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Farmers Light Industrial Park Loss Prevention Program

Light Industrial Parks

The real estate industry is one of America's largest and most important tangible assets. The development, and growth of increasingly sophisticated commercial business, is projected to continue well into the future. More improved buildings will be needed to suit the expanding needs of America.

The Light Industrial Park Loss Prevention program is specifically designed for building owners or managers who rent or lease, in whole or part, their buildings to others. Named insureds will be from a broad range of varying types, and can include partnerships, corporations, trust funds, or property management firms.

Success in real estate ownership lies in the ability to professionally manage the investment. Whether you turn this responsibility over to a professional property management firm or retain direct control, the following guide will assist you in your safety efforts.

Loss Control and Safety Services

Farmers believes a partnership between our Loss Control consultants and policyholders creates the best loss control and risk management programs. We work with our insureds in implementing loss prevention programs, and in creating tenant safety programs which the insured can implement throughout their properties.

Farmers Loss Control Department developed this guide to:

- a) Help you perform an evaluation of your present loss control efforts
- b) Help you identify where changes are needed
- c) Help you establish or refine your current safety or Loss Prevention program

Why should you be concerned about controlling losses?

Insurance pays only a portion of the cost associated with an accident. You pay the hidden costs out of your PROFITS!

Hidden costs of loss are unrecognized costs such as losses in labor productivity, disrupted schedules, supervisory and administrative time, replacement of damaged material and equipment, loss of customers – the list goes on and on. Hidden costs typically run from 4 to 7 times the insurance recovery.

Effective loss control results in a higher level of efficiency, fewer losses and increased profits. Commitment is essential to an effective loss prevention program. If you need assistance, just ask. Your Farmers agent will discuss with you how a Loss Control Consultant can help you accomplish your safety goals.

Claims Expert Response Within 24 Hours.

Farmers provides excellent claims service. In the event of a loss requiring immediate attention, you have the assurance of access to our Claim personnel seven days a week, 24 hours a day.

Our Property Claims Adjusters are skilled in the handling of losses as routine as a plate glass claim to catastrophes such as total loss from fire. Our Liability Claims Adjusters are experts as well, experienced in working with claims ranging from premises medical payments to multiple defendant class action lawsuits.

Our Claims Adjusters are key players on our expert team. Specialists in property, auto, liability, personal injury, multiple-defendant cases and class action suits. You will have an expert handling your claim. Farmers will protect you against unfair or inequitable claims.

Your Safety Program

Today, many factors can come between you and success. An effective loss prevention program will help you recognize and deal with these factors.

To help your program be a success, it's critical for you to become actively involved in demonstrating your:

- Expectations
- Commitment
- Involvement
- Follow-up

Your Program Should Include:

- Preventative maintenance of the building and parking area. Deficiencies should be repaired before they become serious or cause accidents.
- Control over access to the building, parking lot, and surrounding areas.
- Hazard reduction through all of the methods appropriate for the area. These include good housekeeping, snow removal, use of non-slip floor surfaces, etc.
- Formal accident analysis review, including near misses.
- Recordkeeping with respect to incidents, investigations of incident, security rounds and maintenance actions.

Supported by a firm commitment from management. This means:

- Management support is evident.
- Management support is clearly communicated to tenants.
- Responsibility for compliance is assigned to an employee or management company who has funding sufficient for the administration of the plan.
- Essential recommendations receive compliance.

Management of Your Safety Program

You must believe in, and support the loss prevention concept by developing and endorsing your own safety policy. You show support for a program which requires active involvement of all parties.

For a safety program to control your expenses and enhance your ability to compete, it has to be imbedded into your day-to-day operations. To be effective, it must be more than a program on the shelf; management must continuously demonstrate a genuine interest in loss prevention.

Loss prevention/safety planning helps to reduce loss frequency and severity. Adequate financial resources are a prerequisite for successful execution of the plan. A centralized program with on-site managers increases the likelihood of maintaining consistency and effectiveness.

Communication

The success of your loss prevention program depends on each person in your organization being aware of the safety expectations for their job. Equally important is close communication with your tenants. Consistent two-way communication is the key.

Communication involves:

Input from everyone involved in developing your program.

Feedback to determine the program's effectiveness.

If communication is encouraged, tenants will support and assist you in your efforts.

Have You:

1. Shared your safety goals with your staff and tenants?
2. Communicated the actions necessary to accomplish these goals such as self inspection?
3. Communicated effectively? Your contact with your tenants should include a discussion of loss prevention activities and responses to tenants concerns.

Training

From day one, show that your company is committed to safety and the important role each tenant has in keeping adverse property exposures to a minimum.

Review safety rules and quality improvement procedures. Training is incomplete unless it includes safety measures. Address ways to avoid damage to equipment, property and exposure to injuries.

Successful Job Training Involves:

- Identifying and communicating hazards.
- Teaching employees the proper way to perform their job.
- Monitoring performance and compliance with established safety practices.
- Reinforcing positive behavior.

A Farmers Loss Control Consultant can suggest methods to determine whether employees are performing safely. Controlling possible losses through these activities will have a positive effect on your operation.

Public Safety

Despite your best efforts to operate and maintain your properties, owners have unique liability exposures.

Emergency Lighting

Life safety in the event of fire or other similar emergency, is of utmost concern in crowded conditions, multi-level design, and events with diverse age groups. Large open spaces may cause panic to spread quickly, even if fire/smoke is localized. An effective emergency lighting system is a necessity due to the frequent lack of exterior windows, as are an abundance of clearly marked, wide, multi-door exits.

Exterior Hazards

The physical characteristics of the building, parking facilities, and surrounding areas under your control are crucial to the safety of people and property.

Customer protection, from both slips and falls and security hazards are key factors in evaluating the exterior exposures of your property. Well designed walkways/parking lots with use restricted to tenants and their customers are characteristics of a quality risk. Frequency of patrols, lighting, size, location, hours of operation, maintenance and visitor access to an emergency call box also affect severe loss experience.

Interior Hazards

Walkways, stairs, hallways and open areas all require special attention to limit exposures to falls, slip and trip hazards. Unlighted areas should be avoided or provided with adequate illumination.

Public access areas within your property are generally unsupervised and, as a result it is a necessity that all furnishings, electrical equipment be well designed, maintained with access limited to authorized tenants only.

Emergency Preparedness Plans

Developing a strong emergency preparedness program can mitigate disaster effects, save lives, reduce property damage and minimize the cost of the recovery process. It may also reduce exposure to lawsuits. Farmers works with you in preparing for emergency situations by assisting in the development and utilization of:

- An action guide or checklist describing basic disaster procedures.
- An emergency management plan.

Contractual Liability

Your business requires you to come in contact with tenants, contractors and the general public. Legally, you are responsible for your own actions as well as in many instances, those of your tenants' subcontractors.

Have all your contractual agreements, passed legal review? Risk transfer is an important proactive, management practice.

Loss exposure can be reduced by transferring liability from you to tenants or parties who have more control over the insured location. Successful risk transfer begins with establishing procedures/requirements and monitoring to see that these are followed.

Risk transfer may be accomplished by:

- Developing lease/contract agreements which transfer responsibility from the lessor to the lessee or service providers.
- Requiring hold harmless provisions in contracts and tenant waivers of subrogation for damage to property or workers as compensation injuries,
- Establishing insurance requirements for tenants.

Limits of liability are an important consideration, as well as, being named as an additional insured on the tenant's policy. Requiring a Notice of Cancellation when a policy is cancelled helps ensure that insurance coverage exists. A monitoring system must be in place to track expiration dates and verify that coverage is renewed or replaced.

Property and Fire Protection

The leading cause of property losses are electrical systems and equipment, arson and suspicious fires and heating systems. Tenants often cause or contribute to these losses; and while sometimes difficult, it is not impossible to control or influence tenants' safety practices.

The wide variety of construction characteristics found in industrial parks requires individual evaluation.

High ceilings, large open areas, concealed space, unprotected vertical openings, combustible partitions and communicating openings should be evaluated as they may have contributed to the severity of a fire.

Fire detection systems are highly desirable as they can detect fire in its incipient stages and expedite the arrival of fire fighting personnel. They are especially desirable in concealed spaces and storage rooms. Security patrol can also assist with fire detection and notification; however, patrols and access are usually limited to common areas and the exterior of the building(s).

Concealed spaces have contributed to many catastrophic fires. When large expanses are involved, fire is able to spread rapidly. Heating and electrical fires originating in this area escape early detection and can grow out of control. Non-combustible (e.g., gypsum wallboard) draft stops extending from the roof deck to the ceiling, automatic sprinklers and fire detection systems can improve the outcome in these situations.

Circuit breaker protection must be available. Regular maintenance of all electrical systems should be documented.

Contents which are susceptible to fires should be stored away from heaters or electrical systems.

Crime

Crime is a concern for society in general. As a business owner, you have the responsibility to provide security commensurate to the exposure. Some considerations are:

- Premises surveillance cameras can act as both a deterrent and an aid in solving a crime should it be committed.
- Guards should not carry firearms. In addition, losses involving assault, robbery, fighting, intoxication or drugs should be reviewed.
- Many opportunities for crime prevention exist through the physical arrangement of the premises. Lighting and physical protection other than alarm systems, should be considered in protecting against crime.

Auto

Auto exposures are likely to arise out of services provided by outside contractors such as landscaping, building maintenance outside contracts or should provide proof of insurance.

Employee Selection

Employee participation is vital in the loss prevention process. The employees knowledge of safe working practices and the likelihood of the practices being followed are important considerations. The most likely time for an injury to occur is while learning a new job or skill. Turnover ratio and experience are important in evaluating future loss potential. Additional indicators include: frequency of loss, rapidly growing payrolls, or claims from inexperienced operators or employees working while unsupervised.

Workplace conditions are a major source of accidents and will vary considerably between properties.

Employees may include property managers, security guards and housekeeping, maintenance and construction crews.

Physical Requirements of the Job

It is becoming increasingly important to develop a written description of the physical requirements of each job. Each employee should be selected according to the particular job requirement and the employee's ability to perform the job.

Safety Rules

Written rules will help new employees understand what is expected and how following procedures will help protect them from possible injury.

Have You:

1. Accurately defined the job requirements in your job descriptions?
2. Familiarized everyone with the job requirements?

Accident Investigation

Incidents and “near misses” result from unsafe behaviors and conditions and need to be investigated. Seldom are accidents a result of something outside your control.

The Investigation Process

- Obtain information from the tenant or customers involved.
- Survey the conditions at the time of the accident.
- Obtain information from witnesses.
- Analyze the information and determine root causes. (i.e., equipment housekeeping lighting, training).
- Implement corrective measures.
- Report incident to appropriate source(s).

It is extremely important not to place blame because it discourages cooperation.

Accident Investigation

For every incident, there are usually multiple root causes involving oversights in the management system.

When oversights are identified, they need to be written as recommendations so changes will take place. Then, follow-ups are needed to see if the changes are being effectively implemented.

Have you:

- Communicated to your management personnel the accident investigation process is to uncover root causes – not place blame.
- Developed an accident investigation form to determine root causes?
- Trained your management personnel how to use the form?
- Followed through on the recommendations resulting from the investigation?

Inspections

Self-inspections increase your opportunities to correct unsafe activities and/or conditions before a loss. They protect you by:

- Identifying unsafe physical conditions.

Frequency:

Frequent inspections are vital to make your program effective. Every level of management needs to be continually involved in inspecting their areas of responsibility. They need to review inspection and provide feedback as to the thoroughness and usefulness of the report.

The Benefits You Will Receive From an Inspection Program include:

- Fewer interruptions of production – which affects profits.
- Reduced unexpected expenses through reduction in losses or claims.
- Opportunities to correct unsafe conditions or activities BEFORE a loss.

Who?

The inspections should be done by the person deemed qualified by virtue of their training and familiarity with the environment.

Usually, the owner or property manager will perform the inspections.

How?

A form must be developed for each location. The person performing the inspection needs to identify and show what conditions must be corrected. After the correction is made, follow-ups are needed to see if that action accomplishes its purpose. A sample self-inspection form is included at the end of this booklet.

Review of Property Management Policies for Light Industrial Parks

	YES	NO	N/A
1. Is someone assigned to perform formal, documented property inspections?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Are the inspections completed on a monthly basis?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Does management complete a Report of Unsafe Conditions for each item needing improvement? See attached sample Report of Unsafe Conditions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Do tenants have access to Report of Unsafe Conditions forms for reporting hazards and dangerous conditions to management?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Is someone responsible for following up on items needing improvement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Are serious reported hazards given priority for correction?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Are there procedures in place to investigate accidents/incidents occurring on the premises?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Do tenants know how to respond in case of fire, earthquake or other emergency?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Have tenants been provided with written rules and regulations?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Is there an active fire prevention program?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Has the criminal activity (if any) in the area been evaluated to determine the need for counter measures?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Have the employees of contracted security service (if applicable) been property trained?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Are there routine patrols to determine the adequacy of premises security with documentation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Are vacant units easily identified? (If "yes," are adequate safeguards in place to protect the property from vandalism?)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Are tenant selection procedures established and followed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. Are the advertised amenities clearly stated and non-deceptive?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Are formal eviction procedures established and followed by management?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Are certificates of insurance, with limits of at least \$500,000 on bodily injury and property damage, required for all contractors prior to their commencing work on the premises?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Light Industrial Park Self-Inspection Checklist

An essential part of loss prevention is the recognition, removal or correction of hazards before a loss occurs. This checklist should serve as a tool to indicate areas needing attention. A “NO” response to any question indicates corrective action may be necessary. This survey form should be completed at least monthly, and review by management to monitor the loss control program.

Walking Surface & Customer Areas:	YES	NO	N/A
1. Walking and working areas free of slip, trip or fall hazards, and well illuminated?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Electric cords arranged in such a manner as not to present a trip hazard?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Area free of grease and oil spills?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Snow, ice and refuse removed from parking lot area(s) and walkway(s), with adequate drainage provided?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Tenants’ customers restricted from hazardous areas with signs posted?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. No standing water on walkway surfaces?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Ground cover and bushes kept off walkway surfaces?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Lighting illuminates all walking surfaces, step up/step down areas properly protected by railings and/or indicated by bright, contrasting paint?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Housekeeping:

9. Are floors clean and non-slippery?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Are rugs, floor mats and other covers in good condition?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Is paper waste placed in proper containers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Does each tenant keep their work area neat and orderly?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. If smoking is allowed are “safe ashtrays” used?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Are unnecessary combustibles kept to a minimum?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Windows:

15. No broken or cracked window glass?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Fire Protection:

16. Fire extinguishers accessible, checked monthly, and recharged after use?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Stand pipes and hoses properly maintained and hoses properly stored?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Fire doors operating properly with no mechanical damage and clear of stock storage?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. Sprinkler Control Valves secured in open position?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Minimum of 16 inch clearance between stock storage and sprinkler piping?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Fire extinguishers of appropriate size and type available?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22. Fire extinguishers serviced annually?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
23. Alarm bells identified and painted a contrasting color?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
24. Local fire alarm serviced?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
25. Smoke alarm in place and functioning?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	YES	NO	N/A
Smoking:			
26. Smoking prohibited throughout storage areas?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
27. Receptacles provided for discarded cigarettes in designated smoking areas?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Exits:			
28. All exit doors illuminated, kept clear and unlocked during hours of operation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Driveways, Parking Lots, Carports and Garage:			
29. Wheel stops in proper position, secured and painted a contrasting color?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
30. Speed bumps located where necessary and painted a contrasting color?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
31. Lighting adequately covers all public areas?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
32. Driveway surfaces free of potholes and uneven surface?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
33. Vegetation pruned back to reduce blind spots?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
34. Gas meters, propane tanks, etc. protected from damage, vehicles height limits posted?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Trash Area:			
35. Area clean; no broken glass or slippery liquids?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
36. Dumpster lids kept closed and wheels locked?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
37. No signs of hazardous materials being dumped?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
38. Dumpster kept away from building walls?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Storage:			
39. All stock susceptible to water damage stored on pallets, shelves or otherwise off floor and away from walls?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
40. Minimum of 18 inches maintained between top of high-rack storage and ceiling or roof joists in space unsprinklered buildings?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
41. Storage of combustibles restricted from vicinity of heating equipment and electrical panel boxes?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
42. Flammable and combustible liquids stored in metal safety cabinets or in a properly constructed room?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stairs/Handrails:			
43. No loose stairs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
44. No loose handrails	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
45. No loose or missing rails	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
46. Lighting adequate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Electrical System:			
47. Electrical panels have 3 sq. ft. clearance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
48. Electrical outlets adequate in number and condition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
49. No extension cords used improperly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
50. Emergency lighting in good working order	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

YES NO N/A

Heating/Air Conditioning:

- 51. Regularly serviced
- 52. Water heaters or boilers inspected annually
- 53. Furnace room kept clean and free of debris

Equipment and Tools:

- 54. Secured from public
- 55. Locked after hours
- 56. Hydraulic and pneumatic lines/connections inspected daily
- 57. Compressors properly guarded, maintained and well vented

Warehousing/Manufacturing:

- 58. Verification of the nature of the business(es) before signing lease agreement?
- 59. Controls in place for occupancies that manufacture, blend or
warehouse hazardous materials (flammable liquids, chemicals)?
- 60. Do the above occupancies have a written hazard communication program in place?
- 61. Is the fire protection adequate for hazardous occupancies?
- 62. Is fire department access adequate for building (i.e. railroad tracks)
- 63. Does lease agreement clearly state who is liable in
the event of damage by the lessee?
- 64. Is lessees limit liability equal to value of building?



Report of Unsafe Conditions

This form is designed for use by management, tenants and employees. It is also used by management during formal documented inspections of the property to identify problem areas which need immediate attention. Employees are encouraged to use this form to report unsafe conditions to management.

Date: _____ Time: _____

Location: _____

Hazard/Problem: _____

Submitted By: _____ Phone: _____

Address: _____

For Manager Use Only:

Repair/Correction Necessary: _____

Permanent: _____ Temporary: _____

Reviewed By: _____ Date: _____

Fill Out and Return to Reporting Party:

Date Condition Inspected: _____

Date Work to Start: _____

Date Work to be Completed: _____

No Action Taken - Reason: _____

Reviewed By: _____