Using Loss Profiling to Control Costs

Using loss data to identify trends, or "profiling" within your loss control program can be a highly effective way to reduce losses within your municipality. By creating a program to identify areas for improvement, an organization can strengthen its individual departments, reduce on-the-job injuries, and lower insurance costs.

What is a loss profile?

A loss profile uses employee injury data to determine how often losses are occurring (frequency rate) and what the associated insurance costs are (severity rate). Each year, injury data is reviewed and analyzed to identify trends within an organization. Once loss trends are identified, benchmarks are established and a plan can be developed to prevent and reduce future losses and insurance costs.

What information do I need to track?

When creating a loss profile, use data from the previous three years to get an overall picture of what types of accidents and injuries are occurring. Continue to track any new incident data, to be reviewed on an annual basis. As with any data tracking program, the more information recorded, the better. Be sure to record as much information about each incident, including:

- Date/Time of Incident- When did the accident occur? Was it during normal business hours? On the weekend or during third shift?

- Date/Time of Incident Reporting- How soon after the injury occurred was it reported to management?

- Type of Injury- What specific type of injury did the employee sustain? Common classifications include strains/sprains, hit/struck by an object, slip/trip/falls, lacerations, burns, chemical exposure, blood-borne exposure, and miscellaneous. Be sure to require further detail when an injury is classified as miscellaneous. Were multiple injuries sustained?

- Body Part- What specific part of the body was injured in the accident? Common classifications include upper/lower back, shoulder, knees, feet and arms or legs. Were multiple body parts injured?

- Source/Cause of Injury- What caused the injury to occur? Be as specific as possible when recording this information. Did a ladder or scaffolding get moved? Was there ice or liquid on the floor? Was the work area cluttered?

ARIZONA MUNICIPAL RISK RETENTION POOL

14902 NORTH 73RD STREET ♦ SCOTTSDALE, ARIZONA 85260
MAIN: 602.996.8810 ♦ TF: 888.309.4339 ♦ FAX: 602.996.9045
WWW.AMRRP.ORG

- Department of Injury- Police departments will trend very differently from Parks and Recreation or Public Works. Be sure to track all departments separately and as a whole within a municipality.

How do I utilize this information?

Once the data is compiled, trends will emerge. By analyzing these trends, areas with room for improvement will become evident:

- Are more injuries occurring during a particular shift? Perhaps management supervision is inadequate, or employees are working haphazardly due to increased workload.

- Are individual employees continually being injured? Further investigation may reveal employees' failure to wear personal protective equipment (PPE) while on the job, or employees not being well-suited for the job to which they have been assigned.

- Are injuries being reported in a timely manner? Often, the cost of an injury increases the longer it goes unreported. New company policy regarding completion/submission of incident reports may be necessary. Effects attributed to delay of injury reporting include limited ability to control medical costs, increased odds of litigation and delays in return to work- all of which could ultimately increase claim costs.

- Are there multiple reports of the same body part being injured? If many back injuries are reported within a single department, it is possible that employees may need additional equipment to complete their jobs in a safe and efficient manner.

A loss profile is a powerful tool that can help identify many of the factors affecting an organization's injury rate and insurance costs. By determining loss trends, proactive measures can be taken to reduce losses. For questions or assistance in developing a loss profile for your municipality, contact Ed Bantel at (602) 368-6618 or ebantel@berkleyrisk.com.