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News Blast

Workplace Safety

OSHA Not Letting Up on Inspections, Penalties

DESPITE WIDESPREAD expectations, Fed-OSHA under the Trump administration has not backed off on enforcing workplace safety regulations.

In fact, the agency is as aggressive as ever and citations issued have also risen, after fines increased substantially three years ago. Based on OSHA statistics, a company that's inspected has only a 25% chance of not receiving a single citation.

In other words, employers should keep up their safety regimens to not only avoid being cited but also to avoid workplace injuries.

What's going on with OSHA

Enforcement emphasis still going strong – There are more than 150 local and regional enforcement emphasis programs as well as nine national programs in effect that were implemented at the end of the Obama administration. OSHA is dutifully enforcing them all.

Budget bucks the trend – Despite the budget-cutting at many federal agencies, OSHA saw a $5 million increase in its fiscal year 2019 budget from the year prior.

Most notably, that was the first budget increase since 2014. In addition, state-run OSHA programs also received a small budget enhancement of $2 million.

Fines increasing – OSHA has not moved to reverse the maximum fines for safety violations after they were increased substantially in 2016. They increased 2.5% for 2019 from 2018 as the law requires that they keep pace with inflation.

2019 MAXIMUM FINES

- Serious or other-than-serious posting requirements: Up to $13,260
- Failure to abate beyond initial violation date: Up to $13,260 per day
- Willful or repeat violations: Minimum of $9,472, up to $132,598

Inspections stable – The number of inspections remains unchanged.

Focus on repeat violators – A focus on repeat violations has continued, with 5.1% of all violations in this category. The percentage has been over 5% since FY2016.

General duty clause – There has been expansion of the general duty clause to cite employers for heat stress, ergonomics, workplace violence, and chemical exposures below the permissible limit.

New emphasis

And 2018 also saw a new effort by OSHA to fine-tune its work. It issued a memo in May that formalized the use of drones (with the employer's consent) to collect evidence.

This has been somewhat controversial because it could enhance its ability to find other violations it might not normally find.

According to the Fiscal Year 2019 Congressional Budget Justification for

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Key Man Insurance

Cover the Financial Impact if a Vital Employee Dies

EVERY BUSINESS, no matter what the size, has certain people that are crucial to its success. Nowhere is this more evident than in a small business.

These key people are the ones whose absence would put the company in jeopardy because they are involved in every aspect of the operation. Because their value is immeasurable, it is vital to cover these people with key man insurance.

The concept behind key man coverage is quite basic. A company purchases a life insurance policy on that person, whether it is the owner or a staff member, pays the premiums and is the beneficiary of the policy.

If that person unexpectedly dies, the company receives the death benefit. What makes this coverage so important is that the death of a key person in a small business can often lead to the demise of the company itself if no line of succession has been established.

And, as is usually the case, small companies find themselves completely occupied with day-to-day operations, so they seldom think about grooming someone to take the place of a key person.

Key man insurance can help the company buy some time after losing the person who makes the business work. The company can use the money received from the death benefit for expenses until it can recruit and/or train a replacement.

It can also be used to close the business down if that is the course of action decided upon, by providing money to eliminate debts, pay investors, and give severance to employees.

After an unexpected event such as the untimely death of a valuable person, key man insurance gives the company some alternatives other than declaring bankruptcy.

To determine who needs to be covered by this type of insurance, begin by evaluating your business to see who is irreplaceable to operations in the short term.

In many small businesses it is usually the founder/owner who understands all of the day-to-day workings.

They generally are the ones who keep the books, manage the employees, and service the largest customers. If that person were to die, it would mean finding immediate replacements to perform all of these tasks; otherwise the business would grind to a halt.

Determining how much key man insurance you need depends on your business's market capitalization, but in general you should get as much coverage as possible.

You can work with us and your insurance carrier to evaluate the person you want to cover, so the insurer can establish a premium on that person. The evaluation takes into consideration the current health of the employee, medical history, and age.

The next step is to calculate how much money your business would need to remain in operation until you can replace the key person and normalize again.

Most small businesses find that simply matching the key person's base salary will not give them enough of a cash resource to get back on an even keel. The general consensus is you will need a benefit that equals at least two to three times the key employee's salary.

If you research this information, it will not only make it easier to find a policy that fits into your budget, but also help you select one that will fill your short-term cash needs should the worst happen. ❖

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E-Reporting Information to Be Used to Increase Enforcement

the Occupational Safety and Health Administration, increased enforcement seems to be more likely than a decrease.

Also, although there have been no officially released statements, the new electronic injury and illness reporting information will be used by OSHA and state plans to increase enforcement.

The increased budget, according to the Congressional Budget Justification, will support additional compliance safety and health officers to provide a greater enforcement presence and provide enhanced technical assistance to employers who need help in understanding how to achieve compliance with OSHA standards. ❖

Serious Injury Prevention

Teach Tool Safety To Avoid Serious Injuries

TOOLS ARE such a common part of our lives that it is difficult to remember that they may pose a hazard.

Workers must learn to recognize the hazards associated with the different types of tools and the safety procedures necessary to prevent those hazards.

Hand tools

Hand tools are non-powered; they include anything from axes to wrenches. The greatest hazards posed by hand tools result from misuse and improper maintenance. The employer is responsible for the safe condition of tools and equipment used by employees; however, employees have the responsibility for properly using and maintaining their tools.

Power tools

Power tools can be hazardous when improperly used. There are several types of power tools, based on the power source that they use: electric, pneumatic, liquid fuel, hydraulic and powder-actuated. But employees should be trained in the use of all tools, not just power tools.

They should understand the potential hazards as well as the safety precautions to prevent those hazards from occurring. Use the owner's manual for information and training for the particular tool.

Guards

Hazardous moving parts of a power tool need to be safeguarded. For example, belts, gears, shafts, pulleys, sprockets, spindles, drums, flywheels, chains and other reciprocating, rotating or moving parts of equipment must be guarded if such parts are exposed to contact by employees.

Electric tools

Employees using electric tools must be aware of several dangers, the most serious of which is the possibility of electrocution. Among the chief hazards of electric powered tools are burns and slight shocks, which can lead to injury or even hearing failure, while a certain amount of current can result in death. A shock can also cause the user to fall from a ladder or other elevated work surface.

Powered abrasive wheel tools

Powered abrasive grinding, cutting, polishing and wire buffing wheels create safety problems because they may throw off flying fragments.

Pneumatic tools

Pneumatic tools are powered by compressed air and include chippers, drills, hammers and sanders. There are several dangers encountered in the use of pneumatic tools, but the main one is the danger of getting hit by one of the tool's attachments or by some kind of fastener the worker is using with the tool.

Powder-actuated tools

Powder-actuated tools operate like a loaded gun and should be treated with the same respect and precautions. In fact, they are so dangerous that they must be operated by specially trained employees.

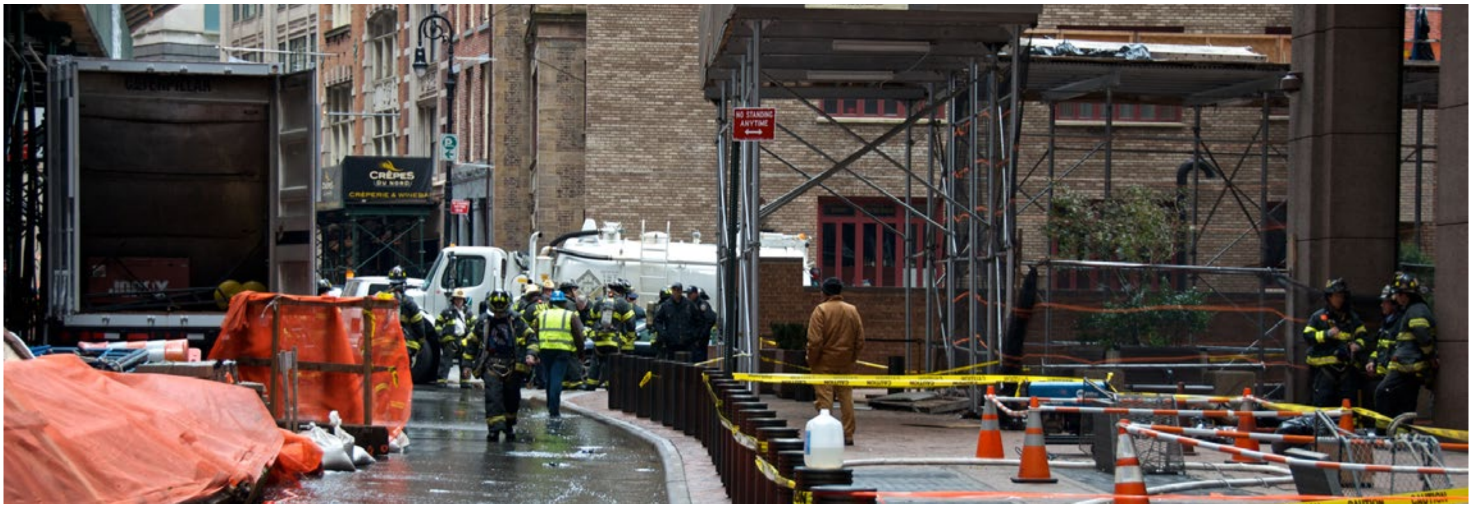
Hydraulic power tools

The liquid in hydraulic power tools must be an approved fire-resistant fluid and must retain its operating characteristic at the most extreme temperatures to which it will be exposed. Never exceed the recommended operating pressure.

Employees and employers have a responsibility to work together to establish safe working procedures. If a hazardous situation is encountered, it should be brought to the attention of the proper individual immediately. ❖

Weather-Related Risk

Commercial Properties Increasingly Vulnerable



A NEW report highlights the risks to commercial real estate owners from natural catastrophes and climate-related disasters, which are happening with increasing frequency.

The report by Heitman LLC, a global real estate company, in conjunction with the Urban Land Institute, found that the increasing risks from catastrophes are bringing new challenges to commercial property owners in terms of risk mitigation and securing appropriate property coverage, which may become more difficult in the future.

There are two main risks facing commercial property owners: physical and transitional risks associated with increasingly volatile weather.

Physical risks – This includes catastrophes, which can lead to:

- Increased insurance premiums
- Higher capital outlays
- Increased operational costs
- Decreased liquidity
- Falling value of buildings

Transitional risks – This includes economic, political and societal responses to climate change and more volatile weather that can make entire regions or metropolitan areas less appealing due to increasing weather events.

The report notes that commercial property owners in areas that have seen regular catastrophes have started seeing either higher premiums for their property policies or decreased coverage.

Fallout from extreme events

- Costs to repair or replace damaged or destroyed property.
- Property downtime and business disruption.
- Potential for increased insurance costs or reduced/no insurance availability.

Main impacts facing property owners

First, there are catastrophic events, like extreme weather such as hurricanes and wildfires.

Gradual changes in temperature and precipitation – such as higher temperatures, rising sea levels, increasing frequency of heavy rain and wind, and decreased rainfall – are likely to exaggerate the impact of catastrophic events.

This can affect commercial properties in the form of:

- Increased wear and tear on or damage to buildings, leading to higher maintenance costs.
- Increased operating costs due to the need for more, or alternative, resources (energy and/or water) to operate a building.
- Cost of investment in adaptation measures, such as elevating buildings or incorporating additional cooling methods.
- Potential for more damages from weather events.
- Higher insurance costs or lack of availability.

What owners are doing

Survey respondents said that they currently use insurance as their primary means of protection against extreme weather and climate events.

But 70% of real estate and hospitality industry managers said they had seen an increase in rates in the year to the end of the third quarter of 2018, with an average rise of 9.1%.

While insurance will cover damages from catastrophic events, it will not cover loss in value if investors start shying away from an area due to vulnerability to natural catastrophes.

Although insurance might provide short-term protection, more property owners and investors are looking for better tools and common standards to help the industry get better at pricing in climate risk in the future. These include:

- Mapping risk for the properties they currently own.
- Reviewing climate risk and catastrophe susceptibility before purchasing new properties.
- Using mitigation measures around their properties.
- Working with local policymakers to support investment by cities in mitigating risk. ❖