

Artisan & Service Contractor's Guide to Loss Control



A guide to assist in reducing potential losses
to property and losses from business activities





Introduction

Here's why Loss Prevention is important.

Artisan and Service Contractors face daily challenges, such as competition, labor costs and government regulations, all while trying to keep qualified employees and satisfied customers. The last thing you need to worry about is those unexpected situations and losses that could have been prevented or reduced in severity.

Having an action plan for loss control can help your business lessen the possibility of unforeseen damages to your customer's property and losses to your business property.

Contact us:

If you are interested in learning more about our free loss control resources or would like to request free loss control services for your State Farm® insured business, please contact our Business Lines Loss Control unit toll free at **844-892-8286**, or email us at **ntex.comund-lossctrl.534o08@statefarm.com**.

We also have additional resources on our website at: **www.statefarm.com/small-business-solutions/insurance/loss-control**

We'll focus on the following areas:

Loss Prevention to Your Property or Your Customer's Property

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Theft Prevention

Theft is one of the greatest sources of crime losses for small businesses. There are steps you can take to reduce your vulnerability to crime at your business location, your business personal property (including tools), and from a vehicle. This section will help you identify potential theft crimes and measures you can take to prevent them.

Make your business uninviting to a burglar.

These suggestions are applicable for operations at a job site, a business location, or a business run from your home.

1. Burglars choose targets that are easily accessible, so it is important to protect your business by making it uninviting to a burglar and making it hard to gain entry.
 - a. Burglars like to work under the cover of darkness. Good lighting, both inside and out, is one of the most effective deterrents.
 - b. Eliminate hiding places around your building, including overgrown shrubbery, vehicles and trash dumpsters.
 - c. Doors with deadbolt locks, burglar bars and windows with burglar-resistance film will make it more difficult to gain entry.
 - d. If you have an area that houses company vehicles and/or equipment, secure the area with fencing and a lockable gate. If you do have security cameras, consider posting a sign alerting potential thieves that they are being monitored.
2. Additional measures can be taken to increase the likelihood the burglar will get caught if they do try to enter the business.
 - a. An effective alarm system, including security cameras, is one of the best ways to protect a business against burglary. Displaying alarm company signage can also discourage thieves.
 - b. Alarms can detect entry through doors, windows, and other surfaces inside and outside the building. Alarm monitoring is critical to alert authorities when the system detects a burglar. Some systems even allow remote monitoring by phone or computer.

Protect your tools & equipment while they are stored in your vehicle.

There are important steps you can take to reduce the likelihood of theft of business and/or personal property from your vehicle. These recommendations would also apply for vehicles that are housed at a home premises after hours.

Thieves choose targets that are easily accessible, so it is important to protect your items by making them uninviting to criminals.

- Thieves like to work under the cover of darkness. Park your vehicle in good lighting conditions.
- Keep your vehicle doors locked and windows rolled up.
- Remove valuables and/or tools and equipment when leaving the vehicle.
- If tools and/or equipment are unable to be removed from the vehicle, consider securing them in a locked toolbox that is mounted to the vehicle.
- Use or install theft deterrent systems, such as an audible vehicle alarm, steering wheel locks, remote vehicle disabling device and/or a GPS tracking subscription. Corresponding window signage of these devices may discourage a burglar from trying to gain entry into the vehicle.

An accurate inventory and proof of ownership at the time of a loss can make claim settlement easier and faster. The inventory will take time to compile, but the time and frustration it may save you later will more than make up for it. A good business personal property inventory includes a detailed list of your equipment and tools, including receipts, descriptions, and photos of your business contents.



Preventing Losses as a Result of Your Work

As an Artisan and Service Contractor, you have a responsibility to perform your work in a safe and responsible manner, especially for your customers and their property. Your contractor's policy may provide coverage for damage to your customer's property as the result of you and your employees' work activities**, including:

- **Business Liability** – Insurance to help protect you financially against costly claims and lawsuits.
- **Products - Completed Operations** – Provides coverage for bodily injury and property damage claims resulting after a construction or service project is complete.

**This is only a general description of coverages of the available types of insurance and is not a statement of contract. Details of coverage, limits, or services may not be available for all businesses and vary in some states. All coverages are subject to the terms, provisions, exclusions, and conditions in the policy itself and in any endorsements. Contact a State Farm Agent for more information.

In the event that a claim of this type occurs, it is important to determine what factors contributed to the loss. To help you, we have included a sample incident investigation form in the back of this booklet. **See page 10.**

If a property damage liability claim is covered, and your policy contains a Property Damage Liability Deductible (separate from your all-peril deductible), it is important to pay this in a timely manner to maintain compliance with your policy contract.

To help you prevent losses of this type, here are some simple steps you can take:

1. Train all employees to properly set up their work area at a customer's home or business.
2. Use appropriate materials to protect floors and other surfaces from equipment, tools and debris.
3. Heavy equipment should be supported by multiple workers to ensure items are not accidentally dropped.
4. Provide employees the correct tools for the job and make sure they are using them properly.
5. Photograph any prior damage before beginning work and document any conversations with customers.
6. A completed job inspection checklist can be used to formally review setup and completed work.
 - a. Checklists should be completed after each job to ensure that all work has been fully completed to the quality and safety expectations of both you and your customers.
 - b. Checklists can also serve as excellent "quality control" tools.

Maintain documentation consisting of your completed job inspection checklists. **A sample checklist is provided on page 9.**



Employee Safety

As an employer, you have the responsibility to provide a safe working environment. If an employee becomes injured at work, your business will suffer. Consider taking the necessary steps to prevent potential incidents in different scenarios.

Powered Hand Tools and Machinery

From minor cuts and abrasions to serious lacerations, exposure to machines and powered hand tools can be detrimental to life, health and productivity. Purchase machinery equipped with guarding or keep the guards on existing machines. Make sure employees are well trained to use them.

Your company must also:

- **Train employees** in the startup, operating and shutdown procedures to ensure that machinery is performing properly.
- **Inspect all mechanical equipment** for possible operating hazards before and after each use.
- **Mark any applicable age restrictions** that employees must adhere to.

Hazardous Materials

Chemicals and materials in the workplace can be hazardous and should have designated storage areas. Even if your business does not use materials that are classified as toxic, the possibility still exists for items that could irritate, burn or cause an allergic reaction or injuries.

Safety Data Sheets (SDS) for all chemicals should be on file. It is the responsibility of the supplier to provide these sheets.

Personal Protective Equipment (PPE)

When the workplace cannot be made safer by any other method, personal protective equipment is necessary. PPE creates a protective barrier between the employee and the hazard. Make sure employees who are required to wear PPE are properly fitted and trained. Adequate supply should also be on hand for all applicable employees.

Protective equipment examples are:

- Safety glasses or goggles
- Gloves
- Boots
- Earplugs
- Hard hats
- Respirators

Ladder Safety

Ladder accidents can be prevented by taking several practical steps:

- Select and use the correct ladder type for the job. Pay attention to weight and height limits.
- Inspect ladders carefully before use to ensure all parts are in sound condition.
- Follow ladder safety rules and regulations when using a ladder.
- Place ladders on stable, secure ground before climbing.
- Have a co-worker steady the ladder if available.
- Use sturdy shoes with nonskid soles.

Emergency Basics

Sometimes, in spite of these efforts, employees may sustain an injury that requires immediate attention. Following are some guidelines to minimize reaction time during an accident.

- Have an adequately supplied first-aid kit available.
- Maintain an easily accessible emergency eyewash station.
- Keep a list of emergency numbers (e.g., local fire and police departments and Poison Control).
- Have someone on staff who knows how to perform CPR.



Safe Lifting and Back Safety

Back injuries can impact employees of any age and physical ability. Many jobs require an employee to lift and/or move objects, including materials, stock and machinery. It is important to use proper lifting techniques to protect the back.

Train and encourage employees to follow these lifting techniques:

1. Position your feet in a stance that gives a wide base of support.
2. Bend at the knees to a squatting position. Don't bend from the waist because this puts the back in a vulnerable position.
3. Keep the distance between you and the load at a minimum.
4. Avoid any twisting or jerking motions and lifting overhead.
5. Lift only what you are capable of handling.
6. Take your time. Lift, reach and carry carefully.
7. Ask for help if it feels like or even appears to be more than a one-person job.

Some employers establish specific rules of lifting in the workplace, including an item weight limit for an individual to move by themselves.

Preventing Slips, Trips, and Falls

To reduce the chance of injuries due to slips, trips, and falls at your business location as well as a job site, consider these suggestions:

- Conduct detailed inspections of the work area on a regular basis.
- Maintain adequate lighting.
- Promptly secure and clean up spills.
- Repair torn, loose or missing flooring.
- Repair broken, raised, tilted or cracked sidewalk sections.
- Ensure all steps on stairways are not deteriorated and/or loose to prevent slips.
- Keep walkways clear of tripping hazards, such as extension cords, boxes and supplies.

- Develop and enforce housekeeping rules and schedules.
- Provide periodic safety training to help employees recognize and address potential hazards.
- Identify and correct hazards immediately.
- Document inspections and corrective actions taken in order to have records of your due diligence.
- Post warning signs to alert employees, customers and guests of the hazard during cleanup or while repairs are made.

Adverse Weather Conditions

When employees are subjected to work in adverse weather conditions, such as extreme hot or extreme cold, it can be uncomfortable and dangerous. Consider these precautions:

Heat – Whether indoors or outside, weather conditions can be a major concern in the workplace. When exposed to excessive heat conditions, employees can experience heat-induced ailments, such as heat stroke, heat exhaustion and heat cramps.

Preventive measures include:

- Medical screening
- Gradual acclimatization
- Incorporate a work/rest routine
- Cooled personal protection equipment
- Continual monitoring of employees
- Drink plenty of water or sufficient amounts of fluid that contain electrolytes, potassium, salt and sugar. Limit coffee, soda and energy drinks.

Frostbite – This cold stress disorder starts out as a burning sensation in the extremities of the body. The parts most likely to be affected are the fingers and toes, nose, cheeks and ears. Some of the signs to watch for are blistering, discoloration of the affected area and a hindered response to touch. A health care provider should be notified at once if these signs appear.



Key Components of a Loss Control Program

You need a company safety and loss control program. We're here to help.

This outline is designed to help you reduce insurance and operating costs by helping you detect and correct conditions that may cause losses. Actions that help reduce loss costs also will help reduce the indirect "hidden" costs, such as the cost of temporary labor or production downtime that may be several times greater than the direct costs.

There are four key elements to set up the foundation of a successful safety and loss control program.

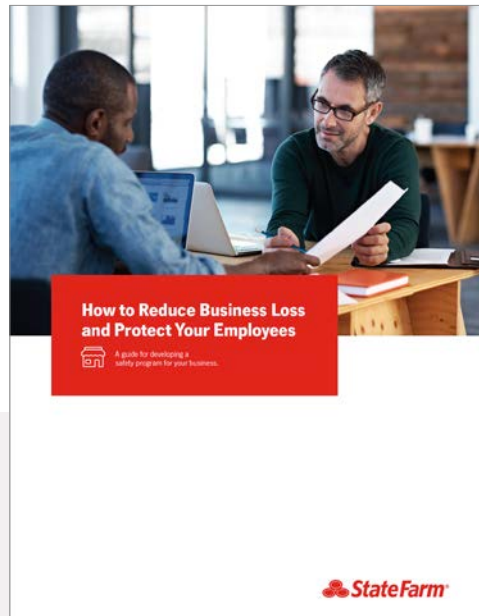
- 1. Get management support and involvement.**
The manager or owner must define the responsibilities of supervisors and other employees. Everyone involved must understand their role and expectations as part of the program and should be held accountable.
- 2. The loss control program must support the overall objectives of productivity, quality and profit.** It should not be limited to personal injuries, but also address any potential sources of loss, waste, damage or inefficiency.
- 3. Every level of the workforce should be involved in the effort.** The program must fit smoothly into daily operations as a natural extension of usual employee responsibilities.
- 4. All elements of the program should be reviewed periodically.** It is important to evaluate if the objectives are being met or if the program needs adjustments to reflect current goals and objectives.

If you would like additional information on developing a formal loss control program for your business, including our **How to Reduce Business Loss and Protect Your Employees** guide, visit our Loss Control page on statefarm.com[®], or call us at **844-892-8286**.

Key Components of a Loss Control Program

- General Company Loss Control Policy Statement and Management Responsibilities
- Selecting a Program Coordinator
- Establishing a Safety Committee
- Employee Selection
- Employee Training
- Healthcare and Self-Inspections
- Incident Investigation

A sample Loss Control Program outline for Contractors is provided on page 8.





Business Auto Safety

Whether your business has an entire fleet of vehicles or you have an employee who occasionally uses their own car for work, proper management can help cut down on losses and keep your employees safer. Here are some recommendations:

- **Establish written policies** outlining company procedures for accident response, emergency equipment use and vehicle inspections prior to and during use. The policy should outline expectations and hold employees accountable to the written policy.
- **Create a written safety policy** to set expectations for proper use of the vehicles by employees. Employees should be held accountable to all policies. Safety policies may address, but not be limited to, topics such as:
 - Compliance with local, state and federal laws and regulations
 - Seat belts and other safety equipment
 - Appropriate use of electronic devices, including cell phones, laptops/tablets, GPS devices, two-way radios, etc.
 - Minimizing driver distractions
 - Proper cargo and equipment handling
 - Impaired driving, including substance abuse
 - Use of the vehicle for personal purposes
- **Create a driver agreement** signed by each employee with driving responsibilities to ensure understanding of the safety policy. A copy of the signed, dated agreement should be kept in the employee's file.
- **Conduct safety meetings** on a regular schedule to review topics in the safety policy as well as other safety and driver training issues.
- **Implement an extra review** for current employees and prospective employees who operate their own vehicle or a company vehicle for work. This should include obtaining motor vehicle records, conducting drug testing or requiring additional training as needed.
- **Perform regular maintenance** to make sure that vehicles are safe and roadworthy. Records should be reviewed by management to ensure maintenance is not missed.



If you would like additional information on developing an auto-specific loss control program for your business, including our **Reducing Losses for Your Business Vehicles and Fleet** guide, visit our Loss Control page on statefarm.com, or call us at **844-892-8286**.





Sample Loss Control Program Outline

Administration

- Assign responsibilities to key leadership and/or employees for safety and training.
- Conduct background checks and references on all new employees, especially those in a trade.
- Train all employees on the proper way to set up their work area at a customer's home or business.
- Provide employees with the correct tools for the job and train them on how to properly utilize safety principles.

Beginning of Day Activities

- Stand-up meetings to distribute work orders
- Reiteration of safety rules and checklist requirements

Job Site Activities

- Use appropriate materials to protect floors and other surfaces from equipment, tools and debris.
- Heavy equipment should be supported by multiple workers to ensure items are not accidentally dropped.
- Photograph any prior damage before beginning work and document any conversations with customers.
- A completed job inspection checklist should be utilized to formally review setup and completed work.
- Checklists should be completed after each job to ensure that all work has been fully completed to the quality and safety expectations of both the company and customers.

Continuing Education and Quality Control

- All trade employees should complete their required continuing education for licensing (if applicable).
- Workplace safety meeting topics discussed in weekly or monthly employee meetings.
- Job site checklists should serve as a quality control tool.
- Additional training should be provided as needed, depending on the job hazards and/or working conditions.

Incident Investigation, Recordkeeping and Program Adjustments

- Documentation of all employee safety training and completed job inspection checklists should be maintained.
- All incidents, including damage to customer property, should be investigated to determine root cause.
- Adjustments to training, inspection checklists and other work processes as a result of incident investigation outcomes should be made.



Sample Job Completion Checklist

Each contractor trade and/or job type will require a different checklist, based on the type of work being performed. Below are a few examples of some of the items that may be included in a job completion checklist. This list is not an all-inclusive checklist. You should develop a checklist based on your specific trade and business practices. Photograph any prior damage before beginning work and document any conversations with customers.

Gas Work:

- Check all fittings/connections for leaks and ensure they're completed according to local and national building codes.
- Test gas pressure to ensure no leaks.
- Clean work area upon completion.

Plumbing Work:

- Check all fittings/connections for leaks and ensure they're completed according to local and national building codes.
- Clean work area upon completion.

Electrical Work:

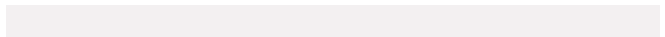
- Electrical connections are proper and completed according to local and national building codes.
- Breakers are turned back on.
- Clean work area upon completion.

Appliance Installation Work:

- Check all fittings/connections for leaks.
- Appliance tested and operating correctly.
- Owner provided appliance manuals, warranties, and an overview of operating procedures.
- Clean work area upon completion.

Job Assignment/Location: _____ Date Completed: _____

Employee: _____ Received by: _____





Sample Incident Investigation Report

Company name: _____

Location: _____

Date of report: _____

Name of person completing report:

Describe where the incident occurred
(e.g., Inside the entryway to building #4):

Who was injured (name, address and phone number)?
Taken to the emergency room or hospital?

Date and time incident occurred:

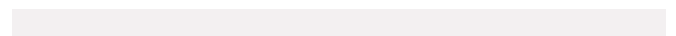
Weather conditions (if occurred outdoors):

Injured person's statement of what happened:

Manager's/Supervisor's statement of what was reported to them:

Witness description:

Witnesses to the incident. Include employees and any other
tenant or customer's names and phone numbers:





Incident Analysis

What conditions contributed most directly to this incident? _____

What are the root or fundamental causes of the incident? _____

Was the incident a result of violation of established safety policies? Yes No

If yes, explain: _____

Are changes necessary in the operations or procedures to prevent this type of incident in the future? Yes No

Recommended Corrective Actions

Describe recommendations for corrective action(s): _____

Schedule or date for the completion of corrective action(s): _____

Primary Investigator's Signature

Name (*print*)

Date



Other Important Information

In addition to the Loss Control concepts and tools provided in this booklet, the Artisan and Service Contractor policy also contains an important process that may require your participation each time your policy renews. Below is a description to help you better understand how your premium is determined and the important role you have in the audit process. If you have additional questions about this topic, please contact your State Farm Agent.

How Premium is Determined

Typically, the policy's general liability portion of the premium is based on an estimate of the scope of operations and the associated operation payroll.

At the end of the policy period, an audit is performed to determine the actual payroll and scope of operations. From this information, the final premium is calculated.

The Audit Process

A review of financial records, such as payroll logs, general ledgers and tax returns, may be required. This information may be requested by a premium auditor on the insurer's behalf. The accounting records should reflect each employee and type of work performed. A complete description of the business operations will confirm the classifications for the policy.

The payroll will be allocated by class codes and the appropriate credits, debits or discounts will be applied. From these details, the final premium will be determined and a Premium Adjustment Statement provided.

For additional details, see:

<https://www.statefarm.com/small-business-solutions/insurance/premium-audit>

The information was obtained from various sources. We believe it to be reliable and accurate; however, we do not warrant the accuracy or reliability of the information contained herein. We do not endorse, recommend, or guarantee any products. The information is not intended to replace any manuals or other instructions previously provided by the manufacturer. Further, State Farm makes no guarantees of results from the use of information contained herein. The information contained herein does not affect any policy contract. We assume no liability in connection with either the information contained in this material or the loss control suggestions made. Moreover, we caution that not every acceptable loss control procedure is contained in this material. When appropriate, you should consult a licensed qualified professional to perform various loss control measures.

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