

Accident Cost to Me and My Company

Accidents happen. They are unfortunate, painful and can be life changing. We take great measures to prevent an accident but when one happens, we have workers comp insurance to cover the costs, right. Wrong! The insurance company only pays about 1/5 of what an accident can cost our company. They will pay for the Direct Costs like medical bills, prescription drug costs, a portion of the injured workers lost wages and maybe travel expenses to the doctor. So what are the costs to our company that are 4 to 5 times more than what the insurance company pays?

These are called Indirect Costs and can include the lost production not only by the injured employee but the co-workers that render aid and take him/her to the clinic. Most work slows on a job site after an accident and a severe incident can shut down the work completely. The injured worker's tools, materials have to be picked up and someone may have to finish up what they were doing before the accident.

So the insurance company pays the direct costs of an accident (medical bill and lost wages) and we pay the rest. But what if we have 2, 3, 10 accidents a year? The same thing if you have a few auto accidents in a year. Your insurance premiums go up or you get cancelled. You might be able to drive without insurance but we can't work without it. So every claim, large or small, is recorded and used to calculate our company's Experience Mod number. It's a number calculated for all companies and used to increase or decrease the dollar amount we pay for worker's compensation insurance. The higher this number the more we pay each year for insurance. And now, the companies we work for want to know what our Experience Mod number is. Why, because it is a snap shot of how safe a company we are. And when bids are close, the safe companies will get the work and we may get sent to the house.

More news, some injuries are required by OSHA to be recorded on our OSHA 300 log. Each year that number of recordable injuries and the total number of man hours for the year are used to calculate our Incident Rate. This is another measure of our accident history and can be compared to Incident Rates of other similar companies nationwide. And again, our customers use this Incident Rate as a snap shot of our safety experience and can hurt us when bidding work.

So an accident not only affects the person injured but every person in the company. **Insurance is there to help the injured employee** but our company pays those Indirect or hidden costs plus the insurance rate increases. Accidents can prevent us from getting contracts. Accidents affect your job and your paycheck.

