Achasm Summit 2016 – The Horror of Post-mortems!

10/10/2016
Marketing & Communications Manager
Herman Enoch
FEM

Established 1936, licensed by the CF, to provide workman's compensation to the building and construction industry.

Claims

- Private Hospital Network
- Individual assessor attention
- Medical Panel
- MSO case management
- Online claims management
- All admin done by FEM

Underwriting

- Same assessment rates
- Minimum Premium R5000
- Online assessments
- Merit Rebates
- Loadings
- Online accident statistics
- LOGS valid up to 15 months
## FATALITIES CHART 2008-2016

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
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<th></th>
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<td>CAUGHT IN, ON, BETWEEN</td>
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<td>FALL ON TO DIFFERENT LEVELS</td>
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<td>42</td>
<td>31</td>
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<td>27</td>
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<td>SLIP OR OVER-EXERTION</td>
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<td>STRIKING AGAINST</td>
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<td>1</td>
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<td>1</td>
<td>1</td>
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<td>STRUCK BY</td>
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<td>11</td>
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<td>TOTAL NO. OF FATALITIES</td>
<td>66</td>
<td>74</td>
<td>96</td>
<td>51</td>
<td>76</td>
<td>93</td>
<td>64</td>
<td>65</td>
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</table>
# 2016 Snapshot of IOD Statistics

<table>
<thead>
<tr>
<th>Causes</th>
<th>% of Accidents</th>
<th>Number of Accidents</th>
<th>Fatal Accidents</th>
<th>Permanent Disabilities not resulting in Pensions</th>
<th>Permanent Disabilities resulting in Pensions</th>
<th>Lost Days</th>
<th>Average cost per Accident</th>
</tr>
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<tbody>
<tr>
<td>Accident Type N.E.C.</td>
<td>1.71</td>
<td>98</td>
<td>3</td>
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<td>0</td>
<td>233</td>
<td>37 776</td>
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<td>Caught In, On, Between</td>
<td>6.93</td>
<td>396</td>
<td>2</td>
<td>50</td>
<td>0</td>
<td>1 859</td>
<td>27 185</td>
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<td>Contact with Electric Current</td>
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<td>32</td>
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<td>11</td>
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<td>222 493</td>
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<td>Contact with Temp Extremes</td>
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<td>Fall on to Different Levels</td>
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<td>4</td>
<td>53</td>
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<td>3 893</td>
<td>34 469</td>
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<td>Fall on to Same Level</td>
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<td>0</td>
<td>13</td>
<td>0</td>
<td>727</td>
<td>18 816</td>
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<tr>
<td>Inhalation, Absorption, Ingestion</td>
<td>1.29</td>
<td>74</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>46</td>
<td>16 589</td>
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<tr>
<td>Motor Vehicle Accident</td>
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<td>27</td>
<td>48</td>
<td>4</td>
<td>2 711</td>
<td>80 562</td>
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<td>Slip or Over-Exertion</td>
<td>13.26</td>
<td>758</td>
<td>0</td>
<td>17</td>
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<td>2 088</td>
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<td>Striking Against</td>
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<td>Struck By</td>
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<td>Unclassified-Not Suff. Data</td>
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<td>0</td>
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<td>6</td>
<td>19 459</td>
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<tr>
<td></td>
<td>100%</td>
<td>5 716</td>
<td>51</td>
<td>461</td>
<td>7</td>
<td>19 935</td>
<td>28 471</td>
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</table>
OCCUPATIONAL HEALTH & SAFETY ACT (85 OF 1993)

To provide for the Health and Safety of persons at work and for the health and safety of persons in connection with the use of plant and machinery; the protection of persons other than persons at work against hazards to health and safety arising out of or in connection with the activities of persons at work; to establish an advisory council for occupational health and safety; and to provide for matters connected therewith.
DIRECT – INSURED COSTS

29 %

INDIRECT – UNINSURED, HIDDEN COSTS

71 %

UNKNOWN COSTS

- Human tragedy
- Morale
- Reputation
DIRECT COSTS

- Direct costs tended to be those associated with the treatment of the injury arising from the accident and any unique compensation offered to workers as a consequence of being injured.
- These expenses that could be easily-identified were the ‘direct costs’ of the accidents.
- These costs are in the main covered by workers’ compensation insurance.
- Further, historical records could be reviewed to determine the expenditure attributed to each particular injury in the organization.
- Hinze (2006) confirmed that most of these costs were covered by workers' compensation insurance, such as medical expenses, lost wages, sick leave administration, temporary disability payments and hospitalization, however, the remaining costs had to be covered by the business itself.
- What may initially be classified as an inconsequential or minor accident could prove to be exceedingly costly in terms of the associated indirect costs.
## Incident Indirect costs

<table>
<thead>
<tr>
<th>Individual</th>
<th>Company</th>
<th>Industry</th>
</tr>
</thead>
</table>
| • First-aid treatment  
• Taking injured person to hospital | • Making the area safe  
• Immediate staff downtime  
• Staff reporting time  
• Consultant’s fees to assist with investigation  
• Assessing / re-scheduling work activities  
• Recovering work / production  
• site clean up  
• Bringing work up to standard  
• Repairing damage / faults  
• Lost work time  
• Salary costs of replacement workers  
• Company reputation  
• Loss of Profits  
• Loss of Skills | • Accident investigation  
• Meetings to discuss incident  
• Time spent with inspectors  
• Possible legal fees  
• Fines  
• Premium Loadings |
# Incident Indirect ‘human tragedy’ costs

<table>
<thead>
<tr>
<th>Individual</th>
<th>Company</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Surviving spouse - 75%(40% surviving spouse/spouses and 20% to three kids) pension</td>
<td></td>
<td></td>
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<tr>
<td>• Entry level wages – only growth</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• No future career growth – disability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• No possibility of lifestyle improvement – surviving spouse</td>
<td></td>
<td></td>
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<tr>
<td>• Little or no education for kids.</td>
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<tr>
<td>• No broader family support</td>
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<tr>
<td>• Low staff morale</td>
<td></td>
<td></td>
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<tr>
<td>• Union interference</td>
<td></td>
<td></td>
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<tr>
<td>• Legal Action</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Company reputation – no further contracts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Mass demonstrations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Lack of trust in Construction industry</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Delay in awarding of contracts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Economic downswing</td>
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</tr>
</tbody>
</table>
CASE STUDY
(Direct Costs)

• 21 year old worker fell through a weakened roof sheet and was impaled on an iron pole that penetrated his chest.
• Injuries included ruptured kidneys, ruptured spleen and pancreas and numerous fractures.
• The employee spent 37 days on life support before dying of sepsis.
• He was survived by a young wife and 2 year old child.
CASE STUDY

• Hospital costs R 456,985
  Includes: ICU @ R 9,217 per day
  Major theatre @ R118 per minute

• Medical costs R 392,327

• Pension to dependants R 238,649

• Sundries R 12,414

• Total cost of claim R 1,100,375
MERIT REBATES and LOADINGS

LOSS RATIO % = \frac{Claims Costs}{Premium} \times 100

Increasing **Loading** - sliding scale up as loss ratio increases
MAX LOADING 365%

Reducing **Merit Rebate** - sliding scale down as loss ratio increases

50% Rebate

No Rebate or Loading applied
Cost implications to company

• Assumption – Company paying a wage bill of R10mil.
• Rate charged 2.21%
• Normal premium = R10mil x 2.21% = R221000
• Loaded rate 8.07% - loaded at 365%
• Loaded Premium = R10mil x 8.07% = R807000
• ADDITIONAL R 586000
ANALYSIS OF INCIDENT

What went wrong?

• Not working to Construction Regulations No. 8 (2) (4) (5) regarding fall protection.
• No Risk Assessment
• No Fall Protection Plan
• No Duckboards
• No fall protection harness attached to life lines

Prevention Costs

• Duckboards  +- R 5,000 – R 8,000
• Life lines and harness  +- R 6,000
INDUSTRY RESPONSIBILITY

• We are still seeing accidents which are entirely preventable with proper planning and foresight.

• People are still being killed in foreseeable accidents involving falling from heights, being struck by objects or equipment and the biggest cause in respect of fatalities - motor vehicle accidents.

• Training and Education, together with the Provision of PPE and correct Supervision will result in fewer accidents.

• A suitably trained individual is less likely to have an accident.

• The industry needs to take greater responsibility for controlling the risks that it creates.
Recent research conducted in the UK by the Health and Safety Executive (HSE) determined indirect costs to be 11 times the direct costs.

They determined that accidents cost as much as 37% of the annualised profits of an organisation.

The accidents costs are also determined as the equivalent of 8.5% of the project tender price and approximately 5% of the annual organisational running costs.

Research conducted in South Africa by the Nelson Mandela University determined indirect costs to be 14.2 times the direct costs.

In South Africa the total cost of accidents is estimated to be approximately 5% of the value of completed construction.

The cost of implementing H & S systems within a company is estimated to be between 0.5% and 3% of total project costs.

This indicates that the total cost of accidents exceeds the cost of H & S.
SAFE TEMBER
Focus on Health and Safety in the Construction Industry
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