Profiting From Safety

Fred Miller

MT Safety & Health Bureau
HOUSTON....WE HAVE A PROBLEM....
MONTANA....WE HAVE A PROBLEM!

Montana Department of Labor & Industry

MT SHB Safety & Health Bureau
PROBLEM:

Montana's workplace injury rates are among the nation’s highest.
MT Injury & Illness Incident Rates

Nonfatal Occupational Injury & Illness Incidence Rate
By Private Industry, 5 year average 2006-2010

- Construction
- Agriculture, forestry, fishing and hunting
- Manufacturing
- Health care and social assistance
- Management of companies and enterprises
- Retail trade
- Arts, entertainment, and recreation
- Accommodation and food services
- Utilities
- Transportation and warehousing
- Wholesale trade
- Administrative and waste services
- Educational services
- Other services
- Mining
- Information
- Real Estate and rental and leasing
- Finance and insurance
- Professional and technical services

Rate per 100 Full-time Employees

Montana

United States

MT SHB Safety & Health Bureau
FACT:

Montana's high injury rates make our work comp rates among the nation’s highest

2012 Oregon Workers’ Compensation Premium Rate Ranking Summary; Dept. of Consumer and Business Services
SAFETY IS GOOD BUSINESS

If Montana’s workplace injury frequency rates are reduced to national average

(Source: NCCI White Paper to MT DLI, March 2008)

$145 million
SAFETY IS GOOD BUSINESS

SAFETY IS CRITICAL

FOR ECONOMIC DEVELOPMENT

$145 million
Safety & Health Bureau

- Quality
- Productivity
- Safety
- Retention
- Employees
- OSHA
- Lower health
- Lower comp
Safety

Bottom line
LARGE CORPORATIONS “GET IT”

“Safety is the foundation of our business – nothing is more important.

We want each employee and contractor working at an XTO site to return home as safe and sound as when he or she reported to work.”

Jack Williams, President, XTO Energy
SOME MT COMPANIES “GET IT”

“Our premiums have gone down and that’s a fantastic story financially.”

Cheri Decker,
HR Executive
Simms Fishing Products
JEFFERSON CO. “GETS IT”

Over 3 years, Jefferson County saved more than $85,000 in work comp premiums with its safety program.
Since 2008, state work comp costs have decreased a total $6.4 million.
SAFETY IS THE MISSING LINK!

Between now ➔

Lower work comp costs
Root Causes
Root causes of high rates

#1: Montana workers are injured among the highest rates in the nation. (US BLS)

#2: Compared to the national average, it takes 23 days longer to get an injured worker back to work. (US BLS)
Montana workers are injured among the highest rates in the nation.

#1: Raise awareness
#2: Free safety consultations
#3: Free written safety plan
#4: Free SafetyFestMT
#5: Free monthly safety coalitions
#6: Free OSHA training
OSHA standards

1910 General Industry

1926 Construction
You choose

Education?

Enforcement?
DIFFERENCE SAFETY MAKES

Example: costs with **POOR** safety record

$100,000 payroll \times 24.65 = \$24,650$

100

E-mod \times 1.25 = \$30,813

Sch. Rating \times 1.10 = \$33,894

\$9,244 above average
DIFFERENCE SAFETY MAKES

Example: costs with GOOD safety record

$100,000 payroll (x) 24.65 = $24,650

\[
\frac{100}{100} \times 0.75 = 18,487
\]

\[
\times 0.95 = 17,563
\]

$7,086 better than average
With POOR safety $33,894

With GOOD safety - $17,563

Difference = $16,330
SOW SAFETY -

REAP A 400% HARVEST

SOURCE: American Society of Safety Engineers (ASSE) 2002 White Paper.
WORKPLACE SAFETY IS NOT JUST A GOOD IDEA –

it’s state law

⇒ Montana Safety Culture Act MCA 39-71-1501

Employers:

1) Develop safety programs
2) Implement safety programs
5 STEPS TO LOWER W/C

1) DECIDE

“People pay attention to what their boss pays attention to.”

– Shawn Galloway
5 STEPS

1) DECIDE

It all starts with a decision either CEO, Board or Owners.

“The buck stops here.”

President Harry Truman
1945–1953
2) DEVELOP

Download & use a written Safety Policy
5 STEPS

3) IMPLEMENT

Put your plan into practice –
make it part of your DNA.
5 STEPS

4) MONITOR your critical numbers

- Loss Ratio
- E-mod
- Scheduled rating
5 Steps

5) NEGOTIATE

INSURANCE = RISK TRANSFER

Transfers your risk to the insurance company in exchange for premium.
5 STEPS

Less risk = less cost

If risk decreases... pricing should follow.
Homework:

1) Written safety plan to control risk?
2) Scheduled rating?
3) E –mod
4) Retro group?
5) Who’s in charge?
MONTANA...WE HAVE A PROBLEM

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MT SHB Safety & Health Bureau
This problem can be fixed!

✓ Free safety consultations
✓ Free written safety plan
✓ Free SafetyFestMT
✓ Free monthly safety coalitions
✓ Free OSHA training
This problem can be fixed!

Identification of workplace hazards with suggestions for improvement

Call 444-6401

www.montanasafety.com
LAST WORD

“It’s the right thing to do.”

Cheri Decker, Simms Fishing