

Financial Impact of Insurance Loss Control

Jonathan Wilson
Loss Control Consultant
Gallagher Bassett



Industry Statistics

- 4.3M workers injured by traumatic injuries
- 5,200 killed by traumatic injuries
- 50-60,000 died from occupational diseases
- More than 100 workers are fatally injured daily
- 2.9M injuries/illnesses result in days away from work, job transfer, or restrictions
- National Private Sector injury and illness rate – 3.7/100 workers

Presentation Overview

- Direct vs. Indirect Cost of Safety
- Background in Loss Control
- Pitfalls of Safety Programs
- Prioritization of Safety Efforts

DIRECT AND INDIRECT COSTS of Incidents

- Every year workplace injuries, illnesses, and deaths cost our nation \$170 billion (OSHA)



Direct Costs

- Medical costs and indemnity payments



Indirect Costs

- Production time lost by the injured employees, fellow workers, and supervisors
- Cleanup time
- Scheduled delays
- Training new employees
- Overhead costs, legal fees, and an increase in insurance costs.

Background in Loss Control

Loss Control plays an important part in controlling insurance premiums. Oftentimes a hard insurance market causes clients held to a fixed budget to rethink the components of their insurance program.

In turn, services such as loss control may be considered expendable. Although it may prove a savings in the beginning, cutting loss control services typically results in higher expense in the long run.

Studies have shown that within the average claim payment, 70 percent of the dollars paid goes directly to the loss, 23 percent is attributed to insurance costs, and 7 percent relates to claims-handling costs.

Background in Loss Control

When losses are cut through effective loss control practices, out-of-pocket expenses are reduced because there are fewer claims to settle.

Fewer claims per year may contribute to lower insurance premiums.



Pitfalls of Self Driven Safety Programs

- Too much emphasis on compliance
- Failure to identify industry trends
- Efforts have a tendency to become a little too “personal”
- Contrary to the previous points, failure to identify specific needs of the organization

How can loss control be used to reduce costs?

- Highly skilled consultants can identify specific ways to reduce losses
- Identification of over-produced or redundant areas within the current safety program
- Specific prioritization of safety efforts
- Training on a variety of pertinent platforms

Prioritization of safety efforts

- Compliance vs. Safety Culture
- Most safety programs are geared towards compliance
- Injury prevention must be specific
- Selecting the best method to communicate the information

Other Advantages of Loss Control

- Many consultants carry a number of credentials to perform a variety of certification programs
- Understanding of current technology
- Access to like industry data on trending concerns

How is it supposed to work?

- Consultant will typically perform a table-top audit to evaluate your current practices
- Previous loss experience will be reviewed
- Recommendations and an action plan will be made
- Need-based services will be provided based on the approved action plan

How is it supposed to work?

- Avoid one-off services without previous goal setting
- Stay engaged and maximize the potential of the relationship
- Speak up!

Remember!

- Cost is not supposed to be a component of safety; however, it affects every decision we make.
- Think critically before spending and understand the best options

Thank You!

Jonathan Wilson
Loss Control Consultant
Gallagher Bassett

