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# Risk Monitor WINTER 2011

A NEWSLETTER FOR CLIENTS AND FRIENDS OF BANCORPSOUTH INSURANCE SERVICES, INC.

## Substance Abuse Costs Employers Billions

Substance abuse problems among employees cost businesses billions of dollars each year. According to the 2008 National Survey on Drug Use and Health, in that year, 73% of the nation's adults with alcohol or drug dependence were employed either full or part-time. This amounts to nearly 13 million Americans that may be working under the influence. Put another way, this data from the U.S. Substance Abuse and Mental Health Services Administration means that 8% of full-time employed adults and 10.2% of part-time employed adults are substance abusers.

For the majority of substance abusers, their problem lies with alcohol. The same study reveals that slightly more than half of Americans aged 12 or older reported being current drinkers of alcohol (51.6%). This translates to an estimated 129 million people, which was similar to the 2007 estimate of 126.8 million people (51.1%).

According to information published by Ensuring Solutions to Alcohol Problems, a part of the George Washington University Medical Center, alcohol abuse costs American businesses \$134 billion in productivity losses annually, and the health care costs for these employees are about twice as high as for those without an alcohol abuse problem. Employees who are heavy drinkers use twice as much sick time as other employees, spend four times as many days in the hospital than the national average, and have higher rates of job turnover.

Light and moderate alcohol users, who are greater in number than heavy drinkers or alcoholics, account for 60% of alcohol-related absenteeism, tardiness, and poor work quality. The problems of alcohol abusers go beyond the addicted individual: about 20% of employees say they have been injured by, have covered for, or have had to work harder because of other employees' drinking.

The above data shows that alcohol and other substance abuse takes a toll on workplace productivity, and contributes to higher medical costs both for treatment of the addiction and for substance-related medical issues. Employee substance abuse problems can also result in an increased occurrence of workplace accidents and higher disability and workers' compensation costs. It is clearly in an employer's best interests to seek ways to minimize the impact of employees' substance abuse on the workplace.

Experts in the field stress the importance of workplace practices that educate employees about the health hazards of substance addiction and encourage employees to seek early treatment of any problems. While stressing the importance of a drug-free workplace, policies that rely primarily on discipline can result in addicted employees hiding their problems out of fear of losing their jobs and in co-workers enabling such behavior in a spirit of friendship. In that kind of environment, an addicted employee

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“ **On the other hand, employees will be more likely to come forward and get the help they need if they believe that by doing so they will receive help, not punishment.** ”



**BancorpSouth**  
Insurance Services, Inc.

To locate an office near you, please visit us online at [www.bxsi.com](http://www.bxsi.com) or contact us at [info@bxsi.com](mailto:info@bxsi.com).

## Welcome to the BancorpSouth Insurance Newsletter!

In this issue and in coming months, we will discuss pertinent risk management topics which may impact your organization. We hope that you'll find this newsletter informative and timely. Please do not hesitate to contact us at [info@bxsi.com](mailto:info@bxsi.com) with any questions or comments.

# Making Connections and Growing Your Business with LinkedIn

If you are not taking full advantage of LinkedIn to make connections and market your business, you are truly missing out on a great opportunity. For those of you who are not familiar with LinkedIn, it is the social media equivalent of Facebook for the business world and is a great tool for professional networking.



To get started on LinkedIn, you will need to create a profile. Using the email address you provide, LinkedIn helps you find connections right away by matching your email contacts with LinkedIn's member database. The best way to get started networking through LinkedIn is to start building up your connections by adding people you know first. LinkedIn also has a number of other tools and options to allow you to search for connections. Making connections with those you know is important on LinkedIn because many people often turn to LinkedIn to make contacts as they search for services, business deals, employees, and a number of other needs. You are also branding yourself a professional with your profile in a convenient place where people are searching to make business connections.

Once you have completed your profile, you can also create a profile for your company. This will allow you to showcase your company information along with the products or services that you provide. What is nice about the company page is the ability to add not just your company website, but any other website you have for each respective product and service you provide. Adding a company page will not only help you within the LinkedIn network, it will help you beyond the network, as LinkedIn ranks very high in search engine search results. This can help you in two ways. First, if someone is trying to find your company, chances are your LinkedIn company profile will appear on the first page of search results. It may also benefit your own website search engine result ranking because you are now listed on and linked to a reputable, high-ranking site, which search engine algorithms pick up and use to add points to your website ranking.

Another popular place on LinkedIn is the tens of thousands of professional groups on the site. Most of these groups revolve around a discussion forum. LinkedIn often recommends groups as you browse the site, based on your job title or industry information in your profile. You can also search for groups by going to the group tab and searching for relevant professional groups in your industry or an industry you work with. By initiating or participating in a discussion, you can build your reputation, most especially if your discussion draws a lot of interest and you demonstrate a certain expertise. People often make contact with you from these discussions, which may result in a key contract or a potential client. You can also create your own group; however, you will need to invest time into inviting people and building the group.

For those who don't have a lot of time to invest, yet want to promote their business, LinkedIn has a similar program to Google AdWords called "LinkedIn Ads." This is a pay-per-click (PPC) or "impression" based advertising structure that is very simple to set up. You can add a headline and two additional lines about your product or service. LinkedIn allows you to specifically target your ads towards the audience you want to reach, so the ad will only appear on those types of profiles you identify. The system allows you to choose by industry, position, age group, region, and a few other criteria. You can drill down and pay for ads only viewed and potentially clicked by your specific target audience, thereby saving money on advertising and getting a higher return on your advertising investment.

LinkedIn has a lot to offer, and without a presence on this system you are left out of a huge network where a significant amount of business takes place. In addition, your key clients may be on LinkedIn, and keeping your name in front of them is important in maintaining a relationship and a presence with those clients. To begin using LinkedIn, go to [www.linkedin.com](http://www.linkedin.com) and walk through the steps to get your profile up within minutes.

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may resist seeking any available help, such as obtaining treatment under the medical plan or taking a leave to enroll in a treatment program, until a crisis occurs.

On the other hand, employees will be more likely to come forward and get the help they need if they believe that by doing so they will receive help, not punishment. The same is true of co-workers, who can be an invaluable resource in encouraging addicted employees to seek help and to stay on track once treatment has begun.

Since most medical insurance plans include at least some substance abuse benefits, workplace communications about a business's policies on alcohol/drug use should include this information. Employees are more likely to seek help if they feel it is within their reach, and they may not realize that this benefit is available to them. Employee Assistance Programs (EAPs) also can offer screenings, counseling, and treatment referrals for employees with substance problems; depending on the EAP, it also may have worksite awareness and supervisor training programs.

Communication to employees about available benefits should stress confidentiality. This, along with a supportive (rather than punitive) environment, increases the likelihood that employees will seek the help that they need.

With many dollars in lost productivity at stake, the reasons for businesses to promote substance abuse awareness are compelling. And, because work is such an important part of most people's lives, the workplace can be an effective place for substance abuse intervention to begin.



# Four Common Mistakes Employers Make Regarding Workers' Compensation

“Employers need to constantly look at workers' compensation as a tool to improve their business's bottom line, and they certainly need to make an effort to keep their rates low over the long-term so that they can take advantage of some significant savings”

Most employers look at workers' compensation as just another necessary evil and unavoidable cost of doing business. It's usually one of those out of sight, out of mind things when rates are low. It's not until an employer is hit with a rate hike that they really start to give some thought to their workers' compensation rates.

Employers need to constantly look at workers' compensation as a tool to improve their business's bottom line, and they certainly need to make an effort to keep their rates low over the long-term so that they can take advantage of some significant savings.

Here are four common mistakes made by employers that frequently deter their workers' compensation savings:

## 1. Assuming that lower rates equate to lower costs.

Don't make the faulty assumption that your cost will automatically go down just because your rates have been reduced. Workers' compensation insurers use an experience modification factor to examine the actual losses incurred by the insured company and establish cost. The actual losses are compared to other companies in the same industry. If the insured company's past losses are

below average, then the insurer gives the company a credit rating lowering their premium, but an added surcharge is applied to the premium if the insured company's past losses are above average.

## 2. Believing that employers have little control when it comes to the expense of workers' compensation.

Employers know they've got to have workers' compensation insurance. Cost reduction starts at the hiring process. Initiate effective interview techniques and background checks to help ensure the right people are hired for the right jobs. That said, there's no way to completely eliminate the possibility of injuries in a workplace. Therefore, it's equally important to have an effective return-to-work program in place to simultaneously assist injured workers return to work as soon as possible and reduce the cost of their claims.

## 3. Neglecting or de-emphasizing cost containment and injury management during low rate periods.

Safety should be an unyielding focus at all times. This will not only help a



company reduce their claim numbers, but also keep their rates low over the long-term. Employers need to keep an eye on the issues that frequently impact the costs of claims, such as

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acts will have consequences. Supervisors should clearly communicate how the program works and how employees' progress will be measured. An ambiguous program is an ineffective one. To maintain incentive and keep the momentum, your employees should be continually reminded about the program and updated about how they are doing.

Remember, if your company's safety incentive program is conducted thoughtfully and thoroughly, it will not only help reduce costly accidents and injuries, but also help boost the morale within your organization.


medical care costs and lost wages. Also, remember that open claims mean escalating costs and negative impacts to the company's modification factor. Of course, this causes an increased cost for coverage.

## 4. Not making the association between cost containment and worker retention.

Studies have shown that fewer accidents occur among skilled workforces, but even skilled workers can have an accident. A large part of whether or not an injured skilled employee returns to work is based on how their employer responds to them during and after recovery. An important part of an employer's response is having a return-to-work program in place that includes maintaining constant contact with all injured workers and their health care providers to monitor how they're recovering and when and how they can get back to work as soon as possible. Skilled employees that are kept in the loop with periodic phone calls about what workplace changes are occurring in their absence are more likely to return. On the other hand, skilled employees that feel forgotten, undervalued, and disconnected aren't very likely to return.

# How to Create and Implement an Effective Safety Incentive Plan

Many companies are implementing safety incentive programs, hoping that by rewarding employees for good safety records, they will cultivate a safer work environment and reduce costly worker's compensation claims. Some employers are concerned, however, that safety incentive programs can actually lead to a more dangerous work environment where injuries are under-reported in pursuit of rewards. To make sure a safety incentive program is a positive addition to your company's safety program, several factors should be considered.



**1. Incentive Programs Are Just the Icing, Not the Cake** - Most importantly, incentive programs should be just an added layer

to your already strong and comprehensive safety program. Employees cannot improve their performance if they do not have the appropriate safety training needed to recognize and mitigate hazards. The bottom line is that safety incentive programs will not reduce injury rates and should not be implemented if you do not already have an effective safety program in place.

**2. Support Safety from the Top Down** - To demonstrate the importance of the program to employees, upper management should be committed and involved throughout the process. Management should communicate frequently to their employees about the program and take an active role in distributing the rewards.

**3. Carefully Design and Administer Incentives** - Poor design and administration are the most commonly cited reasons for incentive program failure. Because

the concern of accident under-reporting is valid, some experts recommend substituting or adding a more process-based approach as opposed to a strictly results-based incentive program. A process-based system provides incentives for engaging in safety behaviors such as participating in safety training or earning a high mark on a safety quiz.

**4. Give Meaningful Rewards for a Job Well Done** - Common rewards include cash bonuses, time-off, and gift certificates. Whatever you choose, make sure it has value to your workers and can be earned frequently enough to remain a top-of-mind goal.

**5. Communicate Frequently and Effectively** - Management should be proactive by emphasizing that hiding or not reporting injuries is strictly prohibited and that such

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Information contained in this newsletter about product offerings, services, or benefits is illustrative and general in description, and is not intended to be relied on as complete information. While every attempt is made to ensure the accuracy of the information provided, we do not warrant the accuracy of the information. Therefore, information should be relied upon only when coordinated with professional tax and legal advice.



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