



Achasm Summit 2016 – The Horror of Post-mortems!

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Marketing & Communications Manager
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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

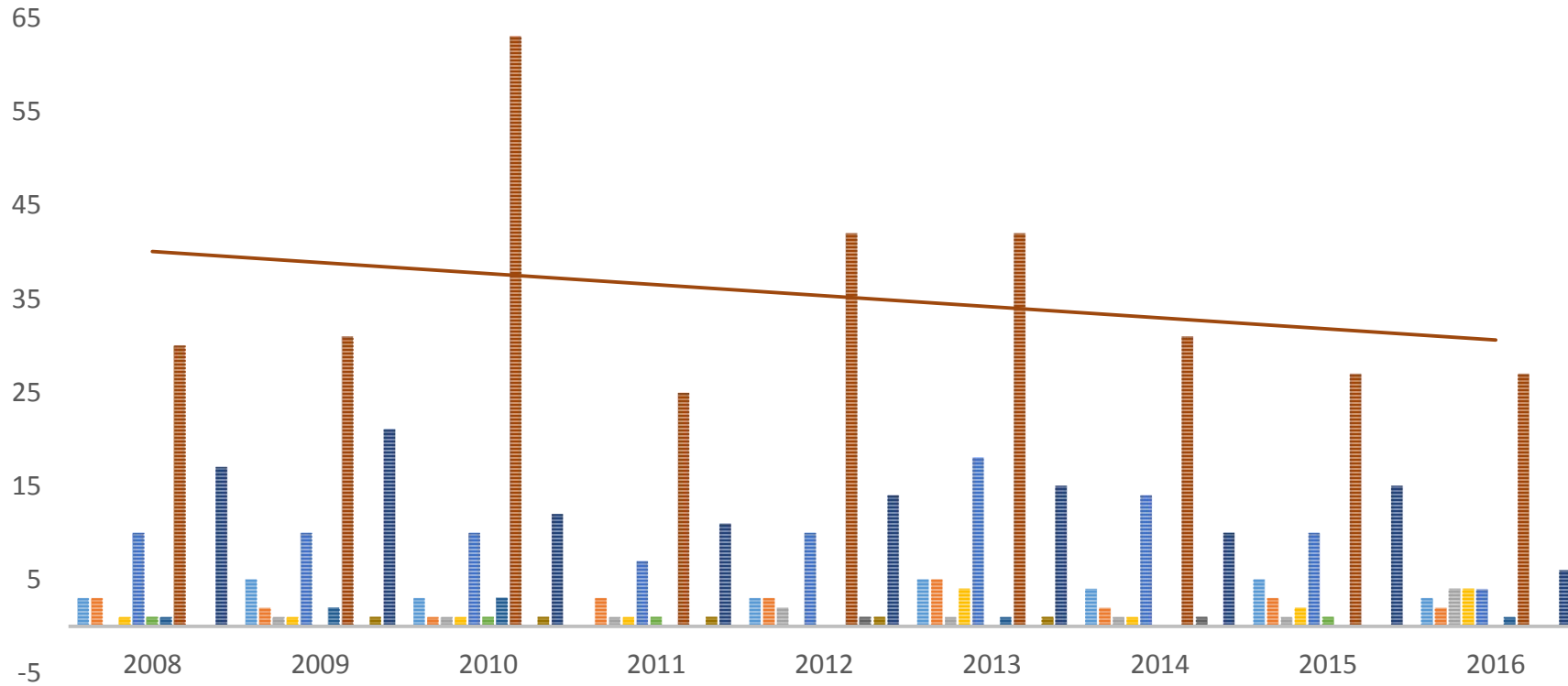
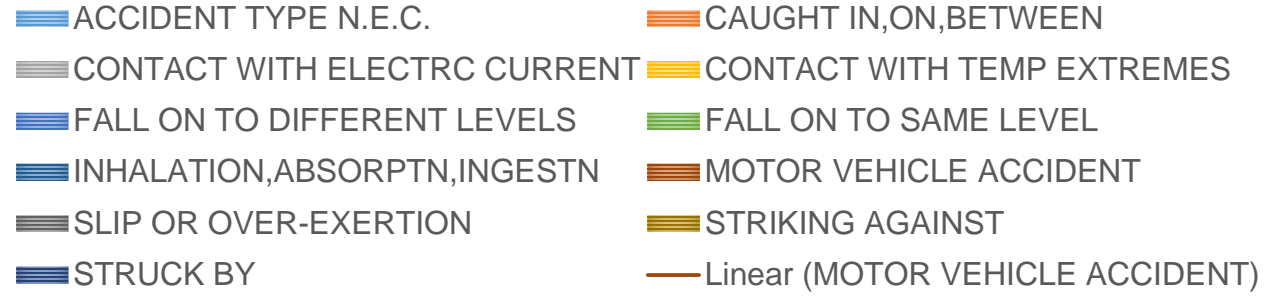
- Same assessment rates
- Minimum Premium R5000
- Online assessments
- Merit Rebates
- Loadings
- Online accident statistics
- LOGS valid up to 15 months



FATALITIES CHART 2008-2016

TYPES OF ACCIDENTS 2008 - 2016 (June)	2008	2009	2010	2011	2012	2013	2014	2015	2016
ACCIDENT TYPE N.E.C.	3	5	3	0	3	5	4	5	3
CAUGHT IN,ON,BETWEEN	3	2	1	3	3	5	2	3	2
CONTACT WITH ELECTRC CURRENT	0	1	1	1	2	1	1	1	4
CONTACT WITH TEMP EXTREMES	1	1	1	1	0	4	1	2	4
FALL ON TO DIFFERENT LEVELS	10	10	10	7	10	18	14	10	4
FALL ON TO SAME LEVEL	1	0	1	1	0	0	0	1	0
INHALATION,ABSORPTN,INGESTN	1	2	3	0	0	1	0	0	1
MOTOR VEHICLE ACCIDENT	30	31	63	25	42	42	31	27	27
SLIP OR OVER-EXERTION	0	0	0	0	1	0	1	0	0
STRIKING AGAINST	0	1	1	1	1	1	0	0	0
STRUCK BY	17	21	12	11	14	15	10	15	6
UNCLASSIFIED-NOT SUFF. DATA	0		0	1	0	1	0	0	0
TOTAL NO.Of FATALITIES	66	74	96	51	76	93	64	65	51

FATALITIES 2008-2016



2016 Snapshot of IOD Statistics

<u>ALL REGIONS</u>								
<u>CAUSES</u>	% of Accidents	Number of Accidents	Fatal Accidents	Permanent Disabilities not resulting in Pensions	Permanent Disabilities resulting in Pensions	Lost Days	Average cost per Accident	
<u>2016</u>								
ACCIDENT TYPE N.E.C.	1.71	98	3	7	0	233	37 776	
CAUGHT IN,ON,BETWEEN	6.93	396	2	50	0	1 859	27 185	
CONTACT WITH ELECTRC CURRENT	0.56	32	4	11	0	520	222 493	
CONTACT WITH TEMP EXTREMES	1.47	84	4	23	0	284	33 967	
FALL ON TO DIFFERENT LEVELS	11.83	676	4	53	1	3 893	34 469	
FALL ON TO SAME LEVEL	3.76	215	0	13	0	727	18 816	
INHALATION,ABSORPTN,INGESTN	1.29	74	1	1	0	46	16 589	
MOTOR VEHICLE ACCIDENT	10.22	584	27	48	4	2 711	80 562	
SLIP OR OVER-EXERTION	13.26	758	0	17	1	2 088	17 935	
STRIKING AGAINST	15.06	861	0	80	0	2 065	12 230	
STRUCK BY	33.87	1 936	6	158	1	5 503	19 895	
UNCLASSIFIED-NOT SUFF. DATA	0.03	2	0	0	0	6	19 459	
	100%	5 716	51	461	7	19 935	28 471	



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

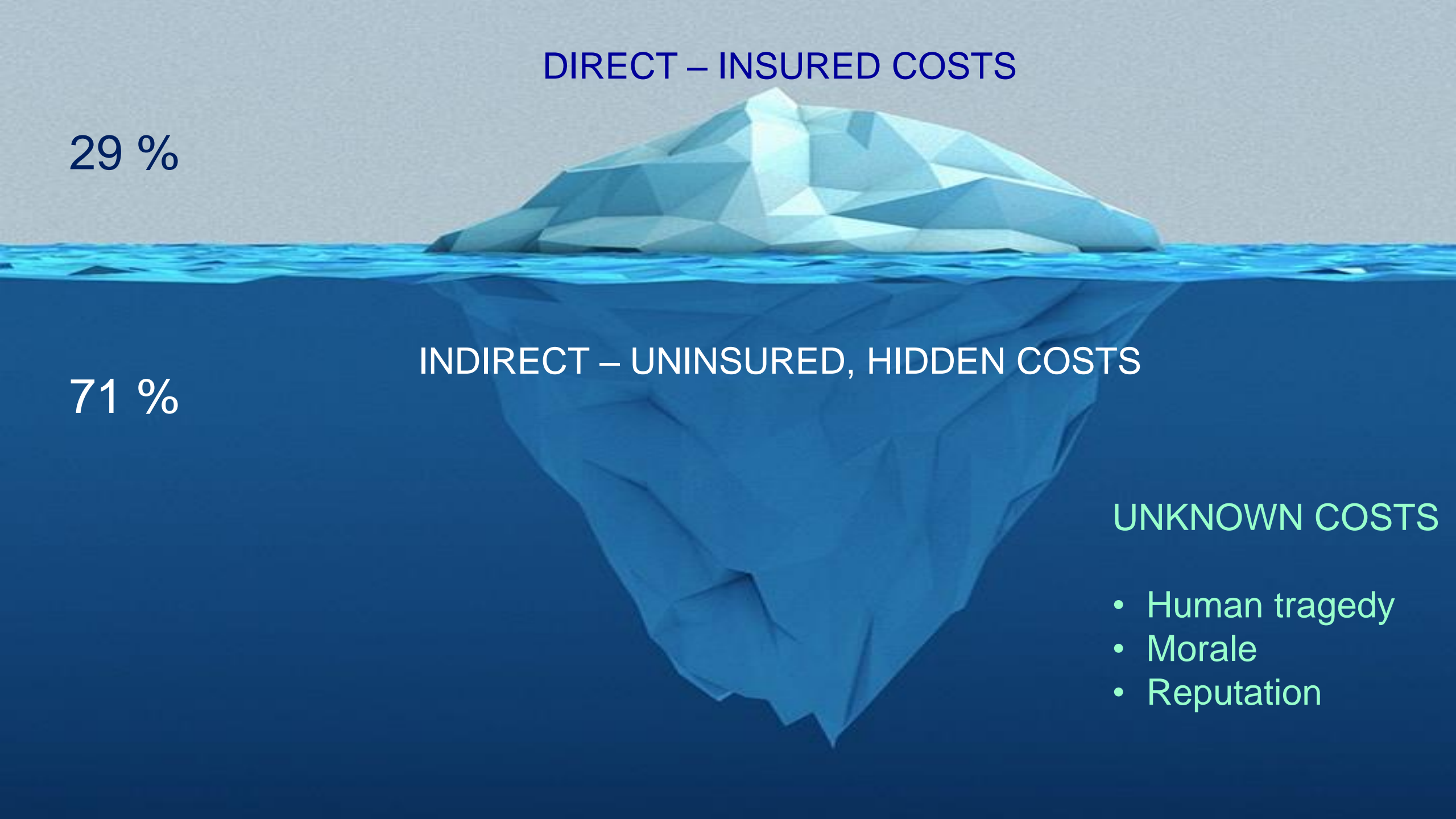
29 %

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

Individual	Company	Industry
<ul style="list-style-type: none">• First-aid treatment• Taking injured person to hospital	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• Accident investigation• Meetings to discuss incident• Time spent with inspectors• Possible legal fees• Fines• Premium Loadings

Incident Indirect 'human tragedy' costs

Individual	Company	Industry
<ul style="list-style-type: none">• Surviving spouse - 75%(40% surviving spouse/spouses and 20% to three kids) pension• Entry level wages – only growth• No future career growth – disability• No possibility of lifestyle improvement – surviving spouse• Little or no education for kids.• No broader family support	<ul style="list-style-type: none">• Low staff morale• Union interference• Legal Action• Company reputation – no further contracts	<ul style="list-style-type: none">• Mass demonstrations• Lack of trust in Construction industry• Delay in awarding of contracts• Economic downswing

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

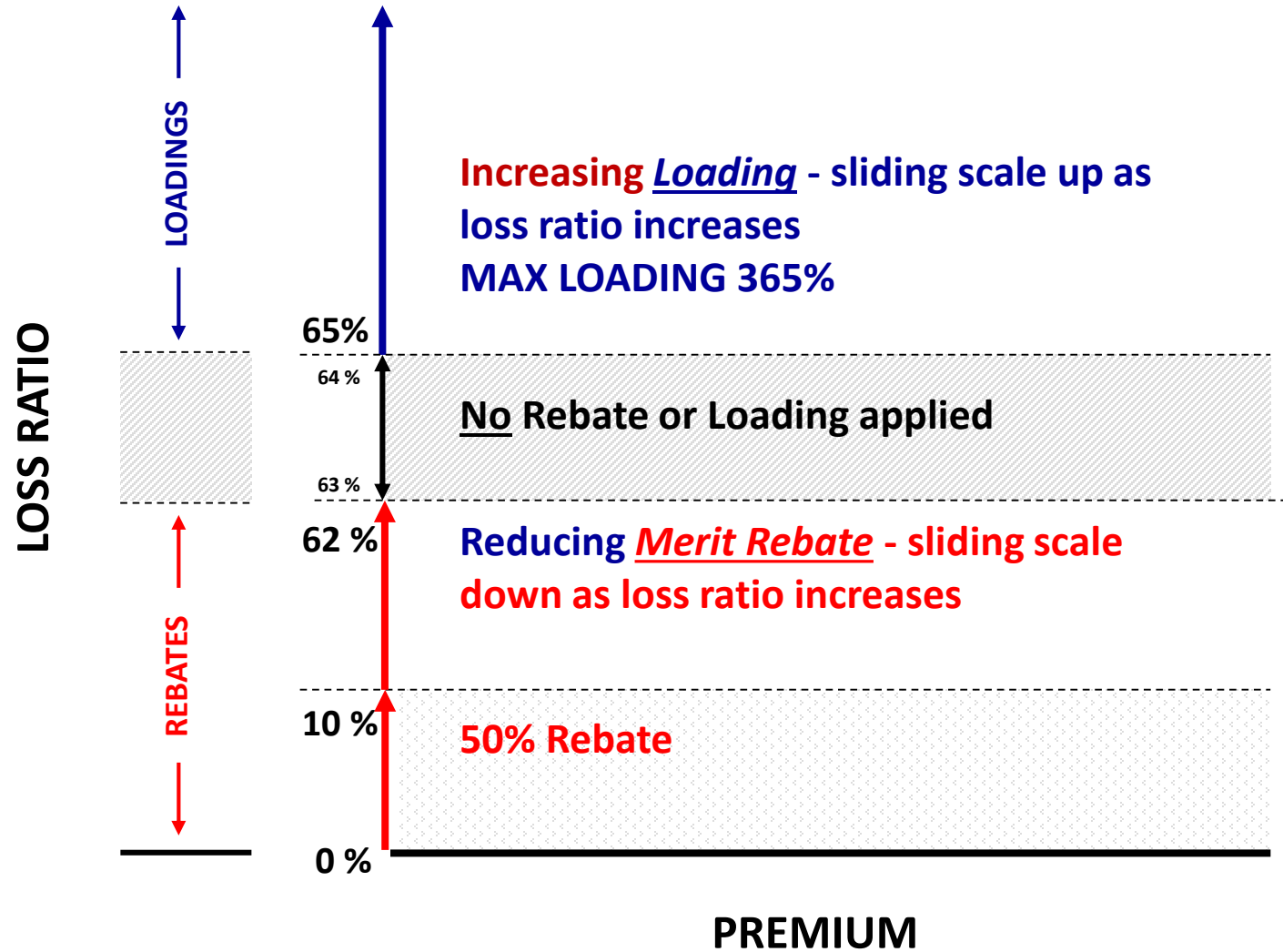
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- **Hospital costs** **R 456, 985**
Includes: ICU @ R 9,217 per day
Major theatre @ R118 per minute
- **Medical costs** **R 392, 327**
- **Pension to dependants** **R 238, 649**
- **Sundries** **R 12, 414**

- **Total cost of claim** **R 1,100, 375**

MERIT REBATES and LOADINGS

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



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.

ECONOMICS OF CONSTRUCTION HEALTH AND SAFETY

- 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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