

PUBLIC RISK

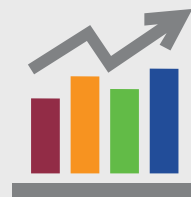
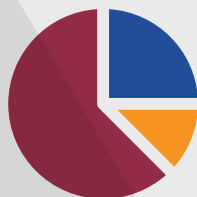
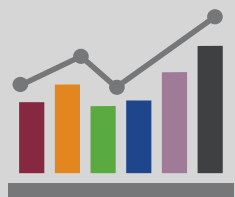


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PUBLIC ENTITY RISK MANAGERS SPEAK OUT:

Results of the 2017 Public Entity Employee Safety & Loss Control Survey



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BY FRANK X. ALTIERE, III, RIMS FELLOW, CPCU, ARM, AU, IIA, AIS

WORKERS' COMPENSATION CLAIMS can be very expensive for public entities, especially when you consider the indirect costs of claims and emerging issues impacting costs, including:

- Rising medical and pharmacy costs
- Severity issues associated with an aging workforce
- Claims with co-morbidities such as hypertension, diabetes, obesity, depression, and smoking
- Chronic pain and opioid addiction

Now more than ever, the best strategy for public entities to address workers' compensation costs is a holistic approach to prevent claims from occurring in the first place with loss control strategies. Given the importance of preventing workers' compensation claims, PRIMA and PMA Companies co-sponsored the Public Entity Employee Safety & Loss Control Survey 2017 to examine safety-related risk management and loss control conditions and practices among public entities. The intent of the survey is to benefit public entity risk managers by providing them with credible, relevant information that enables them to:

- Benchmark their safety/loss prevention program with those of their public entity peers
- Gain a more in-depth understanding of the key challenges faced by their peers
- Discover effective safety and loss prevention strategies

The questionnaire was fielded and tabulated by an independent survey research firm. Qualified individuals who oversee safety programs for PRIMA member public entities were invited to take part. The survey generated a 26 percent response rate, above industry standards for surveys of this type. Survey respondents represent public entities in 39 states.

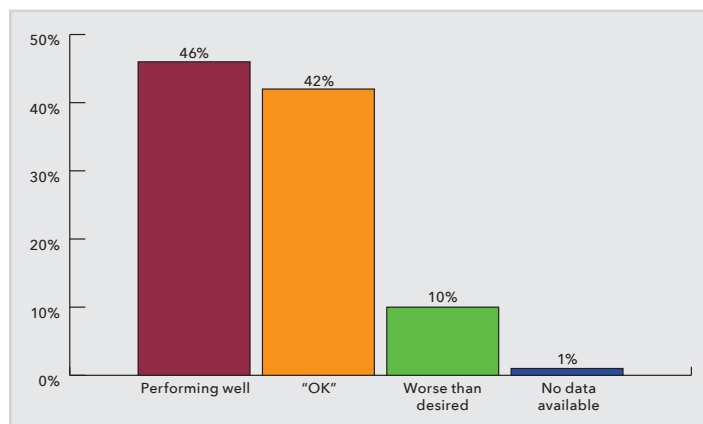
Responses were primarily from risk management professionals who have significant responsibility for safety in their organizations. Types of public entity participants include cities and towns, counties, public school districts, special districts, state or state agencies, and airport, transit, and utility entities. Populations served by public entities ranged in size from under 10,000 to more than 1 million.

PUBLIC ENTITY EMPLOYEE SAFETY & LOSS CONTROL SURVEY RESULTS

The following presents an overview of key survey results.

HOW RISK MANAGERS RATED THEIR WORKERS' COMPENSATION PROGRAM PERFORMANCE

Based on your performance data, how would you describe your organization's workers' compensation performance over the past 3-4 years?*

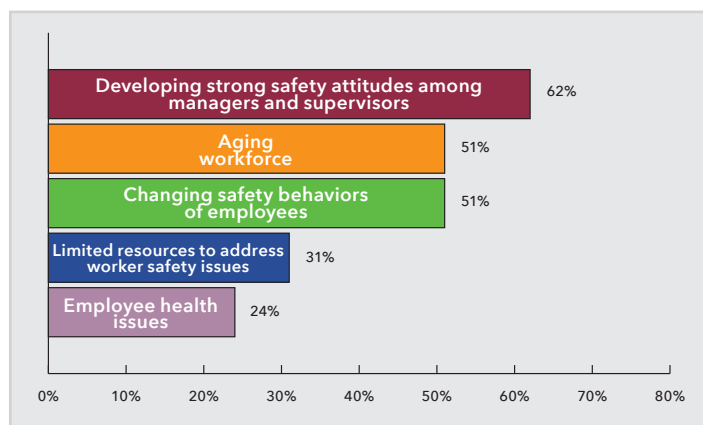


*Adds to 99 percent due to rounding.

When asked to describe their organization's performance during the past 3 to 4 years, 46 percent of public entities described their program as "performing well," while 52 percent rated their performance as "OK" or as "worse than desired."

MOST SIGNIFICANT CHALLENGES TO WORKPLACE SAFETY

What are your three most significant challenges to workplace safety? Select three only.*

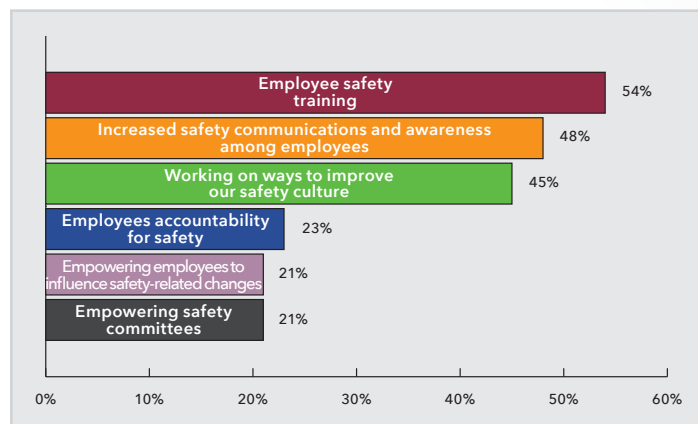


*Chart displays top selections by respondents from among 11 survey choices.

When asked to select their top three challenges to workplace safety, the most frequently selected response was developing strong safety attitudes among managers and supervisors, followed by an aging workforce and changing safety behaviors of employees.

MOST EFFECTIVE STRATEGIES FOR REDUCING ACCIDENTS

What strategies have been most effective in reducing your workplace accidents? Select three only.*

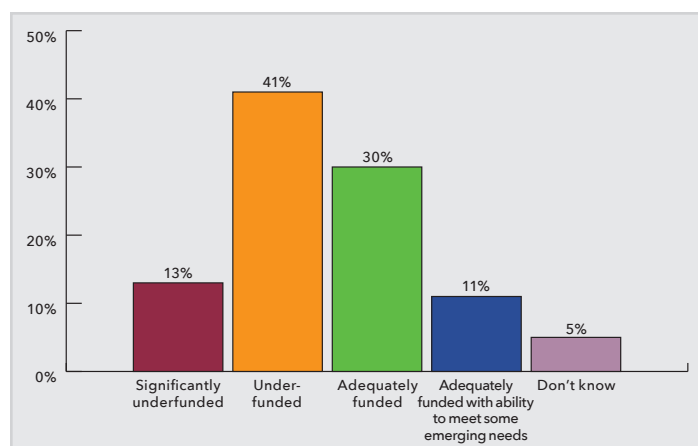


*Chart displays top selections by respondents from among 12 survey choices.

Employee safety training was the most highly rated strategy for impacting the number of workplace accidents. The next most frequent selections were increased safety communication and awareness among employees and working on ways to improve our safety culture.

BUDGET FOR PUBLIC ENTITY SAFETY PROGRAMS

In relation to current program needs, how would you describe your safety program's budget?



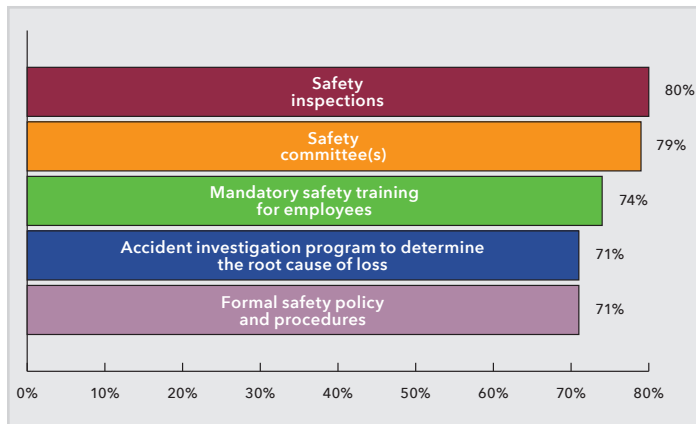
Forty-one percent of respondents rated their safety programs as underfunded, with 13 percent describing their programs as significantly underfunded. Adequate funding was chosen by 30 percent of respondents, while 11 percent said their programs were not only adequately funded, they also had funding to meet some emerging needs.

RESULTS OF THE 2017 PUBLIC ENTITY EMPLOYEE SAFETY & LOSS CONTROL SURVEY

SAFETY STRATEGIES CURRENTLY IN USE BY PUBLIC ENTITIES

Which safety strategies are being used by your organization?

Select all that apply.*

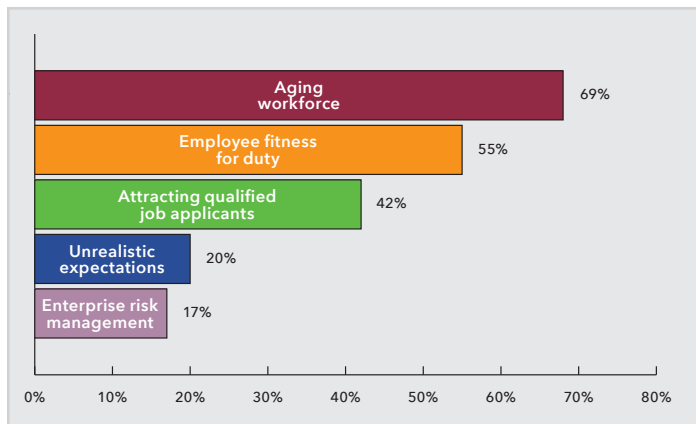


*Chart displays top selections by respondents from among 17 survey choices.

Safety inspections was the leading safety strategy in use, selected by 80 percent of respondents, followed by safety committees, with 79 percent saying they used this strategy. Mandatory safety training for employees was the next most popular selection.

MOST SIGNIFICANT EMERGING SAFETY AND LOSS CONTROL ISSUES

What are your three most significant emerging issues in regard to safety and loss control? Select three only.*



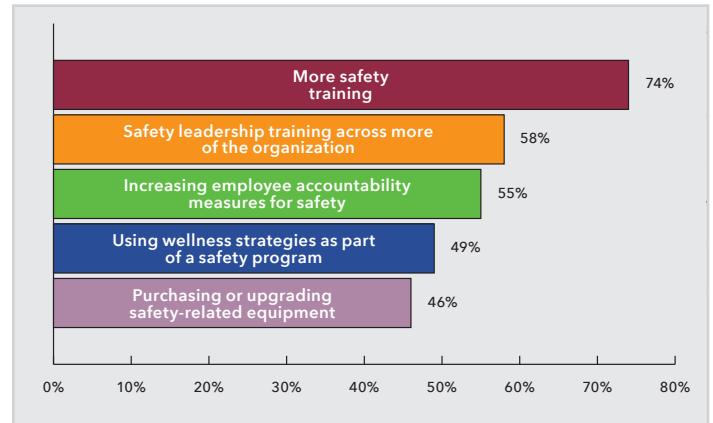
*Chart displays top selections by respondents from among 12 survey choices.

Two worker conditions—age and fitness for duty—ranked as the most outstanding concerns for public entity risk managers regarding safety and loss control. The next most cited concern was attracting qualified job applicants.

STRATEGIES PUBLIC ENTITY RISK MANAGERS PLAN TO IMPLEMENT

Which safety strategies do you plan to implement in the next three years?

Select all that apply.*



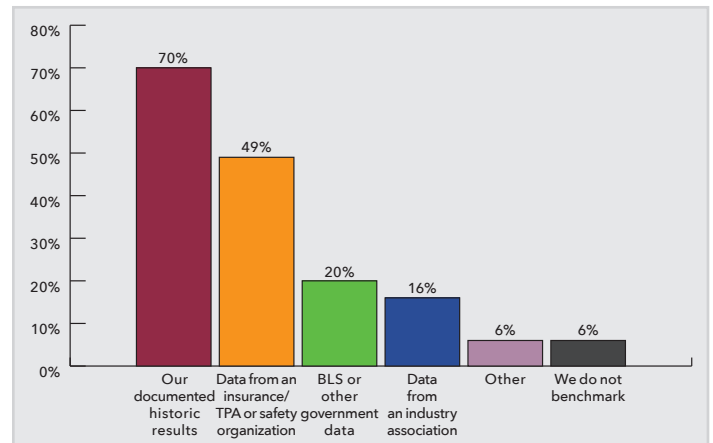
*Chart displays top selections by respondents from among 13 survey choices.

When asked about the safety strategies they plan to implement in the next three years, more safety training outpaced the next most selected choices, safety leadership training across more of the organization and increasing employee accountability measures for safety.

BENCHMARKING WORKERS' COMPENSATION EXPERIENCE

How do you benchmark your organization's workers' compensation experience?

Select all that apply.



More than two-thirds of respondents used their own documented historic results to benchmark their workers' compensation experience and almost 50 percent of respondents benchmarked with data from an insurance company/TPA or safety organization. Other methods, including BLS or other government data and industry association data were named much less frequently.

SELECTED SOLUTIONS TO ADVANCE YOUR EMPLOYEE SAFETY AND LOSS CONTROL PROGRAM

The 2017 Public Entity Employee Safety & Loss Control Survey revealed the importance of developing a safety culture, engaging your workforce in safety and leadership and accountability for your loss control initiatives. The survey also emphasized the key role of safety training and data analytics, as well as the need to help public entity employees improve their health and well-being.

Consider the following areas to advance your public entity's loss control program.

ENHANCE YOUR SAFETY CULTURE

Safety cultures develop over time and are influenced by many factors. The safety leadership of an organization is one of those factors. Many suggest that employees tend to gauge management's commitment to safety, and this too, can influence the eventual safety culture.

Changing a safety culture involves five key steps:

- 1 Implement a new approach about safety in your organization
- 2 Develop a sustainable strategy to reform your safety norms
- 3 Teach the impact of decision-making at every level
- 4 Help new and positive stories get told (passed along to others) about safety in your organization and recognize safe work habits
- 5 Consider conducting an organizational safety perception survey (formal or informal) to start changing your safety culture

Safety perception surveys (well-established feedback tools) help your entity's leadership better understand your employees' thoughts and perceptions about safety. This type of feedback can be vital to your organization's safety efforts. Questions typically center on leadership, the work environment and safety norms, safety training and education, as well as employee satisfaction and engagement in safety.

ENGAGE YOUR EMPLOYEES IN SAFETY

A hallmark of a strong safety culture is employees who are engaged in safety and are empowered to advocate for a safe culture. A 2016 Gallup Study on Engagement and Safety revealed that top performers in employee engagement have 70 percent fewer safety incidents than the less engaged business units.¹

Keep in mind that employee engagement must be earned, and that leadership is critical to engagement.

The following strategies will help you engage your employees in safe working strategies.

- Be unified and demonstrable about safety's value, which begins at the top of your organization
- Be strategic about policies and practices with ongoing discussion and hold leaders accountable for safety

- Be trusted communicators of consistent safety messages/actions; publish safety success stories
- Hold management accountable for safety performance
- Listen to, and, work with your employees on the mutual benefits of making safety a priority and communicate results of your safety programs

GAUGING THE EFFECTIVENESS OF LEADERSHIP AND ACCOUNTABILITY IN AN ORGANIZATION'S LOSS CONTROL INITIATIVES

Key to establishing a strong safety culture with engaged employees is leadership. As stated in the book, *The Nature of Leadership*, "leaders of organizations embed and transmit culture in the thinking, feeling, and behavior of the group."²

Accountability is a key part of leadership. Quint Studer stated, "accountability is the glue that holds the best laid plans together."³ So how can you gauge if accountability is a hallmark of your culture? See if you agree with the following statements about your safety program:

- We have a strong and clear safety vision for our organization
- We communicate our safety goals to employees
- We have implemented a safety strategy/plan
- People execute our safety plans consistently

The more statements you can answer affirmatively to, the more likely that your public entity has the "glue of accountability" to achieve your goals.

COMBINING EMPLOYEE WELLNESS AND SAFETY PROGRAMS

Employee wellness is critical to keeping your workforce safe and your workers' compensation costs under control. To address employee wellness issues impacting workers' compensation, it's important to connect your organizational safety culture with non-occupational factors impacting your employees' health and wellness programs. Integrating occupational health/safety and wellness programs offers the benefits of better employee morale, improved employee health, reduced medical plan losses, increased productivity, reduced absenteeism and reduced workers' compensation costs.

OCCUPATIONAL HEALTH & SAFETY VS. WELLNESS PROGRAMS: A COMPARISON

OCCUPATIONAL HEALTH AND SAFETY		WELLNESS PROGRAMS
GOAL	Risk management program that strives to foster a safer work environment. Focuses on preventing workplace-related injuries and illnesses.	Focuses on enhancing the overall well-being of workers, addressing specific lifestyle behaviors, inside and outside of the workplaces.
TYPICAL ELEMENTS	<ul style="list-style-type: none">• Incident investigation training• Safety planning• Rules and workplace procedures	<ul style="list-style-type: none">• Nutrition education• Smoking cessation program• Stress management program• Access to fitness centers• Exercise program• Information on health topics

IMPLEMENT EFFECTIVE SAFETY TRAINING PROGRAMS

Safety training can be beneficial for your organization. However, the results of safety training depend upon factors such as:

- Effectiveness of the training
- Consistency of the training content with your in-force safety policies
- Level of enforcement of safety policies by managers and supervisors

When conducting safety training, it's important to educate and train workers in a language and vocabulary they understand to ensure they know not only how to recognize hazards, but also can implement ways to eliminate, control, or reduce hazards.

Also, consider the appropriateness of online training versus classroom-style training for your workforce. The following chart can help you gauge the mode of training most appropriate for your workforce and for the situations they face.

ONLINE TRAINING: POSITIVE AND NEGATIVE ISSUES

PROS	CONS
Consistent training content	Is your workforce a willing user?
Easy to assign and provide documentation	Will the course learning transfer to their jobs?
Great for pre-classroom training	How will you know if they can avoid these hazards (OSHA's expectations)?
Interactivity keeps taking a step forward	Humans forget most of what they see once. Is that good enough for your hazards?
Simulation-type training can help with decision-making	Do your managers really know the content and manage these expectations?
Newer generations more willing to learn in this format	Should you consider a strategic blend to achieve your safety goals?

USE DATA ANALYTICS TO IMPROVE YOUR SAFETY PROGRAM

Data analytics can be used to prevent claims, and keep your workforce safe. The more data you have, the better you can identify your loss potential and opportunities for improvement.

Data analytics can help you with the following:

- Identifying the greatest opportunities for improvement
- Establishing long-term goals
- Providing reporting that enables you to:
 - Simplify complex workers' compensation data analytics into compelling visual information
 - Share the data with your leadership team
 - Communicate your safety success stories

WHAT TYPES OF ANALYSIS SHOULD I BE DOING?

The optimal strategy is to do a complete review of your claims data, including the following:

- Frequency rate analysis in relation to total claims reported for both lost-time and medical-only rates
- Loss-leader analysis to show claims by type of injury, with both severity and frequency results
- Department results by frequency and severity, as well as in the context of staff and other key indicators
- Comparisons with your public entity industry peers

The most effective workers' compensation data analytics tell a story of exactly where and why claims are occurring, and provide useful information and strategies to improve long-term performance, including a long-term loss control plan to reduce both the frequency and severity of your workers' compensation losses.

CONCLUSION

Your most valuable asset is your employees. Providing a safe work environment is critical. The cost of claims is obviously important, but an injured worker has an impact on your organization and their family. The good news is with a strong safety program, fewer employees will be injured.

REFERENCES

1. 2016 Gallup Study on Engagement and Safety of 82,000+ business units, 1.8 million employees in 230 organizations, 49 industries, 73 countries
2. *The Nature of Leadership*, Antonakis, Cianciolo & Sternberg
3. *Hardwiring Excellence: Purpose, Worthwhile Work, Making a Difference*, Edition 1, Quint Studer

Frank X. Altieri, III, RIMS Fellow, CPCU, ARM, AU, IIA, AIS, is the president of PMA Management Corp.



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