

Impacts on Employers Bottom Line

Direct and Indirect Costs of an Incident

The cost of an incident can be divided into two categories: direct and indirect cost.

Direct Costs - Direct costs are often limited to direct workers' compensation costs. Direct costs are readily measurable because they represent the amount spent on workers' compensation claims, including lost wages and medical expenses. Direct cost may be extended out to include: increase in WCB premiums, first aid supplies, repair costs, legal costs, and WCB fines.

Indirect Costs - Indirect costs include those costs associated with incidents that are not covered or paid by workers' compensation. Indirect cost data is considerably more difficult to obtain than direct costs because the information is not often captured or quantified as it accrues. Although difficult to measure, it is still important to estimate indirect costs because they usually are several times more than direct costs. Various studies have show that the ratio of indirect to direct costs varies widely, from a high of 20:1 to a low of 1:1.

Indirect costs can include impacts on families and communities, damage to corporate image, downtime for staff to cope, production downtime, overtime costs, reduced moral, investigation costs, training for replacement worker, and incident reporting, review and analysis, claims processing, and recordkeeping costs.

Indirect Costs

Impacts on Family and Community

Damage to Corporate Image

Downtime for Staff to Cope

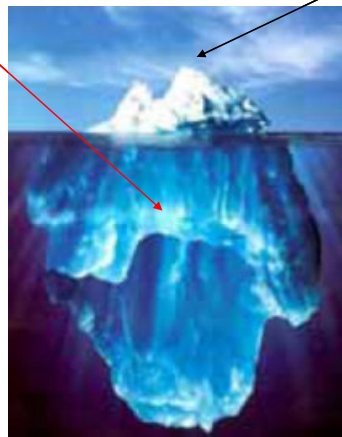
Production Downtime

Reduced Morale

Investigation Costs

Training for Replacement Worker

Re-orientation for Returning Worker



Direct Costs

Medical/Rehab Costs

First Aid - supplies ambulance

Repair Costs

Sick pay

WCB Premium Increases
(Experience Rating and Base Rate)

WCB fines

WCB Premiums Increases through Experience Rating Adjustments

Did you know that you can significantly reduce your WCB premiums based on your company's safety performance?

Experience Rating is a method for adjusting employer's compensation premiums to reflect their injury costs. Employers who work safely can earn discounts on their base rate of up to 50 percent over time. Firms working less safely may face surcharges of up to 100 percent on their base rate over time. Alternatively, employers can also receive a surcharge if your claims cost is higher than your peers.

The basic rule is if your claims costs are lower than 50% of other forestry companies' claims costs, you will receive a discount. Additionally, if your claims costs are higher than 50% of other forestry companies' claim costs, you will be subject to a surcharge.

To determine your company's experience rating adjustment (surcharge or discount), visit

http://www.worksafebc.ca/online_services/experience_rating_calculator/default.asp .

To use the tool, you will require your company's past assessable earning totals, future payroll projections, past claims cost, and future payroll projections.