Workplace Safety
ACADEMY



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Danger and Opportunity: The Future of Workplace Safety in an Era of Deregulation

Effective safety management involves treating hazards as processes, focusing on elimination and engineering controls rather than just compliance checklists.

by Rick Tobin

In the United States, workplace safety has long been a balancing act between government regulation, employer responsibility and the financial realities of workers' compensation insurance. Now, with growing political momentum toward deregulation and smaller government, the question looms: What will happen to worker safety when the referee leaves the game?

Key Highlights

- Workers' compensation acts as a financial counterweight to deregulation, incentivizing companies to maintain safety to avoid rising insurance premiums.
- Insurance underwriting is risk-based, rewarding companies with strong safety cultures and penalizing those that cut corners, impacting their bottom line significantly.
- Leadership plays a crucial role in fostering safety culture, integrating safety into organizational survival, productivity, and employee morale.

Rick Fineman, vice president of loss control for Berkshire Hathaway Homestate Companies' Workers Compensation Division, believes the answer lies not only in government rules but in the economic realities of workers' compensation itself. "There's a significant counterweight to deregulation, and that counterweight is workers' comp," Fineman explains. "As companies start taking more risk, they'll see that risk realized in costly accidents,

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and their insurance premiums will go through the roof."

His perspective is a reminder that safety is not just a regulatory issue, it's an economic one. And in a future where regulation may shrink, the marketplace itself could become the strongest enforcer of safe workplaces.

The Counterweight of Workers' Compensation

Workers' compensation insurance has existed in the U.S. since 1911, when Wisconsin became the first state to pass a comprehensive program. By 1934, nearly every state had adopted some form of fault-free coverage. The trade-off was simple: employees injured at work would receive guaranteed benefits, while employers were protected from most lawsuits.

Even without federal mandates, workers' comp remains a legal and financial reality. Employers who allow unsafe practices will pay—if not in court, then through skyrocketing premiums. According to the National Academy of Social Insurance, U.S. employers paid out over $45 billion in workers' compensation costs in 2022, covering both premiums and self-insurance. That number climbs whenever incident rates rise.

Fineman stresses this point: "Even if you deregulate at a federal level, workers' comp is still going to be there. If companies relax their safety efforts, they'll see those costs at their bottom line. Safety will be governed by the cost."

In other words, OSHA might set fewer rules, but the insurance market won't.

Playing the Riverboat Gambler

Fineman often describes underwriting like a riverboat game. "I'm going to bet you $100,000 this year that your losses will be $40,000 or less. If you have more, I'm doubling down." That's how insurers balance risk and premium.

When companies cut corners, the odds catch up quickly. He points to roofers as an example:

- A roofing company with a strong safety culture can drive its experience modification rate (EMR) down to 0.65. That means a $1 million manual premium becomes $650,000.
- Another roofer, with the same payroll but poor safety practices, could see its EMR rise to 2.0. That same $1 million premium balloons to $2 million.

"That's a difference of $1.35 million every year," Fineman says. "At a 10% profit margin, that roofer has to re-roof 800 or 900 homes just to make up the difference. Meanwhile, the competitor with a lower EMR can charge less, pay employees more, or invest back into the business."

It's not just about compliance. It's about survival.

Deregulation Doesn't Mean No Standards

One common misconception is that removing OSHA means a free-for-all. Fineman disagrees. "Even if OSHA disappeared, you'd still have ANSI standards. You'd still have the European Union requiring certain practices to sell products. You'd still have industry expectations. If you take the guard off a punch press, everyone knows that's negligent. The courts will step in."

This shift could actually increase lawsuits. If gross negligence becomes easier to prove, employers may find themselves fighting costly civil claims outside of workers' comp protections.

And even without lawsuits, insurers will price in the risk. "If roofers stop wearing fall protection, I'll still insure them," Fineman says. "But instead of a $1 million policy, it'll be $3 million to cover the guy that falls off."

In a deregulated world, the baseline moves. Companies won't just be judged against compliance; they'll be judged against peers. "The companies that do good control are going to have far more benefit from that control," Fineman warns. "And the companies that do poor control are going to have far more consequence."

What Good Safety Looks Like

So what does "good control" look like? For Fineman, the best companies treat safety as a process, not a checklist.

Take ladders. A reactive company might simply train employees to set ladders at the correct angle or wear fall protection. A good company goes further: They identify how often employees climb ladders. They ask: Can we eliminate the activity? Could boxes stored on a mezzanine be moved with a forklift instead of carried down a ladder 1,600 times a year? If elimination isn't possible, they engineer safer ladders with outriggers or "clicker steps" that warn workers when they've reached the bottom rung.

By reducing the activity itself, risk drops dramatically. "I guarantee no

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one will fall off a ladder those 1,600 times if no one climbs it," Fineman points out.

This approach aligns with the Hierarchy of Controls: elimination, substitution, engineering, administrative, and personal protective equipment (PPE). But the best companies go beyond theory. They treat every hazard as a process: identify the activities, reduce the frequency, and control the conditions.

Training for a New Era

If regulation weakens, training becomes even more critical. But not just any training. Fineman draws a line between compliance training and job instruction training:

- Compliance training explains standards: hazard communication, bloodborne pathogens, confined spaces.
- Job instruction training integrates safety directly into job tasks: "Here's how to dip that part in trichloroethylene safely, step by step."

Both are necessary. One builds broad awareness; the other builds muscle memory for specific tasks. Without compliance training, workers may not recognize new hazards when conditions change. Without job training, they may not know how to act safely in the moment.

Fineman uses a powerful analogy: America solved cholera through decades of scientific investment in sanitation infrastructure, while villages in China solved it more quickly by simply moving latrines away from water sources. Both approaches worked, but only one prepared for the next disease. "My fear," he says, "is we'll lose the strategic side of training and only teach the immediate fix."

That short-term view creates a cycle: risk goes up, costs go up, and learning happens only after painful losses.

Leadership as the New OSHA

Without regulators, leadership fills the gap. Fineman emphasizes that safety isn't just an HR or compliance function—it's a survival function. "A CFO's job isn't just to manage money. It's to protect the survivability of the organization," he explains.

Good leaders see safety not as a cost, but as a driver of stability, productivity and morale. They create cultures where safety and quality are inseparable, where employees believe their employer values their well-being.

And insurers play a role too. Loss control professionals are often the only people in the insurance process who aren't asking for money. "We're idealists," Fineman says. "We want to save lives. Our problem isn't selling solutions. Our problem is consensus on the problem. If I can get an employer to agree something is a problem, we'll find a solution together."

Profiles in Courage: Danger and Opportunity

Toward the end of our conversation, Fineman recalled a passage from John F. Kennedy's *Profiles in Courage*. Kennedy noted that the Chinese character for "change" is composed of two symbols: danger and opportunity.

"This is a perfect example," Fineman reflected. "There's an opportunity for good companies to reduce administrative overhead that doesn't provide value. But there's also the danger that people will reduce their safety for money, or out of lack of knowledge. That danger will be realized in accidents, and those accidents will cost them dearly."

The metaphor is apt. Deregulation could free businesses from unnecessary burdens, but it could also tempt them into dangerous shortcuts. The difference between the two outcomes depends on leadership, culture and foresight.

Preparing for the Next Five Years

So what should employers do now, as the political winds shift? Fineman offers a clear roadmap:

Audit activities, not just hazards. Identify the tasks that expose employees most often—climbing ladders, unjamming machines, handling chemicals—and look for ways to eliminate or reduce them.

Invest in safety beyond compliance. Use the Hierarchy of Controls to redesign work, not just equip workers.

Split training purposely. Combine task-specific instruction with broader compliance training to build both immediate safety and long-term adaptability.

Leverage insurance as a partner. Loss control professionals bring expertise and data that can help companies make smarter decisions before accidents happen.

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Engage employees. Safety isn't sustainable unless workers see direct benefits. Profit-sharing tied to lower comp premiums, for example, can align incentives.

These steps are not only best practices; they are competitive advantages. As insurance costs diverge more sharply, companies with stronger safety cultures will enjoy lower premiums, higher margins and stronger reputations.

The Stove Is Still Hot

The U.S. has one of the best worker safety records in the world, thanks to a century of blending regulation, insurance and employer responsibility. Deregulation threatens to disrupt that balance, but it doesn't eliminate it. The laws of economics still apply.

As Fineman cautions, "The problem is, do we want to learn by touching the stove, or do we want to learn by thought and logic?" The answer will determine whether American workplaces move backward into preventable tragedies or forward into safer, smarter practices.

The future of workplace safety is not just about rules on paper. It's about leadership, foresight and the courage to choose opportunity over danger when change comes.

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