



Connection

CONSTRUCTIVE INSIGHT FOR WORKPLACE SAFETY, CURRENT TRENDS IN INSURANCE AND RISK MANAGEMENT

I N S I D E

FALL 2007

- ▶ Crime Insurance 101 2
- ▶ Tesco Survey 3
- ▶ What's right with this picture? 3
- ▶ Claim success story 4
- ▶ Safety Award Recipients 4
- ▶ CHASE Program 5

Improve your bottom line with jobsite security

More than a billion dollars in direct costs are lost to theft and vandalism on the construction site annually. This does not include indirect costs such as: equipment/vehicle rental costs, missed/delayed deadlines, decreased productivity and the effect all this has on insurance premiums. There are many ways that a company can improve their job site security and limit their loss exposure including: new technology providing increased site-security, employee and neighborhood awareness, as well as other best practices to help reduce the amount of theft and vandalism on your job sites.

Vandalism is a large problem on construction sites, whether in rural and urban areas. Vandals can cause the same amount of damage from a dollar standpoint as a thief stealing the equipment or tools. Here are a few tips to help prevent vandalism:

- Block stair/ladder access to tower cranes
- Park equipment in plain view
- LOCK UP equipment keys every day
- Fuel system locks for equipment
- Concealed master battery switches
- Consider alarms/tracking systems for high dollar equipment

Regarding theft, contractors are confronted with increasingly sophisticated thieves: buyers are generally lined up before the theft occurs, they take 15 minutes or less to take what they are looking for, and most losses occur within 90 minutes of the end of the workday. Here are some tips to consider implementing to limit your theft losses:

- **Inventory** - Keep up to date information on the equipment and tools that your company has. Digital cameras are a good way to document your inventory.

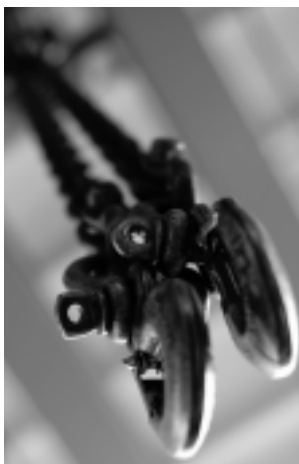


- **Getting help from local law enforcement** - Inform the police of critical dates and times that you will be on the project.
- **Mark your equipment** - Keep written records of all serial and identification numbers from your equipment. Engrave the serial numbers in a couple different places on the machine. Parking your equipment strategically can make it almost impossible to steal certain types of equipment or tools (see photo).
- **Control access into the site** - Use fencing or some other kind of boundary control. Make sure that you know who is entering and exiting the site at all times. Ensure that the site is well lit at night. Lighting is one of the cheapest security measures.

Simple preventative measures will go a long way towards limiting your company's losses to theft and vandalism.

Content in this article was contributed by Travelers Risk Control. Please contact your CSDZ representative for more information on preventing job site theft and vandalism.

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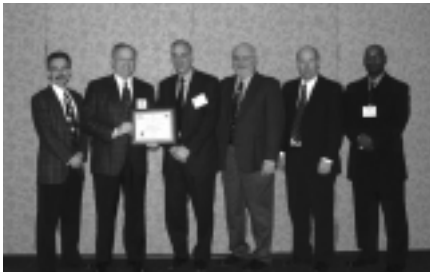
CSDZ clients participate in Construction Health and Safety Excellence partnership program



Cobb Strecker Dunphy & Zimmermann (CSDZ) would like to congratulate our clients participating in the Minnesota CHASE program and to inform our other clients about this program.



What is CHASE? CHASE stands for “Construction Health and Safety Excellence” and is a partnership between participating contractors, Associated General Contractors of Minnesota (AGC), and the Minnesota Occupational Safety and Health Division (OSHA). This partnership program was established in February, 2003 to recognize contractors with exemplary safety and health programs and effective site-specific safety and health plans. The goal of the CHASE program is to reduce the number of injuries, illnesses and fatalities by 3% each year and to increase the number of Minnesota contractors who meet or exceed the established goals of CHASE.



Pictured from top to bottom receiving their CHASE awards are: Frattalone Companies, Berg Drywall, Minuti-Ogle, Bituminous Roadways

The CHASE program is divided into three levels: Red, White and Blue. The criteria is based on your company’s written safety program, safety staff, program elements and injury performance, and will determine if a contractor qualifies for the CHASE program and at what level. Incentives to participate in the CHASE program are written recognitions from OSHA and MN AGC, incentives from OSHA on site inspections and citations given.

If you would like more information on the CHASE program you can notify the Minnesota AGC office or contact Dwight Jordan or Jerry Fedie at CSDZ. Congratulations to Berg Drywall, Frattalone Construction, Bituminous Roadways and Minuti-Ogle on their 2007 CHASE Partnership renewal.



This partnership program was established to recognize contractors with exemplary safety and health programs and effective site-specific safety and health plans.

Dividends declared for CSDZ captive members

At our recent Board meetings in Toronto, The Foundation Group Ltd captive members declared a total dividend of \$1,784,524 for policy years 01/02, 02/03 and 03/04. The Heartland Group Ltd captive declared a total dividend of \$786,397 for the same policy years.

In addition, The Foundation Group was the first ICS captive to surpass \$1,000,000 in investment income.

Congratulations to all captive members for their contributions toward the great success of these two captives!

Crime Insurance 101

Most businesses are covered via their commercial property policies for third-party theft of covered property, but “employee dishonesty” is almost always an excluded cause of loss and “money and securities” is typically an excluded category of property.

Here is a brief primer on the ins and outs of crime insurance.

WHO IS COVERED?

An employee is typically defined as a person in the insured's service, compensated by wages, salaries, or commissions, works on a full- or part-time basis, and normally includes leased and/or temporary workers. It is important to confirm whether owners and officers are covered under your crime insurance policy. Independent contractors, directors and trustees are most likely NOT considered employees.

EMPLOYEE DISHONESTY

Employee dishonesty coverage pays for employee theft of money, securities, and property other than money and securities. Coverage applies to property owned or leased by the insured as well as property held by the insured for others or is legally liable for.

ERISA COMPLIANCE

The Employee Retirement Income Security Act (ERISA) requires that those handling funds of an employee welfare or benefit plan subject to its provisions be bonded. Plans that are subject to this requirement include not only 401(k), profit sharing, and pension plans, but also medical, dental, vision, life, and disability insurance plans. The required amount of insurance is 10 percent of the funds handled, subject to a minimum of \$1,000 and a maximum of \$500,000.

FORGERY OR ALTERATION

Forgery or alteration coverage pays for loss as a result of the forgery or alteration of checks, bank drafts, promissory notes, and similar financial instruments drawn on the insured's bank account.

MONEY AND SECURITIES

Commercial property policies usually do not cover any type of loss to money or to securities (such as checks). Therefore, businesses that handle a significant amount of money and securities (retailers, for example) need to buy separate coverage on this type of property, not only for loss by theft, but also for loss by fire, explosion, windstorm, etc. Coverage is usually broken out between “inside the premises” or “outside the premises” (en route to your bank via an employee or armored car company, for example).

Please contact your CSD&Z representative with any questions regarding your company's exposure to these risks.



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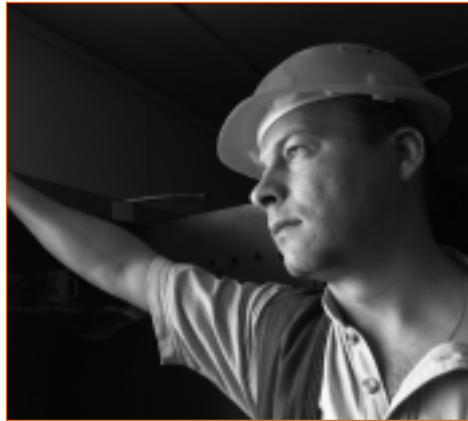
The Tescor Survey - a scientifically designed assessment

Many companies struggle with employee-hiring practices – how best to find qualified applicants, but also ensure they aren't inheriting another employer's problem. Performing pre-employment screening is critically important to this process, and must be conducted in full compliance with state, federal and union (if applicable) hiring guidelines. One useful screening tool is to complete a Behavioral Psychological Assessment on prospective employees, and one company specializing in this type of assessment is American Tescor. Founded in 1979, American Tescor serves a wide variety of industries throughout North America. Available in 20 foreign languages, the Tescor Survey is both validated and non-discriminatory – in full compliance with state and federal hiring guidelines. The Tescor Survey is a scientifically designed assessment that identifies four high risk behaviors that adversely impacts your business: theft, substance abuse, hostility, and dishonesty. Job applicants take the Tescor Survey electronically and when the applicant is done, the employer gets results instantly with the push of a button. Research reveals a direct correlation between

reduced employment risks (especially workers' compensation losses, overall absences, employee theft, & turnover) and this type of screening.

Benefits of assessments like Tescor's include:

- Reduction of workers' compensation loss rates
- Identification of applicants with an "entitlement mentality" before they get hired
- Improvement of both company earnings and workforce quality



Employers utilizing Tescor's services also receive the following:

- 24/7/365 assessments
- Semi-annual validation research and EEOC compliance reports
- Annual Workers' Compensation Studies and other benchmarking studies as requested
- Toll-free Customer Service support

To learn more about how pre-employment behavioral psychological assessments can be beneficial to your company, please contact your CSD&Z representative. CSD&Z does not guarantee the results of American Tescor's, or any other third-party vendor's, screening process – this information is provided as a courtesy only.

The survey is a scientifically designed assessment that identifies four high risk behaviors that adversely impacts your business: theft, substance abuse, hostility, and dishonesty.

What is right with this picture?

The Minnetonka office of Olympic Wall Systems recently completed an entire year (350,000 hours) without a lost time injury. To celebrate and reward their efforts, the company raffled off a 2007 Ford F-150 Pickup to an employee. Each employee who worked for the company during that time period was given a raffle ticket for each month employed. The lucky winner drove home in a new truck.

Olympic Wall Systems accomplished this goal thru weekly safety meetings at all jobsites. Employees at each weekly safety meeting are given a topic to discuss and review. A follow up quiz is given and if the employee can answer the question correctly when asked by the safety director, they can earn various prizes.

Congratulations to Olympic Wall Systems on this achievement!



Claim professionals can impact claim success

Having an experienced and knowledgeable claim professional working on your behalf can impact the ultimate outcome of a claim. The result in the following claim example would not have been the same had the CSD&Z claim professional not been involved.

The CSD&Z client, a general contractor, had their lighting subcontractor leak hydraulic fluid from one of their pieces of equipment onto the surface of some tennis courts that they were installing lighting around. The subcontractor's insurance carrier was taking months to "investigate" the claim filed with them, and the owner was becoming very impatient with the process. The weather was becoming a factor as well, as the tennis courts needed to be repaired prior to October 15. At the client's request, a general liability claim was filed with their own carrier with the hope

that the adjuster would assist them in resolving this matter with the subcontractor's insurance carrier.

What ensued was a contentious few months with the general liability carrier. Coverage was denied based on an exclusion that was not applicable to this claim. When the CSD&Z claim professional pointed that error out to the claim adjuster, he changed his coverage opinion, but still did not attempt to settle the claim with the client. After continued discussions with the adjuster and his supervisor, and an in-person meeting with the carrier's agency relationship manager, the claim ultimately was paid to the client's satisfaction. As the at-fault party truly is the subcontractor, the general liability carrier has filed suit against the subcontractor's insurance carrier to recover the money paid.



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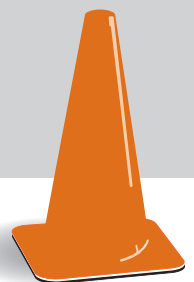


2006 Safety Award Recipients

Congratulations to McShane Construction Corporation on their recent Safety Award from the Associated General Contractors (AGC) for having a zero incident rate (no incidents!) in 2006 for companies in the category of 50,000 or more field hours worked in the year. Pictured are (from left to right): Randy Hagy - Safety Manager, Jeff Raday - President and Patrick Wilharm - General Superintendent"

▶ Save the Date!

CSD&Z will be conducting a Safety Seminar on Tuesday morning, November 6th. Co-sponsored by Travelers, it will be held at their Training Facility in downtown St Paul and will cover Contractual Risk Transfer, Management & Employment Practices Liability, as well as Vehicle Fleet Best Practices. Invitations are being sent out separately – please call your CSD&Z representative if interested.





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OUR MISSION

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