

THE Partner

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Culture of Safety

SAFETY PAYS

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When Brad Bousquet took over the job in 2005 as vice president of safety and compliance for Central Valley Ag (CVA) in Nebraska, he had a challenge: build a culture of safety in this cooperative that encompasses 60 locations in 42 communities and 365 full-time employees.

With a background at the Nebraska State Patrol, he understood that all of the safety manuals in the world can't make an effective safety program. "CVA had what you might call a 'bookshelf' safety program," says Brad. "There were a lot of safety manuals sitting around. The program was an attempt to meet regulatory requirements, but few steps had been taken to actually reduce accidents or build a culture of safety."

Brad knew that in order to make positive changes, employee attitudes toward safety had to change. To build employee ownership in a safety program, Brad met with employees, discussing how they could work together to reduce accidents. Next, safety sign boards were posted at each facility. These boards post how many days that facility has gone without a lost time accident.

"In the past, nobody was really accountable for accidents at each facility. Now we have a tool to measure and display to the employees and the public the actual safety record for that location," explains Brad.

CVA has also adopted an incentive program. If a facility goes 120 days without a lost-time accident, employees receive a pizza party. Individual employee awards will be given to those facilities reaching a one-year milestone. "There's competition between facilities—a little peer pressure," explains Brad. "An employee doesn't want to screw it up for the whole facility. It also creates an atmosphere of identifying potential accidents in the workplace and fixing them before they become a problem."

Location managers are now accountable for safety at their facility, and CVA promotes safety in the company newsletter. Brad provides resources and materials for each location's monthly safety meetings, and he has trained 40 employees to conduct the annual vehicle inspections, rather than relying on an outside service. "Doing it ourselves not only saves dollars, but it promotes ownership of vehicle safety," he says.

Is the program working? There is one accurate barometer of success—the cooperative's accident rate. In the program's first 10 months, CVA has experienced nearly a 60% decrease compared to the same time in previous years. Brad is pleased. "Safety isn't viewed anymore as a certification process where an employee has to read through a book," he says. "We're actually going out and promoting safety. To sum it up, forget about the bookshelf program. You can have all of the safety books in the world, but it won't do any good unless you change attitudes. ■



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Report All Accidents— And Report Them Quickly

BY STEVE BEAVER, Claim Adjuster, sbeaver@coopmutual.com



The prompt reporting of traffic accidents to **CMIC**—even when you don't believe your cooperative's driver is at fault—is critical. Delayed reporting can complicate the investigation, costing your cooperative extra time, dollars, and good will.

Case in point: The driver of a cooperative's semi-trailer seemed to take all the right precautions. With 20 years of driving experience, he had checked to make certain lights and signals worked properly as he set out on his first day in a different truck. He also understood the need to be cautious when driving in city traffic. As he approached the elevator, he knew that the right turn he needed to make was a tight one.

Instead of attempting the turn, he decided to go about one block farther and utilize a circular drive on the left-hand side of the main road. He crossed the intersection, turned on the left blinker, and checked his mirrors. When he saw nothing, he turned the steering wheel left, only to see a car next to his cab trying to avoid a collision. The truck driver hit the right side of the car with the left front wheel, resulting in more than \$4,000 in damage to the car. The impact broke only a lug nut on the tractor's wheel.

Police were called and wrote out a report. The officer did not issue a ticket to either driver. The cooperative's driver and location manager were certain they had done everything correctly and that the other driver was in the wrong.

Differing stories

One week later, the cooperative received a letter from the other driver's insurance company requesting payment for the damage. CMIC didn't receive a report of the accident from the cooperative until three and a half weeks after the incident. We did not know the name of the witness to the accident and did not have a copy of the police report. The cooperative had not felt it important to obtain the information, since they didn't believe they were at fault.

Our investigation of the claim began with recorded statements of both drivers—which differed regarding use of the truck's signals and the abruptness of the turn to the left. Our review of the police report and the drivers' statements did not help to clear up liability. We were able to get the name and phone number of the accident's witness, who was in the vehicle behind our tractor/trailer.

On-site investigation and travel time took the better part of a day. In addition, it took several tries before we were able to contact the witness. Her memory was clear enough to determine a 50% liability for the damages. Had she been unsure about our turn signals and where the other driver was when the signal started flashing, we could have been responsible for the entire amount of damages.

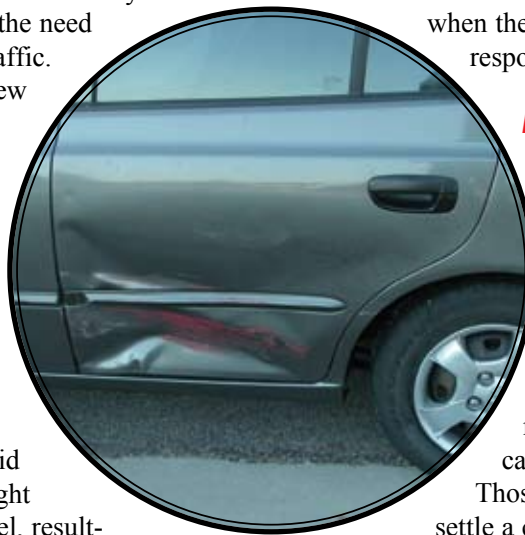
Public relations fiasco

It's true that when an accident isn't reported right away, faded memories and the inability to adequately investigate the scene of the accident can cause complications in settling a claim.

Even more important, those people on the other side of the accident often become upset and angry with the cooperative for not dealing with the incident sooner. They can feel neglected, forgotten, and mistreated.

Those feelings are never conducive to trying to settle a claim amicably. That can mean increased damages and related costs. In addition, their negative feelings can lead to a public relations nightmare for the impacted cooperative.

Don't ever assume that just because you think it's the other person's fault, you don't have to report an accident. Better safe than sorry. ■



New Employee at CMIC

Susan Blodgett joined the CMIC team in September. Susan handles workers' compensation claim information that must be reported to the various states. She has been working in the insurance industry since 1989.

Originally from Green Bay, Wis., Susan is an avid Packers fan. Since moving to Papillion, Neb., southeast of Omaha, she also roots for the Nebraska Cornhuskers. She enjoys living close to her daughter and son and two granddaughters—all of whom live in the Omaha area. When she's not following football, she might just be tracking down a hot air balloon. Although she's not an official hot air balloon "chaser," Susan loves following the balloons until they land. We're pleased to welcome Susan to CMIC. ■



Safety Committees That Matter

BY KENT VOIGT, Loss Control Representative, kvoigt@coopmutual.com • 402-690-9089

It's the question that baffles many cooperatives. How do you create a safety committee that has a positive impact, rather than a committee that is viewed by management and employees as a waste of time, a source of frustration, and results in no action?

Here's how to make your company's safety committee more effective in helping provide a safe workplace and reducing workers' compensation costs:

Strong management commitment

Without a strong commitment to safety on the part of top management, a safety committee will fail. Management must sincerely want employees' input and be committed to acting on committee recommendations.

Establish a purpose and goals

Clearly define the purpose of a safety committee and the duties and responsibilities of its members. Set specific goals. For example, determine to reduce the number of accidents to a specific level, or to reduce workers' compensation costs by a certain amount.

Focus on significant hazards and loss sources

Focus on those hazards, work practices, behaviors, or other loss sources that have caused or are likely to cause a significant accident or injury at your business.

Choose the right members

Find members who want to serve on the safety committee. Ask for volunteers. If there are not enough volunteers, choose employees who have shown an interest in safety or made safety suggestions. Convince them their input is valuable and will make a positive difference.

Select a representative from each department and/or location to serve on the committee. If your cooperative has a multitude of locations, consider having more than one location represented by a single member in order to keep the committee size manageable. While it is wise to include management, it's important that they not dominate the discussion. It is however, management's responsibility to ensure there is a representative or representatives present that have the authority to make and act on decisions concerning safety. As a reminder for Cooperatives in Nebraska, LB 757 requires safety committees consist of an equal number of committee members representing the employer and the employees. The employers representatives may be non-management employee(s).

Encourage input from all employees

Every employee should be encouraged to provide ideas and input to committee members.

Follow meeting agendas

Keep your safety meetings on track by developing and sticking to an agenda. Here's a typical agenda:

- Take attendance
- Call meeting to order
- Approve minutes of last meeting
- Old business (update status of all action items)
- Review accidents/claims since last meeting and adequacy of corrective actions
- Present results of safety inspections
- New business (input from members and other employees)
- Adjourn



Act on recommendations

If your safety committee is to succeed, management must follow up on every recommendation. If you can't take action on a recommendation for economic or for other reasons, explain those reasons to the committee and take an alternate action, if possible. Without results, members become frustrated and disillusioned and their interest will diminish.

Assign action items/require follow-up

Unless you assign someone with a responsibility, nothing will get accomplished. Every action item should be assigned to one person or to a team or subcommittee. Updates should be provided at the next meeting.

Take good minutes

Accurate minutes of the meeting, including specific recommendations and action items, should be distributed to appropriate members of management for their review and action. Post copies of the minutes or summaries of the committee's activities for all employees to see.

Employee input is a critical part of any successful safety program. Adopt and maintain an effective safety committee, and employees are more apt to take ownership in that program, making it much more effective in preventing accidents and reducing workers' compensation costs. ■

SCHEDULE WINTER AGRONOMY MEETINGS

Teague Lottman, CMIC agronomist/adjuster, will come to your cooperative this winter to help you brush up on how best to prevent agronomy claims. There's no better time than before the spring rush hits to review with your agronomy staff steps they can take to avoid problems this coming growing season. Teague's session includes a PowerPoint® presentation that shows actual field damage. He'll discuss common sense ideas that your cooperative can put into action to help save your company headaches and dollars. Call CMIC today to schedule your meeting. ■

Impact of Mergers on Insurance Costs

BY WADE MULARI, President/CEO, wmulari@coopmutual.com



When one of our cooperative customers is considering merging with another, an often-asked question is, “How much money will we save on our insurance premium if we merge?” The assumption is that there will automatically be a significant savings. While that may be the case, it is not a given. Many factors impact how much, if any, savings a cooperative will experience as a result of a merger. Let’s look at some specifics.

Property: A cooperative’s property insurance premium is based on the value and construction of the property insured. If you simply combine the property schedules in a merger, there will be no change in ratable exposure. In other words, there will be no direct savings on property insurance unless the amount of insurance changes or the deductible increases.

General Liability: General liability premiums are based primarily on sales volume. If the sales volume remains the same after a merger, there would not necessarily be any direct savings.

Automobile: Automobile premiums are based on the age, use, and type of vehicle insured. If you combine two fleets of automobiles and do not change your coverage selection by choosing higher deductibles or eliminating physical damage coverage on some of the vehicles, you would not receive a direct savings on the automobile policy.

Workers’ Compensation: Often, a merger can reduce redundancy in the workforce. To the extent that the payroll decreases, you may see a reduction in premium. However, an offsetting factor is the “experience modification.” After a merger, that modifier may be the one from the surviving entity, a combination of the experience of the two entities, or it may start over with a 1.00 (no modifier). If one entity had a higher modifier than the other, it is possible that a combined

modifier could raise the premium paid on workers’ compensation.

Umbrella Liability: There is potential savings with your umbrella liability, but it is not assured. Umbrella premiums are normally a percentage of the general liability and automobile liability premiums. If those premiums do not change, your umbrella premium may not change.

Directors and Officers: If the total number of board members decreases after a merger, there can be a reduction in the premium for director and officer coverage. However, if you simply combine the boards, your premium will not be reduced.

Additional Costs: It is likely that one entity in the merger will have a claims-made policy (usually included in the coverage for directors and officers). If that is the case, you may need to purchase an extended reporting period (tail). This is an additional cost to the entity that does not survive the merger.

The wild card

Some insurance carriers will not make an additional charge for exposures added from a merger until the next renewal period. In effect, this gives a cooperative free coverage on new exposures for the remainder of your policy period. While that may be viewed as a premium reduction, it is simply an enticement to get you to purchase insurance from that carrier. They understand you are likely to stay through at least one more renewal, at which time they have an opportunity to charge for the new exposures.

If you are considering a merger, and want to know what impact it will have on your insurance premiums, please contact **CMIC**. We can walk you through the specifics to help you better understand what you can expect. ■

Did You Know...?

The march toward our 75th anniversary in 2010 continues. In each issue of *The Partner*, **Cooperative Mutual Insurance Company** recalls bits of its history. Catch up on where we’ve been at www.coopmutual.com and click on Our Newsletter.

- In 1956, the Nebraska Inspection Bureau reduced fire and extended coverage rates 25%.
- Fees for directors of the then-called **Farmers Union Industries Mutual Insurance Company** were increased from \$10 to \$15 per diem in 1957. That same year, **Kansas Farmers Union Insurance** of Topeka was appointed to represent the company in Kansas.
- Direct written premiums in 1958 were \$132,577. Expenses were \$38,661, and net income was \$35,134.
- **Ted Merkert** was hired as assistant manager in 1958. The board also decided to hire a fieldman to sell insurance in South Dakota and Kansas.

DOT Accident Documentation

BY TERRY LIVELY, Senior Loss Control Representative/Fleet Safety Specialist, tlively@coopmutual.com • 402-679-5357



If you aren't keeping an accident register at your cooperative, you're overlooking an important part of the paperwork required by the Department of Transportation (DOT).

In 1993, the DOT eliminated the requirement under 49 CFR Part 394 for all commercial transporters to report accidents to the Federal Highway Administration and to notify the agency of fatal accidents. It was replaced with the current requirement that all motor carriers must establish and maintain an accident register.

What is an "accident"?

For purposes of this register, the DOT defines an accident in 49 CFR Part 390.5 as an occurrence involving a commercial motor vehicle on a highway in interstate or intrastate commerce which results in any of the following:

1. A fatality
2. Injury to a person requiring immediate treatment away from the scene of an accident
3. Disabling damage to a vehicle requiring it to be towed from the scene

Also included under the provisions of 49 CFR Part 171 is the unintentional release of hazardous materials, including incidents that occur during loading or unloading of temporary storage. A "highway" is defined as any road or street that is open to public travel. This includes parking lots and roads providing access to shopping malls.

"Disabling damage" includes vehicles that could have been driven, but would have been further damaged if so driven. Excluded from disabling damage is:

- Damage which can be remedied temporarily at the scene without special tools or parts.
- Tire disablement without other damage (even if no spare is available).
- Headlamp or taillight damage.
- Damage to turn signals, horn, or windshield wipers which make them inoperable.

The accident register must contain specific information for each accident. Required information includes:

1. Date of accident
2. City or town in which, or most near to where, the accident occurred and the state in which the accident occurred

3. Driver name
4. Number of injuries
5. Number of fatalities
6. Whether hazardous materials were released other than fuel spilled from the fuel tanks of vehicles involved in the accident

Additional information

The register may also contain information you want for your own records, including cost of repairs, cost of medical treatment, drug and alcohol tests performed, any cargo damage cost, clean-up costs, time of accident, and any assigned accident number. It is recommended that you utilize a spreadsheet or ledger format for the accident register. You may maintain more than one accident on a single register sheet. You must also maintain copies of all accident reports required by state or other governmental entities or insurers.

Accident registers must be maintained for three years after the accident occurs. For accidents that occurred on or before April 29, 2003, the information was to be maintained for one year.

You must provide information to prospective employers conducting the previous-employment investigation under 49 CFR Part 391.23. That information would include any accident the current or previous employee in question may have had as a driver in your employ—even those that do not meet the definition



of a recordable accident. This means that any accident your employees may have should be tracked in a similar format to that of a recordable accident.

Not only is this accident register one of the inspection items during a DOT compliance audit, but it may also be requested by the Federal Motor Carrier Safety Administration in the event of in-depth investigations or special studies of a particular accident or types of accident.

If your company has no recordable accidents in a calendar year, have a register page showing the start and end date for that year and write on the bottom line "No Recordable Accidents." That practice ensures that when you are checked you will have documentation for each of the previous three years.

If you need assistance in developing the format for an accident register, or have any other transportation-compliance questions, contact **CMIC**. We are happy to provide this assistance at no charge to our customers. ■

New Kansas Propane Regulations Impact All Who Deliver in State

BY BRIAN TRAVIS, Senior Loss Control Representative/Propane Specialist, btravis@coopmutual.com • 402-658-1831



Companies doing propane business in Kansas, even if based in a neighboring state like Nebraska, are being impacted by new Kansas regulations. Any company located in Kansas, as well as those based outside the borders but who have propane facilities in and/or deliver propane to Kansas customers, must begin following that state's regulations which went into effect

in September.

The new regulations, says the Kansas State Fire Marshal's Office, were adopted to ensure propane marketers are following state-adopted codes and to promote the safety of Kansans from substandard propane facilities.

Under the new regulations, propane marketers are required to obtain licenses from the State Fire Marshal's Office in order to perform propane distribution operations in the state. There are now eight classes of licenses specific to the type of propane distribution.

In order for a marketer to obtain the applicable licenses they need to operate in the state, they must meet training requirements set by the State Fire Marshal and shall meet the standards set in the Certified Employee Training Program (CETP). License applicants must submit proof of completion of required training when applying for the applicable licenses. In addition, a continuing education requirement specifies that employees attend refresher classes.

Classes of license and training requirement

- **Class 1 Dealer's License:** Retail distribution of propane gas; requires completion of the Basic Practices and Principles class.
- **Class 2 Bulk Storage License:** Bulk storage facilities located in the state; requires completion of the Basic Plant Operations class, the Distribution Systems Operation class, and Transfer Systems Operations class.

- **Class 3 Cylinder Transport License:** Provides a cylinder delivery service; requires completion of the Propane Delivery Basics class.
- **Class 4 Cylinder Filling License:** Operate a cylinder filling facility; requires completion of the Dispensing Propane Safely class.
- **Class 5 Recreational Vehicle Fueling License:** Filling recreational vehicles or mobile fuel containers with propane; requires completion of the Basic Principles and Practices class.
- **Class 6 Cylinder Exchange Cabinet License:** Utilize an exchange cabinet; requires completion of the Basic Practices and Principles class.
- **Class 7 Self-Serve Propane Gas Dispensing License:** Operates a self-serve propane gas dispenser; requires completion of the Basic Practices and Principles class and the Transfer Systems Operations class.
- **Class 8 Installation and Service of Propane Gas Systems License:** Install, maintain, or modify a residential or commercial system; requires the completion of the Basic Practices and Principles class and either Appliance Installation class or the Layout, Design and Selection of a Vapor Distribution Systems Operation class.

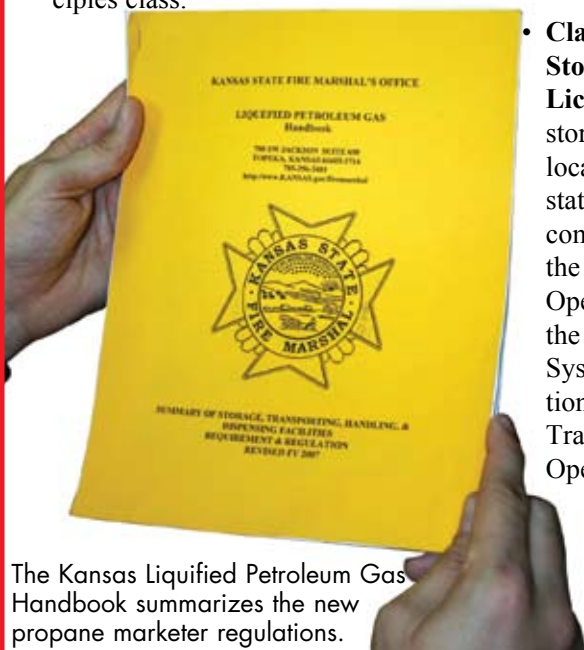
When marketers apply for the applicable licenses, they must submit: an application for each desired license, proof that training requirements have been met, proof of continuous general liability insurance coverage of at least \$1,000,000, and applicable license fees.

In addition, the new regulations require that when a licensee modifies, repairs, services, or alters an end-retail user's propane system they shall fill out an "interruption of LP gas service form." The licensee shall require the customer to sign the form and keep the original form on file for five years. The form can be obtained from the Kansas State Fire Marshal's Office.

If you have questions or need the applicable application form, contact the Kansas State Fire Marshal's Office at 785-296-3401. You can also contact me at 402-658-1831 or the Propane Marketers Association of Kansas at 785-354-1749. More information is also available on the Kansas State Fire Marshal's Office Web site at <http://www.kansas.gov/firemarshal/>. ■

NFPA UPDATES FOR KANSAS

Kansas has also adopted the 2002 Edition of NFPA 54 and the 2004 Edition of NFPA 58, except the Fire Safety Analysis. Marketers do not have to have the Fire Safety Analysis complete until 2012.



The Kansas Liquefied Petroleum Gas Handbook summarizes the new propane marketer regulations.

Nurse Tank Safety Concerns



BY BONNIE SCHAEFFER, ACSDIA Communications Director

Ag Co-op Safety Directors of Iowa Association (ACSDIA) members listened during their September 13 meeting to a recount of an incident in Iowa in 2003 when a nurse tank ruptured while being filled. **Keith Weimer** of **Heritage Trails Associates** talked about the subsequent death and injuries to cooperative employees filling that tank and related liability issues.

Keith strongly urged members to understand the exclusions, provisions, and limits of their insurance coverage, and to understand the liability involved when signing off on internal tank inspections. He also advised cooperatives to take any tanks with visible external defects out of service and to inspect tanks on a regular basis.

Members were also updated on an impact study conducted for the **Agribusiness Association of Iowa** by **Thompson Environmental Consulting, Inc.** The study showed the potential economic impact on country grain elevators using the Iowa Department of Natural Resources (DNR) Air Quality Permitting options. According to study results, traditional DNR permits in

the modeling would be very costly for country grain elevators. Talks with the DNR will continue.

Tom Meuwissen with **G.E. Motors** and **Billy Legal** from **Malloy Industrial Service Center** discussed how to select electric motors for elevators. The presentation covered how to determine the UL listing necessary for hazardous conditions present at many cooperative locations. If there is not a separate name plate on a motor that designates the Hazardous Class per UL, it is not an explosion-proof motor. All motors used in elevator applications should be Class II-Group D. Also, only UL motor shops are authorized to fix explosion-proof motors.

In business, ACSDIA members elected **Rod Heiden**, **Gold Eagle Cooperative**, as vice president. **Diane Nelson**, **North Iowa Cooperative**, was re-elected as secretary-treasurer, and I was re-elected communications coordinator.

The tentative date for the next quarterly meeting will be January 10, to be held in conjunction with the AAI meeting in Des Moines. ■

Talking Confined Space/Bin Entry



BY PHIL PELC, ACSDNE Communications Director

Defining the difference between confined space and bin entry procedures was on the agenda at the October 26 meeting of the **Ag Cooperative Safety Directors of Nebraska** (ACSDNE). **Rick Smithpeter**, director of loss control with **Cooperative Mutual Insurance Company** (CMIC) explained that it is important that employees understand the differences between a confined space, a permit-required confined space, and bin entry—and understand what is required in terms of safety requirements in each situation.

Brian Travis, CMIC propane specialist, discussed the Department of Transportation's (DOT) Special Permit 13341 (SP-13341)—otherwise known as the 5% exemption rule. He reviewed basic requirements of the exemption, which allows the transportation of storage tanks holding greater than 5% propane from a customer's site back to a bulk plant facility. Cooperatives are advised to become familiar with details of the exemption since the DOT has been citing businesses that are not strictly following the regulations.

Brian also reviewed the Fire Safety Analysis (FSA), a self-conducted audit of the safety features of a propane installation. He reminded members that the FSA, which includes a review with your local fire department of your propane facility and emergency plans in case of a fire, must be completed for each of your LP bulk plants by July 2007.

During the business portion of the meeting, the ACSDNE voted to award \$500 scholarships in 2007 to two Nebraska students who will be studying in the agricultural field at a Nebraska college or university.

The next meeting is scheduled for January 25 at the Midtown Holiday Inn® in Grand Island. ■



CMIC's transportation specialist Terry Lively talks about how to effectively select your cooperative's drivers.

Liability Concerns With NH₃ Tank Exemption



BY BOB JENSEN, Vice President of Underwriting, rjensen@coopmutual.com

If you have questions about the recent Department of Transportation's (DOT) TFI exemption that allows you to re-certify anhydrous ammonia nurse tanks which have missing or illegible ASME data plates, you're not alone. Several customers are wondering about the liability issues if they have their own employees certified to inspect these tanks. Another concern is whether they should have those certified employees inspecting tanks belonging either to other businesses or their farmer customers.

To help our customers answer those questions, and because of the severe nature of liability exposure in these cases, CMIC asked Rocky Weber of the law firm Crosby Guenzel, LLP in Lincoln, Neb., to analyze the rule and provide an opinion on the liability exposure to a business/cooperative with a certified employee performing inspections.

We recently mailed a letter with specific information on his legal opinions to all of our customers. While that letter includes much more detailed information on specific scenarios which you as a business/cooperative may face, it is important to emphasize

that several of our customers have analyzed potential exposure and selected one of the following in order to minimize their risk:

1. Replace tanks with missing or illegible ASME data plates.
2. Hire an outside, independent service to test/mark those tanks with missing or illegible data plates.
3. Have their employee who meets the definition of a registered inspector and who has been properly trained test/mark only their own tanks, and not those of other businesses/cooperatives or farm customers.

**CMIC is committed
to assisting you in
managing your risks.**

It is also critical that you understand that your business/cooperative should not, *under any circumstances*, fill a tank that has not been inspected and marked. Doing so brings significant liability exposure to the cooperative.

We encourage you to read the entire letter mailed to your business/cooperative manager for complete information. A copy of the letter is also available on our Web site at www.coopmutual.com. We welcome any questions you may have.

At CMIC, we are committed to assisting you in managing your risks and protecting your business/cooperative's financial well-being. ■

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