



WEBINAR | March 8 | 2-3 pm ET

Protecting Employees and the Bottom Line by Managing Your Total Cost of Risk

Manufacturers
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Today's Speakers



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Agenda

- Welcome Remarks- *David Carlson*
- Risk financing landscape- *Zain Iqbal*
- Pre loss opportunities for impacting your Total Cost of Risk (TCOR)- *Stuart Ziener*
- Q&A and Close



Opening Remarks

David Carlson

US Manufacturing & Automotive Industry Leader
Marsh

Polling Question 1

Who is best placed to influence the TCOR within your organization?

- 1) CFO
- 2) HR
- 3) Risk Management
- 4) Employees
- 5) All of the above

Risk Financing Landscape

Zain Iqbal

Senior Vice President

Analytics Solutions, Marsh Advisory, North America

Polling question 2

Are your senior leaders (Treasurer, CFO, General Counsel, etc.) concerned about the recent market increase in premiums and total cost of risk?

- 1) Yes
- 2) No
- 3) Do not ask

Navigating an evolving risk landscape

Building for the Future Requires Structure and Organization ...



Clarity



Data Driven
Analysis

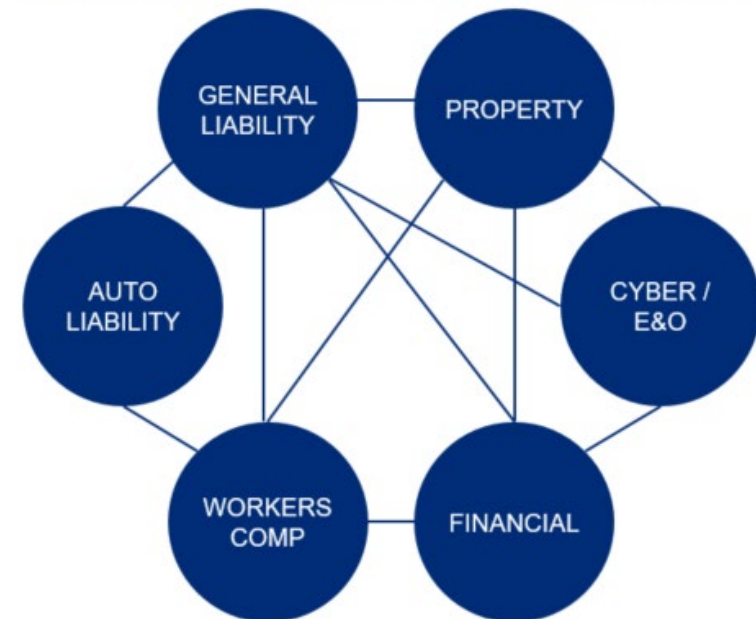


Execution

Speak same language as the business:

1. How much **risk** is the organization **exposed** to across the portfolio of risks?
2. What is the **return on investment** of risk transfer?
3. How much **volatility** can the **balance sheet retain** based on company's risk appetite and impact on **cost of capital**?

UNDERSTANDING PORTFOLIO RISKS



Risk financing optimization

Approach



Pre loss opportunities for impacting your TCOR

Stuart Ziener

Vice President, Workforce Strategies, Marsh Advisory Consulting Solutions

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Polling Question 3

What do you focus on most?

- 1) OSHA Compliance
- 2) Workers compensation claims
- 3) Injury / illness data
- 4) Near misses
- 5) All of the above

Why the total cost of risk process is important

Calculating the total cost of risk is a systematic process that includes such issues as:

- Understanding the **cost drivers** that affect an organization.
- Understanding the **risks** that an organization faces.
- Understanding an organization's **goals** and **strategic initiatives**.
- Evaluating and applying the appropriate techniques to protect the assets of an organization.
- Measuring and managing the process effectively.



The starting point –Total Cost of Risk (TCOR)

Once calculated, businesses can **look at specific cost drivers** and prioritize where improvements or gains in efficiency can be realized.

Over time, TCOR therefore provides a yardstick to assess how a company's risk-related costs are changing relative to the overall growth rate of the business.



TCOR – OSHA and workers' compensation

OSHA regulations provide a structured safety framework in which to work by, **incident rates and claims will indicate how well you are performing.**






Indirect costs are several times the direct costs and **should be included** to produce an accurate TCOR.



The magnitude of the challenge for manufacturing

The U.S. manufacturing industry loses nearly \$8.42 billion a year to serious, nonfatal workplace injuries.

The top five causes

	Cost in billions	Percent total		
1.	\$1.90	22.6%		Overexertion involving outside sources <i>(handling object)</i>
2.	\$1.37	16.3%		Falls on same level
3.	\$0.93	11.1%		Struck by object or equipment <i>(being hit by objects)</i>
4.	\$0.80	9.5%		Caught in or compressed by equipment or objects <i>(running equipment or machines)</i>
5.	\$0.71	8.4%		Repetitive motions involving microtasks

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Marsh Safety Performance Survey

12 key elements critical to reducing your TCOR

This is what you are telling us...

700 manufacturing and automotive industry peers participated...

- Sr Leadership 73%
- Incident reporting and investigation 70%
- Annual Safety Management Review 36%
- Employee reporting hazards 40%
- Hazard / risk assessment 40%



Strains are the leading cause of loss representing 34.4% of total claims and 41% of lost time claims

A low priority ?

Only 6.1% of respondents selected ergonomics as a top 1,2 or 3 priority. This is alarming. As even without picking up a claims run, most risk professionals know that ergonomic-related claims account for a high percentage of manufacturers claim costs.

Add remote working to this equation and many do not even have an aligned ergo program in place.

Continuous risk improvement process



DIAGNOSE

- Review claims data
- Safety self-assessments
- Objectives, goals, strategies, metrics (OGSMs)
- Policies, procedures, program review
- Regulatory and operational assessments

DESIGN

- Understand current state and future state
- Develop three-year risk improvement Plan
- Set OGSMs
- Agree on the Plan
- Assign accountability

DELIVER

- Begin implement top priorities from the Plan
- Check-in and assistance
- Reevaluate against expected outcomes
- Adjust the Plan where necessary
- Roll into year two initiatives

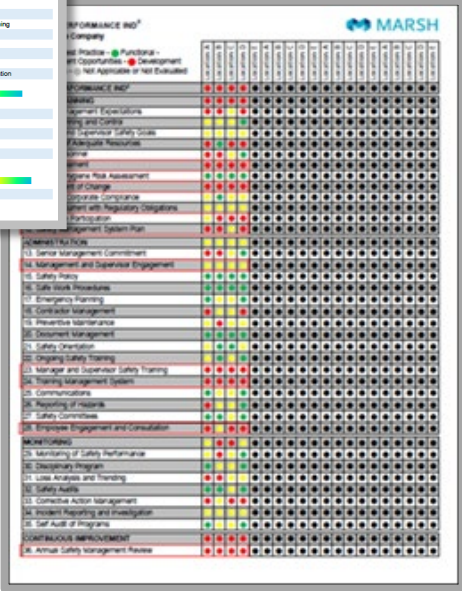
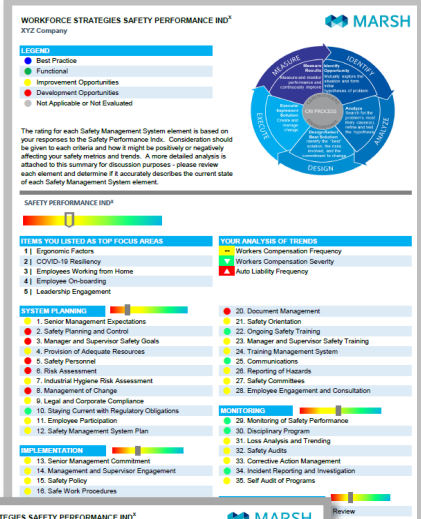
Next action

Safety Performance Ind^x

Take the complimentary SPI:
Engage leadership team
Safety committee
Front-line leadership

36 key safety system elements

Only takes nine minutes to complete



Visual dashboards

Side-by-side comparison

Detailed analysis

Q&A



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