
Best Practices in Environmental Health and Safety Programs

A White Paper for Dealerships

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KPA

EHS Partnership with KPA Can Yield Large Financial and Human Rewards to Dealers

Benefits of an Environmental Health and Safety Program

- Improved employee and customer safety
- Improved quality of service
- Improved employee productivity
- Reduction in Workers' Compensation costs
- Reduction in site liability insurance costs
- Reduction in damage to property on premises
- Improved defense against lawsuits

About KPA

With more than 3,000 customers in 41 states, KPA (formerly Kip Prah Associates) is the largest provider of environmental health and safety compliance services to automotive, RV, and other vehicle dealerships in the U.S.

The key to our 21 years of success is hands-on attention. KPA's field specialists come to each client's location to provide onsite training and support.



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A dealership lot can be a dangerous place. Customers wander in and around vehicles that are frequently moved in tight spaces, and busy service stalls are stocked with hazardous materials.

Dealerships are also heavily regulated for safety and environmental compliance. In addition to EPA and OSHA, they are accountable to local and regional fire departments, water districts, and state agencies. It's no wonder that many dealerships view safety programs as a burden.

KPA views its role as not only reducing the safety burden and the potential for accidents, but also saving its customers money.

Vane Clayton, CEO of KPA, states: "Many dealerships bring us in because EHS is a government mandate, and because they genuinely want to provide a safer environment for their employees."

Cut insurance costs 10% to 50% (see page 2)

"However, what they find is that KPA's safety and compliance programs can provide a huge expense control. We have had customers reduce their insurance premiums by 10% to as much as 50%, from \$5,000 a year to over \$500,000 a year.

"Workers' Compensation Insurance, garage auto liability insurance, and lot damage can all be reduced through a KPA/dealer partnership."

Reduced business risks (see page 3)

Lawsuits, and threats of lawsuits, are a fact of life for most dealerships. KPA is a valuable partner in both reducing the risk of lawsuits through regular safety inspections and other KPA services, and also in providing evidence that the dealership is committed to a professional safety management program.

Programs and Processes (see page 4)

KPA, the largest EHS consulting firm dedicated exclusively to dealerships, is your ideal partner in establishing and maintaining your EHS programs.

Through a combination of regular services that KPA delivers, and programs that we teach you to manage for yourself, the result is that improved safety can pay big financial and human dividends for your dealership.

Financial Rewards

Safety pays. There is no better proof than the large reduction in Workers' Compensation premiums, in garage auto liability premiums, and in reduced damages on the dealership lots obtained by KPA clients through implementing programs. One large dealership reduced its W/C premium by over \$190,000 a year, and smaller organizations have saved 10% or more of their insurance costs through a systematic loss reduction program.

Three major categories of financial payouts can be reduced through a focused effort between the dealership and KPA:

1. Workers' Compensation
2. Garage auto liability insurance
3. Out-of-pocket lot damage

Workers' Compensation Insurance

Reducing W/C insurance costs is directly tied to reducing the payouts by the insurance company on behalf of the dealership. Such payouts include payments to injured employees and their medical costs and legal fees. As payouts are reduced, the loss ratio drops (loss ratio is the percentage of payouts made to premiums paid). Often clients with a loss ratio under 50% can apply to their insurance carriers for rebates on premiums paid and can press for reduced premiums the following year. Most carriers consider the past three years' loss ratio in establishing rates.

Garage Auto Liability Insurance

Rates for a dealership's garage auto liability policy, which insures people, vehicles and property, tend to rise steadily as companies grow. However, such increases can be stopped, or even reversed, with a comprehensive safety program that has been embedded into the company operation and culture. Recently, a KPA client was able to demonstrate to the carrier not only the drop in payouts, but also the effectiveness of a dealership's safety program and its impact on loss prevention. The result was a partial refund for the past year's premium in addition to a lower premium for the following year.

Lot Damage

Damage to inventory – vehicles for sale on the lot – and to customer property is a significant expense for most dealerships. Working with KPA, a dealership can develop a program to reduce lot damage, including discussion of each incident in the regular safety meetings and the use of KPA's safe driving video for employee education. One client's result was a 20% drop in damages in 12 months and a big drop in its premium the following year.

While Workers' Compensation programs have many elements that are state-specific, KPA provides many programs of general value to support W/C loss reduction. Some of these are:

- Regular field engineer-conducted training classes for employees. The engineers also document meeting attendance and notes; such education and the accountability of documentation is the cornerstone of safety awareness.
- Self-administered training modules.
- Regular inspections to identify potential hazards for people and property, with recommendations for any required correction and process modification.

Functional Area	Measurement	Potential Results	Comment
Workers' Compensation Insurance	Annual Premium	\$10,000 to \$200,000 reduction	Premium reduction continues year after year when safety practices are embedded within a company.
	Annual Paid Losses	\$15,000 to \$250,000 reduction	As claims reduce in number and severity, insurance payouts drop.
	Loss Ratio	Well under 50%	A loss ratio under 50% may result in both a refund and a premium reduction when a sustained program can be demonstrated.
Garage Auto Liability Insurance	Annual Premium	\$5,000 to \$50,000 reduction	May also receive more coverage, higher loss limits, and guaranteed rates.
Lot Damage	Cash Paid Out	\$10,000 to \$100,000 reduction	As damage decreases, dealership out-of-pocket costs also decrease.

Risk Avoidance

Meeting Regulatory Compliance Requirements and Minimizing Legal Risk

Nowhere is process and documentation more important than in the areas of governmental compliance and litigation.

OSHA Fines

Unannounced OSHA inspections often yield safety violations in even the most conscientious dealerships. The final result of those violations – in violation severity ranking and in the amount of the fine – is often highly negotiable and depends on the dealership’s ability to demonstrate that the violation is an exception. When a violation is alleged, KPA safety advisors work with the client to develop the defense strategy and will accompany company officials to meet with OSHA representatives. By demonstrating the existence of a continuous safety program, severities and fine amounts are frequently reduced.

Visitor Lawsuits and Workers' Compensation Lawsuits

Likewise, the company’s ability to demonstrate a rigorous safety program has discouraged potential litigants from filing claims. When lawyers contact the dealership about alleged incidents, they realize the company is not an “easy target” and can mount a strong defense based on its safety record and safety program. The dealership can also document that employees have been trained in safety procedures, and if an accident occurred through the employee not following an established procedure in which he was trained the dealership is in a stronger defense position.

Environmental Compliance

Regulation on environmental compliance is highly complex and frequently changing; KPA field engineers are experts in the requirements of the many agencies with which a dealership has to work. KPA engineers will fill out required forms and perform inspections, advising dealerships of risks before they turn into violations.

Functional Area	Measurement	Potential Results	Comment
OSHA	Violation Severity	Downgrade from initial violation ranking	Fine severity can often be negotiated down with demonstration of a strong safety program.
	Fines amount	Reduction from initial high fine	Potential serious violation and fine downgraded with demonstration of comprehensive compliance program.
Visitor lawsuits	Judgments paid	\$0 lost	KPA programs and documentation provide powerful deposition and courtroom evidence of the dealership’s commitment to a safe environment.
	Potential lawsuits	0 lawsuits files	Where a dealership can present documented evidence of a strong safety program, and an ongoing relationship with an EHS consulting service, potential hurt-on-premises lawsuits may never be filed.
Workers’ compensation lawsuits	Lawsuit amounts versus original requests	\$10,000s to \$100,000s in reduced awards	An EHS program results in a safer environment with fewer and less serious accidents, and demonstrates company commitment to safety. KPA documentation may identify individual action counter to company training.
Environmental compliance	Violations found	0 violations	KPA engineers have deep expertise in environmental compliance and are continually updated on changes in the law.

KPA Environmental Health and Safety Programs

Ongoing safety training by KPA field engineers

- Quarterly safety and environmental inspections
- Quarterly safety committee meetings, with documented minutes by KPA
- Quarterly safety training topics, with documented attendee lists
- Annual HazMat training

Compliance documentation

- Preparation of annual business plan for environmental compliance, as required by the State of California
- Preparation or support for other compliance documentation, such as for local fire departments, water and air quality districts, and state and federal agencies

Material Safety Data Sheets

- Fulltime KPA MSDS specialist maintains an MSDS online database with more than 43,000 items that are updated daily
- MSDS database customized for each client
- Onsite hardcopy MSDS binder for quick access
- Online and CD access to MSDS for 24x7 access

On call services

- Rapid consultation available for ad hoc safety issues
- Rapid telephone and onsite support for safety and environmental compliance inspections
- On call during business hours for emergency consultation on safety incidents and compliance issues, such as unannounced inspections

Programs and Processes

Continuous improvement is the mark of a best-in-class organization.

How does this happen? It's the result of many things, including:

- A culture of safety that starts at the top and is supported throughout the entire organization.
- Continuous education of employees and managers.
- Forms to capture, measure, and provide accountability for safety training incidents.
- A process orientation, with training and documentation to support a consistent approach.
- A system of rewards, both financial and social, to reinforce the values of teamwork, customer satisfaction, and safety.
- A willingness to invest some money in rewarding employees for meeting company goals.
- A measurement-oriented approach for processes and behaviors.
- Use of skilled and impartial outside advisors, like KPA, for EHS consulting services.

Safety Bingo – A Fun Way for Employees to Be Aware of Safety on a Daily Basis

KPA always suggests that dealerships put in place a fun employee involvement program with a reward to reinforce the importance of safety.

One such program is Safety Bingo. While the program is tailored to each dealership, in general it works like this:

For every day that the entire facility, or group of facilities, goes without an injury requiring missing a full day of work, the company contributes an amount of money into a bingo jackpot. The jackpot usually has a minimum, perhaps \$100 or \$250, and also a ceiling.

Bingo cards are distributed to each employee, and every day a number is drawn until there is a winner. The pot only drops when there is an overnight injury, creating an incentive for employees not only to be careful themselves, but also to keep their eyes open for potential hazards to other employees.

Bingo cards may be “pulled” from employees for the duration of a game if they are observed working in an unsafe manner.

Details of running Safety Bingo and other employee safety games are available from your KPA field engineer. You may find it's your ticket to hitting the “safety jackpot.”