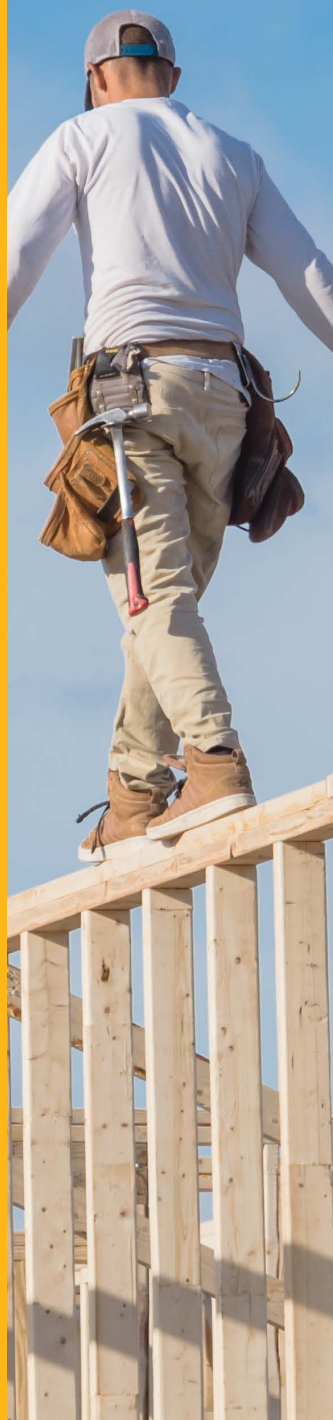
Maximizing Your Safety ROI:

A Small Investment Can Significantly Increase Safety and Savings

CHUBB®

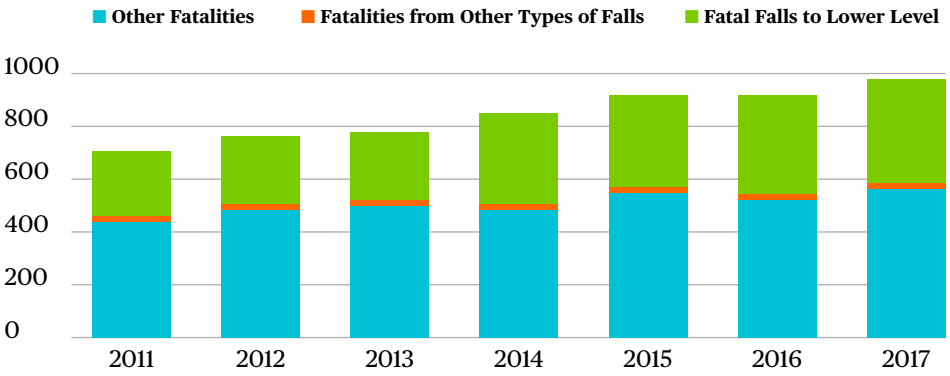


What would you do if you saw a worker standing on the top of a ladder? Stepping over debris in his path? Working on improperly erected scaffolding? Climbing an A-frame ladder that was leaning against a wall? These trip-and-fall hazards and dozens of others are the causes of hundreds of serious injuries and deaths each year.

Chubb Global Risk Advisors can help you create a safer workplace and reduce accidents and injuries.

According to the Occupational Safety and Health Administration (OSHA) and the Bureau of Labor Statistics (BLS), of the 4,674 worker fatalities in private industry in 2017, 20.7% or one in five worker deaths occurred in construction. The leading cause – and by a landslide – of private sector worker deaths (excluding highway collisions) in the industry was falls. The other primary sources of fatalities, making up the 'Fatal Four,' did not come close to the losses caused by falls.

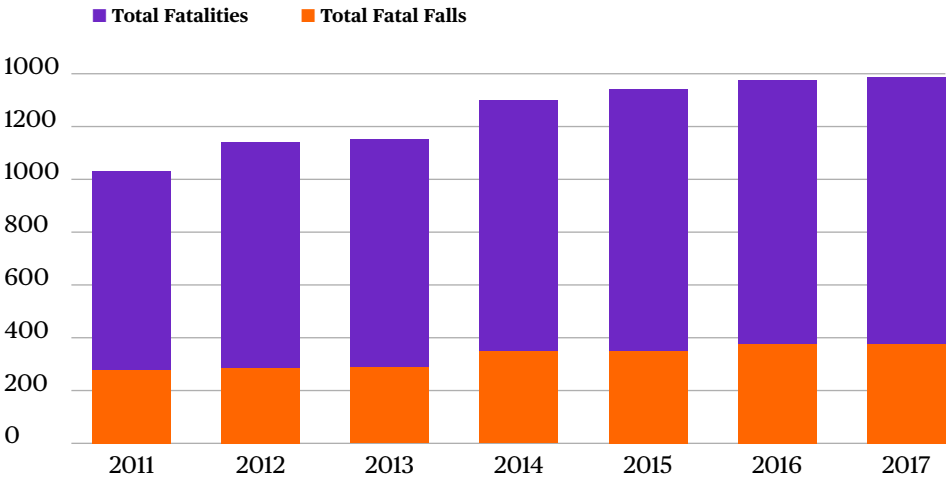
Construction Fatalities



Sources: Center for Construction Safety and Research and Training; Department of Labor

21% of worker fatalities in 2017 occurred in construction. Fatalities from falls in construction have increased nearly 24% between 2011 and 2017 – well out pacing the overall growth in employment.

Construction Fatal Falls vs. Total Fatalities



Sources: Center for Construction Safety and Research and Training; Department of Labor

The overwhelming and growing number of the rise of fall occurrances from 2011 – 2017 stem from falls to a lower level, which have surged 46% over this time.

Nonfatal Falls – A Growing Risk

While often brushed aside, nonfatal fall injuries in construction go far beyond simple sprains and strains, often causing complicated fractures, brain injuries, injuries to neck and spinal cord and untold pain and suffering. Moreover, they are increasing.

Construction nonfatal fall injuries that resulted in days away from work (DAFW) also climbed more than 20% between 2011 and 2015, likewise outpacing the growth in overall employment, according to CPWR, a construction research and training organization. The nearly 24,000 nonfatal fall injuries in 2015 accounted for 30% of nonfatal injuries in construction. Falls at the same level increased faster than any other type of nonfatal fall injury.

The dollar cost of these nonfatal injuries is staggering, often reaching six digits and more. Using data from the National Council on Compensation (NCCI), OSHA estimated that the cost for the following types of falls broke down as:

Type of fall	Costs per year	Average lost time claims cost
Falls from elevations by roofers	$54 million	$106,000
Falls from elevations by carpenters	$93 million	$97,000
Falls from ladders or scaffolds by roofers	$19 million	$68,000
Falls from ladders or scaffolds by carpenters	$64 million	$62,000

Figures based on insured employers in NCCI states in 2005 - 2007, the most recent years available.

The cost of nonfatal injuries could be much greater than the averages shown above. A construction worker who was injured on the job was awarded $62 million – the largest lawsuit verdict for a single plaintiff in Queens New York.

Hidden Costs Drive Up Your Total Costs of Falls

The International Loss Control Institute estimates that for every insured loss, there is an equivalent or potentially greater, hidden uninsured loss. The extent of this loss has been placed at between 1 and 1.5 times that of the insured loss. Other research indicates that for every $1 covered by insurance, between $8 and $36 is uninsured and must be borne by the company. These often overlooked costs include:

- Decreased employee morale and efficiency from witnessing an injury to a coworker that often slows production and can compromise quality controls
- Loss of expertise of the employee
- Recruiting and retraining costs
- Delays followed by possible overtime to get back on schedule
- Loss of reputation and market share, especially on high profile projects, which could result in adverse publicity and the consequential loss of staff and customer interest
- An adverse change in the company's Experience Modification Rate, a rating factor applied to workers' compensation policies

Consider that if you operated at a profit margin of 5%, you would need to generate $220,000 in revenue to make up for the cost of an average workers' compensation fall-related loss of $11,000. Carrying this logic forward, you would need to generate $714,000 in revenue to offset the average cost of $68,000 for a fall from a ladder by a roofer. Add indirect costs approximately equal to the direct costs, and revenues of nearly $1.5 million would be needed to offset the cost of the claim.

If you operated at a profit margin of 5%, you would need to generate $220,000 in revenue to make up for the cost of an average workers' compensation fall-related loss of $11,000. You would need to generate $714,000 in revenue to offset the average cost of $68,000 for a fall from a ladder by a roofer.

What Can You Do?

OSHA, the Centers for Disease (CDC), and a number of other organizations have developed prevention materials on the major fall risks that are encountered in the workplace. They are all based on building awareness and implementing strategies that recognize and reward safe workplace behaviors.

Start by engaging employees in the design of a program and involving a representative team to work with supervisors to set clear goals and criteria. Then decide on specific actions – such as reporting unsafe conditions or near misses, stopping an unsafe activity, sharing ways to improve safety – that will be rewarded.

Regularly recognizing and rewarding workers is the best way to build safety in a firm's operations, but a foreman's or supervisor's spontaneous recognition can reinforce the goal and keep workers vigilant. The difference between a safe, productive operation and a project bogged down by delays can be as inexpensive as the cost of a lunch. There are dozens of cost effective ways to recognize workers' efforts.

Getting workers to make safety a part of the workplace can also be promoted by building a little friendly competition into the process by awarding specific trade groups awards for meeting monthly or quarterly safety benchmark targets.

"People work for money but go the extra mile for recognition, praise and reward" is a well-known and applicable Dale Carnegie rule of thumb which can work for your safety program.

Ways to Recognize Safety

A small investment in a rewards program of only a few hundred dollars per month could prevent an operation from incurring a six-digit loss simply by:

- **Awarding a gift card to a popular store or for the purchase of a lunch, apparel or personal protective equipment**
- **Sending an email or note to the employee showing appreciation for his/her efforts**
- **Commending an employee in a meeting**
- **Having a company executive call the worker to say thank you and nice work**

The Capstone of a Safe Workplace

While everyone from workers on the job site to top executives needs to be held accountable for safety, a safety culture starts at the top. Walking by a cluttered work area, ignoring a faulty scaffold, passing off the responsibility for correcting a known hazard undermines all the laudable goals and rigorous analyses that go into a safety program. The responsibility and accountability for safety should never be relegated to onsite safety managers or corporate safety directors alone, but should rest with every level of management.

Requiring project executives, managers, superintendents and foremen to participate in management training and OSHA 10- and 30-hour course programs is an ideal way to reinforce safety as a priority. They should be well informed about safety planning, including pre-task, fall management, substance abuse protocols and accident investigation and trained on the consequences of an incident, including the impact of Experience Modification Rate (EMR) on insurance costs. While training and an investment in safety may add costs upfront, preventing even one accident can result in significant savings on claims for both hard and soft costs.

Need a hand?

Business as usual can make it hard to identify many exposures that often go unnoticed. Risk management specialists can help a firm assess its workplace and identify fall and other hazards. They can help you address issues such as:

- What types of projects need an onsite safety manager? How many?
- What are some simple housekeeping practices that yield big results and prevent slips and falls?
- What are the best practices in steel erection? Aerial work platforms?
- What is the best protection for open sided floors? At six feet? 20 feet? Higher?
- What types of rewards programs work best?

Risk management specialists can also evaluate the effectiveness of management control programs and operational controls in place to reduce or minimize fall exposures to employees. They can work with you at every phase of fall management from pre-job planning and hazard assessments to job safety task analysis (JSTA) and fall protection requirements in order to eliminate, prevent, protect, and monitor fall hazards and controls and to identify additional controls needed.

Contact Us

For more information about the Chubb Global Risk Advisors Construction Practice and our fall hazard assessment services, please contact:

Allen Abrahamsen,
ARM, CHST, CRIS, NYC SSM
VP, Construction Safety
Chubb Global Risk Advisors
O 570.897.7374
M 570.856.3476
Allen.Abrahamsen@chubb.com

Chubb Global Risk Advisors
O 866-357-3797 (toll-free)
globalriskadvisors@chubb.com

www.chubb.com/CGRA

Chubb. Insured.℠

The information contained in this whitepaper is not intended as a substitute for legal, technical or other professional advice, nor is it intended to supplant any duty to provide a safe workplace, operation, product, or premises. Chubb Global Risk Advisors makes no express or implied warranty that all accidents or incidents can or will be prevented, or that numbers of accidents or amounts of losses will be reduced. Chubb Global Risk Advisors℠ is a service of ESIS®, Inc., a Chubb company. Chubb Global Risk Advisors℠ provides claim and risk management services to a wide variety of commercial clients. ESIS' innovative best-in-class approach to program design, integration, and achievement of results aligns with the needs and expectations of our clients' unique risk management needs. With more than 60 years of experience, and offerings in both the US and globally, ESIS provides one of the industry's broadest selections of risk management solutions covering both pre- and post-loss services. Chubb is the marketing name used to refer to subsidiaries of Chubb Limited providing insurance and related services. For more information, visit us at www.chubb.com.

2/2019