or an open grated trench should be provided across the doorway with a drain to a safe location.

Adequately trapped drains should be provided to accommodate the maximum sprinkler discharge. The floor should be pitched toward the drains with a minimum slope of one inch (1") to 10' and drains should be piped to a safe location. In urban areas, the only safe location may be a buried tank. Because the potential sprinkler discharge under adverse fire conditions might exceed what would be practical to provide in tank capacity, it may be sufficient to design the tank simply to receive accidental spills, with sills or ramps at all interior openings and scuppers discharging to the outdoors to carry off excess sprinkler discharge before reaching a level where it would overflow the sills or ramps.

#### BONDING AND GROUNDING OF FLAMMABLE LIQUID CONTAINERS

Bonding and grounding of flammable liquid containers minimizes static sparks which can cause explosions and fires.





FCCI RISK CONTROL

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## Hot Work Permit Program

Hot work includes, but is not limited to, anything that may generate flames, sparks or high levels of heat. A Hot Work Policy statement should be developed, distributed and signed by senior management. It should also state that the worker is required to follow the procedures to help control the additional hazards present during and immediately after hot work is performed.

### MINIMUM REQUIREMENTS THAT MAKE UP A HOT WORK PERMIT (HWP) PROGRAM INCLUDE AT LEAST:

- A Hot Work Permit Program (HWP) should be established to keep all the supervisory staff informed of the extra fire hazard being created in their work area.
- The Permit Authorizing Individual (PAI) who has jurisdiction for the area in which the work is to be performed is the only person authorized to issue a HWP.
- The PAI is responsible for confirming that the identified location is 'fire safe,' which means protecting or removing combustibles from the ignition sources.
- The permit will have an expiration time, not to exceed one day. If necessary, another permit will be issued.
- The HWP is to be returned to the PAI immediately after the work is completed.
- Workers who use hot work equipment (welders, acetylene torch, etc.) need to be trained in safety practices.
- Hot work should be prohibited in or on vessels containing flammable or combustible substances, until they have been completely cleaned, ventilated, purged and inerted.
- If there is a chance of flammable or combustible vapors in the atmosphere, the air should be monitored.

- A fire watch needs to be assigned to the specific site where the work is to be performed. The fire watch should be a competent worker primarily assigned to detect and extinguish smoldering fire.
- The fire watch is to inspect the work area during and up to 30 minutes or more after completion of the hot work operations or at the expiration of the HWP, whichever is sooner.
- At least one fire extinguisher for each hazard present within a 35' radius should be available. Sometimes a single A:B:C type extinguisher can provide the necessary extinguishing agent.

The Occupational Safety and Health Administration (OSHA) Regulation 29CFR1910.251, NFPA 51B, the National Fire Prevention Association's (NFPA) *Standard for Fire Prevention During Welding, Cutting, and Other Hot Work*, and the American National Standards Institute's (ANSI) Standard Z87.1-1989 offer more detailed guidelines pertaining to hot work.

The Sample Hot Work Permit and Hot Work Precautions Checklist that follow may be used as guidelines to help you develop a procedure tailored for your company.

#### CONTINUED

FCCI Risk Control 800-226-3224 | www.fcci-group.com

SAMPI E HOT WORK DERMIT	FCCI Risk Cont	rol
	800-226-3224   www.fcci-group.o	com
Hot Work being performed by:		
	Data	
	Date	
Person responsible:	Start time:	
Specific location where work is to be perfor	ned:	
Description of work to be performed:		
Name of person performing the Hot Work: _		
Specific preventative activities:		
The location and conditions where work is t	b be performed was examined and precautions have been taken.	
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### PAGE 3

## Hot Work Precautions Checklist

#### **Hot Work Permit**

- Before authorizing this Hot Work Permit, the PAI has inspected the work area and confirms that the necessary protection has been afforded to prevent fire.
- □ Work will only be performed at the location specified on the permit.
- $\hfill\square$  A confined space entry permit has been authorized.

#### Fire Watch (People)

- □ A qualified operator will be in charge and at the site.
- All workers using welding or hot work equipment shall be trained in the use of the equipment and safety procedures.
- A competent worker has been assigned the primary duty of fire watch (including break time, lunch time, and for at least 30 minutes past the end of the task or expiration of permit).
- □ The Fire Watch has been trained in the procedures for sounding alarm.

#### Work Environment

- □ Floors have been either swept and cleared of combustibles or wet down.
- □ Combustibles have been moved 35' from the operation.
- □ All wall and floor openings within 35' have been tightly covered.
- □ Adequate ventilation is provided to remove smoke, vapors or fumes from work area.



#### Procedures

- □ All safety procedures, federal, state, and local laws and ordinances are to be observed.
- □ Lock Out / Tag Out procedures have been implemented.
- □ Hot work equipment is in good repair.
- A sufficient supply of appropriate portable fire extinguishers is available as is the personnel trained to use them.
- □ Sprinklers, where provided, are in service and will not be taken out of service while this work is being performed.
- □ The area is protected with devices to detect smoke or heat.

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## PAGE 1

·····	Date of in	nspeo	ction:
Property Self-Inspection Check	dist		
his list should be used as a guide to prepare your own self-inspection checklist. are conditions and protections satisfactory? Il 'NO' answers require comments and a completion date for corrective action.			
	YES	NO	COMMENTS
2. Inspected tagged and dated within past 12 months			
Adoquate number eize, class and distribution of extinguishers			
4. Employees are preparly trained			
<ol> <li>Employees are properly trained</li> <li>All vehicles and other mobile equipment provided with extinguishers</li> </ol>			
1. Wiring untrayed, in good condition, and properly grounded			
2. Switch panels and fuse boxes closed			
3. Switch panels and fuse boxes not hot <i>to the touch</i>			
4. Fuse box / circuit breaker switches labeled and boxes numbered			
5. Extension cords are appropriate, heavy duty and in good condition			
6. Extension cords are not run under carpet or rugs			
7. Extension light sockets insulated			
8. Portable tools grounded or double insulated			
9. Lock-out devices provided and used			
10. Clear access to power panel boxes			
11. Explosion proof lighting fixtures installed in Class I, Division 1			
12. Periodic infrared inspection of critical operations and equipment			
IVAC			
1. Inspected and maintained by a qualified person			
2. Service contract in place with a licensed and insured HVAC contractor			
3. Trash and other combustibles kept away from equipment			
4. Air filters are clean			

## **Property Self-Inspection** Checklist



**NO COMMENTS** 

YES

 $\square$ 

 $\square$ 

 $\square$ 

## HOUSEKEEPING

- 1. Trash receptacles emptied regularly; at least daily
- 2. Outside grounds free of trash, brush, etc.
- 3. Exits marked and free of storage
- 4. Oily and soiled rags, mops, etc., kept in self-closing metal containers
- 5. Trash, pallets, and any other combustibles kept away from the building
- 6. Use only specially designed products to absorb an oily spill

#### **STORAGE**

- 1. Flammable and explosive materials stored and handled safely
- 2. Bagged materials properly stacked with no leaning piles
- 3. Drums of flammable / combustible liquids not stacked
- 4. Compressed gas cylinders properly secured and valve covers in place
- 5. Oxygen cylinders separated from combustible gases
- 6. Fire doors are not blocked

#### **SMOKING**

- 1. Policy written and enforced
- 2. Designated smoking area provided
- 3. Proper receptacles (ashtrays) provided
- 4. No smoking signs posted

Page 2 of 2

### PAGE 1

## FCCI RISK CONTROL

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## Windstorm Checklist

#### **PREPLANNING AND PREPARATION**

- Establish a Disaster Preparedness Plan
- □ Review the Plan annually; modify as needed
- □ Have at least an annual performance drill
- Keep all trees pruned away from the building and trimmed of dead limbs
- Do not plant large trees close to the building
- Replace decorative rocks and gravel with pine bark and mulch
- D Photograph or video the property thoroughly; keep these documents in a safe place
- □ Maintain roof, gutters, downspouts and roof drains in good condition
- □ Keep windows and doors in good repair and frames secured
- $\hfill\square$  Have general repair material and tarpaulins on hand
- Have emergency and employee contact information available (set up a call down procedure)
- □ Reduce roof attachments to as few as possible
- Develop a plan to protect all documents and office equipment
- Have a qualified, licensed professional evaluate the building to identify feasible retrofit improvements (e.g., hurricane straps, laminated window glass, safety film, etc.)

#### **BEFORE THE STORM**

- □ Bring in any outdoor items that may become airborne in strong winds
- Turn off all utilities where they enter the building (gas, electric, water), upon notification
- □ Gas up vehicle tanks
- Remove important documents and file copies to a safe and protected location
- Contact all your locations which may be exposed to a windstorm
- Protect and cover any other wall or roof openings
- $\hfill\square$  Apply extra bracing for overhead and double doors
- Get extra cash for emergency contractors and services
- Lift important items off the floor
- □ Cover computers, printers, copiers and other office equipment with plastic bags

Page 1 of 2

## PAGE 2

## Windstorm Checklist



### **AFTER THE STORM**

- Contact the Claim department to report damages
- Before reentering the building, be sure the structure is safe and in no danger of collapse
- Contact the utility companies before re-energizing the building
- $\hfill\square$  Inspect the property carefully for any live, downed power lines
- Open windows and doors to remove foul odors and release escaping gas
- □ Photograph or video the damage
- Do not strike a match or use any open flame
- Dispose of spoiled perishable food
- □ Make temporary repairs to reduce further losses
- □ Notify your employees as to when they can report back to work
- □ Secure all hazardous, flammable and combustible liquids and gases
- □ Clearly mark the street address on your building

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Page 2 of 2

## Sample Wetpipe Sprinkler System Inspection Checklist



Sample Wetpipe Sprinkler System Inspection Checklist			
Name:	Reviewer:		
Location:	Date:		
NEDA OF Other developments in Testing and Maintenance of Weter Devel Fire Developments			

NFPA 25 – Standard for the Inspection, Testing and Maintenance of Water-Based Fire Protection Systems is generally considered the standard for the inspection, testing and maintenance of sprinkler systems. Your inspections should be based on the NFPA 25 Standard, unless other specific standards are mandated by authorities having jurisdiction. The following checklist is intended to help you develop one to meet your specific needs. Consult your fire sprinkler contractor or service company to be sure your sprinkler system maintenance, inspection and testing program meets your needs and is in compliance with applicable laws, regulations and requirements in your area.

Inspection or Test	Frequency	Yes	No	N/A
1. Sprinkler heads free of corrosion, foreign materials, paint and physical damage	Annually			
2. No obstructions to sprinkler head spray pattern	Annually			
3. Sprinkler heads subject to mechanical damage are provided with guards	Annually			
<ol> <li>Sprinkler head box has at least six (6) spare sprinklers; no less than two</li> <li>(2) of each type installed in system</li> </ol>	Annually			
<ol> <li>All sprinkler heads less than 50 years old; fast response type: less than 20 years old; or have had representative samples tested within last 10 years.</li> </ol>	10 years			
6. Control valves are locked open and appear to be in good condition	Weekly			
7. Wrench, when required, is in place (i.e., post indicator type valves)	Weekly			
8. Control valves are unobstructed and readily accessible	Weekly			
9. Sprinkler piping is free of mechanical damage, leaks, corrosion and misalignment	Annually			
10. No loads hung from piping	Weekly			
11. Pipe hangers and seismic braces are secure and undamaged	Annually			
12. Adequate building heat to protect pipes from freezing (inspect prior to freezing weather)	Annually			
13. Gauges are in good condition and normal water supply pressure is maintained         Supply Static Pressure (psi)         System Static Pressure (psi)	Weekly			
14. Gauges tested against calibrated gauge and replaced or recalibrated, if not accurate within 3% of full scale	5 years			
15. Hydraulic nameplate is legible and attached securely to sprinkler riser	Quarterly			
16. The freezing point of solutions in antifreeze shall be tested by measuring the specific gravity with a hydrometer or refractometer and solution adjusted, if necessary	Annually			
17. Fire department pumper connection is visible, accessible, in good condition, unobstructed and caps are in place	Quarterly			
<ul> <li>18. Main drain test conducted to assure underground valves are open and water mains are unobstructed</li> <li>18a. Supply Gauge Static (psi)</li> <li>18b. Supply Gauge Main Drain Flow (psi)</li> <li>18c. System Gauge Static (psi)</li> <li>18d. System Gauge Main Drain Flow (psi)</li> </ul>	Quarterly			
Notes:				
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## ISO Sprinkler System Evaluations for Premium Credits

An ISO field representative may complete an evaluation of the automatic fire sprinkler system in your building to determine if you may be eligible for a premium credit. Buildings equipped with an automatic fire sprinkler system often do not receive full credit; however, this is usually due to the fact that ISO does not have access to the information they need in order to conduct a complete evaluation of your system.

## A complete evaluation of your automatic fire sprinkler system will include a review of the following elements:

- System design based on requirements of occupancy; check with National Fire Protection Association (NFPA-13) to verify your occupancy classification
- Water supply
- System installation and components
- System testing (initial and current)
- Areas of the building without sprinkler protection
- Building conditions impacting the operation of the sprinkler system

# The following items must be available for the ISO representative to review in order for the building to potentially qualify for full automatic fire sprinkler system credit:

- Main drain test results (all systems) The latest water supply testing documentation should be readily available, e.g., results for the hydrant flow test and two inch (2") drain test should be available
- A copy of the underground and overhead piping hydrostatic test certificate (all systems)
- Ory pipe trip test (systems with dry pipe valves)
- Fire pump field performance test (systems equipped with a fire pump)
- System design criteria in the form of sprinkler plans, hydraulic calculations or hydraulic data plaque information

- Name of sprinkler contractor, if available; all documentation of annual fire sprinkler system inspections should be maintained on file
- To facilitate the evaluation, the ISO representative should have access to all areas of the building, particularly the riser room and all sprinkler control valves

If the recent main drain test information is not available, the ISO representative can witness, but not conduct, a main drain test at the time of the visit.

#### What is a main drain test?

During a main drain test, the main drain valve, located on the automatic fire sprinkler system riser, is opened to allow for a full water flow. The purpose of the test is to determine whether all valves controlling your system are open and an adequate supply of water is available. Pressure readings are taken during the test. Since water is flowing outside the building, care should be taken to ensure there is adequate drainage so that landscaping or other items will not be damaged.

#### Who conducts the main drain test?

The building owner or a designated representative may conduct the main drain test. It is important to note that ISO staff will only witness the test, and they will only witness the test when the required documentation is missing or incomplete. The ISO staff will not operate any equipment. Prior to conducting a main drain test, the local fire department or sprinkler alarm company must be notified.

#### **CONTINUED ON BACK**

#### Who maintains the documentation?

The property owner should maintain copies of any test records for the automatic fire sprinkler system at the building site location. The property owner is also responsible for determining who would conduct periodic tests. Whether an outside firm or an authorized representative performs the test, the results should be logged and added to the testing record. Automatic fire sprinkler systems may not receive insurance credit if records are not provided to the ISO representative.

All forms regarding the automatic fire sprinkler system testing and additional information about automatic sprinkler credit may be obtained by calling ISO Customer Service at 1-800-677-2878.

Tenants are advised to contact the property owner or building management regarding the availability of the needed information and the name of the person responsible for the testing.



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## Electronic Data Processing (EDP) Risk Control Checklist

#### **FIRE**

- Provide portable halon substitute fire extinguishers
- Provide a separate EDP room when total values exceed \$1 million dollars to include: walls, doors, etc., having at least one-hour fire rated construction and protected by a fixed, automatic, total flooding extinguishing system
- □ Enforce a 'No Smoking' policy in the computer area
- Use only Underwriters Laboratories (UL) listed waste cans
- □ Minimize storage of paper and other combustibles in and around equipment or software storage areas

#### **ELECTRICAL**

- Protect equipment from lightning strikes with a lightning arrester system
- □ When a storm is approaching, save your work and turn off the equipment; disconnect equipment from power source, if possible
- □ Use only UL Listed collateral equipment (power cords, power distribution units, telephone cords, etc.)
- □ Install an uninterruptable power source (UPS)

#### **CRIME AND SECURITY**

- Do no leave portable equipment in plain view inside parked vehicles
- □ Establish a policy and procedure for use of company approved software to help protect against computer viruses
- □ Control physical access to EDP areas and equipment
- Have a security and fire detection system, monitored by a central station, under a service contract agreement
- □ Require passwords to be updated periodically, at least every two months
- Install antivirus software and keep it up-to-date
- Do not open email attachments generated from an unknown source
- □ Install software firewalls to protect your programs and data

#### GENERAL

- Place equipment where it is protected from hot and cold temperatures
- □ The computer room should be above the ground floor and in the center of the building
- □ Install independent HVAC systems in data centers to protect equipment from high heat exposure
- □ Keep purchase records with date, purchase price, description and serial numbers of equipment in a safe place, preferably off-site
- □ Maintain copies of your software programs off-site
- Back up computerized data and records at least weekly and store off-site
- □ Have a business resumption plan in place (refer to "Open for Business: A Disaster Planning Toolkit for the Small Business Owner" at www.IBHS.org)

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## PAGE 1

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# **Contractor's Equipment Checklist**

#### **FIRE**

- □ Store equipment safely away from flammable materials and sources of high energy (electrical, manufacturing processes, hydraulic, nuclear)
- □ Store equipment away from wooded areas to prevent wildfire damage
- Keep undercarriage free of brush and debris
- Install fire extinguishers on equipment
- Train employees in proper use of fire extinguishers
- Emergency telephone numbers posted on or near equipment
- U When parking overnight, consider need for fire department access
  - Safe equipment fueling practices including:
  - Secured fuel tank on level ground located remote from work areas
  - Allow equipment motors to cool down before refueling
  - Transfer fuel using approved pumps and flammable liquid containers
  - · Grounding and bonding of fuel tanks
- Use fire resistant hydraulic fluids
  - Safe equipment maintenance practices including:
  - Perform field repairs according to manufacturers' safety instructions
  - Perform on a scheduled basis; keep records
  - Repair or replace worn or damaged electrical wiring, fuel lines, hydraulic fluid lines
  - ° Clean equipment on a regular basis with special attention to engines
- Avoid concentration of values in storage or equipment yard, on job site, or within buildings
- Prohibit smoking by equipment operators

#### WEATHER-RELATED PERILS

- Store away from low lying or other areas prone to flooding
- Develop and distribute emergency plan to remove equipment to safe areas prior to adverse weather
- Keep abreast of weather conditions and discontinue operations in extreme weather
- Lower mobile crane booms in high wind conditions
- Do not store equipment adjacent to high rise buildings
- Disperse high value equipment
- Do not store equipment near embankments
- Check overhead exposures such as power lines and large trees
- Store small tools on high ground, on platforms, or off the floor

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# PAGE 2

# Contractor's Equipment Checklist



#### **COLLISION AND OVERTURN**

- Develop thorough hiring and screening practices for equipment operators
- □ Implement a drug-free workplace program
- Designate authorized equipment operators
- □ Train operators in equipment safety features
- Train forklift operators using FCCI's Powered Industrial Truck Operator Training Program, or similar program
- $\hfill\square$  Inspect equipment and tools prior to each use
- Test equipment prior to operating
- □ Know work area conditions and understand that they change daily on job sites
- □ Keep ramp angle low when loading equipment onto transport carrier
- □ Maintain minimum fuel levels on loaded equipment
- □ Center, stabilize and shackle equipment to transport carrier to prevent movement and secure upper body of equipment to prevent rotation
- □ Chock wheels and tracks of equipment
- □ Install adequate warning lights and flags
- Neutralize all operating controls and lock ignition
- □ Set the hand / emergency brakes
- □ Maintain proper tire pressure
- Know work area, traffic patterns, speed limits, road bed conditions, location of holes, mud, ice, overhead exposures and terrain
- Use well-trained flag persons
- Use headlights on equipment
- Use audible warnings on equipment (e.g., horns, backup alarms, etc.)
- □ Always check rear view prior to backing
- □ Use a spotter
- Use turn signals
- □ For large units, place flags at front and rear of vehicle
- Do not transport workers on equipment unless cab is designed for additional passengers
- □ Never travel with full or near capacity loads
- □ Center and stabilize the load
- □ Plan route, avoid defective road beds, soft ground and slopes
- Check overhead, side and underpass clearances
- □ While scraping, hauling or dumping, keep loads low and at a safe distance from ditches, excavations, walls and overhangs
- Avoid side hill travel when operating equipment on slopes
- Avoid sharp turns

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# PAGE 3

Checklist		800-226-3224   www.fcci-group.con
CRIME / VANDALISM Refer to Contractor's Equipment Crime Preventic	on Checklist.	
Describe corrective action taken and control mea	asures implemented for a	ny unchecked items on list.
Comments:		

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# **Installation Floater Checklist**

- □ Storage areas on job sites should be secured from vandalism, theft and property damage.
- □ Install a fence around the job site.
- □ Keep your material and equipment protected from rain, snow, wind and rising water.
- □ Keep items elevated off the floor, such as on pallets.
- □ Store larger quantities of material and equipment at more than one secured area.
- Use only insured rigging companies to lift and set your material and equipment.
- Test and inspect all equipment, slings, harnesses, wire rope, hooks, etc., prior to making a lift.
- Use outriggers and properly position lifting equipment. This is critical.
- □ Brace exterior walls and trusses to withstand local wind conditions.
- □ Keep fire extinguishers readily accessible on job site.
  - Note: keep a minimum of one fire extinguisher for every 3,000 sq. ft., maximum travel distance of 75' between them, and at least one fire extinguisher on each floor of a multi-story building.
- □ Keep job site clean and well organized. Do not allow trash to accumulate.
- Properly store all combustible liquids and gases.
- □ Store property away from wooded areas to help prevent damage by wildfire.
- □ Maintain inventory records of covered property on the site described in the policy declarations.
- $\hfill\square$  Request suppliers to only ship materials and equipment as you need them.
- Use a signed contract to verify your customer's acceptance of your work and the materials and equipment installed.
- □ Have procedures in place to ensure prompt notification of fire department.
- Be sure fire department is familiar with the job site.
- Use only Underwriters Laboratories (UL) listed heaters for temporary heating.
- Be sure a fire watch is used during cutting or welding operations.

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# **Transportation Checklist**

#### WHEN SHIPMENTS ARE NOT ON YOUR OWN VEHICLES:

- Do goods require any special or unique handling requirements?
- □ Check to see if carrier is qualified in general for special needs:
  - Check the Internet
  - Check references
- □ Inquire about their qualifications
- □ Review their motor truck cargo liability coverage
- Ask them about their security measures
- Package your product to protect it from normal handling damage
- □ Keep accurate records of what was shipped, when, carrier, value of items and shipping destination
- Obtain confirming documents that the consignee has received all goods shipped
- Have the carrier tell you how long it should take to arrive at customer's business
- □ Find out if the carrier (transporter) plans to place the goods with another carrier to complete delivery
- □ Verify that all loads are properly secured

#### WHEN DELIVERING YOUR OWN GOODS, DO ALL OF THE ABOVE AS WELL AS THE FOLLOWING:

- Padlock the loading doors on truck
- □ Always remove the ignition key when exiting the vehicle
- □ Lock all vehicle doors upon leaving
- Carry sufficient manpower and equipment to safely unload the delivery
- Park the vehicle so as to not block vehicular or pedestrian traffic
- Do not leave your delivery unless it is signed for by an authorized customer representative
- Protect your delivery from theft and from the environment
- Separate coverage is needed for items such as, but not limited to, jewelry, precious stones, precious metals, art, antiques, furs, money & securities, and property held in storage; mail shipments in custody of the U.S. Postal Service
- Equip your vehicle with a security location device
- Select your route based on the gross vehicle weight and overall height of load
- Review your coverages with your agent to be sure they meet your needs

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# **Contractor's Equipment Crime Prevention Checklist**

		YES	NO
DO	CUMENTATION	_	_
1.	Have a current list of all equipment and other property (hereafter referred to as 'equipment') insured?		
2.	List includes original date of purchase?		
3.	List includes original cost with accessories?		
4.	List includes serial numbers?		
5.	List includes location of serial or ID numbers on equipment?		
6.	List includes model number?		
7.	List includes description of equipment including size, weight and manufacturer's name?		
8.	Have current photographs of equipment to help with police and insurance company identification?		
9.	Keep a daily record of where equipment is located while on job sites?		
10.	Compare equipment list with record?		
11.	Comparison done by someone who does not assign equipment to job sites or transfer equipment from job site to yard or another job site?		
12.	Does your CPA audit and physically inspect all equipment?		
13.	Scope of audit includes verification of equipment values?		
14.	Scope of audit includes a comparison of serial or ID number shown on your equipment list with a representative proportion of your equipment?		
15.	Scope of audit includes a comparison of insured values to replacement or current market value for each piece of equipment?		
16.	Inventory small tools on a weekly basis?		
EQI	JIPMENT SAFEGUARDS		
1.	Identify your equipment in a unique way (e.g., bright paint color, company name in large block letters)?		
2.	Engrave your equipment with your own ID numbers in at least two places: one obvious; one concealed	?	
3.	Post warning notices on equipment advising that all VIN numbers and serial numbers have been recorded?		
4.	Equipment includes anti-theft devices or double locking systems?		
5.	Is heavy equipment immobilized in an effective way when not in use (e.g., remove rotor, lower blade or buckets, remove battery or starter)?		
6.	Is equipment provided with anti-vandalism devices and locks such as locking caps for fuel, oil and hydraulic systems and locked panels for engine and instruments?		
7.	Are major pieces of equipment protected with alarm systems or theft recovery systems? (identify in comment section)		
8.	Is equipment locked at night and keys removed?		
	Page 1 of 2 © 20	20 FCCI Servi	ces, Inc. 080320

# Contractor's Equipment Crime Prevention Checklist



KEY CONTROL AND SECURITY         1. Keep record of the number of key sets you have for each piece of equipment?         2. Specific individual accountable for key control?         3. Are keys to all equipment stored on the job sites and yard accounted for and documented?         4. Is documentation and accountability for keys performed by someone not authorized to assign or transfer equipment to job sites or yard or another job site?         5. Are keys for equipment assigned to job sites collected and accounted for at end of each workday?         6. Does your daily report include a statement as to the disposition of all equipment and keys?         YAED AND JOB SITE SECURITY         1. Maintain adequate fire break or separation between equipment and other property stored overnight?         2. Does job site have temporary lighting and locked fencing on all sides?         3. Install 'No Trespassing' signs on job sites?         4. Are local police and fire department notified of your job sites and requested to increase surveillance?         5. Install 'No Trespassing' signs on job sites?         6. Store small tools in a locked tool orb. Job trailer or secured gang box?			YES	NO
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# **APPENDIX G1**

# PAGE 1

# FCCI RISK CONTROL Blueprint for Safety®



Prepared by: \_

Location: \_

# **Crime Prevention Checklist**

#### **BURGLARY**

□ Install deadbolt locks on all doors: double cylinder deadbolt locks on glass doors

Date of inspection:

- Be sure doors and windows are locked at close of business
- Install a card access system
- □ Install surveillance cameras
- □ Install central station burglar alarm systems to doors, windows and interior spaces
- Employ a watchman or security guard service
- □ Install impact resistant glass, roll up gates or burglar bars
- Provide adequate exterior lighting
- □ Fence in property
- □ Issue photo ID badges to employees
- □ Re-key all locks on company property after layoffs
- □ Stagger lunch breaks to provide employee presence and deter midday burglaries
- □ Store narcotics, alcohol and medicine in locked areas
- Arrange for local law enforcement patrols at regular intervals

#### SAFE BURGLARY

- □ Use Underwriters Laboratories (UL) listed safes
- Use safes with drill resistive hard plates
- □ Use safes with relocking devices
- □ Use safes with sawtooth baffles
- □ Use heavy safes
- Bolt safes to the floor
- Locate safe in front of building and in visible area
- Install UL certified safe alarms
- □ Install the safe in the floor, preferably in a concrete slab
- Keep monetary values in the safe to a minimum

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# **APPENDIX G1**

# PAGE 2

# **Crime Prevention Checklist**



#### ROBBERY

- Make bank deposits daily
- $\hfill\square$  Stagger deposits, and travel in pairs
- □ Avoid using a bank night depository
- □ Immediately stamp checks For Deposit Only
- Use armored car service for money transport and high value items
- Use bullet resistive enclosures at 24-hour businesses or for high cash amounts handled
- □ Have more than one employee on duty for late night or early morning hours
- Post signs to show only limited cash amounts kept on premises
- □ Keep money, securities and valuable items in a locked safe or vault
- □ Master keys controlled
- Avoid keeping large amounts of cash on premises
- □ Install surveillance cameras directed at points of entry and expensive items
- $\hfill\square$  Monitor cameras regularly and record on videotape
- Use UL certified central station holdup alarms with buttons in multiple locations
- □ Install silent alarms below all cash registers and monitored by central station
- □ Train employees to comply with the instructions of armed robbers
- □ Keep premises well lit

#### **GENERAL SECURITY**

- □ Require ID badges be worn at all times
- Report theft or loss of badge immediately
- □ Return badges upon termination
- □ Implement visitor badge and check-in procedures

#### **OTHER THEFT**

- □ Train employees to recognize signs of shoplifting
- Require photo ID for all sales transactions paid for by check
- Prevent shoplifting by not displaying expensive merchandise near entryways
- Prevent shoplifting by alternating hangers on clothing displays
- Be suspicious of persons wearing heavy coats in warmer weather
- □ Install convex mirrors in concealed corners
- Protect payroll checks with a watermark or paper stock with security

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# V. Bulletins

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# **CONTRACTUAL RISK TRANSFER BEST PRACTICES**

Individuals that are better positioned for success understand the necessity of risk management in business. No risk, no reward is a timeless truth, and in order to succeed, risk must be confronted.

Regardless of your industry, you should have a contractual risk transfer program in place to mitigate the exposures that your organization faces. The following is an overview of key elements and tips relating to contractual risk transfer and how to successfully manage and transfer risk.

#### Recordkeeping

Your organization should have an orderly recordkeeping system and develop record retention criteria in compliance with applicable laws. With the prevalence of electronic documents and storage, why not keep records permanently?

Examples of records that should be retained pursuant to your recordkeeping system and retention criteria include:

Job Specifications	Blueprints	Design criteria	Quality control data
Contracts	Hold harmless agreements	Certificates of Insurance	Other supporting information

### Sound Contracts

Seek legal assistance when developing contractual agreements with subcontractors and before signing agreements with others.

#### **Hold Harmless Agreements**

What: Commonly referred to as an 'indemnification agreement,' a hold harmless agreement or clause is a contractual device used to transfer costs from one party to another. One party, known as the indemnitor, agrees to bear responsibility for the specified losses, damages or liabilities of another party, the indemnitee.

There are a number of types of hold harmless clauses, differentiated by the extent of the liabilities they transfer. The most commonly used types of clauses are the broad, intermediate and limited form hold harmless clauses.

- Broad Form Indemnification Indemnitor agrees to hold indemnitee harmless for all liability pertaining to the subject matter of the agreement, regardless of who was responsible for the loss.
- Intermediate Form Indemnification Indemnitor agrees to hold indemnitee harmless for all liability pertaining to the subject matter of the agreement except for any damage, injury or claim that is caused by the indemnitee's sole negligence.
- Limited Form Indemnification Indemnitor agrees to be responsible only for losses caused by its sole negligence.
- Why: An indemnification agreement is used to protect the indemnified party against losses from third party claims related to the contract.
- **How**: Consult your legal counsel when entering into contracts to ensure the indemnification language provides the intended indemnity and complies with the laws of the state that govern the interpretation of the contract.
- S Tips:
  - · Have legal counsel review all contracts and, specifically, the indemnification language.
  - Become familiar with the differences between broad form, intermediate form and limited form indemnity.

#### **Additional Insured Status**

- What: Additional insureds are individuals or entities who are specifically added, or required by contract to be added, to the policy, usually by endorsement, and may have rights under another entity's commercial general liability (CGL) policy.
- Why: Contractors and others are often required to add various parties, such as owners and design professionals, as additional insureds on their CGL policies. At other times, contractors may require their subcontractors to name the contractor as additional insureds on the Subcontractor's CGL policies.

- How: Additional insured status is determined based upon the specific language in a contract and the specific language in policy endorsements.
  - When policyholder is asked to name another entity as an additional insured: The policyholder should discuss with its agent the requirements of the contract, available additional insured endorsements and scopes of coverage, and other implications of naming an entity as an additional insured on its policy.
  - When policyholder asks to be an additional insured on another entity's policy: The policyholder should review the language of the contract requiring the other entity to name the policyholder as an additional insured as well as obtain copies of certificates of insurance, the policy and endorsements establishing that the policyholder is an additional insured on the other entity's policy. It is a good business practice to review these documents with your agent or legal counsel.

#### C Tips:

- Implement a process to be sure you obtain and maintain current COIs, policies and endorsements on file for all contractors with whom you are working.
- Confirm with your agent that all COIs indicate adequate policy limits and coverages and that specific
  additional insured requirements are properly indicated.
- Be aware of contract requirements and the impact of changes to your contracts, and seek the advice of legal counsel, as needed.

#### **Certificates of Insurance**

- What: A certificate of insurance (COI) is a document issued by an insurance company or broker serving as proof of an insurance policy and summarizing key information, including the insured's name and address, policy effective date, coverage types and policy limits.
- Why: The COI is evidence of insurance and only proves that the specified policies were in effect at the time the certificate was issued. The COI is a summary of the policy and may not contain relevant information, such as coverage exclusions, an excess or other insurance clause, or reduction in aggregate limits by previous claims. The COI cannot be used to modify the terms of the policy and may not reflect coverages that have been excluded or expanded by endorsement.

The certificate holder must verify the policy's effective dates, coverage types, limits, status of additional insureds and any other relevant terms by contacting the insurance company or agent directly.

**How**: Request a COI directly from the insurance company or agent and always obtain an original. Confirm with the insurance company or agent the identity of the insured, policy effective dates and coverage types and amounts.

**V** Tips:

- Establish a written Certificate of Insurance policy to obtain and maintain required COIs, including a process to review and verify that COIs are current, policies are in force, and the coverages, limits and additional insured status are correct and comply with any contract or law.
- Save old COIs, in case a coverage issue arises in the future.
- Speak with your agent about any COI needs.

# MANAGEMENT GUIDE FOR DETERMINING ACCIDENT PREVENTABILITY

The determination of accident preventability applies only to the administration of a risk control and safety program. It is only intended as an aid for monitoring the driving habits of drivers and does not apply to a determination of fault, negligence or other legal liability for any driving violation or accident.

#### **Preventability and Defensive Driving**

The concept of preventability is based on the belief that minimizing accidents and optimizing safe driving performance requires consistent adherence to defensive driving principles and techniques such as those backed by the National Safety Council.

Factors used in determining *preventability* do not include concepts such as fault or negligence which typically have legal connotations. Instead, with legal considerations aside, determinations focus on using defensive driving ability to avoid accidents, in spite of another driver's wrong actions or adverse driving conditions.

#### **Standard of Performance**

Accidents involve so many different factors that it is impossible to set hard, fast rules to classify them as *preventable* or *non-preventable*. Management must make this determination to ensure consistency and impartiality. The following guidelines are offered to assist with this process.

- 1. **Intersections** Drivers must approach, enter and cross intersections prepared to avoid accidents that might occur through the action of other drivers. Complex traffic movement, blind intersections, or failure of the other driver to conform to law or traffic control devices will not automatically dismiss an accident as *non-preventable*. Intersection accidents are typically *preventable* even though a driver has not violated traffic regulations.
- Backing Practically all backing accidents are *preventable*. A driver is not relieved of responsibility to back safely even when someone guides the maneuver. Only the driver can control the movement of the vehicle, checking all clearances through proper use of rear view mirrors and turning to look back.
- 3. Front-end collisions Regardless of an abrupt or unexpected stop of the vehicle ahead, a driver can avoid accidents by maintaining a safe following distance at all times. Even under ideal driving conditions, a driver should maintain a 2-second following distance between his vehicle and the one ahead. A driver must also be prepared for possible obstructions on the highway, either in plain view or hidden by the crest of a hill or the curve of a roadway. The strength of your car's headlights, the speed of your reactions and the power of your brakes determine how fast you can drive safely at night. These factors combine to determine your safe stopping distance.
- 4. Rear-end collisions Investigation will often disclose that a driver risked being struck from behind by failing to maintain a margin of safety in his own following distance. Rear-end collisions preceded by a roll back, an abrupt stop at a grade crossing, when a traffic signal changes, or when a driver fails to signal a turn at an intersection are preventable. Failure to signal intentions or to slow down gradually should result in a determination of preventable.
- 5. **Passing** Failure to pass safely suggests faulty judgment and possible failure to consider one or more important factors that a driver should observe before attempting the maneuver. Unusual actions of the driver being passed or of oncoming traffic might appear to exonerate a driver involved in a passing accident, however, the entire passing maneuver is voluntary and the driver is responsible.
- 6. **Being passed** Sideswipes and cut offs while being passed are *preventable* if a driver fails to yield to the passing vehicle by slowing down or moving to the right where possible.
- 7. Lane encroachment A defensive driver is rarely a victim of entrapment by another driver when changing lanes. Similarly, entrapment in merging traffic is an indication of unwillingness to yield to other vehicles or wait for a break in traffic. Blind spots are not valid excuses for lane encroachment accidents. Drivers must make extra allowances to protect themselves in areas of limited sight distances. Squeeze plays causing involvement with parked cars, pillars and other road structures can be avoided by dropping back when it is apparent that the other driver is forcing the issue or contesting a common portion of the road.
- Grade crossings Collisions with fixed rail vehicles, such as trains, street cars, etc., occurring at grade crossings, in traffic, in a rail yard, switch area or on private property, are the responsibility of the defensive driver to avoid.

- 9. Opposing vehicles It is extremely important to closely examine the action of your driver when involved in a head-on or sideswipe accident with a vehicle approaching from the opposite direction. Exact location of vehicles, prior to and at the point of impact, must be carefully verified. Even though an opposing vehicle enters your driver's traffic lane it may be possible for your driver to avoid the collision. For example, if the opposing vehicle was in a passing maneuver and your driver failed to slow down, stop or move to the right to allow the other vehicle to re-enter its own lane, your driver has failed to take appropriate action to avoid the occurrence. Failing to signal the opposing driver by flicking the headlights or sounding the horn should also be taken into account.
- 10. Turning Turning movements, like passing maneuvers, require the most exacting care. Squeeze plays at left or right turns involving other vehicles, scooters, bicycles or pedestrians are the responsibility of the driver making the turn. Failure to signal, properly positioning the vehicle for a turn, checking rear view mirrors, checking pedestrian lanes, or taking any other defensive action should be considered. U-turns by your driver that result in a collision are *preventable*.
- 11. Pedestrians Traffic regulations and accident review findings generally favor the pedestrian hit by a moving vehicle. An unusual route chosen by a pedestrian at mid-block or from between parked vehicles does not necessarily relieve a driver from taking precautions to avoid such accidents. Whether speed limits or 'reduce speed' warnings are posted, a traveling speed that is too fast for conditions may be involved. School zones, residential streets and other areas with special pedestrian traffic must be traveled at reduced speeds appropriate to the particular situation. Bicycles, motor scooters, and similar equipment are generally operated by young and inexperienced operators. Any driver who fails to reduce speed when this type of equipment is operated within sight distance has failed to avoid an accident. Merely keeping within posted speed limits is not sufficient when unusual conditions call for further voluntary speed reduction.
- 12. **Weather** Adverse weather conditions are not a valid excuse for being involved in an accident. Rain, snow, fog, sleet, or icy pavement have never caused an accident. These conditions merely increase the hazards of driving. Failure to adjust driving to the prevailing weather conditions should be cause for deciding an accident *preventable*.
- 13. Alleys, driveways and plant entrances Accidents involving traffic originating from alleys, driveways, plant entrances and other special intersecting locations should be carefully analyzed to determine what measures a driver might have taken to avoid the occurrence. Failure to slow down, sound a warning or to yield to other drivers can be considered cause to judge such an accident *preventable*.
- Fixed objects Collisions with fixed objects are preventable. They usually involve failure to properly judge clearances. New routes, strange delivery points, resurfaced pavements, inclined entrances and similar situations are not valid reasons for excusing a driver being involved.
- 15. **Parking** Unconventional parking locations, i.e., double parking, failure to put out warning devices, generally constitute evidence for judging an accident *preventable*. Roll-away accidents from a parked position normally should be classified *preventable*. This includes those arising from unauthorized entry by others into an unlocked and unattended vehicle as well as failure to properly block wheels or turn them toward the curb to prevent vehicle movement.
- 16. Mechanical failure Any accident caused by mechanical failure that reasonably could have been detected by the driver but disregarded should be judged *preventable*. It is the driver's responsibility to correct unsafe vehicle conditions and obtain immediate repairs when its continued operation might result in an accident. If mechanical difficulties occur unexpectedly and the driver fails to check with the employer for emergency instructions, the accident is considered *preventable*. An accident caused by mechanical failure that results from abusive driving should also be considered *preventable*.
- 17. **Non-collision** Accidents such as overturning or running off the road may result from emergency action by the driver to prevent being involved in a collision. Examination of driving practice prior to the accident may reveal a speed too fast for conditions or other errors indicating a lack of defensive driving.
- 18. **Miscellaneous** If a driver is involved in an accident and found to be in violation of any motor vehicle laws or regulations the accident would be judged *preventable*.

It is impossible to describe in detail every way a driver might avoid an accident. This guide merely highlights common occurrences and provides perspective for evaluating them. To further assist you, the following standard of defensive driving should be applied to evaluate all accidents involving your drivers:

A defensive driver commits no driving errors and makes allowances for the lack of skill or improper driving practices of others. A defensive driver adjusts his/her own driving to compensate for unusual weather, road, and traffic conditions and is not involved in an accident because of the unsafe actions of pedestrians or other drivers. By being alert to accident producing situations, a defensive driver recognizes the need for preventive action in advance and takes necessary precautions to avoid the accident. He or she knows when it is necessary to slow down, stop, or yield the right of way to avoid involvement.

# PREVENTING COMMERCIAL TRUCK THEFT

According to police reports, vehicle thefts typically occur over the weekend, which gives a thief 24 to 48 hours before the vehicle is discovered missing.

Vehicle thefts have been targeted to specific models:

- Vewer model dump trucks
- Roll-off trucks
- Heavy hauling trucks
- Semi tractor-trailers

Any medium to heavy hauling truck could potentially be at risk.

#### **Steps to Prevent Vehicle Theft**

Some specific measures you can take to prevent vehicle theft include the following:

- Park vehicles in well-lit, fenced areas. Maintain the integrity of the fencing by removing overgrown plants. (Some thieves stole trucks behind locked fences by simply cutting the chain.)
- Develop a key control program to prevent employees who are not authorized from having access to keys. Require keys to be placed in a lock box when the vehicle is not in use. Be sure you know where all spare keys are and never leave the keys in the vehicle, even if you have them hidden. Given time, a professional thief will find the key.
- Install anti-theft devices, such as audible alarms, door-locking systems and immobilizers (brake locks, fuel locks, drive train locks, starter locks and ignition locks). These devices are typically provided by aftermarket companies, so check with the manufacturer's local parts suppliers for recommended suppliers.
- Use tracking systems, such as GPS equipment, to monitor the vehicle's location. Make sure the tracking system includes alerts for vehicle movement outside of certain areas or during specific times.
- Develop a relationship with your local law enforcement agencies and let them know where and when your vehicles typically operate, where they are parked and whom to call if they suspect any problems. Some communities have specific law enforcement programs to help prevent theft and vandalism as well as decal identification on trucks.

Questions? Please contact your local FCCI risk control representative, or call (800) 226-3224.

#### The 'Layered Approach' to Protection

Professional thieves can steal any car, but make them work for yours. To prevent thefts, the National Insurance Crime Bureau (NICB) recommends the layered approach. The more layers of protection you place on your vehicle, the more difficult it is to steal. The number of layers your vehicle needs varies depending on the vehicle and its geographic location. Your budget and personal preferences should determine which anti-theft device works best for you.

#### Layer One - Common Sense ...

An unlocked vehicle with a key in the ignition is an open invitation to any thief, regardless of which anti-theft device you use. The common sense approach to protection is the simplest and most cost-effective way to thwart would-be thieves. Secure your vehicle even if parking for brief periods, and always:

- remove your keys from the ignition
- Iock your doors and close the windows
- Solution park in a well-lit area

#### Layer Two - Warning Device ...

The second layer of protection is a visible or audible device which alerts thieves that your vehicle is protected. Popular second layer devices include:

- audible alarms
- Steering column collars
- Steering wheel / brake pedal lock
- Solution of the second second
- Swheel locks
- V tire locks / deflators
- theft deterrent decals
- V ID markers in or on vehicle
- Swindow etching
- Iaminated glass

#### Layer Three – Immobilizing Device ...

The third layer of protection is a device which prevents thieves from bypassing your ignition and hot-wiring the vehicle. Some electronic devices have computer chips in the ignition keys; others inhibit the flow of electricity or fuel to the engine until a hidden switch or button is activated. Popular third layer devices include:

- Smart keys
- S fuse cut-offs
- kill switches
- Starter, ignition and fuel disablers

#### Layer Four - Tracking Device ...

The final layer of protection is a tracking device which emits a signal to a police or monitoring station when the vehicle is reported stolen. Tracking devices are very effective in helping authorities recover stolen vehicles.

### **PRODUCTS LIABILITY RISK CONTROL**

Let the Seller Beware! Until the mid 1800s, manufacturers, wholesalers and retailers were relatively protected from products liability under the prevailing legal rule of *caveat emptor*. Loosely translated this means, *let the buyer beware*. If injured by a defective product, there was little chance a buyer could successfully sue and recover damages. In essence, society and the courts generally took the position that customers had to look out for themselves. Most goods were agricultural products or uncomplicated manufactured goods, and generally the buyer could easily discover defects.

Another barrier that provided protection against products liability suits was the prevailing legal doctrine known as *privity of contract*. Under this doctrine, persons injured by a defective product could only bring suit against the one who actually sold the product to them. If an injured customer purchased a defective product from a retailer, he would have no *privity of contract* with either the manufacturer or wholesaler and no legal basis to sue them. If the person injured by a defective product was anyone but the buyer he would have no legal basis to sue the manufacturer, wholesaler or retailer.

Today, the pendulum has almost swung entirely in the opposite direction. The prevailing legal climate is more that of *caveat venditor* or *let the seller beware*. The doctrine of *privity of contract* in products liability suits is largely irrelevant under current law. Under implied warranty of merchantability theory, a general condition of a sale is an implied warranty of merchantability. The implied warranty is that the goods sold are reasonably fit or safe for the ordinary purposes for which such products are used.

Under strict liability theory, injured parties do not even need to prove negligence. They only need to show that a product was in a *defective condition unreasonably dangerous* to the user, that injury or damage resulted from the defect, and that the defect existed while the product was under the control of the manufacturer. The party seeking damages can be the buyer, bystander or any foreseeable user. It's not only the manufacturer who is at risk but any *commercial supplier* (i.e., someone in the business of selling goods vs. the casual seller such as the housewife who sells a jar of jam to a neighbor). Strict liability applies to the manufacturer (including a component part manufacturer), or anyone else in the distribution chain including wholesalers and retailers. It is important to familiarize yourself with the laws in your jurisdiction and to seek advice from legal counsel on this topic.

#### Seven Keys To Products Liability Risk Control

There are at least seven key risk control measures that you can implement to help minimize your products liability loss potential.

#### 1. Management Leadership and Support

Products liability risk control measures have little chance of long lasting success unless everyone throughout your organization believes that the measures have top management's firm and unwavering support. Top management should try to lead by example and:

- S Allocate time and money to develop and implement solutions.
- Foster a culture in which all employees understand that production and sale of safe, reliable products is critical to continued success.
- Promote open communication on all organizational levels as well as with suppliers, subcontractors, distributors and other external partners.
- Establish accountability for achieving total quality management objectives that integrate product safety and product liability prevention considerations.
- Occument and update policy, procedures, goals, accountability and all product safety program activities.

In addition, management must understand the current legal concepts associated with products liability, use this knowledge to draft an operational policy, and effectively communicate this to all employees.

#### 2. Safe Design

Remember that today, under strict liability theory, plaintiffs do not even need to prove negligence to be successful in products liability suits. They only need to show that the product was 'defective' (i.e., not fit for its intended use, or for reasonably foreseeable misuse). To successfully defend against a suit based on alleged design defect, some key factors to consider when making design decisions include:

- Mandatory and voluntary codes, standards and regulations
- Reasonably foreseeable product use and misuse
- Environmental conditions in which a product may be used
- Physical or mental limitations of foreseeable users
- Cultural and language differences among expected users
- Anticipated product life cycle
- Sisposal or storage requirements
- Interface with other products or use with non-compatible chemicals
- Advances in technology
- Adequacy of warnings

If critical hazards cannot be eliminated by design or controlled via warnings and safe operating procedures, it may be best to keep the product off the market.

#### 3. Legal Review and Counsel

Being prepared in the products liability arena requires that you employ the services of a qualified legal counsel well before introducing your product to the consumer. This individual or firm should have considerable experience in products liability law, well aware of the legal pitfalls that may confront a manufacturer.

Depending on the size and complexity of your company and your product line, you may only need the services of a quality legal counsel on a part-time or retainer basis.

However, keep in mind that in this era of consumer activism, new laws and regulations having a significant impact on products liability and product safety requirements are common. Court decisions are being made that can have important ramifications for your company. One wrong word or misrepresentation in your advertisements, sales presentations, or other product literature can create an express warranty that you didn't intend to make but may be held liable for.

Should you purchase, or merge with, another company, you could be liable for harm or injury arising from any defective product they ever sold. Some key areas of concern that require legal review and counsel before a suit include:

- Series and disclaimers Preparing contracts, hold harmless agreements, warranties, guarantees and disclaimers
- Seeping current with applicable laws, regulations and court decisions
- Evaluating products liability implications arising from acquisitions or mergers
- Reviewing promos and sales literature for statements that may unintentionally create express warranties
- Sevaluating product labels and warnings for adequacy and compliance with codes and regulations
- Maintaining accurate records for use in defending suits

Naturally, this list is not all-inclusive. It is only intended to demonstrate that there is much that needs to be done, and this is not an area that you tackle yourself.

#### 4. Quality Assurance and Control

Manufacturing and quality control are focal points for assuring that products are manufactured in conformance with design criteria and specifications. People, equipment, material and the work environment must function effectively as a system so that nothing degrades product safety during the production process.

Controls are required to prevent unauthorized modification in design and to ensure that only prescribed materials are used. Care must be taken so that the product is not damaged by overstressing, temperature extremes, falling impacts, or adverse storage conditions. Coding or polarizing may be necessary to prevent misassembly, particularly when differences between component parts are not visually easy to discern. Procedures are needed to assure that a product will not escape a quality control checkpoint.

A Quality Assurance Program should be developed, revised periodically and, at a minimum, include provisions for:

- Testing and inspection of raw materials, component parts and finished product
- Inspection of packaging, manuals, labels and customer service work
- Engineering drawing, and change control procedures
- A system for controlling, inspecting and evaluating procedures
- Oetailed records of all quality assurance activities
- Validation of quality standards and size of test samples
- Control of non-conforming materials and rejects
- Calibration of testing and measuring equipment

# The following organizations publish information on quality assurance, including ISO 9000 registration requirements that can help you develop a system suited to your needs:

American National Standards Institute (ANSI) (212) 642-4900 / Fax: (212) 398-0023 | www.ansi.org

The American Society for Quality (414) 272-8575, (800) 248-1946 | Fax: (414) 272-1734 | <u>www.asq.org</u>

ISO 9000 standards are worldwide, quality-system standards first published in 1987 by the International Organization for Standardization, Geneva Switzerland. More than 90 countries have adopted ISO 9000 standard, including the United States, Canada, Japan and the European Union. The standards define a product in broad terms as 'the result of activities or processes.' This simple definition would include something tangible such as assemblies or processed materials; or intangible such as information, or a combination of both, such as service.

The ISO 9000 series is a set of five individual, but related, international standards on quality management and quality assurance. These standards provide quality management guidance with regard to generic quality system elements essential to effective quality assurance. They are generic, not specific to any particular products, and can be used by manufacturing and service industries alike. They are not product standards per se and do not substitute for distinct product technical requirements. These standards are also voluntary.

However, U.S. courts can, and do, use voluntary standards for establishing a manufacturer's 'duty of care.' By codifying procedures necessary to produce safe products and, given ISO 9000's ever increasing recognition as a 'global quality assurance standard,' manufacturers are in a tenuous situation if their quality assurance program does not measure up.

#### 5. Product Labels, Packaging and Warnings

When deciding if a product is defective, has been negligently manufactured or designed, or if it lives up to a warranty, the courts may generally apply a broad definition to the word product. They may not only examine the functional product (i.e., what the customer uses or consumes), they may also consider product labels, packaging, warnings, advertising, manuals, and instructions for use and maintenance. Essentially, they can review anything that affects user expectations about the functional product itself. Virtually anything that affects the ability to safely use a product in a reasonably foreseeable manner is also fair game.

Because of this, product labels and packaging must be considered part of the product and regarded as the products themselves. Likewise, there may be applicable mandatory and voluntary codes, regulations, and standards regarding labels and packaging that manufacturers must be familiar with.

Improper disposal of some packaging can result in pollution or serious physical injury (e.g., hazardous chemicals, exploding aerosol cans). An inadequate design can lead to damage during shipment or storage which can result in serious physical damage or personal injury (e.g., leakage of flammable liquids or gases). Inadequate warnings on labels or instructions for use can lead to misuse with serious consequences to the user.

Some important product labeling, packaging and warning risk control considerations to keep in mind include:

- Accurate, brief and decipherable wording on labels
- Conspicuous warnings, designating the degree of hazard (e.g., CAUTION, DANGER)
- Translated warnings and instructions
- 🗸 Warnings conveying consequences of failure to heed (e.g., causes burns, dizziness, may be fatal, etc.)
- Proper method of disposal, and if contents of container are toxic, corrosive, caustic, or flammable
- Firmly adhered and legible labels that will remain in place for the life of the product
- Packaging with its own labels and warnings, as appropriate
- 🗸 Packaging designed to protect contents or handlers during shipment, handling and storage
- Packaging that meets standard requirements of the DOT, U.S. Postal Service, etc.

#### 6. Marketing and Customer Service

Current law recognizes that any promise or representation of fact made about a product in advertising, on labels, during sales presentations or otherwise will normally constitute an *express warranty*. This holds true whether or not you intended to make an express warranty and whether or not you actually use the word 'warranty' or 'guaranty.' The statement can be made by a sales clerk, service representative, or anyone affiliated with or representing your company.

While an expression of an opinion or belief (i.e., this is the best of its kind) is not normally considered a warranty, it may be construed as such in cases involving serious personal injury or sympathetic plaintiffs, such as children. It is advisable to avoid sales puffery or exaggerations about your products.

Anyone in your organization who has contact with customers should be well-versed in product application and limitations and the consequences that can result from over statements or misinformation. Any statements made in advertisements, sales literature, oral sales presentations, etc., must be factual. You should be able to substantiate them with documented test results and other data. Naturally, the same holds true for actual or intended warranties or guarantees.

A manufacturer is also obligated to inform the consumer about proper use and maintenance of products so they are safe for use throughout its anticipated life cycle. If a warranty or guarantee is limited in time or scope, this case must be clarified. The consumer must also be advised of service requirements and the condition for proper use for its warranty or guarantee to remain in effect.

Service or repair by the manufacturer, or on manufacturer's behalf, are in the realm of *completed operations exposure* vs. *products liability*. Use of inadequate or wrong replacement parts or materials, modifications that increase hazard, poor workmanship, inadequate training, incomplete records, and making statements not supported by data, can do the same harm here as for products liability exposure. This area requires the same integrated approach to safety as products liability.

### 7. Product Recall Planning and Implementation

To paraphrase Robert Burns, the famous Scottish poet, *man's best laid plans often go wrong*. Despite the best product design, quality controls, manufacturing practices, etc., there is always the possibility that the products you sell may be defective and cause harm to others. Contingency plans are needed to deal with this possibility no matter how small you consider the probability. If you do not have a well thought out plan to remove defective products from the market or to retrofit them with needed safety improvements, the consequences can be severe. Product recalls may be needed when:

- You discover a defective product through hazard analysis, consumer reports, suppliers, or others in the product distribution chain;
- An accident or claim reveals an unforeseen product defect;
- V A product is in violation of a government act, standard, regulation, or other mandatory requirement; and
- Product specifications or characteristics are incompatible with advertised claims for safety.

#### Essential elements of a product recall and retrofit plan include at least the following:

Management support and leadership

- · A policy statement describing purpose, objectives and functional accountabilities
- A recall procedure manual with written procedures for each operating unit, including criteria and procedures for deciding if and how a recall will be initiated
- Strategy and criteria for communicating with the media
  - A procedure for communicating and working with government agencies that may either mandate recalls or
    require notification of voluntary recalls
  - A procedure for notifying all customers, other users and other potentially affected parties in the manufacturing/distribution chain
  - · A method for funding recalls and allocating recall expenses
  - · Legal counsel in all aspects of recall planning

# Product traceability and recordkeeping

- · Determine recall potential and products liability loss potential of all products sold
- Determine how products will be located and removed from the stream of commerce or modified in the field
- Establish a procedure for tracking products that are resold or have a plan in place to notify such users through media and trade publications
- · Estimate the cost of traceability
- Identify critical parts and components and establish records and procedures in order to track them from suppliers throughout the distribution chain
- Maintain comprehensive and detailed records of all design, quality assurance/manufacturing data, testing, shipping and distribution, etc.
- · Maintain backup records at a second location in case of loss due to fire, flood or other perils
- Establish a records retention policy, typically based on anticipated life of the product, plus 30 years, for critical records
- Periodically review records to confirm that current system meets company needs

Decision-making criteria for voluntary recalls

- Moral and ethical considerations are critical and consequences of ignoring these can result in adverse publicity, loss of reputation, product litigation and risk of government intervention and regulation
- Legal, statutory and regulatory requirements such as recalls mandated by the Consumer Product Safety
  Commission, Department of Transportation, Food and Drug Administration and others
- Financial considerations should only come into play when the product defect does not affect safety and the decision is one of weighing a recall against potential loss of customer goodwill

Performance audit

- · Provide for periodic review, evaluation and updating of product recall and retrofit plan
- · Review and update plan when new products are added to product line
- Use external auditors, preferably

FCCI has a <u>Product Recall Preplanning Checklist</u> available should you need additional help with developing your product recall plan.

#### Conclusion

Mitigating your products liability loss potential requires genuine commitment by senior management and active involvement of all segments of an organization. Manufacturers, wholesalers, and retailers all have duties and may be liable if a defective or unreasonably dangerous product results in harm to the person or property of others. Products liability risk control must be an integral part of your total quality management process. Have a product recall and retrofit plan in place as a contingency for the possibility that, despite your best efforts, defective and potentially dangerous products may still enter the stream of commerce.

#### References

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Ram, Davidson ed. *Products Liability Pretrial Notebook*, Chicago, IL The Defense Research Institute, Inc., 1989

# PRODUCT RECALL PREPLANNING CHECKLIST

		YES	NO
1.	Has your company formulated a policy in anticipation of possible defective product recall?		
2.	Has such written policy been circulated among officers, executives and key personnel?		
3.	Has a responsible executive been named as coordinator of any future recall campaign?		
4.	Does your recall plan include predetermined collection points for product return?		
5.	Have supervisory personnel at collection points been advised and familiarized with proposed plan?		
6.	If recall plan requires prompt cooperation and assistance from dealer/distributors, primary equipment manufacturers, sales agencies, wholesalers, jobbers, or retail outlets, have you acquainted them with the essential details of the plan?		
7.	Have you prefixed fees for dealers, distributors, retailers or other distribution channels for essential services in the event of recall?		
8.	Have you formulated and distributed forms to company personnel, dealers, distributors, wholesalers and retailers which would give you required details of malfunction incidents?		
9.	Has company staged a dry run (mock recall) of a specific product to test the functional efficiency of recall plan?		
10.	Are products coded and marked indestructibly to enable rapid identification of suspect product (model, production lot, factory)?		
11.	Are suppliers of components and parts required to mark and code each unit to identify their components or parts without delay?		
12.	Can suppliers determine details of factory, production lot, etc., from their coding?		
13.	Will your records give you this information without the need to consult suppliers?		
14.	Do your purchase agreements with component and parts suppliers cover the contingency of defective components or parts requiring recall or other corrective action?		
15.	Are you indemnified by suppliers against costs of recall or corrective action and other losses relating to recall?		
16.	Do field personnel and branches know to immediately forward all safety related complaints to your safety committee?		
17.	Have you set up a central point in the home office to receive all complaints or reports of product malfunctions?		
18.	Is there a system for evaluating the urgency of such complaints or their significance?		
19.	Has management organized a product safety committee to consider whether reported malfunctions are safety related?		
20.	Does the product safety committee have the authority to consider the advisability of recalls?		
21.	Can the product safety committee order a recall speedily?		
22.	Does your company have a communication system in place to promptly notify all parties of a recall?		
23.	Does your company have a single point of contact for all product recall news releases to public media?		
24.	Do you have a system in place to maintain and retain production records for a period greater than the duration of the service life of the products plus 30 years?		
25.	Does your company review your recall plan anytime new products are developed?		

# PAGE 2

26. Will your internal records, in conjunction with the field incident reports, enable you to determine	
a. critical components and their suppliers?	
b. model, production lot, and factory or supplier of suspect item?	
c. quantities of suspect unit in hands of ultimate consumer?	
<ul> <li>d. quantities of suspect unit in hands of dealers, distributors, jobbers, wholesalers, retail outlets, warehouses, in-transit?</li> </ul>	
e. geographic distribution of product nationwide and in specific areas and states?	
f. history of the safety performance of the unit (any recurrence of malfunction, injuries resulting, etc.)?	
g. exact description of each incident of accident or malfunction?	
27. Will incident reports from the field along with your investigation and internal records disclose	
a. if defect is caused by improper manufacturing?	
b. if defect is one of design?	
c. if defect caused by product misuse by consumer?	
d. if defect is caused by consumer's failure to heed warnings on your labels or in your manuals?	
e. if defect is caused by failure to follow your directions?	
f. if your product conforms to American National Standards Institute (ANSI) standards or other applicable generally accepted national standards?	
g. if your product conforms to industry standards?	
h. if your product conforms to government standards and/or regulations?	
i. if malfunction is the result of	
a factory production oversight?	
laxity in inspection?	
improper testing?	
poor quality assurance?	

List the number and action planned for all items checked 'NO' on this form.


### **VISITOR ACCIDENT HANDLING GUIDELINES**

Prompt and professional response to a visitor injury is essential to ensure that the visitor receives appropriate attention and care and that the situation is properly evaluated until the paramedics arrive or the visitor refuses care.

# Regardless of which scenario develops and which personnel attend to an injured visitor's needs, certain guidelines should be followed:

- **DON'T** accept or even suggest fault for the accident.
- **DON'T** make any promises about anything.
- **DON'T** make payment or say that any medical bills will be paid.
- **DON'T** give any information about your insurance coverage.
- **DON'T** recommend any medical facility, unless you are told to do so.
- **DON'T** reflect an attitude of boredom, nuisance or impatience.
- **DON'T** argue or patronizingly agree with any disagreeable statement by the injured person.
- DON'T leave the visitor unattended before qualified help arrives or the visitor opts to leave.
- **DON'T** fail to observe and record any significant circumstances or facts.
- DON'T hesitate to correct any hazardous situation (e.g., wet floor) as soon as possible after attending to the injured person.
- **DO** give respect and appropriate attention to the injured person.
- **DO** assist within the local system of obtaining and recording relevant information about the accident on the Visitor Accident Report form.
- **DO** contact management, security, or other designated personnel so that a visitor accident investigation can be completed and warranted controls or remedies can be made without necessary delay.
- **DO** ask the person what he or she believes happened and record comments in his or her own words.
- **DO** note any observable circumstances that differ from, or reflect in any way on, what the person is claiming.
- **DO** note if the person is noticeably upset or actually complaining about the cause of the accident.
- **DO** give respect to any complaint. If warranted, say you will check with the insurer, then get back to them after talking with a knowledgeable person. If necessary, provide your insurance carrier's claim department telephone number.

Sample Visitor Accident Report (Appendix C4)

#### **ESCALATORS**

Escalators are known for service, for transporting the public to the tune of 10 million passenger-miles per day, and sometimes for causing injuries.

On average, escalators cause an estimated 20 accidents per day, often of a serious nature. Most are slip/trip/pushed/ lost balance falls. Falls are also caused by sudden malfunctions, horseplay and from congestion at the bottom as people try to get off. Other serious accidents result when hands, shoes and clothing get caught between the side of a moving stepriser and the stationary side panel (skirt). This exposure is especially hazardous for young children and sneakerwearers, and has led to mangling/amputation of toes and fingers and even strangulation from a jacket drawstring.

Engineering improvements have minimized these occurrences, including safety side plates that fill in the entrapment gap between the stepriser and skirt, but many escalators were installed before their availability and may need retrofitting. Even with the use of the safety side plates, signage should advise adults to hold a child's hand, as well as the customary other admonitions. Reaching for the handrail brings the moving child dangerously close to the stationary side panel and edge of stepriser.

# An escalator service company should be used for periodic inspections and repairs, but a vigilant supervisor can do even more on a daily basis including:

- Spotting damaged, dirty, worn, or slippery step treads, grooves, floor plates, and handrails as well as malpositioned or missing comb plate teeth.
- Ensuring compliance with signage and courteous behavior in escalator use, watching for horseplay, strollers, etc.
- Implementing customary and emergency crowd control procedures, especially during periods of heavy use.
- S Physically barring escalator use when inoperative, except as required for emergency egress.

# PLANNING FOR EMERGENCY EVACUATION

#### If responsible for the safety of visitors or guests, whether you operate an outdoor arena or storefront business ...

- In the second second
- Swhere would you guide your patrons if immediate evacuation is needed (e.g., bomb threat)?
- how do you deal with patrons with disabilities?
- V who makes sure people in restrooms, locker rooms, etc., are also notified and vacated along with the others?
- S who makes all of these decisions, and how do you communicate with this person, vice versa?
- who in the community can help you with the answers?

There are many things that must come together in order to execute an emergency evacuation. First, recognize that the need is rare and readiness must come from pre-planning vs. just winging it. If pre-planning enabled an NFL Club to safely evacuate its stadium during a game to protect fans from an oncoming electrical storm, it can also work for you.

The details within a plan can be either extensive or relatively brief. Everyone has his or her own needs, circumstances and preferences.

#### There are six considerations needed in any plan:

- 1. Decision-making process
- 2. Information-awareness process
- 3. Egress-preparation process
- 4. Egress process
- 5. Return process
- 6. Evaluation process

#### **Decision making**

- Who is the point person needed to make the decision as to whether or not the evacuation is a go and when? Who is this person's backup?
- Who are the others needed to share in the pre-decision process, coordinating the major steps within the evacuation process, communicating with the community's fire, police and press, etc.?
- Are all the people with responsibility known and readily accessible?

#### Information awareness

- What criteria are in place for choosing to act? For example, how long before a storm is expected to hit should the decision be made to evacuate a job site or cease outdoor operations?
- We have best can needed information be obtained in time for that decision? For outdoor operations, a functional link with the local weather station for receiving and evaluating storm warnings in the area works well for many.
- While management can determine who is the communications link for weather problems, bomb threats can come to anyone. Is planning in place for managing that different source of threat? For fire? Earthquake?

### **Egress preparation**

- Is there egress preparation planning that determines how the decision maker can best alert the appropriate personnel that a decision to evacuate is being considered?
- Planning should provide readiness to ensure best routes of egress for the number of evacuees and the preferred area of refuge. It can also ensure keeping inbound lanes open for fire trucks and ambulances.

### Egress process

- When emergency staff has been advised of the decision to evacuate, is there provision to announce directions to guide the evacuation? Pre-planned announcements, given succinctly and calmly, repeating the message several times, can do much to minimize panic or disorderly egress. The same information can be posted at strategic locations.
- Are there planned sweeps to check for lingerers, persons with disabilities and anyone who suffers injury during egress?
- Is there contingency planning for those occasions in which an egress route is blocked? Alternative routes need to be thought through well in advance of any need for such.

#### **Return process**

- Does planning allow for emergency evacuation that is considered precautionary and potentially temporary? How and when is the 'all-clear' to be given?
- How is this communicated first to the same staff who handled egress preparation?

### **Evaluation process**

- Does a written, detailed document exist for common reference, training and understanding of its contents?
- Are there periodic communication drills and subsequent refinement based on the experience?
- Any plan can be improved if reviewed and tested, in part or in full, both by experts in the community and by the staff on which the plan relies.

# PROTECTING COMMERCIAL COOKING EQUIPMENT

This Risk Control Bulletin addresses the installation, inspection and maintenance of commercial cooking equipment and fire extinguishing equipment in accordance with the standards and requirements of NFPA 96, *Standard for Ventilation Control and Fire Protection of Commercial Cooking Operations*, and FCCI Insurance Group's underwriting standards.

or systems to capture, contain

#### Commercial cooking equipment covered includes:

< grease removal devices

cooking effluent

other ancillary components

and control grease-laden

- exhaust ductwork
- < exhaust fans

dampers

- exhaust hoods
- Sire extinguishing equipment

### Commercial cooking appliances covered includes:

- Solution barbecue-smokers
- S grills

- S broilers
- deep fat fryers
- oloughnut fryers
- Siddles

- microwave ovens ovens
- pressurized fryers
- otato chip fryers



### **Commercial Requirements**

- Cooking equipment that produces grease laden vapors is equipped with hoods, ducts (if applicable), fans, automatic fire extinguishing systems and special effluent or energy control equipment.
- All automatic fire extinguishing systems, with the exception of sprinklers, must have an accessible, clearly marked, manual pull control arranged to activate the system mechanically and located in the path of exit travel.
- Ill kitchen staff should be familiar with the location of the manual pull box control and how to activate it.
- Upon activation of any fire extinguishing system, all sources of fuel and power connected to any protected equipment must be automatically shut off.
- Any modification to cooking equipment requires reevaluation of the protection systems.
- Fire extinguishers provided for the protection of cooking appliances that use combustible cooking media such as vegetable or animal oils and fats are UL Listed and labeled for Class K fires.
- A placard is conspicuously placed near the extinguisher that states that the fire protection system shall be activated prior to using the fire extinguisher.
- Protection for equipment, exhaust hoods and ducts should be arranged in accordance with NFPA 96.

# Fixed Automatic Extinguishing Protection for Commercial Cooking Operation



**Figure 1** Range Guard graphic reproduced with permission of Badger Fire Protection

## **Commercial Cooking Hood and Duct Installation**

PAGE 3





Construction and clearances should be in accordance with NFPA 96. Figure 2 provides some examples as per the following references:

- A. Exhaust hoods and canopies are constructed of 18-gauge carbon steel or 20-gauge stainless steel and of such size and configuration as to capture and remove grease-laden vapor.
- B. Ducts are constructed of a minimum of 16-gauge carbon steel or 18-gauge stainless steel.
- C. UL Listed grease filters are installed and removable for cleaning.
- D. Clean-out openings are provided at each change of duct direction.
- E. Joints and seams for hoods and ducts have liquid tight continuous welds.
- F. Ducts lead as directly as possible to the building exterior, without passing through firewalls or being interconnected with any other building ventilation or exhaust system.
- G. There is at least 18" clearance where horizontal ducts pass beneath combustible ceilings and where ducts pass through combustible floors or walls.
- H. Ducts terminate at least 10' from adjacent buildings, wall openings, or air intake ducts.
- I. Exhaust ducts discharge away from the roof surface and has at least 40" clearance to the roof surface. If this clearance is not feasible, the surface must be protected with a sand filled metal pan to collect residue.
- J. Duct enclosures constructed as follows are necessary when an interior duct passes through a floor or floors in multi story buildings or through a combustible roof in a single story building:
  - Enclosure is continuous, extending from the ceiling above the duct and through the roof.
  - For interior vertical ducts, in buildings less than four stories in height, the enclosure wall has a fire resistance rating of not less than one hour.
  - For interior vertical ducts, in buildings four stories or more in height, the enclosure wall has a fire resistance rating of not less than two hours.
- K. Clearance from the duct of interior surface of enclosures of noncombustible or limited-combustible construction is not less than 6" (increase to 18" for combustible construction).
- L. All cooking appliances, hoods, ducts and grease extractors have no less than 18" to any unprotected combustible materials.

#### **Additional NFPA 96 Installation Requirements**

- Approved exhaust fans are installed and provide a minimum air velocity of 1500 ft./minute, and continuously operate during cooking.
- Schaust systems, where fan operation is not audible or visible during cooking, have a pilot light to indicate operation.
- Exhaust fans and electrical attachments are UL Listed and installed in accordance with manufacturers' specifications and the National Electrical Code (NFPA #70).
- Filters have a minimum of 18" of clearance from the cooking surface.
- Filters are protected from flame flare-up impingement, when such flame conditions can occur, with a steel baffle plate to cause the flames to travel a minimum of 18" to reach the filters. Baffles are installed at least 6" from the filters.
- Filters serving charcoal-type broilers, including gas or electric char broilers, have at least 4' vertical clearance to the cooking surface.
- Deep fat fryers are installed at least 16" from open flames of adjacent cooking equipment.
- Deep fat fryers are equipped with a high temperature limit control switch, located 1" below the surface, that will cut off the fuel or energy supply when the operating temperature exceeds 475° F.
- Electrical equipment located in the path of grease-laden vapor is UL Listed\* for Class I, Division I, Group D locations explosion proof).

#### **Commercial Cooking Equipment Maintenance and Inspection**

Automatic fire extinguishing systems must be operational at all times. The probability of a kitchen fire increases with grease buildup. Grease buildup depends on the nature and frequency of cooking and the frequency of equipment cleaning. To minimize the likelihood and severity of kitchen fires, we require the following maintenance and inspection practices as minimums.

- Daily cleaning of all exposed cooking surfaces, preparation surfaces, the surrounding areas and the underside of hoods.
- Veekly inspection of the interior of all hoods and filters for accumulation of grease. Clean areas as needed.
- Clean and operate all UL Listed grease extractors (collectors), in accordance with manufacturers' instructions.
- Have a qualified outside service contractor inspect, test and service the automatic extinguishing system at least every six months, under a service contract agreement.
- Hood and duct systems professionally cleaned (from hood through all duct work to and including outside discharge fan) to the bare metal, under a service contract agreement, by a qualified outside contractor, according to the schedule below.
- The cleaning service must provide a certificate of performance, stating the last date of service, any inaccessible areas not cleaned and the date of next service due. The certificate should be posted near the hood.

#### Hood and Duct Cleaning Schedule

- Semi-annual for cooking operations with lighter production of grease laden vapors such as family-style coffee shops, restaurants at golf courses, and clubs serving breakfast and lunch only.
- Quarterly for cooking operations with moderate production of grease laden vapors such as family-style restaurants with table service, cafeteria, fast food restaurants, char broiling, steak house, fish fry, and Asian wok-style cooking, typically serving breakfast, lunch and dinner.
- Every two months for cooking operations with heavy production of grease laden vapors such as cooking operations that do indoor cooking using solid fuel (e.g., charcoal, wood grilling or smoking).

#### Meeting the Requirements of UL 300

Beginning January 1, 1995, Underwriters Laboratories (UL) has required that automatic fire protection systems protecting commercial cooking appliances meet the requirements of UL 300 *Fire Testing of Fire Extinguishing Systems for Protection of Restaurant Cooking Areas*. This standard was developed because of changes in commercial cooking equipment fire hazards resulting from a combination of: a) the use of new high efficiency, better insulated deep fat fryers, that heat faster and cool slower, combined with b) the use of higher temperature vegetable oils in lieu of animal fats.

There is a danger that older UL Listed extinguishing systems, such as limited-agent dry chemical, may not prevent reignition of fires, after initial extinguishment, because of the relatively long cool-down of higher temperature vegetable oils, particularly in well-insulated fryers. In addition, the process of saponification (creating a soap foam layer to seal the top surface of the grease) by which the traditional dry chemical agents extinguish cooking oil fires, occurs to a lesser degree in vegetable oils.

#### Identifying UL 300 Compliant Systems

For existing installations, installed from November 1994 to present, most manufacturers prominently display a permanent marking on all UL 300 compliant equipment. If in doubt, the installation manual, which should be in the possession of the purchaser, is the most complete source of information. Another option is to contact the installer and ask for the original installation guidelines.

For new installations, the contractor should be asked to include with his submittal package a copy of the manufacturer's installation and maintenance manual that would specifically indicate it is in compliance with the UL 300 Standard.

\*The term UL Listed also includes listing UL of Canada and approval by Factory Mutual (FM).

### **FIRE EXTINGUISHERS**

#### **Portable Fire Extinguishers**

Proper selection and placement of portable fire extinguishers can be crucial to protecting your business from a substantial fire loss. In addition to having the correct fire extinguisher available, employees need to be trained on how to use the extinguisher. A correctly classed, rated and placed fire extinguisher is almost worthless without a properly trained worker it use it.

The following subheadings will describe:

- **V** The fire triangle
- Classification of fires
- Type and rating of fire extinguishers
- extinguishersSelecting the correct fire
- Oistribution of fire extinguishers
- Employee training
- Additional best practices for fire extinguishers

#### The Fire Triangle

extinguisher

For a fire to occur, three specific elements must be involved: *oxygen, heat and fuel*. Removal of any one of these elements of the fire triangle will cease a fire. Fire extinguishers are designed to specifically address one of these elements for the exposure.

*Oxygen* makes up almost 21% of the air we breathe. The oxygen content can range from 19.5% to 23.5% before a self contained breathing apparatus is required. However, fire can spread extremely rapidly with 100% oxygen and can also burn at levels below the 19.5% designated for humans. The oxygen does not actually burn but rather is an oxidizer, which encourages a fire to spread.

*Heat*, most often, refers to a spark, flame, or smoldering heat (e.g., a tightly packed open container of oily rags), which ignites the fire. Sparks from electrical equipment in an explosive atmosphere and from defective electrical equipment are responsible for many business fires. Risk control techniques for fire prevention often address the removal of the heat / ignition source. Also, heat is most often the element of the fire triangle that is not purposely provided in the workplace.

*Fuel* for a fire is anything flammable or combustible. Evaluate the fire hazards of your immediate environment. Very few things in the world will not burn, given enough heat. Because so much of the raw materials to make products or provide a service are flammable or combustible, it is difficult to remove the fuel source to extinguish a fire. Risk control for this side of the Fire Triangle is to safely store everything, have an active housekeeping program and periodically inspect the electrical system throughout the building.

#### **Classification of Fires**

Fires are classified into five different categories: A, B, C, D and K. The following is a quick reference guide to help you determine what type(s) of portable fire extinguisher(s) you may need:

Class A – fires in ordinary combustible material, such as wood, cloth, paper, rubber, and many plastics.

Class B – fires in flammable liquids, oils, greases, tars, oil base paints, lacquers, and flammable gases.

*Class C* – fires that involve energized electrical equipment where the electrical non-conductivity of the extinguishing media is of importance. When electrical equipment is de-energized, extinguishers for Class A or B fires may be used safely.

Class D – fires in combustible metals, such as magnesium, titanium, zirconium, sodium, lithium, and potassium.

*Class K* – fires in cooking media, such as cooking oils and fats.
#### Type and Rating of Fire Extinguishers

Each class of fire requires a specifically designed fire extinguisher. Fire extinguisher manufacturers use a system of letters and numbers to help you determine the type and size fire extinguisher you need:

- Letters designate the Class of fire exposure that the extinguisher is suitable for.
- Numbers indicate the relative extinguishing effectiveness. For example, an extinguisher with a type and rating of 4-A: 20-B:C would indicate the following:
  - For Class A fires, it should extinguish approximately twice as much fire as a 2-A extinguisher.
  - For Class B fires, it should extinguish approximately 20 times as much as a 1-B extinguisher.
  - C indicates that it is suitable for use on energized electrical equipment.
- No number rating is used on *Class C* or *D* fires because:
  - For *Class C* fires when the electricity is de-energized it reverts to a Class A or B fire so the numerical rating is based on the Class A or B requirements.
  - For *Class D* fires involving combustible metals, the details on the extinguisher nameplate determine which exposure the extinguisher is designed to suppress.

#### Selecting the Correct Fire Extinguisher

To select the correct fire extinguisher for the hazard requires an evaluation of the business. *Most businesses will have a need for types A and C extinguishers*. Type B is less likely to be needed than the A or C but a good evaluation of the office, shop, maintenance, warehouse, and plant may reveal a need for the type B extinguisher.

Many maintenance areas as well as other departments of the business will use solvents and thinners which, of course, should be stored in safety cans or flammable storage cabinets; refer to *Flammable Liquids Safety and Storage* (*Appendix E1*), for more details on storage. The flammable and combustible liquids present their own special hazards and need to be attacked with the proper chemical agent. Using water on a Class B fire could spread the fuel and make the fire worse. Select a numerical rating of at least 2-B for each square foot of exposed surface area of the largest vessel of flammable or combustible liquids.

Type D fire extinguishers are not all alike. The different combustible metals need specifically designed chemicals to suppress the fire. The manufacturer will attach to the bottle an identification plate stipulating the metal for which the extinguishing agent is designed. Find out what fire hazards are in your workplace, such as, lithium, magnesium, potassium, sodium, titanium or zirconium, and discuss your needs with the fire extinguisher distributor. The exposure may vary from day-to-day which means a competent person must re-evaluate the fire protection equipment each time the job task changes or at least at the beginning of each shift.

Type K fire extinguishers are somewhat new to the fire protection vocabulary. However, the need for the type K extinguisher should become obvious from an initial survey of the commercial kitchen. Excessively hot cooking media (e.g., oils and grease, usually associated with deep fryers) provides a unique fire hazard to employees and firefighters. Again, this exposure is normally located in commercial kitchens where cooking equipment is required to be under a hood and protected by an automatic fire suppression system meeting Underwriters' Laboratories (UL) 300 Standard, effective June 30, 1998. This is the only hazard condition where the type K is required.

### **Distribution of Fire Extinguishers**

Distribution of the fire extinguishers is mostly common sense with some math. National Fire Protection Association (NFPA 10, Standard for Portable Fire Extinguishers) codes have recognized the typical business exposures for Class A and B type fires and have developed tables to help determine the number, size and placement of the portable fire extinguishers. Refer to the following two tables.

Class A Hazards				
	Light (Low) Hazard Occupancy	Ordinary (Moderate) Hazard Occupancy	Extra (High) Hazard Occupancy	
Minimum rating single extinguisher	2A	2A	4A*	
Maximum floor area per unit of A	3,000 sq. ft.	1,500 sq. ft.	1,000 sq. ft.	
Maximum floor area for extinguisher	11,250 sq. ft.**	11,250 sq. ft.**	11,250 sq. ft.**	
Maximum travel distance to extinguisher	A – 75 ft.	A – 75 ft.	A – 75 ft.	

\*Two 2 ½ gallon water-type extinguishers can be used to meet the requirements of one 4-A rated extinguisher.

\*\*11,250 sq. ft. is considered a practical limit.

Class B Hazards					
Types of Hazards	Basic Minimum Extinguisher Rating	(ft)	Maximum Travel Distance to Extinguishers (m)		
Light (Low)	5-B	30	9.15		
	10-B	50	15.25		
Ordinary (Moderate)	10-В	30	9.15		
	20-В	50	19.25		
Extra (High)	40-B	30	9.15		
	80-B	50	15.25		

Note: The specified ratings do not imply that fires of magnitudes indicated by these ratings will occur, but rather give the operators and agent more time to handle difficult spill fires that may occur.

Class C fire hazards are often contained in a single area, and there is only a need for the type C fire extinguishers in that area. The more widely distributed flammable and combustible liquids are throughout the property the more type C fire extinguishers you will need. Evaluate your exposures and be liberal with placement.

Class D fire hazards are usually even more contained that Class B type hazards. Agreeing that the correct extinguishing agent has been selected, this extinguisher must be moved from location to location to follow the hazard. Again, have a sufficient supply to protect your business.

Class K fires are specific to cooking media and in those specific conditions outlined in the UL 300 Standard. Type K fire extinguishers have no numerical rating per se. However, they come in at least two sizes: 6.0 liter (1.6 gal.) and 9.4 liter (2 ½ gal.). You should consult with your fire extinguisher service company to select the size appropriate for your needs. The hazard is typically limited to how many locations exist within one structure, requiring the back-up protection of a portable type K fire extinguisher to be located within 30' of the hazard. A rule of thumb is to have at least one six liter (1.6 gal.) extinguisher per deep fryer.

# PAGE 4

### **Employee Training**

There is a direct relationship between the amount of fire that can be extinguished and user training. Employee training on the proper use of extinguishers is not only good protection for your business, it is required by OSHA. The distributor, manufacturer, or local fire department should be available to arrange training by a qualified instructor. This training can often be provided at your business. In the interim, there are generally accepted techniques for proper fire extinguisher use which follows the acronym **P-A-S-S**.

- P Pull the locking pin that keeps the trigger from being activated
- A Aim nozzle at the base within 6-8' of the fire; not at the flames
- S Squeeze the trigger to dispense the extinguishing agent
- S Sweep extinguishing agent back and forth across the base of fire

Additional training tips about using portable fire extinguishers include the following:

- The fire extinguisher will only dispense the fire-suppressing agent for 10 to 30 seconds, depending upon the size of the bottle and discharge hose.
- The extinguisher will dispense a stream averaging 8 to 10' in length.
- O not walk beyond a fire from an exit egress area just to get to a fire extinguisher, out of respect for the fire that might block your path for exiting the building.
- O not walk on an area where you have extinguished a fire in case the fire re-ignites or because the structure may collapse.

Tips regarding Class D fires:

- Select the proper extinguisher with the extinguishing chemical designed for the correct combustible metal.
- Place extinguishers close at hand for quick access. Unless your entire shop or plant has combustible metals throughout, placement is restricted to the local area of exposure.
- On out disturb the fire suppression chemical applied to the burning metal until the metal has cooled. Different metals cool at different rates. Consult the appropriate Material Safety Data Sheet for additional information.

The National Fire Protection Association (NFPA) Fire Protection Handbook offers more details on portable fire extinguishers, including selection, distribution, and training. NFPA Fire Code 10 *Standard for Portable Fire Extinguishers* reviews the specific details for all currently acceptable fire extinguishers and their usage. For companies with special fire hazards or an elevated fire load, it is important that extra protection be afforded.

#### Special Requirements and Training Needs for Safe Use of Class K Extinguishers

Serious injury can occur to an untrained operator who tries to extinguish a cooking oil fire by inserting the application wand of the extinguisher directly into and under the surface of the burning oil. This can have serious results as it causes the hot oil to literally explode, showering the user with scalding hot oil. The media content of wet chemical extinguishers contains between 40-60% water, and its volume increases approximately 2,000 times when it flashes into steam.

Tips regarding Class K fires:

- Consider portable fire extinguishers a back-up to a permanently installed automatic fire suppression hood system.
- Apply the extinguishing agent to the surface of the grease or oil only.
- O not allow the fire extinguisher wand or anything else to penetrate the surface of the burning grease or oil.
- Wait at least 20-30 minutes or until the fire department arrives before cleaning up.
- Disturbing the surface membrane formed on top of the hot grease or oil could expose the heat and fuel to oxygen and a flare-up could occur.
- Allowing any water or wet objects to come in contact with the hot grease or oil can cause an explosion.
- Solution of the potential fire source.

# Additional Best Practices for Fire Extinguishers

- Periodically re-evaluate the fire exposure and the number, class, and size of extinguishers needed and available.
- Hang fire extinguisher on a bracket attached to a permanent structure in a readily accessible and conspicuous location.
- Oistribute extinguishers throughout your building. Refer to the subheading Distribution of Fire Extinguishers in this bulletin.
- Maintain accessibility, do not block or hang anything on or covering an extinguisher.
- Service annually by a licensed fire extinguisher company.
- S Inspect weekly by the area supervisor to ensure extinguishers are charged and ready for use.
- Replace discharged or damaged extinguishers as soon as possible.
- Have fire extinguishers bottles visually and hydrostatically tested by a licensed fire extinguisher company, per requirements from the U.S. Department of Transportation.

### **EMPLOYEE THEFT**

According to the U.S. Chamber of Commerce, 75% of employees steal from their workplace, and most do it repeatedly. Employee dishonesty costs American business in excess of \$50 billion annually. The Federal Bureau of Investigations (FBI) reports call employee theft the "fastest growing crime in America."

Time theft is another consideration. When employees take work time to check their personal email, text a friend, go on Facebook, Twitter, or other social media platforms, or just simply take unauthorized breaks, they are stealing company time. According to the FBI, this type of theft costs all U.S. companies a combined \$500 billion annually. Add to that other types of theft, such as using company equipment for personal use, and the problem adds up to big costs for companies.

#### Causes

The causes of this type of internal theft can be categorized into or associated with four general areas: employee attitude, management responsibility, managerial dishonesty, and other factors.

*Employee Attitude* – Employee attitude can be affected by dissatisfaction with the job. Individuals may feel justified in stealing as a result of this. An individual may feel that a company is not paying them what they are worth or that they have been passed over for promotion. A person may feel that work conditions are substandard or unsafe. In many cases, employees don't believe they are hurting any one.

*Management Responsibility* – Management can be responsible if providing inadequate supervision, ignoring work standards, and assigning low priority to basic security controls. Penalties for internal theft may be rather insignificant resulting in little fear of getting caught.

*Managerial Dishonesty* – Managers establish the norm for employees to follow. Any behavior that conforms to what is perceived to be acceptable will not be considered to be dishonest. A recent study of employee theft losses indicated that long-term employees with positions of responsibility are more of a serious loss potential. Those thefts typically involve large sums of money over long periods of time.

*Other Factors* – Inflation or the threat of downsizing or recession may affect lifestyles and tend to push employees in trying to stretch their paycheck. Bankruptcy or impending mergers may also push an employee into a state of mind where dishonesty seems less of a criminal act. Many of these factors tend to cause employees to lose their sense of loyalty. Gambling debt or the need to pay for expensive drug habits also weigh in as a factor in reducing the level of employee honesty. Management should instruct supervisors to be more vigilant when such situations arise.

#### **Warning Signals**

There is no fail-safe technique for identifying dishonest employees. The potential for theft exists in all employees. Efforts therefore should be directed at the mainstream rather than the stereotype. An employee exhibiting a few signals does not mean that you have a criminal on your hands. You are looking for consistency and frequency in a wide range of signals. It still may only be circumstantial.

Too often, the signs are accredited to chance, coincidence, or eccentricity and may be ignored. To successfully detect theft and initiate criminal prosecution, all warning signals must be observed and evaluated. Theft warning signals are apparent from merchandise and equipment, theft protection devices, records and documents, personal behavior, employee activities, and customers and outsiders.

#### Merchandise and Equipment

- Merchandise or materials missing from boxes
- Merchandise in the wrong box
- Merchandise in the trash or unusual places
- Frequent damage to containers or desirable or expensive goods

### Theft Protection Devices

- Signs of forced entry at perimeter doors and windows, such as scratches near locks, damaged doorjambs, broken panels, etc.
- Alarm system wires or contacts broken, damaged, jumped or bypassed
- Truck seals missing
- Frequent false alarms or frequent inability to close premises because the system shows a break somewhere
- Electronic security devices frequently in need of repair and inoperable

### Signals from Records and Documents

- Since the provided and physical counts of the physical counts of the
- Control documents missing or out of sequence
- Unusually high percentage of refunds or credits
- Unexplained alterations of inventory records
- Ocuments not properly signed or countersigned
- Excessive use of substitute records due to lost originals

### Signals from Personal Behavior

- Patterns of absenteeism ... Monday, Friday, etc.
- Reasons or excuses for absenteeism are always similar: family or spouse issues, car troubles, traffic
- Chronic tardiness
- Long lunches and leaving early
- Missing from work station for long periods of time
- Reduced or erratic work performance or productivity
- Having more money or spending more than earnings could support; flashing large amounts of cash; buying expensive items; having expensive hobbies; always picking up the check at a restaurant; dressing expensively
- Disgruntled, dislikes the boss or the company, and complains about being overworked or underpaid
- Never takes time off or vacation, or comes in during vacation or day off

#### Signals from Employee Activities

- Coming in too early or staying too late for no apparent reason
- Habitual carrying of gym bags, shopping bags, etc.
- Habitual wearing of unusually loose fitting clothing
- Presence of employees in an area where they have no legitimate business

#### Signals from Customers and Outsiders

- Frequent customer complaints
- Vinusually friendly relationship among employees and outsiders, such as truck drivers, repairmen, trash collectors
- Frequent contact among employees and visitors, especially those visitors carrying shopping bags or other containers
- Presence of outside personnel (e.g., telephone repair, building service, sales person) in areas where there is no legitimate business, or communicating with employees they have no business dealing with
- Many customers always dealing with one employee and refusing to buy from anyone else

### **Controlling Internal Theft**

Clearly, internal theft can have devastating effects on your business and the economy as a whole. So how can a company prevent this type of unwanted activity? Each industry is different but here are some good overall pointers.

*Pre-screen Employees* – For a minimal fee, you can check criminal records, credit history or other information. Employers can identify theft patterns, workplace violence issues or previous sexual harassment problems and react accordingly. Addressing these issues before employment begins is much easier than attempting to correct a problem uncovered after the start of employment.

Conduct a thorough in-depth check of an applicant's job history and references. Convey to employees that management is concerned with ensuring the highest level of integrity in the workforce. A comprehensive employment application form should be consistent with federal and state requirements and should include, as a minimum, information about residence, education, job history, and references. Pre-screening practices should comply with state and federal laws. The FCCI Risk Solutions Network resource can provide additional information.

*Procedural Controls* – Employers should develop a set of written security procedures that also outline the company's policy for dealing with an employee caught stealing. A copy of these procedures, as well as other company policies, should be provided to each employee, along with obtaining a signed statement of its receipt. Post notices stating that dishonesty will not be tolerated and all offenders will be dismissed.

Responsibilities and functions should be separated so that no one employee has control over all parts of a given transaction. Organize workflow so that the work of one employee acts as a check on that of another. Supervise employees arriving early and staying late, especially when there is no need to do so.

*Improving Job Satisfaction* – One of the accepted causes of internal theft stems from low job satisfaction. By satisfying this need you not only begin to evolve a strategy for controlling internal theft, you also make an impact on other causes of loss, notably waste and carelessness. By means of an employee relations policy, employees should know that management is genuinely concerned with their problems. Communication between management and employees should be established and maintained.

Employee training should be developed to improve job skills and pave the way for advancement. Employers should regularly review salaries, wages, and benefits to ensure that compensation programs are competitive with those of other companies in the area. Management should also establish a suggestion box and take into consideration what employees have to say. Regular staff meetings will give employees the opportunity to air their concerns and grievances.

Lastly, it's important not to create an atmosphere in which employees feel that they are being spied upon. An atmosphere of suspicion and mistrust will only aggravate a theft problem.

Apprehension and Prosecution – The fear of being caught, dismissed, and possible prosecution with threat of a jail term is undeniably the most effective control strategy. To prosecute dishonest employees will pay for itself in terms of a recognized deterrent. Management should uphold company policies regarding employee thefts, judging every employee by the same objective criteria. Failure to take decisive action or failure to be consistent can have an adverse effect on successful prosecution and the attitude of employees in the future.

When an employee is suspected of internal theft, local policy should be consulted. Employers should be familiar with the evidence that is required and the procedures that should be followed. Always seek professional legal consultation when establishing a prosecution policy.

Internal theft can seriously affect the economic stability of a business. Management needs to implement policies to control internal theft. Businesses that have a good employee selection program, inform employees that stealing will not be tolerated, and establish control strategies to detect employee theft, usually have lower levels of dishonesty. To be effective in reducing the potential for internal theft, the four control strategies outlined must be integrated into a comprehensive prevention program that gives consideration to an employee's morale and legal rights.



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