



APEI MEMBER QUARTERLY NEWSLETTER

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PLEASE REPORT ALL KNOWN OR POTENTIAL CLAIMS IMMEDIATELY—IT'S CRITICAL TO HELP MINIMIZE YOUR LOSSES

<http://www.akpei.com/firststeps.html>

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IMPACT OF FINANCIAL CRISIS ON INSURANCE INDUSTRY

The nation's current financial crisis will likely impact Alaskan public entities in countless ways. Falling oil prices may reduce state revenue sharing; public investment funds and employee retirement accounts are shrinking; pressures on social services increase as citizens struggle to make ends meet. Given the international financial situation, what is going on in the insurance marketplace and how is it likely to affect schools' and cities' insurance rates?

Despite all the negative publicity surrounding the collapse of industry giant AIG, in general the insurance industry has managed to avoid the problems felt by the world's financial institutions. AIG's problems were entirely within its financial operations, and in fact its healthy insurance operations may eventually be used to help pay off its federal loans. Evan Greenberg, Chair of the American Insurance Association, recently stated that the nation's insurance industry does not want to participate in the government's bail-out measures, because AIA's members are "well-positioned to weather the current financial market crisis." Nonetheless, we probably should expect some new federal regulation of insurance company financial dealings, and some companies may see their ratings decline.

Insurance companies make money in two basic ways: they collect premium from customers, and they invest funds not immediately needed. As investment returns slip, companies have to make sure all losses are adequately covered by collected premium. This means that as a general rule, when investment earnings decline, insurance rates "harden", or increase. Some experts are therefore predicting higher premium rates in the near term.

However, there is also another factor influencing insurance company behavior



that may offset the anticipated increases. Insurance rates during the past few years have generally been declining as the industry has profited from strong economic times. As earnings decline, insurers are pulling their money out of traditional investments and are searching for other ways to make money. What that means is more competition for the more profitable insurance premium side of the business, and additional competition tends to push prices down. Thus, many industry experts see rates remaining relatively flat.

In short, predicting how the current financial crisis will impact insurance rates is as easy as predicting when the stock market will begin to bounce back—everyone has an opinion, but no one really knows.

For some specific insurance lines, the likelihood of increased premium rates is greater. Directors & Officers coverage cost is going up as people file more claims, looking for someone to blame for the current financial woes. Also, history tells us that in tough financial times people file more workers' compensation claims, so we can expect some premium increases there, too.

In sum, although it is unlikely the downward trend in insurance rates will continue, in most cases any rate increases should be modest in the near term. But it is too early to tell what impact the financial crisis will have on APEI's July 1 renewal rates, which won't be determined for several months.

Merry Christmas, from All of Us at APEI!

'Twas the Injury Before Christmas

'Twas the night before Christmas
and at the North Pole
was a busy little workshop
with an enviable role.

Making dolls and soldiers
all manner of toys
as the annual reward
for good girls and boys.

The elves were all busy
and their stations direct.
Making sure their positions
were ergonomically correct.

All guards were in place
to avoid safety traps.
Protective glasses were worn
to avert flying scraps.

The elves wore back braces
to protect against strains
and little hard hats
to protect their small brains.

When on the main floor
there arose such a clatter
all heads turned in time
to see pieces shatter.

The crash said it all,
Santa thought with disdain.
An accident in the shop
meant an elf was in pain.

Santa came through the door
with a quick little burst
and a "FIRST REPORT OF INJURY"
for the elf who was hurt.

"Now, what will happen?
He nervously fretted
workers compensation claims
were what he most dreaded.

Sticking out from some boxes
away from the lights,
were two short little legs
clad in green, stretchy tights.

The boxes were strewn
under a once standing shelf.
The curly-toed shoes
proved it must be an elf!



The Eskimo doctor
applied all the salves
ready to mend broken bones
by fusing both halves.

That wouldn't be needed!
Managed Care said
and the elf got some care
before leaving his bed.

The elf returned to the job
embarrassed by his gaff
but with his butt in a sling
you couldn't help but laugh.

He soon would be making
cherished Christmas booties
but to get back in the swing
they assigned him "light duty.

A fresh new reminder,
that you shouldn't climb on shelves,
was a message not lost
on impetuous elves.

Santa called APEI
without his usual smile.
They jumped into action
and opened a file.

The reserves were set
by the adjuster with care,
in the hopes that a "Full Release"
soon would be there.

The elves returned to their shores
more cautious; less hasty,
with a new found awareness
and more rules of safety!

Santa's parting request,
as he loaded his sleigh,
"Let's not have a repeat
of what happened today!"

"You must be more careful
and think before acting.
Your health is more important,
your work too exacting."

As he tugged on the reins
to start his annual flight,
he cried, "BE CAREFUL AND SAFE,
and to all, a good night."



PreventionLink™

New On-Line Courses Announced

APEI is pleased to announce the availability of several new on-line courses specifically developed for our members by our on-line training partner, TargetSafety. The new courses focus on a wide variety of topics, including:

1. Employment Practices for Supervisors - Performance Management
2. Employment Practices for Supervisors - Dealing with Issues of Alcohol and Substance Abuse
3. HIV/AIDS Awareness
4. Computer Security Awareness
5. Motor Vehicle Safety - Accidents & Emergencies
6. Motor Vehicle Safety - Seat Belt & Airbag Safety
7. Alcohol-Free Workplace (Update)
8. Drug-Free Workplace (Update)
9. Reasonable Suspicion of Drugs for Supervisors (Update)
10. Slips, Trips, and Falls
11. Proper Lifting
12. Reporting Abuse, Neglect, and Exploitation of Children
13. Principal's Recognition of Hazards
14. Breaking Up Student Fights
15. Playground Supervision
16. Food Service Lifting
17. Food Service General Safety
18. Proper Lifting - Library Operations

For a complete listing of the over 300 on-line courses available, see <http://media.targetsafety.com/media/documents/catalog.pdf>.



HOW TO SAVE PREMIUM DOLLARS

APEI offers many opportunities for our members to save money. Unfortunately, few members take advantage of these opportunities. In an effort to help put a little money back in our members' pockets, each future edition of this newsletter will provide an easy tip to save some dough.

This month's tip will save each APEI member \$500 for only a few minutes of effort. APEI provides loss control grants of up to \$500 each year to each member. To get the grant, all a member has to do is spend \$500 on something designed to improve safety — new fire extinguishers, cleats for employees, safety glasses, snow-melt, etc.— and then fill out the one-page grant application form (<http://www.akpei.com/GrantApplication.pdf>) and send/fax it to APEI. In a few days, you'll have a check in hand.

What makes this one so easy is that all public entities spend money on goods or services designed to help keep their employees or customers safe. What is surprising is how few of our members request a grant. So take a few minutes to think of something you feel will help make your place of work a little safer, and we'll gladly help you pay for it.

Finding the E-Balance

The following are a few suggestions of ways to communicate better, faster and cheaper on the job. Although all of these ideas won't work for everyone, it is always a good idea to review you're email practices occasionally.

- 1) Turn off the incoming email alarm to avoid the impulse to look at it immediately.
- 2) Control the number of times you check your e-mail daily - set a schedule and stick with it.
- 3) Use informative subject lines that can reduce the recipient's need to open the message, e.g. "Sent package as requested."
- 4) Review email and sent to folders only if necessary.
- 5) Limit the number of email folders - the more folders you have the harder it is to find or retrieve an email. If you do use folders make sure you label them appropriately so you will know their content.
- 6) Avoid always sending simple acknowledgements, such as "thanks" or "got it," at the workplace. Some acknowledgements, most often saying "thank you," do keep it human so use when appropriate.
- 7) Avoid cc'ing broadly all correspondence, but make sure the people who "need" to see it are included so they don't feel "left out of the loop."

“Bong Hits” Case Finally Resolved

Seven years ago, in the winter of 2001-2002, the nation was still recovering from the shock of 9/11, the Iraq War was still over a year away, and the country was preparing for the Winter Olympic Games in Park City, Utah. To get Americans around the country connected to the Games, the Olympic Torch was visiting all 50 state capitals, and it came through Juneau on a snowy winter's day. People took off from work, students were let out of school, and cameras rolled as the torch was carried through town.

Amidst the excitement, high-school senior Joseph Frederick and several of his friends decided to take advantage of the situation



and unfurled a large banner proclaiming “BONG HiTS 4 JESUS.” Little did anyone know at the time how significant, far-reaching, and expensive this small act of defiance would turn out to be.

The high school principal disciplined Frederick, he challenged her authority to do so, and the case went to court. APEI was there from the beginning, as the insurer for the Juneau School District. Eventually in June, 2007, the United States Supreme Court issued an opinion upholding the principal's discipline, but the case muddled on as Frederick asserted various related legal theories.

Last month, the case finally came to an end through a settlement agreement primarily designed to avoid the continuing cost of litigation. Over the years, the case cost APEI and its members many thousands of dollars, and the prospect of several more years of litigation was daunting and could not be justified.

We are extremely pleased that the Supreme Court upheld the district's position and affirmed a school administrator's right to discipline students in appropriate circumstances. The Court's holding is important to school administrators throughout the country, and we are proud to have been a part of that process.

Now it's time to move on.



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Fax, Call, or Email us—we're here to

APEI WEB HELP Visit the always new APEI website for information on programs, claims reporting, loss control services, and online safety training. http://www.akpei.com

Important 2009 FMLA Changes

Just when everyone seemed comfortable with the Family and Medical Leave Act, the Department of Labor has issued revised rules effective in January, 2009. These new rules require a major change in the way you manage FMLA leave and the forms you use, and you will need to review and revise your employee manuals to incorporate the new rules and forms.

APEI will be posting a complete set of forms on our web site.

Time is running out; the changes are effective January 16th, 2009. Make sure you are ready, and if you need help please feel free to contact Michael Lary, APEI Loss Control Coordinator, at mlary@akpei.com.



On the Road Again

From the Desk of the Director, Jeff Bush

Each fall, after we complete our July 1 renewals and our October 1 financial audit, APEI representatives hit the road. This is the convention season in Alaska, and APEI employees attend more than our fare share.

Whether the gathering focuses on municipalities or schools, APEI is usually there. Many times, APEI has a booth, where representatives are available to answer questions or just chat.

Mike Lary, APEI's Loss Control Coordinator, and I also frequently present at these conventions. For example, in recent months we both led shotgun sessions at the School Boards' Association (AASB) conference, we each presented to the School Business Officials (ALASBO) conference and the AASB Employee Management Workshop, and Mike led a session at the AASB Secretary's Workshop. And just because we are in insurance doesn't mean our

sessions aren't interesting — although I can't speak for myself, I get lots of positive feedback on Mike's presentations, and he is frequently called back to speak before the same group year after year because of his popularity.

If you get the chance next fall, please stop by our booth and see us at one of these conventions. If any of you have ever manned a convention booth, you know how boring it can be when no one comes to talk with you. Please, take pity on the APEI representative and stop by the booth. If you do, you may learn something new about APEI, you will certainly get to meet a friendly face, and you can even stock up on some stocking stuffers (our coffee mugs are always popular). See you there!



Jeff Bush