

# DIRECTIONS

APRIL 2007

## Emergency Preparation STARTS WITH A GOOD PLAN

**C**risis occur every day and often too quickly and too unexpectedly to be prevented. Some are widespread disasters like hurricanes and tornados and others are isolated incidents like fire and flood that may affect only your organization or some of its locations.

Authorities estimate that at least 25 percent of businesses that close due to a disaster never reopen their doors. Whether large or small, crises, disasters and emergencies have one thing in common — they test your organization’s resolve and your staff’s ability to respond. So what’s your best course of action now, when things seem relatively calm and a crisis doesn’t look to be anywhere on the distant horizon? Plan for one.

Statistically, it is most likely that your organization will face crises like power outages, fires, floods and severe storms. For these more common crises, many

companies already have emergency action plans in place that identify key response personnel and include an established line of communication with local emergency authorities and a list of contractors who can respond promptly to make repairs and limit business interruptions.

But today’s risk market also emphasizes the importance of preparing plans that include responses to acts of terrorism and relatively unknown scenarios such as a flu pandemic. While most people understand the effects of fires and floods and the associated recovery process, many have little understanding of the full impact of a crisis such as a flu pandemic. The World Health Organization (WHO) estimates that the world may be close to experiencing a flu pandemic the likes of which we haven’t seen since 1918 when more than 50 million people died worldwide.



*Illustration by John S. Dykes*

### IN THIS ISSUE:

<b>Protecting Your Property</b>	<b>4</b>
<b>Ease of Doing Business</b>	<b>5</b>
<b>PMA’s Team of Experts</b>	<b>6</b>
<b>Rockland County Success</b>	<b>7</b>

**continued on page 2**

## Emergency Planning / continued from page 1

As such, it makes sense to build preparations for a flu pandemic into your new or existing emergency action plan. According to the Centers for Disease Control and Prevention (CDC), a flu pandemic would likely come and go in waves with each wave lasting six to eight weeks. That means for several months as much as 25, 50 or even 75 percent of your workforce could be home sick.

Imagine that scenario. Once a few people are sick, will the remaining staff be willing to come to work? More and more employees

that you don't have to be a risk professional or have a risk manager on staff to develop a cogent emergency action plan. In fact, you can use the four phases of emergency management (planning, mitigation, response and recovery) as a guide for developing your organization's plan. Your PMA Risk Control Consultant can also provide guidance and assistance throughout the process.

### Planning

The first phase of emergency management involves considering

**“According to the experts, it is not a question of whether another pandemic will occur; it is a question of when it will occur and of how many of us will become victims of the strain of virus that emerges.”**

**Norman E. Harris, CIH**  
**PMA Senior Risk Control Specialist**  
**Industrial Hygiene and Ergonomics**

would have to work from home to recover and prevent spreading the flu. How many employees currently have full remote access? Will your Virtual Private Network (VPN) have the capacity to handle a 25 or 50 percent increase in its number of users? Can you identify the key functions you need to keep operating for your company to survive? In short, would you be ready?

The key to recovering from an emergency — whether it's a fire, flood or flu pandemic — is how you respond when it occurs. And for an effective response, you need a proper plan. Emergency planning is a fairly simple process, but it must be initiated well before a crisis and requires careful planning as well as ongoing review in order to be effective. The good news is

the likely and not-so-likely disasters that your organization may face and which of your operations may be vulnerable to their effects. You should review your operations to identify the activities that could be interrupted by the internal and external conditions resulting from a disaster or emergency. Then take steps to evaluate each activity and identify solutions to keep them running. Planning for disasters will provide your staff with guidelines for how to react to a variety of situations and scenarios.

Other components to consider for your plan include but are not limited to:

- **Identifying key staff who must be available and accessible when needed**

- **Specifications for computer systems needed for your staff**
- **Identifying key customers with whom you will need to communicate**
- **Identifying alternate locations from which you can operate**

### Mitigation

After identifying and evaluating the potential impacts of a disaster, the next step is the process of minimizing — or mitigating — their potential effects on your operations. Computer system data backup is the most common form of mitigation practiced by today's businesses. Data backup ensures that work and important records will not be lost in the event of a failure of a computer system or even the loss of an entire facility.

Other mitigation efforts include:

- **Operating from more than one office to provide alternate facilities**
- **Generators to provide emergency power to your facility**
- **Agreements with other companies to assist one another in times of need**

### Response

The response phase involves putting into action your plans for the given scenario in order to overcome obstacles and maintain operations. Deploying key staff to your alternate location, setting up computers and recovering your backup data will likely be elements of your response plan. These elements are in addition to the resources available from your local Office of Emergency Management, which focuses on assisting the community at large in the event of a crisis. You should consult with your local emergency managers to ensure that your plans will work

## The key to recovering from an emergency — whether it's a fire, flood or flu pandemic — is how you respond when it occurs.

effectively and to uncover potential areas of collaboration.

Communicating your plan to all of your staff members is also critical to ensure that everyone understands his/her role during a crisis. You should test your plan with simulated emergency exercises to identify any weak areas where adjustments may be needed and to gauge your response time and effectiveness. The response and implementation of your plan will help you maintain your critical operations and serve your customers as you move to the recovery phase. Consider the case of a meat processing company that needs to manage occasional recalls. In a recently simulated crisis involving meat contamination, the company tracked down all of its products along the East Coast in just a few hours and quickly recalled them. How? By following its emergency action plan every step of the way.

### Recovery

In this final phase you pick up the pieces — literally — by repairing the damage to your facilities or equipment and returning to normal business functions. The recovery phase is expedited and easier when the other elements of your emergency management program have functioned as designed. Operating from alternate locations




or using partner organizations to fulfill some of your orders will allow your staff to continue serving your customers while your operations are being restored to normal.

Ultimately, an effective emergency operations plan will help to ensure that your organization can survive

crises, emergencies and challenges large and small. Your ability to continue operating in those tougher times is essential to demonstrating to both your current and prospective customers that your organization is a first-class operation that will be there to meet their needs.

## Next Steps

If you're already thinking about how you can get your emergency action plan started, here are a few helpful places to begin.

-  Review additional information on our web site at [www.pmagroup.com](http://www.pmagroup.com). From our "Services" menu select "Risk Control Services" for more information including general risk control services, emergency action planning assistance and technical reports from The Engineering and Safety Service.
-  Also via our web site, log into the Institute for Business and Home Safety (IBHS) to download an interactive "Open for Business" Property Protection and Planning Toolkit. According to IBHS, more than 20,000 copies of the toolkit were downloaded last year alone. And it's available to you for free through our partnership with IBHS.
-  Contact your PMA Risk Control Consultant who can help you to address the specific emergency management needs of your organization and to develop an emergency action plan to meet them.

## ADDITIONAL RESOURCES

**The American Red Cross**  
<http://www.redcross.org>

**Centers For Disease Control & Prevention**  
<http://www.cdc.gov>

**Federal Bureau of Investigation**  
<http://www.fbi.gov>

**Federal Emergency Management Agency**  
<http://www.fema.gov>

**National Safety Council**  
<http://www.nsc.org>

**Occupational Safety & Health Administration**  
<http://www.osha.gov>

**U.S. Department of Transportation**  
<http://www.dot.gov>

**U.S. Environmental Protection Agency**  
<http://www.epa.gov>

**U.S. Postal Service**  
<http://www.usps.com>

# Protecting Your Property

## Being Prepared

### Also Means

### Being Covered

**W**hen an unexpected storm with tornado-force winds blew through a small Pennsylvania town last year, it destroyed a large piece of roof on a warehouse owned by one of our commercial package insurance clients with property coverage. Luckily, no one was injured, but because a significant portion of the company's inventory

consequences. If you experienced a similar situation, would your insurance carrier be readily accessible? Would it react quickly? Would it meet your expectations regarding the loss? An insurance contract is a highly intangible product and is only as effective as the protection and services it delivers when you need them most.

An emergency management plan, as described in our cover story, addresses these questions, and more, before a crisis occurs so you can respond much faster when one does. But there is another

relied on PMA to properly protect their most important assets — employees — through superior workers' compensation products and services. Our commercial multi-peril capabilities enable us to do the same for your remaining assets, including your buildings, business personal property and vehicle fleets. Our dedicated

**Did you know**  
that PMA has the  
resources to under-  
write commercial  
multi-peril insurance?

## Beyond the Coverage

**PMA property coverages also come with the expert risk control services and claims management you've come to expect with our workers' compensation programs — only tailor-made for property solutions. We can provide to you the following risk control services based on your specific business needs:**

- **Emergency Action Planning Assistance**
- **Disaster Recovery Planning Assistance**
- **Fire Protection Plan Reviews for New Construction, Renovations or Systems in Place**
- **Fire Protection Standards Consulting**
- **Sprinkler System, Alarm System, Fire Pump and Water Supply Analysis**
- **Special Fire Extinguishing System Evaluation**
- **Impairment Program Assistance**
- **Fire Prevention and Mitigation Consulting**
- **Life Safety Planning and Program Review Assistance**

was exposed to the elements, roof repair and product protection were quickly needed — and The PMA Insurance Group responded.

While this example is hardly a wide-scale natural disaster, it illustrates the point that smaller, unexpected crises can arise at any moment to produce substantial

key component to a comprehensive emergency management plan that's just as essential as planning ahead: a well-designed property insurance program.

Did you know that PMA has the resources to underwrite commercial multi-peril insurance? For over 90 years, customers have

commercial multi-peril and automobile underwriting specialists can customize solutions specific to your business. Over the last year we've continually enhanced our core property programs to provide comprehensive coverage that keeps pace with today's rapidly changing exposures — like our ability to tailor Business Income with Extra Expense coverage individualized for your business. Proper Business Income coverage can be one of the most critical factors in the recovery and survival of your business following a significant crisis.

If there's a disaster, we will be your partner during the rebuilding and recovery process. Our approach to property claims is as comprehensive and effective as our approach to workers' compensation claims. And in the case of a property emergency — such as a storm removing your roof — we're accessible 24 hours a day to help you quickly begin picking up the pieces. That's PMA peace of mind.

## 'EASE OF DOING BUSINESS' MEANS

# Fast, Effective Service FOR PMA CLIENTS

Most of us expect efficiency, effectiveness and quality when it comes to customer service. But how often is that what we experience?

At PMA, that's precisely what you get from the PMA Customer Service Center (CSC). It's how we do business. Our CSC is where your workers' compensation medical bills are processed, your claims questions are answered and your calls reach customer service representatives who are willing and able to help.

Check out last year's results for yourself in CSC's three key service areas:

- **Medical bill turnaround**
- **Call answer speed**
- **Quality assurance**

## PMA Call Answer Speed

- CSC received nearly 320,000 calls last year.
- 75 percent were answered within 20 seconds of reaching our office (that's equivalent to about three rings on your home telephone).
- Ease of doing business means quickly reaching a PMA representative so you can spend less time on hold and more time running your business.

## PMA Medical Bill Turnaround

- In 2006, PMA paid or denied nearly 77 percent of its medical bills in 15 days or less (from receipt to check/EOR issuance).
- Efficient medical bill handling not only reduces the need for providers to resubmit bills to receive payment, but also enables our staff to spend more time on value-added client services like intensive bill review.
- Our quick turnaround on medical bills also translates into fewer bills going to injured workers and a more seamless process that requires less involvement from you.
- We believe prompt payment makes providers more receptive to treating injured workers who are covered by PMA.
- PMA's quick turnaround means you are less likely to get bogged down by payment inquiries or collection notices from providers.

## PMA Quality Assurance

- CSC performs random quality checks daily, including call monitoring in our Call Center.
- The results of quality checks performed in 2006 indicate that CSC's overall accuracy rate was 99 percent. This includes activities such as policy and mail distribution, document scanning and indexing, audit and adjustment calculations, medical bill handling, customer service and loss intake.
- In a nutshell, CSC handles calls and requests quickly and accurately because ease of doing business means getting it right the first time.

# A Team of Industry Experts

## IN YOUR INSURANCE CORNER



**PMA employees represent some of the most knowledgeable experts in the insurance industry. As such, throughout the course of a year, we author articles, speak at seminars, get quoted in news articles, host information sessions and much more. It's another part of our business commitment to you that not only involves building our knowledge, but also sharing it with our clients and business partners. Here are just a few of the activities PMA experts were involved with last year.**

**Kurt Schuhl**, PMA SVP & Chief Claims Officer, and **Jim Klotz**, PMA SVP & Chief Information Officer, were interviewed by *Insurance Networking News* for an article regarding PMA's outstanding customer service. The article, "PMA Earns High Customer Service Scores," ran in the April 2006 issue.

**David Sweigard**, Business Development Manager, recently received a lifetime appointment to the Insurance Roundtable of Baltimore. The Roundtable works to foster an open exchange of ideas between insurance agents, companies and support groups, and is committed to raising professional and educational standards within the industry.

A group of PMA Management Corp. (our third-party administrator) colleagues from our New York Office, led by **Frank Altieri**,

PMAMC President, **Chuck Bolesh**, PMAMC Account Executive, and **Paul Coderre**, Senior Risk Control Consultant, sponsored a workers' compensation seminar. Attended by 45 clients and prospects, the seminar covered a number of workers' compensation topics such as what makes a good program work, reform in New York and accident investigation. Feedback from attendees was extremely favorable and most survey respondents rated the seminar as "excellent."

**Jim Sheridan**, Risk Control Specialist, authored an article in the Spring 2006 issue of *HealthBeat*, a newsletter produced by the American Society of Safety Engineers (ASSE). In his two-page article, Jim discussed the who, what, when and how of proper accident investigation procedures. The newsletter was distributed to the more than 30,000 active ASSE members.

**Jim Sheridan** and **Christine Zichello**, Risk Control Specialist & RN, delivered a presentation on how to handle patients and residents safely to the Society for Health Care Risk Management of New Jersey. Addressing approximately 30 risk managers from across the state, Jim and Christine presented a comprehensive program including

legislative initiatives (national and state), action steps for developing a safe handling program, and a cost/benefit analysis for determining a program's effectiveness.

At last year's annual conference for the Pennsylvania Workers' Compensation Bureau, **Susan Christ**, Regional Claims Supervisor, participated as a panel speaker on the topic "Legal Updates & Trends," while **Glenda Shreffler**, Claims Service Adjuster, participated as a panel speaker on the topic "As the Claim Turns."

**Norm Harris**, Sr. Risk Control Specialist, and **Ken Child**, Risk Control Specialist, were invited to speak at Philly I-Day 2006, an annual insurance event sponsored by the Philadelphia Chapter of the CPCU Society. Norm and Ken discussed the importance of disaster preparedness and resiliency planning as they relate to the avian flu virus, fire, flooding, wind and terrorism. More than 350 insurance professionals from the Philadelphia area attended.

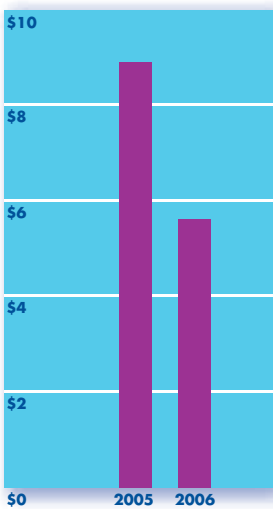
**Patty Soppe**, Sr. Risk Control Specialist, participated in a Risk Control discussion with the head of the Occupational Safety & Health Administration (OSHA) in Washington, DC. OSHA requested that a colleague from PMA attend the meeting to help generate ideas for obtaining additional federal funding to help make American businesses safer and more profitable.

# PMAMC's TPA Services

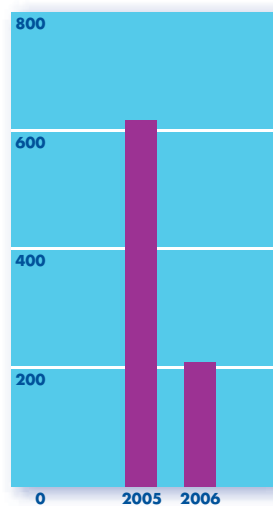
## help Rockland County reduce its workers' compensation costs

### Rockland County Total Outstanding Reserves\*

Dollars in millions



### Rockland County Total Open Claims\*



\*Policy Year (11/1 Inception)

Located just 16 miles from New York City and home to nearly 300,000 residents, Rockland County is the smallest county in New York State outside of the City's five boroughs. With a full gamut of local government services, including police, fire and rescue, library, and parks and recreation, this small county has most of the features of its larger neighbors.

As such, the County was looking for big results from its third-party administrator (TPA) when it began a search for a new TPA partner in 2005. The County operates a successful self-insured workers' compensation program and wanted a TPA with the resources and services that would make a real difference. Rockland County selected PMA Management Corp. (PMAMC) as its third-party administrator just in time for its 2006 policy.

#### Claims Administration

One of the County's top demands when it signed on with PMAMC was a more assertive approach to claims handling. During the relationship's first few months, PMAMC transferred the County's claims — nearly 1,000 files to its system — and reviewed all open claims for closure opportunities. "The transfer was fast and efficient because of everyone's open communication from the start," explains Mary McCabe, RN,

*"With PMAMC closing many of our existing claims and new ones trending down, we've also been able to lower our workers' compensation case reserves by \$3 million."*

**Karen Cassa, Insurance Coordinator, Rockland County**

Regional Claims Supervisor, The PMA Insurance Group. "The County collaborated with us from the start and this had a tremendous impact on our ability to investigate and close a substantial number of claims." In fact, within 10 months, PMAMC reduced Rockland County's open pending claims by more than 60 percent — from more than 600 to just over 200. "We've also recommended settlements for a number of open claims, which will likely close in the near future," adds McCabe.

Additionally, the County's new lost-time claims are trending down 15 to 20 percent compared to 2005's numbers. "With PMAMC closing many of our existing claims and new ones trending down," says Karen Cassa, Insurance Coordinator, Rockland County, "we've also been able to lower our workers' compensation case reserves by \$3 million."

#### Medical Cost Containment

PMAMC is also improving Rockland County's bottom line with substantial savings on its medical bills. As part of its Medical Savings Program, PMAMC reviews the County's medical bills for inaccuracies in coding,

continued on page 8

**Rockland County / continued from page 7**

service charges and medical documentation, and makes adjustments where applicable. "So far, PMAMC has saved us 56 percent on our billed charges, which translates into more than \$850,000 in direct savings," says Cassa. "For a smaller county like Rockland, that number has a significant impact on our self-insured program."

**Proven Resources**

Beyond realizing greater savings in its workers' compensation program, Rockland County also wanted easier access to its claims information and additional safety resources. PMA CINCH®, PMAMC's online risk management information system, gives the County 24-hour access to its critical claims data. "We can log into the system and check the status of a claim at any given time," notes Annette Marro, Workers' Compensation Coordinator, Rockland County. "We can also run reports to track claims by department or in aggregate for the County to isolate any high claim areas."

*"So far, PMAMC has saved us 56 percent on our billed charges, which translates into more than \$850,000 in direct savings. For a smaller county like Rockland, that number has a significant impact on our self-insured program."*

**Karen Cassa, Insurance Coordinator, Rockland County**

The County also has access to PMAMC's extensive risk control database, which houses helpful resources such as safety logs and risk control catalogs and bulletins. "These sorts of resources are crucial elements to a safety-focused culture," says Chuck Bolesh, Account Executive, PMAMC. "I've seen Rockland County use the logs and bulletins to build safety awareness in higher claim departments with great results."

**Directions** is a publication of The PMA Insurance Group. Please direct questions or comments about **Directions** to Jon Myers via e-mail at [Jonathan\\_Myers@pmagroup.com](mailto:Jonathan_Myers@pmagroup.com) or 1-800-222-2749 x 5175.

©2007 by The PMA Insurance Group. Material in **Directions** may not be reprinted without permission of the Editor. The publication is intended for informational purposes only and is not a substitute for counsel by your loss control specialists and legal advisors. It does not amend, alter or supplement in any way any insurance policy issued or service delivered by The PMA Insurance Group, including PMA Management Corp. PMA® and its logo are registered trademarks of Pennsylvania Manufacturers' Association Insurance Company. PMA and The PMA Insurance Group are used to signify Pennsylvania Manufacturers' Association Insurance Company.



[www.pmagroup.com](http://www.pmagroup.com)

**THE PMA® INSURANCE GROUP**

380 Sentry Parkway  
P.O. Box 3031  
Blue Bell, PA 19422-0754

**Address Service Requested**

**First Class Mail**  
**U.S. Postage**  
**Paid**  
**Permit No. 84**  
**Blue Bell, PA 19422**