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KENTUCKY ASSOCIATED GENERAL CONTRACTORS
SELF INSURERS' FUND NEWSLETTER
OUR A.M. BEST RATING IS A-, "EXCELLENT"

FundScripts



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KENTUCKY AGC/SIF FINANCIAL INFORMATION

In addition to the Financial Statements, as posted on the Fund's website (www.kyagcsif.com), the following information is provided to you, and is a **summary** of the **2008 AUDITED FINANCIAL STATEMENT** for the Kentucky AGC/SIF.

<u>REVENUES</u>	<u>2008</u>
Premiums Earned	\$67,470,160
Net Investment Income	\$10,784,286
Net Realized Investment Gains (Losses)	(\$193,722)
Other	\$608,220
<u>TOTAL REVENUES</u>	<u>\$78,668,944</u>
 <u>EXPENSES</u>	
Claims Paid and Reserved	\$51,274,609
Service Fee	\$7,294,381
Commissions	\$5,725,045
Excess Insurance Premiums	\$950,004
Loss Control	\$1,044,506
Premium Audits	\$637,828
Other	\$1,502,322
<u>TOTAL EXPENSES</u>	<u>\$68,428,695</u>
Income Before Dividend and Taxes	\$10,240,249
Dividends Declared to Members	\$8,200,000
Income Before Income Tax Expense	\$2,040,249
Income Tax Benefit (Expense)	(\$802,768)
Net Income	\$1,237,481

DIVIDEND INFORMATION

DIVIDENDS PAID to Members in 2008 for 2003 Year:	\$4,911,545
SPECIAL FUND TAX returned to Members for 2003 Year:	\$564,828
TOTAL DIVIDEND Distribution in 2008:	\$5,476,373
TOTAL PREMIUM collected for 2003:	\$45,393,341
% OF PREMIUM RETURNED to Members:	11%

Ohio Coverage Changes

Are you a Kentucky AGC/SIF member working in Ohio or making plans to do so? If the answer is yes, please read on for some VERY IMPORTANT information regarding your out of state coverage when working in Ohio.

Changes in Ohio's workers' compensation law now require Kentucky employers to purchase Ohio workers' compensation insurance from the Ohio Bureau of Workers' Compensation (OBWC) from day one of the project instead of ninety (90) days as was Ohio's previous arrangement with Kentucky.

Please understand that the Fund has not changed their policy nor has Kentucky law changed.

Ohio's Senate Bill 334, (now Ohio law), conveys that Ohio will recognize other states' coverage **IF** other states accept Ohio coverage on employers working in their states.

The **IF** is why this Ohio law is affecting all Kentucky employers no matter who they have their workers' compensation coverage through. Kentucky's law does NOT accept other states' coverage and has not for over 30 years. Therefore, Ohio will now not accept any Kentucky coverage. Furthermore, since Ohio is a Monopolistic State Fund, other carriers (including the Fund) cannot offer workers' compensation insurance in Ohio. The only avenue to purchase workers' compensation in the state of Ohio is through the OBWC.

The OBWC will fine employers working in Ohio if they do not have Ohio workers' compensation coverage. Therefore, if you are currently working in Ohio, or plan to work in Ohio, please contact the OBWC at 1-800-644-6292, 30 W. Spring Street, Columbus, OH 43215-2256, or visit their website at www.ohiobwc.com.

If you have any questions about this issue, please do not hesitate to contact the Fund Office at (502) 245-2007.

Sponsored by the Following Trade Associations:



Kentucky Child Labor Law

It's that time of year again... school is out!!! Over the next couple of months, high school students around the state will be available to join Kentucky's workforce. Some will no doubt choose the construction industry, thereby affording many KY AGC/SIF members the opportunity to temporarily employ some labor-oriented help at a more economical price.

Hiring these high school employees will impose additional restrictions on employers. Kentucky's Child Labor Laws are applicable to all minors under the age of 18 and include prohibited occupations and a limitation of hours worked, both of which exist to protect the safety and well being of these individuals. **CONSTRUCTION RELATED WORK, REGARDLESS OF TYPE OF OPERATION, IS STRICTLY PROHIBITED FOR MINORS 14, BUT NOT YET 16 YEARS OF AGE.**

Violations of the child labor laws are subject to monetary fines.

For information the Fund has obtained directly from the Kentucky Labor Cabinet to help you avoid an unnecessary fine, please see below.

The following is a list of **prohibited occupations** for all minors **under the age of 18:**

- ◆ Jobs in or around plants that make or store explosives or articles containing explosive components
- ◆ Motor vehicle driver and outside helper
- ◆ Coal mining operations
- ◆ Logging or saw milling operations
- ◆ Operation of power-driven woodworking machines
- ◆ Exposure to radioactive substances
- ◆ Operation of power-driven hoisting apparatus
- ◆ Operation of power-driven metal-forming, metal-punching & metal-shearing machines
- ◆ Mining (other than coal)
- ◆ Slaughtering, meat packing or processing
- ◆ Operation of bakery machines
- ◆ Operation of paper product machines
- ◆ Manufacture of brick, tile and similar products
- ◆ Operation of circular saws, band saws and guillotine shears
- ◆ Wrecking, demolition and shipwrecking operations
- ◆ Roofing
- ◆ Excavating operations
- ◆ Liquor operations
- ◆ Pool or billiard rooms

****CONSTRUCTION (INCLUDING DEMOLITION AND REPAIR) IS A PROHIBITED OCCUPATION FOR ALL MINORS 14, BUT NOT YET 16 YEARS OF AGE****

Minors that are **14 years of age**, but not yet 18, have **restrictions** regarding the **hours** they are permitted to work. These restrictions are as follows for the respective age group:

AGES 14 and 15

- ◆ May not work *BEFORE* 7:00 a.m.
- ◆ May not work *AFTER* 7:00 p.m. (9:00 p.m. June 1 through Labor Day)
- ◆ Maximum hours when *school is in session*:
 - ◆ 3 hours per day on a school day
 - ◆ 8 hours per day on a non-school day
 - ◆ 18 hours per week
- ◆ Maximum hours when *school is not in session*:
 - ◆ 8 hours per day
 - ◆ 40 hours per week

AGES 16 AND 17

- ◆ May not work *BEFORE* 6:00 a.m.
- ◆ May not work *AFTER* 10:30 p.m. preceding a school day or 1:00 a.m. preceding a non-school day
- ◆ Maximum hours when *school is in session*:
 - ◆ 6 hours per day on a school day
 - ◆ 8 hours per day on a non-school day
 - ◆ 30 hours per week*
- ◆ Maximum hours when *school is not in session*:
 - ◆ NO RESTRICTIONS

(*A minor that is 16 or 17 years of age may work up to 40 hours per week when school is in session if a parent or legal guardian gives permission in writing, and the principal or head of the school the minor attends certifies in writing that the minor has maintained at least a 2.0 grade point average in the most recent grading period. The school certification will remain valid for one (1) year unless revoked sooner by the school authority. Both the parental permission and the school certification shall remain at the employer's place of business.)

Additionally, you should know that minors under eighteen (18) years of age shall NOT be permitted to work more than five (5) hours continuously without an interval of at least thirty (30) minutes for a lunch period. It should also be noted that proof of age is required for all minors fourteen (14), but not yet eighteen (18) years of age. This may include a drivers' license, birth certificate or government document with date of birth.

Employers are also required to maintain the following information in their records for any minor that is employed: name, age, address, the time of the beginning and ending of each work shift and each meal period. A child labor poster, including prohibited duties is required to be posted by employers.

For additional information, you can contact the Kentucky Department of Labor at the following location:

Kentucky Department of Labor

Division of Employment Standards, Apprenticeship and Mediation

1047 US Hwy 127 S, Suite 4

Frankfort, KY 40601-4381

Phone (502)564-3070 Fax (502)564-2248

www.labor.ky.gov

An Aging Workforce

What It Could Mean For Your Company



Over the past few years, much has been written about the impending mass exodus of the Baby Boomer generation from the ranks of the employed, and the subsequent effects this will have on the economy. Born between 1946 and 1964, this generation has accumulated an invaluable amount of knowledge and experience throughout multiple sectors of the economy; the construction industry being no exception. Interestingly enough, the majority of the labor force in America continues to grow increasingly older as a percentage of growth of total laborers. In fact, The Bureau of Labor Statistics projected in July, 2008 that between 2006 and 2016, the number of workers ages 55 to 64 will climb by 36.5 percent, while the number of workers between the ages of 65 and 74 and age 75 and up will rise by more than 80 percent. In stark and somewhat alarming contrast, workers between the ages of 25 and 54 will only increase by 2.4 percent.

In the immediate future, the recessionary environment may force many Baby Boomers to continue to work beyond their desired retirement ages, as retirement savings (e.g. 401ks, pension funds, etc.) have been drastically reduced over the past eighteen (18) months. Furthermore, many Baby Boomers will not be content to simply ride off into the sunset, ultimately seeking part and/or full-time employment to supplement their retirement income. **What does all of this potentially mean for your company?**

There are both **advantages** and **disadvantages** of an **aging workforce**. One of the most important advantages is experience. An older workforce means a more experienced workforce. This can prove to be a valuable asset in regards to not only productivity, but safety as well, as older workers account for fewer injuries requiring time off than their younger counterparts. Additionally, more experienced workers can train younger and newer workers in order to maintain consistency in not only the work product, but in the safety arena which can have a positive impact on workers' compensation insurance costs. Finally, older workers tend to be more loyal than their younger counterparts. Having put in a number of years with the same company, many older workers feel a strong sense of ownership of the company. While these advantages are extremely important, there are several disadvantages associated with an aging workforce.

One of the most important disadvantages of an aging workforce is that, while older workers account for fewer injuries requiring time off, they take longer to recover and return to work when an injury does occur. From a cumulative standpoint, this can have a significant adverse effect on the workers' compensation insurance costs of many businesses, regardless of their size. Additionally, older workers may require more time throughout the work day for such activities as resting their eyes, stretching, etc. This can adversely impact productivity. Also, older workers have a higher usage of medication which may adversely affect such a thing as judgment which can lead to more on-the-job injuries. Finally, as a result of their susceptibility to age-related medical conditions, older workers tend to utilize the healthcare system more than their younger counterparts. This utilization requires time away from work which can adversely impact businesses.

So what can be done to ensure a safer environment for an aging worker? A recent article in the *National Underwriter* provides several of the following steps (additional steps may be developed):

- Encourage employees to use the healthcare system for preventative purposes
- Make visible dissemination of information (e.g. videos, pamphlets, etc.) a part of your company's communication process, in addition to simply verbalizing information
- Use flashing signals rather than signs to warn workers of potential hazards
- Offer flexible work hours
- Encourage breaks every thirty (30) minutes to rest eyes, stretch, etc.
- Install signs with large print utilizing visible, contrasting colors
- Modify duties or utilize appropriate equipment to reduce the amount of reaching required to perform certain tasks
- Modify duties or utilize appropriate equipment to eliminate or reduce the amount of heavy lifting required
- Install railings, shallow angle steps or slip-resistant material to walkways and flooring

In summary, an aging workforce can be a critical element in the success of any business. Making the above adjustments, in addition to others, in your own company's business practices and operations can help you take advantage of the wealth of knowledge and experience of older workers, while allowing for a safer environment for all workers.

Outside the Norm

Working Beyond Your Normal Scope of Operations

Due to the recent storm damage experienced over the past several months throughout the state of Kentucky, many companies are offering services beyond their typical scopes of operation to accommodate the demands of a large number of potential customers. For example, an electrical contractor that has a bucket truck may be asked to trim back broken tree limbs on a customer's property as a result of the ice storm in January.

Before a company performs new operations, such as the company identified in the example, the company should determine what training needs to be implemented to perform the new operations in a safe manner. Regardless of whether or not the new operations are of a temporary nature, proper training should never be ignored. Additionally, the company should expand its safety programming to include any new policies and procedures implemented as a result of the new operations.

If you are considering performing work outside of your normal operations, please contact the Fund's loss control provider, **J.V. Resources, Inc.** at (502) 245-8485, for assistance regarding your safety training needs. Doing so may prevent unnecessary injuries, or worse, fatalities.

Extra! Extra! Read All About It!

Membership Applications Are Now Accepted Through The Fund's Website

In our continuing effort to expand the Fund's online capabilities, the Fund now offers prospective members and agents the ability to complete and submit online applications for membership into the Fund. To access the online application, please visit www.kyagcsif.com, locate the *Underwriting Express* menu heading on the left-hand side of the home page, click the *Online Application* option and simply follow the user-friendly instructions to submit an online application. (**Note:** Additional underwriting information such as prior carrier loss runs and audits may be requested under separate cover.)

As a reminder, the Fund will consider prospective members with no previous workers' compensation insurance experience, provided the prospective members meet the Fund's *Underwriting Guidelines*. For a listing of the Fund's *Underwriting Guidelines*, please visit www.kyagcsif.com or contact Marissa Barr at the Fund Office at (502) 245-2007 or (800) 928-7135.

