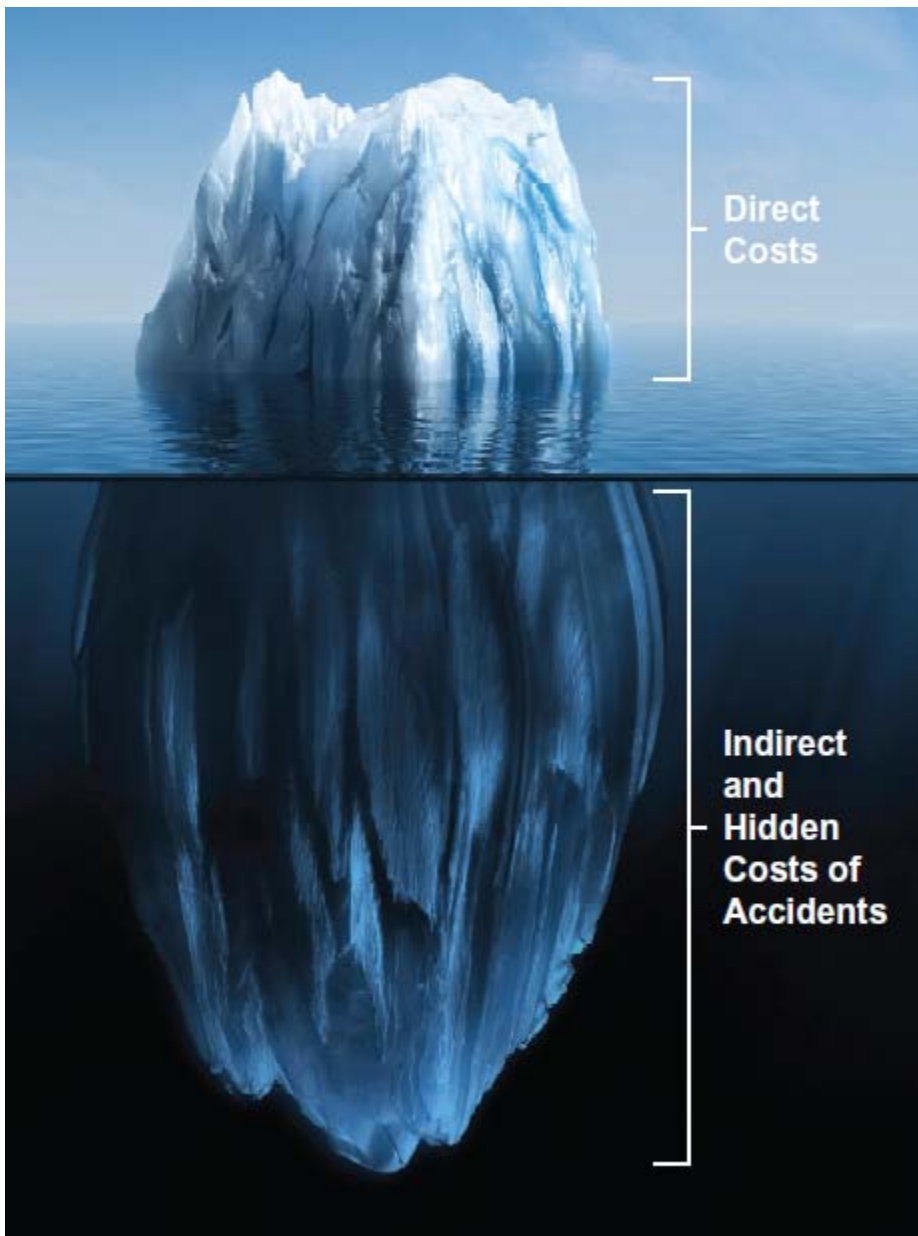


# Accident Costs

An accident is an unplanned and unforeseen event that can interrupt the flow of production, sales or service. Understanding how the costs of accidents can affect your company's bottom line is critical. The more accidents that occur in a workplace, the higher the costs, both in increased insurance premiums and greater indirect costs.

According to the National Safety Council, the indirect costs of industrial accidents are approximately four times the actual direct costs.

The illustration of the iceberg, below, shows how the "visible" direct costs are only a portion of the total cost of an accident.



**Direct costs** represent the workers compensation and other medical claim costs. Workers compensation claim costs include:

- Medical bills
- Indemnity
- Percentage of weekly wage
- Permanent and partial disability
- Death benefits
- Legal fees
- Claim processing/handling charges

**Indirect costs** are unbudgeted costs associated with the accident that are required to get the company back to pre-accident status. These costs represent a significant drain on a company's resources. They may include:

- Loss in earning power
- Loss of product/services
- Supervisors' lost time for accident investigations, meetings, report writing, etc.
- Cost of training a substitute
- Damage to equipment, machinery, materials, facility, etc.
- Overtime costs
- Recruiting and training replacement
- Employee morale
- Potential OSHA penalties
- Attorney's fees