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Three Ways for Contractors to Mitigate Risk and Lower Insurance Premiums

Posted @ 3/31/2017 8:40 AM By **Parker Rains**
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Many business executives believe insurance brokers have control over the quotes they provide, but that's not the case. Insurance carriers control the price, and they provide the best rates to companies that proactively manage their risk. The less risky a contractor appears, the fewer claims it's likely to have and the "safer" the company looks. Therefore, the lower the premium they are likely to get.

Here are three ways general contractors can mitigate risk and make their companies more desirable to insurance carriers.

1. ESTABLISH FORMAL POLICIES AND PROCEDURES

Policies give employees a clear understanding of what is expected of them. They outline what to do, and not do, in a number of circumstances. They also provide legal protection should a problem arise.

General contractors, and others in the construction industry, should consider creating an organizational chart and standard operating procedures, as well as policies pertaining to:

- the Americans With Disabilities Act;
- the Equal Employment Opportunity Commission;
- anti-harassment;
- workplace violence;
- cyber security;
- substance abuse;
- workplace safety;
- privacy; and
- email, social media and technology.



These policies can serve as legal protection, so it's important for contractors to review them with an attorney or human resources specialist.

2. CREATE AN EMPLOYEE HANDBOOK

Company policies and procedures are of little use when filed away in someone's desk. Contractors should include these documents in the company's employee handbook—a manual that guides employee actions in the workplace. Generally, someone in HR or management reviews the handbook during new employees' onboarding process, but it should be easily accessible by all employees via the company server or intranet.

Employee handbooks often have an introductory letter from the company president or CEO, cover the company's core purpose, values and goals, and include various non-compete or non-disclosure agreements in addition to company policies and procedures. They also include information on employee compensation and benefits, paid time off and anything else employees need to know. It's important that contractors write these handbooks in a clear, easy-to-understand manner.

Because laws and regulations change over time, contractors should review their handbooks at least once a year with their attorney. Further, contractors should consider including a statement in the handbook saying the policies outlined are subject to change.

An organized and updated employee handbook shows insurance carriers that the company has been thorough in its effort to mitigate risk.

3. CONDUCT TRAINING REGULARLY

Create training courses on company policies so employees gain a better understanding of what's expected. Contractors can offer a broad scope of training programs.

- **Technology training:** New technologies, such as 3-D printing, drones and virtual reality, are rapidly changing the way contractors do business. To fully realize the benefits these advances offer the construction industry (e.g., improved productivity and collaboration), it's crucial that employees are properly trained on implementation and best practices.
- **Cyber security training:** Contractors should train their teams on the proper protocols for ensuring data privacy so employees understand their role in safeguarding sensitive information. Training might include an overview of the different types of cyber attacks, how they can prevent such attacks and the signs they should look for to detect an attack.
- **Safety training:** Construction is a high-hazard industry, so safety education is essential, especially when using new equipment or performing work on a new jobsite. While OSHA standards require employers to provide certain training, contractors can take it a step further by introducing a daily safety "huddle" in which workers address any potential risks and concerns.
- **Disaster response training:** No matter how many precautions are taken, disaster can strike at any moment, so it's important that contractors show carriers they are prepared to respond. Review the company's disaster plan with employees and cover hypothetical "what if" situations (e.g., what if a jobsite is forced to shut down temporarily).

Putting the proper policies in place—and training on them regularly—not only improves internal processes and ensures employees are well-educated, but it also gives contractors a leg up when it comes to insurance. Carriers will see them as less likely to incur costly claims, which makes carriers more likely to offer them the preferred premiums they are looking for.

But not all companies have a full-time, in-house risk manager to oversee the process. Before renewing insurance policies, contractors should take a close look at potential risks and consider partnering with a broker that will build a custom strategy based on their specific needs.

Parker Rains, based in Nashville, Tenn., is vice president of middle market business insurance firm Fisher Brown Bottrell Insurance, which is a wholly owned subsidiary of Trustmark National Bank, a publicly traded financial services company with more than 200 locations and more than 3,000 associates in Mississippi, Florida, Tennessee, Alabama and Texas. For more information, email prains@fbbins.com.

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Posted @ 4/17/2017 11:17 AM by **Sam at WRKS**



Very useful advice, Parker. The importance of safety in the workplace cannot be overstated. The lower the risk, the higher the probability of getting young workers excited about joining the industry!

Posted @ 4/28/2017 4:04 AM by **Sravanthi**



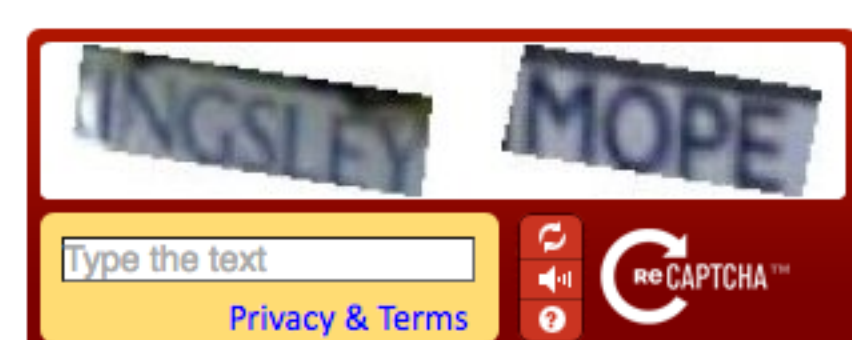
Legal protection policies are important for contractors and conducting training to contractors is a good thought so that they can understand all the latest technologies

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