

companion

A workers' compensation resource

for employers served by SFM Companies

GROWING CAREFULLY

Hiring or expanding operations?

Four take-aways can help you make good business decisions and avoid unexpected workers' comp costs

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SFM[®]

The Work Comp Experts

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WEBSITE

SFM[®]
The Work Comp Experts

www.sfmic.com



SFM's online services simplify workers' compensation

Report work injuries online

SFM's website gives you two ways to report injuries:

- 1** Enter your policy number and the date of injury in the standard online First Report of Injury form.

- 2** Or, log in to CompOnline[®]. This is the most convenient reporting method:

- Save time with pre-filled information.
- Save unfinished reports to submit later.
- View past submitted First Reports.

Risk management analysis

Through CompOnline, get real-time information to help manage your organization's workers' compensation costs.

- Check the status of a specific claim.
- Create and download claims data reports, spreadsheets, charts and graphs.
- Subscribe to management reports to help analyze injury trends.

- Look up your organization's premium, e-mod, class codes and billing information.
- View policy coverage and dates.

No cost to SFM policyholders. Register at www.sfmic.com → Employers → CompOnline login

Access resources for expert advice, training

Through SFM's "Resource catalog," you can download or order at no cost:

- More than 300 literature pieces and hundreds of videos.
- Topical information on workers'

compensation laws and benefits, claims best practices and injury prevention, including turnkey training materials.

- Online safety training for your employees.

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Online reporting hits record highs in 2009

73 percent of injury reports were submitted online in 2009, the highest percentage since SFM launched online reporting in 1996. Policyholders submitted nearly 13,000 First Reports of Injury through SFM's website www.sfmic.com.

A weekly record high was reached in December, when 79 percent of First Reports of Injury were submitted online.

Online reporting helps employers submit reports promptly and get claims off to a good start.

SFM ranks No. 1 in response on claims

For the 11th consecutive year, SFM ranked No. 1 among large insurers for prompt action on lost-time claims, according to the Minnesota Department of Labor and Industry's recently released *Prompt First Action Report* for the 12-month period ending June 30, 2009.

The annual report tracks insurers' timeliness in paying or denying lost-time claims within the statutory 14-day period starting from the employer's knowledge of the injury.

SFM's consistently high performance reflects its responsiveness on claims from when they are reported on through to their resolution, ultimately helping control claim costs.

Post OSHA log through April

Employers subject to Occupational Safety and Health Administration recordkeeping requirements are reminded to post their OSHA 300 log of recorded

injuries and illnesses for 2009. OSHA requires employers to post the log Feb. 1 through April 30.

If you need a blank OSHA 300 log for 2010, you can download it at www.sfmic.com→Employers→Resources→Resource catalog→OSHA.

SFM presents to safety group

SFM's Loss Prevention team is scheduled to present the workshop "Safety Committees: Create one with purpose or boost yours for results" on May 12 at the Minnesota Safety Council's "Safety and Health Conference" in Minneapolis.

Safety advances on the road, in the workplace

Safety has come a long way over the years both in and outside the workplace.

Consider traffic fatalities. Some 50 years ago, 36,000 people died annually on U.S. roads. In 2008, 34,000 people died. To put that in perspective, the number of traffic fatalities dropped 6 percent from 1960 to 2008 while the number of drivers rose three-fold, the number of cars rose four-fold, and the number of miles driven rose 10-fold.

Or consider the workplace. In 1926, an employee in manufacturing had a 25 percent chance of injury. In 2008, the employee had a 5 percent chance of injury, according to a *National Underwriter* report.

These are remarkable achievements. But of course there's still work to do within each individual organization. For help, take advantage of the many self-help and in-person resources that SFM makes available to you as a policyholder.

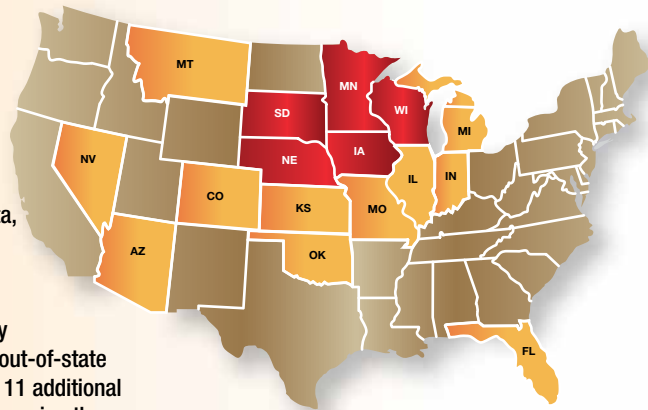
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SFM expands in Iowa, Nebraska

SFM now offers workers' compensation coverage and services to employers based in Minnesota, Wisconsin, South Dakota, Iowa and Nebraska. SFM recently expanded operations in Iowa and Nebraska with the addition of Des Moines-based staff and agency appointments. For employers with out-of-state operations, SFM offers coverage in 11 additional states. For information about coverage in other states, please contact your insurance agent.



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Safety grants up to \$10,000 available to Minnesota employers

The Minnesota Department of Labor and Industry accepts safety grant applications throughout the year and awards grants monthly up to \$10,000.

To qualify, an employer must come under the jurisdiction of Minnesota OSHA and:

- Have a qualified safety professional inspect the site and provide written recommendations.

- Plan a project consistent with the recommendations.
- Match the grant and cover estimated project costs.

For information, call the department Workplace Safety Consultation Grants administrator at (651) 284-5162 or (800) 731-7232. Download the application booklet at www.doli.state.mn.us

For assistance, contact your SFM loss pre-

vention representative, who can help you with written reports, recommendations or consultations to support your application.

Minnesota's safety grants program is administered under the Minnesota OSHA authority. Unlike Minnesota, Iowa, Nebraska, South Dakota and Wisconsin are under the jurisdiction of federal OSHA, which does not have a similar safety grants program for employers.

College scholarships available to children of injured workers

Graduating high school students of parents who have been injured or killed on the job may be eligible for college scholarships up to \$5,000 for the 2010-11 school year through SFM Foundation.

If you are aware of a student in this situation, direct him or her to the SFM Foundation website www.sfmic.com/

foundation for information and the scholarship application form. Forms also are available through most high school counselors. The deadline to submit applications is March 31.

The scholarship opportunity is available to students of parents fatally or seriously injured while working for Minnesota or



Wisconsin employers, regardless of who the employer's workers' compensation insurer was at the time.

When a work injury occurs, report it to SFM—

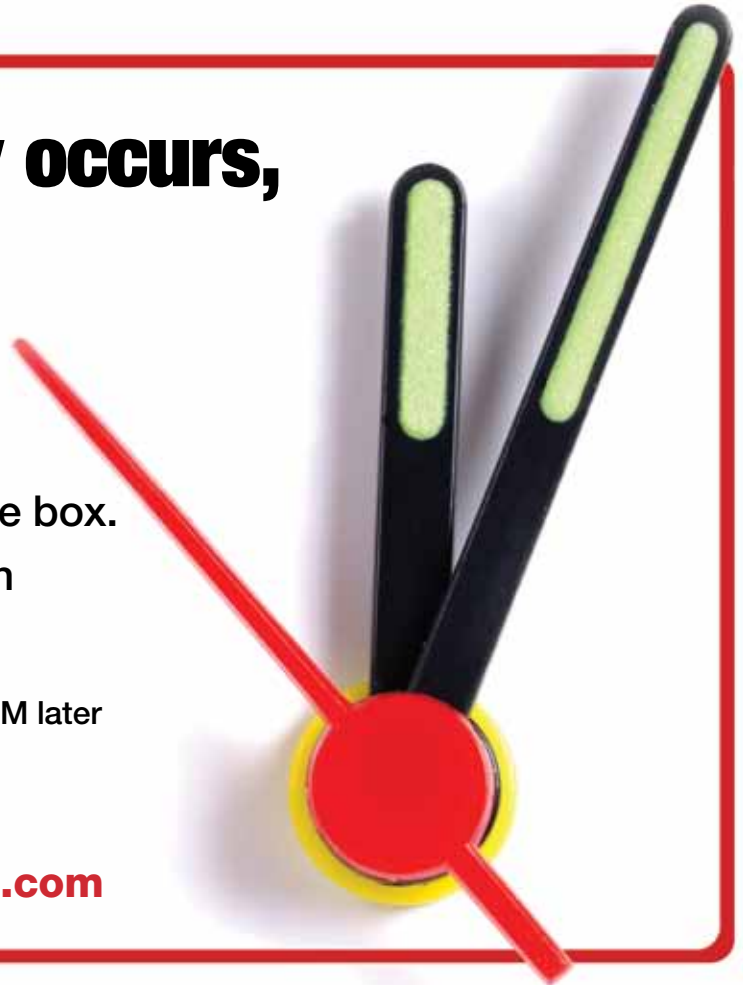


- **Accurately.** Pay attention to dates.
- **Completely.** Don't overlook the lost-time box.
- **Timely.** Submit within 24 hours of injury.

Don't have it all? Go ahead and report. Call SFM later with the rest.

Report minor injuries as "Incident only."

Report online at www.sfmic.com



Return to work

Visit SFM's 'warehouse' of ideas on transitional jobs

Policyholders can take advantage of SFM's return-to-work expertise through its new online "Transitional work warehouse."

Using this "warehouse" of ideas for transitional jobs can help you provide injured employees with opportunities to return to work as soon as medically possible. That can significantly reduce a claim's costs, helping your organization control its workers' compensation experience modification factor and insurance premium.

Divided by industry

A warehouse of transitional or light-duty work ideas should be part of your human resources strategy. It is a critical step in a return-to-work program.

SFM's "Transitional work warehouse" includes practical return-to-work tips and an extensive library of light-duty and transitional work tasks split by common industries including:

- Construction.
- Healthcare.
- Manufacturing.
- Schools and religious organizations.
- Service.

Use SFM's transitional work examples to build your organization's light-duty job bank before an injury occurs.

Share your experiences. If you have ideas for transitional jobs, you are invited to add them to SFM's ware-

house via the online submission form.

The warehouse address

Go to www.sfmic.com → Employers → Managing claims → Return to work. ♦



SFM's new website at sfmic.com features 'Transitional work warehouse' and much more

SFM's new website, launched Jan. 4, offers important cost-control resources for employers including the new SFM "Transitional work warehouse."

The "warehouse" contains more than 600 ideas for transitional jobs that injured employees can do while recuperating (see "Return to work" above).

The new website also features enhanced search capabilities, streamlined menus, an updated design, and newly organized categories to help users find information with minimal effort.

Content throughout the site has been enhanced so you can take advantage of SFM's expertise easily and quickly.

Consider SFM's website as a primary resource for your risk management program. It can help you reduce costs, manage your human resources, and enhance your organization's productivity. SFM updates the site regularly with new information and advice on emerging issues. You are welcome to check it out: www.sfmic.com

Watch for additional site enhancements throughout 2010.

Health management

10 for '10: Punch-up your employee wellness program with

Second in a series

Your leaders are committed to encouraging healthier lifestyles for employees. So the foundation is laid for your organization's wellness program. Now it's time to get your employees participating in activities and education that will help them lead healthier lives and spend less on health-care.

No matter whether you're just beginning a wellness program or you've had one in place for a few years, you can be effective with low-cost activities and education like regular stretching breaks and brown-bag lunch-time seminars.

At SFM, for example, employees can join a 30-minute hula-hoop session over the lunch hour and can also grab a cup of healthy eats the first Wednesday of each month for its "Healthy Foods on the First" program.

10 ideas for 2010

1. Provide healthy options in the vending machines.
2. Create a classified section on your intranet or bulletin board for exercise and fitness equipment.
3. Give employees calendars and other resources that promote wellness. One example is the *2010 Everyday Balance* calendar by Personal Best, www.personalbest.com.
4. Create a fitness library where employees can access current and other information related to physical activity, weight scales, tape measures and calipers.

5. Begin a stair-climbing program to, say, the Empire State Building (2,143 stairs) or to the top of Mount Everest (49,762 stairs).

6. Start a six-week walking program to a far-off city like Athens, Greece, or a "walk out on your job day." Make it fun and challenging for employees.

7. Encourage employees to participate in the company's softball or volleyball league. If you don't have one, start one. Partner with vendors to help subsidize the cost of jerseys and equipment.

8. Provide an on-site fitness facility or designate an area in the building for fitness.

9. Subsidize gym memberships or weight-loss programs for employees, and maybe even spouses and dependents.

10. Create a wellness "Hall of fame" to recognize employees who are successful in the company's wellness program. It also encourages others to start or continue with their wellness goals.

Finding what works

Ideally, by the time you're choosing wellness activities, you have your wellness team together and plan working. Your activities should flow naturally from your data and objectives. You take an objective like reducing the number of smokers and research the options in smoking cessation programs, then choose one that makes sense for you.

th these proven ideas and activities

But the right course of action is not always clear. Two approaches that can give you direction:

■ Partner with a vendor to provide personal health-risk assessments to your employees.

Check with your group health insurance broker about offering this kind of employee benefit.

Besides giving each employee confidential information about his or her health risks, assessments offer a targeted approach to your organization's wellness program.

The aggregate results may show that a high number of your employees are at risk for heart disease or have sedentary lifestyles, for example. The focus of your wellness program for the year may then be

to get your employees active with more cardiovascular activities and help them make healthier food choices.

Assessments also measure success of your program over time, and help correlate your wellness program to improved cholesterol, blood pressure and body mass index results, for example.

Search online or check with healthcare providers to find reputable organizations that offer health-risk assessment screenings and questionnaires. Also check out the Wellness Council of America's "Wellstream" online program.

■ Survey employees to help gauge what wellness areas they're most interested in.

Survey results may show that a significant number of employees want to learn more

about nutrition or how to start an exercise program or how to better deal with life's stresses.

Address their interests. Over time, mix in all five components of wellness—intellectual, spiritual, social, emotional and physical—to help solidify living a healthy lifestyle in the minds of your employees.

See the Wellness Council of America's website to download free samples of employee wellness surveys.

Hang in there

Changing attitudes and behaviors is a long-term process. But it yields long-term benefits. Anticipate highs and lows in employee interest. Try new things. Commit your organization to a wellness program for the long haul. ♦

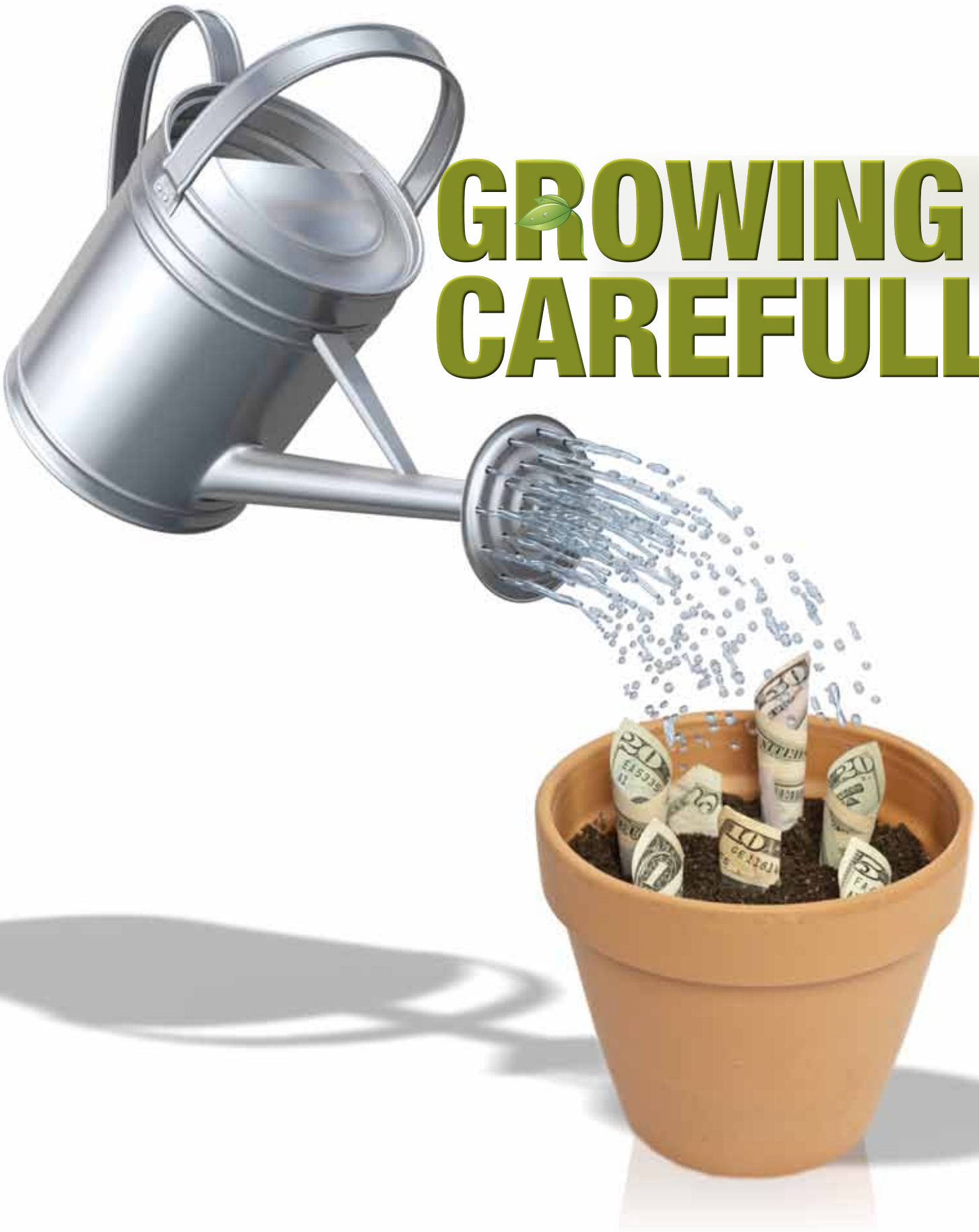
Next: Moving your wellness program forward. Measuring change and establishing accountability.

For wellness resources and links

**www.sfmic.com → Employers
→ Resources → Wellness**



GROWING CAREFULLY





Hiring or expanding operations? **FOUR** take-aways can help you make good business decisions and avoid unexpected workers' compensation costs

Some organizations anticipate adding to staff or expanding production in the coming months.

They may also be inviting additional workers' compensation claims later unless they take steps now to improve their hiring or planning processes.

That's SFM's experience from prior periods of economic upturn. Typically, out of the thousands of workers' compensation claims SFM manages each year, it sees claims and costs that employers likely would have avoided had they followed more careful hiring practices or been more safety-conscious in expanding production.

Here are some take-aways from those experiences.

1 Doing due diligence when hiring may require you to expand into additional areas of fact-checking.

Prior claims

For starters, one thing you can't ask a job applicant about is prior workers' compensation claims with other employers.

In addition to the federal Americans with Disabilities Act, most states including Minnesota, Iowa, Nebraska, South Dakota and Wisconsin have state discrimination laws that prohibit employers from asking about an applicant's prior workers' compensation claims. You are prohibited from asking about prior work-injury claims on the application form, during the interview or through any other source. If you do, you risk being sued for discrimination by applicants who didn't get the job, and that's likely to be a lawsuit you would be hard-pressed to defend successfully.

But you can cover a lot of other bases.

The application form

Look at updating your form. One item of growing importance is the applicant's signature consenting to background checks. If that's missing from your application form, this may be the time to add it.

Your application form is a legal document. Have it reviewed by an employment attorney, who can see things that may no longer align with changing laws relating to discrimination and other employment practices, or who may suggest additions useful to you in making hiring decisions.

Every employer, including small firms, should have a form for job applicants. If you haven't developed one, consider making it a priority and using it for everyone you hire, regardless how well you already know the person.

Job description

You may need to add more detail to it. You want to be able to present the applicant with a job description that gives the physical requirements of the job in sufficient detail so you can find out whether the applicant can do them. Among other things, this can help you avoid injuries. Remember that, because discrimination laws govern how you talk about this, you must confine yourself to asking the applicant whether he or she can do the essential job functions "with or without special accommodations."

For more, see SFM's "Americans with Disabilities Act" *Legal Advisory*, available at www.sfmic.com → Employers → Resources → Resource catalog.

Criminal background check

This is becoming a more important pre-hire tool for certain industries and types of jobs. SFM sees questionable and even fraudulent workers' compensation claims filed by employees with felony convictions that their employers apparently had been unaware of. Criminal background reports are generally available from state corrections departments. Consult with your employment attorney before obtaining them, and be aware you may be required to disclose your use of them.

Pre-employment physical

Making a job offer contingent on the results of a physical examination gives you a professional medical opinion about the person you selected. It's a prudent step for many jobs involving physical labor.

Be aware that the exam will test only for the job's essential capabilities. You will need to apply the physical exam requirement to everyone you hire for the same job.

For more, see SFM's "Pre-employment physical examinations" *Legal Advisory*, available at www.sfmic.com → Employers → Resources → Resource catalog.

Drug and alcohol testing

Making a job offer contingent on the results of a test for illegal use of drugs and alcohol is a sensible practice for many employers. It should be a standard in many trades, where promoting a drug- and alcohol-free workplace correlates directly with fewer work injuries, lower injury-related business costs, lower absenteeism, fewer problem employees, and higher-quality workmanship.

Nebraska, South Dakota and Wisconsin—unlike Minnesota and Iowa—do not have extensive regulations on drug and alcohol testing in the workplace. However, certain principles are good practice regardless of your business location. Set up a drug and alcohol testing policy in consultation with your employment attorney. Be aware that, due to discrimination laws, you will need to apply your testing requirement to everyone you hire for the same job. There may also be legal requirements regarding the confidentiality of test results.

For more, see SFM's "Alcohol and drug testing of employees and job applicants" *Legal Advisory*, at www.sfmic.com → Employers → Resources → Resource catalog.

College degrees

More employers appear to be alert to job applicants fabricating educational achievements. Calling schools to verify what's on the application form is worth the small investment of time.

Driving record

Checking an applicant's driving record can reveal red flags such as DUI convictions. You can obtain a motor vehicle record through your state's motor vehicle licensing department. Cost typically runs \$10 to \$15 per record.

Reference checks

Statutory changes relieving employers of liability when giving reference information in good faith seems to be resulting in employers being more forthcoming when prospective employers call. So your reference checks with prior employers may be more fruitful than they used to be.

If an applicant is new to the state, track down the work history and the reasons for the move. If the applicant's work history shows periods of unemployment, track down the reasons for the gaps.

Social Security numbers

Federal law requires you to verify that your employees are legally eligible to work in the United States. E-Verify is a voluntary internet system operated by the U.S. Department of Homeland Security that enables you to do that free of charge. It checks the Social Security number your job applicant gives you against the records of the Social Security Administration. Many states including Minnesota require the use of E-Verify for certain state contracts.

Whether required or not, making employment contingent on verification of the Social Security number is good business practice. As far as workers' compensation is concerned, state courts have ruled that illegal aliens injured on the job are eligible for workers' compensation benefits. Since an injured illegal alien cannot go back to work in the United States, he is likely to continue receiving expensive workers' compensation wage-loss benefits for as long as the law allows, and that may have significant impact on your workers' compensation premium.

For more, see SFM's "Undocumented workers" *CompTalk*, available at www.sfmic.com → Employers → Resources → Resource catalog, and "Illegal alien employees" in the October 2007 *Companion* in the online archives.



2 New employee training is an investment in your organization's future.

Without training, people who are new to their jobs have higher rates of injury. You can reduce that risk through your orientation process. Your new employee needs to understand your expectations for safety and behaviors. He or she needs to understand that yours is a culture where people care about and look out for each other.

Job training is about doing the job safely. Anticipate your new hire's questions. He may be hesitant to ask them. Or he may ask a co-worker later and not get the advice you'd want conveyed.

Getting new employees off to a good start on safety is among the most important steps you can take to control your organization's injury-related business costs both near and long term.

For topical safety training modules, see SFM's *5-Minute Solutions* series and *Video lending library* at www.sfmic.com → Employers → Resources → Resource catalog.

3 If using outside workers, be sure they are covered for workers' compensation.

As an alternative to permanent hires, some employers are contracting for temporary employees or using independent consultants.

If you are looking at temps or other outside help, you must be sure those outside agencies—not you—will be liable for payment of workers' compensation benefits in the event of a work injury.

Things to look for

Beware of scanty contracts. There are many of these out there, either deliberately or unwittingly silent on important legal considerations including coverage for workers' compensation. Have con-

tracts reviewed by your employment attorney before you sign.

Be sure an independent consultant or independent contractor is covered for work injuries. An independent consultant working alone may or may not carry workers' compensation insurance. If he does, you will need to get from him an insurance certificate showing workers' compensation coverage in force at the time you engage him. You can double-check his workers' compensation insurance through state agency online look-up databases, such as Minnesota's at www.inslookup.doli.state.mn.us. If he does not have workers' compensation insurance, then you will need to get from him an insurance certificate for general liability with adequate minimum limits of coverage, and you will need to verify that he meets your state's legal criteria to be considered an independent contractor (see below, "Independent contractor requirements").

Independent contractor requirements

In many states, specified criteria must be met to be considered an independent contractor for purposes of workers' compensation liability.

In Minnesota, for example, a person in the construction industry must meet nine statutory conditions. A person in trucking must meet seven conditions. A person in any other trade must meet five conditions relating to:

- Right to control the means and manner of performance.
- Mode of payment.
- Furnishing of tools and materials.
- Control over the premises where the work was done.
- Right of discharge.

This is an important area. Many employers have learned the hard way that oversights in engaging outside firms or individuals can result in unexpected liability and expensive legal consequences. If you have questions, talk with your state labor department or insurance department, your employment attorney, your insurance agent, or SFM. For more, see SFM's "Hiring subcontractors" *CompTalk* and "Special liability of general contractors" *Legal Advisory* available at www.sfmic.com → Employers → Resources → Resource catalog.

4 Expanding business without adding to staff.

Longer work hours. Injuries rise with overuse. SFM's experience working with employers is that injuries increase when employees work longer shifts and extra jobs—unless steps are taken to mitigate that.

Have a plan in mind if you are going to be asking employees to work overtime doing repetitive tasks. The four basics are still good advice: task rotation, expanded duties to add variety, periodic rests, and stretch breaks.

Job changes. Will new processes or expanded operations result in job changes or new tasks for any staff? If so, you may also have created new risks for injuries. Training is at least part of the solution.

Equipment and facilities. If installing new equipment or making capital improvements, keep safety and ergonomics in mind in their design. SFM works with many large employers who design for safety when expanding facilities. They say it yields significant net financial benefits long term, including lower experience modifiers and stable or lowered workers' compensation premiums. ♦

For workers' compensation legal advice relating to hiring practices or using outside workers, contact SFM's in-house law firm Lynn, Scharfenberg and Associates at (800) 937-1181 ext 4450 or (952) 838-4450. For advice on training new employees and planning production expansions, contact SFM's loss prevention professionals at (800) 937-1181 ext 4309 or (952) 838-4309.

How to contact SFM

General offices

Toll-free (800) 937-1181
Metro area (952) 838-4200
Fax (952) 838-2000
Email info@sfmic.com

To report a claim

Online www.sfmic.com
Toll-free (800) WC-CLAIM
Metro area (952) 838-2020

Lynn, Scharfenberg & Associates

Toll-free (800) 937-1181
Metro area (952) 838-4450

Your claims information

CompOnline® www.sfmic.com
Phone (952) 838-4200

Safety programs (952) 838-4309

CompRehab Inc. (952) 838-4400

SFM Risk Solutions (for TPA clients)

Online www.sfmic.com/TPA
Toll-free (800) 937-1181
Metro area (952) 838-4200

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He'll keep your employees on their feet

A slip-and-fall injury costs \$20,000 on average, national studies say. It can also be debilitating. But you can avoid them. Check out SFM's poster series, table tents and paycheck stuffers. They're designed for the workplace. They're sure to grab the attention of your employees.

**Visit SFM's resource catalog at www.sfmic.com.
Download or order materials today.**

No cost to you as a policyholder of SFM Companies.

