

## TECHNICAL BULLETIN

The insured costs of accidents are visible and can be easily calculated by adding the medical costs incurred, compensation payments and property damages. These are paid for by the insurance company using your premium dollars. The uninsured costs, which are at least equal to the insured costs, are paid by you. Studies indicate that these uninsured costs that you are absorbing are 4 to 5 times the insured costs.

### Elements of uninsured costs:

- Reduced competitive position caused by delays in delivery.
- Increased operating costs and unfavorable publicity.
- Rework time on spoiled products.
- Increased cost of insurance.
- Civil penalties, fines, legal fees and time involvement for safety violations.

While the costs created by accidents may be hidden, they must be paid for by profits from your company. The following table indicates the amount of dollars needed in sales to pay for the different amounts of accident costs at varying profit margins:

Accident Costs	Profit Margin				
	1%	2%	3%	4%	5%
\$					
1,000	100,000	50,000	33,000	2,500	20,000
5,000	500,000	250,000	167,000	125,000	100,000
10,000	1,000,000	500,000	333,000	250,000	200,000
25,000	2,500,000	1,250,000	833,000	625,000	500,000
100,000	10,000,000	5,000,000	3,333,000	2,500,000	2,000,000