

# HUB

# The True Cost of Workplace Injuries

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# Agenda

- Introductions
- Cost of work place accidents
- Affect on profitability
- Risk management controls
- Safety initiatives

# Cost of Workplace Accidents

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- Direct Costs
- Indirect Costs
- Costs of Negligence
  - Legal - OSHA Violations
  - Lawsuits
  - Criminal Negligence
- Public Image / Customer Perception

## **Direct \$ Losses**



**Medical Costs**

**Wages**

**Insurance Premiums**

**Direct Losses Are Just the Tip of the Iceberg...**

# Direct \$ Losses



**Medical Costs**

**Wages**

**Insurance Premiums**

## **\$ Indirect Losses**

**Administrative Costs**

**Time Spent Training New Employees**

**Lost Time**

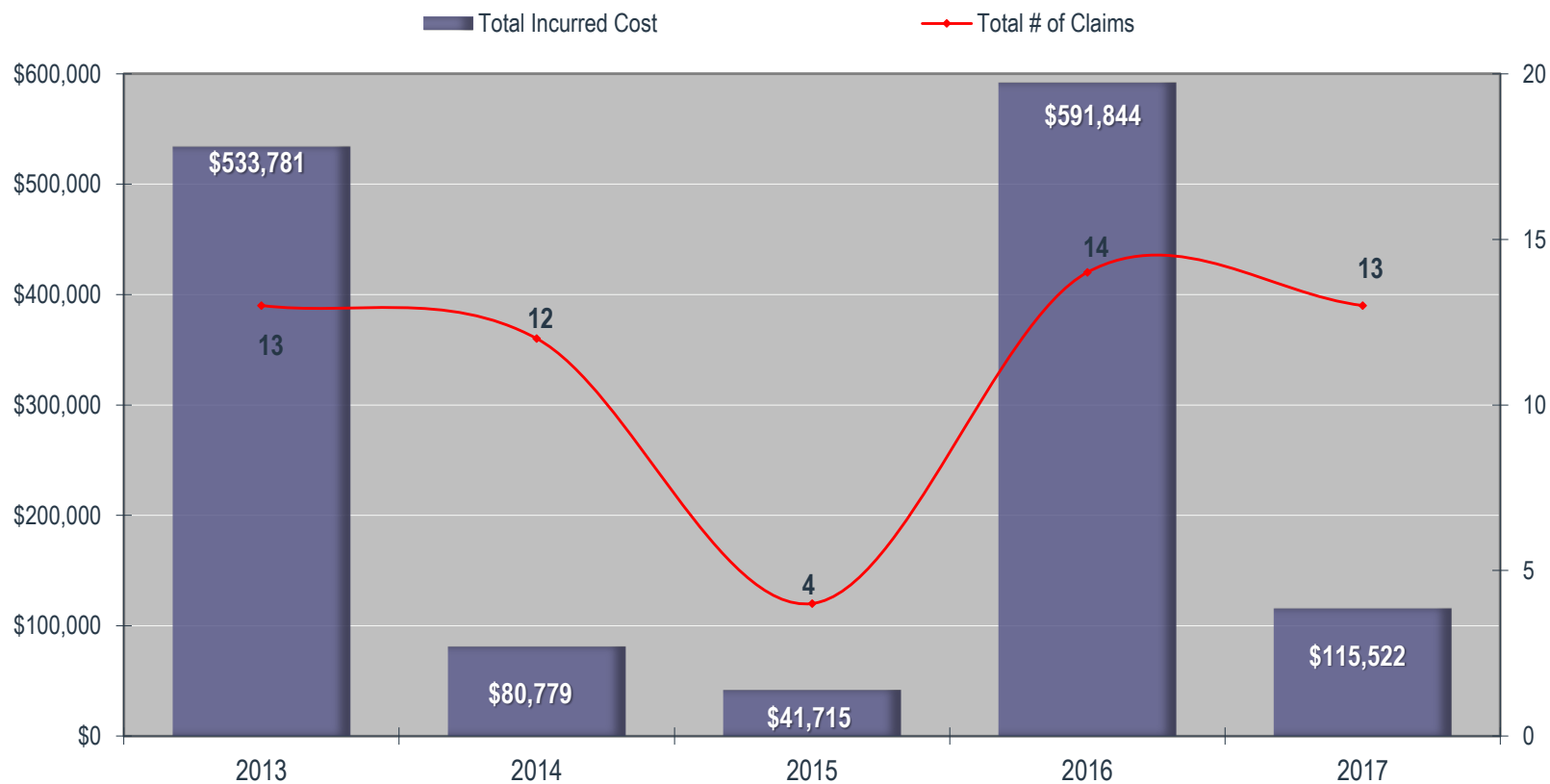
**Inefficient Use of  
Equipment, Material, and People**

**Loss of  
Customer Service**

# Total Incurred Cost vs Total # of Claims By Policy Year (All Lines) 2013-17



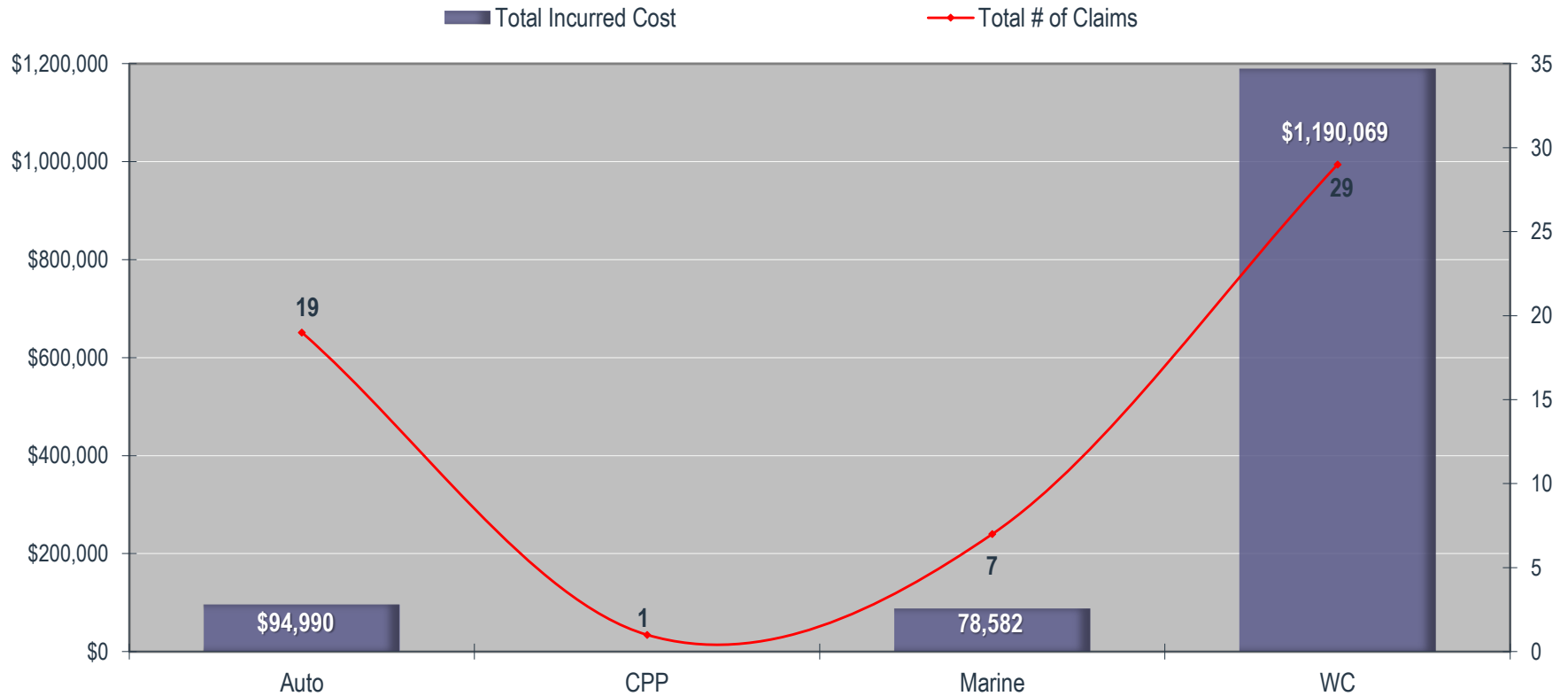
*Overall Total Cost Incurred is **\$1,363,641** and Total Number of Claims are **56***



# Total Incurred Cost vs. Total # of Claims by Coverage Policy Years 2013-17



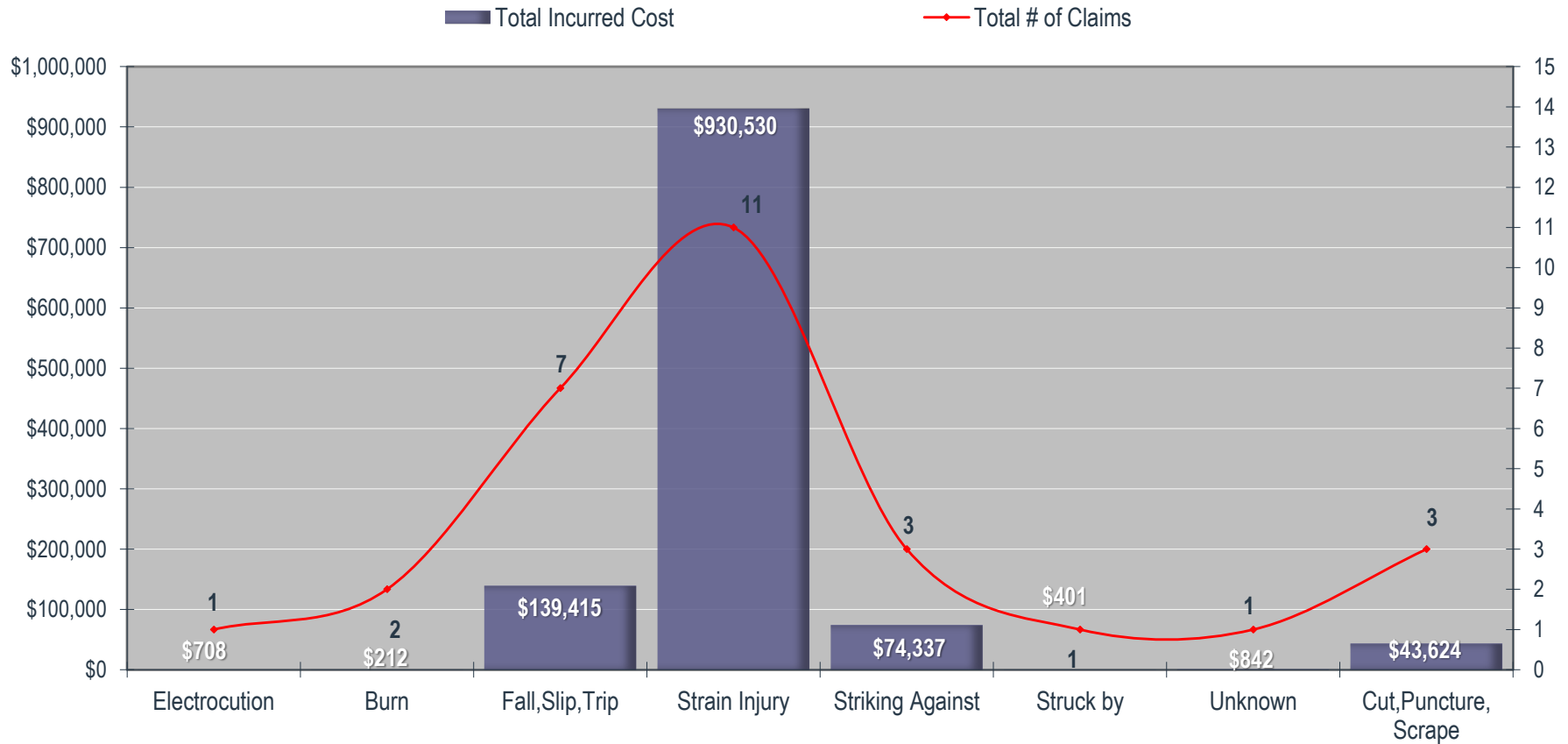
*Overall Total Cost Incurred is **\$1,363,641** and Total Number of Claims are **56***



# Total WC Incurred Cost vs. Total # of Claims By Cause Policy Year 2013-2017



Overall Total WC Cost Incurred is **\$1,190,069** and Total Number of Claims are **29**





Top 5 WC Claims  
by Highest Severity (Total Incurred Cost)  
Policy Years 2013-17



Claims over \$45,000

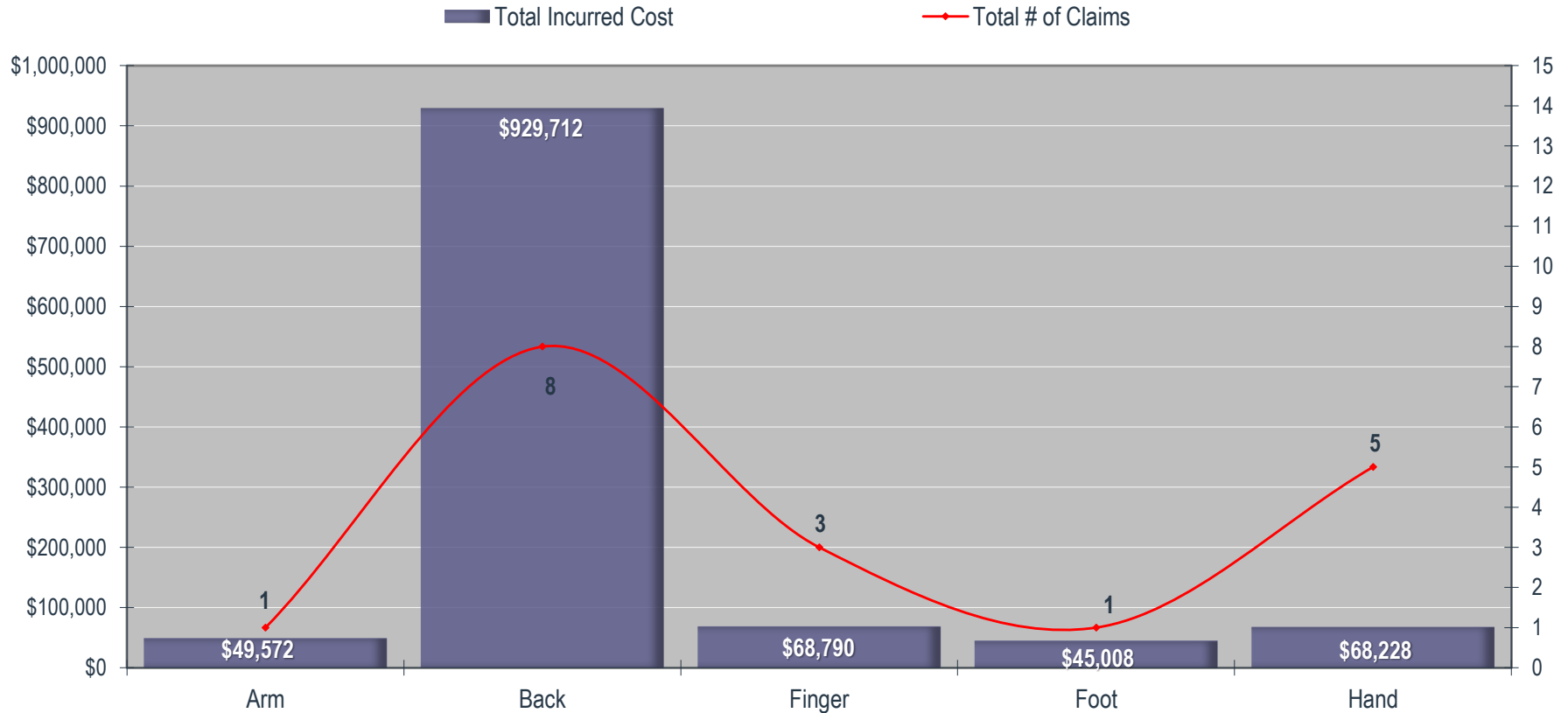
Year	Cause	Total Incurred
2016	Strain Injury	\$514,062
2013	Strain Injury	\$386,025
2013	Fall, Slip or Trip	\$67,308
2014	Striking Against	\$49,572
2017	Fall, Slip or Trip	\$45,008

Overall Total WC Cost Incurred is **\$1,061,975** and Total Number of Claims are **5**

# Total WC Incurred Cost vs. Total # of Claims By Body Part (Top 5) Policy Year 2013-2017



*Overall Total WC Cost Incurred is **\$1,190,069** and Total Number of Claims are **29***



## ABC Construction— Workers Compensation

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- Workers Compensation from 2013-2017
- Total Incurred- \$1,190,069
- Total Claims- 29
  
- Direct      +      Indirect      = Total
- \$1,190,069   +   \$1,309,075      = \$2,499,144
  
- Assuming 3 % margin how much is needed in additional sales to cover these losses
- **\$83,304,800**
  
- Using Safety Pays Calculator on OSHA website

Isn't that why we have insurance?!

## Premiums & How They Are Effected by an Experience Mod



Company	Manual Premium	EMR	Actual Premium
A	\$500,000	.50	\$250,000 (Discount)
B	\$500,000	1.00	\$500,000
C	\$500,000	1.50	\$750,000

## In 2017, you are being assessed for claims in...

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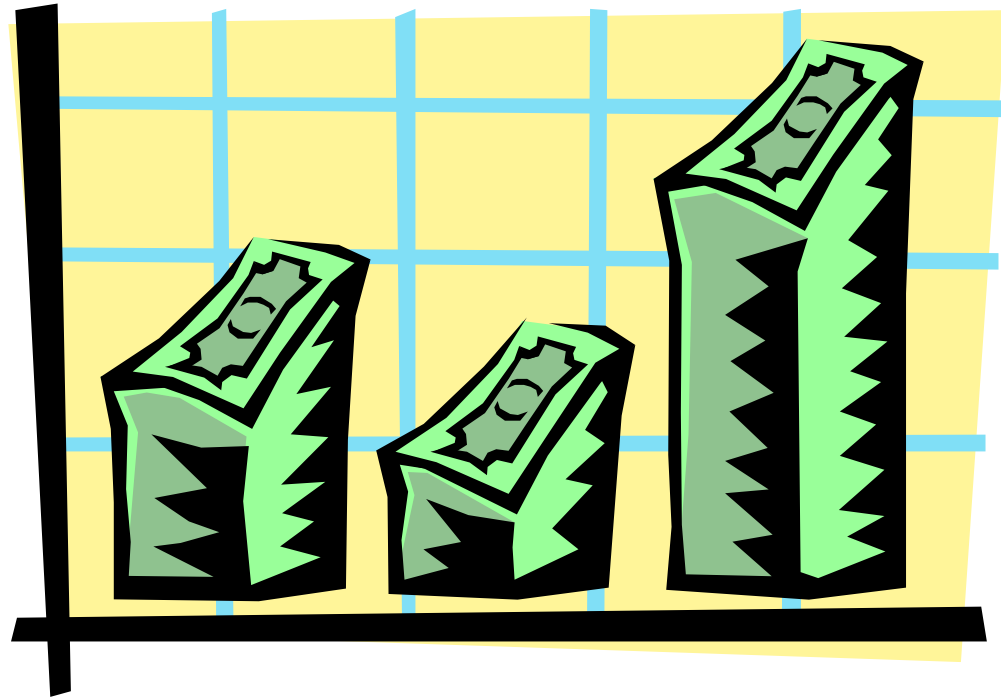
- 2015
- 2014
- 2013



If an injury occurred this year, you will continue to pay for it in your Experience Mod in...



- 2018
- 2019
- 2020



- So what are the solutions?



# Best Practices Model for Workers Compensation Improvement

## Manage the Claim Process:

- 3 vendor selection / direction
- 3 early reporting
- 3 claim management
- 3 return-to-work
- 3 medical response

## Manage the Worksite:

- 3 substance abuse policy
- 3 loss control
- 3 ergonomics
- 3 roles & responsibilities
- 3 policies & procedures

## Develop an Executive Strategy:

- 3 Commitment to change
- 3 Focused communication
- 3 Active participation
- 3 Aligned accountabilities

## Manage the Medical Providers:

- 3 selection of providers
- 3 utilization
- 3 consultation
- 3 cost control
- 3 accountability

## Manage the Employee:

- 3 hiring & retention
- 3 education & training
- 3 behavior management
- 3 performance goals
- 3 accountability

## Manage the Program:

- 3 information system
- 3 data analysis
- 3 monitor compliance / audit
- 3 continuous improvement
- 3 cost allocation
- 3 cost reduction targets

# Effective Safety & Health Programs

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- The result is lower accident-related costs.
- Other benefits include:
  - Reduced absenteeism,
  - Lower turnover,
  - Higher productivity, and
  - Improved employee morale.
- And it's the right thing to do.

# Thank you.