

# "PCOC Insurance Program – Industry Owned, Industry Run"

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While PCOC has exerted tremendous influence in the creation and management of our insurance program since its launch in the late 1980s, the current changes put PCOC in a unique position. With our recent changes, PCOC is a 30% owner of the actual general liability insurance program being offered to our members. Yes an A rated, California admitted general liability carrier offering insurance exclusively to the members of Pest Control Operators of California.

Our partnership with Jenkins-Athens is a strong strategic move, which strengthens our ability to serve our members with expertise, service and flexibility. All of the key players from our former broker, including Paul Lindsay, Dennis Harris, and Laura Coy have moved over to Jenkins-Athens ensuring both continuity and the best management and service possible. While all members will be able to apply for this new insurance, certainly not all members will qualify for the PCOC owned insurance program. Through our partnership with Jenkins-Athens those who do not meet the strict underwriting and ongoing risk management criteria will be placed when possible into one of several other insurance products. In the past one of the criticisms of our insurance program is that it was not selective enough in who we let into the program and we were not strict enough in our standards of business practices for those who participate in the program.

One of the key elements for our new program, which had been a part to a lesser degree in prior insurance programs, is our ongoing risk management program, which is administered by myself (Eric Paulsen).

Depending on one of several factors insureds of the PCOC insurance program will be subject to ongoing risk management oversight as both a service for the insured as well as an ongoing management tool for our insurance program to ensure that participants in the insurance program are meeting the standards we expect them to follow as part of the PCOC Insurance Program.

All insureds will be receiving regular mailings from me as part of the risk management plan for our insurance program, as well as follow up dialogue in person or over the phone depending on your company size and loss history. The goals of these risk surveys serve several purposes, not the least of which is to help the member pest control companies improve their businesses. Specifically it is my goal to assist the pest control operator in evaluating and improving business practices and regulatory compliance with an eye on managing risk and exposure. Another purpose of these risk control surveys is to ensure that companies who are insured through the PCOC Insurance Program are meet the underwriting criteria for our insurance program and lastly a third purpose is to gather information about the industry to aid in evaluating loss data.

Ultimately the most important part of the risk survey is to help the pest control operator learn more about his or her business. It is my personal goal and the goal of the PCOC Insurance Program, Jenkins-Athens and PCOC to help you as a pest control operator to run a safer and hopefully a more efficient and profitable pest control company. The more efficiently, safely

and profitably you are able to run your business, the better off we will be as your insurance company! In most cases (but not all) the visit will result in my providing some resources to assist the pest control company, accompanied by some specific recommendations for their implementation.

When I perform a risk control survey, I am looking to have an open dialogue with the pest control operator. Some questions will be straightforward “yes” or “no” answers, whereas many other questions go into a lot of detail. Frequently “yes” or “no” questions are followed with questions relating to the “who”, “what”, “why” and “where” behind the “yes” or “no” answer. It is most often what we learn from the who, what, why and where behind the “yes” or “no” answer that is most important in this entire process. For the in-person risk control surveys, frequently there will be questions that are even more open ended, which could be described as “show me” questions.

Many of the areas of inquiry have to do with business practices, which can either reduce or increase your potential for liability. The specific business practices which can hopefully reduce your liability are usually either specific industry standard practices established by PCOC, or ideal practices established as underwriting criteria ideal practices (usually disclaimers) established by the lawyers who represent you, the pest control operator, when you turn in a claim.

Other questions and issues covered during the risk control survey have more to do with data gathering. We are gathering this data to help us determine how pest control companies operate by region and by company. By evaluating this behavioral data and comparing it to loss data, we hope to establish real trends and answers to our questions about our losses. Why does company “A” have losses, while company “B” has no losses? What is different about how they practice pest control? What is different about how they run their businesses? Why are some losses prevalent in one part of the state but not in another?

One example of a business practice question has to do with inspecting attics. In many areas of the state, inspectors do not inspect attics when performing “complete”, “original” inspections as defined by the Structural Pest Control Act. We are constantly trying to fine-tune the geographical areas that do and do not inspect attics. Once we have some good data about who does and does not inspect attics we can try to determine if there are any differences in loss trends. Other questions may not be so direct. Some of the questions are blind “fishing expeditions” which often turn up geographic differences in business practices such as the one I just described regarding inspecting attics.

## **WHAT ARE THE SPECIFIC AREAS OF INQUIRY?**

As expected a lot of time is usually spent performing an audit of the safety and training programs. The reason these programs are so important is because safe practices, and proper pest control and business practices are a matter of behaviors. As an employer you have to ensure your employees are practicing the specific behaviors, which will have the result you intend. Many people view safety and proper business practices as a matter of attitude. Platitudes such as *The customer comes first* are fine, but what have you told your employees (in writing) to do in the way of specific behaviors to ensure that your customers do

come first? What have you shown and told your employees (in writing) to do in the way of specific behaviors to ensure safe and effective practices in the field and your office?

I expect the pest control operator to *show off* their safety and training programs. This is both an opportunity to shine, as well as open yourself up for some constructive criticism and assistance. You can also think of this part of the risk control survey visit as a practice regulatory inspection without the fear of thousand dollar fines for non-compliance.

Some of the specific programs I look for and will want to learn more about is the company's OSHA mandated Written Injury and Illness Prevention Program, and all the specific training programs which are referred to in their program. If this is a site visit, I expect to be shown the actual program as well as have it explained to me. I expect to see your OSHA mandated defensive drivers training program, your lifting and height hazard programs, as well as all the other safety and training programs you have in place. I expect to be shown monthly safety meetings, and the OSHA mandated twice a month safety meeting for termite repair personnel. (I expect to see both an outline or detailed program of the presentation and who made it, as well as documentation of who attended.) One important question that will be asked is in regards to training in the employee's native language. If English is not the employee's native language, often (always if they are not fluent in English) the law requires that they be trained in their native language.

How are new employees trained? I expect to be shown the written training for new employees. If the answer is that the company uses "on the job training", what is the written criteria and checklist used to ensure that each employee has been trained properly? Too often employers assume that their employees know how to perform a specific task, or how to deal with a particular situation. Employers need to have written documentation that each employee has been trained appropriately in each task or skill area that is germane to his or her position. This type of training and documentation is needed not only to ensure that the employees are properly representing your company in the field but also to provide legal protection for the company.

I follow up the visit with a letter to the insured. Often (but not always) my letter will include some specific recommendations. Accompanying the letter will be any documents I have promised the insured as well as any support materials to help the company implement my recommendations.

I usually get one of several reactions from pest control companies in regards to my recommendations and the resource materials, which usually accompany my letters. Some companies are very receptive and are interested in utilizing the information I provide. Others are cordial, but make it clear that they really do not want to change the way they do business.

Whatever a pest control company chooses to do, I need some type of written response as to what they did and did not do in response to my recommendations. California Insurance law requires insurance companies to get a response to risk control recommendations. To assist the pest control operator in providing us with this response, I also provide a form, which lists all the recommendations. The pest control company only needs to fill out the form to let us as your insurance carrier know what they have done in the way of implementing or not implementing each risk control recommendation. One word of caution: It is embarrassing to

everyone involved if you indicate that you have implemented a recommendation and then a later risk control survey visit uncovers that it was not. As an independent businessperson you have to make the ultimate choice as to whether you will implement my recommendations.

I am sometimes asked if there are consequences for not implementing my recommendations. There is no easy answer. Only the pest control operator can answer that question at some later date. If an operator chooses not to comply with safety statutes, or to implement reasonable training programs, they will eventually suffer some real consequences.

It is an entirely different question to ask how not complying with a recommendation will affect insurance status. Depending on the recommendation a company chooses not to implement, it may or may not have any impact on their insurance status. I would suggest that you assume that if we are investing the money to find out what your practices are and we are recommending different practices to reduce your exposure and potential losses, that it is in your best interest from an underwriting standpoint to implement our recommendations. Remember our entire goal is for us to work together to reduce our individual and collective risks and exposures for our mutual benefit!