

THE Partner

COOPERATIVE MUTUAL INSURANCE COMPANY
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Don't Risk Your Insurance by Ignoring LP Safety

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In the past year, your propane employees and managers have talked with our loss control representatives about implementing our required LP Safety Program.

But some of our customers who agreed to follow the program have gone back to their old way of doing business. It has cost them their insurance.

Please understand that this is not what we want to happen to any of our customers, since we are in the business of insuring cooperatives.

But ask yourself:

1. How much are you willing to pay for your cooperative's insurance due to another cooperative not following our LP Safety Program?
2. How much do you think other cooperatives are willing to pay for their insurance if you're the one who is not following our LP Safety Program?
3. How important is insurance to your cooperative?

Protecting policyholders' money

Going forward, we will continue the

BY RICK SMITHPETER
Director of Loss Control



second phase of our program of spot-checking your records to ensure compliance with the LP Safety Program.

Remember, we're here to help you. We want to ensure all of our cooperative customers understand the ramifications of not following our required LP Safety Program.

As we continue the spot checks, we know there will be some minor problems. We also know there will be a few cooperatives that don't get on board with the rest of us.

But those few will need to find another insurance company that's willing to let them expose the rest of their policyholders' money. We won't do that.

Prevent costly claims

We know what you're up against with all of the regulations changing daily. We also understand how difficult it is to enforce all of your safety policies.

But for everyone's benefit, our LP Safety Program is designed to help prevent possible claims that could potentially cost everyone in

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MISSION STATEMENT:

To build an independent, profitable, policyholder-driven insurance company providing superior service and innovative products.



Don't Ignore LP Safety

Continued from Page 1

the form of increased premiums.

If you aren't absolutely confident that your LP department is complying with all aspects of our LP Safety Program, take the time to sit down with your LP manager. Review the issues to make sure everything is okay.

If you need assistance or have questions about the LP Safety Program, please call your loss control representative, and he or she will be glad to help. ■

EPA Approves Language for Updated Phosphine Label

The Environmental Protection Agency (EPA) has approved proposed new label language for the re-registration of aluminum and magnesium phosphide fumigants in stored grain.

With the label agreement complete, the next step in the re-registration process is to review each manufacturer's (registrant's) applicator manual for accuracy, according to the May 29 edition of the **National Grain and Feed Association's** (NGFA) newsletter.

Once this process is complete, registrations would have six months to issue new labels reflecting revised fumigation and aeration standards. Manufacturers expect to begin issuing new labels some time in 2004.

Watch for label changes

Here are the major label changes specified for the label agreement:

- Users would be required to consult with their state pesticide regulatory agency to

determine regulatory requirements and restrictions for fumigation use of phosphine in their state.

- An exposure limit has been set at 0.3 parts per million (ppm) on an eight-hour, time-weighted average or 1 ppm during a 15-minute period for applicators, employees, or others who may be exposed to the gas.
- Facility managers, in cooperation with applicators, would be required to develop a written fumigation management plan.
- Local officials including police and fire departments would have to be notified prior to fumigation.
- A certified applicator would have to be physically present and in visual or voice contact with all fumigation workers during application.
- Training is required for workers receiving railcars that may have been fumigated in transit. ■

Are Your Grain Elevators Secure?

Do you pay much attention to security issues at your grain elevator? Maybe you've never had a problem with theft or vandalism, or maybe your facilities are located in a rural area.

But a lax attitude towards security often contributes to complacency, and this increases the chances of your grain facility becoming a target for crime.

Cooperatives should also worry about the liability they face if a trespasser gets injured while on the cooperative's premises.

Fortunately, there are steps you can take to prevent unauthorized people from gaining access to your grain facilities.



- If you haven't already done so, implement opening and closing

procedures. Make sure all employees are aware of the procedures and know what their responsibilities will be.

- When closing up, make sure all doors and entry points are locked. This includes all emergency exits and any windows located on the ground floor. Also, guard all exterior ladders from unauthorized use.
- The same also goes for any man-lifts that are located outside the elevator.
- Security lighting and other electronic security devices can also help deter unauthorized visitors.
- Many co-ops have old wooden elevators that they no longer use. Make sure that these elevators are locked and no trespassing signs are posted on the outside of the structure.
- To prevent grain theft, make sure all outside grain load-outs are locked. ■

BY BRIAN TRAVIS
Loss Control Representative



Use Common Sense to Cut Costs

When it comes to saving money, all your employees can help your cooperative keep insurance costs down.

A lot of it boils down to common sense. Thinking about the consequences of an action is the key. Let's see what happens when this doesn't occur.

Consider a delivery driver we'll call Ron. Ron got his truck bogged down after delivering his load. Ron asked a customer we'll call Ben, to pull the truck out with Ben's tractor. Ben was too busy to help but told Ron to go ahead and use the tractor.

Ron moved the tractor into position and hooked a log chain to the truck. The other end of the log chain was hooked to the underside saddle that cradles the drawbar. This area isn't built for pulling, let alone towing a heavy truck mired in mud. Remember, too, that the truck didn't have a driver.

Ron got on the tractor and pulled the chain taut so he wouldn't jerk either machine. He started to pull but didn't get far. The housing for the PTO broke. Now the tractor, too, needed to be pulled out of the area, along with the truck.

Counting the cost

We were responsible for the damage, since we were in control of the tractor and improperly connected the chain to it. The repairs to Ben's tractor cost \$1,736.53.

There are also intangible costs that are potentially higher than the repair costs. These include pulling both the tractor and truck out with a tow truck; the customer's lost usage of his tractor; and the customer's confidence in the co-op and its employees.

None of us can tally the total final cost of this disastrous delivery. We are told if a customer is dissatisfied he will tell 10 people about his problem. No one can afford to lose customers at that rate.

Quick fixes can spell trouble

I have another story where common sense did not rule. This story happened at

BY STEVE BEAVER
Claims Adjuster



the office of a cooperative.

We have a 10-year-old bulk truck where the starter had gone out. The truck was needed for a delivery, and the decision was made to use the old truck.

We now have several ways to start the truck:

- Put in a starter (but that would take too long).
- Push the truck with another vehicle (but there was no truck around with which the bumper would match).
- Pull the truck with a chain hooked to the draw bar of a tractor.

Everyone decided that pulling the truck with a tractor was the best choice. So a suitable tractor was moved into place in front of the bulk truck. A chain was used to connect the tractor's tow bar to the front of the truck.

The driver in the truck steered the vehicle. When the tractor and truck got up to speed, the truck clutch was released, and the bulk truck jumped into the tractor's tow bar.

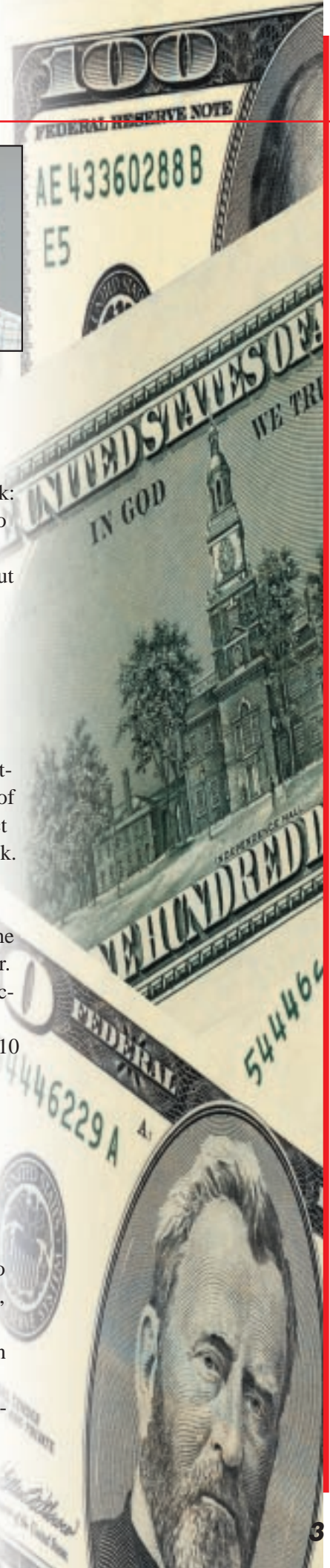
This story has a good ending for the tractor, because it wasn't damaged. The truck wasn't so lucky, sustaining more than \$2,210 worth of damage.

Think it through

We all know that sometimes quick fixes work, but think of all the ones that have caused additional expenses.

Now add these expenses to your profit line. It shows that having an employee who can think of good solutions is a big benefit, right?

Clear thinking and good outcomes mean fewer expenses and more money added to the bottom line. That's what we are in business for. ■





Reexamining Insurance to Value

BY BOB JENSEN
Vice President of Underwriting

In the 11 years that I've been with **Cooperative Mutual Insurance Company**, we've never changed any of our insureds' building values, unless our insured or the agent specifically instructed us to do so.

While that may have worked back then, things like the increasing size of our insureds' and the demands on managers' time means we're going to have to alter our approach to building valuations.

Consider losses and premiums

The two major areas of concern that led us to make this change were losses and premiums.

By losses, we mean making sure we have adequate limits in place to protect our insureds' physical assets. None of us wants a \$100,000 loss to occur when there's only a \$50,000 limit available for payment of that loss. Regardless of its size, what business wants to come up with the other \$50,000, especially when the money isn't in the budget?

Our second major area of concern was the premium we

have to charge our insureds. If we or any other insurance company consistently collects premiums on inadequate building valuations, the losses we have will force us to raise our customers' premiums more often and by greater amounts than if we collect premiums based on adequate valuations.

Increasing building values

We want to avoid these problems. Beginning with customers' policies that renew on Jan. 1, 2004, we'll be increasing all building values by 3% to account for inflation.

Once a year we'll review this factor to see whether it needs to be adjusted upward or downward for the coming year.

While this will be something new on your property policies with Cooperative Mutual Insurance Company, it's probably not anything new to you individually. Most of us see regular adjustments in building values every time we receive our homeowners' renewal.

We're simply adopting what has been a normal practice in the insurance business for a long time for the benefit of our customers. ■

Is Spraying Your Own Field a "Moral Hazard"?



BY TEAGUE LOTTMAN
Agronomist/Adjuster

How many agronomy employees farm and have sprayed their own fields? I'm sure it happens all the time.

But there's something you may not have realized. If you spray your own field and damage it, there's no coverage provided under **Cooperative Mutual's** policy. It's what we in the insurance business call a "moral hazard."

What exactly does this mean? A moral hazard occurs when the existence of insurance coverage induces a behavioral change on the part of the insured that increases the chance of loss.

Who's liable?

A wide range of moral hazards exists, from outright dishonesty where the insured actually causes the loss, to a

relatively mild form where the insured behaves carelessly and increases the chance of loss.

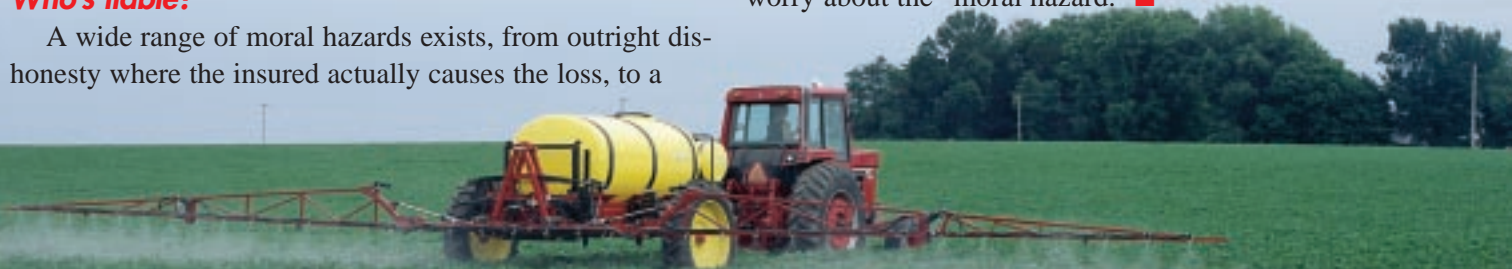
Here's an example. You are a co-op employee, and you hire the co-op to spray your field. If you happen to be the employee who sprayed the field and killed it, who is liable? You can't be liable to yourself. You can't sue you for killing your own field.

We now have a moral hazard in where no insurance company would be willing to provide coverage.

Finding answers

So what's the solution here? It's simple—don't spray your own field. Even better, don't have anyone from your branch spray the field.

Have someone from another branch at your co-op spray your field. Then if a mistake is made, we won't have to worry about the "moral hazard." ■



Understand Murphy's Propane Law



BY KYLE BROESDER
Loss Control Representative

Well-trained employees are your first defense in managing risk, especially in your business's energy department.

During the past year, **Cooperative Mutual Insurance Company** has been mandating changes in LP safety programs and policies. We now require all delivery and service personnel to be CETP or equivalently trained.

Still, we believe that there has been a certain level of complacency regarding safety training for LP employees. This isn't good, since training is the most important step a cooperative can make toward safety. It's a fact—trained employees have a better work ethic, take their work more seriously, are more efficient, and are more confident and content.

Will you compromise?

The complacency we've seen shows up through subtle increments of compromise.

When management is asked whether their LP employees are trained, we sometimes hear a quick "Yes, our LP delivery man has been through all the CETP courses." That's excellent, but what about your substitute delivery driver? What about the transport driver?

Substitute drivers should receive the equivalent training. If they don't, the odds are stacked against them.

Murphy's Law: *Anything that can go wrong will go wrong.* This is most likely to occur when your regular driver is on vacation. But with the proper training, you can feel confident that your relief driver has the proper skills to handle out-of-gas calls and suspected leaks.

Drivers need safety training

Many cooperatives have their own LP transports. The transport driver's primary concern may be to get product

from the pipeline to the cooperative's bulk tanks.

Sometimes cooperatives have the occasional transport deliveries to end-users like schools, county/state agencies, manufacturing businesses, greenhouses, public gathering places, or confinement operations.

We've discovered that some of these transport drivers do not have LP training. Since these drivers also handle propane and are making deliveries, you could say the scale of their potential risk is even greater. They need documented training, too.

NFPA 58 - 2001 1.5 states: *Qualification of Personnel* "Persons who transfer liquid LP-gas, who are employed to transport LP-gas, or whose primary duties fall within the scope of this code shall be trained in proper handling procedures. Refresher training shall be provided at least every three years. The training shall be documented."

Pamphlet 58 tells us that all propane handlers must have the proper training. This stretches from the LP-cylinder filling employees to transport drivers making end-user delivery or transport.

Check your records

The exposures of the propane industry are termed to be low frequency/high severity. Unfortunately, lack of frequency can lead to complacency and a false sense of satisfaction with doing our best in a changing environment. While most propane marketers do their best to keep up with compliance issues, lack of frequency and lack of pressure can impact the sense of urgency.

Please take the time to examine your training records, and ensure everyone is properly trained. When that next crisis occurs, you won't be left worrying about the effected employees' skill levels.

Remember Murphy's Law: *Left to themselves, things tend to go from bad to worse.* ■



DOT, Homeland Security Update Hazardous Materials Plan



Recently the Department of Homeland Security and the Department of Transportation (DOT) created a small uproar with their plans for Security Requirements for Offerors and Transporters of Hazardous Materials.

This is a new adoption to 49CFR part 172 for the Department of Transportation. What does it mean for your company?

This sounds like the DOT is requiring a large burden on all transporters and companies that offer hazardous materials for transport or sale, but that's a wrong assumption.

What is being required is what most offerors and transporters are already doing in their daily practices. All that the Department of Homeland Security and the DOT are asking for is that the procedures be documented.

Get it in writing

What do the agencies want documented?

The first item is what your company is doing to ensure that hazardous materials are being transported safely, including:

- Requiring all of your drivers to have the proper driver's license and endorsements.
- Listing procedures your company uses to confirm information given by the driver applicant prior to being hired.
- Not allowing an unqualified individual to operate your transport equipment.
- Ensuring that the proper bill of lading is completed for the products being shipped.
- Providing proof that your company provides the proper training for your drivers, identifying what that training is, and listing the frequency that the training is performed.
- Providing proof that you orientate all new hazardous material handling personnel about the hazards they are working with.
- Providing training to your employees on how to

recognize a potential security threat. This could include identifying when an area has been broken into, or documenting when an unknown customer requested an unusual amount of specific chemicals or materials.

- Following procedures to ensure that all the contract carriers your company uses have the proper U.S. DOT Hazardous Material permit.

Keep this information in an easy-to-read document that your employees are familiar with. Keep it up to date so you can show it to government officials, if needed.

There is no specific format for the security plan. They are supposed to be company-specific to deter any suspicious individuals from gathering all the needed items to comply with everyone's plans.

Lending a helping hand

The Federal Motor Carrier Safety Administration (FMCSA) will help by providing safety background checks on all current CDL holders that have a hazardous materials endorsement. The first round of investigations is supposed to be completed by Sept. 22, 2003, although they are having some procedural delays.

This will involve a check of current CDL holders against a list of specific violations and criminal offenses that may have occurred in the past seven years.

After the initial investigations, a complete background investigation of all CDL Hazmat holders will be performed. This is expected to be completed sometime in early 2004.

The FMCSA will not notify employers of any individuals who are deemed to be a safety risk. They will contact the state where the CDL was issued, and a letter will be sent to the CDL holder informing them that they have had their Hazmat endorsement suspended. It will be the driver's responsibility to inform the employer of the suspension of privileges.

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Safety Directors Learn DOT's New Security Regulations

BY PHIL PELC

Communications Director

The **Ag Cooperative Safety Directors of Nebraska** held their regularly scheduled meeting on July 10 at the Mid-Town Holiday Inn in Grand Island.

Chairman **Don Eisenhauer** called the meeting to order. The members reviewed four different logos compiled by **Kyle Broesder** from **Cooperative Mutual Insurance Company**. After some discussion, the group voted by ballot for their favorite logo to be used with all member correspondence.

Documenting refresher training

Bud Ready, safety compliance coordinator with Central Farmers Cooperative, explained new rules concerning refresher training for people who administer alcohol testing for their companies.

If you are BAT or STT qualified, you must have refresher training at least every five years from the date when initial training occurred.

Bud explained a couple different ways to accomplish this refresher training. He also provided the group with a certificate he made that could be used to document refresher training.

Understanding work comp

The morning training topic entitled "Work Comp 101"



was presented by **JoLynn Curbeam**, senior claim examiner with Cooperative Mutual Insurance Company.

JoLynn explained the basics, including what workers' compensation is; how lost time pay is figured for employee; the life of a work comp claim; and work comp strategies and issues. She noted that much of work comp is not black and white.

She also stressed the need for open communication between the insured and the insurance carrier.

Implementing new DOT regulations

After lunch, **Steven Okazaki** with FMCSA presented information concerning DOT's new Security Regulations (HM-232).

This plan must be in place by Sept. 25, 2003. All Hazmat employees must be trained on the plan by Dec. 22, 2003.

Steven handed out some sample plans to give the group an idea of what should be included. The group asked lots of questions, and Steven admitted that some issues in the regulations aren't clearly black and white.

He said his department won't come around to check specifically if companies have their plan in place. They will check for that information during a DOT audit.

The next meeting will be held Nov. 6, 2003, at the Mid-Town Holiday Inn in Grand Island.

Training topics discussed for the next meeting included an update on propane safety and inviting state fire marshals to talk about any new regulations concerning NH₃ facilities. ■

Hazardous Materials Plan

Continued from Page 6

Check drivers' records

The employer is required to perform an annual check of each driver's motor vehicle record (MVR) to ensure all of the proper license endorsements are still in effect.

If the employer finds that any endorsements are not in effect, then the employer must immediately remove

that driver from a position where the driver would be required to perform any of the unqualified duties.

At this time, the Federal Highway Administration has not made allowances for the employer to find out the reason for the disqualification or the removal of any endorsements. If employers want to know the reason for the disqualification, they must perform their own background investigation or

hire an agency that can perform these investigations.

The Department of Transportation will be looking for the written security plans during any compliance reviews that are performed.

To help you out, the Department of Transportation has established a Web site at <http://hazmat.dot.gov/risk.htm>. It includes a couple of simple self-evaluation pamphlets. ■

Don't Go Out With a Bang!

BY KYLE BROESDER
Loss Control Representative

It's almost a joke to think that the main ingredient in something as wholesome and ordinary as bread can be a deadly explosive. But no one is laughing.

Fortunately, we are in the business of providing insurance for just such an event. But that doesn't mean we expect it. After all, there are a few simple things you can do to help prevent the possibility of an explosion occurring at your facility(s).

How's it going?

I recently stopped by several grain elevators to monitor their housekeeping efforts.

It appeared to me that the broom had been misplaced or broken. So the question is, "Why are housekeeping and maintenance taking a back seat during times that explosions have a much higher potential to occur?"

When employees are confronted with this question, the answers can be

quite disturbing:

"We are too busy."

"We wait to clean the bootpit until after harvest."

"Management hires an outside contractor to clean it (once a year!)"

And the most common answer: "Management doesn't give me enough time or help to do everything. Cleaning will have to wait until I find some downtime."

Maintain quality

This concerns us. Especially when there's no involvement from management, years of experience have shown us that maintenance will always take a back seat.

Controlling grain dust is a valuable part of good elevator management. Grain dust explosions are extremely costly. But there's more to it than that.

In addition to maintaining a safer, healthier, more profitable workplace, the

appearance of a well-maintained elevator is a characteristic of a quality elevator operation.

Just remember the two rules of dust explosion prevention:

- No fuel – no explosion.
- No ignition source – no explosion.

You can minimize the potential of a grain dust explosion by eliminating igni-

tion sources and controlling the accumulation of dust. Proper and enforced housekeeping will reduce the fuel needed for an explosion. A good preventative maintenance program will significantly

reduce the ignition sources.

As your insurer, we can help rebuild your facilities and provide relief for lost revenue. But no one can replace the most valuable asset your cooperative has—your employees. ■



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INSIDE:

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