

Stay ahead of the risk

Tyrone Silva discusses simple ways to become a better risk.

You stay ahead of the competition, balance your expenses to a budget, but how do you manage your insurance costs? When it comes to controlling how much your insurance policy costs year over year, there are some things you can control and some things you can't. Market trends, nuclear verdicts, investment returns – they're all factors that every insurance buyer is subject to; therefore, there isn't much you can do to change their impact. However, it's not all out of your control. There are always at least three areas where you can make small changes that can have a big impact on your business – and make you a better risk.

1. Contracts

Every business in the construction industry can succeed or fail based almost solely on its contract. Negotiating contract language can be a long and difficult process, but it's ultimately one of the most important things you can do before commencing work on a job site. At NBIS, we believe a good contract or job ticket should contain the following key provisions.

■ INDEMNIFICATION OR PARTIAL

INDEMNIFICATION: Indemnity is a promise – a promise to pay for possible damage, loss or injury. Insisting that the language reads in such a way that your company only has to respond to losses that result from your own negligent operation is one way to ensure you've got a fighting chance in court.

■ **INSURANCE:** An insurance provision in your agreement is the easiest way to shield your company from paying for claims that you do not owe. This provision specifies exactly what limits of coverage your customer needs to provide, the financial rating required of its insurance company (usually an A.M. Best Company rating) and in what circumstances your customer's

insurance policy will extend coverage to you as an "additional insured."

■ OPERATION OF EQUIPMENT PROVISION:

This is very important because it provides a strong "borrowed servant" argument for the actions taken by your operator. In a successful borrowed servant situation, you increase your chance of being protected from any action brought against you by your customer's employee, should they be hurt.

■ **GROUND CONDITIONS:** One of the responsibilities assigned in this provision is that for ground conditions and ground stability. Oftentimes, your operator will not be knowledgeable about the ground conditions where the crane will be operating, especially if this is the first day on a job site.

2. Preventative risk management and training

One of the most important things to remember when it comes to risk management and training is that efforts need to be ongoing. Each member of your team should be constantly thinking about risk and how their actions play a role as either proactive or reactive. If you're a company owner, you should be looking at your team and asking:

■ **DRIVERS** – Are they all up to date on: CDL licensing, training, DQ files and hours of service logs?

■ **CRANE OPERATORS** – How recent are: certifications, training, technology and lift plans?

■ **RISK MANAGER** – Is she focusing on: safety plans, safety meetings, accident/injury prevention checklists, inspection and maintenance records and technology?

Many of the most common citations can also be avoided when drivers are properly trained and understand the current rules and regulations—which is exactly why NBIS developed the proactive Online Driver Training Program. The curriculum for this unique program was developed after understanding the most notorious transportation accident-causation factors. Each course takes around 15 minutes to complete and concludes with a test. And best of all, the program is defensible in court in any situation where a claim arises.

3. Claims response

Understanding how you're going to respond to an insurance claim scenario before that scenario occurs is a practice that is sure to pay dividends when the unexpected occurs. Being the first responder to a claims event carries with it a great deal of responsibility. It's important for management to develop a Jobsite Accident Response Plan prior to the claim event, so that critical information can be gathered in a calm and systematic way. Severity claims response is most effective when it utilizes a pre-planned approach. While safety and accident prevention are the core focus of the plan, a good response plan contemplates multiple scenarios with two key objectives in mind: preserve evidence and "set the table" for the investigative team.

4. New technology and services

Over the years, we have seen several advancements in technology, from computers in cranes (LMIs) to data recorders (black box) in vehicles. The information contained in these devices is ever evolving – and is also discoverable.

Recently, NBIS has developed several relationships with companies that offer cameras outside the cab and down the truck to record incidents and help determine liability (passive management), Telematics systems to understand driver behavior, so you can coach your drivers to avoid bad driving habits leading up to an accident (preventive management). We also partner with a product that alerts the driver if they drift the lane or follow too close to the vehicle in front (preventive management).

In conclusion, while many of the factors that go into pricing an insurance policy are indeed outside the realm of control of the policyholder, making sure your contracts, risk management and training initiatives, and claims response plans are in order are three areas where you can make immediate improvements, and help ensure you enjoy favorable pricing.

To find out how NBIS can help your company with risk management initiatives, visit us online at www.NBIS.com.



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