

Risk Manager

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Reduce workplace stress—improve your company's health

In today's increasingly demanding work world, it is not surprising that workplace stress is on the rise. The National Institute for Occupational Safety and Health (NIOSH, 2005) reports that 40% of workers describe their jobs as "very or extremely stressful" and 25% of employees view their jobs as the most stressful area of their lives.

Some employers may rationalize that stressful working conditions are a necessary evil, assuming that companies must constantly demand more from workers to remain competitive, productive, and profitable in today's economy. However, work-related stress can have serious consequences, not only for the health of employees, but also for the overall success of a business. Stress raises the risk of workplace accidents, cardiovascular disease, psychological problems, and other health disorders. Business owners may also pay a high price through increased employee absenteeism,

tardiness, and disability claims, as well as reduced employee satisfaction and productivity.


Conditions That Cause Stress

What exactly is job stress? According to NIOSH, job stress is defined as harmful physical and emotional reactions that occur when job demands do not match workers' abilities, resources, or needs. Researchers disagree, however, on whether the primary cause of work-related stress centers more around worker characteristics, such as personality or coping style, or working conditions. Although the impact of the differences among individual workers cannot be ignored, certain working conditions are likely to contribute to the stress levels of most people. These include the following:

- **Work Roles.** Without a clear definition of reasonable job functions, employees may feel stress. Having conflicting tasks, vague job expectations, or too much

responsibility may contribute to this problem.

- **The Nature and Design of Tasks.** Job functions involving heavy workloads, fast turn-around times, long work hours, infrequent breaks, and routine or mundane tasks may contribute to employee stress.
- **Management Style.** Employee stress may be the result of a lack of communication within the organization, poor communication techniques of a direct manager, exclusion from decision making that affects job function, and a need for family-friendly policies.
- **Interpersonal Relationships.** A poor social environment and the lack of support from managers and other co-workers may intensify feelings of stress among employees.
- **Career Concerns.** Employee stress may be related to sudden



Did You Know?

Keep your business insurance current with regular reviews

With the varied tasks and responsibilities of a business owner, it is impossible to find time for everything. However, one thing you should not overlook is a regular **business insurance** review. Too much, or too little, coverage could end up costing you a lot of money, so reviewing your insurance needs may be considered time well spent. Here are some questions to help you zero in on potential risk exposures:

1. Are you insured for the current replacement cost of your building, considering property appreciation, current building and zoning codes, and rising construction costs?
2. Do you have an electronic data processing (EDP) policy to cover computers and other electronic equipment you depend upon for daily business operations?
3. Are you carrying extra coverage for electrical, mechanical, or pressure breakdowns?
4. Have you reported all business acquisitions, additions, and improvements since your policy was last renewed?
5. Have you reported all equipment and machinery purchases since your last policy renewal?
6. Are you carrying adequate coverage for company-owned or operated vehicles?
7. Have you arranged for higher inventory coverage during peak periods?
8. Do you have sufficient **product liability insurance** to help protect against a substantial lawsuit?
9. Do you have a **commercial umbrella liability policy** to insure you in the event of catastrophic loss?
10. If a disaster forces you to temporarily suspend business operations, are you covered for business income you would lose and any extra expenses you would incur to restore operations?
11. Are you insured for the current replacement cost of your office furniture, fixtures, equipment, tools, and finished goods inventory if a disaster destroys the contents of your building?
12. Do you have **life insurance** policies on **key personnel** to provide funds to help secure the continuity of your business?
13. Are company officers and directors covered for lawsuits initiated by shareholders, employees, customers, competitors, or other third parties?
14. Are all job descriptions in writing to prevent anti-discrimination lawsuits?
15. Have you distributed copies of your anti-harassment and anti-discrimination policies to all employees?

If you answered “no” to any of these questions or if you are unsure of any answers, you may have costly gaps in your insurance protection. Give us a call so we can set up a time for an in-depth review of your business insurance needs.

Automatic Enrollment Helps Retirement Savings

Growing numbers of employers are tackling the problem of low retirement savings rates among American workers by using automatic features in conjunction with 401(k) and other defined contribution plans. A recent study by Hewitt Associates found that 23% of the companies surveyed expect to add automatic enrollment features to their 401(k) plans by the end of 2006, 13% intend to add contribution escalation features, and 20% expect to add automatic rebalancing of 401(k) accounts.

Concerns about Workforce Quality

A large-scale international survey conducted in 2006 by employment services company Manpower Inc. found that employers are struggling to find suitable candidates to fill management/executive, sales representative, engineer, and technician positions. The survey showed that 40% of employers worldwide are finding it a challenge to fill a wide range of positions due to a lack of talent in their markets. In the United States, 44% of respondents said they are experiencing difficulties in attracting qualified candidates.

You've Got E-Mail

According to a survey by administrative staffing service OfficeTeam, released in 2006, most executives communicate through e-mail in the workplace rather than via the telephone or face-to-face meetings. When asked which method of communication they used most often at work, 71% of respondents said e-mail, 14% said in-person or face-to-face communication, and 13% said the telephone.

For Your Information

President Encourages Drug-Free Workplaces

In February, the President released his 2006 National Drug Control Strategy. In an effort to combat adult drug abuse, the president's strategy highlights the importance of drug-free workplace programs. Through its Working Partners for an Alcohol- and Drug-Free Workplace program, the U.S. Department of Labor (DOL) provides resources for employers to address drug and alcohol abuse in the workplace. For more information, visit their website at www.dol.gov/workingpartners.

Resources for Women Business Owners

The Small Business Administration (SBA, 2006) estimates that 10.6 million women-owned businesses employ 19.1 million workers and contribute almost \$2.5 trillion to the economy. The SBA offers resources to women entrepreneurs through their Online Women's Business Center, which can be found at www.onlinewbc.gov. Here, you can find information about women's business centers, women's business ownership representatives, and mentoring programs.

Hiring Summer Help?

Part-time employees can provide a well-needed boost for businesses in the summer months. Before you place that help-wanted ad, be sure to review the most current employment laws that protect the rights of part-time help and teen workers. Two useful websites hosted by the U.S. Department of Labor (DOL) include the Employment Standards Administration at www.dol.gov/esa and the YouthRules! program at www.youthrules.dol.gov.



Environmental liability: a concern for businesses

Businesses of all sizes and types can potentially face pollution liability, the effects of which could be devastating to a company's finances and its ability to continue business operations. For many, obtaining **environmental impairment liability insurance** coverage—either through a separate policy or by obtaining a specific endorsement—is becoming a critical part of risk management.



Environmental impairment liability insurance protects businesses from environmental damage caused by contaminants released into or on land, the atmosphere, or any watercourse or body of water. These policies may cover the expense of both on- and off-site environmental cleanups mandated by the government; bodily injury or property damage liability; defense costs for environment-related lawsuits; business interruption costs; loss of value of third party property as a result of contamination; and liability of parties contracted by your business.

Environmental problems can surface from previous business actions unknown to you. There may be existing pollutants on your property, or your company's disposal procedures may be inadequate. Environmental liabilities often have unlikely origins, and there may be no

indications that particular problems exist. In light of this, here are a few steps you can take to help minimize the risk of environmental liabilities on your business.

- 1. Evaluate your history.** Check for problems, both past and present, on any land your company owns, and be sure to use extra caution when purchasing new sites.
- 2. Examine your risks.** What chemicals do you use? Do you store hazardous materials on site? What are your disposal procedures? These are just a few of the questions you should consider in your overall risk analysis.
- 3. Create an emergency procedure.** Make detailed preparations for handling possible accidents and train your employees accordingly. The plan should be accessible at all times, and a copy should be kept at an off-site location.
- 4. Be aware of federal, state, and local regulations.** These may vary according to area and type of business operations. Also, be sure you understand reporting requirements in case of possible accidents.
- 5. Report any accidents immediately.** Notify the appropriate regulatory agencies of any accidents that may lead to environmental contamination; then, begin containment and cleanup immediately. Also, give us a call so we can start acting on your behalf.

Please feel free to get in touch with us for more information.



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changes in organizational structure; job insecurity; and a lack of opportunity for growth, advancement, or promotion.

- **Conditions of the Work Environment.** Unpleasant or dangerous physical conditions, such as air pollution, noise, crowding, or ergonomic problems, may also contribute to stress for employees.

Solutions That Work

Business owners can benefit from the example of relatively stress-free work environments. NIOSH research has recognized the following organizational actions associated with both healthy, low-stress work and high levels of productivity:

- Acknowledging good employee performance.
- Creating a culture within the organization that values the individual worker.

- Providing career development opportunities.
- Maintaining consistency between management actions and organizational values.

A business owner may make changes to job functions and organizational structures that affect employee stress. The following may serve to prevent work-related stress:

- Stimulating jobs with clearly defined duties and responsibilities.
- Open channels of communication that seek workers' input in job-related decisions.
- Flexible work schedules that allow employees to more easily fulfill personal responsibilities.

As an added measure, employers may make an effort to develop a more pleasant work environment that permits a reasonable amount of social interaction among employees.

If high stress is likely already affecting employees, business owners may consider implementing a stress management program. Stress management programs involve educating employees about the causes of stress, the effects of stress on health and work, and the skills that may help an individual reduce stress, such as time management and relaxation exercises. An alternative may be to offer an Employee Assistance Program (EAP), which provides individual counseling for employees experiencing both work and personal problems. However, stress management programs, while often effective in the short-term, may not be as effective as making the appropriate organizational and job function changes to help employees meet the demands of their jobs.

By taking these practical measures, business owners can help reduce the high cost of workplace stress, improve productivity, and generate benefits that go straight to the bottom line.

Crime to your office: cause for alarm

In response to growing concern about crime, nationwide efforts to curb burglary and other crimes have increased. Your business can take steps to help fight crime on your property by investing in a quality alarm system.

The National Burglar and Fire Alarm Association (NBFAA, 2005) reports that businesses without alarm systems are 4.5 times more likely to be burglarized than those with alarm systems. The

most effective systems alert either a private security agency or the local police station. However, even a basic, on-site alarm that activates a bell or siren can frighten an intruder or attract attention.

There is a wide variety of affordable alarm systems. Some detect motion, while others are activated by sound, heat, or vibration. The level of effectiveness depends on the quality of the alarm's components, installation, and

maintenance. Before purchasing an alarm system, try to verify its reliability—in short, check references and obtain several written price quotes.

Take preventative action before it's too late. Be sure to protect your business with an effective alarm system, and always make sure you have adequate crime coverage through insurance. Feel free to call us for more information.