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Risk Review

Keeping you informed on **Business Insurance** issues



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Reducing Workplace Stress Can Boost Your Bottom Line

In today's increasingly demanding work world, it is perhaps no surprise that workplace stress is on the rise. Indeed, the National Institute for Occupational Safety and Health (NIOSH, 2005) reports that 40% of workers describe their jobs as "very or extremely stressful," and 25% of employees view their jobs as the most stressful area of their lives.

Job-related stress can have serious health consequences. It is associated with increased risks from workplace accidents, cardiovascular disease, psychological problems, and other health disorders. Business owners may ultimately pay a high price for workplace stress through increased employee absenteeism, tardiness, and disability claims, as well as reduced employee satisfaction and productivity.

Conditions That Cause Stress

Job stress is defined as harmful physical and emotional reactions that occur when job demands do not match workers' abilities, resources, or needs. A number of conditions may contribute to stress, including heavy workloads, unclear job expectations, uncertain job prospects, dis-

agreeable or dangerous work conditions, lack of inclusion in relevant decision-making, and few opportunities for advancement.

Solutions That Pay Off

There are a variety of *proactive* steps business owners can take to help minimize job-related stress. In general, workloads should be structured to match workers' abilities, resources, and needs. Also, business owners may consider the following actions: creating stimulating jobs with clearly defined duties and responsibilities; opening channels of communication by allowing workers' input into job-related decisions; and offering flexible work schedules that allow employees to more easily fulfill their personal responsibilities. As an additional measure, employers may develop a pleasant work environment that includes opportunities for a reasonable amount of social interaction among employees.

By taking these practical measures, business owners can help reduce the high cost of workplace stress, improve productivity, and generate benefits that go straight to the bottom line.

Ensure Operational Continuity in the Face of Disaster

In addition to facing large-scale disasters such as hurricanes and floods, businesses can be vulnerable to operational breakdowns due to more mundane—but still potentially catastrophic—events like a crashed server, a robbery, a burst water pipe, or the unexpected death of a key employee.

Business owners should draw up a step-by-step disaster response and recovery plan to address these situations, including workplace evacuation procedures. It is also important to ensure that more than one employee has access to essential accounts, legal documents, and client information in case of emergency.

Plan to set up your operations in an alternate location, such as a branch office or the home office of a partner, in the event that your building is unusable. The best time to deal with disaster is before it happens.

Sexual Harassment: Zero Tolerance

The issue of sexual harassment is not one to take lightly. Employers may be held liable for any sexual harassment committed by supervisors, vendors, clients, or any other employee. The U.S. Equal Employment Opportunity Commission (EEOC) offers the following definition:

“Sexual Harassment: Unwelcome sexual behavior characterized not only by blatant sexual harassment, but also by any subtle sexual behavior, which interferes with work performance or creates an intimidating, offensive environment.”

Despite this definition, the issue is far from black and white. Determining whether an action is intimidating or offensive may be very subjective. Complaints can sometimes cause hard feelings, decreased productivity, and damage to your company’s reputation. This doesn’t even take into account the expense of a lawsuit, should one be filed. Because of the ambiguity surrounding sexual harassment, consider taking the following anti-harassment actions:

- Set the tone through vocal warnings—and your own behavior—that sexual harassment will not be tolerated.
- Implement a written policy that takes a *direct* stand against sexual harassment in the workplace. Include examples of the types of conduct that are prohibited.
- Consider utilizing a training program to teach your employees the facts about sexual harassment. Revisit periodically to reinforce concepts and explain any new legislation concerning the issue.
- Designate not one, but two executives (preferably one of each sex) to handle sexual harassment complaints. Employees must have a way of voicing anxieties apart from consulting one supervisor, who may be part of the problem.
- Treat all complaints seriously and investigate them as soon as they surface. Gather any information that may be helpful in evaluating the claim by speaking with the complainant, as well as other employees. Obviously, use discretion, as maintaining confidentiality is of utmost importance.
- Confront the accused privately, and be sure to listen to his or her side of the story.

- Evaluate all possibilities for corrective action to find the best possible resolution of the problem if you conclude that the accused is guilty.

EPLI Insurance

Unfortunately, every business is susceptible to sexual harassment suits. **Employment practice liability insurance (EPLI)** has been developed in response to this and other employment-related risks. Business owners who purchase EPLI policies should focus particular attention on policy language that will provide the appropriate coverage for their businesses. Policy terms that may require clear understanding include the following:

- **Defined vs. undefined.** The use of specific definitions of coverage may provide a threshold for claims to be tested, i.e., coverage will be granted only for a claim if it meets the express definition contained in the policy. Conversely, undefined terms written more ambiguously in the policy may cover *all* claims, unless specifically excluded.

- **“Consent” vs. “confer.”** When choosing legal representation, the right of “consent” grants an insured business the veto power or authority to influence the insurance carrier’s selection of counsel. Likewise, the right to “confer” allows a business owner to participate in the selection process *without* authority to make decisions.

EPLI coverage may also exclude suits involving employees hired under nontraditional employment arrangements, such as independent contractors, consultants, and volunteers, as well as certain claims involving employment-related defamation, misrepresentation or fraud, occupational health- and safety-related issues, and unfair labor practices.

Some EPLI coverage is offered only in certain states. Therefore, companies with operating facilities in several states should ensure their policies provide coverage for *all* facilities.

Sound anti-harassment measures in addition to proper insurance coverage can help you manage the risks and take precautions to protect your employees and your business. Please contact us for more information on how you can protect yourself from employment practices liability.

For Your Information

Hiring Foreign Workers

Foreign labor certification programs permit U.S. employers to hire foreign workers on a temporary or permanent basis to fill jobs essential to the U.S. economy. Certification may be obtained in cases where it can be demonstrated that there are insufficient qualified U.S. workers willing to perform the work at wages that meet or exceed the prevailing wage paid for that occupation and area. For more information, visit the U.S. Department of Labor at www.foreignlaborcert.doleta.gov.

EEO Laws

There are a number of Federal laws that prohibit discrimination in the workplace based on race, color, religion, sex, age, national origin, and disability. The U.S. Equal Employment Opportunity Commission (EEOC) enforces these laws and also provides oversight and coordination of all Federal equal employment opportunity regulations, practices, and policies. For more information on these laws and for access to the resources provided by the EEOC to help ensure compliance, visit www.eeoc.gov.

Air Quality Concerns

As a result of the Clean Air Act, the Environmental Protection Agency (EPA) has set National Ambient Air Quality Standards (NAAQS) for widespread pollutants from numerous and diverse sources considered harmful to public health and the environment. The EPA has set NAAQS for six principal pollutants: carbon monoxide, lead, nitrogen dioxide, ozone, particulate matter, and sulfur dioxide. For further information on the implementation of control programs designed to attain the standards, visit www.epa.gov/ttn/naaqs.