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NETWORK





5 SUBCONTRACTING RISK REDUCTION STRATEGIES

RISK 1: LIABILITY FOR UNPAID SUBCONTRACTOR WCB PREMIUMS

Workers Compensation Boards routinely recoup unpaid subcontractor premiums from their general contractors / clients.

Recovery actions are common and costs frequently run into the \$1000's, sometimes \$10,000's.

Risk Type:
financial, reputation



Effort:
Easy



Knowledge:
Basic



Cost:
Free



RISK REDUCTION STRATEGY #1

WHAT:

Get a WCB clearance when your subcontractor mobilizes.

- ➔ This ensures your subcontractor has a valid WCB account.

Get a WCB clearance at each month end.

- ➔ This ensures your subcontractor is maintaining their account in good standing.

HOW:

Visit the WCB website in your province or territory, search for the contractor, download and save the Clearance.



Cost Reduction Strategy & Best Practice:

Have your subcontractor send you a clearance with their monthly billing.

RISK 2: LOSS OF BUSINESS OPPORTUNITY FROM IMPROPER INCIDENT RECORDING

Clients that pre-screen or assess contractor safety performance typically consider these three things:

- ➔ HSE statistics / OSHA Rates
- ➔ EMR / Workers Compensation performance
- ➔ Regulatory compliance responses (Citations, Stop Work)

Risk Type:

Financial / Business Opportunity



Effort to Control:

Medium



Knowledge:

Moderate to High



Cost:

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Industry incident classification systems ARE NOT THE SAME as WC claims rates.

You may be putting yourself out of contention for work opportunities if you're not speaking your clients language.

RISK REDUCTION STRATEGY #2

WHAT:

Know your clients incident classification system.

HOW:

Ask your client what standard they are using for incident classification.

RISK 3: LOSS OF BUSINESS OPPORTUNITY DUE TO POOR SAFETY PERFORMANCE

Incurring serious injuries, then poorly managing work-related claims drives up WC insurance rates.

Poor WC performance may limit financial opportunities as general contractors prefer safer subcontractors.

Risk Type:

Financial / Business Opportunity



Effort to Control:

Medium to High



Knowledge:

Moderate to High



Cost:

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RISK REDUCTION STRATEGY #3

WHAT:

Implement a suitably comprehensive occupational health and safety management system.



Manage WC claims and effectively rehabilitate injured workers to limit costs.



HOW:

Educate your organization regarding claims management best practices.



Contact your industry association, engage a consultant or hire for expertise.



RISK 4: LOSS OF BUSINESS OPPORTUNITY DUE TO POOR REGULATORY PERFORMANCE

Serious violations of OSHA, WC and insurance requirements brings scrutiny and potential penalties.

Risk Type: Legal,
Financial, Reputation



Effort to Control:
Moderate to High



Knowledge:
Moderate to High



Cost:
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RISK REDUCTION STRATEGY #4

WHAT:

Implement a suitably comprehensive occupational health and safety management system.

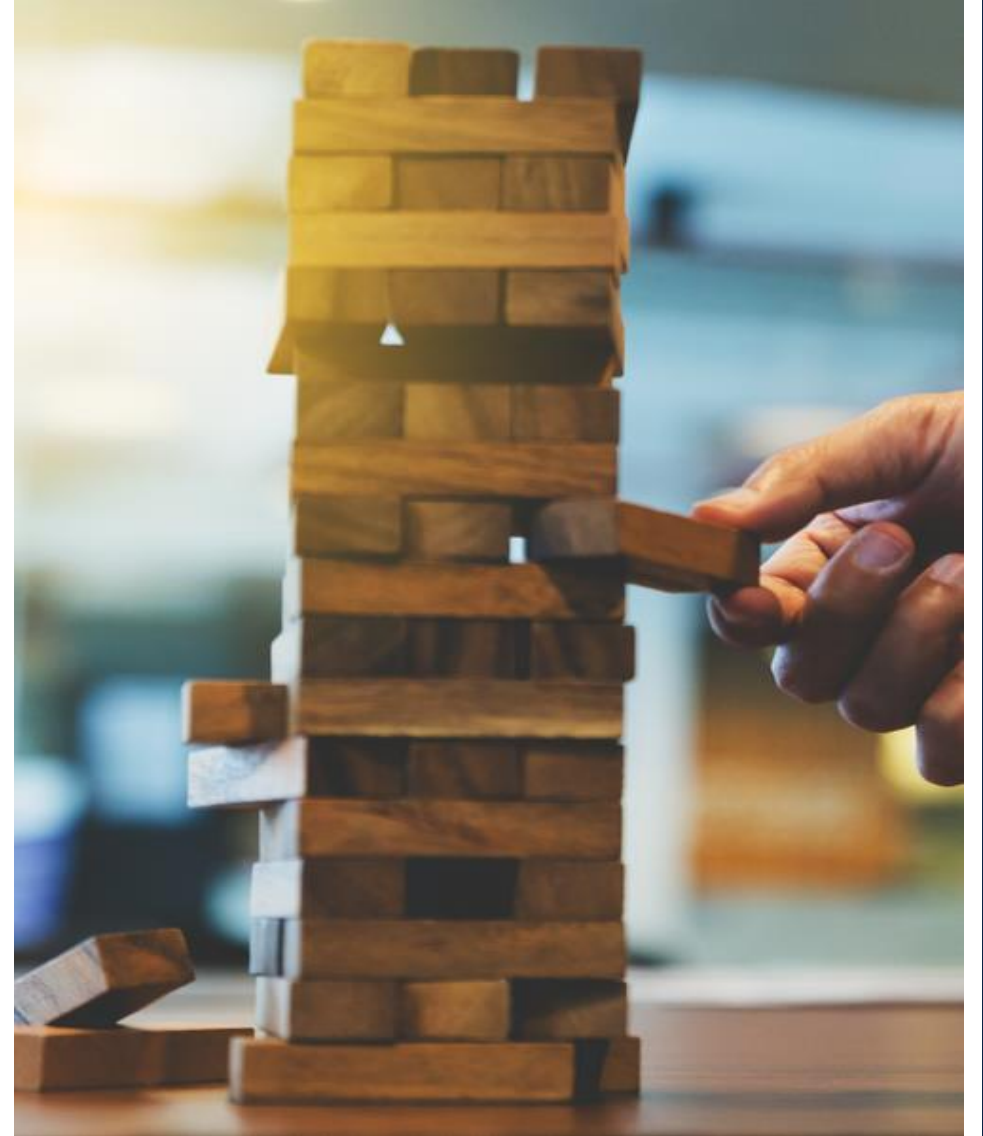
Audit your HS system to ensure it's well implemented and effective.

Be proactive in your relationships with regulators to build rapport and trust.

HOW:

Contact your industry association (if available), hire a consultant or employee with expertise.

Educate your organization regarding claims management best practices.



Best Practice:

Enrol in the VPP program (US construction), get a Certificate of Recognition (Canada) or industry-sponsored audit program.

RISK 5: EXPOSURE TO LIABILITY FROM UNMANAGED SUBCONTRACTOR CERTIFICATES

Your company may be liable for direct costs and legal liability if incidents occur and no coverage is in place.

FUN FACT: 1 in 5 certificates on a storage / tracking system is expired or about to expire (<30 days).

Risk Type:
Legal, Financial



Effort to Control:
Moderate



Knowledge:
Moderate



Cost:
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RISK REDUCTION STRATEGY #5

WHAT:

Use a database (not a spreadsheet) to manage documents that have expiry dates.

- Ensure certificates are tracked & expiry dates are anticipated.
- Give adequate time for new certificates to be obtained and uploaded.
- Automate notifications and have a software program manage what takes far more effort (with far more errors) if done manually.

HOW:

Use a commercially available software package or a third-party service.





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