

# Companies Must Address Risks Created by Workplace Violence

While most business crisis claims are related to product recall and other commercial operations, coverage for incidents relating to workplace violence is an important protection frequently missing from standard commercial insurance policies.

How prepared are people, companies and organizations for an act of workplace violence that leads to death or injury? It's a difficult exposure to manage, particularly when you consider that, despite pretty good forecasting, we already have a tough time managing natural disasters. It's imperative that companies have a plan to deal with workplace violence that includes prevention and response.

## The New Reality

According to the [National Safety Council](#)<sup>1</sup>, for some occupations, violence is the third leading cause of death. The [Bureau of Labor Statistics Census of Fatal Occupational Injuries](#) says that, of the 4,679 fatal workplace injuries that occurred in the United States in 2014, 403 were workplace homicides<sup>2</sup>.

Further, the National Safety Council's *Injury Facts 2016* lists data for workplace violence-related deaths and injuries resulting in days off of work across various occupations. Here are some statistics for 2013 from that report<sup>3</sup>:

- Government: 37,110 injuries, 128 deaths
- Education and health services: 22,590 injuries, 35 deaths
- Professional and business services: 4,460 injuries, 65 deaths
- Retail: 2,680 injuries, 127 deaths
- Leisure and hospitality: 2,380 injuries, 107 deaths
- Financial activities: 1,100 injuries, 37 deaths
- Transportation and warehousing: 840 injuries, 71 deaths
- Construction: 680 injuries, 36 deaths
- Manufacturing: 570 injuries, 36 deaths

“Over the past decade, there has been an increase in these types of incidents,” says Reggie Gibbs, managing underwriter for security risks at Starr Companies. “These attacks happen, and they happen consistently. That’s why businesses should be concerned about this. A business is likely to be held liable in some form or fashion when violence at their location occurs, regardless of whether the instigator is motivated by a grievance against the business, a grievance against an employee, or even some other reason — potentially political in nature. If they don’t have the appropriate coverage in place, negative consequences for the business can be expected.”

# Companies Must Address Risks Created by Workplace Violence (continued)

Beyond acts motivated by monetary gain, the most common types of workplace violence incidents involve attempted mass killings by an assailant who might be a disgruntled customer or employee, often called “active shooter” events. Another common type of violence at a place of business — known as “political violence” — stems from acts motivated by politics, religion or ideology. Acts of political violence often result in property damage as well as loss of life.

## Active Shooter and Political Violence

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### *Active Shooter*

The [Department of Homeland Security](#) describes an active shooter as an individual actively engaged in killing or attempting to kill people in a confined and populated area<sup>4</sup>; in most cases, active shooters use firearms, and there is no pattern or method to their selection of victims. A potentially better description in the aftermath of an incident is “mass shooting,” since most of these attacks strike multiple people, often randomly.

Active shooter situations are unpredictable and evolve quickly. Typically, the immediate deployment of law enforcement is required to stop the shooting and mitigate harm to victims. As the DHS states, because active shooter situations are often over within 10 to 15 minutes, sometimes before law enforcement arrives on the scene, individuals must be prepared both mentally and physically to deal with such an event.

### *Political Violence*

Generally, political violence is broadly defined as an act of violence committed for religious, ideological or political purposes (i.e., not for monetary gain). A June 2017 article in *Risk Management*<sup>5</sup> states that, while conventional terrorism is a real concern, the growing risk of political violence events, such as strikes, riots and civil commotion (SRCC), should not be underestimated. While most insurance policies exclude losses from war, covering first- and third-party losses caused by political violence is a key element of a business’s financial protection.

## Preventing Workplace Violence

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A zero-tolerance policy is an important tool in reducing the odds of a company being victimized by workplace violence. New and existing employees should receive written policies informing them that violence in any form, damage to company property, threats or intimidation will not be tolerated.

Careful applicant screening may also be helpful in preventing future incidents. Verifying applicants’ work history, qualifications and potential criminal background may help the company identify high-risk candidates.

Managers and business owners should also understand the warning signals that may indicate that an employee might become violent, such as threatening co-workers or supervisors, complaining about unfair treatment, slamming doors or equipment, and similar forms of inappropriate behavior.

Along with these tactics, businesses should also consider workplace violence insurance policies to cover unpredictable — and financially devastating — workplace violence events.

# Companies Must Address Risks Created by Workplace Violence (continued)

contracting risk. This reduction of risk will be accretive to the movement forward of the construction component of the economy. Health and safety management services as part of the insurance offering should become a value-add that construction clients count on as a tool to enhance the productivity and profitability of their firms.

## Scope of Coverage for Typical Workplace Violence Policies

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A traditional general liability policy will not necessarily cover patrons who may be harmed in an act of workplace violence. Workers' compensation may — or may not — cover such incidents, depending on the state where the policy is issued.

Traditional insurance products exclude workplace violence incidents or political/terrorist attacks. Terrorism is often excluded in general liability and property policies.

Modern workplace violence policies will cover two main perils: acts of violence using any kind of lethal weapon (including violence against employees and patrons) and political violence (acts of violence that can be traced to ideological thinking or religious beliefs), subject to definitions and limitations in the policy.

Top-of-the-line workplace violence policies provide comprehensive coverage for workplace violence perils and threats that can severely impact a business's operations and employees. They may also provide coordination for related and necessary consulting services to help a business restore operations following a covered event. Service highlights for some policies include post-event crisis counseling and medical care, public relations, security analysis and advisory services.

### Crisis Response

One big advantage of having a modern workplace violence policy in place is the crisis response component, which is included in many policies. A good crisis response team should help companies understand the threats to their people, information, property and reputation. It should also provide clients with the expertise to mitigate and manage security risks so that a business can focus on opportunities and meet objectives.

Essentially, there are four main aspects a crisis management team should take care of:

1. **Incident:** A rolling assessment of the situation as it develops
2. **Deployment:** The formulation of an effective strategy and provision of advice on the best tactics to resolve the situation
3. **Throughout:** Crisis communications, both internal, with families, colleagues and investors, and external, with authorities, media, customers and competitors
4. **Resolution:** Mitigation of future risk, advice on business continuity and reputation protection

### Best Practices

#### *Active security measures*

Workplace violence training, including hands-on practice, is highly recommended for any business. Implementing security measures, such as an electronic badge system, helps prevent unauthorized persons from entering a facility. Business owners should also minimize the number of unlocked entrances and have a monitored reception desk, security cameras, a practiced response plan and an established communication protocol.

## Companies Must Address Risks Created by Workplace Violence (continued)

### *Risk management*

Good risk management is essential in a company's risk profile — no matter the risk. Small and midsize enterprises, however, often don't have a robust risk management plan for active shooter or political violence situations. Adding this type of coverage helps businesses enrich their overall risk management plan.

### *Crisis response*

Adding a crisis response program component to a workplace violence product is vital. As a business owner, when a crisis occurs, you want things accomplished expeditiously, and you don't want to keep going back to the insurer for approval. Companies should have an approved crisis consultant that offers all employees a crisis hotline. That firm will be on hand to assist with whatever the crisis is. The best products provide access to crisis consultants all over the world that can respond with political evacuation, medical transport, crisis management review and other interfaces that both reduce losses and help prevent them in the future.

### *Availability of additional coverages*

A good workplace violence policy allows for the addition of coverages such as political violence, terrorism and cyberattacks.

Acts of workplace violence are very costly and damaging to reputations and brands. And if it's happening in workplaces throughout the country, it could happen to yours. Look for a policy that covers gaps left by other liability policies your business carries or that serves as excess protection for coverage you already have.

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<sup>1</sup> <https://www.nsc.org/work-safety/safety-topics/workplace-violence>

<sup>2</sup> <https://www.bls.gov/iif/oshwc/foi/workplace-homicides.htm>

<sup>3</sup> <https://www.nsc.org/work-safety/safety-topics/workplace-violence>

<sup>4</sup> [https://www.dhs.gov/xlibrary/assets/active\\_shooter\\_booklet.pdf](https://www.dhs.gov/xlibrary/assets/active_shooter_booklet.pdf)

<sup>5</sup> <http://www.rmmagazine.com/2017/06/01/insuring-against-terrorism>