

Blueprint[®]

Commonwealth Contractors Group Self-Insurance Association • Vol. 5 • No. 1 • April 2003



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PUBLISHED BY:

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From The Trenches

Charlie Johnson, Board Member
Commonwealth Contractors
Group Self-Insurance Association
President - Capitol City Roofing



Recently, at our February 2003 board meeting, we learned that CCGSIA has 1107 members and we are in the process of returning almost \$1,800,000 in dividends approved by the State. Once this is completed, we will have returned approximately \$28,000,000 in dividends to our members since 1981. We also currently have an A.M. Best rating of A-

Since that meeting, I have had time to reflect back to 1981, when the Virginia legislature cleared the way for groups such as retail merchants, contractors, etc., to band together for the purpose of providing their own workers' compensation insurance. Thirteen roofing firms from the Virginia Association of Roofing and Sheet Metal Contractors, Inc. joined together to form what is today CCGSIA, a non-profit association returning its profits in the form of dividends to its members. They wanted to give themselves and other roofing contractors a way to reduce their cost for the ever rising premiums of workers' compensation insurance.

Every board member knew that to succeed it was crucial to have a low loss ratio for the first few years. The private insurance carriers said that a 66% loss ratio for the roofing industry was normal and expected. If we could establish and

maintain dividend returns to our members based on their loss ratios, we could get others to join, which in turn would increase our base and ability to share our liabilities. The commitment by our board members, our administrator, and our servicing agent, to a safe working environment, job safety practices, and cost effective management, was our goal and key to success. Working together, we accomplished our goals. Our first year loss ratio was a little over 14%. The next few years proved to be just as successful. We paid out our dividends, broadened our base, and the rest as they say is history.

Today, we provide workers' compensation coverage to all kinds of contracting firms across the state. Your current board members, administrator, and servicing agent are just as committed to job safety today, as in the beginning. They are working hard to give each member the best service and competitive rates as possible. Every member of that has joined the CCGSIA over the past 22 years, should feel proud for their contribution to the success of this Association. I urge each member to stay informed, committed to safety, and continue to spread the word about CCGSIA. Remember, the continued success of our self-insured group rests, as it should, in the most capable hands of its members! ■

Charlie Johnson,
Board Member



Welcome New Members

Since the April 1 start of Commonwealth Contractors' new plan (policy) year, we are pleased to welcome 360 new members generating over \$5.2 million in pro-rata premium. The addition of these new members brings our total membership to 1156 as of March 26, 2003.

The 360 new members are categorized as:

- Carpentry Contractors=89
- Roofing Contractors=70
- General Contractors=35
- Miscellaneous Contractors=166

Willful Violation Equals No Benefits

William K. Willis

Executive Vice President - Landin, Inc.

In this issue of the BluePrint we will continue to explore the compensability defenses noted in Section 65.2-306 of the Virginia Workers' Compensation Act, i.e., that portion of the statute which addresses "when compensation is not allowed for injury or death."

In part one of our review (August '02 Blueprint) we looked at the "willful misconduct and self-inflicted injuries" defenses and in part two of our review (December '02 Blueprint) we looked at the defenses of "employee's attempt to injure another" as well as "employee's intoxication", all of which are valid defenses to a workers' compensation claim. In this issue we will explore the defenses of "employee's willful failure or refusal to use a safety appliance or to perform a duty required by statute."

First of all let's look at the defense of the "employee's willful failure or refusal to use a safety appliance" – such items as hard hats, safety glasses, steel toe shoes, fall protection, etc. Case law in regard to safety appliances states that "while the deliberate refusal to use a safety appliance provided by the



employer might in a particular case amount to such wanton and reckless conduct as to defeat a claim for compensation, in the ordinary case the use of such appliances is required by specific instructions of the employer or by a rule or regulation adopted by him. An intentional refusal to use such appliances under such circumstances bars a claim for compensation if the cause of accident." In other words, if an employee refuses to use a safety appliance that the employer specifically instructed him to use and an injury results from this refusal, then compensability may be denied.

In regard to the defense of the "employee's willful failure or refusal to perform a duty required by statute" we mainly associate this defense with the violation of traffic laws such as the failure to wear a seat belt; however, the Act states that "by use of the word *willful* the legislature has made an exception to the ordinary rule that everyone is presumed to know the law. The duty required by statute which imposes a penalty for such failure or refusal, does not constitute *willful misconduct*, unless employee is apprised of such statute and intentionally violates the same and sustains injury as the proximate

cause thereof." In other words, the employer may prevail on this defense if he had previously advised the employee of the statute and the employee's willful violation either caused the accident or greatly enhanced the injury(s). A good example would be not using a seat belt and being ejected from the vehicle during an accident. If in fact it could be proven the employee's injuries may not have been as severe had he remained inside of the vehicle then this defense may well apply.

In summary, it is the employer's responsibility to see that all employees are provided with safety appliances and that their use is strictly enforced. Additionally, have a mandatory company policy requiring that seat belts be worn at all times and be sure that all of your employees are made aware of this policy.

In the next issue of the BluePrint we will continue our review of Section 65.2-306 of the Act and will look at safety rules and regulations and why their enforcement by the employer is not only good for the bottom line but also makes for a safer work place. In the meantime, however, please contact me in regard to this topic or any other Workers' Compensation related matters. ■

Great Renewal News!!

Cheryl Brooks

Vive-President of Marketing - Landin, Inc.

April 1 marked the 22nd renewal for the CCGSIA and the completion of another profitable year for its 1,100+ membership. Again this year, we are very pleased to report excellent renewal results: 95% of our membership renewed for the 4/1/03-04 plan year. That's easy to understand since the CCGSIA boasts:

Excellent Rates. In fact, we are delighted to report that effective with the 4/1/03 renewal, our rates will be maintained at the current level – **No Increase.**

Average Refunds of 22%. In February, we distributed **\$1,700,000** to CCGSIA members.

Excellent Service. We value our members and agents and continuously strive to break free from the self-serve attitude of many companies today and provide the outstanding service that you have come to expect from us.

We sincerely appreciate your continued support of the CCGSIA and look forward to many more successful renewals. ■

Exceptional Growth Continues

Stan Adams
President – Self-Insured Concepts, Inc.

Commonwealth Contractors continues its excellent financial position for the eleven months ended February 28, 2003. Strong earnings of over \$4 million in pre-tax income generated over those eleven months bring our accumulated Members' surplus to the current level of over **\$13.4 million**. This current level of surplus is after our recent surplus distribution to members of **\$1,792,740**. The unaudited condensed Statement of Condition of Commonwealth Contractors Group Self-Insurance Association as of February 28, 2003 is to the right

The workers' compensation market in Virginia continues to "harden" resulting in significant member growth for Commonwealth Contractors Group Self-Insurance Association. Since April 1, 2002 we have enrolled **360 new members in the Group** representing additional premium of over \$5.2 million bringing our **total membership to 1156**. Earned premiums for this plan year are projected to be over **\$20,000,000** for the first time in the history of the Group. This premium level represents a 34% increase over the previous plan year.

While many standard carriers have ceased writing workers' compensation in Virginia, increased their rates or

tightened underwriting guidelines, CCGSIA continues to meet the needs of Virginia contractors by holding rates at a consistent competitive level. In fact, the Members' Supervisory Board recently voted to make **no change in our rates for the new plan year beginning April 1, 2003**.

Despite unfavorable market conditions, investment earnings remain strong with earnings for the first eleven months of \$1,584,331 derived from funds invested through Trusco Capital Management. At February 28, 2003, Commonwealth Contractors had in excess of **\$28,300,000** invested at Trusco. ■

Statement of Condition

As of February 28, 2003

Cash and Investments	\$30,903,092
Board Discretionary Fund	1,566,977
Receivable From Reinsurers	4,388,055
Other Assets	848,632
Total Assets	\$37,706,756
Claims Reserves	\$22,726,051
Unearned Premium	1,107,354
Dividends Payable	155,474
Other Liabilities	247,302
Total Liabilities	\$24,236,181
Members' Surplus	\$13,470,575

Workplace Violence on Construction Sites

Jan Thomas, PhD. CSP Safty Consultant
Circle Safety & Health Consultants, Richmond, VA
804-355-7255 or www.circlesafety.com

Violence in the workplace! The image that immediately comes to mind is one of a terrorist attack on a symbolic or high profile target such as the Pentagon or the World Trade Center. Yet, while Homeland Security is foremost in our minds we also need to remember that violence visits low profile workplaces, including our construction sites.

Workplace violence – including assaults and suicides – accounted for 677 homicides in US workplaces during 2000 (the most recent statistical year). This equates to 16% of all work-related fatal occupational injuries. In construction the causes of our fatalities rank as follows: 1) Falls, 2) Electrocution, 3) Struck by Falling Objects, 4) Struck by Vehicle, 5) Fire & Explosion, 6) Violence.

We need to watch out for violence in all of its forms – from the rare and disastrous events to the more typical and most subtle occurrences. On construction sites the rare events include homicides, sabotage by someone within, terrorism, suicide or threats of suicide, or rape. Instead, we see the more common forms of violence including assault (a verbal threat) and



battery (a physical attack) as well as the more subtle violence in the form of intimidation, harassment and bullying.

In the late 1990's researchers and the media began to identify a new variety of violence taking place on the nation's roadways. These include Aggressive Driving (flagrant disregard for rules of the road), and Road Rage (assault with a vehicle as the deadly weapon). Some of our construction sites are roadway work zones; others of us must travel from one job to the next so don't ignore this type of violence.

Much of the violence we are exposed to on a construction site leads to injury, not death. Employers should consider violence to be one of the signs of an unsafe workplace as well as a work-site

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I Have A Question... Who Should I Call?

If you have a question about:	 Call Landin, Inc. 804-359-9600 and ask for:	If you have a question about:	 Call CCGSIA 804-748-4882 and ask for:
Safety Programs	Loss Control Representatives: <i>Gene Fornash</i> , Ext. 19 - gfornash@landininc.com <i>Bobby Sasser</i> , Ext. 20 - bsasser@landininc.com <i>Bob Naujelis</i> , Ext. 35 - bnaujelis@landininc.com Or Landin's General E-Mail - info@landininc.com <hr/> <i>Debra Brooks</i> , Ext. 16 - dbrooks@landininc.com	Payroll Audits	Lisa Pierce lpierce@ccgsia.com
Loss Control Services		Experience Modifications	
Certificates of Insurance		Drug Testing Programs	
Claims	Assigned Claims Adjuster, if known: <i>Wayne Carlson</i> , Ext. 18 - wcarlson@landininc.com <i>Janet Anderson</i> , Ext. 33 - janderson@landininc.com <i>Loretta DeChurnbel</i> , Ext. 15 - ldecheubel@landininc.com <i>Sharon Beaghley</i> , Ext. 29 - sbeaghley@landininc.com <i>Jim Sowder</i> , Ext. 12 - jsowder@landininc.com Or <i>Bill Willis</i> , Claims Supervisor, Ext. 17 - bwillis@landininc.com Or Landin's General E-Mail Address - info@landininc.com	Premium Invoices	Suzanne Eubanks saeubank@ccgsia.com
		Financial Statements	



Forrest Nicholson – Going, Going, Gone!

Cheryl Brooks
Vice-President of Marketing - Landin, Inc.

Gone fishing, that is.

After almost 19 years of service, Forrest Nicholson retired on March 31, 2003. Most of you have probably talked to Forrest over the years; he was very knowledgeable about all areas of the CCGSIA, from underwriting to audits, and everything in-between. He was a great resource for both members and agents.

Forrest remembers signing up our 126th member, Row-Mic Construction, when he first started with CCGSIA's administrator, Self-Insured Concepts, Inc., in July, 1984. He was on-the-road in sales for the first two years; His standard sales pitch was "We're almost a Million Dollar Group". Today, almost 18 years later, Row-Mic Construction is still with us, and we've welcomed over 1000 more members. With over 1100 members total, the group's premium is an impressive \$24,000,000. Forrest says the greatest

draw for him to get into the business was the Group's potential to return surplus premium to the members. And return premium we have! Forrest has enjoyed being involved in the return of \$26,000,000 of the \$28,000,000 total returned since the group started in 1981. He remembers a few tough times, but mostly good times. "There are other groups out there that do what we do, but I know how well we operate. My wish is that every contractor in the state of Virginia was with us." Forrest is trading in his title of "Assistant Administrator" to one more fitting to his new lifestyle "Papa Fix" – he loves fixing things for his grandchildren, and now he'll have a lot more time to do it.



Now, about that fishing trip. Forrest says he may very well buy his first fishing license. He's never been fishing before, but he plans to give it a try, along with a lot more of the other things he enjoys like hunting, farming, and woodworking. He and his wife Betsy may even take a cruise. Mostly though, he is looking forward to spending time with his wife and grandchildren and simply enjoying more free time with the family. Although he's looking forward to a more relaxed lifestyle, Forrest says he will miss all the people he has come to know over the years. In fact, don't be surprised to look up and see Forrest on your office doorstep one day – just popping in to catch up on old times.

So Forrest, you may be going, going, gone – but the great service you've given to CCGSIA members and agents will never be forgotten. We wish you well. I'm sure I can speak for all of us in saying that I hope I'm one of those that will be fortunate enough to find you on my doorstep. We'll keep the lights on. ■

Proper Fall Protection – Lives Depend On It

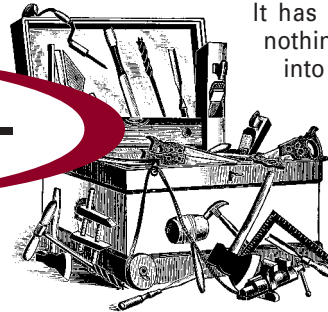
Bob Naujelis
Loss Control Representative - Landin, Inc.

Fall Protection is a safety issue that demands our attention on a continued and consistent basis. Federal OSHA statistics indicate that falls account for more construction fatalities than any other cause; therefore, OSHA created a number of standards and guidelines that, if properly implemented, will protect employees from falls. The most important of these, the "Fall Protection Standard", can be found in Subpart M of CFR Part 1926. Under this standard, protection is required for anyone on a surface that is six feet or more above a lower level. There are differing height restrictions in the Scaffold Standard (Subpart L), the Steel Erection Standard (Subpart R), and in Interim Fall Protection Guidelines for Residential Construction (OSHA Instruction Standard 3.1). Fall protection devices usually consist of guardrails, or personal fall arrest systems. Other devices include nets, man-lifts, scaffolds, and many other specialized devices for use in non-routine applications.

Unfortunately, injury to the body is not a function of the structure from which it fell; rather it is a function of how far the worker fell. The greater the fall distance, the greater the force at impact, and the more severe the injury. For this reason,

many construction companies have Fall Protection Plans that exceed OSHA requirements. What can you do to prevent or minimize fall accidents? Five key measures are basic to any good fall protection program. They are:

– Toolbox Topics –



1. Create a firm policy, which stresses that the company will not tolerate violations of company rules on fall protection.
2. Provide on-going formal, documented training for project managers, superintendents, supervisors, and workers.
3. Never let new hires work at heights until they have demonstrated their proficiency.
4. Provide employees with the right equipment and training in its use, and make them wear it without exception, including management (Lead by example).
5. Advise field managers that short cuts to save time or money on a job that risk the employee's health are not an option.

In my twenty years of work in safety, I have come across many situations in which employees injured themselves because they didn't follow basic safety rules. Fortunately, I have never had to deal with a death resulting from a fall. It has only been pure luck, and nothing more. Do not be fooled into thinking that just because you have always operated in a certain manner and never had a serious fall that your luck will continue indefinitely. Be proactive. Establish a good fall protection program before your luck runs out. The cost of serious injuries in terms of lost productivity, downtime, fines, insurance premiums, and negative publicity, far outweigh the cost of a good safety program. Employees appreciate it when management is concerned for their well-being, and it shows in the quality, and quantity of work they produce. Just as you strive for quality work, on time and under budget, you should strive to provide the safest possible workplace for your employees. You count on your employees for a job well done, and they count on you to do your best to keep them out of harms way. ■

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On-Line Safety

Cheryl Brooks
Vice-President of Marketing - Landin, Inc.



This month we would like to highlight the Internet website:

www.pacificemployers.com

This site is managed by Mr. David Miller, President of Pacific Employers, a labor consulting company primarily serving the California market. It contains numerous toolbox safety meetings which are downloadable free of charge. Many of the topics are available in PDF format as well, which allows illustrations to be downloaded that help reinforce the

safety topic, especially with non-English speaking workers. Also, many of the safety talks are available in both English and Spanish.

In addition, this site contains a wealth of safety checklists including general safety, confined spaces, fire protection, forklifts, and scaffolds, to name a few, which allow the employer to quickly and consistently review safety in a particular operation. When used properly, checklists serve as reminders to ask safety related questions and can prevent important safety considerations from being overlooked.

There is also a link to a "Forms" page that will allow downloading of just about any safety related government form you

can think of including OSHA 300 Logs, OSHA Job Safety Posters, and Workers' Compensation Insurance Posters. You name it, they've got it!

Finally, there are links to many industry association and state government websites, and if you get tired of all that, there are even links to websites for your favorite newspaper or game. ■



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where production and morale may be low. In 1999, 23,000 incidents of non-fatal acts of violence were reported, each resulting in time away from work. This is as costly a problem as a masonry wall collapse!

Who perpetrates this violence? "Contrary to popular belief, the majority of these incidents are not crimes of passion committed by disgruntled coworkers and spouses, but rather result from robberies" say national researchers. Other researchers have pointed to drug trafficking on construction sites as a cause of violence. Another cause is disagreements among employees that lead to threats and violence.

What to do? A seven-step plan for the control of workplace violence may be appropriate for your job site:

- Develop an emergency action plan for each work site (this will be useful for every kind of emergency including fires, falls, "shooter on site", or a terrorist bomb).

- Develop policies and procedures to establish a "Violence Free" work site
- Develop policies and procedures to establish a "Drug Free" work site
- Use the company reprimand system to support these and all other safety policies
- Provide safety training and tool box talks on the most common forms of

- workplace violence
- Be sure supervisors and employees know whom they should go to when they encounter threats of violence including harassment, bullying, etc.
- If you find you have an immediately dangerous situation, do not hesitate to call in local law enforcement. ■

See You In Roanoke (PIA Convention)



Cheryl Brooks

Vice-President of Marketing - Landin, Inc.

We will have a display booth at the PIA Convention and Trade Fair on May 4th and 5th in Roanoke. We hope to see a lot of our loyal agents that are currently placing their outstanding contractor accounts with us and maybe make a few new acquaintances. If you attend the convention, plan to stop by our booth; we'd love to talk to you about the CCGSIA.

See you there!! ■

