XL Insurance

North America Construction

Getting onboard with new construction technology

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The right technology can help construction firms improve safety processes and risk mitigation.

The construction industry today is facing a number of challenges. Supply chain disruption, materials costs on the rise, and a shortage of skilled labor is increasing project costs and impacting safety and risk management controls. The lack of qualified workers in particular is creating significant on-the-job exposures that have the potential to result in safety violations or worse, serious injury or death.

In fact, the labor shortage is putting plenty of pressure on organizations and their risk management processes. The statistics are staggering: as of March 2022, the construction industry faces a workforce shortage of an estimated 650,000 new workers to the industry, over and above the normal hiring levels[1].

With so many inexperienced workers entering the construction industry, injuries will occur. In 2020, there were 74,520 workplace injuries and 1,034 work-related fatalities in the construction industry[2,3]. During that same year, over 130,000 construction workers sustained illness or injury that caused them miss days of work[4]. Per work, companies paid $1,100 for each injury, $44,000 per medically consulted injury, and $1.31 million per death[5].

As more unskilled workers enter the construction market, it is vital for construction firms to apply a more streamlined way to manage onboarding, training, and onsite safety. Yet too often, firms rely on manual processes, including manual oversight and recordkeeping. Manually gathering accurate workforce data on the construction workers – data that could help identify key risk indicators in order to reduce loss potential – does not offer the transparency and trend data necessary to improve on-the-job losses.

## Challenges that construction firms face

As the cost of doing business increases, construction firms are faced with taking on more business and more workers while maintaining strong risk management and safety practices. Yet managing record-keeping, onboarding, and training can be cumbersome, and employers may struggle to identify training issues or conditions that could morph into workplace safety issues, especially if they employ manual tracking and record-keeping processes.

1. Source: Associated Builders and Contractors
2. Source: Bureau of Labor Statistics
3. Source: Bureau of Labor Statistics
4. Source: Bureau of Labor Statistics
5. Source: National Safety Council
6. Source: Haslam College of Business, U. of Tenn.
7. Source: Jim Stengel, Senior Risk Engineer, AXA XL)
8. Source: OSHA
9. Source: American Payroll Association
10. Source: National Safety Council

Below are some of the major challenges that construction firms face with traditional, manual process:

Wasted time doing repetitive onboarding
Approximately 65% of a safety manager's time on-site is dealing with repetitive site orientation and other onboarding tasks[7].
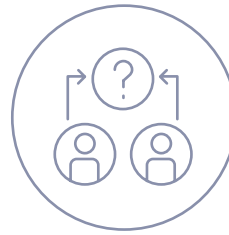
Uncertainty of site inspection outcomes
Contractors are unsure of who is on the job and if they have up-to-date, valid training certifications. Untrained or unqualified workers present enormous risk to a site, with OSHA fines of up to $70,000 per infraction[8].

Enormous amounts of wasted wages & time theft
The average worker logs 42 minutes of wage theft per day, totaling $3,500 per worker each year[9].

Preventable workers compensation claims
The average cost of a successful workers' comp claim is $42,008. Successful claims impact your loss history which can cause future premiums to increase[10].

One of the largest claims drivers for the construction industry lies within the workers compensation arena. With many new, inexperienced workers entering job sites, injury claims are increasing. A University of Tennessee study revealed that 30.1% of injuries in the Tennessee construction industry involved workers with six months or less experience, and almost 45% of injuries involved workers who had been with the employer less than 12 months[6].

74,520
Number of workplace injuries in the construction industry in 2020[2]

1,034
Number of work-related fatalities in the construction industry in 2020[3]

Applying smart technology to worker and safety management

What construction firms need to help improve safety and worker management programs is technology. A comprehensive technology application can deliver key data points that allow construction firms to see into their processes. That transparency can uncover gaps in safety processes and help improve risk mitigation.

The right technology can help construction firms fill in those gaps no matter where they conduct business. Firms should look for a platform that delivers automated reporting and data collection that is accessible on any job site in any location.

Partnering for world-class technology

AXA XL built a world-class technology ecosystem by partnering with today's top technology providers offering solutions that streamline work processes and help firms track and manage compliance and safety. One such technology partner is myComply, an automated digital platform that coordinates seamless management of onboarding, job transparency, manpower logs, and on-demand workforce reporting.

myComply drives operational efficiency, helping contractors transition from arduous manual work to automated digital processes. The platform gives asset owners and general contractors the power of complete jobsite transparency. Administer a digital onboarding experience, unlock automated workforce logs, and rely on accurate, on-demand workforce reporting on construction sites with myComply's innovative technology.

Construction focus group – explore the results

myComply and AXA XL conducted a random sample survey recently to outline some of the essential features and functionality that construction firms require from their technology. The focus group took place in March 2022 and brought together insurance, risk, and safety professionals from the construction space. Here is what the group said:

86%
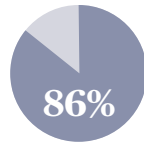
It is crucial to validate worker safety certifications/training
86% of the group noted that using technology to validate training is important. Furthermore, tracking expiry dates or renewals on training is critical to site compliance.

100%

All sites must track or record complete/incomplete orientation(s)
100% of the group agreed that it is critical to use technology to obtain a record of complete or incomplete orientation(s). This can help with auditing purposes, reduce the likelihood of fraudulent insurance claims, and prove due diligence with worker onboarding processes.

58%
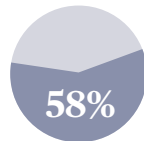
Real-time workforce tracking is important to safety functions
58% of respondents saw real-time tracking as important. 42% noted that live data is less important than having on-demand daily reports. Although real-time data was less important to Risk and Insurance professionals, safety teams benefit from knowing real-time headcounts in case of emergencies or cat events.

67%
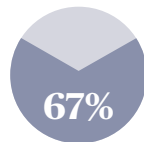
Historical workforce attendance logs are critical when reviewing workers' comp claims
67% of the group think it is important to use technology to access historical workforce logs. Historical logs offer reference to specific points in time used when examining workers' compensation claims. This is useful for litigation purposes and initial incident investigation. Respondents noted historical data is typically only useful up until 12 months post project.

83%
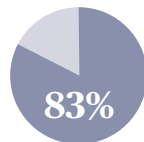
The use of id badges & other visual safety cues play a role in safety detection
83% of the group stated that it is important to have visual badges or safety cues. Things like ID badges, hardhat decals, or other visual cues help safety teams to quickly identify who is and is not in compliance on-site.

The takeaway: information accessibility is a must

Throughout the focus group process, one key theme emerge: construction firms need easy access to information/accessibility.

But why is accessibility important?

Within any construction project, there are many stakeholders: general contractors, subcontractors, workers, asset owners, consultants, insurance companies, communities and a variety of other groups that benefit from knowing details into a site's operations or activity. These stakeholders need to collaborate with each other to ensure project success and they all need accurate data to make informed decisions.

However, the data each group or individual requires might not be the same and the information that they do need must be easily accessible. An example: a site safety manager might need to know if a worker has a valid fall arrest ticket before they scale a building. The insurance provider might need to investigate historical attendance logs to validate a workers comp claim.

With one comprehensive technology platform, both stakeholders can easily access the information necessary to meet their needs.

A cost-effective and easy-to-implement process

Adopting new technology poses its own unique challenges for construction firms. The cost of the solution and the overhead associated with technology implementation can be a strong deterrent for firms.

A cost-effective and easy-to-implement process is essential. Technology platforms such as myComply offer such comprehensive management. The seamless deployment is a fraction of the costs of similar solutions.

Construction firms that use a platform such as myComply can:

1. Accelerate the onboarding process through digital orientation with subcontractors

2. Set site certification requirements and validate worker records

3. Track accurate time and attendance data for real-time or historical reference

4. Ensure that all workers on a construction site are qualified

5. Access all this crucial information from on-site or at the office
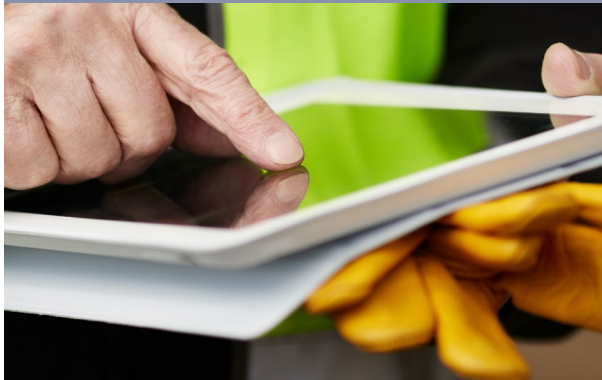
myComply technology has been fully implemented on ENR Top 400 contractor's sites in as little as 10 working days from the first training session to onsite interaction with construction workers.

Technology should make accessing site information or workforce data simple. Working with an insurance carrier that partners with today's top technology firms can deliver that simplicity. The result: seamless processes and easy accessibility for all stakeholders, which improves safety, risk management, operations, and insurance outcomes.

myComply

Interested in any of the technology covered in this paper, contact <u>myComply</u> or your AXA XL representative today. Explore exclusive AXA XL partner discounts and try out the solution risk free by arranging a pilot project.

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