

RiskTopics

Controlling end of project losses

Zurich Resilience Solutions - Risk Engineering

The probability of worker's compensation losses and theft claims may increase as projects near completion.

Introduction

Managers with years of experience have noted that on large projects as the work begins to conclude there may be a tendency for increased workers' compensation (WC) and material theft claims. Adverse situations such as a depressed economy and limited job opportunities potentially can increase this risk. However, there are ways to prepare for "End of Project" losses to control or reduce them.

Discussion

The following guidelines can assist in mitigating exposures associated with projects that are winding down but may also be applicable for all stages of a project. These exposures might often occur on long projects where workers have enjoyed steady work for a long period of time and are facing potential unemployment or on any project at any time. Careful screening and worker selection is a crucial component to help reduce potential fraudulent worker's compensation claims.

Guidance

Recordkeeping & monitoring

Throughout the course of the project, supervisors should play an active role in keeping records of the daily activities of their workers, focusing on tasking, recording, and monitoring of worker injuries. Such documentation provides a written record of the date and details of when a worker notifies someone of an injury.

Incident investigations

A thorough incident investigation should be completed on every potential recordable/lost time incident throughout the life of the project. Ideally, medical only and near misses should also be investigated. Incident investigation strategies include but are not limited to the following:

- Require that a management representative from each subcontractor meet with the Owner/CM/GC to explain why their employees were involved in an incident. This procedure communicates that safety is taken seriously and it usually leads to subcontractors holding their employees more accountable as they do not want to go through or repeat this process.
- Follow up on first aid logs or complaints made to supervisors about minor injuries that individuals are "working through" to ensure that no further action is needed.
- Maintain regular contact with workers off work for an injury and close out the claim as soon as practical.

- Verify that all safety related paperwork is up to date: accident/incident reports; toolbox talks; job hazard analyses; safety audits, etc.
- Communicate incident investigation results to the entire workforce for review/discussion during toolbox talks. Consider developing lessons learned for serious incidents and hold safety stand downs as needed.

Acknowledgements

Consider requiring every employee to sign a sheet acknowledging that he/she has successfully worked that day/shift without injury (record date or dates on form).

- Ideally, this procedure should start at the beginning of the project and continue until the end.
- It may be prudent to include a statement that the worker “has not witnessed or had knowledge of any accidents/injuries” as well.
- Forms such as daily JHA’s, forms to sign for paychecks, daily time sheets, or daily or weekly standalone sign-off sheets can be used for this purpose.
- Be sure to make provisions for employees who may not be able to read English or who are unable to read at all.

Substance abuse testing

A good substance abuse program that is consistently administered throughout the life of the project is a key to controlling losses. Consider including pre-hire, post-accident, random and for cause screening.

- The program should be implemented at the beginning of the project as part of the subcontractor selection process and applied until the end.
- Random testing should be part of the company’s/project’s policy. Random drug testing is unpredictable, and therefore could, and should be considered a useful tool. It’s key to use a computer-generated random selection; otherwise, questions could arise surrounding the “randomness” of the testing. Where companies fall under DOT regulations, drivers are required to be placed into a drug testing consortium or pool in which they are randomly selected for drug and alcohol screenings. Do not institute it at the end of the project; it should be conducted throughout the course of the project.

Designated safety monitor or site safety staff

Have a designated safety monitor (or the site safety staff) perform random spot checks of the workforce, asking various employees how they are doing, whether there have been any complaints or discussions about injuries, and so forth. This can help to identify a problem before it escalates and provides evidence of the employer’s good faith efforts to maintain a safe workplace. Tell workers they are doing a good job even if you must search for a complement as positive comments tend to generate positive results.

Training

The general contractor’s or construction manager’s field supervision should be trained on how to successfully close out a project safely.

- Often field supervision has not had the opportunity to see the big picture and do not know what to look for and how to react positively to situations/observations that may arise.
- A slip of the tongue or a misplaced emphasis on layoffs or pending scope of work changes could possibly send waves of gossip throughout the workforce.
- Train the field supervision on what to say and what not to say. Such training may usually be performed in approximately an hour.

Keep key staff on site

There is a tendency to replace or “draw down” key personnel as the project nears completion, leaving site management to a thinly staffed and/or inexperienced project management team. In reality, this is actually the time when the managers with years of experience (including safety) are needed to provide good oversight and closeout of the project. Employees will identify key managers moving on as a sign that the project is winding down and that they too, may soon be let go.

Incentive programs

Consider instituting an “End of Job” safety incentive program linking the rewards to proactive safety activities or leading indicators.

- Such programs can help further emphasize safety on the job, right up to the end.
- Incentive programs should include all workers and require that they complete their scope of work to be eligible for payment.
- The incentive should not be paid out until after the project concludes.

Other employment opportunities

Stay aware of other project opportunities that may result in continued employment for workers. Communicate such information to the workforce.

Notice for end of project

When to notify workers regarding the end of a project is controversial and may vary depending upon several factors.

- Pre-announcement can give a dishonest worker the time to falsify an injury and report it prior to being laid off. Therefore, one school of thought recommends announcing the end of work at the very last minute (i.e., as the workers clock out ending their shift).
- It is also recommended that employers announce layoffs privately, away from other workers (use in a separate building, trailer, room, or area).
- Do not allow the laid-off worker to go back onto the jobsite to collect personal items. Have their foreman or supervisor collect the items and bring them to the worker off of the job site, i.e., at the worker's car or in the parking lot. This will help eliminate the possibility of the worker going onto the site and getting hurt or injured while he/she is collecting their personal items.
- To help eliminate claims by the employee that his personal tools and belongings were not properly returned, a receipt form should be signed by the employee and placed in the personnel file as part of the separation procedures.

Security and theft considerations

- If possible, install security cameras throughout the project and post signs telling of their use onsite to act as a theft deterrent.
- Hire an outside security service whose shift begins before workers' normal quitting time, so the workforce knows they are there.
- In the event of a theft, always report it to the police, investigate thefts thoroughly, and possibly visit local pawn shops to search for stolen goods.
- Where possible have a single entrance to the job site and have it manned to check for any unauthorized tools and equipment.
- Secure high value tools, equipment, and materials in locked rooms, gang boxes, storage vaults, or fenced areas with good lighting (tracking devices may be used for high value tools, equipment, and materials).
- Restrict access to the job site to authorized personnel - all visitors should be escorted by management personnel after signing in at the jobsite office.
- Visitor traffic such as owners and their representatives, inspectors, etc., will usually increase as the project concludes and often, they do not participate in the safety orientation/awareness training, nor do they have the appropriate personal protective equipment (PPE).
- Work with the local police to step up patrols around the project and make them aware of the normal project work hours.

Conclusion

Variations of the above techniques have been used on many large projects to help better control/manage risks. While they are valuable at the end of the project, they may be very beneficial if implemented at the beginning and practiced throughout the course of the project. Careful screening and selection are the key to a good workforce and can help guard against workers attempting to claim injuries that were sustained on

previous jobs.

Other related Zurich RiskTopics

- Jobsite security
- Incident analysis

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