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Risk Manager

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Reduce workplace stress: improve your company's health

In today's increasingly demanding work world, it is not surprising that workplace stress is on the rise. The National Institute for Occupational Safety and Health (NIOSH, 2009) reports that 40% of workers describe their jobs as "very or extremely stressful" and 25% of employees view their jobs as the most stressful area of their lives.

Some employers may rationalize that stressful working conditions are a necessary evil, assuming that companies must constantly demand more from workers to remain competitive, productive, and profitable in today's economy. However, work-related stress can have serious consequences, not only for the health of employees, but also for the overall success of a business. Stress raises the risk of workplace accidents, cardiovascular disease, psychological problems, and other health issues. Business owners may also pay a high price through increased employee absenteeism, tardiness, and disability claims, as well as reduced employee satisfaction and productivity.

Conditions That Cause Stress

What exactly is job stress? According to NIOSH, job stress is the harmful physical and emotional reactions that occur when job demands do not match workers' abilities, resources, or needs. Researchers disagree, however, on whether the primary cause of work-related stress is linked more to worker characteristics, such as personality or coping style, or working conditions. Although the personal differences among individual workers cannot be ignored, certain conditions are likely to contribute to the stress levels of most people. These include the following:

- **Work Roles.** Without a clear definition of reasonable job functions, employees may feel stress. Having conflicting tasks, vague job expectations, or too much responsibility may contribute to stress.
- **The Nature and Design of Tasks:** Job functions involving heavy workloads, fast turnaround times, long work hours, infrequent breaks, and routine or

mundane tasks may contribute to employee stress.

- **Management Style.** Employee stress may be the result of inadequate communication within the organization; poor communication techniques of a direct manager; exclusion from decision making that affects job functions; and a need for family-friendly policies, which allow workers to meet pressing personal responsibilities.
- **Interpersonal Relationships.** A poor social environment and lack of support from managers and other co-workers may intensify feelings of stress among employees.
- **Career Concerns.** Employee stress may be related to sudden or rapid changes in organizational structure; job insecurity; and a lack of opportunity for growth, advancement, or promotion.
- **Conditions of the Work Environment.** Unpleasant or dangerous physical conditions, such as air pollution, noise, crowding, or ergonomic problems, may also contribute to stress for employees.

Did You Know?

Insuring your business: are you prepared for the unexpected?

There are two risk exposures that no business owner can afford to overlook: property loss and liability loss. Property insurance generally covers your building, contents, and equipment in the event that physical property needs to be repaired or replaced due to perils such as fire, theft, wind, or certain types of water damage. Liability insurance helps protect you and your company from liability arising from day-to-day business operations. Consider obtaining sufficient coverage for product liability and premises liability to help protect your business in the event someone is injured while using your products or visiting your facility. In addition, business owners in search of the most comprehensive protection must also prepare for the possibilities of business interruption, disability, and the loss of key employees.



In assessing the risk exposures particular to your business, consider what can go wrong and how such events might affect the operations of your business. Once you have established your potential vulnerabilities, consider which forms of insurance coverage best meet your needs.

Business Owners Policy: While property insurance and liability insurance can be secured separately, a busi-

ness owners policy bundles both property and liability coverage in one package. This combined policy typically covers business property that is exposed to risks such as fire, smoke, hail, wind, theft, vandalism, and some forms of water damage (for instance, from leaking roofs or broken pipes). Insurable property includes, but is not limited to, buildings, office furniture and equipment, machinery, inventory, and signs. In addition, coverage may also include protection against business interruption.

Business Interruption Insurance: While few business owners would think of leaving their buildings and contents uninsured or their business unprotected from liability, many neglect to insure the purpose of their business—the earnings. Business interruption insurance helps maintain a consistent flow of earnings after the business has been wholly or partially disabled by a disaster. In other words, coverage is designed to do for the business what the business would have done for itself had no loss occurred, including paying for the lost net profits of the business, plus any continuing expenses that may occur during “down time” caused by a peril covered by the policy.

Business Overhead Expense Insurance: While preparing for business interruption is important, so is preparing for the possibility that an accident or illness could interrupt your ability to conduct business. Could your firm survive if you were forced to stop working? Business overhead expense insurance can help sustain your business during a disability by paying expenses such as salaries and benefits; rent, lease, or mortgage payments; property taxes; equipment costs; certain insurance premiums; maintenance costs; and utility bills. In general, benefits are paid monthly after a predetermined waiting period, limited to a maximum amount,

Businesses to Cut Travel Expenses

According to a 2008 survey by BackTrack, a pre-employment background screening company, 32% of companies plan to reduce business travel expenses. Of the more than 590 companies of various sizes surveyed, another 27% plan to cut budgets for meals and entertainment, and 25% plan to reduce employee perks, such as incentive programs and holiday parties. Overall, 61% plan to reduce costs over the next three months due to the economic downturn.

An Aging Workforce

Many baby boomers will be retiring in the coming years. Small business owners must ensure that critical knowledge and experience is transferred to the next generation of workers, according to a study by the National Association of Professional Employer Organizations (NAPEO). Responses from 404 small business owners revealed that more than one-quarter are preparing for knowledge transfer from older employees to other workers, 17% have a fully established plan for transferring knowledge, and another 11% are developing one.

Motivating Employees

Frequent communication with employees is the most effective approach management can use to boost morale and motivate workers, according to a 2008 survey by staffing agency Accountemps. Of the 150 senior managers surveyed, 48% agree that communication is the best remedy for low morale. Other remedies chosen were recognition programs (19%), monetary awards (13%), unexpected or occasional rewards (11%), team-building events or meetings (5%), and additional days off (3%).

For Your Information



Business Tools for Native Americans

American Indian, Native Alaskan or Native Hawaiian entrepreneurs seeking to create, develop, or expand a small business can visit the website of the Office of Native American Affairs of the Small Business Administration (SBA) for helpful tools. Specifically, the Native American Small Business Primer provides an overview of basic business principles and an introduction to available SBA resources, while helping future business owners determine their readiness. Visit www.sba.gov for more information.

SCORE Business Advice

SCORE "Counselors to America's Small Business" is offering a new easy-to-use online tool that provides small business owners with ideas and guidance on a wide variety of business topics. The SCORE website at www.score.org allows individuals to search for a mentor by industry and state, ask a question, and get a personal reply from a mentor within 48 hours. SCORE mentors are professionals with time-tested knowledge in many specialty areas.

OSHA Enhances Voluntary Protection Program

The U.S. Department of Labor's Occupational Safety and Health Administration (OSHA) published final changes to its Voluntary Protection Programs (VPP) that allow participation by companies with mobile workforces and provide new options for employers who may have employees at various locations. Other VPP changes include a streamlined application process, outreach and mentoring, and onsite workplace evaluations. For more information, visit www.osha.gov.

Pull the plug on electrical fires

Devastating fires at businesses can be traced to a number of causes, such as malfunctioning kitchen equipment, burning cigarettes, and other forms of potential negligence. However, fires originating in a building's electrical distribution system, which includes wiring, switches, receptacles, and outlets, as well as light fixtures, lamps, light bulbs, cords, and plugs, can cause some of the costliest property damage. Routine maintenance that includes regularly inspecting your property for hazards, such as overloaded electrical circuits, frayed or cracked cords, improperly installed outlets, and loose connections, may be the key to preventing an electrical fire at your place of business. Other safety tips include the following:

- Do not place computers or other electronic equipment in cabinets without ample airflow.
- Use power strips with their own circuit breakers instead of over-

loading outlets with multiple devices or lights.

- Do not cover extension cords with rugs or run them behind curtains.
- Make sure light bulbs are the correct wattage for their fixtures.
- Keep space heaters, lamps, and other heat-producing items away from walls, curtains, and furniture.
- If the cover plates on wall outlets are warm or if lights are flickering, contact an electrician.

Even if a faulty electrical distribution system does not cause a fire, it may result in damage to your company's electrical devices or cause electrical shocks to your employees. Be aware of electrical hazards and install a smoke alarm on every level of your building. To ensure your business is fully protected from fire and other disasters, stop by or call us today for a review of your insurance coverage.

Insuring your business: are you prepared for the unexpected?

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and restricted to a specified length of time (often from one to two years). Business overhead expense insurance does not, however, replace the need for your own personal disability income insurance, which protects your income and may replace 45% to 75% of your pre-disability earnings.

Key Employee Insurance: Besides considering the potential for your own health crisis, have you thought about the consequences of suddenly losing a key employee to disability or death? Along with losing a valued member of your management team, you would also be losing skill, "know-how," and the important business relationships he or

she had cultivated over the years. Key person insurance covers, or "indemnifies," a company against the loss of a valued team member's skill and experience. The proceeds help provide funds to recruit, hire, and train a replacement; replace lost profits; and reassure lenders that funds will be available to help repay business loans.

Because businesses vary in nature, there is no standard insurance policy available to cover all contingencies. Frequent review of your coverage needs and your policy options can help ensure the future of your business. Contact one of our qualified professionals for more information.



Sprinklers to the rescue!

A fire can engulf a home or a business in a flash. Searing heat and blinding smoke can make it difficult or impossible to reach doors, windows, or stairways that might otherwise allow a hasty exit. Sometimes, people do not respond quickly enough to smoke detector alarms, or they may even regard them as false alarms when suddenly—it's too late! Smoke detectors alert people of a fire, but they do nothing to put the fire out.

Fire sprinklers are designed to control and extinguish fires quickly so that people may egress safely. Sometimes, if the fire is easily dowsed, people caught inside may have little cause for alarm. While smoke detectors provide the initial warning signals, sprinklers can intercept a fire in its early stages.

Technology at Work

Commercial fire sprinkler systems, such as those used in offices, manufacturing facilities, warehouses, malls, and hotels, utilize heavy-duty sprinkler heads capable of spraying water over large areas. Quick-response sprinkler systems can put out a fire long before it spreads. Because they release only a fraction of the water normally used by firefighters to extinguish a blaze, they may minimize water damage.

Adequately installed and maintained automatic sprinkler systems represent a sound loss reduction technique and result in reduced fire insurance costs. Feel free to talk to us about how to manage fire risks and about discounts that may

apply should you install safety equipment, such as sprinklers. Protective measures can pay in more ways than one!



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Solutions That Work

Business owners can benefit from the example of relatively stress-free work environments. NIOSH research has associated the following organizational actions with both healthy, low-stress work and high levels of productivity: acknowledging good employee performance, creating a culture within the organization that values the individual worker, providing career development opportunities, and maintaining consistency between management actions and organizational values.

A business owner may make changes to job functions and organizational structures that affect employee stress. The following may minimize or prevent work-related stress: stimulating

jobs with clearly defined duties and responsibilities; open channels of communication that seek workers' input in job-related decisions; and flexible work schedules that allow employees to fulfill personal responsibilities. As an added measure, employers may make an effort to develop a more pleasant work environment that permits a reasonable amount of social interaction among employees.

If high stress is likely already affecting employees, business owners may consider implementing a stress management program. Stress management programs involve educating employees about the causes of stress, the effects of stress on health and work, and

the skills that may help an individual reduce stress, such as time management and relaxation exercises. Another option may be to offer an Employee Assistance Program (EAP), which provides individual counseling for employees experiencing both work and personal problems. However, stress management programs, while often effective in the short term, may not be as effective as making the appropriate organizational and functional changes to help employees meet the ongoing demands of their jobs.

By taking these practical measures, business owners can help reduce the high cost of workplace stress, improve productivity, boost morale, and generate benefits that go straight to the bottom line.