



YOU CAN'T JUDGE A BOOK BY ITS COVER

substance abuse in the workplace

Presented by **Mike Kerr**

Senior Vice President – Insurance Operations, Federated Insurance



Today's Topics

- ◆ Claims Can and Do Happen
- ◆ Statistics – Drugs and Alcohol in the Workplace
- ◆ Drug- and Alcohol-free Workplace Program *WIIFM?*
- ◆ Easy Steps to Implement

Claims Can and Do Happen



LARGE LOSSES

Federated Insurance 2010 Petroleum Marketers Large Loss Summary and Analysis
1/1/10-12/31/10

2005

192 losses

TOTALING

\$55,480,760

2006

121 losses

TOTALING

\$42,759,478

2007

144 losses

TOTALING

\$43,744,746

2008

133 losses

TOTALING

\$41,780,351

2009

94 losses

TOTALING

\$27,455,437



2010 LARGE LOSSES

Federated Insurance 2010 Petroleum Marketers Large Loss Summary and Analysis
1/1/10-12/31/10

18	Auto Liability	\$3,866,158
10	Mis-delivery (distillate)	\$2,694,487
10	Customer slip/fall	\$2,377,500
6	Weather (tornado, wind, hail, rain, snow)	\$1,925,369
9	Property – fire	\$1,575,811



2010 LARGE LOSSES

Federated Insurance 2010 Petroleum Marketers Large Loss Summary and Analysis
1/1/10-12/31/10

5	Single Vehicle Transport/Tanker Rollover	\$927,147
2	Alcohol Sales to Minors	\$749,000
4	Work Comp	\$677,300
2	Armed Robbery	\$350,000
1	Mis-delivery (propane)	\$225,000



2010 LARGE LOSSES

Federated Insurance 2010 Petroleum Marketers Large Loss Summary and Analysis
1/1/10-12/31/10

2	Drive-by Shooting	\$225,000
2	General Liability	\$200,000
1	Property	\$188,350
1	Fidelity/Surety	\$174,000
1	Products Liability	\$112,431

74	Total Losses	\$16,267,580
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2010 LARGE LOSSES

28 Losses
Non-Preventable / Not at Fault

\$5,565,496

46 Losses
Preventable / At Fault

\$10,702,084

What Part Did Drugs and/or Alcohol Play...

...on the 758 claims in the past six years that total more than \$226 million?

...on the millions of dollars of smaller claims since 2005?

The statistics are frightening!

- **7 percent** of workers have consumed alcohol at least once during the work day.
- **8 percent** of people in the United States have used drugs in the past month.
- **19 percent** of people killed on the job test positive for either alcohol or drugs or both.
- **72 percent** of drug users are employed.

Alcohol Impairment vs. Intoxication

- ◆ Median rate of decrease in BAC (blood alcohol content) is .015 per hour.

Source: www2.pitsdam.edu/handsondj/drivingissues/1127227453.html

- ◆ Average male reaches .08 after 3-4 standard drinks in one hour (2-3 drinks for women).
- ◆ A “typical” night out results in a BAC of .1 to .2 (approx. 10 or more standard drinks).
- ◆ Return to BAC of 0 will take more than 10 hours after the last drink.

Source: www2.pitsdam.edu/handsondj/drivingissues/1127227453.html

- ◆ Impairment will last 20-30 hours.

For Example...

Allowing for alcohol metabolic rate for an average male

1 a.m.	Drives home drunk	BAC .165
2 a.m.	Goes to bed	.150
3 a.m.	Sleeping	.135
4 a.m.	Bathroom	.120
5 a.m.	Restless	.105
7 a.m.	Alarm goes off	.075
8 a.m.	Drives to work impaired	.060
8:30 a.m.	Begins work impaired	.055
Noon		0.0
Afternoon hangover, impairment continues		

Where do substance abusers work?

ANYWHERE THEY CAN!

**Drug- &
Alcohol-Free
WORKPLACE**

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Drug and Alcohol Free Workplace

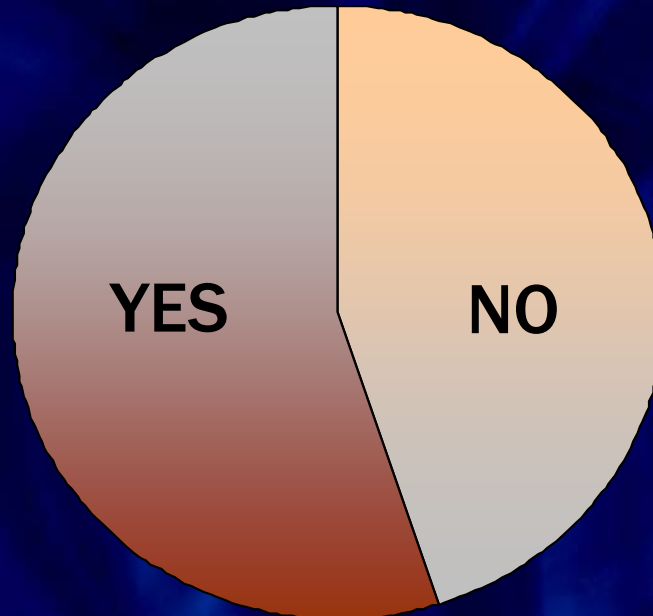
Drug and Alcohol Free Workplace

The Federation of Life Companies
121 East Park St. | Columbus, OH 43260 | 614.450.2200
www.federatedinsurance.com
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What businesses currently have drug- and alcohol-free workplace programs?

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Leading reasons for NOT having a program:

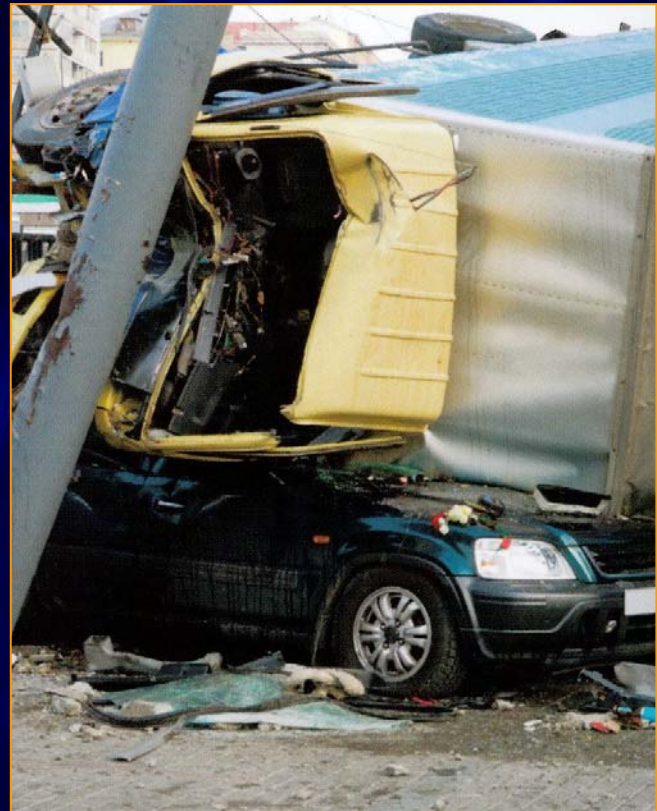
1. The perception that there is little or no value to having a program.
2. The perception that programs are too costly and time-consuming.

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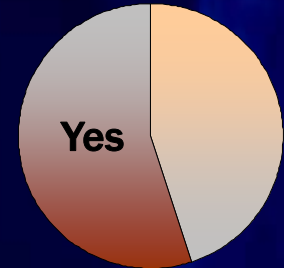
Leading reasons for having a program:

1. They learned from a bad experience and needed to take action.



Leading reasons for having a program:

FEDERATED CLIENTS



2. Someone recommended it
and it seemed to make sense...

“It is now a valuable part of my
employee screening process.”

- *Federated Client*

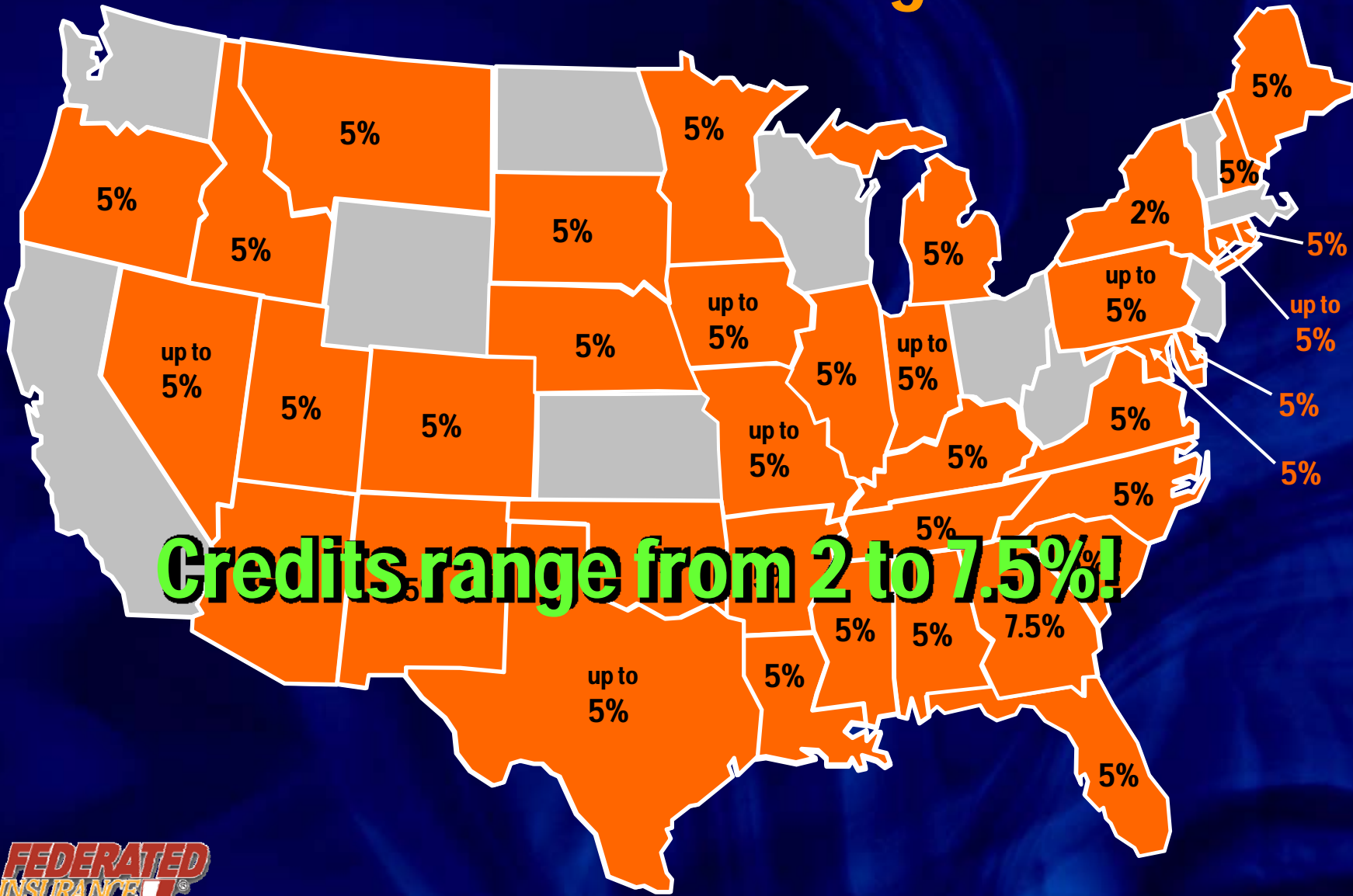
The value of a drug- and alcohol-free workplace ...

- Demonstrates that the well-being of employees is important to your business
- Attracts employees who are drug- and alcohol-free
- Encourages a clear thinking and professional workforce
- Helps prevent bad publicity being associated with your business
- Can lead to improved workers' compensation modifiers and lower insurance premiums due to fewer injuries

Why else have a drug- and alcohol-free workplace program?

IT SAVES \$

Drug-free Workplace Premium Credit Programs

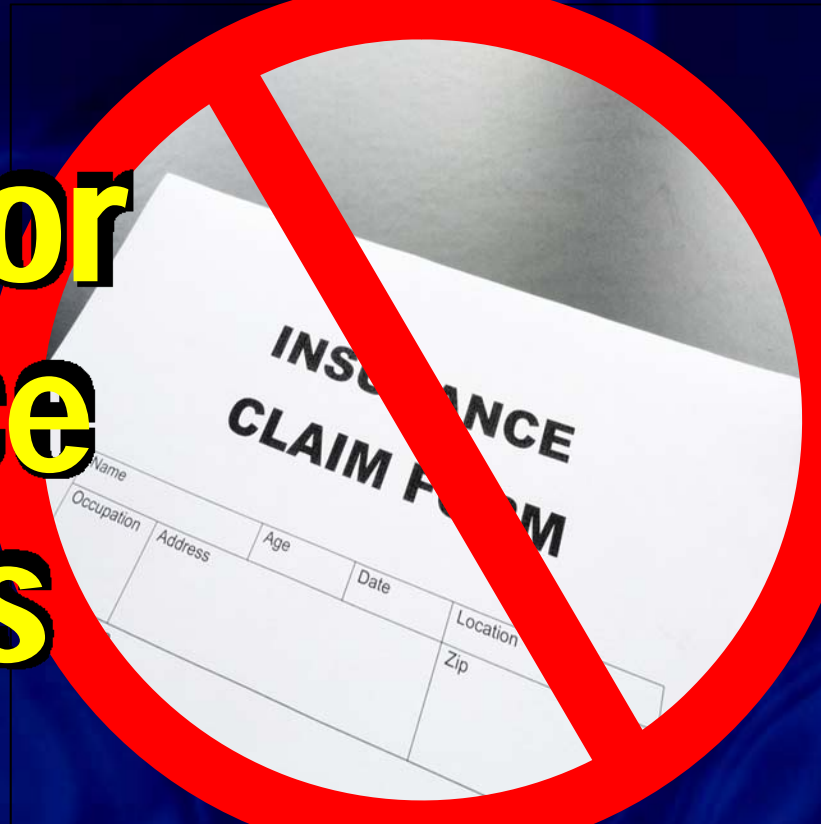


Credits range from 2 to 7.5%!



Why else have a drug- and alcohol-free workplace program?

**Avoid or
Reduce
Claims**



Why else have a drug- and alcohol-free workplace program?



**Impact on
Experience Mods**



**Impact on
Schedule Mods**

Sounds
good...

How do
I get started?



STEP 1 ... Develop Program Policy

These guidelines will help you create your written policy and be the cornerstone of your drug- and alcohol-free workplace program.

Drug and Alcohol Program Guidelines Policy Statement

THE COMPANY...

wants to provide each and every employee with a safe workplace. The use of drugs and alcohol in the workplace can lead to accidents and otherwise endanger our employees. Therefore, THE COMPANY is starting a drug and alcohol program directed toward eliminating the use of drugs and alcohol in the workplace and establishing testing for drug and alcohol use.

DRUG AND ALCOHOL USE:

Employees may not report to work under the influence of drugs or alcohol.

Employees may not consume drugs or alcohol during assigned work hours, including any and all break periods.

Prescription or over-the-counter drug use will be allowed if this use does not interfere with the employee's job duties and is medically necessary.

Any employees found to be in violation of this policy will be subject to disciplinary action, which may include termination.

EFFECTIVE DATE:

The effective date of this policy will be _____ . [Employers must give employees thirty (30) days notice prior to the implementation of a drug and alcohol testing policy or program.]

The advice of independent legal or other business advisors should be obtained in developing forms and procedures for your business. Since each business situation is unique, this sample document should be edited to meet your specialized circumstances and needs. This form should not be considered tax, legal, or accounting advice.

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At minimum, your policy should consider the following:

- ◆ Rationale
(e.g., laws, regulations, organizational goals)
- ◆ Expectations for compliance
(e.g., who, what, when, where)
- ◆ Options offered for assistance
(e.g., an EAP, community resources)
- ◆ Consequences for violating the policy
(e.g., discipline, referral for assistance, termination)

Written Policy Checklist:

- ◆ Did you check for applicable state and federal laws?
- ◆ Are unique considerations accounted for with union officials?
- ◆ Have you provided notification to employees 30 days before implementation?
- ◆ Has your program been reviewed by an attorney?
- ◆ Will you treat failure to take a drug or alcohol test the same as a positive result?
- ◆ Do you have a designated person to manage this program?
- ◆ Does that person understand the importance of confidentiality?

Develop Program Policy: NOTICE

Drug and Alcohol Program Guidelines

Notice of Drug and Alcohol Testing

Date: _____

To: _____

THE COMPANY has determined that there is a reasonable basis to ask you to submit to a drug and alcohol test. The reason(s) for this request are:

Please contact _____ (designated tester) at _____ AM/PM for this drug and alcohol test. You will be paid for the time required to participate in the drug and alcohol test.

A copy of THE COMPANY'S drug and alcohol testing policy is attached for your review. Please note, you will have the opportunity to state if you have taken any prescription or non-prescription medication prior to the drug and alcohol test. You will also be asked to sign a consent form at the time of the test.

Please contact THE COMPANY if you have any questions regarding the policy or testing procedures. Thank you for your cooperation.



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Develop Program Policy: CONSENT

Drug and Alcohol Program Guidelines Consent to Drug and Alcohol Testing

I have had the opportunity to read and ask questions about THE COMPANY drug and alcohol testing policy.

The reasons for this drug and alcohol test have been fully explained to me by THE COMPANY.

The consequences of not submitting to drug and alcohol testing have been explained to me by THE COMPANY.

I, _____, voluntarily consent to drug and alcohol testing conducted by _____ (Clinic)

Employee's Signature _____ Date _____



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Develop Program Policy: DISCIPLINE

Drug and Alcohol Program Guidelines Disciplinary Actions

Disciplinary Actions Based on Drug and Alcohol Testing

At THE COMPANY'S sole discretion, based upon the individual circumstances surrounding each drug and alcohol test, the following disciplinary actions may be taken:

- A. Termination
 1. If the employee's drug and alcohol use resulted in injury to the employee or others;
 2. If the employee's drug and alcohol use seriously endangered others in the workplace;
 3. If employee refuses to submit to drug and alcohol testing after causing or being involved with a workplace accident; or
 4. If the employee engages in the sale of alcohol or drugs on Company premises.
- B. Referral to rehabilitation
 1. Serious deterioration in work performance based upon drug or alcohol use;
 2. Absentee or tardiness problems based upon drug or alcohol use;
 3. Erratic or abnormal behavior at work based upon drug or alcohol use.
- C. Suspension
Dependent on individual circumstances.



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Step 2 ... Implementation

Educate Employees

Make your entire organization aware of the benefits of your drug- and alcohol-free workplace policy and program.

Educate all employees about the problems associated with the use and misuse of substances.

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Drug and Alcohol Free Workplace

Substance abusers are

33 percent

less productive in the workplace and 10 times more likely to miss work.

Don't let substance abuse make you the weak link. Keep drugs and alcohol out of the workplace.

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Drug and Alcohol Free Workplace

Substance abusers are

3.6 times

more likely to be involved in workplace accidents and 5 times more likely to injure themselves and others in the process.

Keep yourself and your co-workers safe. Keep drugs and alcohol out of the workplace.

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**NO
TOLERANCE**

**This is a drug and
alcohol free work place**



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Keep it visible with
POSTERS

F E D E R A T E D I N S U R A N C E



Drugs + Alcohol + Work

**Do Not
MIX!**



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Implementation (continued) ...

Train Supervisors

- ◆ Know the policy and program
- ◆ Be aware of legally sensitive areas
- ◆ Recognize potential problems
- ◆ Document in a systematic and fair manner
- ◆ Act in a confidential way
- ◆ Refer to appropriate services
- ◆ Reintegrate into the workplace
- ◆ Provide Reasonable Suspicion Training

Implementation (continued) ...

Employee Assistance Program

An EAP can enhance the work climate of an organization and promote the health and well-being of everyone involved.

NAADAC National Association for Alcoholism and Drug Abuse Counselors
www.naadac.org

EAP International Employee Assistance Professionals Association
www.eapassn.org

Implementation (continued) ...

Administer Drug and Alcohol Testing



- ◆ Pre-employment
- ◆ Random
- ◆ Post-accident or near accident



On-Site

- Quick tests
- Lab in a box

Off-Site

- Lab networks

Federated's Shield NetworkSM

EMPLOYEE TRAINING

- OSHA 10/30-Hour
- Streaming Video
- Video Rentals
- Computer-based Training

Partnered with
[Summit Training Source®](#)

EMPLOYEE SCREENING

- Criminal Background
- Sexual Offender
- SS Verification
- MVR Reports

Partnered with
[IntelliCorp](#)

DRUG & ALCOHOL TESTING

- Policies
- Laboratory Network
- Testing Kits
- Legal Review

Partnered with
[Alere®](#)
[First Advantage](#)
[Quest Diagnostics](#)

A one-stop resource, providing our clients
with a number of different services!





Annual National Convention & Convenience Store Expo
You Can't Judge a Book by its Cover: Substance Abuse in the Workplace
Presented by Mike Kerr, Sr. Vice President – Insurance Operations, Federated Insurance

(you do not need to be a current Federated client to request these complimentary resources)

Please Print Clearly

Contact Person _____
Business Name _____
Street Address _____
City, State ZIP _____
Phone _____
Email _____

I would like more information on the following:



Drug- and Alcohol-Free Workplace Program

Nick Mergen, Account Executive
Federated Insurance
Association Risk Management Services
Phone: 1-800-533-0472, Ext. 455-5992
Fax: 507-455-7840
Email: ngmergen@fedins.com



Drug- and Alcohol-free Programs

- ◆ There is a difference between workplace and DOT drug and alcohol programs
- ◆ Our resources can help implement either program

Are your insurance premiums too

High?

The key to cutting insurance costs is...

Controlling Losses

Upcoming
Petroleum/C-Store Marketers
Designated Risk
Manager Seminars
March 28-30, 2011
September 12-14, 2011
Owatonna, MN

Key Agenda Items:

- Petroleum Industry Losses
- Underwriting Your Business
- Industry Input Session
- Petroleum Marketers' Loss Keys

- MVRs /Drivers' Standards
- Tanker Rollovers
- Distracted Driving
- Hire, Screen, Retain
- Managing the Ultimate Risk
- Petroleum Marketer Claims Handling
- Employment-Related Practices Liability
- Risk Managing Your Workers Compensation
- Federated's Shield Network™

To send your risk manager to our Informative Designated Risk Manager Training Program, contact your local Federated Marketing Representative or Royetta Spurgeon at Federated 1-800-533-0472, ext. 455-5604.

"The Distracted Driving session gave a sobering view of the realities and dangers inherent in our industry. As a company, we need to be even more diligent than we are already."

"The Tanker Rollover session was most beneficial because we have had one rollover and don't want it to happen again."

"I have been researching companies for a better employment screening service than we currently have. Federated's resources are just what we need and it sounds very cost-effective!"

"Having a risk manager is of high importance to our company for the safety and operation of the business."

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questions



THANK YOU

This presentation is intended to provide general information and recommendations for risk prevention. This is not provided as a substitute for any regulatory requirements or standards that may apply. It should not be considered legal advice regarding your unique needs, nor a guarantee of specific results. Qualified counsel should be sought regarding questions specific to your circumstances.

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