

# The cost of not investing in health and safety.

## How much does an injury cost?

*A natural gas processing facility out of Texas failed to follow National Fire Protection Association (NFPA) standards when installing a heater.*

*An employee was killed when he tried to light the heater and it exploded due to gas accumulation.*

*The jury awarded the plaintiff \$82.5 million.*

Health, Safety and Environment (HSE) initiatives are often misinterpreted as being costly and disruptive to operations. The result is that most companies do not adequately invest in HSE programs and supporting technologies until it is too late, even though many countries have strict HSE regulations requiring complete compliance.

Legislation on HSE violations has become increasingly punitive and tougher penalties for serious infractions can even carry a prison term. But while legislation is usually thorough, without an effective HSE program, merely following legislation isn't enough to ensure that zero accidents occur in your workplace.

While the exact cost of injuries and accidents may vary depending on the source, the reality is that the financial and social costs of accidents have significant impacts on the employees, business and society. A work-related accident or injury can not only put an employee out of work and affect their quality of life, it can also damage an organization's productivity and reputation – all of which can be very difficult to recover from.

Global Fatalities : 2.8 Million people / year



Global Economic Cost: \$2.2 Trillion 4% annual GDP



US Workers' Compensation Costs: \$50 Billion



United Kingdom Workplace injury Costs: \$18+ Billion



Canadian Workplace Injury Costs: \$16 Billion



*Figures above in USD.*

The most effective HSE programs are those that include procedures to sustain the program over the long term and ensure constant improvement. Without this vital piece of the plan, HSE programs will dissolve into non-existence.

The US Center for Disease Control and Prevention estimates that a fatal injury accrues an average cost of about \$1 million in hospital costs. Adding increased insurance premiums, workplace replacement and loss of productivity costs to a fatality can triple the cost to nearly \$3 million.

# The cost of not investing in health and safety.

**Many HSE violations are rooted in the failures of leadership.**

*A highway construction company in Florida had no safety system or plan in place for getting heavy construction vehicles safely off its median construction sites.*

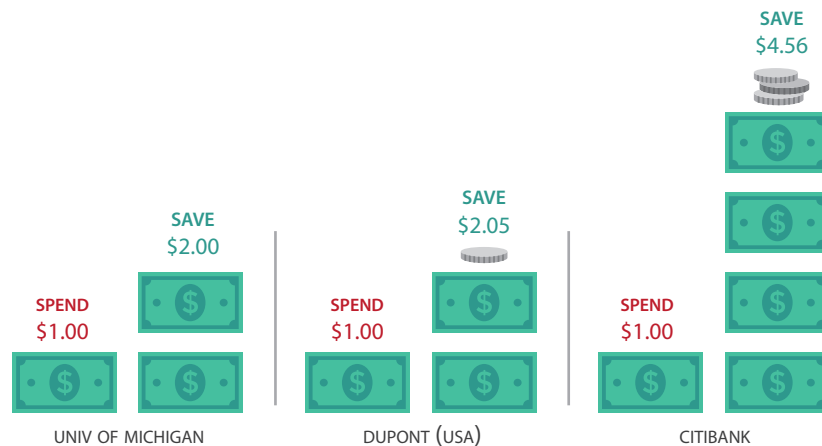
*One of its employees moved an 80,000-pound tractor trailer and made a U-turn crossing all four lanes of oncoming traffic causing an accident that resulted in two fatalities.*

*The jury awarded the plaintiff \$45 million*

Research has shown that when board members and c-suite executives do not lead the implementation of HSE programs, there can often be a lack of uptake throughout an organization. The consequences of which can be severe. Conversely, when leadership takes a leading role in the implementation of HSE programs, organizations often benefit from improved employee uptake and benefits throughout the entire organization.

### Big Benefits from Effective HSE Programs

While cost savings are often a benefit of an effective HSE program, safety's biggest return on investment is human capital. Years of HSE program adoption have shown us that there is a strong correlation between investment in accident prevention and the reduction of work-related accidents.



But the benefits are not limited to financial gains. Other benefits of effective HSE programs can include:

- Decrease in accidents and workplace risks
- Reduced premiums & claims
- Increased employee productivity
- Enhanced community reputation

# The cost of not investing in health and safety.

**Sustaining HSE programs is as important as implementing them.**

*In an olefin plant explosion in Louisiana, two employees died and another 167 received serious injuries. A jury found that plant owners and operators “were negligent with respect to the cause of the incident”.*

*The jury awarded four workers \$16 million.*

Beyond the financial costs to the employer, there are other social, family and employee impacts that come from not having robust HSE programs and solutions. In addition, we know that compensation cannot replace a life, limb or the lifestyle employees had before an incident.

## How can ComplyWorks Help?

One of the most effective methods to improve health and safety is software-enabled Governance, Risk Management and Compliance (GRC). GRC is an umbrella term for a comprehensive strategy to manage all initiatives relating to HSE, legislation and risks to an organization.

In a heavily competitive environment, where there is increased attention by regulatory bodies to ensure compliance and where decisions need to be made in a quick and informed manner; those relying on manual processes are at a disadvantage compared to those who use software-enabled solutions.

ComplyWorks’ Compliance Management Solution (CMS) enables companies to get work done in a safe and environmentally friendly way to meet all HSE and GRC objectives.

Our web-based CMS has helped thousands of companies foster effective GRC practices, HSE programs and third-party relationships while reducing exposure to liabilities and fines.



ComplyWorks is a global leader in compliance management. Our solutions solve GRC needs across multiple departments within companies, in many different industries, all over the world.

Our solutions cover the entire GRC lifecycle – from basic prequalification to managing your third-party workforce at worksites locally, regionally or globally. We make compliance management easy.

**See how ComplyWorks can reduce your risk with a [free solution demo](#). It could be the best thing you’ve done for your business today.**

#### Sources:

1. British Safety Council - The Business Benefits – Health – Safety Literature
2. Canadian Center for Occupational Health and Safety - Bill C-45 Canada
3. Deloitte – Workplace safety analytics
4. Safety & Health Magazine - the ROI of Safety
5. Plant – Advancing Canadian Manufacturing
6. European Commission - Socio-economic costs of accidents at work and work-related ill health
7. Health & Safety Executive - Costs to Britain of workplace fatalities and self-reported injuries and ill health

8. EHS Today – Four Workers Awarded \$16 Million by Jury in Second Williams Olefins Plant Explosion Case
9. Safety News Alert - Jury awards \$82.5M in workplace death lawsuit
10. Cision PR Newswire - Jury Enters \$45 Million Verdict in South Florida Crash That Killed 29 Year Old Medical Student
11. Aberdeen Group – Effective GRC Management