

Overview

A factory worker sprains his back while moving sheet steel, losing seven days of work. His supervisor instructs the worker to be more careful in the future.

A shopper slips on an ice-covered sidewalk and receives medical treatment costing \$600. The storekeeper scrapes the ice off the sidewalk.

A delivery truck backs into a parked car. The cargo is delivered late and the truck suffers \$680 in damage. Afterwards, the dispatcher places a safety sticker on the truck's dashboard.

An ashtray emptied into a wastebasket causes a fire. The employee is warned not to empty ashtrays without making sure that cigarettes are out.

Are the actions taken following these common scenarios going to prevent similar losses from happening in the future? Probably not.

Ideally, measures should be taken to prevent losses from occurring at all.

But losses do occur, so loss investigation is needed to determine why the loss happened and what corrective action could be taken to prevent a recurrence.

The procedures and techniques discussed in this booklet can be applied to a variety of situations including employee injuries or illnesses, property losses, motor vehicle losses incurred by the general public or visitors.

What is a loss?

A loss is defined as an undesired event or occurrence, resulting in physical harm, property damage, and/or financial loss. Financial loss includes both the insured cost of losses and the uninsured costs such as loss of production, management time and trained personnel.

What is a loss investigation?

A loss investigation is a systematic effort to determine what happened, how and why it happened and what must be done to prevent it from happening again. PREVENTION, not blame, is the main purpose for conducting an investigation.

Who investigates the loss?

Normally, supervisors trained in loss investigation are the best qualified people to conduct the investigation of losses that happen in their departments. Why? Because of the very nature of their jobs, supervisors know the employees and their job skills, experience and attitudes. They also are familiar with the equipment, material, processes and working environment. Most importantly, they are responsible for their own departments and usually have the authority to take the necessary corrective action to control loss causes. When necessary corrective action goes beyond their authority, they may request assistance from the loss control department or upper management.

Which losses should be investigated?

All losses are important. Whether the loss is great or small, every loss should be reported and investigated so its cause or causes can be determined and corrected. Often the factors that causes a minor loss could have created a major loss had the circumstances been slightly different.

How to encourage employees to report losses

All losses must be reported before they can be investigated. Sometimes losses are not reported by employees to their managers for the following reasons:

- The loss was minor and thought to be unimportant
- Fear that the supervisor will become angry
- The loss will spoil the safety record
- Fear of medical treatment

To help insure that all losses are reported, the following steps should be taken:

- Periodically remind all employees to report all losses
- Train new employees to report all losses
- Don't place blame on employees
- Take immediate action when losses are reported

What is the role of upper management

Upper management's role in loss investigation is as important as the supervisor's. The supervisor should be able to deal with the hazards involved in the loss but may not always be able to change the inadequate operational controls that permitted the hazard to be present. Management can help the supervisor in the identification and improvement of operational controls to prevent the loss from recurring. Management also has the responsibility for follow-up to make sure that corrective action has been taken and that it has been effective in preventing the recurrence of losses from the same causes.

When should the loss be investigated?

An investigation should begin as soon as the physical situation has been stabilized and attention given to injured persons. Prompt action is essential because any delays can make a complete and factual investigation difficult to conduct. Those involved in the loss may quickly forget or alter facts, often unintentionally, as they begin to think about the incident. Witnesses standing around after a loss begin to compare observations and, in doing so, can influence what they will tell the investigator. Clean-up crews can disturb or remove valuable clues which damaged equipment or material can provide. Therefore, it is essential to begin investigating the loss as soon as possible.

Why should an investigation report be used?

Use of a loss investigation form can guide you through a complete investigation, communicate your findings to upper management, and provide a written record of what corrective actions were or were not taken. As early as possible in the investigation, refer to the Loss Investigation Report in this booklet or your company's own form. The Loss Investigation Report shown in this booklet can be obtained from your ESIS Risk Control Services Specialist.

How is a loss investigated?

Using a loss investigation form, conduct a thorough investigation by completing these six steps:

- 1. Secure the Scene of the Loss**
 - Identify all injuries and damage.
 - Make sure that necessary emergency action is taken.
 - Keep the scene as undisturbed as possible.
 - Segregate the area, including equipment and materials, to prevent further loss.
 - Inform people of the investigation and its purpose.
 - Identify witnesses.

2. Obtain Information on the Loss

Who was involved? What happened? Where did it happen? When did it happen? The first step in the investigation process is to gather all of the information needed to answer these questions. At this point, don't try to answer WHY the loss occurred. If WHY is determined before all of the available information is gathered, less obvious but vital facts may be missed which could provide important information in determining what corrective action must be taken. Let's take a closer look at some information gathering techniques:

Interview Involved Employees, Drivers and Witnesses

Some employees, drivers, or witnesses may be reluctant to talk about what happened because they fear being reprimanded, want to avoid placing the blame on a fellow worker, or do not want to become involved in an investigation. In spite of their reluctance and fears, relevant information must be obtained. The following proven interviewing techniques can increase the chance of obtaining the desired information:

- Conduct private and separate interviews.
- Put the employee/driver at ease. Remind the person that the purpose of the interview is not to place blame, but to prevent a future loss.
- Ask for the person's own version of the loss. Don't interrupt until they have given a complete description. At that time, you can ask any necessary open-ended questions to clarify explanations.
- Find out if the person knows of any "near misses" similar to the loss that took place. If there have been any "near misses" the person should be asked to describe them completely.
- Repeat the story to ensure that you understand what was said. This gives the person an opportunity to clarify hazy details or to correct earlier statements. This also serves to reassure the person that their version of the accident has been heard.
- If WHY questions are asked, they should wait until the end of the interview because they may cause the person to become defensive and unwilling to provide valuable information.
- Close with a positive reminder. You can further assure the employee or driver that the purpose of the interview is loss prevention and not the placement of blame.

Once the people involved in the loss have been interviewed, you should interview witnesses. They may have seen something others missed, an aspect that could be important in determining what corrective action should be taken.

It may also be necessary to consult other people who have special knowledge of the equipment, materials or processes involved in the loss. These individuals may be purchasing agents, professionals working in other company departments, equipment and material suppliers, or training personnel.

Study the Scene

When conducting the investigation, you can learn much by studying the loss scene. Damaged equipment may show signs of wear. Marks on damaged materials may indicate that a particular job was done without proper concern for prescribed procedures. Studying the environment may indicate that lighting, air ventilation or other conditions were at least partially responsible for the accident.

Document the Scene

In serious cases or if the causes of the loss are not known immediately, photographs should be taken of all equipment, materials and other items involved in the loss. It may also be useful to make a diagram showing the scene and the location of pertinent items.

Examine Equipment, Materials and Processes

After using the more common fact-finding methods, you may find that you still do not have all the information necessary for a complete investigation. At this point, it may be important to conduct more in-depth research on the equipment, materials or processes used to gain a clearer understanding of what happened and what preventive action should be taken. Particular attention should be given to equipment, materials or processes that are new or recently modified.

Reconstruct the Loss

It may be useful to try to reconstruct the loss when involved employees and witnesses are not available. In studying the environment, damaged equipment and materials, try to imagine what happened. During the reconstruction process, you will probably need assistance from the loss control department as well as technical and medical experts.

Re-enact the Loss

Re-enacting the loss is another information gathering technique which may be useful for non-automobile accidents. However, the re-enactment should be carefully planned and executed due to the potential danger involved. If you decide to use this technique, be certain that your workers do not place themselves in dangerous positions. People have been injured a second time while re-enacting the original accident. With this technique, the supervisor asks the involved workers to act out the sequence of events which led to the accident or repeat the actions in slow motion and explain each step. It is not necessary to re-enact every accident. Use this technique only when:

- There is no other way to gather sufficient information to determine the causes of the loss.
- It is necessary to determine what preventive action should be taken.
- It is needed to verify a statement made by an employee or witness.
- It can be used to train employees on safe procedures or rules.

3. Determine the Causes of the Loss

This part of the investigation is used to determine the causes of the loss so that appropriate corrective action can be taken to prevent a recurrence. This step is vital in the investigation because effective remedial action can be taken only if the true causes are found. It should also be kept in mind that losses usually have multiple causes. To determine the causes, both the hazards and the related inadequate operating controls that permitted the hazards to exist should be identified.

Hazards

The hazards consist of the conditions and/or practices that contributed to the loss. If the information gathering process previously described is effectively used, there should be sufficient information to identify the hazards. Hazard Control Question Guides are available from ESIS Risk Control Services which may be helpful in determining the hazards involved in a loss.

Hazards should be identified for two reasons. First, it is usually necessary to take specific action to eliminate or control the hazards. For example, if a person tripped over a hole in the floor, the hole (hazardous condition) needs to be repaired. Secondly, the hazards need to be identified so that the inadequate operational controls involved in the loss can be identified.

Operational Control Inadequacies

The second and most important step is to determine which operational controls are inadequate. Operational controls are ongoing planned activities conducted by management using a standard procedure. The purpose of these activities is to prevent losses from occurring or recurring, although many of the activities are also designed to serve other functions such as improving productivity and quality. For example, preventive maintenance is performed for loss control purposes but also keeps equipment and facilities operating without breaking down.

Operational controls consist of activities that perform one of the following functions:

- Identification of actual or potential loss causes. This can be performed by activities such as loss investigation or inspection.
- Controlling the causes of loss. This would include activities such as design and arrangement, maintenance, or employee training.
- Minimizing losses when they do occur. This would include activities such as emergency planning and first aid.

When a loss occurs, it means that there is an inadequacy in one or more operational controls that created or permitted the hazards to exist. Using our example of the hole in the floor, repairing the floor may correct that particular problem but will not prevent a hole from reappearing. There must be a determination of the inadequate operational controls that created or permitted the hole to exist. In this case there may be a maintenance problem or some other operational control deficiency.

The investigation must obtain sufficient information to identify the inadequate operational controls or answer the questions of WHY the hazards came into existence and WHY they were not controlled prior to the loss. Unless these inadequate operational controls are found and corrected, the loss is likely to occur again. Operational Control Question Guides can be obtained from ESIS Risk Control Services which may be useful in determining the inadequate operational controls involved in losses.

4. Determine Corrective Action

This step consists of identifying the action necessary to control the hazards and upgrade the operational control inadequacies previously identified. When other departments are involved in the hazard correction, there should be mutual agreement on the action they will take.

Hazard Control

Determine the specific action necessary to eliminate or control the hazard. In some cases, immediate temporary action must be taken to control serious hazards which could lead to another loss if they remain uncorrected. In these situations, it will also be necessary to take more permanent action at a later time. In identifying corrective action, ideas should be solicited from involved personnel. The Hazard Control Question Guides may also be useful in identifying corrective action.

Operational Controls

The second step is to determine which operational controls need to be implemented or improved to prevent recurrence of the hazards. People involved in the loss as well as other members of management may need to be consulted in making this decision.

5. Take Corrective Action

Take the necessary corrective action. This step is often poorly completed. The entire process of loss investigation is futile unless effective corrective action is taken to prevent a recurrence of the loss.

When corrective action must be taken by other departments, make sure all affected managers receive copies of the loss investigation report. Obtain target dates from these managers for completion of the action.

After corrective action has been taken, an "x" should be placed by the corrective actions as they are listed on the loss investigation report.

Re-open the loss scene when sufficient corrective action is taken to prevent a recurrence of the loss.

Periodically, follow up on all incomplete corrective action. Consult a higher level of management for assistance if the corrective actions are not completed.

6. Follow up on the Action Taken

The corrective action taken should be monitored by every supervisor or by the person who completed the investigation in order to evaluate its effectiveness. In some cases, it will be found that the corrective action has not been adequate to prevent recurrence of the hazards that were involved in the loss. Particular attention should be given to losses or near-misses that are related in any way to the original loss to determine if the same causes are responsible. Whenever it is determined that the corrective action taken has been inadequate, an effort should be made to determine why the corrective action has been inadequate and how it can be rectified.

ACE USA Risk Control Services can take a holistic approach to assessing your risk, offering a wide array of services to meet your safety and property preservation needs. Our recommendations for reducing the potential and severity of loss are tailored to the needs of your operations, facility, and budget. We have specialized in Risk Control for over 40 years.

PLEASE READ CAREFULLY The information contained in this publication is not intended as a substitute for advice from a safety expert or legal counsel you may retain for your own purposes. It is not intended to supplant any legal duty you may have to provide a safe premises, workplace, product or operation.

Call Your Risk Control Services Specialist

For more information about loss investigation or other loss control techniques, call an Risk Control Specialist at the ACE USA office nearest you.

The Loss Investigation Process

Secure the Scene of the Loss

- Identify all injuries and property damage.
- Take necessary emergency action.
- Keep the scene undisturbed.
- Segregate the loss area.
- Inform people of the investigation and its purpose.

Obtain Information on the Loss

- Interview involved employees and witnesses.
- Study the scene to find out how the loss occurred.
- Document the scene with photographs or diagrams.
- Examine all equipment, materials and processes involved in the loss and take samples as necessary for further analysis.
- Reconstruct the loss.
- Re-enact the steps of the loss as necessary to clarify the causes.

Determine the Causes of the Loss

- Determine the hazardous conditions or practices involved in the loss.
- Determine the operational control inadequacies that created or allowed the hazards to occur.

Determine Corrective Action

- Determine the actions necessary to correct the hazards.
- Determine which operational controls need to be implemented or improved to prevent the hazards from reoccurring.

Take Corrective Action

- Take or arrange for the necessary corrective actions.
- When corrective action must be taken by other departments, make sure all affected managers received copies of the Loss Investigation Report. Obtain target dates from these managers for completion of the action.
- Place an X by the corrective actions as they are completed.
- Re-open the loss scene when sufficient corrective action is taken to prevent a recurrence of the loss.
- Periodically follow-up on all incomplete corrective action. Consult a higher level of management for assistance if the corrective actions are not completed.

Follow Up on the Corrective Action Taken

- Monitor corrective action to evaluate its effectiveness.
- If corrective action is inadequate, determine new corrective action.