



Pro-File

Workplace and safety tips brought to you by the insurance specialists at: Power Group Companies.

### DID YOU KNOW

According to a recent survey conducted by the National Association of Insurance Commissioners, 22% of U.S. consumers have reduced the number of times they see the doctor as a result of today's economy, and 11% have cut back on the number of prescription drugs they take or the dosage of those medications.

Employers should stress to employees that it is important to continue to take responsibility for their health, so they benefit from both healthier lives and more affordable healthcare.

## Do You Need Workplace - Violence Coverage?

The employee shooting at Hartford Distributors in Manchester, Conn., this August serves as a powerful reminder of the prevalent threat of violence in the workplace and of potential holes in standard business coverage. The greatest number of violence incidents occurs in companies that deal with the public, exchange money, deliver goods and services, and operate late at night, but no business is immune. Criminals, disgruntled employees, angry customers or even stalkers can pose threats. Any situation that puts employees under excess stress – from office politics to a romance gone wrong – is a risk.

The costs of an incident can be extensive, especially considering the cost of hiring independent security consultants and public relations experts, payment of benefits and business interruption expenses. Medium- and long-term losses

include compensation claims, lost productivity, counseling for employees, extra security and lawsuits.

Employers commonly insure their business against violence using a combination of workers' compensation, general liability and employment-practices liability coverage. Remaining holes can be filled with specialty workplace violence coverage.

According to a July report by the U.S. Bureau of Labor Statistics, an average of 564 people per year were killed at work between 2004 and 2008. The threat of an incident remains a significant concern for all types of businesses. To protect yours, discuss ways of mitigating your risk with the insurance professionals at Power Group Companies.

## H1N1 Pandemic has Run its Course

The World Health Organization (WHO) chief recently announced that the H1N1 pandemic is over. Director-General Margaret Chan said the world was lucky that the virus did not mutate into a deadlier form and that the vaccine developed remained effective against it.

Although the threat of an H1N1 pandemic that could have resulted in business interruption or other disruptions has now subsided, the H1N1 virus continues to threaten high-risk groups including pregnant women and the elderly. Flu experts say that influenza viruses have notoriously unpredictable behavior and no two pandemics are alike. With an eye to the future, it is important that every business consider its plan in the case of a business interruption due to pandemics or other catastrophic events.



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# Supply Chain Trends and Business Interruption Risks

While lean manufacturing has become a cornerstone of successful supply chain management and a way for businesses to stay flexible and responsive to changing tastes in their markets, the dependence on suppliers resulting from outsourcing and minimizing stock creates a host of exposures for businesses taking advantage of supply chains.



A key supplier or buyer can be debilitated for a number of reasons: natural (floods, pandemics, earthquakes, severe storms), human (terrorism, civil disorder, electronic security breaches) or technical (power failure, hardware or software viruses). These disruptions are more common than one might imagine. A 2009 survey of corporate risk managers and supply chain risk managers by insurer Zurich Services Corporation revealed that 74 percent of respondents had experienced a supply chain disruption in the last 12 months, and that these interruptions caused approximately 10 percent in lower sales and 11 percent in higher costs. Beyond these direct losses, it is important to consider the lasting damage to your brand and possible loss of market share you could suffer after an interruption in your supply chain or energy supply. Consider the following steps you can take to mitigate your business's risk:

- Choose suppliers carefully, and conduct regular audits and inspections if possible to ensure that their commitment to business interruption prevention matches yours.
- Work with your broker to understand the extent of your exposure, and create a business interruption worksheet to quantify as accurately as possible the effect these exposures could have on revenue and profit. Re-evaluate it on a regular basis to account for changes in the market or your business model.
- Transfer your risk by purchasing appropriate coverage, which could include business income disruption and other special endorsements specific to your exposures.

## Risk: A Necessary Evil

Recent events, including the extent of the Deepwater Horizon disaster and the severity of financial meltdowns, suggest that many companies do not fully understand the risks they are taking and, if they do, fail to take the proper steps to protect themselves. For example, did BP fail to take costly loss control measures because an event like the spill was so unlikely? Was this risk considered acceptable?

Of course, the mistake of these companies does not lie in the fact that they took on risks. In fact, taking on risk is not only often desirable; it is the key behind many firms' success. As those in the financial world will remind us, it is the taking of risks that ultimately creates shareholder value.

Accountable risk management is an essential part of every business's success. From an accurate appraisal of the extent and nature of the business's exposures to the creation of effective loss control and cost containment procedures, it is essential that risk managers work closely with executives, letting the errors of other companies be a valuable lesson.



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