

APRIL 2017

# P&C PROFILE

## DID YOU KNOW?

*The number of safety violations involving unmanned aerial systems (UAS), commonly referred to as drones, has continued to rise. The Federal Aviation Administration (FAA) received 1,274 reports of safety violations last year, a 46 percent increase over 2015. The agency has stated that the integration of drones into the U.S. airspace system is a top priority, but that operating drones around an aircraft is dangerous and illegal.*



## IN THIS ISSUE

- **Trump Administration Releases Budget Blueprint.** The Trump administration released a preliminary budget blueprint that proposes to increase defense spending and eliminate select federal programs.
- **How Your Business Pays for Employee Substance Abuse.** A new study from the NSC shows how substance use disorders can affect your business's bottom line.
- **53 Million Vehicles Recalled in 2016.** Ongoing issues with airbag inflators manufactured by Takata contributed to a record number of vehicle recalls last year.

## Trump Administration Releases Budget Blueprint

The White House Office of Management and Budget (OMB) recently released a blueprint for President Donald Trump's proposed budget for fiscal year 2018. The office stated that the main goals of the budget are to increase spending on defense and to eliminate wasteful and duplicative federal programs. The blueprint is only preliminary, as it only accounts for approximately one-third of the total budget and gives no projections for how potential tax cuts or other initiatives could affect the budget.

The blueprint continues the Trump administration's focus on reducing the prevalence of federal agencies through a number of budget cuts. Here are some of the highlights:

- **Environmental Protection Agency (EPA):** The OMB has proposed to cut the budget of the EPA by over \$2 billion by eliminating over 50 programs and delegating environmental responsibilities to individual states. The office also stated that it would reorient the EPA's air program to protect air quality without burdening the U.S. economy.
- **Department of Labor and OSHA:** The budget blueprint includes the elimination of select OSHA training grants. The OMB believes that these programs are unproven, and will result in \$11 million in savings compared to fiscal year 2017.

For more information on regulatory changes under the Trump administration, contact us at 412-456-7000 today.

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## 53 Million Vehicles Recalled in 2016

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Statistics released by the Department of Transportation (DOT) revealed that automakers issued recalls for a record 53 million vehicles in 2016. This marks the third straight year that there have been over 50 million vehicle recalls.

A majority of the recalls were due to ongoing issues with airbag inflators manufactured by Takata, a Japanese auto part supplier. At least 16 deaths have been attributed to the malfunctioning inflators, which led to a recall of over 42 million U.S. vehicles since 2013. Takata recently pleaded guilty to a felony charge as part of a \$1 billion agreement with the Justice Department that also includes financial compensation for automakers and victims of the malfunctions.

The high number of recalls in recent years has been accompanied by an increase in highway fatalities. According to the National Highway Traffic Safety Administration (NHTSA), fatalities rose by 7.2 percent in 2015, the latest year for which data is available. Although the NHTSA has yet to release its full set of data for 2016, preliminary reports from the NSC indicate that the number of fatalities continued to rise.

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## How Your Business Pays for Employee Substance Abuse

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A recent survey from the National Safety Council (NSC) has revealed a gap between employer perceptions and the reality of employee substance abuse. According to the survey, addictions and substance use disorders can cost businesses between \$2,600 and \$13,000 for each affected employee. However, only 24 percent of employers believe that drug misuse is a problem that impacts their bottom lines.

Employees who abuse alcohol and other substances are more likely to miss work, be less productive and experience higher health care costs. Here are some facts from the survey that highlight the ways that substance abuse can affect your business:

- Substance use disorders and addictions cost businesses and taxpayers more than \$440 billion every year.
- Employees in the construction, entertainment, recreation and food service industries are twice as likely to have a substance use disorder compared to the average U.S. employee.
- Health care costs for employees who misuse prescription drugs are three times higher than for other workers.
- Employees with a substance use disorder miss nearly 50 percent more days of work than their peers.
- Seventy-five percent of all adults with a substance use disorder are currently in the workforce.

If you believe that one of your employees suffers from a substance use disorder, it's in your best interest to help him or her get treatment. Experts have shown that outside concern is a large factor in getting individuals with substance use disorders into treatment. Additionally, the NSC survey found that businesses can save up to \$8,400 by providing assistance to these employees.

