

STRATEGIC RISK MANAGEMENT – WHY SAFETY MATTERS TOO

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Who Is This Guy

- My road to safety risk management. (WHY)
- Specialized in risk compliance over a decade.
- Work with a team of experts locally in Richardson for INSURICA.
- One of the 40th largest brokerage firms in the U.S.



Strategic Risk Management

Strategic Risk Management is a business discipline that drives deliberation and action regarding uncertainties and untapped opportunities that affect an organization's strategy and strategy execution.

Definition from RIMS webpage.



How We View Risk

- Company Strategy
 - *Supply Chain, Reputational Damage, Staffing*
- Business
 - *Employment Practices, 3rd Party Partners, Contracts*
- Hazard
 - *Worker Injury, Equipment Damage, Transportation Incidents*





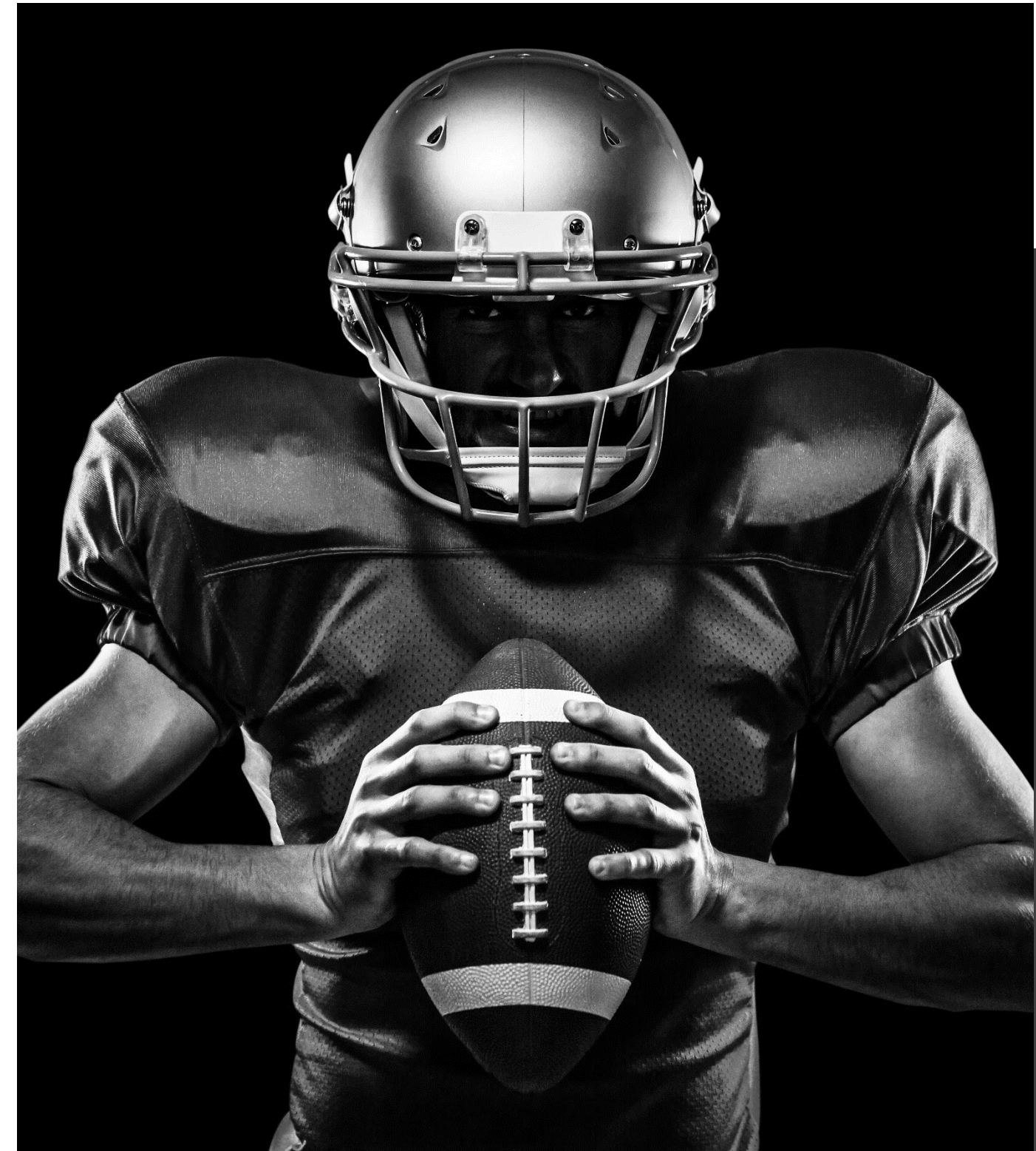
The Team Approach - Collaboration

- Having the right team is crucial to meeting and/ or exceeding your risk goals.
- It can give you access to more expertise.
- Better chance of discovering overlooked solutions.
- Ease workloads; In some cases, risk managers are a team of one.



Your Team Matters

- Why use the “team” approach?
- Think football.
- We will briefly highlight a team role that can be easily overlooked.
- SAFETY
- Again, every teammate matters!!!
- *The Waterboy ?*



Your Team Matters

Remember when Bobby Boucher showed up at half time and the Mud Dogs won the Bourbon Bowl.



Image from the movie, *"The Waterboy"*

Why Safety Matters

- Organizations have a moral, legal, and financial obligation as it pertains to company safety.
- Strong safety programs can reduce loss 15 to 35 percent.
- OSHA estimated employers spend on average \$ 1.02 in workers' compensation for hours worked - natural resources, construction, and maintenance occupations group.
- $40H \times 50W = 2000H \times 100EMP = 200,000$



Why Safety Matters – Audience Poll

Public Sector Statistics – Related Cost

- Do you know what your organization spends on Medical Expenses Annually?
- Do you know what your organization spends on Administrative Expenses Annually?
- Do you know what your organization spends on Wage and Productivity Losses Annually?
- Do you know what your organization spends on injury investigation, reporting injuries, administering first aid, hiring and training replacement workers, extra cost of overtime) - \$3.8 Billion

What's Your WHY...

- Bureau of Labor Statistics reported 40% of injured workers have been on the job less than a year.
- National Safety Council reported in 2020, workplace injuries cost U.S. employers \$163.9 billion
- Recent report where workers received a \$7.5 million settlement after being exposed to lead at a shipyard.
- Work productivity days lost in 2020 totaled 65 million.



Why Safety Matters Too

- Look at fundamental methods that companies can employ.
- Not all encompassing. Something to think about...
- Safety should be specific to the organization.

Policies, Processes and Procedures

- Policy and process documentation.
 - Safety manual or safety guidebook.
 - Policies and processes are the cornerstone to your program.
 - ACCOUNTABILITY
 - When was the last time you looked at it/ updated???
 - Simple, Specific, Practical
- One Size Does Not Fit ALL





Written Policies, and Processes

- Needs to have company expectations outlined clearly to employees.
- Define roles and responsibilities.
 - By position.
- Remember you are creating a document that can be used in litigation
 - What terms are you using?

This demonstrates to employees, clients, and partners that you are committed to safety.



Safety Manual

Tips for creating a safety manual.

- Ensure they are compliant with local, state, and federal regulations.
 - *Do you need to go above and beyond?*
- Involve employees in development.
- Utilize outside resources.
 - *ANSI, NFPA, NSC, Industry Experts, etc.*
- Attorney Feedback...





Training

- Ensure employees are provided ADEQUATE training for tasks being performed.
 - *Their last employer did it...*
- Verify what trainings are reoccurring.
 - *Remember near-miss and accidents.*
- Decide whether you will conduct training in-house or third-party.
- In-person or web-based training.
- Training documentation.



Supplemental Training

- High Risk Operations – Mobile and Heavy Equipment.
- Investment Training.
 - OSHA 10 and 30
- Emergency Situations
 - Devon BMU and Jewelry
- What are your WHAT IF's?

It equips employees with the knowledge to handle workplace hazards and emergencies. Which lowers risk profile.



Documentation

- How are you tracking deficiencies?
- Track in a responsible, smart manner.
 - Be Intentional
 - What risks have been transferred/ does that party understand their responsibility to identify, track, and remedy deficiencies?
- Have conversations prior to work commencing.

It provides a tool for continuous improvement and benchmarking.



Vetting

- From a risk tolerance standpoint this is becoming more of a standard practice. (Avetta, ISN, ComplyWorks, Veriforce)
- Does the number tell the REAL story?
- TRIR - Total Recordable Injury Rate (Man Hours)
- EMR - Experience Modifier Rating (Payroll)
- Is your rating a true reflection of your risk profile as it relates to safety?



Vetting

- Have multiple verified vendor partners.
 - If you have a catastrophic incident and cannot continue with a contractor.
 - If you are using a third-party contractor verifier and your contractor does not meet requirements.
- Not being prepared can affect project timelines and project completion cost.

Ensures partners are in step with your safety values, prevent project shutdowns or delays related to safety.



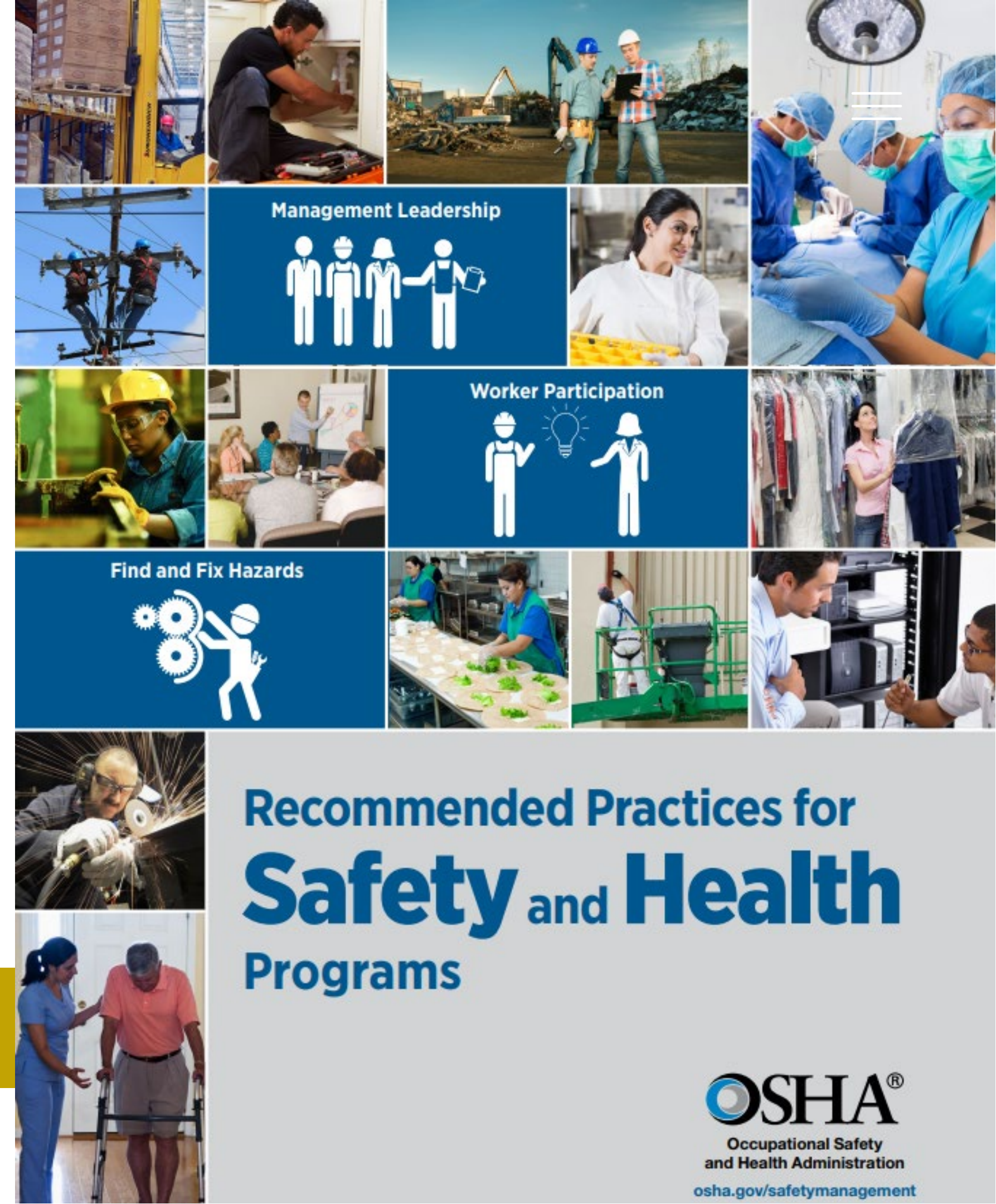


Contracts

- Does your contract outline your safety expectations?
 - Projects
 - Maintenance work at facilities
- Subcontractors: Engage contractors on safety issues?
 - Does their safety culture meet your expectations?

Erase any assumptions about safety expectations, gives evidence that safety is not an afterthought.

Safety Program - How to Start



Recommended Practices for
Safety and **Health**
Programs



Occupational Safety
and Health Administration

[osha.gov/safetymanagement](https://www.osha.gov/safetymanagement)

Safety Program - How to Start

- Establish safety and health as a core value. *Tell your workers that making sure they finish the day and go home safely is the way you do business. Assure them that you will work with them to find and fix any hazards that could injure them or make them sick.*
- Lead by example. *Practice safe behaviors yourself and make safety part of your daily conversations with workers.*
- Implement a reporting system. *Develop and communicate a simple procedure for workers to report any injuries, illnesses, incidents (including near misses/close calls), hazards, or safety and health concerns, without fear of retaliation. Include an option for reporting hazards or concerns anonymously.*



Safety Program - How to Start

- Provide training. *Train workers on how to identify and control hazards in the workplace, as well as report injuries, illnesses, and near misses.*
- Conduct inspections. *Inspect the workplace with workers and ask them to identify any activity, piece of equipment, or materials that concern them. Use checklists to help identify problems.*
- Collect hazard control ideas. *Ask workers for ideas on improvements and follow up on their suggestions. Provide them time during work hours, if necessary, to research solutions.*
- Implement hazard controls. *Assign workers the task of choosing, implementing, and evaluating the solutions they come up with.*



Safety Program - How to Start

- Address emergencies. *Identify foreseeable emergency scenarios and develop instructions on what to do in each case. Meet to discuss these procedures and post them in a visible location in the workplace.*
- Seek input on workplace changes. *Before making significant changes to the workplace, work organization, equipment, or materials, consult with workers to identify potential safety or health issues.*
- Make improvements. *Set aside a regular time to discuss safety and health issues, with the goal of identifying ways to improve the program.*



Safety Matters Too - HOW

The Iceberg Impact

Direct vs. Indirect Costs of Injuries



Direct Costs

Paid by Worker's Comp Insurance

- Medical (doctor visits, physical therapy, etc.)
- Claim mitigation
- Time loss from work

Indirect Costs

Paid by Businesses

- Reduced or lost productivity
- Lost contracts
- Increased administrative costs
- Lost time at the supervising level
- Costs of training replacements
- Overtime costs
- Potential legal fees
- Equipment repair
- Negative publicity
- Damage to customer relationships
- OSHA investigations or fines
- Increased insurance costs
- More...

Does Safety Matter

Example 1 – Debit Mod

Manual premium \$100,000

Mod x 1.25

Premium you pay \$125,000

Example 2 – Credit Mod

Manual premium \$100,000

Mod x 0.80

Premium you pay \$80,000

Studies show that for every dollar invested in safety programs, companies can get a return of \$4-\$6 in reduced costs.

Can be a good tool for managing your EMR.



Safety Pays

Results of strong safety programs companies have seen...

Average number of
claims reduced up to 52%

Cost per claim
decreased by 80%

Average lost time per
claim decreased by 87%

Source: Ohio Bureau of Workers' Compensation (based on SHARP Program Performance Assessment)



SAFETY DOES MATTER



GIF from the movie, *"The Waterboy"*



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OSHA – Recommended Practices for Safety and Health Programs

[https:// www.osha.gov/ safety-management](https://www.osha.gov/safety-management)

Risk and Insurance Blog

[https:// www.riskresolve.blog/](https://www.riskresolve.blog/)