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Risk Review *Keeping you informed on Business Insurance issues*



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The Importance of Product Liability Insurance

Your company may be sued if a customer feels your product caused him or her harm. In some cases, it can even be held responsible in the absence of any corporate negligence. Under the legal doctrine of **strict liability**, a customer could sue your company even if he or she is injured while incorrectly using your product or didn't follow directions. **Product liability insurance** can help protect your company against liability for actual or alleged product defects. It covers bodily injury and property damage caused by the product, as well as payment for legal defense costs.

Consider taking the following precautions to help *prevent* claims before they happen:

- Enforce strict manufacturing, warehousing, and distribution standards and quality controls.
- Have an attorney specializing in product liability law review and approve all labeling, contracts, and advertising.
- Investigate accident and injury claims immediately and thoroughly.

Unfortunately, even the most prudent business practices do not always prevent lawsuits. As a result, product liability insurance is an important form of protection.

Vendors Endorsement

Retailers, wholesalers, and distributors may also be held liable for product-related injuries, even if they are caused by manufacturing defects. A **vendors endorsement** extends a manufacturer's product liability insurance to its retailers, wholesalers, and distributors, generally by adding the vendor's name to the manufacturer's general liability policy. If a lawsuit occurs, the vendor can turn to the manufacturer for protection.

However, before agreeing to a vendors endorsement, be sure that the per claim and aggregate limits of the manufacturer's policy are high enough to cover potential claims. Also, note that a vendors endorsement only provides coverage for the product as it is when it leaves the manufacturer's hands. If you, as a vendor, alter it in any way, such as repackaging, you may not be covered. Vendors coverage is not a substitute for primary product liability protection; rather, it may be considered a supplement to a sound product liability insurance program.

Contact one of our qualified insurance professionals to learn about protecting your business from product liability claims.

Ergonomic Concerns

Ergonomics is the science of matching workplace conditions and job demands to the capability of workers. When successful, proper ergonomics increase productivity and job satisfaction, while helping to prevent work-related injuries. To begin tackling concerns, appoint a committee representing management, all relevant departments, and employees who perform repetitive or hazardous tasks. Ask the committee to draft a policy outlining the program's objectives, and request periodic progress reports for all projects.

Be sure to examine records of injuries, accidents, absenteeism, and workers compensation claims to determine problem areas in your business. Another approach is to solicit input from employees and spend time observing them at work. To start, check that workstations have proper height, depth, and clearances. Pay particular attention to jobs that involve repetitive movements or heavy lifting.

Ergonomic concerns are important and can generally be addressed in a timely and cost-effective manner, for a positive impact on employees' health and your bottom line.

Workplace Stress: Improve Your Company's Health

In our increasingly demanding work world, it is not surprising that workplace stress is on the rise. However, work-related stress can have serious consequences, not only for the health of employees, but also for the overall success of a business. Stress raises the risk of workplace accidents, cardiovascular disease, psychological problems, and other health issues. Business owners may also pay a price through increased employee absenteeism, tardiness, and disability claims, as well as reduced employee satisfaction and productivity.

Conditions That Cause Stress

According to the National Institute for Occupational Safety and Health (NIOSH), job stress is defined as harmful physical and emotional reactions that occur when job demands do not match workers' abilities, resources, or needs. Certain working conditions are likely to contribute to the stress levels of most people. These include the following:

- **Work Roles.** Without a clear definition of reasonable job functions, employees may feel stress. Having conflicting tasks, vague job expectations, or too much responsibility may also contribute to stress.
- **The Nature of Tasks.** Job functions involving heavy workloads, fast turnaround times, long work hours, infrequent breaks, and routine or mundane tasks may contribute to stress.
- **Management Style.** Stress may be the result of a lack of communication within the organization, poor communication techniques of a direct manager, exclusion from decision making that affects job functions, and a need for family-friendly policies, which allow workers to meet pressing personal responsibilities.
- **Interpersonal Relationships.** A poor social environment and the lack of support from managers and other co-workers may intensify feelings of stress.
- **Career Concerns.** Stress may be related to sudden or rapid changes in organizational structure, job insecurity, and a lack of opportunity for growth, advancement, or promotion.

- **Conditions of the Work Environment.** Unpleasant or dangerous physical conditions, such as air pollution, noise, crowding, or ergonomic problems, may also contribute to stress.

Solutions That Work

Business owners can benefit from the example of relatively stress-free work environments. NIOSH research has associated the following organizational actions with both healthy, low-stress work and high levels of productivity: acknowledging good employee performance, creating a company culture that values the individual worker, providing career development opportunities, and maintaining consistency between management actions and organizational values.

A business owner may make changes to job functions and organizational structures that affect employee stress. The following may minimize or prevent work-related stress: stimulating jobs with clearly defined duties and responsibilities; open channels of communication that seek workers' input in job-related decisions; and flexible work schedules that allow employees to fulfill personal responsibilities. As an added measure, employers may make an effort to develop a more pleasant work environment that permits a reasonable amount of social interaction among employees.

If high stress is likely already affecting employees, business owners may consider implementing a stress management program. Stress management programs involve educating employees about the causes of stress, the effects of stress on health and work, and the skills that may help an individual reduce stress, such as time management and relaxation exercises. Another option may be to offer an Employee Assistance Program (EAP), which provides individual counseling for employees experiencing both work and personal problems. However, stress management programs, while often effective in the short term, may not be as effective as making the appropriate organizational and functional changes to help employees meet the ongoing demands of their jobs.

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

Did You Know?

Women Leadership Development

Many American companies do not have a clearly defined strategy for the development of women leaders, according to a 2010 survey by Mercer. Of the HR professionals surveyed, 43% indicated that their organization does not offer any programs targeted to women leaders. While 23% offer some programs, another 19% said that their approach is to monitor progress only. The top support programs offered to women were flexible work arrangements, diversity recruiting, coaching, and mentoring.

New Hires Value Traditional Pensions

Companies that offer traditional pensions may have an advantage when it comes to attracting and retaining new employees, according to a 2010 survey of U.S. workers by professional services company Towers Watson. Nearly three-quarters (72%) of new employees at companies with a defined benefit plan rate their retirement benefits as an important reason for staying with the company, compared with only 26% of the employees at organizations with a defined contribution plan only.

Mobile App Adoption

Mobile phone applications are becoming more widely deployed by companies seeking to reach out to customers and sharpen their competitive edge, according to a 2011 survey by InformationWeek Analytics. Results revealed that 27% of respondents currently report prevalent use of mobile applications at their companies, up from 21% in 2009. In addition, 52% are currently implementing or planning to implement smartphone apps, up from 42% in 2009.