

# RiskyNotes

Vol. 17, No. 1 September 2004

A publication of Risk Management. Our mission is to minimize state risk and cost of claims.

## WHAT'S NEW IN SAFETY AND RISK TRAINING

During May, new agency Safety Advisors got together for the **Workers' Comp Basics** workshops. DAS Risk Management

scheduled for September 9, and "Safety & Human Error" scheduled for December 2, 2004.



*Safety Advisors at Workers' Comp Basics. New information, updates, and networking make these valuable workshops.*

and SAIF have co-sponsored this training since 1991. It was suspended in 2003, but we expect to resume an annual work comp workshop.

SAIF continues to present their successful **CompChat** seminars. These two hour classes focus on particular workers' comp or injured worker topics. They provide good information for agency managers responsible for these issues. Upcoming chats are "Compensability: Course & Scope Issues"

**Office Ergo – Work Station Assessor** classes are still available through SAIF. Agency staff can learn the basics of seated work safety. Learn to select and fit an adjustable chair. Learn to set up a seated work station to minimize awkward posture. Classes are aimed at staff who will assist co-workers as part of their agency's Office Ergonomics or Safety program. For more information contact your agency Safety Advisor. Check

*(continued on page 3)*

## OFFICE ERGO PROJECT PROVEN TO REDUCE INJURIES

SAIF's Oregon Team Loss Consultant, **Tony Brace\***, analyzed injury data from the state's **Office Ergo Project**. He asked if state agencies with office ergo programs have fewer claims, and if they have lower costs. The answer to both questions is yes!

Eighteen state agencies were studied. This covered a workforce of over 15,000. In a seven year period the number of claims decreased from 8 to 3 per 1000 workers. The medical costs, adjusted for inflation, also went down. Tony's analysis confirmed the reduction was a

*(continued on page 4)*

### What's Inside. . .

	Page
<i>Employee Injury: An Operational Risk with Financial Impacts ...</i>	2
<i>New on the Web.....</i>	5
<i>Kid Concerns - Chapter One.....</i>	6
<i>Risk-o-Meter.....</i>	8

# EMPLOYEE INJURY: AN OPERATIONAL RISK WITH FINANCIAL IMPACTS

*Operational Risk* is defined as the potential of a loss resulting from inadequate or failed processes, people and systems, or from external forces.

*Operational Risk Loss* is an impact associated with employment practices, workplace safety, business practices, business disruption, and system failures.

***“As an agency’s workers’ comp risk charge swells, that amount available for other services will be affected.”***

State government services are delivered by people, not machines. Unlike a manufacturing or production line operation, employees are truly our most important asset. Losing a trained and skilled employee for any length of time is difficult for a supervisor. The work must be done. No one has too many staff. Not everyone can do all jobs with equal skill or quickness. Other workers take on additional, often unfamiliar, duties. Harmony in the work unit is disturbed. It does not run as smoothly as before. The work product may not be of the quality desired. Error and injury rates may increase. In some cases, the mission may be jeopardized. Viewed like a manufacturing plant losing a production line, employee injury is a true operational business risk for public service entities.

What are the financial impacts of this operational risk?

- Agency risk charges (charged by DAS).
- State workers’ compensation insurance costs (paid by DAS)

- Additional paid leave to the injured employee (earned leave to supplement work comp wage replacement).
- Excess staffing: overtime; temp workers; contracting out; retraining; recruitment and

hiring a replacement if the injured worker does not return.

- Damage to property; loss of revenue; cash flow; missed business opportunities.

What is the operational impact of an employee injury?

- Loss of a trained, experienced employee’s production or knowledge.
- Co-worker workflow disruption, reassignment, orientation and training, labor disputes, morale, increased error potential.
- Manager diverted to investigation and/or litigation, paperwork, work reorganization and reassignment, worker replacement (recruit, hire, train), repair or replacement of equipment or property.

- Business systems to monitor events: leave laws, employment status, contract requirements.

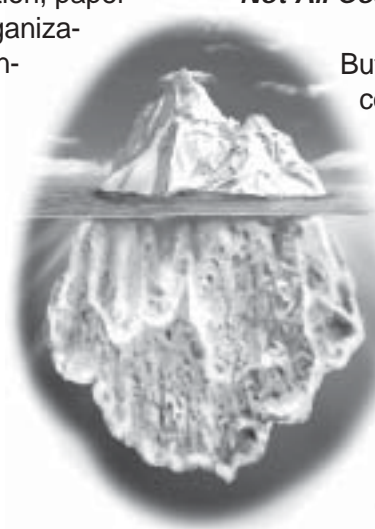
Operational business risks have financial impacts. State government does not produce revenue or make profit in the private business sense. But, like a private firm, it has a budget and a set amount of funds to do business. Employee injury causes a financial, as well as an operational, impact.

## *Financial Impact of Employee Injury*

State government spends about \$1 million per month to pay the cost of workers’ compensation. Charges to agency budgets are included in the funds allotted by the legislature for personnel services. As an agency’s workers’ comp risk charge swells, that amount available for other services will be affected. Workers’ comp charges must be paid. They cannot be deferred. The workers’ comp charge is an agency’s “insured cost”.

## *Not All Costs are “Insured”*

But, think about all the costs of an employee injury. It is an iceberg. The tip of the iceberg that you see is the injury event itself. Most of the obvious costs are covered by workers’ comp. Think of these costs as “insured”.



*(continued on page 3)*

---

## EMPLOYEE INJURY AN OPERATIONAL RISK

(continued from page 2)

But the mass of the iceberg is under the water, out of sight. This is what you should be concerned about — the uninsured costs.

The industry standard for uninsured costs in a non-manufacturing operation is generally believed to be on a 4 to 1 ratio. For every dollar spent on an injury covered by insurance, an agency may spend an additional four dollars. Much of this will come from operating budgets.

When an employee is injured on the job, what are the non-workers' comp covered costs and losses?

- Every incident causes disruption, slows production, and distracts co-workers. Some can devastate morale, confidence in management and employee-employer relations. This type of loss is hard to put a dollar figure on. But it is real.

- Co-workers take on unfamiliar tasks. Productivity and quality of work suffers. Errors can increase. Time lines are missed. Accuracy can be compromised. Decisions, made easily in the past with the input of the now-injured employee, now require more time, more staff research.
- Costs associated with the time the supervisor spends on activities related to the accident. These activities include investigating the accident, working on returning the injured worker back to work, and completing the paperwork necessary to file the claim.
- Costs associated with completing the injured worker's tasks. For example, rearranging other worker's duties or hiring a temporary employee to perform the duties of the injured worker.
- Costs associated with the injured worker returning to work and getting back into

their regular duties. Modifying jobs. Finding suitable work. Training the injured worker to do new tasks.

This list is not all inclusive. There are many additional uninsured costs which will occur depending on the situation presented to you.

Safety efforts aimed at abating hazards and preventing injuries are the first line of defense. But managing risk requires preplanning and having systems in place to handle a loss when it occurs. For managing an employee injury risk, a good start is to have an Early-Return-to-Work program in place. To find a sample of such a program, refer to the following website address: <http://www.oregon.gov/DAS/Risk/docs/RisKeyEarlyReturnToWork.doc>.

Our workers are our greatest resource and our biggest operational risk. Employee safety and injured worker management should be on every executive's agenda. ■

---

## WHAT'S NEW IN SAFETY AND RISK TRAINING

(continued from page 1)

the class schedule at <http://www.oregon.gov/DAS/Risk/docs/OfficeErgonomicsAssessorTrainingCalendar2004.doc>.

The **SAIFer Driver** contract was competitively bid last spring. **Evergreen Safety Council** was the successful bidder. They will continue to provide this basic defensive driving class around the state. On average, over 2000 state employees attend this training each year. Agencies with a basic driver safety program can attend at no charge. Agencies who do not have a safe driving

program can attend at cost. For more information go to <http://www.oregon.gov/DAS/Risk/VehicleSAIFerDriverPlusOverview.shtml>.

**Risk Functions Basics** for agency Risk Coordinators is scheduled for September 2, 9, and 16, 2004 in Salem. This is the third time in four years we have delivered this program.

Biennial **Risk Seminar** is scheduled for November 17, 2004 at the Salem Red Lion on Market

Street. The seminar theme for this biennium is "**Bureau-Cat on a Hot Tin Roof: Accountability in Lean Times.**" Topics include: risk management as a shared service; state employment and civil rights tort claims; emergency response; property and asset protection and coverage; risk assessment and incident analysis; and claim management and risk reports.

Watch the DAS-RMD training page for more information <http://www.oregon.gov/DAS/Risk/Training.shtml>. ■

## OFFICE ERGO PROJECT PROVEN TO REDUCE INJURIES

(continued from page 1)

result of the office ergo program, not random chance. The results were "statistically significant".

In 1995, state agencies got involved in the Office Ergo Project. This project was part of the Statewide Safety Initiative led by DAS Risk Management. The project targeted what was often called "repetitive stress injuries". It aimed to reduce these injuries in workers performing seated office work.

Computer use over the past twenty years changed the way state employees work. The number of hand, wrist, arm, and shoulder workers' comp claims increased. Nationally, this injury trend prompted regulatory fixes. All have been struck down. But the safety concern did not change.

Oregon agencies joined in the voluntary Office Ergo Project. It coordinates access to adjustable work surfaces and chairs, user information, and training. Rather than workers adapting to the work station, the worker can adjust chairs and work surfaces to their own unique needs. Through information and training programs, managers and workers are able to prevent problems before they occur. If workers develop discomfort, they can quickly respond.

This study supports continuing the Office Ergo Project. It confirms positive results. For agencies, it is evidence that their safety efforts are worth supporting.

Want more information? Is your agency involved in the Office Ergo Project? Call your Safety Advisor. Adjustable chairs are available on a state price agreement. The work station assessor classes are taught by SAIF. Find out more about the Office Ergo Project. Find it under the Statewide Safety Initiative at the DAS Risk Management web site. Go to <http://www.oregon.gov/DAS/Risk/Safety.shtml>. ■

\*Tony Brace is no longer assigned to the state team. He is still with SAIF Corp. He plans to submit his study for publication in a professional, peer-review journal.

## RISK MANAGEMENT DIRECTORY OF SERVICES

The area code for all numbers listed is "503" unless otherwise indicated.

Information	373-RISK
FAX	373-7337
Internet	risk.management@state.or.us
SAIF Emergency Report	1-800-285-8525
SAIF 801 FAX	1-800-475-7785

### Administration:

Administrator -	
David Hartwig	378-5526
Executive Assistant -	
Barbara Hamilton	378-4706
Finance Analyst -	
Bob Nies	378-5521

### Safety & Risk:

Manager -	
Kate Wood	373-7233
Safety & Risk Specialist -	
Cindy Pankey	373-0706
Risk Consultants -	
Loree Fogleman	373-7003
Ronda Hollis	373-1037
Safety Management	
Consultant -	
Bonnie Robbins	378-5525

### Insurance & Operations:

Manager -	
Andrea Peters	378-5515
Operations Assistant -	
Jody Haurly	378-5514
Receptionist -	
Adina Canales	373-7475

### Claims:

Manager -	
Mike Baird	378-5522
Chief Claims Consultant -	
Vacant	378-5468
Claims Adjusting -	
Mike Baker	373-1520
Betsy Enos	378-5517
Dwayne Green	378-5940
Carol Hilzer	378-4878
Rocky Jeffries	378-4595
Dawn Nicholas	378-6840
Linda Roberson	378-5508
Brenda Schnee	378-5467
Employment Claims -	
Kent Rice	373-7814

### SERVICES TO STATE AGENCIES

**Insurance for:** Property, liability, workers' compensation, employee dishonesty, vehicle, aircraft, and others.

**Claims Adjusting for:** Property, liability, and employee dishonesty.

**Risk Control Consulting for:** All of the above. ■

# NEW ON THE WEB

Take a look at the main changes to our Web site since the last issue of **RisKeyNotes**.

## Insurance Coverage

Summary information on the new excess commercial Equipment Breakdown coverage is now available. Equipment Breakdown insurance is a broad coverage that provides protection for more than just boilers. Want to know more? Take a look in the Commercial Policies Section at <http://www.oregon.gov/DAS/Risk/CommInsur.shtml>.

## Publications

**Driving on State Business – A Guide to Frequently Asked Questions** **RisKey** has been revised. Due to recent changes in the state's property self-insurance, we added vehicle coverage information to this **RisKey**. New information includes covered vehicles, the type of coverage provided, conditions of coverage and when to purchase rental car insurance. Check it out at <http://www.oregon.gov/DAS/Risk/RisKeyDrive.shtml>.

Updated the model use permits in the **Use of State Premises by Others** **RisKey**. Statutory authority to prohibit weapons in state buildings is now included. Go to <http://www.oregon.gov/DAS/Risk/RisKeyUseOfStatePremises.shtml>.

**West Nile Virus – A Little Bite of Protection** is a new **RisKey**. It identifies ways to avoid a mosquito bite. Since the mosquito is a known transmitter of West Nile Virus, prevention is your best bet to avoid

potential exposure to the disease. See <http://www.oregon.gov/DAS/Risk/RisKeyWestNileVirus.shtml>.

Revised the **Tip Sheet on Commercially Rented Vehicles: Physical Damage Coverage**. Explains when state agencies should buy a Limited Damage Waiver. The answer depends on how the rental vehicle will be used. Go to <http://www.oregon.gov/DAS/Risk/docs/TipsRentalVehicles.doc>.

## Risk Finance

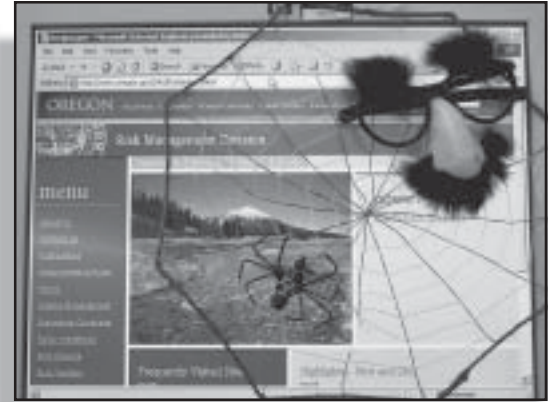
Take a look at the updated **Risk-O-Meter** graphs. These graphs provide frequency rates for state claims per 100 FTEs. Rates include Workers' Comp Time Loss, Property, General Liability, and Auto Liability. See <http://www.oregon.gov/DAS/Risk/docs/Risk-O-Meter.xls>.

## Risk Toolkits

### Smart Contracting Toolkit

Standard limits for each type of insurance have been removed. A risk assessment process will help state agencies set appropriate insurance limits. Questions were added to each insurance type to assist in the identification of potential loss exposures. Go to <http://www.oregon.gov/DAS/Risk/SmartContractingToolkitIns.shtml>.

A new section for suggested Insurance by Type of Contract was added. Each agency should make business decisions using a risk assessment process. This process helps to determine what coverages will be required for the contractual



activity. Check it out at <http://www.oregon.gov/DAS/Risk/SmartContractingToolkitContracts.shtml>.

## Vehicle Safety – VIPP Toolkit

Changes include:

- Updated **State Vehicle and Access Rules Matrixes**. These matrixes are designed to help state agencies with routine vehicle questions. See <http://www.oregon.gov/DAS/Risk/VehicleSafety.shtml#rules>.
- A new Web page, **Vehicles and State Insurance Coverage**. This page explains how state insurance coverage applies to vehicles. Take a look at <http://www.oregon.gov/DAS/Risk/VehicleIns.shtml>.
- More information on the use of private vehicles for state business. Details include a definition of private vehicles, how state insurance applies, and an optional approval process for use of these vehicles on state business. Go to **Using Private Vehicles on State Business** at <http://www.oregon.gov/DAS/Risk/VehiclePersonalVehicles.shtml>.

See...View...Click...Go To...Check out our Web site at <http://www.oregon.gov/DAS/Risk/index.shtml>. ■

# KID CONCERNS – CHAPTER ONE

In carrying out state business, many state agencies frequently find themselves interacting with children in a variety of settings. Risks to the children, clients of the state, members of the public and the state, vary widely depending on the activity. This article will focus on special days such as “Take Your Kids to Work Day” (TYKTW). It is the first in a series of articles about children in the workplace. Stay tuned for other articles in upcoming editions that focus on the following categories of activities involving children:

- School-to-Work Programs;
- Employee child care issues; and
- Agency activities involving children.

## ***Special Kid Friendly Days***

Annually, the state hosts a “Take Your Kids to Work Day” (TYKTW). In addition, there are other special days where children visit state workplaces. When this happens, there are a few things to consider.

## ***Children in State Vehicles***

Vehicle Use and Access Rule OAR 125-155-420 defines authorized passengers. Family



*Studies show many people benefit from naps. But workplaces are not really designed to address that need.*

members and children under 18 years of age are not “authorized” to be in vehicles used for state business. Per OAR 125-155-420 (6) (c), the DAS Director’s Office can issue a special order to allow children to ride in state vehicles for a special occasion. For several years DAS has issued a special order for TYKTW day. It is reissued each year. It is only for TYKTW day events on the date specified in the order. In addition, agencies must approve specific activities involving children in advance.

Driving is one of the riskiest activities in which agencies participate. Serious injuries can result from a vehicle crash. Children who are passengers can

be seriously injured. The state will be liable for their injuries. The child can also bring an individual action against the state once they turn 18. So this is a risk we want to minimize. The value of official TYKTW day events offsets the risk. But it should be carefully managed.

Do not use 15 passenger vans to transport school age children.

## ***Children in State Work Places***

Unlike schools, our offices and buildings are not designed to be particularly child-friendly. This means

special attention must be paid to these young visitors. Youthful enthusiasm may need to be curbed. Give reminders to talk quietly and walk (not run) in hallways, and to take care on stairs and when walking between buildings.

If activities will take place in non-office environments be sure you are aware of the hazards of that environment. You will be held to a higher standard of care for a child than for an adult visitor.

## ***Activities Elsewhere***

Should your planned activity involve a non-office environment,

*(continued on page 7)*

## KID CONCERNS - CHAPTER ONE

(continued from page 6)

you will be held to a higher standard of care. This is particularly true if the work location poses inherent hazards. Plan ahead. The plan should include:

- An outline of the risks of the activity. Try to think of everything that could possibly go wrong. Have a plan in advance that addresses each risk and how it will be managed. For assistance with a risk assessment, see our website at: <http://risk.das.state.or.us/DAS/Risk/RiskAssessmentRoadmapToolkit.shtml>.
- If possible, have at least one employee trained in life saving techniques.
- Know if any of the children you are taking have medical conditions that could be a problem, i.e., allergies to bee stings, asthma, etc. However, be careful about how information regarding medical conditions is handled. This information should only be kept as long as it is needed and access should be restricted to those state employees needing to know.
- Know in advance the location of the closest hospital or medical treatment facility.
- Have adequate supervision for the number of children and the risk of the event.
- Give rules addressing behavior to the children in advance. Make sure that the children understand the rules and what will happen if they break them.

- When departing on an event (where the parent or guardian will not be present), make sure you have a signed Emergency Medical Release in your possession for each child in your care. Check our website at: <http://risk.das.state.or.us/DAS/Risk/forms.shtml> for a sample Emergency Medical Release form.
- If a child is injured during an event, only provide emergency medical treatment that is immediately necessary. Contact the child's parent or guardian as soon as possible.

### ***Responsibility for the Children***

An adult must be responsible for each child or group of children. That responsible adult may be: the parent, legal guardian, or authorized relative; a teacher or school employee; or, another adult designated by the parent or legal guardian who happens to be a state employee. These individuals are responsible to monitor and manage the child's conduct and behavior. They will also be responsible to meet the child's personal needs. In the event of illness or injury to the child, the responsible adult will be expected to have planned ahead for emergency contacts and/or Emergency Medical Treatment

Authorization. Should the child need to leave for any reason, this responsible adult will need to make arrangements. It is not acceptable for state employees who are not parents, relatives, or the personally authorized representatives for the parent or legal guardian to be this "responsible adult."

Here are some additional references to help you plan for a safe and positive experience for everyone:

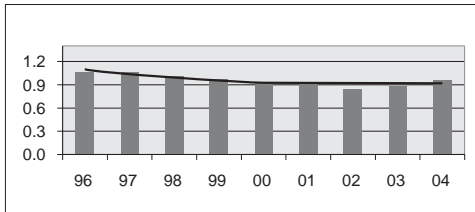
- State Vehicle Use and Access Rules [http://arcweb.sos.state.or.us/rules/OARS\\_100/OAR\\_125/125\\_155.html](http://arcweb.sos.state.or.us/rules/OARS_100/OAR_125/125_155.html)
- 15 Passenger Vans <http://www.das.state.or.us/DAS/Risk/VehicleVans.shtml>
- Who'll Watch the Kids (RisKeyNotes article from 1997) <http://risk.das.state.or.us/DAS/Risk/docsOtherArticlesWatchTheKids.doc> ■

# RISK-O-METER

## RISK-O-METER RATES (the number of occurrences per 100 FTE by loss year at 12 months)

NOTES: Loss years are from July 1 to June 30 with rates are at June 30. Subsequent claims reported are not included.  
FTE means "full-time equivalent" employees.

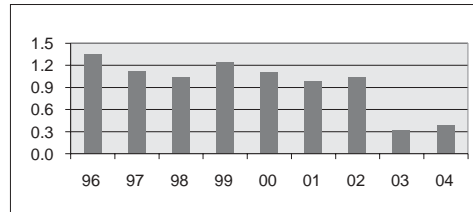
### WC TIME LOSS > \$0 Paid



01	02	03	04
0.93	0.84	0.88	0.96

9% increase

### PROPERTY > \$10 Incurred

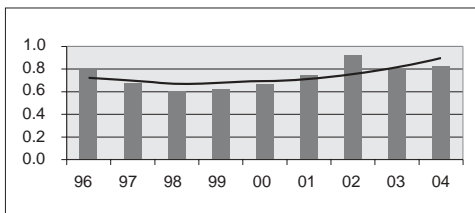


01	02	03	04
0.99	1.04	0.31	0.38

23% increase

Note: Effective 7-1-02 the deductible increased from \$500 to \$2500.

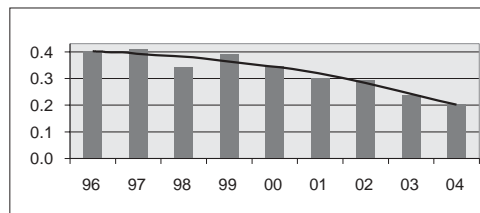
### GENERAL LIAB > \$500 Incurred



01	02	03	04
0.75	0.92	0.81	0.83

2% increase

### AUTO LIAB > \$500 Incurred



01	02	03	04
0.30	0.29	0.24	0.20

15% decrease

**RisKeyNotes** - A publication of the State of Oregon, **Department of Administrative Services**, Risk Management, 1225 Ferry St. SE U150 Salem Oregon 97301-4287 Phone: (503) 373-RISK

Reprinting, excerpting or plagiarizing any part of this publication is fine with us. Please send us a copy of your publication.

**Published 3 times yearly**

**Acting Department**

**Director - Theresa McHugh**

**Editorial Board - David Hartwig**

**Mike Baird**

**Barbara Hamilton**

**Kate Wood**

**Distribution to:** State Executive Service, Management Service, and other interested employees or persons. Call (503) 378-4706 with distribution questions.

Vol. 17, No. 1, September 2004 

Department of Administrative Services  
Risk Management  
1225 Ferry St. SE, U150  
Salem OR 97301-4287