



AMC

Accident Costs

Get the real picture



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Primary Goals

- To help M9101 companies increase their awareness of the true cost of accidents,
- To help M9101 companies become aware of how accidents impact profit,
and ...



Goals cont'd

- to illustrate that there are very real and definable financial reasons for better accident prevention in the workplace.



Definitions:

Accident –

an unintended occurrence that resulted in a workplace injury, illness and/or property damage.



Definitions

Insured costs -

commonly called direct costs. They are easily determined (often on a bill or statement) and include such items as medical costs, wage replacement, rehab costs, etc..



Definitions

Uninsured costs –

Commonly called indirect costs. More difficult to identify but can include wages for both involved and non-involved workers, damage to property, damaged supplies or products, etc..



How can you afford accidents?

→ A British HSE Study of accidents proved:

- ◆ One firm needed 37% of their annualized profit just to pay for accidents
- ◆ Another added 8.5% to every tender to cover accident costs
- ◆ Another required 5% of their operating capital just to pay for accidents!



Smedley' s Welding & Repair Shop

A case study of an actual No Lost Time (NLT) accident that took place at a SK company (name changed).

The only “Direct Cost” was \$245 in medical treatment paid by WCB.



Wages

Fabricator \$ 15/hr plus costs

Welder \$15/hr plus costs

Clerical \$15/hr plus costs

Supervisor \$20/hr plus costs

Manager \$25/hr plus costs

(average costs in SK are wage plus 16%)



Incident

The fabricator cut his right index finger on a saw. He required stitches but returned to work the same day. The Supervisor drove him to the clinic and waited. Both were gone four hours. Obviously a very good RTW program!

The fabricator required assistance for 1.5 days. He returned to his pre-incident production level in 3.5 days.



Time / Prod. loss evaluations

→ The 5 other workers in the area talked about the incident for an estimated total of 20 minutes.

$$(.33 \text{ hrs} \times 5 \times \$17.40 = \$28.71)$$

→ One welder left his work station to assist the injured worker for 1.5 days.

$$(12 \text{ hrs.} \times \$17.40 = \$208.50)$$



Time / Prod. loss evaluations

→ The Supervisor spent 1 hour investigating the accident and 4 hours with the welder at the clinic.

(5 hrs. x \$23.20 = \$116.00)

→ The Manager spent 1 hour investigating the accident.

(1 hr. x \$29.00 = \$ 29.00)



Time / Prod. loss evaluations

→ Clerical time for the accident was a total of .5 hours.

$$(.5 \times \$17.40 = \$8.50)$$

→ The injured worker was paid but not working for a total of 5 hours.

$$\text{hrs.} \times 17.40 = \$ 87.00)$$

(5



Time / Prod. loss evaluations

→ The injured worker was only producing at 1/3rd of normal for 3.5 days.

(28 hrs. x \$17.40 x 66% = \$321.56)

→ A welder assisted the injured worker for 1.5 days.

(12 hrs x 17.40 = \$208.80)



Time / Prod. loss evaluations

→ The firm needed two hours of shop wide overtime to catch-up.

(2 hrs. x 5 x \$17.40 = \$174.50)

→ Other expenses were fuel to drive to the clinic and back, etc..

(\$35.00)



Total Cost Findings

| | |
|--------------------------|-------------------|
| → Time / production loss | \$1,220.00 |
| → WCB Medical payments | 245.00 |
| Total | \$1,465.00 |

- This accident has a hidden cost to obvious cost ratio of 5 to 1 making it a very “inexpensive” incident. Rates as high as 50 to 1 are cited in some studies.



Profit & Loss

- Smedley's lost \$1,200 in net profit over a minor (cut finger) accident and they have an excellent RTW program!
- If Smedley's has a 5% annual net profit they must manufacture, ship and sell \$24,000 in additional product to replace the lost profit.



M9101 Profit and Loss

- The average M9101 firm had 3.3 NLT incidents reported to WCB in 2006.
- The average M9101 firm had 2.6 TL incidents reported to WCB in 2006.



M9101 Profit and Loss

- The average firm based on North American and European studies has approx. 5 non-reported accidents (property only, etc.) per reported injury accident.



M9101 Profit and Loss

→ Thus, the average M9101 firm, in 2006, using internationally accepted standards (5 x reported accidents), likely had more than 30 accidents.



M9101 Profit & Loss

→ The average M9101 accident in 2006 had a WCB cost (wage replacement, medical cost, etc.) of approx. \$2,100.

M9101 Profit & Loss

→ Based on Smedley's real world data it is apparent that the average accident at the average M9101 firm in 2006 could easily have had \$10,000 in "hidden costs"!

M9101 Average Firm

- 25 employees
- 2.6 Time lost Incidents per year
- 3.3 Non-time lost incidents per year



Where is your firm?

- Is your firm larger or smaller than average?
- Do you have more or less accidents than average?
- Is your RTW program as good as Smedley's?



How long

- in a tight labour market
- where material, energy, equipment, and, human resource costs rise almost daily



**Can your firm
continue to
support your
accident habit?**

