



*An employer's guide to*

# Preventing accidents and *all* the costs that come with them

## *Inside ...*

- The direct and hidden costs of workplace accidents
- Harleysville's 'whole iceberg' approach to workers compensation risk control
- How to calculate the impact of workplace accidents on your company's bottom line

# The direct and indirect costs of workplace accidents

Safety experts often use the analogy of an iceberg to illustrate the many costs that can arise as a result of a workplace accident.

In a nutshell, here's how it goes:

■ **Direct Costs**—Workers compensation insurance covers most medical expenses and payments to the injured worker, which make up the visible part of the iceberg—known as the direct costs of the accident.

■ **Indirect Costs Caused by Injured Employee's Inability to Work**—Lurking in the submerged part of the iceberg are several indirect or "hidden" costs borne by your company and due to an employee's time lost from work and training time for new/replacement workers.

■ **Additional Indirect Costs**—The submerged part contains a number of other hidden costs that can add up, as well, such as damage to tools and equipment and loss of production for the remainder of the day the accident occurs.

While it's often easy to forget about indirect costs because they're hard to measure, the federal Occupational Safety and Health Administration (OSHA) estimates they run between **1 and 4.5 times direct costs!**

The following page features an at-a-glance look at the many ways Harleysville can help you manage the direct **and** indirect costs of job-related accidents—through our in-house team of risk control professionals and the variety of other service providers we place at your disposal.

*Direct costs are just the tip of the iceberg*

Insurance pays most of these

## Direct Costs

- Medical payments
- Compensation

## Indirect or Hidden Costs: Uninsured and Paid Out-of-pocket

- Lost time by injured worker
- Lost time by fellow employees
- Supervisor's time to investigate
- Training a substitute worker
- Poor efficiency due to break-up of crew
- Hiring costs
- Overtime to make up production
- Failure to meet deadline/fill orders
- Damage to tools and equipment
- Damage from accident: fire, water, chemicals, explosives, etc.
- Loss of good will
- Loss of production
- Overhead costs while work disrupted
- Downtime

You pay **all** of these

See the page 4 for OSHA's convenient way to estimate the direct and indirect costs of various types of job-related injuries, and the impact those costs can have on your company's bottom line.

# Harleysville's 'whole iceberg' approach to workers compensation risk control

Harleysville and your independent agent can help you with every aspect of managing the risk of workplace accidents. From hiring the right kind of employees ... through creating and maintaining a culture of safety ... to helping injured workers regain their good health and get back on the job.

For information about any of the services listed below, contact Harleysville Risk Control Central at 800.523.6344, ext. 8100, or by e-mail at [riskcontrol@harleysvillegroup.com](mailto:riskcontrol@harleysvillegroup.com).

When you want to ...	Harleysville can connect you with ...	Delivered to you by ...
	<p><b>Hire the right kind of employees</b></p> <p>Preferred pricing on background checks, credit reports, employment verification, etc.</p>	<p><b>IntelliCorp®</b> <a href="#">Learn more</a></p>
	<p><b>Know the risks inherent to your workplace and have plans in place to manage them</b></p> <p>Surveys to identify workplace-related hazards, and customized risk control programs</p> <p>Analysis of loss information to identify trends</p> <p>Industrial hygiene surveys (noise, air quality, ergonomics)</p> <p>Emergency preparedness plans</p>	<p>Harleysville risk control</p> <p>Harleysville risk control</p> <p>Harleysville risk control</p> <p>Harleysville risk control</p>
	<p><b>Maintain a safe workplace</b></p> <p>Safety training for employees and supervisors, including the OSHA Outreach 10-hour Program; Assistance in developing and training safety committees; Participation in/evaluation of safety meetings</p> <p>Drug-free workplace programs</p> <p>An online resource with reference materials, tools and applications that enable you to reduce accident rates, decrease injuries and lower workers comp costs</p>	<p>Harleysville risk control</p> <p>Harleysville risk control</p> <p><b>KellerOnline®</b> The Interactive Safety Management Tool <a href="#">Learn more</a></p>
	<p><b>Be known as a fair employer</b></p> <p>An online resource to minimize your exposure to allegations of wrongful employment practices through access to model HR forms, Web-based training and insightful posts and articles*</p> <p>A hot line staffed by attorneys with practical advice for managing risks related to harassment and other workplace offenses*</p>	<p><b>WORKPLACE RISKSOLUTIONS.com</b> <a href="#">Learn more</a></p> <p><b>Jackson Lewis</b> Preventive Strategies and Positive Solutions for the Workplace. <a href="#">Learn more</a></p>
	<p><b>Have a healthy workforce</b></p> <p>A provider of "onsite" wellness coaching with a proven ability to reduce health risks in your employee population</p>	<p><b>Wellness Coaches USA</b> Improving health in the workplace... face to face <a href="#">Learn more</a></p>
	<p><b>Get proper care for injured employees</b></p> <p>Treatment by a network of medical professionals experienced in occupational injuries and committed to controlling your costs</p>	<p><b>CORVEL</b> <a href="#">Learn more</a></p>
	<p><b>Help injured workers get back on the job</b></p> <p>Effective return-to-work programs</p>	<p>Harleysville risk control</p>

\* For policyholders carrying employment practices liability insurance with Harleysville

# Look how just one accident can impact your bottom line

The federal Occupational Safety & Health Administration's (OSHA) "Safety Pays" program helps you estimate the direct and indirect costs of accidents and, depending on your company's profit margin, the sales needed to compensate for such losses.

In the example below from the "Safety Pays" Web site—where we selected "Fracture" as the injury type and "3%" as the profit margin—just take a look at the additional sales needed to cover indirect costs and the additional sales to cover total costs. All the more reason for partnering with Harleysville to help stop accidents before they occur.

The screenshot shows the OSHA's Safety Pays Program website. The main heading is "OSHA's Safety Pays Program". Below it, there are navigation links: "Return to Small Business", "Home", "Estimator", "Background", and "Credits". The main content area is titled "Estimated Costs of Occupational Injuries and Illnesses and Estimated Impact on a Company's Profitability Worksheet". It includes instructions for using the tool and a form for inputting injury details.

**Direct Costs**

1. Select an injury type from the drop-down menu OR enter the total workers' compensation costs.
2. Enter the profit margin (leave blank to use default of 3%).
3. Enter the number of injuries (leave blank to use default of one).
4. Select "Add/Calculate" to compute the total direct and indirect costs.
5. Repeat the step to add additional injuries to the list.

**Input Fields:**

- Injury Type or Workers' Compensation Costs (annual sum of costs): Fracture OR
- Enter Profit Margin (%): 3
- Enter Number of Injuries: 1

Buttons: Add/Calculate, Clear

**Estimated Total Cost**

The extent to which the employer pays the direct costs depends on the nature of the employer's workers' compensation insurance policy. The employer always pays the indirect costs.

Injury Type	Instances	Direct Cost	Indirect Cost	Total Cost	Additional Sale (Indirect)	Additional Sale (Total)
Fracture	1	\$ 37,911	\$ 41,702	\$ 79,613	\$ 1,390,070	\$ 2,653,766

To try OSHA's calculator yourself, visit:

<http://www.osha.gov/dcsp/smallbusiness/safetypays/estimator.html>

## When an injury occurs, our claims team takes over

Despite the best preparations, workplace accidents can happen. If one of your employees gets hurt on the job, you can rest assured you'll get prompt answers to your questions from our Harleysville claims team, appropriate treatment from our preferred medical providers, and practical advice for getting your worker back on the job.

Our special claims Web site gives you a convenient, online resource for workers comp advice and information, including how to create your company's managed care medical panel, how to report an injury, and why it's important to do so within 24 hours!

Visit [claims.harleysville.com](http://claims.harleysville.com)—and add it to your "Favorites" list in your Web browser today!

The screenshot shows the Harleysville claims services website. The main heading is "Harleysville claims services". It includes a navigation menu: "Home", "Employment", "Agents only", "Press", "Site index", "Search", "Contact us". The main content area is titled "Welcome to Harleysville!" and includes a "What to expect should you file a claim" section. It also features a "Your workers compensation resource center" with three sub-sections: "Understanding workers comp and your coverage", "Before an injury occurs", and "After an injury occurs".

**Noteworthy ideas for employers...**

- Iceberg brochure highlights direct and hidden costs of workplace injuries.
- Free posters for your company's bulletin boards.
- 8 steps to controlling workers comp costs in your company.

**What workers comp is. How you get it. How it works. Where to turn with questions about your policy, billing, or how employees receive care.**

**Develop your safety plan. Choose an injury coordinator. Create a medical provider panel. Educate your employees.**

**Report all injuries within 24 hours. Rely on your panel of managed care providers. Explore light duty return-to-work options.**

## Questions?

Contact your independent Harleysville agent with questions about any of the information in this brochure.



Harleysville Insurance  
355 Maple Avenue  
Harleysville, PA 19438-2297  
[www.harleysvillegroup.com](http://www.harleysvillegroup.com)

