

~ ~ STATE ACCIDENT PREVENTION CHAIRMEN ~ ~
INFORMATION
 DECEMBER 2007



DO NOT SERVE ALCOHOL TO ANYONE APPROACHING INTOXICATION

It is imperative that this rule be followed by all Lodges for Lodge events or when the Lodges facilities are used by others.

It is fine to have designated drivers and to take keys from those who seem to be impaired, but the best solution is to not allow them to reach even a suggested impaired status.

Also, make sure that minors are never served alcohol. This requires vigilance, especially at weddings or other events that are attended by adults and under-age persons. Strict control is required and servers must insist on clearly valid proof of age. If there is any suspicion or doubt, do not serve the person in question.

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ATTENTION STATE ACCIDENT PREVENTION CHAIRMEN

For those of you who have not turned in your Accident Prevention Activities Status Report for 2007, please return it to my attention as soon as possible, so that I may include the figures from your report in my reports to the Insurance Subcommittee.

ACCIDENT PREVENTION MANUAL

In March 2008, it will be necessary to reprint this manual for the annual distribution to all Lodges. This manual will be used in the accident prevention activities of the Lodge and to assist the Lodges' accident prevention managers.

The Insurance Department requests that all state accident prevention chairmen, their assistants, accident prevention managers for the Lodge and any others receiving this notice review the current manual (4th Edition) and provide suggestions, additions, changes or corrections prior to March 31st, 2008.

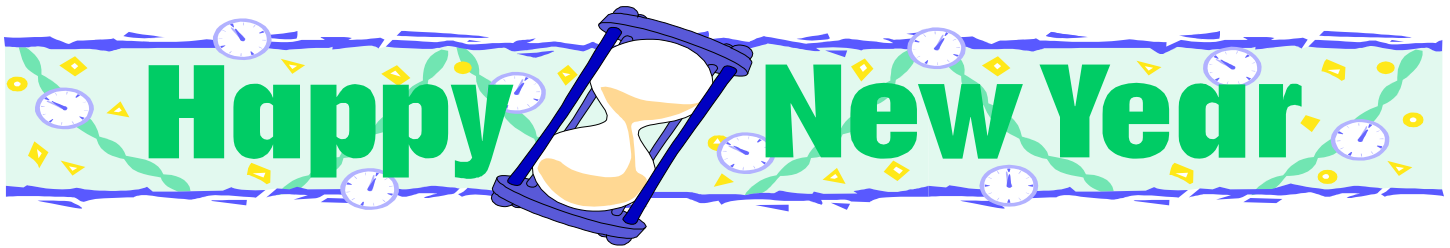
Any help will be appreciated to make this guidance tool more useful to the Lodges of the Order.

Please send your suggestions to: Sheldon H. Staubitz, Director of Insurance
 (773) 755-4714 - INSURANCE@elks.org

SNOW REMOVAL

If the Lodge does its own snow removal, the Lodge must keep a log of the time and date (of both shoveling/snow blowing and/or salting).

If a contractor does the snow removal, make sure that the contractor indemnifies the Lodge and names the Lodge as additional insured on the contractor's policy (see Pages 10-11 of the Liability Booklet for more details).



HINTS TO REDUCE IMPACT OF PROPERTY PLUS PREMIUM

With the recent increase in the premium for the property insurance, the following are hints to help individual Lodges based on their circumstances:

- Any Lodge that still has a \$250.00 deductible is not managing that Lodge's resources efficiently. A minimum deductible of \$1,000.00 should be taken. In fact, a deductible of \$5,000.00 is more realistic and, for Lodges with large values, a \$25,000 deductible may not be unreasonable. Each Lodge should realize that the Program should only be used for material or catastrophic losses, not small or maintenance type losses. With a \$250.00 deductible and a small loss, the cost of the adjustment of the loss will exceed the amount of payment to the Lodge, which costs the Self-Insurance Program and in turn may make it necessary to increase premiums to all Lodges.
- Each Lodge should evaluate what the Lodge's objective is. It is recommended that all Lodges insure to 80% of the replacement value because, in the event of a total loss, the Lodge could be fully replaced at a cost even somewhat above the estimated 100% of replacement value. The question is whether or not a Lodge wants to replace the present Lodge or a Lodge in a different style with the same square footage. If the answer is yes, continue to insure at 80% of replacement cost. If the answer is no, consider what a replacement structure should be and insure for this lesser value to fit this objective with appropriate provisions for debris removal. There is no co-insurance clause so there is no penalty applied, and the damage would be covered to the amount insured.
- Consider improvements that might provide credits on premiums such as alarms and sprinkler systems. In some states, Lodges are required to retro fit for sprinklers if there is a certain occupancy capability but, even without governmental requirements, the capital investment could result in premium reductions with a viable payback. In any total or partial construction addition where there is an adequate local water supply, there should always be the addition of sprinklers.

ILLEGAL GAMBLING PROHIBITED

Gambling that is held to be illegal by the USA, the State or the political jurisdiction where a Lodge is located is a violation under the Statutes of the Order. Such a violation could result in the loss of a Lodge's Charter. Such violations can also result in the loss of a liquor license and substantial fines and prosecutions of officers, trustees, employees and members.

Lodge management should not tolerate such actions by any members or guests. Even the appearance of allowing or condoning illegal acts of this sort in the Lodge can result in penalties by the Order, by local police authorities and by regulating bodies.

VOLUNTEERS

Volunteers are a great asset and strength for the Order but do not let the good intentioned volunteers do work that they have no experience or knowledge in. Also consider the fact that, a once competent or knowledgeable volunteer may lose their prior abilities over time. Don't let 70, 80 or 90-year-olds do work on ladders or high places, don't let a weekend repairman rewire the Lodge, etc.



ELECTRICAL WIRING IN LOCAL LODGES

Every Lodge should consider the status of the Lodge's electrical wiring. This is especially true with the many older facilities. Is the wiring adequate for the present load or electrical needs? There is also the question of the type of materials used.

We have had inquiries regarding the use of aluminum electrical wiring in the Lodge. First of all, not all aluminum wiring is hazardous, but a qualified electrical contractor should complete inspections to ensure the compliance with applicable safety requirements.

Structures built in the 60's and 70's involved 110-volt circuits; primarily for outlets and lights. There were instances where connections became loose. These sometimes overheated and sometimes resulted in fires. Consequently, the use of 110-volt aluminum wiring was abandoned and upgrades at the connections were warranted. Instead of common wire nuts, special connectors were used. As long as the connecting hardware is rated for aluminum wire and as long as the wire ends are protected with a corrosion-resistant compound, concern over the presence of aluminum wiring is then typically unwarranted.

Relating to 220-volt circuits, the use of aluminum wiring is common and acceptable. Those wires serve electric ranges, heating equipment and air conditioners. In fact, most electric utility companies use aluminum cable for their main service line.

Once again, examination and service of electrical wiring is a job for a qualified contractor. This is not a job for an amateur volunteer.



SLIPS AND FALLS

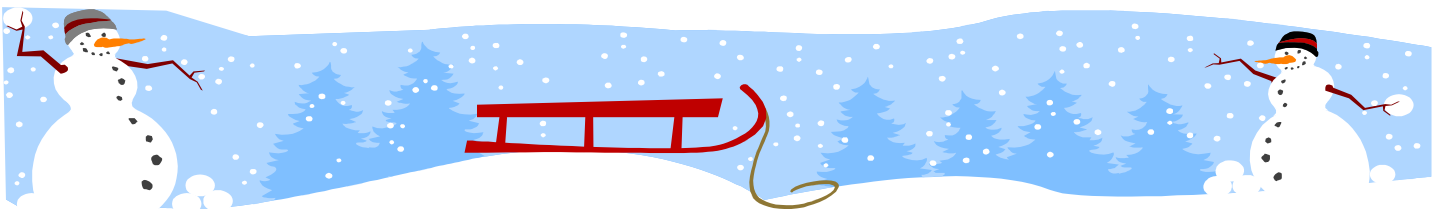
For the Elks Master Liability Program, the most prevalent type of claim is a slip and fall. This is particularly related to the increasing age of membership and guests at the Lodges.

In fact, in recent years, 1.8 million people in the USA over 65 years of age were treated in an emergency room as a result of a slip and fall. All age groups have incidents involving slips and falls, but the elderly have a much greater severity of injuries as a result.

All Lodge management must be aware of this continuing exposure and must use common sense and good maintenance to curtail or eliminate all physical hazards that contribute to this type of occurrence. For those Lodges that have bingo operations, it should be strongly emphasized that the hazard is increased substantially.

To avoid and reduce such claims, constant vigilance must be maintained. The following are some key points:

- All defects of any kind in the floors, stairs, entrance ways, sidewalks, parking lots, etc. must be removed, corrected or properly blocked.
- Ground control must be maintained.
- Stages or raised areas must be marked, blocked with railings and always properly used.
- Walking areas of any sort should be cleaned and monitored by Lodge management. Logs of these inspections should be made and retained.
- Snow and ice removal should be properly done and logged. If any areas are unable to be rendered safe for use, they should be blocked from use.





RESTAURANT SAFETY (KITCHEN HOODS)

All Lodges should have hoods with fire extinguishing systems over cooking areas. Make sure that your Lodge's fire protection system is up to date.

- Vegetable cooking oil, which helps lower the fat and cholesterol content of food also burns at a higher temperature than animal fats. These fires are more difficult to extinguish.
- Energy efficient cooking appliances are now used extensively in restaurants. Highly insulated fryers help reduce fuel consumption and cooking times, but they also keep cooking oils and appliances hotter for a longer period of time. In return,

that makes extinguishment of fires more difficult. In the past, fire suppression systems were not tested with these specific hazards in mind so new test protocols had to be developed. The Underwriter's Laboratories adopted a new standard UL 300 Fire Extinguishing System for protection in restaurant cooking areas. All manufacturers that sell fire suppression systems after November 1998 must comply with the new standards. Testing by fire equipment manufacturers showed that, while dry chemical systems could knock down the UL 300 test fires, the fires would restart and continue to burn due to lack of cooling. To achieve the required cooling effect, the design of the fire suppression systems were altered to increase the amount of wet chemical extinguishing agent used. The wet chemical fire suppression systems, with their increased number of appliance nozzles, were effective in completely extinguishing the UL 300 test fires. Appliances affected were fryers, griddles, ranges, char-broilers and woks.

We are told that manufacturers have ceased making replacement parts for the old dry chemical systems. Also, in many areas, non-UL 300 systems can't be installed in commercial cooking operations. This is a NFPA regulation and not found to be a state law. Every Lodge should review its individual circumstances and plan to make appropriate changes.

SECURITY

Many Lodges have installed cameras both in the Lodge and in outside areas for security reasons and to establish fact for any allegations of activities both in and outside the Lodge. These installations are relatively inexpensive and can act as a deterrent for crime or fidelity claims as well as provide assistance with regards to some liability occurrences.

It is also strongly recommended that all parking and walking areas outside the Lodge be equipped with high intensity lighting systems. Such systems can be rented at a reasonable fee that can be partially offset by the electrical savings on conventional lights presently in place. Such lighting systems eliminate any slip and fall claims that allege poor lighting.

USE OF LODGE FACILITIES BY OTHERS

All Lodges should follow the procedure indicated on Pages 10-11 of the Liability Booklet. The user must sign the indemnity agreement and, in most cases, must provide evidence that the user has liability insurance and has named the Lodge as additional insured.

HOTELS

For state meetings or other meetings where a group rents rooms for overnight stays by participants in a meeting, do not sign a contract indemnifying the hotel or agreeing to name the hotel as additional insured. The Master Liability Program will not provide this.

Some hotels are attempting to try to avoid their innkeeper's liability. This is not appropriate. Read any contract and object and reject any such unethical attempts.





SCREENING OF LODGE EMPLOYEES

As a matter of good business practices, all Lodges should consider and make some effort to establish procedures and practices to know who employees are and have knowledge of their previous employment records.

The Lodge should demonstrate some reasoning effort and be diligent to establish that employees do not have a criminal record or propensity for violent or erratic behavior. We are not suggesting an elaborate and often expensive background check procedure, but some effort to establish the following should be done:

- Establish the validity of the address of an employee and the time at that address (obtain a prior address if living at current address for less than one year).
- Verify employment with former employers (prior employers may refuse or be reticent to give information that is negative but that refusal may, at the very least, indicate prior problems).
- If a criminal record is indicated on the application, there should be a full detailed explanation provided.
- Any criminal problems that occur after the person is employed should be reviewed to determine the impact on continued employment.
- Incidents on the job for the Lodge that might indicate problems with regards to dealing with the public in a manner that might suggest improper behavior or any potential for violence should be reviewed and acted on appropriately.
- An action demonstrating dishonesty should be handled immediately with appropriate action. It should be noted that the crime coverage under the Property Plus Program is invalidated for a specific employee if that employee is known to have committed a theft on the job for the Lodge or any other employer or group.
- Make sure that you have a job application in the employee's personnel file, and make sure that all warnings or notices provided to the employee are included. The employee should have signed the form indicating that they have read and will comply with the policy against discrimination and sexual harassment. Furthermore, the employee should sign any agreement the Lodge has with reference to work rules.

SMOKING

In the last few years, we have had a number of serious fires (at least three total losses) caused by the improper disposal of cigarettes. This is an intolerable situation.



Every Lodge should dispose of smoking materials in fire-proof receptacles. In fact, all waste should be disposed of in fire-proof containers. **No excuses!**

If smoking is still legal in an city or county where an Elks Lodge is, the smoking areas should be limited and controlled with appropriate ash trays, etc. in place. The cleaning and maintenance personnel should be instructed on the proper handling and removal of smoking materials.

No smoking areas should be marked with signs regarding the rules. These rules must be vigorously enforced.



NOT OWNING AUTOMOBILES, BUSES AND TRAILERS

In the past, we have provided information on this subject (indicated in the following reprint), but we would also wish to inform you that the Lodge should also not own trailers. **It has come to our attention that Boy Scout troops have purchased trailers and attempted to put the title in the Lodge's name on many occasions. Do not allow this as there is no insurance on an owned vehicle.**

The Boy Scouts say they can't own anything. Whether or not this is true, the Lodge should never take the title.

- Drug Awareness Program trailers are the only exception. These can be insured by calling Aon Risk Services at 1-800-421-3557.
- As a repeated thought, no Lodge should ever own an automotive unit.
- There is no coverage of any sort under the Self-Insured Master Liability Program.
- The Lodge would have to buy local insurance, which is expensive. The Lodge would probably not be able to get more than 1 million dollars coverage and possibly considerably less than that. If a Lodge were to have any type of catastrophic loss, especially involving buses, the low limits of coverage could result in a judgment that would take all the assets of the Lodge.
- There is no logical business or efficiency reason that any Lodge should own any vehicles licensed for road use.

D&O AND WORKERS' COMPENSATION INSURANCE

Warning! Lodges go bankrupt because they did not have D&O or Workers' Compensation Insurance!

In the past few years, several Lodges have ceased to exist because the Lodge did not have Directors and Officers/Employment Practice Insurance (D&O) or did not obtain Workers' Compensation Insurance.

D&O

The Master Liability Program does not cover D&O/Employment Practice claims (refer to Pages 6-7 of the Liability Booklet). The Lodge can purchase this coverage through a discounted program with Aon Risk Services (call 1-800-421-3557 for a quote).

Several Lodges without insurance have had claims alleging that officers or members have discriminated against employees or others involving sexual harassment, wrongful termination, racial bias, etc. If the Lodge is involved in such an action, the Lodge must pay its own defense costs and for any judgment or settlement. Some of these Lodges did not have sufficient funds and had to go bankrupt. Also, in a number of cases of this sort, the personal assets of the officers, including trustees, were also attacked. Without this insurance, the Lodge's officers and any accused members place their personal assets in jeopardy.

Workers' Compensation

A number of Lodges have failed to obtain Workers' Compensation insurance either by mistake or by lack of understanding. Several of these Lodges could not pay claims and went bankrupt.

If any employee or anyone judged by the court to be an employee makes a Workers' Compensation claim and the Lodge has no insurance, the Lodge must pay for defense and for any award. In some states, there may be penalties or fines for not having coverage.

In some states, even if you have only a few employees (for example only four employees), you do not have to file with the state that you have Workers' Compensation coverage but this does not mean that you are not still obligated to pay claims if an injury is alleged.

We suggest that every Lodge get a minimum premium Workers' Compensation policy, even if there are no employees, in the event that a volunteer alleges he or she is injured.

Take warning! This is a risk that every Lodge should be aware of.

