



Increase Profits with Increased Safety

By George Forrester, Vice President, AH&T Insurance Manufacturing Division

You've heard it before, but have you taken the necessary steps? The truth is, risk assessment documentation will soon become a requirement for machine builders and equipment owners in the U.S. rather than just suggested good practice. Safety related standards and industry guidelines are being updated to reflect the need for risk assessment documentation. Companies not implementing and maintaining a risk management program will soon be non-compliant with industry standards and guidelines. Rather than looking at this as another industry requirement, let's look at this in terms of the benefits to your company in the long run.

Manufacturers face a double-edged sword when it comes to safety. Not only do you need to be concerned with the safety of the machines you manufacture, and your workers, but also the safety of workers using your machines in the plants of your customers. Losses in either venue will erode profits. A sound risk management program can:

- Provide a task-based risk assessment process that can uncover potentially hazardous situations that may be missed by using any other method of risk assessment.
- Develop risk assessment processes that are repeatable and can be used with periodic inspections on legacy machines to help ensure all safeguards are still implemented and working properly.
- Clarify safeguard requirements and define the appropriate measures needed for compliance.
- Involve technicians in the safeguarding process. The technician's involvement can help them better understand why a machine needs to be guarded in a particular manner and; therefore, may be more likely to accept the new safeguards.
- Provide documentation of your intent to produce a safe product or workplace.



The increase in the safety of your product will enhance profitability; as we all know, “safety sells.” A greater safety rating will also decrease your warranty claims because you are providing a safer machine that has been documented through a rigorous inspection.

In addition, your insurance premiums are determined by a formula that compares your risk exposures, your recent incidents/losses, and your risk management measures among other things. With out a risk management program in place, your risk exposures are covered by your insurance through a risk transfer process. A successful risk management program will effectively define areas of risk that can be reduced rather than transferred. This reduction in risk will likely reduce your insurance premiums. Smaller premiums lead to larger profits.

The thought of implementing a risk management program in your company can seem daunting, but in the end, your profits will soar and your company will be more defensible.

AH&T Insurance has been providing insurance and risk management services to the manufacturing industry for decades. We are focused on providing clients with the tools and services necessary to improve their business practices, enhance the safety of their products, and provide a safe working environment. For more information about AH&T, or questions regarding this topic, visit www.ahtins.com or call (800) 648-4807.