Safety is Everyone’s Business

Maine Motor Truck Association/
Atlantic Provinces Trucking Association
Transportation Safety Conference
September 23 & 24, 2013
Measures of Success

Traditional Safety Performance Measures for Motor Vehicle Operations

1. Frequency
2. Severity
3. Profit
Managing Risk

Safety & Health

- Ability to Compete
- Access to Global Markets
- Employee Morale
- Improved Efficiency
- Enhanced Reputation
- Cost & Risk Reduction
- Improved Quality
- Improved Productivity

Adds Business Value and a Competitive Advantage…
### ATRI Marginal Costs study

<table>
<thead>
<tr>
<th>Vehicle-Based Costs</th>
<th>2008</th>
<th>2009</th>
<th>Q1 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuel &amp; Engine Oil</td>
<td>38%</td>
<td>28%</td>
<td>31%</td>
</tr>
<tr>
<td>Truck/Trailer Lease/Purchase Payments</td>
<td>13%</td>
<td>18%</td>
<td>16%</td>
</tr>
<tr>
<td>Repair &amp; Maintenance</td>
<td>6%</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>Truck Insurance Premiums</td>
<td>3%</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Tires</td>
<td>1%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Permits</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Tolls</td>
<td>1%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Driver-Based Costs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wages</td>
<td>26%</td>
<td>28%</td>
<td>27%</td>
</tr>
<tr>
<td>Benefits</td>
<td>9%</td>
<td>9%</td>
<td>10%</td>
</tr>
</tbody>
</table>
Cost of Loss

- Direct Costs
- Indirect Costs
## Cost of Loss

<table>
<thead>
<tr>
<th>Profit Margin</th>
<th>$100</th>
<th>$10,000</th>
<th>$35,000</th>
<th>$100,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>4%</td>
<td>$2,500</td>
<td>$250,000</td>
<td>$875,000</td>
<td>$2,500,000</td>
</tr>
<tr>
<td>5%</td>
<td>$2,000</td>
<td>$200,000</td>
<td>$700,000</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>6%</td>
<td>$1,667</td>
<td>$166,667</td>
<td>$583,333</td>
<td>$1,666,667</td>
</tr>
<tr>
<td>10%</td>
<td>$1,000</td>
<td>$100,000</td>
<td>$350,000</td>
<td>$1,000,000</td>
</tr>
</tbody>
</table>
If a company is operating at 5% profit
AND
Incurred a loss of $10,000
AND
A truck averages $100,000 revenue/year,

It would take 2 years to become profitable!
COWBOY
AFTER
OSHA

AUTOMATIC HIGH-VOLUME "WHOAA"

SAFETY ROPE - WHEN OTHER SYSTEMS FAIL

BIRD CAGE MASK & SAFETY GOGGLES

180° REAR VIEW MIRROR

HEAD LIGHTS

PRESCRIPTION SAFETY GOGGLES TO INSURE HORSE'S GOOD VISION

GRAB RAIL

SAFETY SWITCHES & HOTLINE TO INSURANCE COMPANY

STEEL TOED STIRRUPS

SAFETY NET ALL AROUND

4 WHEELS TO KEEP HORSE UPRIGHT IN CASE SHE SLIPS - HENCE NOT ENDANGERING RIDER

HARD HAT WITH WIDE BRIM & EAR PROTECTORS

PADDED BACK SEAT & HEAD RESTRAINT

TAIL & DIRECTIONAL LIGHTS BACK UP LIGHTS

SHOULDER HARNESS AUTOMATIC AIR FILLED CHEST PROTECTOR

MAPS IF YOU GET LOST & CHECKLIST BEFORE RIDING

BLUETAIL FLY REPELLENT

SEAT BELT

SELF STARTER (ACCESSORY)

KNEE PADS (JUST IN CASE) & QUILTED PANTS

DUAL CINCH

EPA EMISSIONS CONTROL SYSTEMS

NON-SKID SPARK SUPPRESSORS
Who Manages?

- **Traditional Risks:**
  - Strategic Risk
  - Business Risk
  - Financial Risk
  - Operational Risk
Risk vs. Benefit
Risk Indicators

Key Risk Indicators

Strategies/Objectives
- Business plans
- Management goals
- Performance metrics

Regulations & Policies
- Legal requirements
- Regulatory standards
- Policy limits

Losses & Incidents
- Actual losses
- Incidents
- Industry data

Stakeholder Requirements
- Customers
- Vendors
- Other
# Risk Assessment Matrix

<table>
<thead>
<tr>
<th>Probability Levels</th>
<th>Hazard Categories</th>
<th>I Catastrophic</th>
<th>II Critical</th>
<th>III Marginal</th>
<th>IV Negligible</th>
</tr>
</thead>
<tbody>
<tr>
<td>A - Frequent</td>
<td></td>
<td>1A</td>
<td>2A</td>
<td>3A</td>
<td>4A</td>
</tr>
<tr>
<td>B - Probable</td>
<td></td>
<td>1B</td>
<td>2B</td>
<td>3B</td>
<td>4B</td>
</tr>
<tr>
<td>C - Occasional</td>
<td></td>
<td>1C</td>
<td>2C</td>
<td>3C</td>
<td>4C</td>
</tr>
<tr>
<td>D - Remote</td>
<td></td>
<td>1D</td>
<td>2D</td>
<td>3D</td>
<td>4D</td>
</tr>
<tr>
<td>E – Unlikely</td>
<td></td>
<td>1E</td>
<td>2E</td>
<td>3E</td>
<td>4E</td>
</tr>
</tbody>
</table>
# Risk Assessment Matrix

<table>
<thead>
<tr>
<th>Risk Classification</th>
<th>Risk Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>1A, 1B, 1C, 2A, 2B</td>
<td>Unacceptable</td>
</tr>
<tr>
<td>1D, 2C, 2D, 3B, 3C</td>
<td>Undesirable</td>
</tr>
<tr>
<td>1E, 2E, 3D, 3E, 4A, 3A</td>
<td>Acceptable</td>
</tr>
<tr>
<td>4C, 4D, 4E</td>
<td>Acceptable, without review</td>
</tr>
</tbody>
</table>

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Risk Assessment

Three Levels of Risk

- Intolerable
- Between Intolerable & Acceptable
- Broadly Acceptable
ORM Process

Structure
- Visible Leadership
- Resource Availability
- Culture, Vision, Values

Risk ID & Assessment
- Internal Assessments
  - Exec
  - Line
  - Employee
- External Assessments
  - Vendors
  - Shippers
  - Insurers
  - Business Groups

Measurement & Reporting
- Decision-making trees
- Critical Risk Factors
- Accountability

Mitigation & Management
- Policy enforcement
- Risk transfer strategies
- Contingency planning and testing
- Event and crisis management
Remember the Past

- Columbia
- Texas City
- Macondo Well
“We are convinced that the management practices overseeing the Shuttle program were as much a cause of the accident as the foam that struck the wing.”
Incident Causation Model

- **Values**
  - Nothing we do is worth getting hurt
  - Safety and Health can be managed
  - Every Injury/Illness could and should have been prevented
  - Safety & Health is everyone’s responsibility

- **Control**
  - Performance
    - Behavior Feedback
    - Behavior Observation
    - Site Training Systems
    - Safe Practices
    - Planning for Safe Conditions
    - Standards Implementation
    - Goal Setting/Action Planning
    - Expectations & Involvement

- **Cause**
  - Behavior
    - Near Miss
    - Property Damage
    - First Aid
    - OSHA Recordable
    - Fatality
    - LWD

- **Consequences**
  - Near Miss
Bottom Line

- Identify those situations that threaten your ability to meet organizational goals.
- Measure the likelihood of those occurrences.
- Plan your response(s).
- Pick your partners.
- Plan for long-term success
- Communicate!
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