



SAFETYTIMES

A Bi-Monthly Publication distributed by the Workers' Comp Trust
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Issue 9, Number 2 North Coast Builders Exchange May—June 2005

A Workers' Comp Success Story ~ CREATIVE KITCHENS & REMODELING

Even an Existing Safety Program can be improved Creative Kitchens is benefiting with a lower mod rate and a new safety program



Creative Kitchens and Remodeling in Santa Rosa is quick to point out to potential customers that they are a "one-stop" shop offering complete kitchen remodeling services including countertops, plumbing, flooring, and their signature custom cabinet work.

Owner Wayne Turchin started his company in 1987 and has seen it grow so much that he is planning to expand his showroom in Santa Rosa. Within the year, Creative Kitchens will be moving their cabinet production to their Healdsburg location and the current production location, at 116 College Avenue, will be remodeled to expand the existing showroom. The Healdsburg location will also house a smaller showroom.

Creative Kitchens employs approximately 25 people, which includes sales, support, construction, installation, and shop crews. Office Manager Faith Burrows came on board several years ago and noted that the company was paying a high fee for workers' comp insurance. She went in search of answers and found them at NCBE. According to Burrows, "NCBE is the one-stop shop for workers' comp insurance needs."



Creative Kitchens provides homeowners with a one-stop remodeling experience.

Faith wound up talking with Hallie Fraser, Workers' Comp and Safety Director, who suggested she attend a seminar at the NCBE facilities. The seminar was followed with a meeting led by NCBE Workers' Comp & Safety Representative Kelley Keogh. Keogh performed an evaluation of the company's operations and recommended changes needed to bring the company into Cal/OSHA compliance.

Burrows admits that there were problems with the company's follow-through for required safety meetings and compliance records. "Kelley helped walk us through the procedures of running a proper safety meeting and made sure all employees understood the importance of safety to everyone in the company."

Creative Kitchens implemented the changes that were recommended and has managed to turn a 151 experience mod rate, assessed due to a back injury three years ago, into a cost-saving 81. "The savings for our company are huge, and what appeared to be a daunting task was made much easier with the help of NCBE."

One of the first changes implemented by the company was to promote a trusted employee, Mike Cann, to safety officer. Mike has been with the company since its start and his leadership in the shop and with the crews has been an asset to building the safety program. "Our crew listens to Mike, and we all benefit because they do," says Burrows.

Cann put together an inventory of the shop's safety gear, and made suggestions for new purchases for a variety of safety related gear, including goggles, back braces, and work shoes. Creative Kitchens backed up their safety officer recommendations with new safety equipment purchases.

"NCBE is the one-stop shop for workers' comp insurance needs."

COMP CORNER

Hallie Fraser
Workers' Comp & Safety Director



GREAT NEWS!

The Workers Comp Insurance Rating Bureau (WCIRB) has approved a 10.4 percent decrease in the pure premium rate for policies renewing or inception on July 1. The decline is due largely to the impact of reform legislation. The action by WCIRB's Governing Committee marks the first proposed rate decrease that is based on real 2004 reform data – not projections. The decrease is not guaranteed and we are waiting to see what Insurance Commissioner Garamendi recommends and then what State Fund does. Usually State Fund follows the recommendations of the WCIRB and the Insurance Commissioner. We will know more mid to late May and will report in the July/August 2005 edition of the SafetyTimes. NCBE members will also see an article in the Building News as soon as the announcement regarding rates is published by State Fund.

MORE GREAT NEWS!

California's workers' compensation insurance market is increasingly competitive and luring new business as a result of recently approved reform legislation, says a new report.

The report by the Independent Brokers and Agents of the West, is timed for the first anniversary of the enactment of omnibus

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Trustee Profile **David Chiddix** **David Chiddix Construction is the Coronat Opus of Builders**

David Chiddix is a second-generation General Contractor and tells a good story of how he first got into construction. "My father was a general contractor and brought me to the jobsite at the age of 8 years. By the time I was 10, he expected me to work, and by the time I was 12, I was walking the top plate and dragging trusses."

That early introduction gave David the direction he needed to eventually become a journeyman carpenter. By 1993 he hung his shingle as David Chiddix Construction, and within three years his framing work began to shift into custom home building.

Much of the company's early framing work was done in Marin County where David was building a reputation for quality. At the same time his business was growing, his wife Kristin gave birth to the couple's second child. With two children, Derrek and Hailey, he decided to concentrate his work closer to his home in Sonoma County.

Today, the company builds custom homes and will, on a limited basis, undertake commercial tenant improvement, residential addition and residential remodeling projects. Their reputation precedes them in their use of state-of-the-art materials and techniques coupled with an understanding of traditional construction methods. The combined fusion results in what they refer to as "the ultimate product representing both quality and performance."

Last year saw more growth for David. While looking for a way to enhance some of his rental property, he decided to build a wine room in the home. His work became the impetus for developing a new business while continuing to build as David Chiddix Construction.

Coronat Opus officially came into existence in December of 2003. The product they build is right at home in the wine country. Coronat Opus builds turnkey wine cellars primarily for private residences, however David sees the expansion into commercial businesses a natural progression, much like grapes becoming wine.

As a member of NCBE, David shares his energy and expertise with several committees, including Member Services, Community Relations, and the Workers' Comp Trust (WCT).

"I volunteered for the WCT because I recognized there was such a crisis in workers comp statewide, and if problems weren't resolved we would be



David Chiddix's newest venture is building wine cellars, rooms and racks with Coronat Opus.

seeing a mass exodus of small business leaving California. And that wouldn't be good for our economy," says David.

"It's important that we are seeing comp rates come down and my hope is we will continue to see rates decline. Working with the WCT allows me an opportunity to try and resolve a problem that faces every construction member."

Chiddix believes the benefits provided by the NCBE WCT are far greater than most workers comp carriers. He says, "Members of the Trust have a full time staff available to help make safety a priority, and that brings down injuries and incidents that cause mod rates to rise along with costs. When I first joined, my company had a written safety program, but the NCBE WCT helped to customize my safety program to the work we perform. They can custom tailor a safety program to any business."

Worker safety has a strong advocate in David Chiddix. With a year-round staff of five, his company grows seasonally to twelve employees. Whether finishing a custom home, or installing a custom wine rack in one of their Coronat Opus wine cellars, his crew knows the boss is looking out for their safety. Through his efforts with the WCT, he is looking out for all of us.



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3 to 1 Return on Investment in Safety

We are always hearing that “safety pays” or “safety saves” but what does that mean? We know that an effective safety program can save lives and prevent injuries but there are actually real dollars and cents involved. Liberty Mutual Insurance interviewed 200 executives responsible for workers’ compensation at their companies — 75 from mid-size companies with 100 to 999 workers, and 125 from big companies with over 1,000 workers. A whopping 95 percent of them said that workplace safety has a positive effect on financial performance.

The really juicy stuff: Of this 95 percent, 61 percent reported a Return On Investment (ROI) of **at least three dollars for every dollar invested in safety**. The Liberty Mutual Report focused on larger companies but the ROI of 3 to 1 carries over to smaller companies also. Some companies may have less of a return and some may have more depending on their operations.

When workplace injuries and illnesses occur, a company incurs two kinds of costs:

DIRECT COSTS:

This includes payments to injured

workers, reimbursement of medical bills and other expenditures.

INDIRECT COSTS:

This includes loss of productivity, cost of training replacement workers, damage to the company’s reputation, increased future premiums and other losses not covered by insurance.

Direct costs are the obvious thing that companies look at when analyzing ROI on safety. Indirect costs are the hidden costs that tend to get overlooked. But as the Liberty Mutual report suggests, focusing on direct costs understates the real savings of injury prevention. Ninety-three percent of the executives surveyed said there’s a direct relationship between direct and indirect costs. Forty percent reported that \$1 of direct costs generates between \$3 and \$5 of indirect costs. And, according to 13 percent, the relationship between indirect and direct costs is as high as 10 to 1.

Here are highlights of the survey:

“...Workplace safety has a positive effect on financial performance.”

Creative Kitchens success

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According to Burrows, “We anticipated it could be at least a year before we would see any financial savings in our comp rate, but we knew that creating and implementing an effective safety program would help prevent an accident that could easily wipe out all our efforts.”

As the company’s plans turn toward



Creative Kitchens work covers floors, cabinets, appliances and countertops.

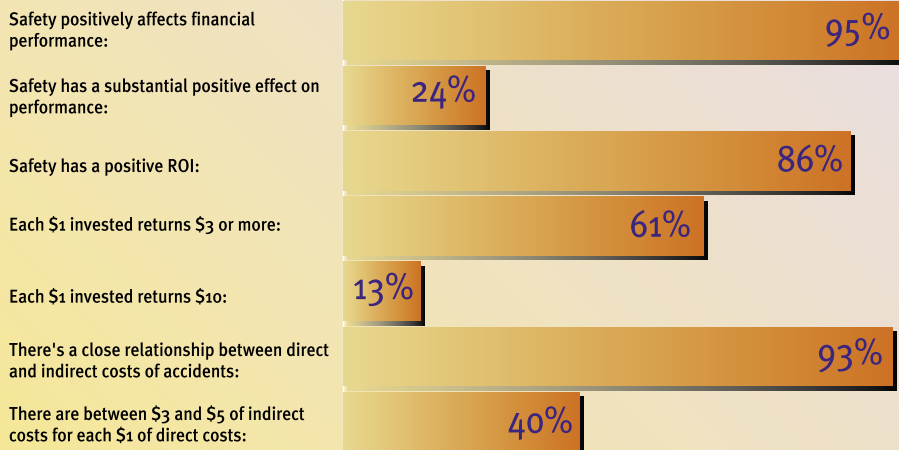
expansion, they know there is a safety program in place that will grow with them. Burrows says, “We have updated all our safety folders, and have them in every one of our vehicles and in our shops. Our hazardous materials folders are intact and we are comfortable that we are meeting all Cal/OSHA safety requirements.”

Burrows has high praise for the NCBE WCT and the service they provide. “Businesses have choices when it comes to workers’ comp carriers. Some offer a slight savings in dollars, but the extra \$50 per year this program costs is an investment with a guaranteed return. NCBE offers a full time and knowledgeable staff whose sole purpose is to help members lower their comp costs by preventing injuries.”

As the company changes to meet their growth requirements, Burrows is confident they will continue to shape their safety program to meet their expansion needs.

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Survey Highlights



SOURCE: Liberty Mutual Insurance Co.: Executive Survey of Workplace Safety: SafetyXchange.com





Safety Snippets

Safety Times via E-mail

Would you like to receive your SafetyTimes via email rather than regular mail? It would be emailed as a .PDF file. If you are interested in this option email Hallie@ncbesafety.com and provide the following information: Your company name, safety contact person, email address, and phone number (just in case there is a question about your email address). We'll even email it to more than one person in your organization. Your

email information will be used solely for the purpose of forwarding this publication to you. This service is available only to North Coast Builders Exchange and Golden State Builders Exchange Group Workers' Comp Program participants.

Pre-punched from now on.

You'll notice something a little different about the SafetyTimes from now on... it will now be delivered to you already 3-hole punched for easy storage and reference.

FACE IT!

FACE – Facility Assessment and Control Evaluation Program is a NIOSH program that assesses fatalities across the U.S. to determine what, why, how, where, when and prevention of future occurrence. Use this information to create tailgate meetings or make sure similar circumstances are addressed on jobsites.

Roofers Electrocuted After Falling on Power Lines in California.

A 31-year-old white male roofer (victim) was electrocuted when he lost his balance and fell on top of two power lines while doing preparations for a roofing job. The victim was in the process of placing a chalk line under the power wires when the incident occurred. The location of the incident was a private residence. There were two co-workers on site at the time of the

incident, but the victim was not removed from the electrical source and cardiopulmonary resuscitation was not attempted. The wire insulation had mostly worn off exposing the bare line wires. These wires (two live 110 volt and one ground) were tagged and retained by Department of Water & Power (DWP) for inspection. The California FACE investigator concluded that in order to prevent future similar occurrences, employers should:

- a) Provide training and documentation to guard against electrical hazards for both themselves and their employees.
- b) Have personnel trained in first aid and CPR.
- c) Have electrical power lines deenergized when employees are going to be working in areas where they may be at risk with regard to electrical hazards
- d) Ensure that electrical service entrance conductors are insulated.

COMP CORNER

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workers' comp reform bill, SB 899. The IBA West report says that the aggressive operations of three groups of insurers -- new insurers, insurers who left California but are coming back, and insurers who are expanding their existing workers' comp coverage -- show that the market is on the mend.

Among the companies listed are California Insurance Company, which just began writing coverage this month; Argonaut, which left California but now is back after the reforms; and Safeco, which had been considering leaving the California market but decided to stay following the reforms. There are also several "self-insurance" programs entering the California market that are pulling policy holders away from traditional worker's comp policies.

More competition and better controls on the overall workers comp process is good for our members and the construction industry in general.

Applicants attorneys organizations continue to fight the reforms, so the outcome of some of the lawsuits will determine whether the "reform" legislation stays intact. So far, Judges have not been ruling in their favor so time will tell....



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FRAUD

Call the State Fund Fraud Hotline!

The Battle Continues...

Many workers' compensation insurance fraud arrests and convictions began with a tip phoned in to a fraud hotline.

The basic facts are:

- Workers' compensation fraud can be committed by doctors, lawyers, employees, employers—ANYONE!
- The penalties are stiff: Up to 5 years in state prison and/or up to a \$150,000 fine.
- Fraud raises the cost of living for everyone in California.
- It is easy to help. If you believe you have information or evidence of workers' compensation fraud, call us at:



1-888-STOP FRAUD (1-888-786-7372)

A TOLL-FREE CALL

7:00 a.m. to 7:00 p.m., Monday through Friday

You may remain anonymous. Bilingual operators available.

Please do not use this number to report billing problems, late payments, complaints, etcetera.

