



# Reduce Construction Insurance Costs by Prioritizing Jobsite Safety

Insurance companies reward good safety habits, like camera deployment and incident response plans, making risk mitigation the quickest path to savings.



In the construction industry, safety and risk mitigation is all in a day's work. Most contractors stay up to date on training and work hard to maintain a safe jobsite. Despite this, nearly 200,000 construction workers are injured or killed on the job every year.

While construction death and injury are concerns in themselves, it's also true that contractors who have high rates of injury, fatality, and other incidents on their jobsites are likely to have higher workers' compensation premiums.

Safety is an essential part of conducting good business, with rewards ranging from lower insurance rates to increased bidding value. That's why all contractors, large and small, need a strong risk mitigation plan.

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## THE COST OF SAFETY INCIDENTS

Risk on the jobsite is nearly impossible to avoid, but complying with OSHA safety regulations is a step in the right direction.

When an incident occurs, contractors can face a laundry list of costs, which may include higher insurance premiums, OSHA penalties and fines, costs associated with project delays and time off for recovery, just to name a few.

The financial risks pale in comparison to the potential, and all too common, loss of construction worker lives.

### Fatal and Non-Fatal Injury in Construction

According to the U.S. Bureau of Labor Statistics, there have been an average of 1,044 construction fatalities per year since 2016. That's the [highest fatality rate](#) of any industry by a staggering number.

The [fatal four](#) in construction make up the majority of construction fatalities each year, but falls, slips, and trips are still number one, causing 36% of all construction deaths in 2020.

Injuries are even more common, with the construction industry seeing 174,000 non-fatal injuries in 2020 alone. Of those, 74,000 employees required time off work to recover.



Potentially more concerning is the fact that, despite OSHA's focus on safety, the death rate on construction sites has remained relatively steady over the past decade. An article by [Construction Dive](#) pointed out that while larger construction firms are more likely to follow regulations and even excel in safety, small contractors often fall short. This is troubling, since, according to Construction Dive, small contractors make up about 90% of the industry.

The takeaway is that small contractors can do more to protect their employees from injury and death, and protect themselves from the costs associated with those incidents. The good news is that following safety standards and best practices can improve the bottom line if done correctly. For example, deploying construction site cameras and improving other risk mitigation efforts can mean better insurance rates, lower worker's compensation premiums, higher worker retention, and a better chance of winning bids.

## Watch Out for These Common OSHA Violations

Since the construction industry has a high risk of injury and death, workers in this field are very familiar with OSHA regulations and most employers are diligent about keeping up with training. Even so, [OSHA issued 19,789](#) citations in the construction industry between October 2021 and September 2022, costing employers an average of \$4,237 per citation, and over \$80 million industry-wide. It's important to note that a single inspection can result in multiple penalties for the same violation.

In addition to the direct cost of OSHA fines, insurance premiums increase drastically if an incident occurs because of an OSHA violation.

Knowing where companies often fall short can help contractors focus their safety efforts to avoid incidents and unnecessary costs. Below is a breakdown of some of the most common [OSHA](#) violations from 2022 and how much they cost.

### 01 Fall Protection

If an OSHA inspection takes place, any absent, misused, or faulty fall protection equipment is subject to citation. In 2022, OSHA issued 5,132 fall protection citations and charged an average of \$6,385 per violation. This category of citations was the largest of 2022, resulting in the highest penalties compared to all other violations.

Since most construction fatalities are related to falls, this is a safety guideline every contractor should pay special attention to.



### 02 Ladder Safety

Many construction workers use ladders regularly, which means they can become complacent about safety over time. This is a concern that OSHA shares, as they issued 2,101 ladder safety citations in 2022, each one costing an average of \$3,197.

[OSHA's Ladder Safety Training](#) course is an essential training for workers who may need to use a ladder on the job. Violation of the safety regulations in this course can lead to a costly fine, so it's smart to encourage even seasoned employees to brush up on ladder safety before their next job.



### 03 Training Requirements

In 2022, there were a total of 1,528 citations issued due to employers and employees failing to meet OSHA training requirements. Each of these penalties cost an average of \$1,963.

Completing the required OSHA training and keeping proper documentation of it is the only way to avoid this penalty. Making safety training and refresher courses a regular part of the job is a great way to avoid penalties and mitigate risk across the board.



## 04 Eye and Face Protection

PPE compliance is an essential part of construction safety, and even when contractors provide the proper equipment and training, construction workers aren't always compliant. Eye and face protection violations resulted in 1,391 citations in 2022, each one costing an average of \$4,144.

Uncomfortable or performance-hindering equipment is the top reason employees fail to use PPE on the job site. Contractors can boost PPE compliance by involving employees in the equipment selection process and making equipment readily available.



## 05 Head Protection

Hard hats are the most commonly recognized construction PPE, and yet there were 718 head protection citations given out in 2022. For every violation, OSHA collected an average of \$3,588.

To increase cooperation, keep head protection accessible and communicate the importance of this safety measure through training and regular reminders. If PPE compliance is a problem, there's a good chance the company culture around safety needs a rework.



The above numbers are the average penalties for common citations in 2022, but maximum OSHA penalties per violation can cost between **\$14,502** and **\$145,027**. That'll make a huge dent in the budget, especially when combined with an incident that increases insurance costs.

## HOW TO REDUCE CONSTRUCTION INSURANCE PREMIUMS

Keeping claims to a minimum is the best way to reduce insurance premiums, and while it sounds good in theory, it's not always that simple.

Below are some industry best practices that can help reduce claims and insurance premiums.

### 01 Maintain High Subcontractor Expectations

A company with poor safety standards or incorrect liability insurance can put everyone at risk, and insurance companies know that.

Construction companies should verify that the subcontractors and companies they work with have the highest safety standards and the right liability insurance before agreeing to work with them. This can help contractors snag big savings on their insurance plans while mitigating the overall risk they're assuming.

Smaller contractors have more to lose if they end up liable for someone else's mistakes, so it pays to be discerning about who gets hired and what standards they're held to.



## 02 Build a Safety-Oriented Work Culture

Being safe saves money in more ways than one. It can save directly by reducing insurance premiums - the fewer accidents, the better premiums - but it can also save in fines and lost time.

Contractors can't improve safety without employee cooperation, so the most important part of any risk mitigation plan is getting the employees on board.

Implementing some or all of the tips below can help engage employees to build a safety-oriented work culture:

- Provide incentives to employees for completing trainings and following safety guidelines on the job
- Discipline employees who fail to comply with safety guidelines
- Review and investigate all incidents to educate and prevent future injury
- Provide consistent opportunities and incentives for safety training refresher courses
- Appoint an emergency response person and a safety manager or supervisor for every shift

## 03 Build a Network of Safety Professionals and Response Teams

Developing a strong network of safety professionals can help contractors iron out their risk mitigation plan and respond appropriately when an incident occurs. This can lead to insurance savings, as an appropriate response plan can [directly influence](#) the impact a worker's compensation claim has on insurance premiums.

That's why having the right contacts at hand and a solid response plan are essential. A common way to accomplish this is to build working relationships with occupational health clinics, worker's compensation claims specialists, and construction safety specialists.

While it might seem counterintuitive, having a network of professionals involved in an injury claim can help simplify the process while saving time and money.



## 04 Deploy Construction Site Cameras

Most insurance companies offer breaks on construction insurance premiums for deploying construction site cameras on a job. Insurance companies love documentation, so being able to provide video evidence of an incident can help reduce workers' comp costs when a claim is unavoidable.

Cameras can also remind employees to stay safe, which may help deter workers from taking risks on the job. In addition to the insurance benefits, contractors or managers can review video footage with their employees to identify safety issues and review incidents, which can improve risk awareness and safety.

Construction technology is now even more robust with products like Sensera Systems' SiteCloud Analytics, which uses artificial intelligence and automation to conduct real-time safety analysis based on camera footage. This allows contractors or project managers to ensure their workers are following safety protocols at all times, without having to watch the site themselves.

Deploying cameras with truly useful, automated safety features is a must have for safety-oriented contractors, and the cherry on top is the nice discount on insurance plans.



The bottom line? Insurance companies reward contractors who prioritize safety. While following OSHA guidelines is important for safety and cost reduction, it's just a start. Contractors who go above and beyond with the tips above can reap the added benefits of lower insurance costs and cultivate a stellar safety track record.

## ABOUT SENSERA SYSTEMS

Simply put, Sensera Systems provides the most flexible, reliable, and affordable camera solutions in the industry.

Our professional solutions are purpose-built for the rigors of active jobsites, both large and small. Deployed on thousands of projects across North America, our solar/wireless solutions help protect stakeholders stay informed and remotely manage their LEM, logistics, risk, and safety from any location, in real time. Securely managed from a single platform, our solutions provide the most reliable and cost-effective real-time visual monitoring and documentation in the industry, all in a hassle-free package that is easy to setup and use within minutes.

For more information, visit [www.senserasytems.com](http://www.senserasytems.com)



TOLL FREE: 800-657-0437  
EMAIL: [SALES@SENSERASYSTEMS.COM](mailto:SALES@SENSERASYSTEMS.COM)