FARMERS

LOSS CONTROL SERVICE

Hidden Cost of Accidents Worksheet

Employee injuries have a financial impact on business performance and include both direct and indirect costs. Direct costs include medical costs and indemnity payments made to injured workers.

Examples of indirect costs include time to transport injured employees to medical facilities, lost production, cost to replace and train replacements, overtime costs, accident investigations and paperwork associated with reporting requirements, etc. Indirect costs can be anywhere between 4 to 7 times direct costs.

To calculate to cost of injuries and sales needed to offset the loss, follow this simple formula:

Direct cost of Injury	Medical Costs	$_____
	Indemnity Payments	$_____
	Total Direct Cost	$_____
Indirect cost of Injury (4 X Direct Cost)	Total Indirect Cost	$_____
Total cost of Injury (Total Direct Cost + Total Indirect Cost)	Total Cost of Injury	$_____
Business Profit Margin (Total Profits divided by Total Sales)	Profit Margin _____	
Sales needed to pay for injury costs (Total Cost of Injury divided by Profit Margin)		$_____