



BUILDING A BETTER WRAP-UP

SAFETY MANAGEMENT

Presented by

Rich Baldwin, CSP
Corporate Safety Director
BE&K Inc.

Robert S. Krzywicki
Senior Consultant
DuPont Safety Resources

As their popularity has grown, owner controlled insurance programs—or wrap-ups—have been the subject of much scrutiny. Critics question the ability of such arrangements to achieve their stated objectives, and claim these programs pit the owner and contractors as adversaries. Further, wrap-ups create potential coverage gaps in contractors' insurance programs and can hinder their competitiveness on other projects. Even supporters acknowledge that an owner's ability to meet its objectives for the OCIP depends heavily on how it manages the program—especially safety. In this session, attendees will hear experts discuss strategies for designing a wrap-up insurance program that address contractors' coverage and contractual concerns and provide appropriate incentives to get contractors on board. Find out how one organization realized annual savings of \$6 million by implementing an OCIP and by working with contractors to implement and enforce an aggressive safety management program. Finally, find out how other contractors and owners are utilizing the wrap-up concept and what kind of results they have realized on a sampling of projects.

Monday, November 13, 9:00 a.m.–5:00 p.m.



WRAP-UP RISK MANAGEMENT

- Leading construction wrap-up writer since 1963
- Construction safety specialists for over 50 years
- Over 100 projects successfully completed countrywide
- Nearly 50 projects currently under construction
- Public entity capital improvement projects as well as private industry construction
 - Highway projects
 - Rail & subway projects
 - Utilities
 - Stadiums
 - Schools
 - Manufacturing facilities
 - Airports
 - High-tech / Biotech
- Owner / Contractor controlled programs
- Rolling and maintenance wrap-ups in addition to conventional single site
- Countrywide wrap-up service organization with years of experience
- A complete portfolio of proven proprietary safety training programs
- Experienced safety trainers who can build on past successes
- Experienced claims organization that has handled wrap-ups for years
- A.M. Best rating is A
- Standard & Poor's rating is AA-
- No corporate debt
- Licensed in all 50 states
- Have written wrap-ups in 26 states
- Committed to delivering a quality finished product with maximum safety, at minimum cost, and with minimum disruption

ARGONAUT INSURANCE COMPANY

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Rich Baldwin, CSP
Corporate Safety Director
BE&K Inc.

Mr. Baldwin is one of the presenters for Monday's all-day seminar, "Building a Better Wrap-Up." He is corporate safety director for BE&K Construction Company, headquartered in Birmingham, where he supervises 55 safety and health professionals who coordinate safety and industrial hygiene for more than 10,000 employees. Previously, he was corporate safety and industrial hygiene manager at Occidental Chemical Corporation, where he supervised safety and health at 14 international and 12 domestic chemical plants. This included five OSHA Star sites. Before that, he was corporate safety director for NCH Corporation, where he managed safety and industrial hygiene for 6,000 manufacturing workers employed at 22 plants. In addition to his civilian experience, Mr. Baldwin is a retired Air Force lieutenant colonel and command pilot. He holds a master of science degree in Industrial Management from Central Michigan University and he has completed course work toward a master of science degree in Occupational Safety and Health from the University of Oklahoma. He holds a bachelor of science degree in biology from Iowa State University.

Robert S. Krzywicki
Senior Consultant
DuPont Safety Resources

Mr. Krzywicki is one of the presenters for Monday's all-day seminar, "Building a Better Wrap-Up." He is a 19-year employee of the DuPont Company serving in assignments at the Savannah River Plant (DOE facility); Aiken, South Carolina; Beaumont and Orange, Texas; and Wilmington, Delaware. For most of his DuPont career, Mr. Krzywicki has worked in the engineering function specializing in the area of construction and contractor safety. In a recent role, he coordinated an owner-provided insurance program that provides workers compensation and general liability coverage to selected contractors. The scale of the program is roughly \$220 million in contractor payroll. In addition, he leads a corporate network on contractor safety issues. Mr. Krzywicki is a professional member of the American Society of Safety Engineers and has been recognized by the World Safety Organization as a Certified Safety Specialist. He is a member of the ANSI A10 Committee (Safety Requirements for Construction and Demolition Operations) representing DuPont and is chairman of ANSI A10.18 "Temporary Floor and Wall Openings, Railings, and Toeboards." Mr. Krzywicki also serves as senior consultant in DuPont's Safety Resource Business (external safety consulting, sales), assisting clients on construction and/or contractor safety matters.

Notes

This file is set up for duplexed printing. Therefore, there are pages that are intentionally left blank. If you print this file, we suggest that you set your printer to duplex.

SAFETY MANAGEMENT

*Rich Baldwin, CSP
BE&K Inc.*

*Robert S. Krzywicki
DuPont Safety Resources*

BUILDING A BETTER WRAP-UP

FLOW OF REMARKS

- DESCRIPTION OF OCIP
- PERSPECTIVE
- THE OPPORTUNITY
- THE FOUNDATION
- THE RESULTS
- THE LEARNINGS

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DuPont Safety Resources

Wrap-Up

BUILDING A BETTER WRAP-UP

BRIEF DESCRIPTION:

- PARTICIPANTS - CERTAIN COST REIMBURSABLE CONTRACTORS
- COVERAGES -WC, GL, EMPLOYERS LIABILITY, AUTOMOBILE LIABILITY

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BUILDING A BETTER WRAP-UP

BRIEF DESCRIPTION:

- SCALE - \$240 MILLION ANNUAL PAYROLL
- ~30 CONTRACTORS (CONSTRUCTION, SERVICE, MAINTENANCE, PROCESSING)

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BUILDING A BETTER WRAP-UP

BRIEF DESCRIPTION:

- BASIS - SELF INSURED
- LIMITS - \$1MILLION/OCCURRENCE
- ~28 MANUFACTURING SITES

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Wrap-Up

BUILDING A BETTER WRAP-UP

HISTORICAL PERSPECTIVE

<u>YEAR</u>	<u>LOSS RATIO</u>	<u>TRFR</u>
1992	0.59	1.48
1993	0.79	.93
1994	0.91	1.21
1995	0.96	1.02

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BUILDING A BETTER WRAP-UP

THE OPPORTUNITY

- GET OFF OF PLATEAU
- 20% OF CLAIMS = 80% OF COST
- FALLS & BACK INJURIES
- IMPROVE CLAIM CYCLE TIME

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The DuPont Commitment Safety, Health and the Environment

We affirm to all our stakeholders, including our employees, customers, shareholders and the general public, our commitment to safety, health and the environment. We will continuously improve our performance in these areas and will not compromise the safety of our employees or the health and safety of our customers or the environment. We will continuously improve our performance in these areas and will not compromise the safety of our employees or the health and safety of our customers or the environment.

Highest Standards of Performance, Business Excellence

We will adhere to the highest standards for the safe operation of facilities and the protection of our environment, our employees, our customers and the people of the communities in which we do business.

We will integrate our business to make safety, health and environmental issues an integral part of all business activities and the continuous striving to deal with business with safety.

Goal of Zero Injuries, Illnesses and Deaths

We believe that all injuries and occupational illnesses, as well as safety and environmental incidents, are preventable, and we aim for all of them to be zero. We will promote all the job safety for our employees.

We will assess the environmental impact of each facility we operate or control and will design, build, operate and maintain all our facilities and operations to meet or exceed all applicable local, state, federal and international laws and regulations and to protect the environment.

We will be responsible for emergency and all public relationship preparation.

Goal of Zero Waste and Emissions

We will drive toward zero waste generation at all times. Materials will be used and recycled to minimize the need for disposal or shipment to outside recovery. Where waste is generated, it will be handled and disposed of safely and responsibly.

We will drive toward zero emissions, giving priority to those that may present the greatest potential risk to health or the environment.

Where past practices have created conditions that require attention, we will responsibly remediate them.

Concentration of Energy and Talent Resources, Skills

We will invest in the efficient use of steel, oil, natural gas, water, electricity and other natural resources.

We will manage our land to enhance habitat for wildlife.

Continuously Improve

We will continue to improve our safety, health and environmental performance and the people of the communities in which we do business.

We will continue to improve our safety, health and environmental performance and the people of the communities in which we do business.

We will work in partnership with all stakeholders to improve safety, health and the environment.

We will protect ourselves, our customers and the people of the communities in which we do business.

We will build a culture of safety, health and environmental excellence.

Management

The Board of Directors will be responsible for the overall safety, health and environmental performance of the company.

Management will be responsible for the day-to-day safety, health and environmental performance of the company.

We will employ and support the best people to do the job.

We will ensure progress to meet our goals.

Compliance with this Commitment and applicable laws is the responsibility of every employee and contractor acting on our behalf and a condition of their employment or contract.

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BUILDING A BETTER WRAP-UP

THE FOUNDATION

1. Contractor Selection
2. Contract Preparation
3. Contract Award

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BUILDING A BETTER WRAP-UP

THE FOUNDATION

4. Orientation and Training
5. Audit and Monitor
6. Post-Contract Evaluation

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BUILDING A BETTER WRAP-UP

THE SOLUTION

- TARGETED AUDITS
- TARGETED TRAINING
- CONTRACTOR PARTICIPATION

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TARGETED AUDITS

- FALLS - WALKING/WORKING SURFACES
- BACKS - WHAT ARE PEOPLE PUSHING/PULLING/LIFTING/LOWERING

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TARGETED TRAINING

- BACK SCHOOL
- ACCIDENT INVESTIGATION
- CLAIM MANAGEMENT

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CONTRACTOR PARTICIPATION

- CONTRACTORS & TPA FULL PARTNERS IN THE EFFORT
- CONTRACTORS IMPLEMENTED PROGRAMS

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BUILDING A BETTER WRAP-UP

THE RESULTS (97 v. 96)

- 43% DECREASE IN LOSS RATIO AFTER 40% INCREASE (92-96)
- 31% DECREASE IN DOLLAR LOSSES AFTER 22% INCREASE IN PAYROLL

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BUILDING A BETTER WRAP-UP

RESULTS (88-98)

- \$64.6 MILLION
- \$5.9 ANNUALLY

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BUILDING A BETTER WRAP-UP

The Business Roundtable Owner Safety Awards

“...conferred upon companies who can show the most exemplary programs of contractor safety...”

Year	Category	DuPont Entity
1990	Specific site	Cape Fear, N.C.
1995	Major functional group	Corporate Engineering
1997	Complete company	DuPont
1998	Specific int'l project	Asturias, Spain

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Wrap-Up

BUILDING A BETTER WRAP-UP

WHAT WE LEARNED

- SAFETY FIRST
- THE GOAL IS ZERO
- YOU CAN ALWAYS DO BETTER
- WISDOM, PATIENCE, COURAGE

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BUILDING A BETTER WRAP-UP

“Wisdom to know the difference”

- “Serenity to accept the things I cannot change”
 - States control WC costs
 - Juries control civil awards
 - Regulatory agencies control fines
 - Media controls public perception
- “Courage to change the things I can”
 - Prevent contractor injury
 - No insurance claim
 - No lawsuit
 - No regulatory fine
 - No lost time = Higher productivity
 - No indirect costs

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