

## **The Three Types of Hazards**

Risk Management involves the understanding of the predominant three hazards groups and how those hazards, left untreated, lead to losses. Hazard Analysis is the term used to describe and articulate the components that start the chain of causation that leads to injury. Hazards create exposures that need to be recognized, evaluated and controlled. A hazard is any condition that has the potential to cause a loss. The goal of hazard identification and remediation is eliminate the hazard, if feasible, and if not, to reduce the exposure down to a level where it is impractical to cause an injury.

The three major types of hazards are:

Physical Hazards

Moral Hazards

Moral Hazards

**Physical Hazards** – which are tangible and measurable and observable injury sources. By far this is the hazard group given the most attention and focus. Some examples of physical hazards are;

- ▶ Airborne concentrations in sufficient dose to cause illness
- ▶ Unguarded machinery that can injure fingers and limbs
- ▶ Floors with grease, water, or some other substance that can cause a slip and fall
- ▶ Missing or insufficient guardrails at an elevated height

So you see, physical hazards, come in many sizes, shapes and forms. With a little education, a splash of common sense, and a portion of diligence, physical hazards can be identified and appropriate control techniques developed to prevent injury to employees and the public at large. Because of their relative simplicity in remediation of physical hazards it tends to be the focus of a workplace safety programs. In fact, the OSHA Standards are replete with significant information given so employers can understand and eliminate physical hazards. When Loss Control Engineers and Safety representative visit worksite they attempt to identify and offer recommendations to eliminate physical hazards. Workplace Inspection Checklist attempt to identify physical hazards.

To control physical hazards, identify injury sources, develop and deliver safety education and monitor the results. The OSHA Standards applicable to the industry will help an employer to understand the hazards associated with their workplace, and if implemented, help to prevent such injuries, not to mention prevent OSHA fines. The other types of hazards, Morale and Moral, are not as obvious but may be just as, if not more, costly.

The second type of hazard is **Morale Hazard** and can be defined as the passive indifference on the part of those exposed (such as employees) as to the consequences as their actions, even if it means injury to themselves or others. Usually there is an internal justification for their actions, such as “it won’t happen to me” or “that has never happened before so I can suspect that it won’t happen in the future”. These hazards fall into (employee) behavior and pre-suppose that attempts have been made by management to educate employees on the hazards. In other words ‘they should know (and do) better’. Some example of Morale hazards include:

- ▶ Not wearing the seatbelt
- ▶ Not wearing eye protection
- ▶ Removing a guard from a machine
- ▶ Improper lifting techniques
- ▶ Any action that seeks to undermine or shortcut proper safe work practices

Once again, by definition, Morale hazards contemplate that the worker know or should have known better. That is, some form of hazard recognition has taken place and the appropriate control techniques communicated but for some reason the worker chose not to call on the safety education to protect them. Perhaps a point could be made that the employee just forgot to apply the safety education given. That rationale is akin to an accident investigation concluding that the injury was caused by “carelessness” as the root cause of an accident. No deal, that won’t fly, because carelessness is a Morale hazard and not a physical hazard as defined above. Morale hazards are controlled by active supervision, safety rule enforcement, disciplinary action and top management holding the workforce accountable for safety performance.

The third type of hazard is called **Moral Hazard**, ( yes Moral- not Morale) which is where a person has the intent to defraud the employer and/or insurance company for the receipt of undeserving benefits. The classic definition of a moral hazard is an employee who does not want to work and has a **desire to allege an injury** has occurred in the workplace for which compensation is (unjustly) due. A milder form of Moral hazard would be where a person is legitimately hurt in the workplace, such as an injury from a psychical hazard, but then in the course of recovery develops a desire to malingering and not return to work as they have become accustomed to a leisurely lifestyle. This would be a combination of hazards, physicals (which caused the injury) and moral which is which increasing the time of disability unnecessarily. Some examples that may indicate a moral hazard has *caused* the injury include:

- ▶ No obvious injury
- ▶ Conflicting statements about the details of an accident
- ▶ Doctor shopping, going to several doctors for the best opinion favorable to the worker
- ▶ Disconnected phone shortly after the injury
- ▶ Monday morning claim, when worker have been instructed to report injuries ASAP.

Moral hazards can really lead to large claims and settlements. For that reason Moral hazards need to be identified as early as possible in the claim process and aggressive action taken to limit the duration of disability by returning the (alleged) injured worker to work. Some techniques to eliminate moral hazards include:

- + having workers sign a **No Accident Certification**, where on Friday or at the end of a shift they sign a statement that states “ I have not been injured during my work-shift”.

This is very effective in getting worker to report injuries promptly. While this may not withstand a legal challenge it certainly will require the worker to explain why they are reporting an injury later than a reasonable time after it supposedly occurred. The key to limiting the duration of disability is to intervene to control the claim process as early as possible in the claim process.

- + Having worker sign a statement that they understand that all injuries no matter how slight must be reported immediately. This should be part of the general safety rules.
- + Posting Notice that all injuries must be reported immediately.
- + Asking workers in safety meeting if anyone has been hurt at work.

Collectively or independently, this loss control approach sends the unmistakable signal to the workforce that the employer is concerned about injuries and will not tolerate late reporting. Late reporting is such as issue and possible moral hazard because as time goes by, so do the details of the injury. The facts are aged and may get distorted. Also, the clock is running as Work Comp carriers must deliver benefits with the start date being the date the injury or notice is given to the employer. In the rush to deliver benefits and therefore accept liability, the need to investigate and seek out conflicting details may be lost because of the hassle to comply with statutes. Statistics by the National Council on Compensation Insurance (NCCI) validate that there is a direct correlation between the time an injury is reported and the cost of the claim. The longer it takes for injuries to get reported and acted

upon the more the claim will cost. That drives up an employers loss ratio and Experience Modification Factor and therefore, insurance cost.

Now, as an astute reader you may have realized that 2 of the 3 hazards, Morale and Moral hazards, **really get down to the attitudes, conduct and behavior of employees**, not so much the employer. It is common knowledge that most injuries result from unsafe conditions (physical hazards) or unsafe behavior (Morale hazards). As we stated OSHA and Loss Control Safety Professionals usually focus on psychical hazards as they are obvious and no doubt can cause injury. Perhaps the next hazard that receives attention is Morale hazards as supervisor and safety enforce safety rules and discipline disobedient players. Moral hazards have the potential to drive up insurance cost and frustrate the system.

So the question becomes, how do we prevent Physical, Morale and Moral hazards from causing *Injuries*? Step one would be to understand that there are several styles of hazards as described above. Step two would be to implement the suggested controls stated above. Step three is to consistent deliver safety education to new and existing workforce as that education sends the message that we do not tolerate any form of injury from any source. That translates into the signal that any Morale or Moral injury will be diligently investigated and the root cause determined and corrective action taken to prevent recurrence. I find that when a consistent and focused safety education program is in motion, workers come to learn that the corporate culture will not stand for Morale and Moral hazards.

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