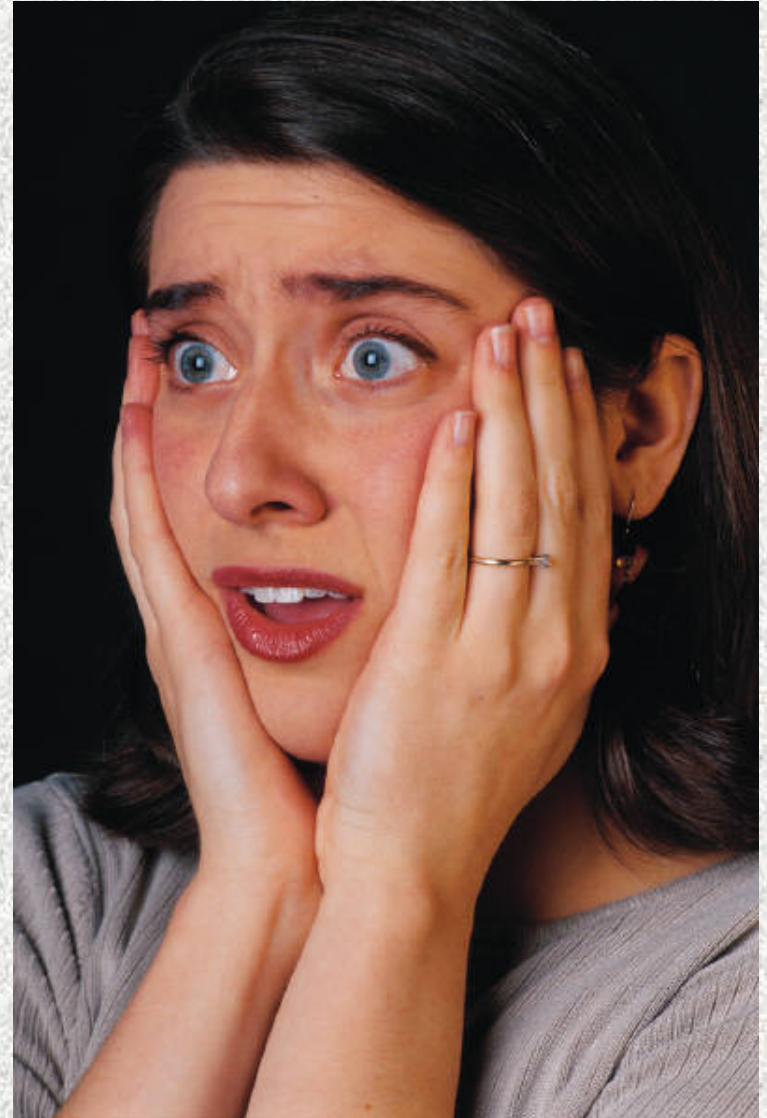


# What's the Cost of an Accident??

**“If the true costs of accidents ... were known, a more rational approach might be taken in addressing safety”**

# “Shock and Awe”

- **Many costs:**
  - **Don’t show up right away**
  - **Don’t appear related to the incident**
  - **Not obvious**



# To Illustrate.....

- **Framing contractor**
  - 12 employees total
  - **Baseline Experience Factor (1.0)**
- **Tip-over of Class VII forklift**
- **Time-loss injury to operator**



# Direct Costs

- **Most visible**
- **Can trace directly to accident**
- **Often “insurable”**
- **Reasonably accurate figures**



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**\$3,094**

# Indirect Costs

- **Generally calculated from 1.2 to 4.5 times those of direct costs**
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# Indirect Costs

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- **For Construction, the “ripple effect” can be significant**

**\$3,713**

# Hidden Costs

- **Reputation of your company**
  - **reliable**
  - **on time delivery**
- **Employee morale/loyalty**



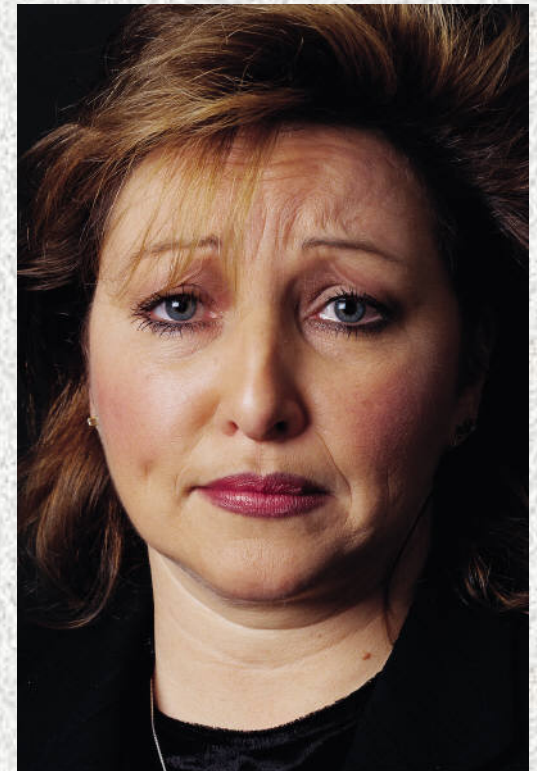
# Total Cost

The year the accident happened

**Direct = \$3,094**

**Indirect = \$3,713**

**Total = \$6,807**

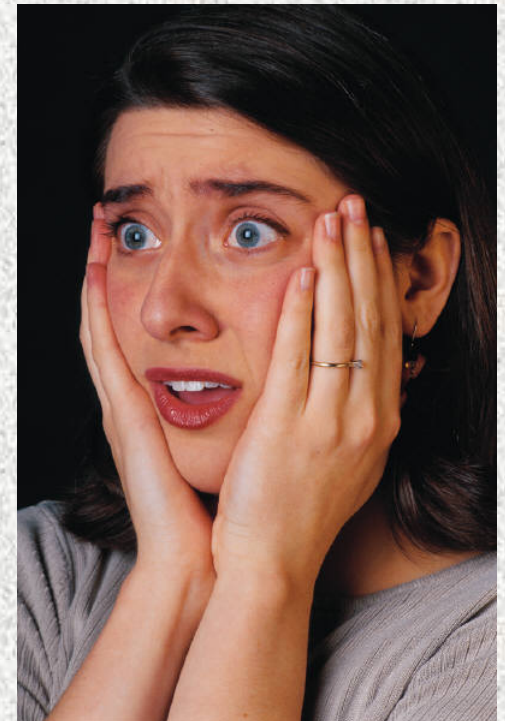


# In Context...

At 7% profit margin:

$$\$6,807/.07 =$$

**\$97,240.00**



# **“But wait, there’s more...”**

**An employer’s  
rates for rating  
(calendar) year:**

**Are affected by claims with a  
date-of-injury within the  
three year EXPERIENCE  
PERIOD**

**2003**

**7/1/1998 - 6/30/2001**

**2004**

**7/1/1999 - 6/30/2002**

**2005**

**7/1/2000 - 6/30/2003**

**2006**

**7/1/2001 - 6/30/2004**

# Increase in Premiums

**Company with EF of 1.0 with 12 employees:**

**Annual Premium = \$60,724**

**Same company with EF of 1.05:**

**Annual Premium = \$63,902**

**Difference = \$3,196**



**Each year for three years:**

**At 7% profit margin:**

**$\$3,196/.07 =$**

**$\$45,657.00$**



# The Cost of the Accident

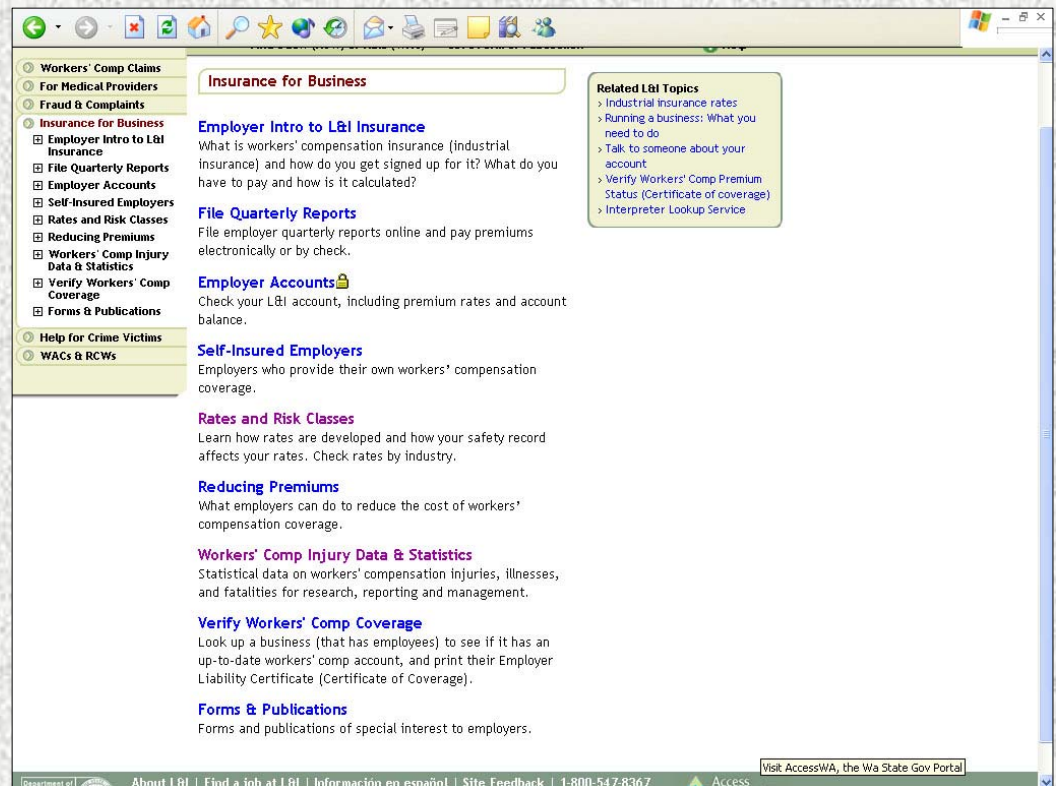
<b>Year</b>	<b>Cost</b>	<b>Revenue needed</b>
<b>Accident</b>	<b>\$6,807</b>	<b>\$97,240</b>
<b>Year 2</b>	<b>3,196</b>	<b>45,657</b>
<b>Year 3</b>	<b>3,196</b>	<b>45,657</b>
<b>Year 4</b>	<b>3,196</b>	<b>45,647</b>
<b>Total</b>	<b>\$16,395</b>	<b>\$234,211</b>



# Where to invest your time....

## 1. “Insurance for Business” web page

[www.lni.wa.gov/ClaimsIns/Insurance/default.asp](http://www.lni.wa.gov/ClaimsIns/Insurance/default.asp)



The screenshot shows a web browser window displaying the 'Insurance for Business' page. The page has a navigation menu on the left with categories like 'Workers' Comp Claims', 'For Medical Providers', 'Fraud & Complaints', 'Insurance for Business', 'Help for Crime Victims', and 'WACs & RCWs'. The main content area is titled 'Insurance for Business' and contains several sections: 'Employer Intro to L&I Insurance', 'File Quarterly Reports', 'Employer Accounts', 'Self-Insured Employers', 'Rates and Risk Classes', 'Reducing Premiums', 'Workers' Comp Injury Data & Statistics', 'Verify Workers' Comp Coverage', and 'Forms & Publications'. A 'Related L&I Topics' box is also visible on the right side of the page.

**Insurance for Business**

**Employer Intro to L&I Insurance**  
What is workers' compensation insurance (industrial insurance) and how do you get signed up for it? What do you have to pay and how is it calculated?

**File Quarterly Reports**  
File employer quarterly reports online and pay premiums electronically or by check.

**Employer Accounts**  
Check your L&I account, including premium rates and account balance.

**Self-Insured Employers**  
Employers who provide their own workers' compensation coverage.

**Rates and Risk Classes**  
Learn how rates are developed and how your safety record affects your rates. Check rates by industry.

**Reducing Premiums**  
What employers can do to reduce the cost of workers' compensation coverage.



**Workers' Comp Injury Data & Statistics**  
Statistical data on workers' compensation injuries, illnesses, and fatalities for research, reporting and management.

**Verify Workers' Comp Coverage**  
Look up a business (that has employees) to see if it has an up-to-date workers' comp account, and print their Employer Liability Certificate (Certificate of Coverage).

**Forms & Publications**  
Forms and publications of special interest to employers.

**Related L&I Topics**

- > Industrial Insurance rates
- > Running a business: What you need to do
- > Talk to someone about your account
- > Verify Workers' Comp Premium Status: (Certificate of coverage)
- > Interpreter Lookup Service

Department of  About L&I | Find a job at L&I | Información en español | Site Feedback | 1-800-547-8367  Access Visit AccessWA, the Wa State Gov Portal

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## 2. “Controlling Your Claims Costs”

– **Register on line:**

[www.lni.wa.gov/ClaimsIns/Insurance/Learn/Workshops/ClaimCosts/default.asp](http://www.lni.wa.gov/ClaimsIns/Insurance/Learn/Workshops/ClaimCosts/default.asp)

– **By telephone: (800) 574-2829**



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## 3. Call in a WISHA Consultant

- [www.lni.wa.gov/Safety/Basics/Assistance/Consultation/consultants.asp](http://www.lni.wa.gov/Safety/Basics/Assistance/Consultation/consultants.asp)
- Call your local L&I field office

Accidents are  
preventable.

Therefore, the costs  
are not inevitable.

**“It’s not how much money you make that  
counts.**

**It’s how much you get to keep.”**