

Insured vs. Uninsured Cost of Accidents

80% INDIRECT COSTS (Uninsured)

- Time lost from work by injured
- Loss in earning power
- Economic loss to injured's family
- Lost time by fellow workmen
- Loss of efficiency due to breakup of crew
- Lost time by supervision
- Cost of breaking in new man
- Damage to tools and equipment
- Time damaged equipment is out of service
- Spoiled work
- Loss of production for remainder of day
- Spoilage: fire, water, chemical, explosives, etc.
- Failure to fill orders
- Overhead cost (while work was disrupted)
- Miscellaneous - There are at least 100 other items of cost that appear with every accident

20% DIRECT COSTS (Insured)

- Medical expenses
- Compensation payments

Manufacturers' and suppliers' costs have been estimated on the basis of current retail prices and may vary depending on outside factors affecting a particular operation's actual production cost.

What does a work accident really cost?

How much does a work accident really cost in terms of production?

Manufacturers' and suppliers' costs in the following examples have been estimated on the basis of current retail prices and may vary somewhat from the figures used, depending on outside factors affecting a particular operation's actual production cost. In this representative sample of manufacturers and suppliers of typical goods and services, here is the production needed to offset a \$500 work accident loss:

- A builder must construct 670 square feet of warehouse space
- A publisher must sell 61,832 newspapers
- A baker must bake 136,888 loaves of bread
- A mail order house must fill 2,500 five-dollar orders
- A restaurant must serve 4,356 three-dollar lunches
- A paint manufacturer must produce 3,840 gallons of paint



MEMBER OF GREAT AMERICAN INSURANCE GROUP

- A department store must sell 18,549 pairs of boys' socks
- A garment manufacturer must sell 1,036 \$15 shirts
- An electronics factory must build 46 color TV sets
- A supermarket must ring up 2,300 sales of \$25 each
- A telephone company must handle 27,111 local pay-phone calls
- An auto manufacturer must make 31/4 of a popular low-priced sedan
- A soap manufacturer must produce 83,175 bars of soap
- An appliance factory must make 1,225 electric irons
- A meat packer must process 76,670 pounds of hamburger
- A fabricator must produce 83,795 burlap feed sacks

© 2016 Summit Consulting, LLC, 2310 Commerce Point Drive, Lakeland, FL 33801

The information presented in this publication is intended to provide guidance and is not intended as a legal interpretation of any federal, state or local laws, rules or regulations applicable to your business. The loss prevention information provided is intended only to assist policyholders of Summit managed insurers in the management of potential loss producing conditions involving their premises and/or operations based on generally accepted safe practices. In providing such information, Summit Consulting, LLC does not warrant that all potential hazards or conditions have been evaluated or can be controlled. It is not intended as an offer to write insurance for such conditions or exposures. The liability of Summit Consulting, LLC and its managed insurers is limited to the terms, limits and conditions of the insurance policies underwritten by any of them. F13416 (09-16)



MEMBER OF GREAT AMERICAN INSURANCE GROUP