



# **Preventing Injuries to Reduce Cost**

**Managing Operating and Insurance Costs  
through Safety and Loss Control**

**ASCHA Convention  
January 2010**

# Employees Are Your Most Valuable Asset

**Employees affect:**

- **The efficiency and productivity of your operation**
- **Which in turn influences labor costs**
- **Which is one of your largest operating expenses**
- **And impacts available farm revenue**



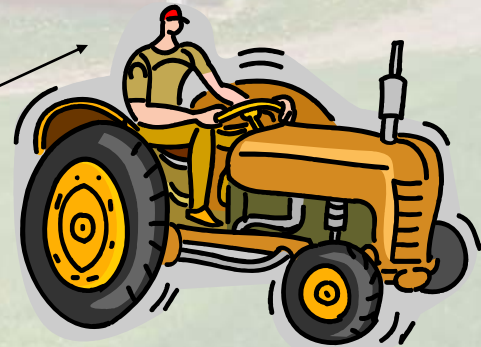
# What Is Your Best Opportunity for Controlling Employee Costs?

**Preventing and reducing injuries from occurring!**

**If you are not planning on preventing farm injuries then you are planning on having them**

- **The Bureau of Labor Statistics indicates farming accidents increased 11% in 2008**
- **Tractor accidents are a large portion of fatalities**

**No ROPS or seatbelt  
Not Safe!**



# What are the costs of Agriculture injuries?



- **Disabling Injuries**
- **\$29,000 per disability**
- **Fatalities**
- **\$790,000 per fatality**

\* 1993/1995 Pennsylvania Farm Work Injury Report ~ Penn State

# How does Agriculture compare to other industries?

You are *less* likely to be injured working:

- In a mine
- In forestry or a logging operation

You are *slightly more* likely to be injured working:

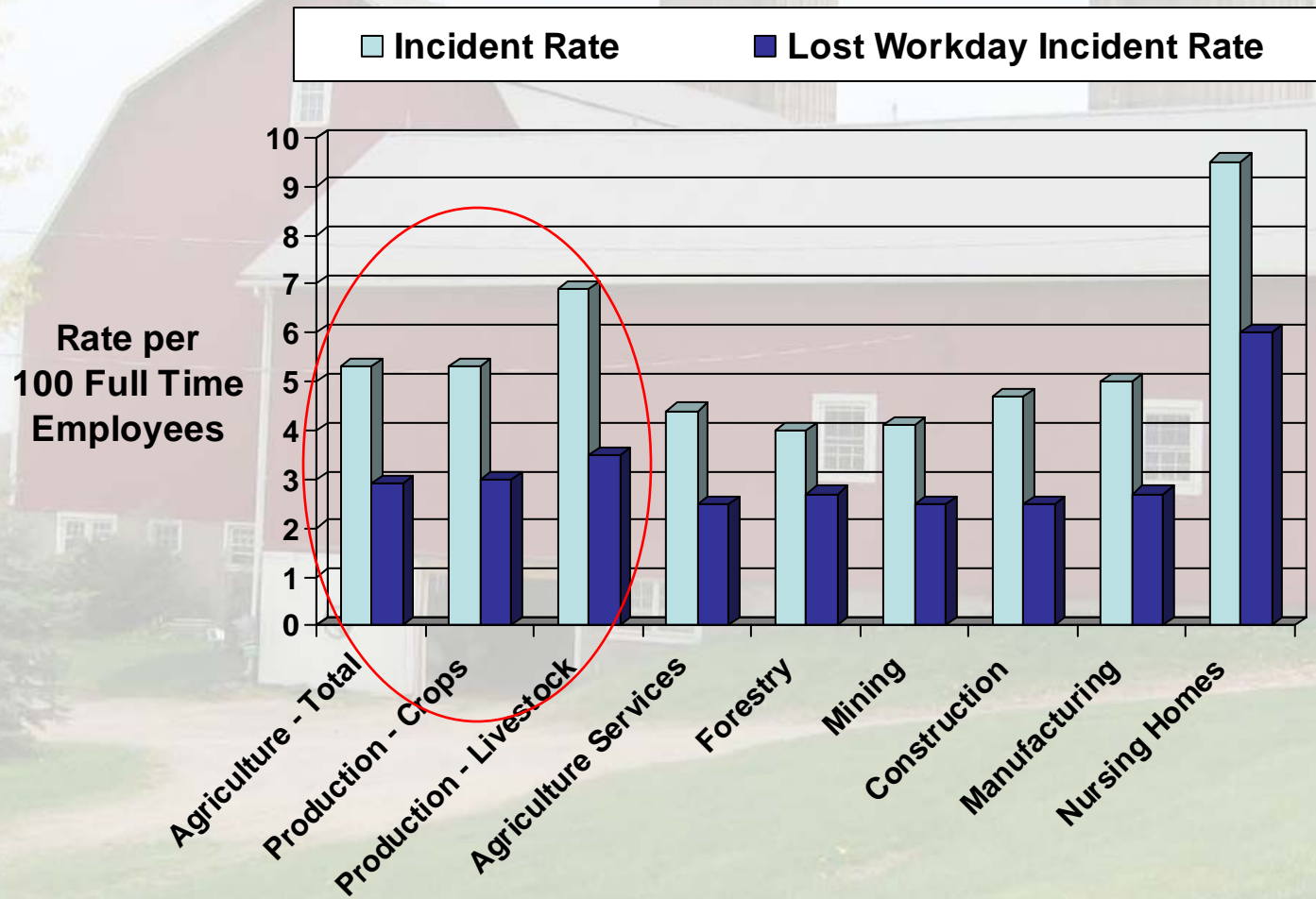
- On a crop farm
- Or in construction operations

You are *more* likely to be injured working:

- In a nursing home
- Or on a dairy farm or cattle ranch

# BLS 2008 Incident Rate Data

## Some Comparisons



# What Is the Chance of a Fatality?

- **An average of 3.6 out of 100,000 workers will die as a result of work incidents\***
- **In comparison, your chances of being fatally injured are:**
  - **5 xs greater in Mining**
  - **3 xs greater in Construction**
  - **Less than 1x in Manufacturing or Health Services**

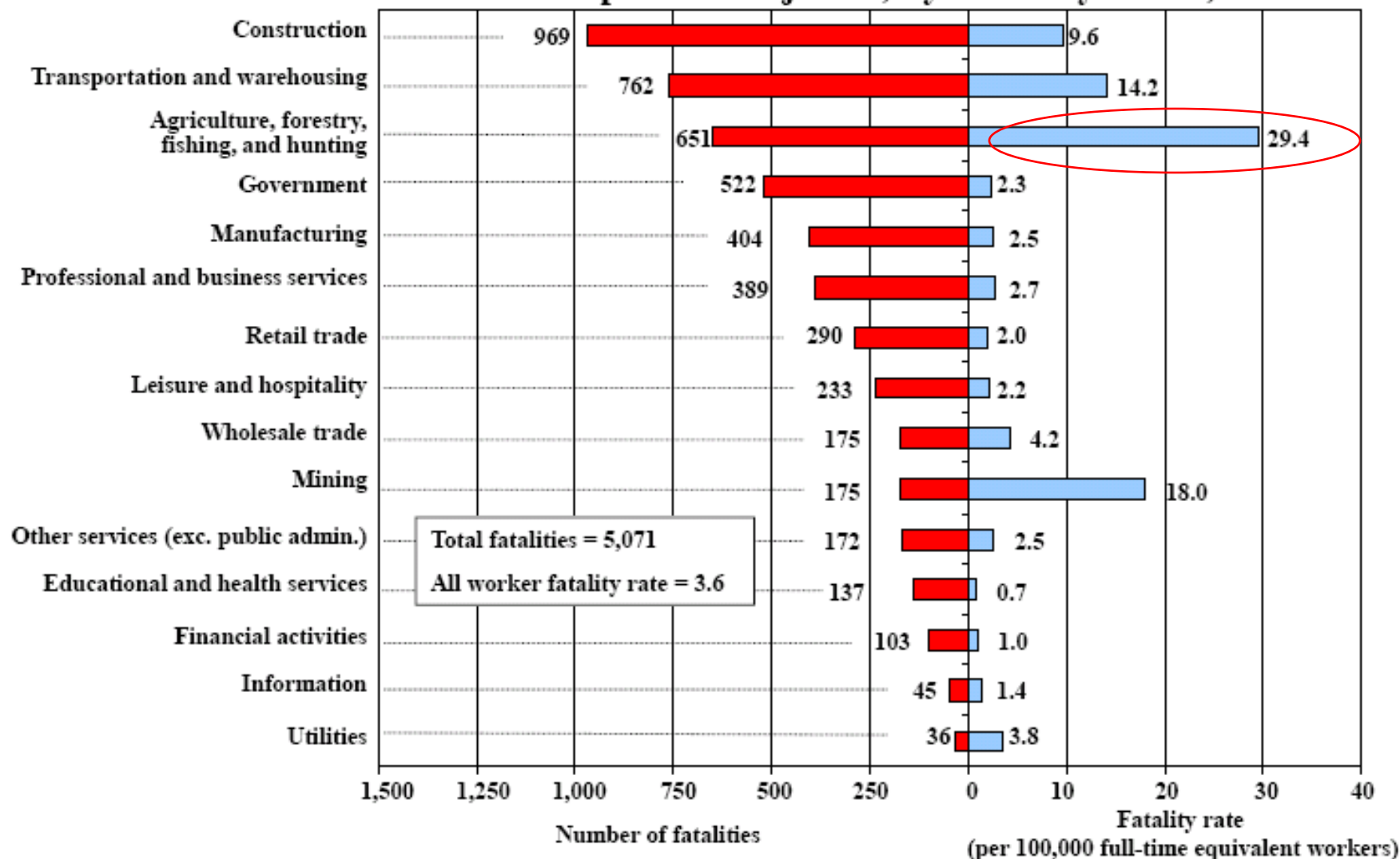
**\*The 2008(p) Bureau of Labor Statistics**

# Farming Fatalities

- **BUT your chances are 2 to 8 times more likely to be killed working on a farm than in any other industry**



## Number and rate of fatal occupational injuries, by industry sector, 2008\*



Although construction had the highest number of fatal injuries in 2008, agriculture, forestry, fishing, and hunting had the highest fatality rate.

\*Data for 2008 are preliminary.

NOTE: In 2008, CFOI implemented a new methodology, using hours worked for fatality rate calculations rather than employment. For additional information on the fatality rate methodology changes please see <http://www.bls.gov/iif/oshnotice10.htm>.

SOURCE: U.S. Bureau of Labor Statistics, U.S. Department of Labor, 2009.

# What Are the Costs of Injured Employees?

## Direct:

- Medical costs
- Lost wages
- Rehabilitation
- Insurance costs
- Employer administrative costs

## Indirect Costs:

- Lost production
- Lost wages for co-workers
- Employee morale
- Equipment damage
- Re-training or hiring costs
- Operating costs



# The Real Cost of Occupational Farm Injuries

(One Study's Conclusion)

Analysis by the University of California based on 1992 Injury Data:

- 846 deaths and 1.76 million non-fatal injuries
- 703,000 non-fatal injuries involved at least one full day of work loss
- Direct costs are estimated to be \$4.2 billion
- Indirect costs estimated to be \$7.3 billion

On a per person basis, farming contributes roughly 30% more than the national average for occupational injury costs



# How Does This Impact Farm Revenue?

(Northeast Dairy Summit 2008 Report)

Number of Farms                    540  
 Average cows                        272

Cash Receipts	\$ 1,377,520		
Operating Expenses	\$ (1,147,430)	Labor Costs	\$ 178,280
Depreciation	\$ (84,700)	WC Ins Costs	\$ 12,740
Farm Revenue	\$ 145,390	Total Costs	\$ 191,020
Non-Farm Revenue	\$ 11,470		
Total Farm Revenue	\$ 156,860	* Reduce costs by 30%	\$ 57,306
Less Income Taxes	\$ (52,500)	Adjusted for taxes (33%)	\$ 18,910
Net Income	\$ 104,360	Add to net income	\$ 38,396
	\$ 38,396		
	\$ 142,756		

\* Assuming expenses and operating costs are 30% more than the industry averages

# Recommendations for Injury Prevention

- **Strengthen safety awareness on the farm by making it a collective goal of all employees**
- **Offer practical training sessions throughout the year including:**
  - **Topic-specific educational programs**
  - **Field training**
  - **Safety evaluations**
  - **Outside training and educational resources**
- **Conduct meetings with employees to assess hazards and discuss potential accident situations and outline emergency procedures**
- **Be especially alert to hazards that affect children and the elderly**
- **Be aware that methane gas, carbon dioxide, ammonia and hydrogen sulfide can be present in unventilated grain silos and manure pits in quantities to cause asphyxiation or death**

# Recommendations for Injury Prevention

- **Conduct routine inspections of your equipment and identify potential failures that can contribute to an accident**
  - **Provide rollover protection or protective enclosures**
  - **Use seat belts when the tractor is in use**
  - **Ensure guards are on farm equipment and put back immediately if removed or damaged**
  - **Review material data safety sheets (MSDS) and labels on chemicals**
- **Minimize hazards by careful selection of products purchased, proper maintenance of equipment, vehicles, tools and buildings**
- **Implement loss prevention and reduction programs that are practical approaches to improve safety and hazard abatement**

# The Benefits of Preventing and Reducing Employee Injuries

- Improved or sustained productivity
- Less employee turnover
- Reduction in equipment repair or replacement costs
- Reduction in employer / employee administration costs
- Build better rapport with employees and clients
- Reduce the cost of insurance
- Increase farm revenue by reducing operating costs associated with employee injuries



**In summary, increasing safety awareness reduces employee injury and illness costs, which improves employee morale and productivity. This will ultimately result in an increase in farm revenue!**