

How Accidents Can Impact Your Company Profits

Understanding the true cost

It is critical to understand how the TRUE cost of accidents can affect your company's bottom line. While it's often easy to discount the hidden costs of accidents because they are hard to measure, studies have estimated they can amount to between 2-5 times the up-front costs. That's even with an insured program.

What does this mean to your profits?

As an example, with \$1,500 in premium and/or claim fees, you would have to generate the following in new business revenues to cover the costs of just a single accident:

- \$165,000 in sales (5% profit margin)
- \$82,500 in sales (10% profit margin)

How many jobs would it take for you to generate that amount of money?

Indirect costs of accidents WILL end up being a significant drain on your company's resources whether you are writing a check for them or not...

Indirect costs of accidents

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- An iceberg floating in the ocean. The tip of the iceberg is visible above the water surface, while the much larger, jagged portion of the iceberg is submerged below the surface. This visual metaphor represents the concept of indirect costs, which are often hidden and much larger than the direct costs.
- Direct costs for insurance premiums and claim fees
 - Loss of supervisors time for accident investigation
 - Lost production by injured employee
 - Productive time lost by employees and supervisors helping the injured employee
 - Cleanup and startup of operations interrupted by an accident
 - Cost of training a substitute or hiring a temporary worker
 - Poor efficiency due to break-up of crew
 - Loss of expertise/experience
 - Overtime costs to resume production
 - Penalties for failure to meet contractual production requirements
 - Damage to tools and equipment
 - Damage to property (fire/water)
 - Potential legal costs
 - Loss of good will and reputation
 - Potential OSHA penalties

To try OSHA's calculator yourself, to see how your business could be impacted, visit:

<https://www.osha.gov/dcsp/smallbusiness/safetypays/estimator.html>

For more information and additional risk management and prevention tools, visit: fwcruminsurance.com