

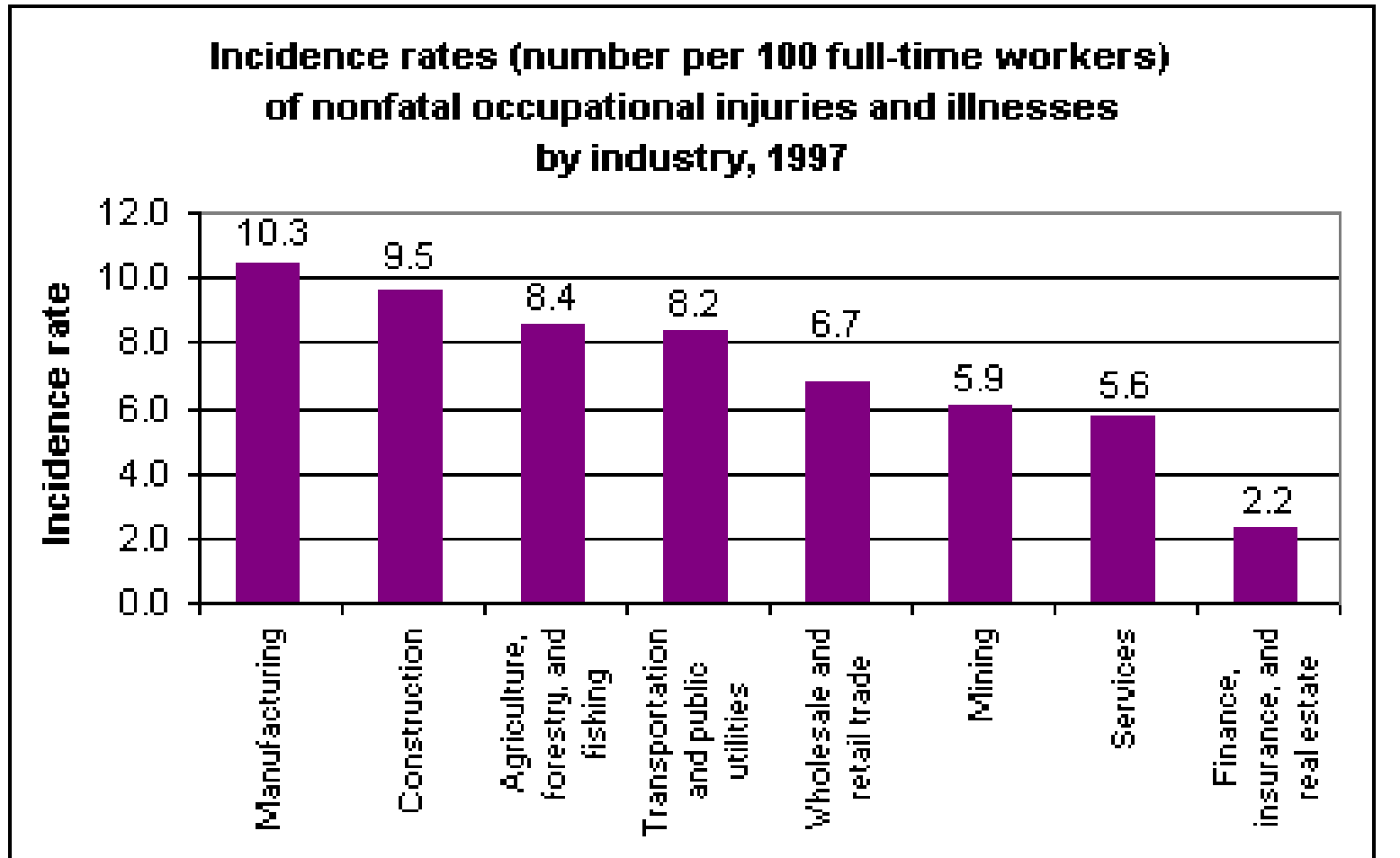
Industrial Health and Safety

Lecture 9

OSHA and Workers' Compensation

Prof. J.W. Sutherland

OSHA



OSHA

□ Why was OSHA necessary?

- » Inadequacies of existing state programs
- » The optimal means by which to eliminate accidents and the resultant suffering, loss of pay, lost time or workers, inadequacies of workmen's compensation, high insurance cost, and other adverse effects was to eliminate or control the cause of accidents.
- » New concepts of accident prevention.

OSHA

The Occupational Safety and health Act of 1970

(OSHA) has several provisions which grant environmental safety to workers.

Since its passage, the act has had only one minor amendment in 1990.

OSHA

The OSHA set up several new organizations:

- » **OSHA - A new organization within the Department of Labor.**
- » **OSHRC- Occupational Safety and Health Review Commission.**
- » **NIOSH - The National Institute for Occupational Safety and Health.**

Aim and Objectives of OSHA

□ Fundamental aim:

- » Every working man and woman in the nation safe and healthful working conditions
- » to preserve our human resources

Aim and Objectives of OSHA

- **How can this fundamental aim be achieved?**
 - » **By encouraging employers and employees in their efforts to reduce the number of occupational safety and health hazards.**
 - » **By providing that employers and employees have responsibilities and rights with respect to achieving safe and healthful working conditions.**
 - » **By authorizing the Secretary of Labor to set mandatory occupational safety and health standards.**

Aim and Objectives of OSHA

- **How can this fundamental aim be achieved? (continued)**
 - » **By providing medical criteria which will assure insofar as practicable that no employee will suffer diminished health, functional capacity, or life expectancy as a result of his work experience.**
 - » **By providing training programs**
 - » **by providing for appropriate recording procedures**

Aim and Objectives of OSHA

- **How can this fundamental aim be achieved? (continued)**
 - » **by encouraging joint labor-management efforts**
 - » **by providing research in the field of occupational safety and health**
 - » **by providing an effective enforcement program which shall include a prohibition against giving advance notice of any inspection and sanctions for any individual violating this**

Responsibilities of Employers

Employers:

- » Basically is similar to that under the common law
- » Comply with the OSHA
- » Keep records
- » Notify employees of provisions of the law, their protection and obligations
- » Keep employees informed
- » Refrain from discriminating

Responsibilities of Employees

Employees:

- » **Comply with OSH standards & all rules, regulations & orders**
- » **May file complaints**
- » **May accompany the Compliance Officer**
- » **May submit recommendations on a new standards**

Inspections

Four priorities used in making inspections:

- » An inspection will follow any accidental death or mishap
- » A plant will be inspected if a report is received of an imminent hazard, and to make certain that imminent hazards which have been noted have been eliminated.
- » Industries which are themselves considered especially hazardous will be inspected

Violations and Penalties

□ Four type of citations:

1. Imminent danger.
2. Serious violation.
3. Nonserious violation.
4. De minimis (no penalty).

□ In addition, plant housekeeping will be graded

Violations and Penalties

- » For any violation: up to \$1000 penalty per day
- » Willful or repeated violations: up to \$10,000 penalty
- » Death of employee: $\leq \$10,000$, imprisonment ≤ 6 months
- » Employer can contest any citation, proposed penalty, or time stipulated to eliminate or abate a hazard

OSHA Standards

Sources:

- » ANSI-American National Standards Institute.
- » NFPA-National Fire Protection Association.
- » ASME

Economic Effects of OSHA

□ Expenditures:

- » Replacing existing equipment
- » Added costs of new equipment
- » Costs of prescribed record keeping
- » Fines for violations of equipment

□ Saving:

- » Eliminations or reductions in the number of accidents that occur

Effects of OSHA on Equipment Manufacturers

- » No direct requirements for equipment manufacturers
- » Imposed only on the employers who purchase the equipment.
- » Equipment manufacturers are in favor of strict enforcement of OSHA standards

Requirement for Benefits

Three fundamental requirements for benefits:

- » The injury must have resulted from an accident
- » It must arisen out of the worker's employment
- » It must have occurred during the course of the
worker's employment

Requirement for Benefits

- ❑ **Injuries are not considered resulting from an accident when:**
 - » **caused by the intoxication of the injured employee**
 - » **intentionally self-inflicted**
 - » **The employee has willful and deliberately caused his/her own death**
 - » **Arose out of an altercation in which the injured employee was the initial physical aggressor**

Requirement for Benefits

- **Injury Arising out of Employment:**
 - » An example of eating at the company cafeteria
 - » An example of an employee repairing his boy's bicycle
- **Injury during Course of Employment:**
 - » An example of driving to and from work

Types of Disabilities

Compensation laws classify injuries in four/five categories:

- » **Temporary-Partial Disability**
- » **Temporary-Total Disability**
- » **Permanent-Partial Disability**
- » **Permanent-Total Disability**

Extent of Benefits

**Benefits an injured worker can obtain under
worker's compensation:**

- » **Medical payments**
- » **Rehabilitation**
- » **Death Benefits**
- » **Disability Benefits**

Injury and Claim Notice

- Two cases will not result in prejudice:**
 - » The employer was aware of the accident and injury**
 - » The injured person was unable to provide such notice**
- In addition to employees filing notices of the injury and of claims, the employer and the insurer should file reports.**

Injury and Claim Notice

Once the claim is filed, arrangements will be made for its settlement by one of three methods:

- » Direct settlement system.**
- » Agreement system.**
- » Public hearing.**

Action Against a Third Party

- **Examples of third parties:**
 - » **Manufacturer of equipment**
 - » **Driver of a vehicle**
 - » **Architect or structural engineer**
- **Suits against equipment/materials manufacturers have increased rapidly**

Cost of Workers' Compensation Insurance

- ❑ **The Cost of Workers' Compensation Insurance are paid by the employer.**
- ❑ **The cost of any types of insurance is dependent on:**
 - » **The risk**
 - » **Profits**
 - » **Other incidental costs.**

Cost of Workers' Compensation Insurance

Various methods of determining the premiums to be charged:

- » **Schedule rating**
- » **Manual rating**
- » **Experience rating**
- » **Retrospective rating**
- » **Premium discounting**

Ways to Keep Workers' Compensation Costs Down

- » **Make sure your classification is correct. Including classification of the company and its employees.**
- » **Get out of the assigned-risk pool. Determine why our company was placed there.**
- » **Use a deductible. Premiums can be reduced by as much as 25 percent this way.**
- » **Make sure your experience rating is correct.**

Ways to Keep Workers' Compensation Costs Down

- » **Use managed care to reduce your medical costs.**
- » **Get injured workers back to work. When properly administered are mutually beneficial to the worker and to the employer.**
- » **Institute safety programs. A safety program to recognize, evaluate, and control hazards can reduce the number of claims. These programs include safety audits, training, and preventive measures.**