TOOLBOX TALK
July 31, 2023
Costs of Workplace Injuries

In any injury, there are two types of costs: direct costs and indirect costs. Let's start by examining each type.

Direct Costs : The direct costs are what most people are familiar with. Typically, the direct cost is the worker's compensation claim managed through the company's insurance agency. While the cost can range significantly depending on the organization's Experience Modification Rate, the average cost of a workplace injury claim is $40,000.
Direct Cost = $40,000

Indirect Costs :
- **Wages during work stoppage after injury:** time to assess worker condition and condition of equipment, co-workers who stop to help, internal first responders, time spent seeking medical treatment.
- **OSHA fines and enforcement actions:** expense of fines and penalties, hiring an attorney to help challenge or abate citations, administrative time, consultant's fees
- **Recovery of lost production:** overtime pay, hiring/training temp workers, reduced quality and productivity, accommodating injured workers' physical limitations.
- **Additional human resources:** legal counsel, 3rd party consultants, medical advisor.
- **Administrative time spent by staff:** HR, safety personnel, and supervisors to complete documentation, coordinate return to work and investigation reporting.
- **Increase in workers compensation coverage:** higher premiums

Indirect Cost = Direct Cost x 2   *Indirect Cost =* $40,000 x 2 = *$80,000*

The Total Cost of an Injury Using the numbers from direct and indirect costs, we can find the real cost of a workplace injury. Total Cost = Direct Cost + Indirect Cost
Total Cost $40,000 + $80,000 =*$120,000*

So What's the Bottom Line? On average, employers will spend **$120,000** on *each* workplace injury. For companies operating at a 10% profit margin, **you'll need an additional $1.2 million in sales to pay for the injury.**

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PRINT NAME	SIGNATURE	EMPLOYEE #