Admin Minnesota
DEPARTMENT OF ADMINISTRATION

RISK MANAGEMENT ALERT

http://www.mainserver.state.mn.us/risk

Vol. 13 No. 2 Summer 2009

A Quarterly Publication of the Risk Management Division

Director's Column

The long Minnesota winters give us good reason to yearn for summer, but how quickly the season passes.

As summer vacations come to an end and school resumes, state business travel will increase. Before that happens, managers and employees should exercise caution when selecting a vehicle for fall business travel.

State agencies and employees traveling on official business have three primary options for vehicular travel: state vehicle, rental vehicle from a state vendor or personal vehicle. Here's a quick guide for determining the appropriate option.

State Vehicle – A state vehicle is the best choice, in most cases, for official travel. State vehicles provide a safe, reliable and cost-efficient transportation solution for most in-state travel needs. More information is online at www.fss.state.mn.us/FleetServices.html.

Enterprise Rent-a-Car – The state has negotiated a $39.50 daily rental rate for a mid-size car, with unlimited mileage. The Enterprise Rent-a-Car contract provides agencies with the best option for travel outside Minnesota. The contract includes supplemental liability coverage of up to $2 million per occurrence and full coverage for physical damage to Enterprise vehicles, whereas the state faces unlimited liability for state vehicles traveling outside Minnesota. Additional details regarding the Enterprise contract are online at www.mainserver.state.mn.us/risk/PDF/V-33(5).pdf.

Personal Vehicle – Although state employees at times will use their personal vehicles for state business, agencies should limit this activity whenever possible. In most cases, a state vehicle or an Enterprise vehicle will be more economical. When business travel exceeds 100 miles, the cost to the agency is lower using an Enterprise vehicle when compared to the personal mileage reimbursement standard. It is also important to realize that the state cannot insure the use of a personal vehicle; therefore, the employee is responsible for insurance costs, including any deductibles or subsequent loss of use of the vehicle because of damage.

Use this information to determine the appropriate vehicle options for next season's business travels and, in the meantime, enjoy what remains of your summer.

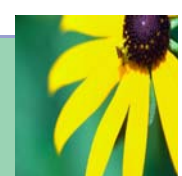
New Information System will Streamline, Improve Risk Management

Risk Management is beginning the implementation of an integrated risk management information system (RIMS) that will improve policyholders' abilities to direct loss control initiatives, manage budgets and allocate premiums.

When the state Workers' Compensation and Property and Casualty Programs merged in December 2007, managers placed the highest priority on identifying an integrated system that would replace four separate legacy systems. From seven responses to a Request for Proposal issued last fall, a multi-agency selection committee chose Aon's iVOS System.

iVOS is a "one system" policy and claims management RMIS, is capable of managing complex transactions associated with claims payments and can provide the flexibility to interface with other state systems. Numerous other insurance companies and public entities already use the system.

The new RIMS, scheduled to go live in May 2010, will feature improved reporting capabilities and easy customization that will allow users to modify reports, making them even more functional. On the policy administration side, customers will have more online resources, including access to coverage documents.



Contents

Measuring Safety

What gets measured gets done!

You have no doubt heard the old adage, “What gets measured gets done!” It is a core principle of business management and accountability that also holds true for workplace safety.

If you are not measuring safety, chances are safety is not getting done. Your organization is likely experiencing little headway toward consistent injury reduction and controlling workers’ compensation claim losses. There is more to the adage than just measuring – you need to measure the right things.

How Do You Measure Safety?

The most common safety measures today are the Occupational Safety and Health Administration’s TRIR (total recordable incident rate) and DART (days away, restricted, or days transferred to another job) rate. Both are problematic as management tools.

Injury incident rates are “lagging” indicators. Using them as management tools is like driving your car forward by looking in the rearview mirror. It is hard to reach a destination by looking where you have been. Another way to think about lagging indicators is that you are measuring your failure rate, or what you *did not* intend to happen.

What we really want to do is to identify clearly where we want to go and measure our progress toward our goals. Returning to the driving analogy, we want to be looking out the windshield and adjust our course to reach our destination safely and efficiently. We accomplish this through “leading” indicators. If our goals are on target and we manage our activities to achieve our leading indicators, we will experience the desired results in our lagging indicators (e.g., a reduction in the number of injuries).

Developing Leading Indicators

The first step is to determine the objectives for your safety program. Begin by evaluating or assessing your current safety program and identifying system deficiencies. Just as you manage other business processes, you establish measurable goals, implement the change, measure progress and adjust your approach until achieving the goal. The following example helps illustrate this process.

Your organization has determined through an assessment that workplace injuries are not being reported or investigated in a timely manner and that few, if any, corrective actions are being identified and implemented. As a first step, make sure the basic reporting and investigative processes are in place and that you are clearly communicating expectations about goals and measures. Then measure:

- Percent of injuries reported within 24 hours.
- Percent of injuries investigated by supervisors within 24 hours of report.
- Percent of corrective actions completed in 5 days.
- Percent of corrective actions completed in 30 days.

Review your organization’s progress and adjust its processes until you are achieving consistent results. Finally, identify new leading indicators that address other system deficiencies and again complete the continuous improvement process.

By focusing efforts on leading indicators, you will realize the lagging indicator results you desire!

For more examples of leading indicators, visit the Risk Management website at http://www.risk-safety.admin.state.mn.us/safety2agency.htm

Safety & Loss Control can help you assess your program and explore how leading indicators can help you reduce injuries and losses. For more information, contact Todd Christenson by phone at 651-201-3005 or email at todd.christenson@state.mn.us.

What's New with the New Enterprise Rental Contracts?

New contracts with Enterprise Rent-A-Car feature increased benefits for state government agencies, including higher liability limits. State agencies must use these contracts (V-33(5) and V-38(5)) unless the Department of Administration's Materials Management Division grants an exception.

1. What you should know about the new contracts:

- The per occurrence limit for liability to third parties is doubled from the previous contracts, increasing from $1 million to $2 million. Damage to the rental vehicle is covered at no deductible. Renters should decline any offer of additional insurance because coverage is included in the contract price.
- Contracts are available for use only by state employees or student workers in the conduct of official state business.
- 15-passenger vans are not included in the contracts.
- Renters are prohibited from using a cell phone, Personal Digital Assistant (PDA) or similar electronic equipment while operating a rental vehicle.
- Renters are prohibited from obtaining towing services for rental vehicles. The renter is instructed to contact the contract vendor if vehicle problems occur.

2. What you should know specifically about contract V-33(5):

This contract is for short- and long-term (less than 11 months) rentals that are initiated in Minnesota or in Hudson or Superior, Wisconsin.

- Rentals are for business travel in North America. Travel in Mexico is not included.
- Authorized drivers must have a valid driver's license and be 18 years old (21 years old if operating the vehicle outside of Minnesota).
- Enterprise can pick up or drop off the vehicle at the renter's office or home within a 50 mile radius of the rental office.

3. What you should know specifically about contract V-38(5):

This National Service contract is for short-term rentals initiated outside of Minnesota or in Hudson or Superior, Wisconsin.

- Rentals are for business travel in North America except Mexico. Contact Risk Management Division (RMD) if the rental originates in Canada to confirm insurance requirements.
- Authorized drivers must have a valid driver's license and be at least 21 years of age.
- Both Enterprise and National Car Rental may be used under this contract. (Contact National only if Enterprise is unavailable to provide the rental.) National imposes additional restrictions on driver age based on location of operation.
- Vans with a seating capacity of 10 or more cannot be operated in Connecticut, the District of Columbia, Florida, Iowa, Maine, Massachusetts, New York, Rhode Island or outside the U.S.

This information highlights some of the key requirements under the Enterprise rental contracts. For a comprehensive list, including contract violations, review each contract in its entirety. The contracts are viewable on the RMD website, www.mainserver@state.mn.us/risk.

Agencies should also be mindful about the consequences of using a personal vehicle for state business. Since insurance follows the vehicle, the vehicle owner's insurance is first to respond. For travel outside of Minnesota, the state's primary policy would apply next, followed by the state's excess liability insurance coverage. Finally, any judgment over the employee's policy limit and coverage afforded by the state's primary and excess policies would come from the state agency employing the driver. In addition, damage to the employee's own vehicle would be the employee's sole responsibility, including the physical damage deductible.

For business needs, use a state-owned vehicle or an Enterprise vehicle leased under the state contracts. In areas of Minnesota where Enterprise vehicles are not readily available, use a vehicle from another rental company but purchase all insurance offered by the rental company – liability as well as physical damage (aka collision damage waiver). Using a personal vehicle for a business purpose is a last resort.

That's One Expensive Belt!

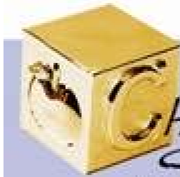
Not using your seatbelt could cost you more than pocket change.

Under Minnesota's new seat belt law, effective June 9, drivers can receive a ticket if their *only* offense is not wearing a seat belt. Under the old law, a law enforcement officer could issue a ticket for not wearing a seat belt only if the driver was stopped for an unrelated traffic violation.

The new law also requires everyone in the car to buckle up, unlike the previous law under which only adults in the front seat were required to wear seatbelts.

Although 2008 traffic deaths were the lowest since 1945, more than half of the 325 people killed inside vehicles in 2008 were not wearing seat belts, according to Cheri Marti, director of the Department of Transportation's Office of Traffic Safety. Studies indicate that this primary seat belt law in Minnesota will save more than 160 lives and prevent 28,000 crash-related injuries in the next five years.

Adhering to the new law can also save money: The fine for violating the new seat belt law can be in excess of $100. That's one expensive belt!



Children Get a Safety Boost

State law also now requires the use of a booster seat by youngsters. Under the new law, a child who is both less than eight years of age and less than 4-feet, 9-inches in height must be in a booster seat when riding in a vehicle.

Booster seats, which help ensure proper seatbelt function, reduce youth injuries by 59 percent and fatalities by 28 percent, according to the American Automobile Association.

IMPORTANT 15-PASSENGER VAN REMINDER

As of Jan. 1, 2010, the state must remove all 15-passenger vans from service to comply with the State of Minnesota's Model Fleet Safety Management Standards. According to the National Highway Traffic Safety Administration, the vans are highly susceptible to rolling over.

The *ALERT* is a publication of the Minnesota Department of Administration, Risk Management Division.
http://www.mainserver.state.mn.us/risk

Admin Minnesota
DEPARTMENT OF ADMINISTRATION
Risk Management Division
310 Centennial Office Building
658 Cedar Street
St. Paul, MN 55155-1602

Return service requested

First Class Mail
U.S. POSTAGE
PAID
Permit No.171
St. Paul, MN