

Calculator: Total Cost of Occupational Injuries

Use this estimator based on OSHA's formula to calculate total cost and impact of occupational injuries. This document is for general information purposes only and should not be construed as legal advice or opinion.

<p>Step 1 Enter Direct Costs</p> <p>Direct costs are typically costs of all insurance claims, Worker's Compensation payments, and legal services for any work-related injury or illness.</p>	<p>\$ <input type="text"/></p> <p>Direct Costs (DC) = Sum of all insurance claims</p>										
<p>Step 2 Determine Indirect Costs:</p> <p>Indirect costs are those needed to cover the costs of investigating accidents, repairing damaged equipment and property, lost productivity, additional training, etc. OSHA developed a formula to estimate indirect costs that is based on a company's direct costs. Multiply sum of all direct costs by cost multiplier in table below.</p> <table border="1" data-bbox="191 957 997 1146"> <thead> <tr> <th>If Direct Costs are:</th> <th>Cost Multiplier (CM) is:</th> </tr> </thead> <tbody> <tr> <td>\$0 - \$2,999</td> <td>4.5</td> </tr> <tr> <td>\$3,000 - \$4,999</td> <td>1.6</td> </tr> <tr> <td>\$5,000 - \$9,999</td> <td>1.2</td> </tr> <tr> <td>> \$10,000</td> <td>1.1</td> </tr> </tbody> </table>	If Direct Costs are:	Cost Multiplier (CM) is:	\$0 - \$2,999	4.5	\$3,000 - \$4,999	1.6	\$5,000 - \$9,999	1.2	> \$10,000	1.1	<p>\$ <input type="text"/></p> <p>Indirect Costs (IDC) = (DC) x (CM)</p>
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<p>Step 3 Combine direct costs and indirect costs</p>	<p>\$ <input type="text"/></p> <p>(DC) + (IDC)</p>										
<p>Step 4 Enter Profit Margin</p> <p>Profit Margin is net profit divided by total sales. For example, if items sold generated \$50 but cost \$45 to make, the net profit is \$5. Profit margin is then calculated by dividing \$5 by \$50, which is 10%. Smaller companies that are rapidly growing, average 10% or 20% profit margins. The average profit margin for restaurants, associations, and government agencies averages 5%.</p>	<p>% <input type="text"/></p> <p>Profit Margin (PM) = Total Net Profits / Total Sales</p>										
<p>Step 5 Calculate Profitability Impact</p> <p>Divide Total Cost (TC) of injury by Profit Margin (PM). This result represents the sales required to pay for the occupational injury or illness. Simply stated, this is the amount of additional sales needed to simply maintain the current profit margin.</p>	<p>\$ <input type="text"/></p> <p>Additional Sales needed to maintain Profit Margin (TC) / (PM)</p>										