

Your Business Advisor

Safe and Sound: Safety Tips for Heavy Equipment Operation

Bulldozers, scrapers and tractors, oh my! A jobsite crawling with heavy equipment can sometimes feel like a danger zone. However, with the proper heavy equipment safety guidelines in place, you can reduce your risk on the jobsite while creating an environment focused on safety.

There are three main ingredients to safe heavy equipment operation: safe equipment, proper training and a safe attitude, and constant awareness of all jobsite activities. If heavy equipment operators are armed with these three tools, they'll have no problem playing it safe.

The Compass Corner

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Five Workplace Trends That Can Lead to Employee Lawsuits

Employers in today's marketplace face many formidable competitive and legal pressures. In addition to holding onto market share, they must comply with environmental, safety, and trade practice regulations. Increasingly, they must also worry about legal challenges from their own employees.

The job security that employers offered for decades has given way to a dynamic and sometimes unsettling work environment. Rising job insecurity has brought with it more frequent lawsuits from employees sensitive to perceived discrimination. Several trends in the workplace indicate that this will continue.

The baby boomer generation is reaching retirement age in rapidly increasing numbers. The youngest boomers are now in their mid-forties. The sheer size of this aging portion of the workforce, coupled with increased corporate downsizing, is producing accelerating

numbers of age discrimination claims. The Equal Employment Opportunity Commission reported that the number of age discrimination complaints increased 15 percent in 2007. Employers that focus on hiring and promoting young people to keep themselves innovative may become targets

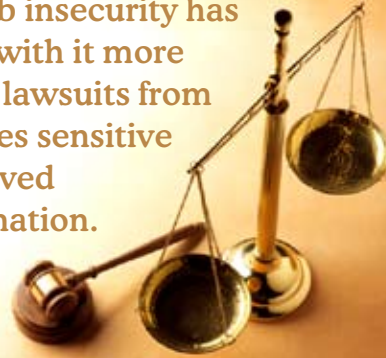
for discrimination lawsuits from older workers.

The U.S. economy lost 1.2 million jobs in the first ten months of 2008 and economists expect the job market to remain weak for the foreseeable future. The end of a recession does not necessarily mean a return to

a strong job market. Job losses continued for almost two years after the 2001 recession ended. Mass layoffs invariably produce lawsuits from workers who feel they were treated unfairly. A sustained period of falling employment should increase the number of such actions.

Computer technology and Internet applications have had major positive effects

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Key Considerations When Obtaining Builders' Risk Insurance

Savvy contractors understand the key points of workers' compensation, especially on controlling losses and managing the premiums. They are also likely familiar with commercial auto and general liability insurance, as construction contract issues tend to center around these coverages. But builders' risk insurance is often a little more daunting for contractors because it's not top-of-mind.

Builders' risk policies cover property during the course of construction and may cover materials in transit to the job site and in temporary storage while awaiting installation. When considering the purchase of a builders' risk policy, a contractor should weigh several factors, such as contract requirements, the property and locations in question, the parties who need coverage, and loss exposures that are time-sensitive.

The construction contract should contain the insurance requirements for the project. For example, it may specify that the builders' risk policy cover certain causes of loss, such as earthquake and flood damage, that the insurer's standard policy will not cover without modification. It may also require that coverage be on a replacement cost basis and that the insurer must waive subrogation rights against the project owner. The contractor should carefully review the contract and discuss the coverage requirements with their insurance agent.

The contractor must also determine what property needs to be covered. If building a new building, a contractor will need insurance on the building materials, foundation, temporary walls and their supports, scaffolding, and other equipment. If the project involves rehabilitation or renovation of an existing building, such as the conversion of an old office building to condominiums, coverage for the old structure as well as for the improvements will be needed. How the insurance company will determine the existing structure's value is an important question. Some companies may subtract depreciation from the building's replacement cost which could leave the contractor with a large uninsured exposure. As such, a contractor should negotiate for replacement cost coverage whenever possible.

The construction contract will usually require the policy to cover the project owner, general contractor and even some or all of the subcontractors. The contractor should determine whether the policy covers material suppliers. If not, consider additional insurance to cover loss of income in case one of the suppliers shuts down temporarily due to property damage. A contractor should also determine how the policy will respond if faulty work by a subcontractor causes damage to other parts of the building. Not all policies will pay if a sprinkler subcontractor installs a pipe fitting improperly and an entire floor gets flooded.

The last two major considerations are the locations to be covered and coverage for extra costs resulting from a construction delay, which was caused by a covered peril. In

addition to the project site, the contractor should inquire about coverage for property in-transit to the site and property stored off-site. Building materials could be damaged if a supplier's location is damaged by fire or if the train carrying them derails. Extra costs resulting from a delay known as "soft costs" can be a significant exposure. For example, leases may need to be renegotiated or replaced, construction loans may have to be extended, or additional equipment may have to be rented. If the contract makes the contractor responsible for these costs, this coverage can be critical.

Because builders' risk insurance has so many unique considerations, contractors should address them before starting work on the project. These policies will differ from one insurer to another, so careful review is essential. Attention to details before work begins can reduce the chances of uninsured losses and contractual disputes.

Steer Clear of Jobsite Dangers

Heavy equipment operators should be well aware of all jobsite activities so they can avoid any potential dangers. That's why it's critical for equipment operators to walk through site activity checklists each day. Here are a few obstacles and activities operators should stay on the lookout for:

Overhead lines: Many fatal occupational injuries occur each year in the U.S. due to contact between large jobsite equipment and overhead lines. That's why equipment operators must exercise extreme caution when working anywhere near overhead power lines. Workers should assume that all overhead lines are energized unless electrical utility authorities have indicated otherwise and it is visibly grounded or appropriately marked. OSHA provides specific requirements for the safe use of equipment near overhead lines.

Barricades: Barricades must be used on any jobsite where heavy equipment is in operation. These barricades help to notify workers where equipment is in use so that they can stay out of the area and avoid serious injury.

Hand Signals: If a crane is in operation on a jobsite, the crane operator and the signaler must know the hand signals that are required by OSHA. These hand signals can be used for other types of equipment as well.

Five Workplace Trends (cont. from pg. 1)

on firms' productivity. They have also created new ways for employees to suffer harassment (sexual and otherwise), privacy invasions, discrimination, and hostile work environments. Uncontrolled Internet access can allow workers to download offensive material that's then used to harass colleagues. Vulnerable computer networks can permit unauthorized access to private employee information. Modern software and equipment can allow employers to monitor virtually every move employees make. As a result, more workers will take legal action against their employers when they feel their privacy has been invaded or when they believe that technology was used to discriminate against them.



In recent years, gay and lesbian workers have sought increased protections against workplace discrimination. Newly enacted state and federal laws and local ordinances have made it easier for these workers to pursue claims against employers. At least 17 states have statutes or court precedents that prohibit discrimination in private workplaces on the basis of sexual orientation. Continuing success in the legislatures and the courts will encourage more discrimination suits.

In 2007, the EEOC issued guidance on how federal laws apply to workers with caregiving responsibilities. Working parents may be subject to a variety of unfair treatments, including assumptions about pregnant employees; discrimination against working fathers and mothers; and sex-based stereotyping about working mothers. The agency and courts expect employers to make reasonable accommodations for working parents. Perceived failures to do so or perceived discrimination in hiring and promotions may cause affected employees to take legal action.

To reduce the likelihood of employee lawsuits, employers must implement policies and enforce procedures to prevent unfair discrimination. Another essential component is employment practices liability insurance from a financially-sound insurance company. Employers face enormous challenges to survival and prosperity in the modern economy. With careful attention to their employment practices and the right insurance, they can make those challenges a little more manageable.

Reasons Why Businesses Should Re-Evaluate Risks and Coverage

Every business goes through different cycles of profit and loss. This means that your risks and potential exposures are being similarly affected. At the same time, commercial insurance coverage is also continually evolving and changing. Nothing in either your business or the insurance industry remains static. This is why you should re-evaluate your insurance coverage at least once a year. A regular insurance audit may help you identify any coverage holes that might impact your bottom-line, should an unexpected loss occur.

The primary areas you should re-evaluate annually are:

General Liability. How much liability protection does your company currently require? The amount of coverage you had previously purchased was probably adequate at the time, but remember: your business has changed since then and so has your liability exposure. What was suitable for your needs last year may no longer be sufficient if your company has grown and expanded. The larger your growth, the more you become exposed to potential, increased, and significant liability.

Property Insurance. Business property evaluations go up and down as commercial real estate values fluctuate. You could now be paying too little or too much for the necessary coverage. The same applies to your equipment, machinery, and your inventory. Adding or subtracting in these three areas, while factoring in appreciation or depreciation, can dramatically affect not only the premiums you pay, but also your overall property insurance coverage in the event of a significant loss such as a fire or natural disaster.

Workers' Compensation. The premium you pay is largely dependent on the roles of each and every employee, from the shop floor to your managerial staff. If the roles of your personnel have changed relative to how your business has grown, shrunk, or evolved, then you need to re-evaluate these changes relative to the premium rate you pay for each worker. The premium cost changes or differences can be substantial.

Business Interruption Insurance. You might have enough insurance to get your business re-built and your equipment replaced in the event of a disaster, but did you also factor in your business operating expenses? Many companies neglect that part of the equation and fail to develop a disaster recovery plan. Even if your company has a plan, what about the vendors that are key to the survival of your business? Your own business might be fine, but in some other part of the state or country, a key manufacturer or supplier could get nailed. Did you know that you could extend your coverage to cover this circumstance too?

Insurance Protection of Executives. The size of your company doesn't matter. If you have employees, you can face claims

(cont. on pg. 4)

Re-evaluate Risk and Coverage (cont. from pg. 3)

for sexual harassment or wrongful dismissal. You may not have considered the need to purchase employment practices liability insurance before; but, if your company has grown, that expansion has increased your risk to potential claims. Similarly, if you sponsor a 401(k) plan for your employees, and its performance has not met expectations or an employee feels the investment was mismanaged, do you have adequate fiduciary, director's, and officer's liability insurance to handle such claims?

Summary: To help safeguard your business from potential risk, an annual insurance audit is a must. You may discover that changes in your business may have exposed you to new risks. Likewise, insurance premiums are a significant expense, and you might find that you are paying too much or covering exposures that are no longer relevant.

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