

Employers Pay Almost \$1 billion per Week to Injured Workers and their Medical Care Providers.

While businesses cut the number of serious workplace injuries, those accidents continue to hit the bottom-line of employers hard, according to a Liberty Mutual study.

In fact, employers spent \$50.8 billion in 2003 on wage payments and medical care for workers hurt on the job.

So what's a risk manager or safety officer to do given such mixed results?

Know your business and manage it - understand where and why your people get hurt and focus your management efforts here notes Karl Jacobson, a senior vice president and general manager of Liberty Mutual Loss Prevention

The sixth annual Liberty Mutual Workplace Safety Index uncovers trends in the leading causes of the most serious workplace injuries between 1998 and 2003. And the Liberty Mutual Chief Financial Officer Survey offers a glimpse of how senior financial executives at large and mid-size companies view safety.

Trends

Good things are happening, according to the surveys, including:

- A slowing of the rate of growth in the cost of serious workplace injuries, driven by a sharp decline in the number of such accidents, which fell 6.2 percent in 2003, almost half the total 13.5 percent decline over five years
- The real cost of two of the top five causes of serious workplace injuries fell sharply between 2002 and 2003:
 - The cost of Bodily Reaction dropped 4.7 percent, driven by an 11.6 percent decline in the number of these accidents
 - The cost of Struck by Object fell 3.4 percent, because of a 12.5 percent decline in the number of these injuries
- *Senior financial executives clearly see the value of workplace safety - Over 60 percent of those surveyed report that each \$1 invested in injury prevention returns \$2 or more.*
- The ranking of the top 10 causes of serious injuries has been consistent over the past five years, giving a clear path for making the workplace safer

But the surveys also point to the work that remains, including:

- Managing the sheer financial impact of workplace injuries, which grew almost \$1 billion per year between 1998 and 2003, when adjusted for inflation

- Controlling the rapid inflation-adjusted growth in the cost of two of the leading injury causes between 2002 and 2003:
 - The cost of Highway Incidents grew 12.8 percent, despite a 4.0 percent drop in the number of these accidents
 - The cost of Falls on Same Level grew 10.4 percent, almost 1/3 of its total five-year growth
- Continuing to build partnerships between risk managers, safety directors and senior financial executives. Risk managers and safety directors should continue to help senior financial executives understand the process of improving safety. This group most often mentions better training as their preferred safety intervention. But while important, training is only one part of a comprehensive plan to improve safety

“While progress has been made in recent years, these results point to the clear need for a comprehensive safety management system,” says Jacobson.

“Continuing to cut the number of serious injuries and their financial burden will require companies follow a safety improvement process that includes strong safety organization, management leadership and employee participation. With this in place, the challenge becomes:

- the process of understanding your risks,
- building solutions,
- measuring performance and
- fine-tuning your efforts.

Interestingly, this approach is the core of a new American National Standards Institute standard - ANSI Z10, Safety Programs – due later this fall."

Findings

The top 10 workplace injuries in 2003, according to the Liberty Mutual Workplace Safety Index, were:

Overexertion	26.4%	\$13.4 Billion
Falls on the Same Level	13.7%	\$6.9
Bodily Reaction	10.2%	\$5.1
Falls to Lower Level	19.0%	\$4.6
Struck by Object	8.5%	\$4.3
Repetitive Motion	5.9%	\$3.0
Highway Incidents	5.8%	\$3.0
Struck Against Object	4.4%	\$2.2
Caught in or Compressed by	3.9%	\$2.0
Assaults & Violent Acts	0.8%	\$0.4
All other	11.3%	\$5.8
Total	100 %	\$50.8 Billion

Findings from the Liberty Mutual Chief Financial Officer Survey include:

Senior financial executives understand the causes of workplace injuries – Four of the five items cited by CFOs as their number one cause of workers compensation loss are among the top five injuries listed in the Workplace Safety Index:

What CFOs most frequently mention as their number one cause of workers compensation loss:

- Overexertion (34.4%) (soft tissue injuries)
- Repetitive Motion (13.5%) (carpal tunnel)
- Bodily Reaction (11.6%) (chemicals, fumes, etc)
- Falling on Same Level (8.8%) (slips, trips, falls)
- Highway Incidents (5.1%)

They value workplace safety - Over 40 percent of senior financial executives cite productivity as the top benefit of an effective workplace safety program:

What CFOs most frequently mention as the top benefit of workplace safety:

- Productivity (42.5%)
- Reduced costs (28.3%)
- Employee retention (7.1%)
- Employee morale (5.8%)

They most frequently mention better training as their preferred safety intervention:

What CFOs most frequently mention as their number one preferred safety intervention:

- Provide better training (26.6%)
- Better equipment and workspace (7.4%)
- More safety management (6.9%)
- Safer environment (6.4%)
- Enforcement of policies and procedures (6.4%)