

PR at the Doorstep

Blasting Insurance Consequences

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Ohio Drilling and Blasting Conference

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PR -the Big Picture

- Do you use reasonable care ?
 - Evaluate & protect exposures by blast design
 - Inform and educate homeowners about blasting
 - Hire & train qualified people
 - Contract qualified services
 - Integrate all of the above into a workable blast plan



Claims

- Where are they coming from?
 - #1 Frequency – **CONSTRUCTION**
 - Jobs are short, one of a kind
 - Variable working environments
 - Change not always welcomed
 - Community focused
 - Moderate Frequency – **QUARRY/MINING**
 - Established locations
 - Hire out of local area
 - Systematic shooting
 - Some PR Programs



Why Is One Homeowner Important?

- More likely to file erroneous claim based on lousy attitude and poor actions
- Strict Liability permits easy claim making
- It costs an average of \$1,000 to deny
- **Blaster is deemed liable without fault or negligence, it is not necessary for a claimant to establish that the operations is dangerous, it's already determined**
 - Media
 - Authorities having Jurisdiction (permits)

Understanding Insurance

- A formal business device reducing risk by transferring the risks of an entity to an insurer. The Insurer agrees by contract, for a fee, to assume, to a specified extent, the losses suffered by the insured.



Why Worry?

- The majority of US Insurance companies are not interested in blasting
- Post Oklahoma City and 9-11 fallout, general adverse perception about explosives
- Domestic Drilling & Blasting Industry not large enough for renewed main stream insurance interest



Major Insurance Mistakes

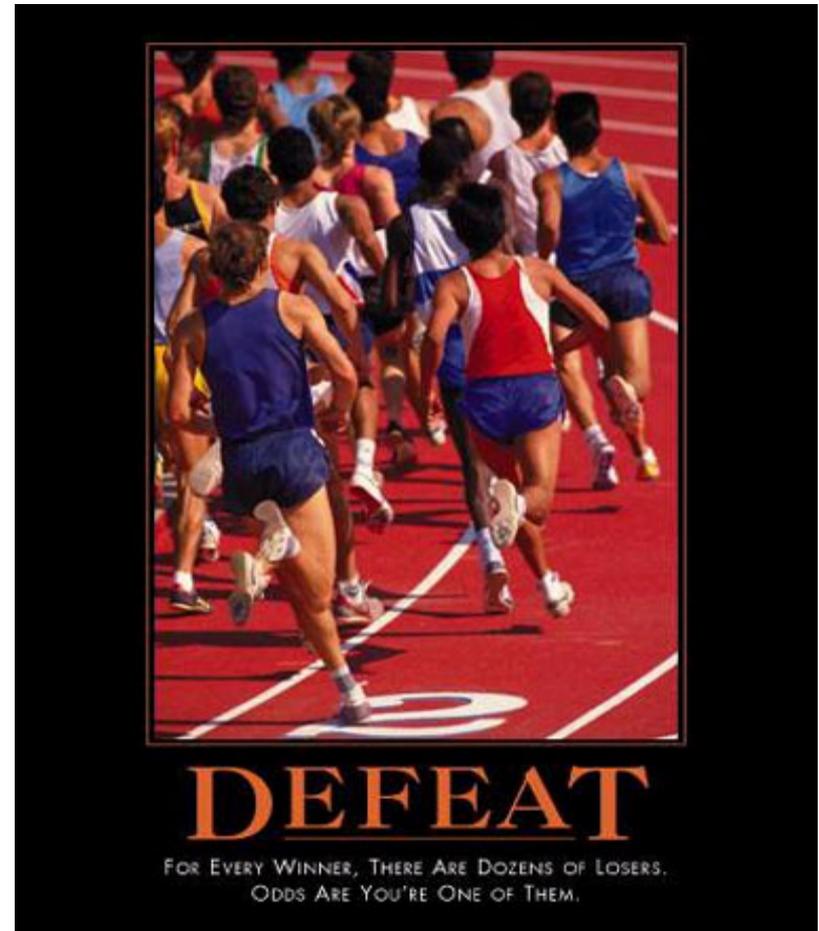
- Does not reasonably protect property subject to blasting exposure with adequate PR, Pre-Blast Surveys and seismic Monitoring
- Contracts a (low cost) survey provider without first sampling work product results and PR abilities.
- Makes witnessed statements to homeowner assuming blasting liability before investigation
- Blaster or helper not verifiably trained to complete proper monitoring and associated public relation skills
- Claim attitude; “That’s why I have Insurance!”
- Late reports of incidents or not at all
- Pays for damages with out legal release or advice

Major Insurance Mistakes Continued

- No verifiable attempt to correct known problems from poor blast planning and job bidding
- Does not cooperate timely with damage investigations, -poor or lost record keeping
- Does not welcome or follow through with insurance “Loss Control” assistance and recommendations
- Poor governmental compliance record and attitude (MSHA, OSM, OSHA, DOT, BATF, State DEP, local FD, etc)
- Develops adverse claims “frequency” and “notable trends”
- Builds an impressive “loss ratio” (claim cost / premium)

What Could Happen?

- Loss of immediate insurance coverage
- Loss of desirable insurability standing
- Major difficulties finding new coverage
- Inadequate coverage's
- No insurance = No work



Conclusion

- ***Misstatements and poor actions will cost you more then you think!***
- ***Future Insurability is at risk***
- ***Blast plans and bids must include PR and exposure mitigating blast designs***
- ***Use only reputable contractors***
- ***Know and follow your companies policies and procedures***
- ***Be prudent while being polite and sincere with all homeowners***
- ***Get Trained !***

