

SAFETY PROGRAM AND
COST CONTROL GUIDEBOOK

Safety and Health Department

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It's posted on your breakroom bulletin board and it's mentioned in your employee manual...

“Our company is committed
to workplace safety.”

But is your commitment written down in a company safety program?

An effective safety program can help prevent injuries, reduce costs, and make a substantial contribution to your bottom line. The most effective safety program is one that is fully integrated into the way your company conducts business. Your safety program should focus on the systems and processes that have the greatest potential to cause injury.

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Safety Programs Save Big Bucks

A company with an effective safety program will have fewer incidents which translates into lower net insurance costs through lower direct claims costs. This is illustrated by the following example:

How Accidents Affect the Bottom Line

COMPANY A	ESTIMATED PAYROLL	RATE PER \$100 OF PAYROLL	PREMIUM
	\$500,000	\$10	\$50,000
Experience Modifier		1.71	x1.71
Total Premium			\$85,000
Additional Cost			\$35,500

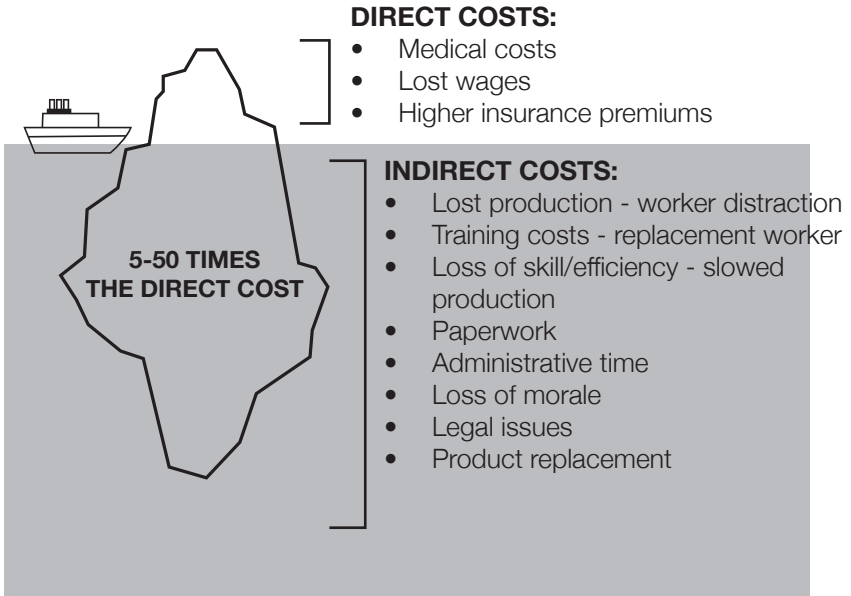
NOTE: Other debits may apply for lack of a safety program, which fails to abate hazards and control accidents, further increasing total premium.

COMPANY B	ESTIMATED PAYROLL	RATE PER \$100 OF PAYROLL	PREMIUM
	\$500,000	\$10	\$50,000
Experience Modifier		.67	x.67
Total Premium			\$33,500
Additional Cost			\$16,500

NOTE: Other credits may apply for a good safety program, which controls hazards and reduces accidents, further reducing total premium.

Total savings for Company B over Company A: **\$52,000**

Like the hidden portion of an iceberg, there are several indirect costs associated with accidents that are not as easily seen. These indirect costs have been estimated to be **from five to fifty times the size of direct costs**. An effective safety program will mean less money and time are spent on things such as repairing damaged equipment, hiring and training replacement personnel, lost time to fill out accident reports, and lost productivity/quality because less experienced employees replace key injured employees.



The cost of incidents requires increased productivity to make up these lost costs. The examples below show revenue needed to make up lost costs.

1. Using premium to calculate needed sales:

Losses versus costs

Cost of insurance divided by % profit margin = amount of sales needed to pay for the insurance premiums

$$\frac{\$100,000}{4} = \$2.5 \text{ million in sales}$$

2. Using injury costs to calculate needed sales:

- * Choose the cost of the injury in the “Total Injury Cost” column
- * Determine your company’s profit margin
- * Where the “Total Injury Cost” column and “Profit Margin” row meet is the additional revenue to retain the company profit margin.

Example:

Total injury cost = \$10,000
Profit margin = 3%
Required revenue increases = \$333,000

There must be \$333,000 in additional revenue to cover \$10,000 in injury costs to maintain your company’s 3% profit margin. (*See chart on right*).

Gross Revenue Increases Required
to Cover Injury Costs

Total Injury Costs	Profit Margin			
	1%	3%	5%	10%
\$1,000	100,000	33,000	20,000	10,000
\$5,000	500,000	167,000	100,000	50,000
\$10,000	1,000,000	333,000	200,000	100,000
\$50,000	5,000,000	1,667,000	1,000,000	500,000
\$100,000	10,000,000	3,333,000	2,000,000	1,000,000
\$500,000	50,000,000	16,667,000	10,000,000	5,000,000

Adapted from: H. W. Heinrich, Industrial Accident Prevention, First edition, McGraw-Hill, New York, 1931.

Getting Started

For employees to believe in and take ownership, your company must develop a personalized safety program.

As you develop and write your program, emphasize how effective the program is in operation, not necessarily how well it is written. It is important to get feedback and suggestions from every department in your company, including supervisors and employees. Be objective and open to recommendations from everyone. If employees have input in the program, they will be more likely to support and adhere to it.

Employees will understand your company's commitment to a safety program through the example of your management team, regardless of what is posted on a bulletin board. Be committed! Believe in safety! Believe that an effective safety program can help prevent injury, reduce costs and make a positive contribution to the bottom line.

INTEGRATED SAFETY PROGRAM COMPONENTS:

1. Managing Leadership & Commitment
2. Assignment of Responsibility
3. Hazard Identification & Control
4. Employee & Supervisor Training
5. Medical Assistance & Emergencies
6. Incident Reporting & Investigation
7. Return to Work Programs
8. Recordkeeping

Use the items listed in the following components to track your company's efforts. Check off segments as they are completed.

1. Management Leadership & Commitment

- ☐ Prepare and sign a policy statement regarding management team's position on employee safety and post it where everyone can read it.
- ☐ Call an all employee meeting to discuss safety and health matters.
- ☐ Establish company and department safety goals.
- ☐ Review EPA, OSHA, MSHA, DOT, etc., statutory requirements that apply to your business, and, if necessary, request assistance from the WCF Insurance Safety and Health Department.

- ___ Prepare a list of appropriate safety rules and requirements to govern work within the company.
- ___ If the company owns or operates vehicles, implement an operator and fleet safety policy.
- ___ Implement a safety committee that represents all departments.
- ___ Require and document regular safety meetings with supervisors and employees. Members of senior management should attend meetings.
- ___ Respond to employee suggestions in a timely manner.
- ___ Develop and implement a drug- and alcohol-free workplace program that includes drug testing.
- ___ Review hiring practices. Evaluate prospective employee safety attitudes and knowledge in addition to job qualifications.
- ___ Consider safety when evaluating employee or supervisor overall job performance.
- ___ Include job safety and health items in meetings with employees.
- ___ To educate employees, publicize incidents and near misses (without listing names).
- ___ Develop and implement policies for responding to emergencies resulting from job-related illnesses and injuries.
- ___ Recognize and acknowledge safe work practices. Discipline employees for safety violations as you would any other breach of company policy.
- ___ Periodically review the company safety program and make changes where needed.

2. Assignment of Responsibility

Employer Responsibilities:

- ___ Assign a key member of the management team with the authority to act for the company's safety program. To ensure success, provide the necessary training and resources.
- ___ Supervisors should be accountable for the safety in their work area(s). Supervisors should have the responsibility and authority to develop safe work practices, correct physical hazards, train employees, and enforce safety rules.

Employee Responsibilities:

- ___ On the job, accept responsibility for your own and co-worker safety.
- ___ Participate in company safety programs, safety committee meetings, and safety training meetings.
- ___ Identify and help control hazards in immediate work area.
- ___ Do not undertake a job that appears unsafe.
- ___ Immediately report all unsafe conditions and behaviors to supervisor.

- ___ Use required safety devices and proper personal protective safety equipment (PPE).
- ___ Report all accidents to supervisor prior to the end of the shift.

3. Hazard Identification & Control

- ___ **Review operations for inherent work hazards** (ex: equipment, chemicals, tools, etc.).
- ___ Review operations for anything with the potential to cause injury (ex: faulty equipment, not following procedures, emergencies, poor housekeeping, etc.).
- ___ Identify qualified employees who understand and can train on hazard awareness prevention.
- ___ Use the hierarchy of controls below to mitigate the hazards:
 - Elimination
 - Substitution
 - Engineering
 - Administrative
 - PPE
- ___ Evaluate the effectiveness of the implemented controls and adjust as needed.

4. Employee & Supervisor Training

- ___ During orientation, train employees how to deal with emergencies, job hazards, how to report hazards, and other items.
- ___ Train employees on the hazards and regulatory requirements associated with their jobs.
- ___ As permitted by the Americans with Disabilities Act, assess new and current employees to ensure that abilities meet job requirements.
- ___ Employees should be trained initially after assigned, as often as regulations require, or as appropriate.
- ___ Employees should be trained on equipment, tools, company policy and procedures, and PPE.
- ___ Supervisors should be trained in control methods, identification of safe and unsafe work practices, and how to conduct job hazard analysis.
- ___ Document all training activities.

5. Medical Assistance & Emergencies

- ___ Designate preferred medical providers and inform employees.
- ___ Develop an emergency response plan to address medical emergencies, chemical spills, natural disasters, etc.
- ___ Require employees to report injuries and incidents to their supervisor, no matter how minor.
- ___ Maintain well-stocked first aid supplies, eye wash stations, and other

emergency supplies. If employees are designated first responders, first aid, CPR, AED, and blood borne pathogen training should be provided.

6. Incident Reporting & Investigation

- ___ No matter how minor, employees should be required to report all incidents, injuries, and near misses to their supervisor as soon as possible.
- ___ Establish reporting and investigation procedures.
- ___ Investigation should determine the who, what, when, where, why, and how of the incident.
- ___ Document findings and communicate pertinent details of incidents to all employees.
- ___ Implement and communicate corrective actions. Train employees to ensure they understand.
- ___ Review corrective actions for effectiveness
- ___ Perform trend analysis on incidents and near misses.

7. Return to Work Programs

Every safety program should include a return to work (RTW) program. RTW programs provide loss prevention and benefits to both the company and the employees. Benefits include potential lower workers' compensation costs*, a decrease in employee time away from the job, an increase in employee morale, an improvement in overall productivity, an enhancement of company image, etc. Elements of an RTW program includes:

**NCCI discounts medical-only claims – resulting in lower experience modifier.*

- ___ Assign someone to oversee the program.
- ___ Include a written policy statement describing the benefits of an RTW program.
- ___ Notify employees of their responsibility to accept transitional duty in the event of an injury.
- ___ Identify job tasks and write job descriptions for tasks considered for transitional duty.
- ___ Determine wage levels for transitional duty.
- ___ Contact medical providers to notify them that modified duty is available at your company.
- ___ Assist medical providers when injury occurs to determine work availability and what transitional duty can be arranged.
- ___ Provide daily contact with the recovering employee to help determine readiness for transitional duty or full return to work with a work release from their medical provider.
- ___ Keep a record of all efforts and contacts with and on behalf of the recovering employee.

- ___ Review the RTW program with legal counsel.
- ___ Keep in contact with the claim adjuster to ensure claims are managed appropriately.

8. Recordkeeping

- ___ Complete the first report of injury form that is applicable to the state where you reside.
- ___ Submit claims to:
 - www.wcf.com
 - Click “File A Claim”
 - Select your state from the drop-down menu
 - Follow the provided instructions
 - First Report of Injury Hotline: 385.351.8285 or toll-free: 800.561.8008
 - Fax: 385.351.8275
- ___ Maintain up-to-date reports of all incidents, including follow-up and closeout information
- ___ Complete and maintain an OSHA 300 log of recordable injuries.
- ___ Maintain safety inspections and maintenance logs required for your operations (ex: cranes, scaffolds, forklifts, respiratory protective equipment, etc.).
- ___ Complete and review self-inspections to ensure that identified hazards are corrected.
- ___ Maintain records of all safety meetings and training sessions. Include topics covered and employees in attendance.

Measuring Progress

Once a program is implemented, your progress can be calculated. There are two formulas to record progress:

1. Total recordable incident rate (TRIR)
2. The case rate of days of restricted work activity or job transfer (DART)

Rates can be calculated for any period, but are usually done for a 12-month period to allow comparisons.

These rates will help you identify your own incident trends. By calculating these rates, you can compare your organization to others in your industry.

To Calculate the TRIR:

1. Determine what 12-month period to evaluate.
2. Divide the total number of all recordable injuries and illnesses by the total number of employee hours worked during that same period.
3. Multiply the results by 200,000.

$$\frac{\text{Total injuries + illnesses}}{\text{Employee hours worked}} = \times 200,000$$

To Calculate the DART Rate:

1. Determine what 12-month period to evaluate
2. Divide the total number of incidents involving days away from work plus incidents involving job transfer or restricted days by the total number of employee hours worked during the same period
3. Multiply the result by 200,000

$$\frac{\begin{array}{l} \text{Total incidents with days away from work} \\ + \text{ incidents with days of job transfer or restricted activity} \end{array}}{\text{Employee hours worked}} = \times 200,000$$

Eight Step Worksheet

Evaluate your company's progress using the following worksheet:

Safety Program Worksheet

Completed?	If Yes		If No	
	Date Completed	Next Review Date	Responsible Person	Due Date
Leadership & Commitment				
Assignment of Responsibility				
Hazard Identification				
Training				
Emergency Response				
Incident Reporting & Investigation				
Return to Work Program				
Recordkeeping				

Policyholder Safety Resources

As your business partners, the Safety and Health Department wants to help you find solutions to protect your employees and assist in reducing insurance premiums. We offer you and your employees several safety and health resources through a variety of learning activities and on-site safety and health support with minimal or no cost to policyholders.

Contact your assigned safety and health consultant to request services or contact the Safety and Health Department at 385.351.8103 to have a safety and health consultant visit with you.

Consultation Services

Safety and health consultants can assist you with the following:

- On-site training
- Hazard identification
- Implementation, evaluation, or improvement of safety programs
- Safety culture assessment
- Monitoring (dusts, chemicals, noise, heat or other hazards)
- Ergonomic assessments
- Safety management system audits

Safety Seminars

- 100+ customer training seminars each year through the western U.S.
- OSHA 10-hour for construction and general industry

Safety Toolkits

Information packets designed to help you with specific areas of workplace safety:

- Balanced scorecard (set safety goals and track progress)
- Effective safety committees
- Motor vehicles
- Forklift safety
- Incident investigation
- Safety management system tool
- Employee safety observation booklet
- Severe injury and fatality prevention
- Walk safe (slip and fall prevention)
- Lift safety for healthcare
- Managing Risk Toolkit

WCF.com

- On-demand safety seminars
- Safety video library
- Safety topic guides in English and Spanish for general and specific industries
- Payroll stuffers
- Maintain OSHA 300 log
- Electronic newsletter
- Loss runs/claims dashboard

Contact Information

Salt Lake City

100 West Towne Ridge Parkway
Sandy, Utah 84070
385.351.8000 (call or text)
800.446.2667

St. George

1453 South Dixie Drive, Suite 100
St. George, Utah 84770
435.652.5000
800.324.9470

Las Vegas

9121 West Russell Road, Suite 117
Las Vegas, Nevada 89148
702.915.1600
800.446.2667

Boise

960 Broadway Avenue, Suite 220
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