

# Low-risk, high-return investment

Custom risk control service pays off **Interviewed by Elizabeth Grace Saunders**

**W**ith most investments, you have to increase your risk to have a chance at higher returns. But customized risk control services offer businesses a risk-free investment. Loss-control programs specifically designed for individual clients can lock in both higher profit and lower risk.

"The most effective loss-control services examine individual facilities and specific processes," says David White, manager of risk services at Westfield Insurance. "Recommendations for improvement from these findings can not only reduce business' claims but also improve their bottom lines."

*Smart Business* discussed with White the advantages of customized risk control services and the ways a comprehensive risk control action plan can improve business' bottom lines.

## What is risk control service?

Risk control is an added service provided by some insurance companies to clients. But many insurance carriers view it as a simple walk-through of the facility. After a brief inspection, risk control specialists will often offer generic recommendations, including 'canned' materials and training designed to explain a vague concept, such as safe machinery operation.

Although these basic programs have some merit, the most effective risk control services study clients on an individual basis. This means that the insurance company looks at the operations, but also delves into specific processes and individual departments. The examination includes close scrutiny of both accidents and near-misses. This type of focused analysis can narrow problems down to specific areas, such as lifting in the shipping and receiving department.

## Why is risk control service a valuable tool?

The main focus of risk control is to remove the loss potential in operations. However, operational enhancements suggested by risk control specialists can also increase overall profitability. Changes that enhance the efficiency of production, like a reduction in han-



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dling, widen the profit margin.

Risk control services that don't take a canned approach can increase productivity and decrease costs. By truly correcting problems instead of just treating the symptoms, insurance company risk control specialists create a strong, mutually beneficial partnership with companies.

## How can risk control services positively impact the overall work environment?

Risk control is about making processes as seamless and safe as possible. Facilities that actively practice loss control measures generally have better housekeeping, organization and workflow. This reduces frustration from cumbersome operations and usually results in the product being handled fewer times.

Taking information from loss analysis can lead to helpful reorganization in procedures within individual departments, with certain machines, and with specific jobs. Stepping back to view the overall operations can prevent problems from recurring.

## How do risk control services benefit the bottom line in terms of labor cost?

Risk control decreases accidents, and accidents can be huge contributors to labor

costs. An injury can lead to the direct cost of increased workers' compensation. An incident also has the indirect costs of retraining or rehiring an employee for the position and can cause reduced employee morale.

Risk control does not only diminish negative circumstances, it also creates positive improvements. By refining processes and decreasing handling, risk control can minimize the number of people needed to perform a process and increase the productivity of the existing workers. This can mean lower labor expense and higher production capacity.

## How does risk control service affect the bottom line in regard to equipment cost?

Including equipment maintenance and handling in a safety program can greatly reduce its expense. Regularly inspected, cleaned and repaired equipment lasts longer and continues to run efficiently for a greater stretch of time. Safely operating the equipment, including using the guards, reduces the risk of employee injury and the chance of machinery damage.

## How does risk control service contain insurance costs?

Repeated bad loss history can increase premiums. Carriers look at behavior in the facility to see if there needs to be a change in processes or a shift in attitudes about the importance of safety. Loss control services can help companies repair flawed systems and reduce the risk of further accidents.

## How can businesses ensure they receive the best risk control services?

When executives are comparing insurance carriers, they should ask about risk control services. Insurance carriers should be able to clearly communicate how their risk control services benefit the bottom line.

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