

THE BENEFITS OF MAKING SAFETY A CORE VALUE

For years, ISRI has held safety as a core value and has captured that in the ISRI Environment, Health, and Safety motto “Safely, or Not at All.” Why is safety a core value? First, and most important, it’s the morally and ethically right thing to do—to make sure all the industry’s employees, customers, and the public we share the roads with go home safely to their families each day. Second, safety is good for business.

We all know the human costs of injuries and accidents in the workplace. Other explicit costs can include investigation and legal expenses, fines, penalties, settlements or judgments, insurance policy deductibles, and property replacement costs. Injuries and accidents also have implicit costs, including lost productivity, missed opportunities, lower workplace morale, employee turnover, reduced ability to attract talent, and negative impacts on the scrap industry’s reputation and community relations. The indirect costs of an injury can be equal to or many times greater than the direct costs, with one estimate putting them at 20 times the direct costs. Based on that calculation, an accident with \$5,000 of direct costs would have a total economic impact of as much as \$100,000 on your company. Ask yourself, how much revenue do you need to generate to cover a \$100,000 hit to net income?

A CLEAR CORRELATION

RecycleGuard has been serving the scrap industry since 1996 and has been ISRI’s sponsored insurance provider since 2001. Over that time we have collected data on tens of thousands of scrapyards’ insurance losses. We track and evaluate the loss experience across many different segmentations, but one key metric we use to measure our performance is how the ISRI member loss experience compares with that of nonmembers. A few years ago, I wrote in this column that ISRI members’ loss experience is better than that of nonmembers. With the industry’s many changes in the past few years, I thought it would be worthwhile to revisit those results. I am happy to report that the results are the same: On average or in the aggregate, the ISRI members in our risk portfolio continue to outperform their nonmember peers. This is true across the three key metrics of loss ratio (incurred losses divided by earned premiums), loss frequency, and

loss severity. The ISRI member loss experience also outperforms that of nonmembers across all major lines of business, including property, general liability, and commercial auto. Because of these demonstrable outcomes, RecycleGuard is looking to grow the ISRI segment of its business and will be pricing ISRI risks accordingly to acquire new customers. Safety is good for your business and for ours.

THE RETURN ON ISRI’S SAFETY INVESTMENT

How did this happen? It’s hard to prove that ISRI membership causes the improved loss experience, but I do give ISRI credit for a significant part of this result. ISRI not only promotes safety as a core value, it also makes tremendous time, effort, and monetary investments toward the cause. ISRI’s board and the ISRI EHS team bring life to the concept of safety as a core value. Over the past 19 years, the association has founded ISRI Resources to fund safety, established the ISRI Safety and Environmental Council and the Circle of Safety Excellence™, created an OSHA Alliance, added outreach in transportation safety, launched Safety Stand-Down Day, and provided a variety of tools to members to transfer safety knowledge to owners and employees. As an insurance and risk management professional, I believe there is no better partner than ISRI in continuously working toward the safety of an entire industry.

To learn more about implementing a rigorous safety program and building a culture of safety in your workplace, speak with ISRI’s EHS staff or your insurance broker, risk manager, or insurance carrier. Focus your accident prevention efforts not only on work-related injuries, but also on third-party liability, which might be a factor in accidents involving vehicles or customers visiting your recycling facility. Then reap the benefits of operating safely: decreased insurance losses, a better reputation for your company and the scrap industry, and lower insurance and risk-transfer costs. ■

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