

# Risk Insights

Provided by Pioneer Insurance Agency, Inc.

## Controlling Workers' Compensation Costs

Has your construction business experienced rising workers' compensation costs due to on-the-job accidents? If so, your first response was most likely aimed at trying to reduce insurance costs and spending. While this may seem like the best approach, a sound safety program designed to continuously improve can yield significant savings by reducing injuries and illnesses—ultimately reducing workers' compensation costs in the long run.

### 5 Steps to Building a Solid Safety Program

You can control workers' compensation costs with five easily implementable steps designed to create a well-rounded safety program that produces a safer job site, achieves OSHA compliance and reduces accidents—saving your bottom line.

1. Develop safety programs required by the OSHA standards.
2. Integrate those programs into daily operations.
3. Investigate all injuries and illnesses.
4. Provide training to develop safety competence in all employees.
5. Audit your programs and your worksite on a regular basis to stimulate continuous improvement.

### Develop Programs Required by OSHA Standards

In addition to being a requirement for those in the construction industry, OSHA standards provide a good pathway to incident reductions. Many accidents stem from poorly developed or poorly implemented OSHA programs: not using the proper fall restraint system when working at heights more than 6 feet, improper use of personal protective

equipment when working with hazardous job site materials and poor lifting techniques resulting in back strains are just a few examples.

OSHA construction standards require that written programs be developed and then communicated to workers. Experience shows that companies with thoroughly developed, OSHA-compliant programs have fewer accidents, more productive employees and lower workers' compensation costs.

### Integrate Programs into Daily Operations

Policies alone won't get results; your safety program must move from paper to practice to impact your bottom line. Achieving this requires a strategic plan clearly communicated to workers, good execution, and a culture that both inspires and rewards people to do their best.

When developing your safety initiative, there must be an emphasis on helping your site foreman succeed. If the site foreman understands the safety program and is motivated to make it work, it succeeds; if not, the program is a source of

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struggle and an endless drain on resources. Providing your site foreman with knowledge and skills through training is critical to the success of your safety program.

A solid OSHA program, integrated into your worksite's daily operation and led by competent site supervisors, is just the beginning. Successful safety programs are also proactive instead of reactive.

### **Investigate All Injuries and Illnesses**

Accident investigations provide an excellent source of information on real or potential issues present on the job site. Because workers' compensation covers a worker's wages for injuries or illnesses that arise from or out of the course of employment, increasing claims drive up workers' compensation costs. To reduce costs, you must reduce accidents. And the ability to reduce accidents is significantly enhanced when they are fully investigated instead of simply being reported.

Accident reports cite facts; accident investigations go deeper to uncover the root cause of an accident and make improvements to prevent its reoccurrence. To stop your workers' compensation costs from rising unnecessarily, you must have an effective accident investigation process. Unless you can determine the root cause of an accident, recommendations for improvement will remain fruitless. Again, training proves beneficial because a site supervisor skilled in incident analysis is a better problem solver for all types of project management issues, not just safety.

All accidents should be investigated to find out what went wrong and why. Some may suggest investigating every accident is a bit over the top and only those that incur significant costs are worthy of scrutiny, but this approach is shortsighted. If your emphasis is only on those incidents that have to be recorded on the OSHA 300 log, you ignore the single largest accident category: first aid-only incidents. Many firms focus solely on recordables or lost-time accidents because of the significant costs involved, but they don't realize that the small costs and high numbers of first aid-only incidents really add up.

Reducing serious accidents means you must reduce your overall rate of all accidents—including first aid-only incidents. That only happens when every incident is fully investigated, and corrective actions are identified and integrated into daily job tasks.

### **Training and Auditing for Continuous Improvement**

The final steps focus on training and auditing your program for continuous improvement. Training plays a significant role in safety and in reducing workers' compensation costs. The goal of training is to develop competent people who have the knowledge, skill and understanding to perform assigned job responsibilities. Competence, more than anything else, will drive down costs. Site supervisors must have the knowledge and ability to integrate programs into each job on the job site so that employees know what is expected of them.

Once the programs are developed and implemented, they must be reviewed on a regular basis to make sure they are still relevant and effective. This might require a significant change in how you manage your safety program, but if your workers' compensation rates are high, it may be time to make this leap.

### **Tangible Benefits**

1. Studies indicate there is a return on investment and that firms see direct bottom-line benefits with a properly designed, implemented and integrated safety program.
2. A competency-based safety program is compliant with OSHA construction requirements and therefore reduces the threat of OSHA fines.
3. A competency-based safety program lowers accidents, which reduces workers' compensation costs. When incidents do occur, a competency-based safety program fully evaluates the issue and finds the root cause to prevent reoccurrence and provides a job site that is free from recognized hazards.
4. A safer job site creates better morale and improves employee retention. Auditing keeps your programs fresh and effective, and drives continuous improvement.
5. A competency-based program produces people who are fully engaged in every aspect of their job, producing high-quality craftsmanship.

### **How Can We Assist You?**

At Pioneer Insurance Agency, Inc., we are committed to helping you establish a strong safety program that minimizes your workers' compensation exposures. Contact us today at 518.730.3200 to learn more about our OSHA compliance and safety program resources.