

THE Partner

COOPERATIVE MUTUAL INSURANCE COMPANY
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Open Flames Highlight Need for Propane Safety

W

e use LP to cook our meals, heat our water, warm our homes, and much more. But if we know propane burns, why do we have some of our tanks setting too close to grain dryers?

The placement of tanks can be very important for a number of reasons, including:

- Life safety
- Replacement value of damaged property
- Value of the contents
- Interruption of business the loss may cause
- The surrounding property may pose a negative effect on leak and fire control activities by firefighters and other emergency officials

Take responsibility

The courts would say, “A gas supplier has a duty with respect to obvious incorrect tank placement or improper piping, unless it has no knowledge of the defect.” The courts call propane an “inherently dangerous instrumentality.”

Remember—the supplier is the expert that handles this instrumentality. There are propane tanks out there that your delivery personnel have been filling

for eight years or more that are not set to code. Maybe you figure, “Since we keep delivering to the system, that must mean it’s safe and properly installed, right?”

No, it doesn’t. I’ve talked with several of your delivery workers. They have tanks placed right next to grain dryers. They have grain dryers being supplied by piping that just lies on the top of the ground. They see systems that use LP hoses that are not getting the attention of a simple delivery inspection.



BY KYLE BROESDER
Loss Control Representative

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MISSION STATEMENT:

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

Need for Propane Safety

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Don't fool yourself

Unfortunately, these folks do have the expertise to know these things aren't set to code. They just decided to overlook the problems.

Maybe the delivery employee regards some propane systems as temporary. Thus, he or she overlooks an unprotected line running from tank to dryer.

If a cylinder is installed temporarily at a location and then reinstalled temporarily, it may be considered to be a permanent installation by the authority having jurisdiction.

A recurring seasonal installation, such as this dryer installation, would probably be considered permanent. An installation for a few weeks at a temporary construction site would not be considered permanent.

Conduct visual inspections

In summary, your delivery person should be visually inspecting each system to which they are delivering.

The delivery driver can see improper regulators, external piping, and tank placement during the delivery of product. To deliver to an improper installation with the knowledge of the defects puts all resulting dangers on the shoulders of your cooperative.

Delivery must not be made to LP systems that are not installed to the standards set forth in NFPA 58 2001. Well-trained LP delivery personnel are your cooperative's first line of defense in avoiding serious LP losses. ■

DID YOU KNOW...

- Cooperative Mutual Insurance Company was formed as the result of a survey in 1935 completed by 55 members of the Farmers Union Elevator Association?
- The average property premium for the 55 survey respondents was \$147.53?
- The original committee established to form Cooperative Mutual Insurance Company consisted of three members—Chris Milius from the State Union Board, M. Witzenburg from the Insurance Company, and Walter Burgess from the Elevator Federation.

Lightwine Joins the CMIC Marketing Department

Cody Lightwine has joined **Cooperative Mutual Insurance Company** as a marketing representative. Does that last name sound familiar? Cody says he's looking forward to working with his father and grandfather, who also work with CMIC.

Cody grew up in Fairmont, Neb. He received his degree in manufacturing, engineering and CAD

technology from Southeast Community College. Cody comes to Cooperative Mutual Insurance Company from McCook, Neb., where he worked as a drafter and a sales specialist.

Cody will be serving western Nebraska and all of Kansas and will live in Aurora, Neb. Cody says he looks forward to getting out and meeting CMIC clients. ■



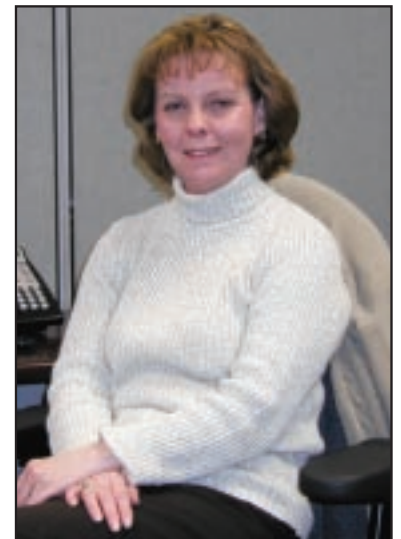
Cody Lightwine

Meet Danni McCoy

Danni McCoy is our new underwriting clerical support employee. She will be assisting the underwriting department with filing and various clerical duties.

Danni has more than 15 years experience in the insurance industry. CMIC is pleased to welcome her to the company.

She and her husband, Howard, have two daughters. Each year they organize a memorial golf outing where the proceeds go to the Make-A-Wish® Foundation. ■



Danni McCoy

Cooperative Mutual Insurance Company Offers A Glimpse Into the Past



BY WADE MULARI, *President/CEO*

We talk often about being a company formed by cooperatives to insure cooperatives. But what does that really mean?

As we approach our 75th anniversary in a few years, I thought it might be interesting from time to time to provide a little history of your company. These glimpses into the past will show you what your predecessors were thinking and responding to when they formed **Cooperative Mutual Insurance Company**.

Company formed during Great Depression

On April 23, 1935, a questionnaire was sent out to cooperatives in Nebraska at the direction of the State Union Board.

It contained six simple inquiries:

1. Date of organization of the respondent
2. Average annual premium covering building and contents
3. Fire losses since the founding of the organization
4. Windstorm losses since the founding of the organization
5. Name of the respondent
6. Location of the respondent

The responses from these 55 cooperatives formed the basis for the creation of **Industries Mutual Insurance Company**, the original name of Cooperative Mutual Insurance Company. The business was formed to lower premiums for participating cooperatives.

Editor's note: Watch for future installments about the history of CMIC in upcoming newsletter editions. ■

What's Causing the Increased Demand for Drivers?

BY TERRY LIVELY, *Loss Control Representative*

Many long- and short-haul transportation companies have started to aggressively recruit new drivers. Many are offering sign-on bonuses, special training, higher pay and benefits, and new equipment.

A culmination of many factors is driving this change, including the upswing in the economy, mergers, and the upcoming changes in the hours-of-service requirements. These factors are requiring companies to add more equipment to their fleets to handle the demand from customers, so this is boosting the need for more drivers to operate the equipment.

The one area that is getting the most focus by

transportation companies is a driver with a hazardous materials endorsement on his or her CDL.

Finding the best

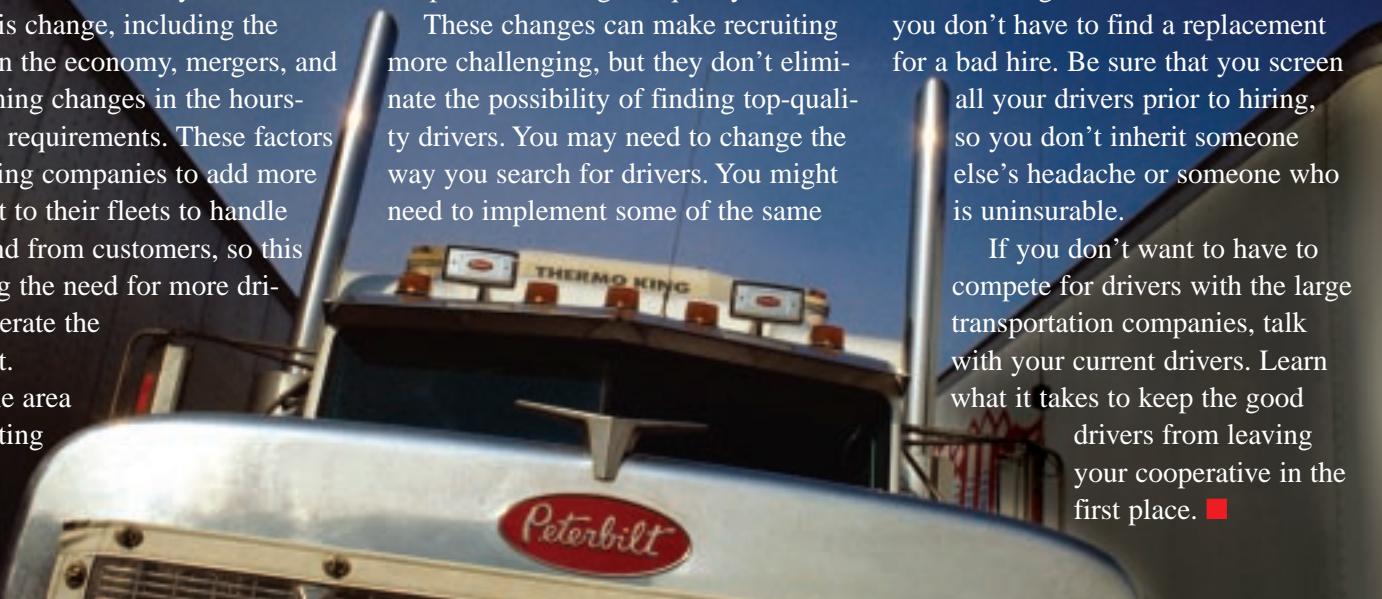
How will this affect the way your cooperative finds good quality drivers?

These changes can make recruiting more challenging, but they don't eliminate the possibility of finding top-quality drivers. You may need to change the way you search for drivers. You might need to implement some of the same

tactics the larger companies are using, like advertising in a larger area and using your current employees as your recruiters.

With the demand for drivers on the rise, this should be an incentive for you to hire the right driver the first time, so you don't have to find a replacement for a bad hire. Be sure that you screen all your drivers prior to hiring, so you don't inherit someone else's headache or someone who is uninsurable.

If you don't want to have to compete for drivers with the large transportation companies, talk with your current drivers. Learn what it takes to keep the good drivers from leaving your cooperative in the first place. ■



Boost the Security at Your Agronomy Facilities



BY BRIAN TRAVIS
Loss Control Representative

Security at agronomy facilities and anhydrous ammonia plants has been a hot topic lately. More businesses have been taking precautions to prevent theft, vandalism, and acts

of terrorism.

While businesses are busy complying with the latest government regulations, it's very easy for them to overlook some of the simplest things that they can do to prevent problems. Here are some basic tips:

- Create opening and closing procedures to ensure your facilities are properly locked up at night.
- Store your high-dollar chemicals in an area that can be kept locked at all times.



- Encourage employees to question suspicious people hanging around the facilities.
- At chemical and fertilizer plants that are located outside, lock out the power source to the pumps.
- Make sure the valves and load out hoses are locked up at anhydrous ammonia plants when they are not in use.

- Store nurse tanks, floaters, and tender trucks in well-lit locations.
- Visually inspect your facilities and nurse tanks each morning for signs of tampering or theft.
- Do not leave product in floaters or tender trucks outside overnight.
- Take the keys out and lock all vehicles at night.
- If your agronomy plant is

run by a computer, make sure it has security software installed on it to prevent tampering.

- Implement careful hiring practices.

If you've noticed any tampering or unusual activity at any of your plants, notify local law enforcement officials.

Make chemical and fertilizer security a high priority. It's easy to drop our guard when things quiet down, but the danger still exists. ■



Cramer Becomes Newest Claim Examiner at CMIC

Kim Cramer has accepted a position in the **Cooperative Mutual Insurance Company** claim department as a claim examiner.

Kim will handle workers compensation claims for CMIC but will also work some casualty claim investigations.

Kim is from Grand Island, Neb. She received a B.S. degree in English from the University of Nebraska

in Lincoln. During college and after graduation, she worked for several law firms as a legal assistant and an executive legal administrator.

Before coming to CMIC, Kim was a workers compensation claim representative with the Allied Insurance Group. Kim has an extensive insurance claim background, and we are pleased she has joined our company. ■



Understand the Difference Between Pressure Testing and Leak Testing

BY KYLE BROESDER

Loss Control Representative

How would your delivery driver respond if he or she were in a deposition and an attorney asked, “Can you explain how to perform a pressure test and a leak check in accordance with NFPA 54?”

Rest assured, the attorney knows the codes and the correct response to these questions.

Cooperative Mutual Insurance Company has been spot-checking propane procedures since we mandated our LP Safety Program. One element that seems to spring up quite often is the confusion of pressure testing and leak checking. Many of our insureds’ LP department employees are performing the tests incorrectly and are documenting them inaccurately.

Knowing the two tests’ definitions and procedures may mean the difference in preventing an accident or appearing unprofessional and unqualified on the witness stand.

Tests are not the same

NFPA pamphlet 54, the National Fuel Gas Code (1999 Edition), states the following: “Pressure Test. An operation performed to verify the gastight integrity of gas piping following its installation or modification.”

It also states, “Leak Check. An operation performed on a complete gas piping system and connected equipment prior to placing it into operation following initial installation and pressure testing or interruption of gas supply to verify that the system does not leak.”

Now that we have defined these two different procedures, let’s look at some other important points. NFPA 54 requires a pressure test to be held for at least 10 minutes for most single-family dwellings. (This is dependant on the total volume of the piping system—reference NFPA 54 section 4.1.4).

Unlike a leak check, a pressure test cannot be performed with propane gas. NFPA 54 states that when performing a pressure test, the “test medium shall be air, nitrogen, carbon dioxide or an inert gas. Oxygen shall never be used.”

A leak check should be held for at least three minutes. (Reference NFPA 54, Appendix D)

How to conduct a leak test

Leak checks may be performed at many different points in a propane piping system. There are a number of different devices available to perform leak checks.

Some of our insureds use water manometers, and others use a block gauge. Many have installed valves to be installed in test ports on the newer style regulators. The cooperatives avoid having to “break into” the piping system when these valves are installed. Breaking a propane piping system can create a leak. Using the test ports allows for an extremely quick, accurate leak check. This saves time and money.

Follow suggested methods

Appendix D of NFPA 54 provides a “Suggested Method for Checking for Leakage.” This section points out two important procedures that delivery personnel frequently don’t follow.

When using a 0-300 psi gauge to perform a leak check from the high pressure side, the employee needs to let down 10 psi to ensure that the service valve is not leaking through.

When performing a leak check from the low-pressure side, make sure the system is bled down enough to take the regulators off of lockup so the entire system can be leak checked. If the regula-

tors remain at lockup, you may have an underground leak and never know it.

Document both tests

Performing proper pressure tests will help determine the integrity of the piping. Performing proper leak checks will determine if there are any leaks in the entire system. This



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Understand Workers Compensation Underwriting Guidelines



BY BOB JENSEN
Vice President of Underwriting

Effective July 1, 2003, in all states where we conduct business, we will not accept as new business or continue as renewal business any workers compensation policy with a three-year loss ratio in excess of 60 percent.

There are two exceptions that **may** be made to this guideline:

- I. If the overall account loss ratio for three years, including workers compensation, is less than 50%, the workers compensation **may** be written if there are actions being taken to reduce the claim frequency under workers compensation.
- II. If the workers compensation loss ratio is made up of one large loss that contributes more than 25% to the loss ratio calculation for the three-year period, the underwriter **may** make an exception and write the workers compensation, if the loss ratio would be 50% or less without the one large loss.

Also, no workers compensation policy currently in the assigned risk pool or other residual market mechanism will be written until the three-year loss ratio at the **Cooperative Mutual Insurance Company** filed rate is less than 60 percent.

To determine the premium for the experience period, it will be necessary for us to receive a copy of the current policy and the most recent two years of payroll audits with class codes and payrolls.

Why is this change occurring?

This action was necessary since workers compensation represents approximately 30% of our book of business on a written premium basis.

When you combine that with direct loss ratios prior to operating expenses in excess of 100% in two of the last three years, we couldn't ask the majority of our 168 policyholders to pay more than their fair share for losses attributable to a handful of policyholders. ■

“This action was necessary since workers compensation represents approximately 30% of our book of business on a written premium basis.”

Pressure Testing and Leak Testing

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includes checking fittings and the 100% pilot shutoff in control valves.

Remember, documentation is just as important as the testing itself. If it isn't documented, it didn't happen.

Ensure that your cooperative's documentation records the start time, the start pressure, the end time, and the end pressure. Many times technicians aren't properly documenting the tests or checks because they don't understand the difference between the two tests. Also, encourage your propane technician to jot down any

relevant notes to the test.

As management, you are responsible for knowing your employees are performing their jobs correctly. Take a moment to visit with your LP employees to ensure that these two very different tests are being performed and documented correctly.

By understanding and properly performing the pressure test and leak check, lives can be protected, and you can avoid liability. ■

How Will New Hours of Service Impact Your Drivers?



BY TERRY LIVELY
Loss Control Representative

Are you ready for the hours-of-service changes for your DOT drivers?

The new hours-of-service requirements will go into effect 12:01 a.m. on Jan. 4, 2004. Until midnight on Jan. 3,

2004, the current hours of service regulations remain in effect.

The new requirements include:

- 11 hours of driving
- 14 hours on duty—No break during the day for meal stops or off duty
- 10 hours off duty
- 34 hours off duty reset the 60- or 70-hour clock

This means that the time drivers go on duty until they complete their work can only be 14 hours. Then drivers are required to have 10 continuous hours off duty, unless they are using the sleeper berth. Then the time can be broken up into two segments, similar to the current requirements.

A driver can work no more than 60 hours in any seven-day period or 70 hours in any eight-day period, unless that driver takes a continuous 34 hours off duty break. This break would allow the driver's hours to start over at zero.

Keeping drivers safe

These new requirements are designed to help prevent driver fatigue and accidents.

Currently, all federal DOT enforcement officers are required to enforce these rules on the effective date.

Each state legislature must vote to adopt these rules. Then they can adopt any special exemptions to the rules, such as the old farmers and agriculture exemptions.

Until the individual states adopt specific exemptions, it's expected that all enforcement personnel will follow the new hours-of-service rules. Currently there's no information available stating that the old exemptions will be carried over to the new regulations.

The federal DOT has rejected all applications filed for exemptions from special industries, certain organizations, and special interest groups for relief from the new regulations.

We will watch this closely and pass along any new information as we hear of it. ■



Looking for more updates? Visit the CMIC Web site at www.coopmutual.com Be sure to click on the "What's News" link.



Rules Require Driver Fingerprinting Background Checks

BY TERRY LIVELY

Loss Control Representative

On Nov. 4, 2003, the Transportation Security Administration (TSA) issued an amendment to the interim final rule about the implementation of background checks on CDL drivers holding a hazardous materials endorsement.

The initial interim rule required that all states be able to

start performing a fingerprint-based background check on all CDL holders who have the hazardous materials endorsement. Most states were not in the position to be able to collect and submit these fingerprints to the FBI in the form or manner that is required by the rule.

Offering an extension

To help states meet the new requirements, the TSA has extended the deadline until April 1, 2004.

A state has the opportunity to submit a request for extension on this implementation date. If the extension is granted, the state will have until Dec. 1, 2004, to implement the fingerprinting background check.

Meeting eligibility requirements

The TSA will still continue to use name-based background checks and is expected to have these completed by December of 2003.

Each state will be notified of any individuals whom TSA deems ineligible for holding a hazardous materials endorsement. The states will notify the individual, who can then request a fingerprint-based application background review to try and meet the eligibility requirements.

Drivers who have been notified by their state that their endorsement has been revoked are required to self-disclose this information to their employer, even if they have filed for a fingerprint-based review. ■

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