

When it comes to **work comp claims costs**, are you seeing just the

# Tip of the Iceberg?



Indirect costs can be up to  
**4.5X MORE THAN**  
direct costs<sup>1</sup>

## Direct costs include:

- Indemnity
- Medical
- Rehabilitation
- Death benefits

## Indirect costs include:

- Productivity
  - Damage to machinery or work area
  - Accident investigation
  - Implementation of corrective actions
- Low employee morale
- Inventory loss
- Increased payroll expense for position coverage through:
  - Temporary workers
  - Overtime
  - Supervision
  - HR time
- Increased sales demand to reach a profit margin to cover costs
- Increased future cost of insurance because of impact to experience mod
- Negative PR
- Administrative:
  - Completing accident reports
  - Reporting claims
  - Processing documents

## Sales required to pay for a claim<sup>1</sup>

| Total cost of accident* ↓ | Your Profit Margin |        |        |
|---------------------------|--------------------|--------|--------|
|                           | 1%                 | 3%     | 5%     |
| \$1,000                   | \$100K             | \$33K  | \$20K  |
| \$10,000                  | \$1M               | \$333K | \$200K |
| \$100,000                 | \$10M              | \$3.3M | \$2M   |

\* Includes direct and indirect costs

<sup>1</sup> OSHA Safety Pays: <https://www.osha.gov/Region7/fallprotection/safetypays.html>

## Don't Let Indirect Costs Sink You

### A deep knowledge of workers' compensation can provide:

- A culture of safety
- Comprehensive loss control
  - Workplace violence prevention
  - Drug and alcohol program
  - Accident investigation processes
- Focus on fraud prevention
- Integrated return-to-work programs

### The result:

- Immediate reduction of indirect costs
- Lower experience mod through cost savings
- Reduced premium costs over time
- Savings that create a competitive advantage

To learn more, visit **AccidentFund.com**.

