



Oil Patch Quarterly

Exclusive Program Managed by Sisk & Company

First Quarter 2008

INSURANCE NOTES

What would you do if the following headline listed your company as the victim?

The investigation into stolen funds has led to nearly the entire executive board being dissolved.

The above article recently appeared in the Denver Post. The stake holders were told that a person of trust in the organization had stolen approximately \$100,000.

Many of you may recall seeing the article. At Sisk & Company we find that many of our clients accept that they need insurance for the high-profile oil field-related exposures they face. However, we also find that some clients face a more low-key loss like embezzlement. We encourage clients to look at the total issue of loss prevention including this type of loss.

Two types of coverage you may want to consider, and also offered by Sisk & Company, are directors and officers policies (protects these individuals from shareholder suits) and "crime policies" (to cover employee dishonesty). Crime coverage can include funds in an employee benefit plan such as a 401(k) plan. It also includes the more traditional sources of theft such as bank accounts.

Call Sisk and Company to learn more about these policies.

2008 Physician Choice Rules in Colorado Still Causing Confusion

On January 1, 2008, HB 1176, (Employee Choice of Physician Law), required Colorado employers to designate two medical providers to treat employees who are injured on the job. The two medical providers must be at two distinct locations without common ownership. In some cases, rural employers are exempt from the two-provider rule if there are a limited number of available providers.

As with any rule change, case law is defining how to comply with the law and this is requiring employers to take additional steps. In the past, posting the designated medical provider information or covering it at the time of hire was adequate for many companies. Today, you will need to do more.

Provide a letter with the choices at the time of injury

Currently the new law requires employers to notify injured workers of their option to choose another provider within 7 days of reporting an injury to the employer. If this is not done, attorneys are making the claim that the injured did not know their rights.

We are recommending that MSEA clients use a standard form letter with the appropriate information. Pinnacol has samples of the letter available in English and Spanish on-line at www.pinnacol.com under the *Manage Your Provider* tab. In addition to giving the employee the letter, we suggest having the employee circle the provider, and initial next to their choice, so that there is tangible evidence that the employer is in compliance.

Cost Containment steps unchanged

Remember, for cost containment certification you will still need to comply with the designated medical provider requirements in addition to the form letter described above.

*For more information, contact Dan Klimek at Sisk & Company.
Phone – 303-831-7100 or email Dan – dklimek@tjsisk.com*



LESSONS LEARNED

1. Case overview:

The injury occurred while a motor hand was tripping a pipe and pieces of ice flew out of the pipe striking the worker in the eye. This basically ruptured the back of the eye. This will be a very expensive claim, with the injured worker expected to lose all sight in the eye and possibly the eye itself. There is also the possibility of the injured worker's sinuses and orbital area being damaged. This vision loss will result in a very expensive impairment rating and possible lifetime prosthetics for the eye.

Lesson:

Companies need to constantly enforce that employees wear safety glasses. Verbal reminders need to be followed up with written reminders and possibly stronger discipline. Make sure your safety policies include the use of proper fitting safety glasses, goggles and face shields.

2. Case overview:

The worker filed a back injury claim through an attorney about one month after being terminated. The company had done a good job of documenting job duties and at the end of each shift, had employees sign a statement asking if any injury had occurred that shift. Pinnacol denied the claim, however the attorney still filed for hearing.

Lesson:

By providing the documentation that the employee signed stating that no injury had occurred, Pinnacol is in a very good position to defend the claim at hearing.

The Loss Lessons are provided by Liana Dyson, MSEA claims rep at Pinnacol. For more information, contact Dan Klimek at Sisk.

MSEA Pays Dividends for 7th Year in a Row

Qualified MSEA members received their 7th yearly dividend recently due to solid loss prevention results on the part of MSEA members. The MSEA association dividend program is set up by Sisk & Company with Pinnacol to allow members to receive returned premiums in the form of dividends based on good loss experience. In the last six years, we have paid over **\$2,400,000** in dividends to our members. (Note: dividends cannot be promised or guaranteed and must be approved by the Pinnacol board of directors.)

In March, Pinnacol announced the most recent MSEA dividend and presented a check to Sisk that shows the sum total of the dividend that is being returned to MSEA members. The total dividend for the 4/1/2006 to the 4/1/2007 policy year was \$940,331.

In addition to the work that MSEA members do to prevent accidents, earn Cost Containment, report injuries quickly and implement safety programs, there are a number of people behind the scenes that provide support for MSEA clients. The picture below shows the people at Sisk and Pinnacol who work directly on managing accounts. This includes coordinating coverage, responding to questions, following up on claims and making underwriting decisions about member policies. We want to thank them for all they do in handling this important task.



Pictured from left to right – Angie Rovetta, Account Manager – Sisk; Michelle Madrid-Kneebone – Underwriter – Pinnacol; Judy Lodge, Account Manager – Sisk; Mike Sjerven – Account Manager – Sisk; Liana Dyson – Strategic Claims Rep for the MSEA – Pinnacol; and Lynette Snavelly – Account Manager – Sisk

Protect the Eyes

Every year, more than 800,000 on-the-job eye injuries are reported; 36,000 of these require time off work. The Department of Labor estimates show that between lost production time, medical expenses and workers' compensation, eye injuries cost more than \$300 million annually. For the MSEA – a typical eye injury that results in loss of vision will cost \$80,000 to \$100,000. (See the Lessons Learned on the prior page.)

The following tips are offered to help keep workers' eyes safe on the job:

- OSHA requires a hazard assessment be performed to determine what PPE is required to help prevent injuries. It is extremely important to complete these and document the results.
- If safety glasses and goggles are required, use only those products marked as meeting the requirements of "ANSI Z87".
- Enforce the wearing of safety glasses and document instances when an employee is reminded to wear the proper PPE.
- Workers should know the location of the nearest eyewash station and be trained in its use. Other eye injury first aid supplies should also be available as well.
- Safety meeting topics should periodically cover eye injury prevention, wearing of job specific eye protection, first aid for eye injuries and vision care.

Avoiding Road Rage

Now that spring is here the weather will be more predictable and with that skier traffic will ease, but other tourist traffic will increase. Historically some of the largest losses the MSEA has suffered are the result of vehicle accidents. It is important we emphasize all aspect of driving safety. Encourage your employees to watch out for a danger that's becoming more common every year -- aggressive driving or "road rage".

The phenomenon isn't new. Aggressive driving can affect any driver, any time, anywhere. Examples can include tailgating, passing on the wrong side, and weaving in and out of traffic. Aggressive driving can cause collision, involve verbal abuse and even physical violence.

Some tips to keep in mind when driving.

- Be cautious and considerate when driving.
- Don't tailgate.
- If someone wants to pass you, allow them to do so – it is not a race.
- Don't make inappropriate gestures or honk your horn unnecessarily.
- Give angry drivers plenty of room and put as much distance as possible between yourself and the angry driver.

OSHA NEWS

By Megan Meagher

OSHA and MSEA Joint Training

The MSEA has been engaged in a cooperative alliance agreement with OSHA for the past several years. One benefit afforded to organizations that work cooperatively with OSHA is the opportunity to receive information and training specifically tailored to their organizational needs and interests.

As part of the OSHA/MSEA Alliance, two seminars were recently offered to MSEA members. The seminars provided an overview of several recent OSHA

investigations involving fires and explosions that occurred within the OSHA Region VIII area (Colorado, Montana, North and South Dakota). Information about basic fire science, use of gas monitoring equipment and tips on how to understand and use information contained in material safety data sheets was also included in the seminar. The seminars were conducted in Sterling, CO on March 4th and Rifle, CO on March 6th.

We are especially interested in hearing from MSEA members about other safety and health topics of interest that could be offered as future training seminars. If there is a subject that you or your employees would like to learn more about, please contact Dan Klimek and we will work together to attempt to meet your needs.



Struck and Caught Injuries A Major Problem in the Oil Patch

Nearly every quarter at the MSEA safety meetings, “struck by and caught in or between” injuries are major accident causes for association members. It is easy to see why these injuries occur when everything we deal with is big and heavy. But knowing this is the first step. What can we do to remind employees to look for these hazards and more importantly avoid them?

Workers need to be aware of situations where unexpected movement of equipment or parts lead to crushing injuries. Workers need to stay alert to moving vehicles. They also need to be aware of pipe or drill steel that can roll, raised loads that might fall or drop and equipment that might start unexpectedly, to name a few concerns.

Encourage workers to develop a questioning attitude and ask – if this were to move unexpectedly – what will happen; where will it go; what will stop the movement? Another consideration when working on machinery is to ensure you have a lockout / tagout program and your employees understand it and follow it.

Staying alert and following procedures are two steps in preventing struck and caught injuries.



Cost Containment – Keep This in Mind

In the past few months I have been involved with a number of clients who are submitting their first application to the cost containment board. I see some of the same concerns “pop up”, and I would like to highlight a few considerations.

New application

We can provide guidance and sample documents concerning what is required by the state. However, once the documents are personalized and you officially implement the six steps, you need to consider the records that must be submitted to prove to the cost containment board you are doing what you say you are doing.

- Your program needs to be in place for one year before you can make application for Cost Containment.
- Make sure your program documents are signed and dated. (I also recommend you include issue and revision dates on the documents.)
- Plan to keep the records accessible to show the state you have actually done what you said you would do.

These few steps will make the process much easier for you. If you would like help, give me a call at 303-831-7100.

Contact Information

The Mountain States Energy Alliance (MSEA) is a not for profit association dedicated to helping members create a safer work environment in the oil and gas industry. The MSEA offers an exclusive workers’ compensation program underwritten by Pinnacle Assurance for its members. MSEA members receive a 4% discount on their workers’ compensation premium and may also qualify for a dividend payment based on favorable loss experience of the group. To see if your company qualifies for the program or for more information about the MSEA program contact one of the following.

Mike Eastop
Dave Tacha
Jeff Parent
Tom Sisk

For benefit information contact:
Todd Heiserman
Dutch Ross

If you have questions or comments about this newsletter, contact:

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