

Construction Risk Engineering

Subcontractor Safety Pre-Qualification Mini-Guide



Introduction

The objective of this mini-guide is to identify and highlight the benefits of including safety when pre-qualifying subcontractors during the contract award selection process. The guide highlights certain areas that should be considered when evaluating subcontractors to ensure a thorough and informative decision has been made in the selection process.

Why Pre-Qualify Subcontractors?

The objective of any safety program is to ensure that a pro-active safety culture exist at the project site, with the goal of an incident free work site. A safe work site enhances the opportunity for a successful project. Down time when an accident occurs often results in lost productivity. This can be avoided and worker morale enhanced when employees recognize a company is cognizant of the importance of providing them with a safe working environment.

The GC/CM is usually charged with the overall responsibility for safety at the project site. This position is responsible for its own employees, as well as for those of their subcontractors. Unsafe activities not only jeopardize the safety of workers on site but also may endanger the general public who come into contact with the project. Therefore, the past safety performance of potential subcontractors should be analyzed carefully and taken into consideration during the selection process.

Benefits associated with selecting subcontractors with a proven pro-active and strong safety culture include:

- Increased productivity resulting from decrease in accident frequency
- Lower insurance cost and fewer potential lawsuits as a result of fewer accidents
- Strong safety performance that enhances corporate reputation and image with clients
- Reduced potential for violations resulting from OSHA inspections
- Strengthened worker morale
- Safe working environment for on-site workers as well as for the general public.

What To Evaluate

When selecting subcontractors, it is essential that a GC/CM consider and evaluate their financial strength, reputation, expertise and price, as well as their past experience with the subcontractor. In addition, a GC/CM should select subcontractors that have a proven track record when it comes to safety. This mini-guide focuses on the safety aspect of the selection process.

The following four measures of a subcontractor's safety experience should be evaluated and considered during the selection process.

1. Experience Modification Rate

(EMR) - an EMR is an insurance rating that provides a quick analysis of a company's past performance. It is a computation that compares a company's annual losses in insurance claims against its policy premiums over a 3 year period, excluding the most current year.

An EMR of 1.0 is called a unity mod; an EMR below 1.0 is called a credit mod; an EMR over 1.0 is called a debit mod. If a company's loss experience is higher than the average of similar companies, the result is a debit mod. An interval year is incorporated between that rating year and the three year period. The year previous to the current year is excluded because claims have not been fully paid and the premium has not been audited.

When selecting a subcontractor, determine the current and prior three year EMRs. Keep in mind, a contractor's improved safety performance over the present and prior year will not be reflected in its current EMR as a result of this gap, nor will its poor safety performances in the current and prior year.

2. OSHA 300 Form and Bureau of Labor Statistics (BLS) Incident Rates:

The OSHA 300 form requires companies to keep track of recordable as well as lost time incidents for the corresponding year. The BLS incident rate can be calculated utilizing the data from this form. This incident rate represents the number of incidents per 100 workers. A company's incident rate is determined utilizing the following formula:

$$\text{Incident rate} = \frac{\# \text{ of injuries / illnesses} \times 200,000}{\text{Total man-hours worked for the year}}$$

The BLS has established the average recordable and lost time incident rate for each SIC code in the construction industry. Requiring subcontractors to provide both their recordable and lost time incident rates enables a GC/CM to evaluate how they compare to their industry peers. It also provides insight into their overall safety performance. A subcontractor whose incident rate exceeds the average for their trade should raise a red flag and warrant additional research into the safety performance and culture of that company.

3. OSHA History: As a result of the inherent dangers associated with the nature of the work and past safety performance among all industries, OSHA carefully monitors the construction industry. Many

construction firms have been exposed to OSHA inspections and the results of those inspections are tracked in the OSHA database.

When selecting a subcontractor, a review of that company's OSHA history for the past three to five years should be criteria in the pre-qualification process. It allows a GC/CM to review the frequency of OSHA inspections and the severity of the citations issued by OSHA resulting from non-compliance with safety standards. Special attention should be paid to the type of citations issued, any repeat and/or willful citations issued and if any fatalities occurred. A review of OSHA history does not necessarily depict the overall safety culture of the company. However, it is a good resource for providing insight into the safety aspect of that organization. Repeat and Willful citations should be a red flag warranting additional questions for a subcontractor.

Many establishments may not experience an OSHA inspection. As a result, reviewing a company's OSHA history will not necessarily provide a complete assessment of that company's compliance with OSHA safety standards or provide a detailed assessment of the company's safety culture

4. Safety Management Evaluation:

When evaluating a subcontractor's safety program and procedures, a GC/CM can determine the level of commitment that company places on safety. An evaluation and determination of the role and involvement of the company's upper management regarding safety will help assess the safety culture of that organization. A boiler plate safety program that strictly recites OSHA and other mandated safety standards but lacks depth in the following areas should raise concern regarding the commitment and attention that subcontractor will pay to safety on your project: roles and responsibilities of management personnel, pre-job safety planning, job safety task analysis, substance abuse testing, employee orientation, safety training, in-depth

fall management, accountability, accident investigation, safety meetings, subcontractor management and regular safety self audits.

In addition to this mini-guide, Chubb has developed a Subcontractor Pre-Qualification Safety Questionnaire that construction organizations may find beneficial during the subcontractor selection process. For further information please contact an Chubb/ESIS® construction risk engineering representative.

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